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Monday, November 3, 1986

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Big spenders see uptick

ANA hears talk of better days

By NANCY GIGES and LAURIE FREEMAN

Hot Springs, Va.—Executives attending the 77th annual meeting of the Assn. of National Advertisers here, predicting a stronger-than-expected economy next year, say marketing expenditures—especially for consumer promotions—could increase moderately in 1987.

Marvin Koslow, senior vp-marketing services, Bristol-Myers, said he believes the economists may be underestimating the strength of the economy. His company had a strong third quarter, he said, and anticipates healthy sales this quarter. He indicated gains in the budgets being planned for next year.

Joel Weiner, exec vp-corporate marketing services at Kraft Inc., believes media spending industrywide will be up moderately.

"What is probably as important as media spending, if not more so," said Mr. Weiner, "is the continuing shift into consumer promotions, where spending may be as much as one-

(Continued on Page 106)

GF shifts more to ads for 1987

By JUDANN DAGNOLI

General Foods, one of the nation's largest advertisers, is bucking the promotion trend. Philip Smith, its president and newly anointed ceo, said that "sales and trade promotion have grown at the expense of advertising," and his company is "trying to turn that around."

The executive said the $7 billion-plus White Plains, N.Y.-based marketer is renewing emphasis on ad spending and going to great lengths to reduce trade promotion. A spokesman later emphasized that, as part of a now 3-year-old program, GF would not divert monies from advertising to trade promotions.

Mr. Smith said heavy price-cutting, now the industry norm, "could erode the value of brand names." The company, acquired by Philip Morris Cos. last November, spent well over $350 million in U.S. measured media advertising in 1985. GF markets more than 60 brand-name products, and the company said that 80% of its revenues come from brands

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RJR tells boost for promotions

By WILLIAM F. GLOEDE

R.J. Reynolds Tobacco Co. next year will pull more dollars from its advertising budget and push them into promotional marketing. The cuts in media spending won't be nearly as deep as rumored, said company media director Dan Pearson, but "it's going to hurt everybody some."

Mr. Pearson heads up the Winston-Salem, N.C.-based tobacco marketer's in-house media unit, which handles most planning and print and out-of-home buying for Reynolds Tobacco and the other units of parent RJR Nabisco. It spends about $400 million a year.

The shift of more funds into marketing promotion—covering everything from sporting event sponsorships to couponing—is part of an over-all cigaret industry trend being fueled by open warfare in the price/value segment.

"It's driven more by where we see the market going than it is by a conscious decision on our part that there's no future for advertising," Mr. Pearson said. "Our intent is to get it

(Continued on Page 104)

Wendy's revamp brings back Rich

By PATRICIA WINTERS and SCOTT HUME

The slumping fast-food market got hot and juicy last week as Wendy's International dismissed national agency DFS Dorland Worldwide three days after reporting a third-quarter loss of $47 million as average per-store sales dropped 13%.

Wendy's also announced it will dispose of 9% of its company-owned stores and radically restructured its marketing department.

Earlier, two major chicken chains, Bojangles' Chicken 'n Biscuits and Church's Fried Chicken, said they, too, are being forced to close stores and reorganize to survive.

Such moves all are symptoms of the "panic" gripping the $45 billion fast-food industry (AA, Oct. 20), said Gary Susnjara, chairman of DFS Dorland's New York office.

"They're all ailing," he said, referring to the leading fast-food chains. "And they're saying, 'Make the advertising un-ail us.' And it didn't do it. I don't know if it could."

As abrupt as its firing of DFS—which gave the world 1984's "Where's the beef?" phenomenon and in which Wendy's chairman Robert Barney two weeks ago expressed complete confidence (AA, Oct. 20)—was the decision to move creative responsibility to Dick Rich Inc., New York, without a formal agency review. Mr. Rich was the creative mastermind who in the

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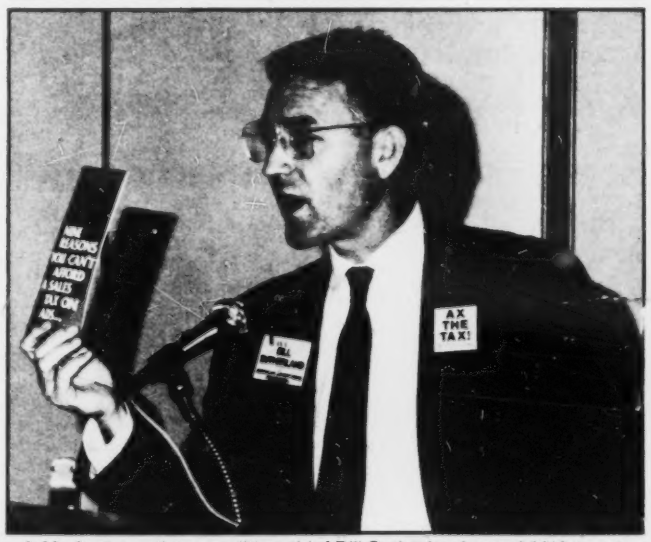

Ad industry anti-tax coalition chief Bill Sutherland urged ANA to act.

Last Minute News

Ayer latches onto N.Y. Air, People Express

Houston—Texas Air will consolidate advertising assignments for its New York Air and People Express units at N W Ayer, New York, which already handles Texas Air's Continental Airlines. The action renewed speculation that the People Express and New York Air identities will be eliminated. The $12 million New York Air account had been at Levine, Huntley, Schmidt & Beaver; People Express had been at Plapler Russo & Associates. Ayer's $25 million-plus Continental assignment will grow to $50 million-plus with the new assignments, sources said.

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INSIDE: The second annual special report on profiles of the Second 100 Leading National Advertisers begins opposite Page 56.

Florida's ad tax next ANA target

By STEVEN W. COLFORD

Hot Springs, Va.—Ad industry lobbyists last week banged their war drums for a total industry campaign aimed at nullifying Florida's proposed 5% tax on in-state advertising.

They see the far-reaching consequences of the state tax, if implemented next July 1, as taking as much as a $250 million bite out of state advertisers; causing an advertising exodus from spot media in Florida to alternative spot tv, radio and print in surrounding states that spill into Florida markets, and setting a precedent for other revenue-squeezed states to impose similar ad taxes in their own jurisdictions.

The threatened Florida tax was the major regulatory concern at last week's 77th annual Assn. of National Advertisers conference here.

G.F. (Pete) Tyrrell, the new ANA chairman and vp-advertising, Johnson & Johnson, said

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NEWSPAPER

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WASHINGTON DC 20014

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ANA hears growth prediction 1
Executives at the 77th annual meeting of the Assn. of National Advertisers, predicting a stronger-than-expected economy next year, say marketing expenditures—especially for consumer promotions—could increase moderately in 1987.

Wendy's dumps DFS, reorganizes 1
Wendy's International last week dismissed DFS Dorland Worldwide three days after reporting a third-quarter loss of $47 million. Wendy's also announced it will dispose of 9% of its company-owned stores and restructured its marketing department.

Georgia on their minds 3
Mergers, buyouts and bankruptcies are redefining the agency profile of Atlanta, where the number of shops dwarfs the number of choice accounts. D'Arcy Masius Benton & Bowles' decision to sell its Atlanta office to Fahlgren, Swink & Nucifora is the first strengthening of the market, agency executives believe. Agency executives expect more mergers as other branch offices wither.

More juggling at Burnett 3
Leo Burnett Co. is preparing for its third top-management reorganization in as many years, but its top execs do not expect it to affect any client relationships.

BJK&E rising to the top 4
Bozell, Jacobs, Kenyon & Eckhardt broke from the pack to rank among the leading agencies in the eyes of company advertising directors, according to the latest Agency Watch, Advertising Age's national survey.

New chapter for CBS Magazines? 6
Industry observers are betting CBS Inc. will soon sell its magazine publishing division. The hottest rumor both inside and outside CBS Magazines: A prospectus is being circulated to sell the entire division for a whopping $1 billion, with West Germany's Bertelsmann AG expressing the most interest.

Hitting the bricks 12
Procter & Gamble is attempting to chip away at coffee-leader General Foods with the national introduction of Folgers ground-roast coffee in "brick" packaging.

O&M going soft 33
Ogilvy & Mather this month gets its first chance to show what it can do with Sears, Roebuck & Co.'s "soft goods" account. On Nov. 21, Sears breaks a national tv campaign promoting its exclusive collection of children's clothing, bedding, watches and plush animals tied to and coinciding with the opening of "An American Tail," Steven Spielberg's first animated film.

Rethinking at 'The New Yorker' 42
To the agency that created "Yes, *The New Yorker*" *The New Yorker* is saying, "Maybe."

Spring loaded 44
A rift has developed between prospective American Football Teams owners and founder David Dixon even before the parties involved in the new spring football league have committed to begin play.

INTERNATIONAL

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European tv execs are trying to stave off a U.S. invasion in an area they had thought was off-limits: News. Pan European news programs are shaping up as a major battleground between U.S. and European programers in the emerging satellite tv market.

OTHER NEWS

Drackett Co.'s Endust remains the dusting aid of choice, despite rival S.C. Johnson & Son's $12 million effort to wipe out the commanding lead of Endust. Page 12.

Volkswagen U.S. is counting on next year's introduction of the VW Fox to get the company back into the entry-level market battle and allow it to position other models against higher-price European imports. Page 24.

Top retail chains are gambling this fall that sophisticated personal computers can be marketed like tvs and videocassette recorders. Mass merchandisers such as Sears, Roebuck & Co., Caldor and Target hope that by stocking their shelves this Christmas season with "clone" pcs battling one another on price alone, they will boost their own margins and help transform the desktop pc into a commodity item. Page 36.

Four days after announcing her retirement from gymnastics last month, Mary Lou Retton appeared on behalf of Hasbro Inc. at the Southdale Mall in Minneapolis. More than 5,000 people attended. "When she told them she had left the sport to go to college, they stood and cheered. It was a decision they could understand," said Ms. Retton's agent, John Traetta. Page 40.

Since it began 18 months ago, *PayPhone Magazine* has grown from an eight-page newsletter with four ads to a slick bimonthly. When *PayPhone* goes monthly in January, ad revenues are expected to nearly double, boasts publisher-editor Marc Ostrofsky. Page 43.

Advertisers striving to reach the rapidly maturing American consumer were advised to keep their ad messages "short and to the point" during one of the best-attended sessions at the annual Assn. of National Advertisers conference in Hot Springs, Va., last week. Page 92.

Godfather's Pizza this week carries out its promise to be competitive in all areas of the pizza market with a new campaign for home delivery. An initial pool of three tv commercials and six radio spots breaks today in Seattle, with subsequent rollout planned throughout Omaha-based Godfather's 700-unit system, about 60% of which currently is equipped for home delivery. Page 97.

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NBC on a roll for sweeps; CBS shuffle?

By VERNE GAY

New York—CBS-TV and ABC-TV are headed into the November sweeps in their most precarious competitive positions in years, with the CBS Broadcast Group poised for a top management shakeup and ABC battling a deterioration in prime time household ratings.

Both also are facing a resurgent NBC-TV, winner of the prime time ratings crown for five consecutive weeks for the first time in its history. Helped by strong World Series telecast numbers, NBC won the week ending Oct. 26 by nearly 8 rating points over last-place ABC.

But No. 2 CBS may be facing a greater crisis this month. The company was besieged last week with rumors about the fate of every top executive in the Broadcast Group, including president Gene Jankowski and B. Donald Grant, president of CBS Entertainment.

According to reports sweeping the company, acting ceo Laurence Tisch is preparing to overhaul several key management posts, including the exec vp posts held by Thomas Leahy and Neal Pilson. Mr. Tisch himself is reportedly keeping the ceo position on a permanent basis (AA, Oct. 13).

A CBS spokesman declined comment on the reports.

According to one scenario, the exec vp posts could be abolished, with the presidents of sports, entertainment, network, tv stations, news and radio reporting directly to the CBS Broadcast Group president. Each executive would be responsible for the financial performance of his respective division.

Currently, the divisional heads, the exec vps and the president share some responsibilities. The station, radio and sports divisional presidents report to Mr. Pilson,

(Continued on Page 107)

Election Day is PM's ticket to campaign

By WILLIAM F. GLOEDE

New York—Philip Morris Cos. will be ferrying voters in six cities to the polls on Election Day, Nov. 4, in a test of a new kind of corporate advertising it hopes will leave the public with that warm feeling so many corporations crave.

In Cincinnati; Dover, Del.; Kansas City, Mo.; Louisville; Milwaukee, and Seattle, PM is running a three-insertion campaign in newspapers, local magazines and regional editions of national magazines, urging people to vote. A sample headline: "The most powerful machine in the world is in America's hands. Why won't we use it?"

The ads, created by Backer & Spielvogel, list an 800 telephone number through which voters can get an "Election Day Kit"—a package containing a brochure providing an overview of senatorial and gubernatorial elections throughout the U.S. and a summary of state issues confronting each market.

The kit's literature is nonpartisan and factual in nature and contains no endorsements or discussion by PM of preferred candidates or positions on issues.

On Election Day, in cooperation with local, nonpartisan groups

(Continued on Page 107)

West Coast News

Fox Broadcasting eyes BBDO's creative

Los Angeles—Fox Broadcasting Co. has contacted Steve Hayden, BBDO exec vp-senior creative director and former Chiat/Day creative director, concerning an unspecified creative role in the fledgling network. Fox sources say the network plans to hire an agency within three weeks, probably without a review.

Los Angeles—**Frank Mainero** was named president-ceo, CSI Inc., a marketing communications company. He assumes responsibilities previously held by Richard White, who remains as chairman. Mr. Mainero most recently was general manager, McCann-Erickson/Los Angeles.

San Francisco—**R. Dakin & Co.** has moved its $2 million-plus plush toy account to Cole & Weber from Busse & Cummins.

Beverly Hills, Cal.—**Camp Beverly Hills**, apparel and fragrance marketer, hired Scali, McCabe, Sloves, West, Santa Monica, to handle its $1 million-plus corporate account, from in-house. Sources suggest CBH eventually may transfer its $2 million fragrance account, currently at Calvillo Shevack & Partners, New York, to Scali.#

U.S. NewsWatch

Marketing news from regional centers across the country

Chef Prudhomme fires off Cajun Martini

NEW ORLEANS—Sazerac Co. begins national distribution next month of Chef Paul Prudhomme's Cajun Martini, a cocktail seasoned with cayenne pepper, testing in southern markets. Fessel, Siegfriedt & Moeller, Louisville, handles trade and print campaigns set to break in the first and second quarters, respectively.

BETHESDA, MD.—**Rosenthal, Greene & Campbell** has laid off 12 employes after losing the $4 million Presidential Airways account, sources said. RG&C chairman Dan Rosenthal confirmed some layoffs, but declined to say how many. Tromson-Monroe, New York, won the account last month, after a review (AA, Oct. 6, *et seq.*).

BIRMINGHAM, ALA.—**Luckie & Forney** would not confirm reports it is opening an Atlanta office this month to service local clients and seek new business.

CHICAGO—**Montgomery Ward & Co.** will open and operate 10 additional Ward-Toys "R" Us stores in 1987 following the successful opening

(Continued on Page 88)

AGENCY WATCH

BJK&E leaps out from agency pack

By CHARLOTTE FLANAGAN

Bozell, Jacobs, Kenyon & Eckhardt broke from the pack to rank among the leading agencies in the eyes of company advertising directors, according to the latest Agency Watch, ADVERTISING AGE's national survey.

Meanwhile, Saatchi & Saatchi Compton Worldwide, one of the U.S. agencies of growth-hungry Saatchi & Saatchi Co., emerged as the hottest agency in the latest poll, which covers the July-to-September quarter. Interviews were conducted before September's management upheaval at Saatchi & Saatchi's Ted Bates Worldwide.

Ad directors again named J. Walter Thompson Co. and Ogilvy & Mather Worldwide the nation's two best agencies. JWT has ranked No. 1 and O&M has been No. 2 in every quarter since the survey began two years ago.

Agency Watch is conducted for ADVERTISING AGE by SRI Research Center Inc., Lincoln, Neb. In each quarter, SRI questions by telephone a random national sample of 300 ad directors of companies with $25 million or more in sales.

The survey is not limited to large advertisers in New York, Chicago and other major agency markets, but includes ad directors of companies based in each of the 20 largest U.S. cities.

Asked to name the agency that "provides the best over-all services and products to its clients," 6% of the directors named BJK&E, a statistically significant rise from the agency's 1.7% score the second quarter. Its score in the latest survey was the third best, behind JWT's 9.3% and O&M's 7.7%.

In the questioning for "best over-all" agency, respondents are allowed as many as three answers. Each of these answers is counted as one mention.

BJK&E also continued to rise in top-of-mind awareness, being named by 10.3% of ad directors as the agency that first comes to mind. Unlike the agency's improvement as "best" agency, which didn't occur until the third quarter, BJK&E's awareness level has increased steadily since the agency was formed through the merger of Bozell & Jacobs and Kenyon & Eckhardt last January.

BJK&E's awareness score was 7.3% in the first quarter this year—up from 3.7% the previous quarter—and 9% in the second quarter.

BJK&E's top-of-mind awareness ranked fourth in the latest survey and just behind BBDO Worldwide, which was named by 10.7% of the ad directors. One vote separated BBDO (32 mentions) and BJK&E (31 mentions).

JWT again dominated the awareness ratings, being named by 21% of the respondents, and O&M was No. 2, with a score of 13.7%. Respondents are allowed up to three answers in questioning for awareness.

BJK&E's high-profile campaigns for Merrill Lynch (featuring the return of the Merrill Lynch bull) and Chrysler (spotlighting Lee Iacocca) may have contributed to its prominence last quarter. But

(Continued on Page 100)

People are moving to Phoenix in droves. And 46% of these newly arrived adults are coming for job opportunities. Nobody reaches young, educated people on the move better than we do. In fact, with any five issues, we reach 78% of them. So, if you want to strike it rich, don't pass us by. We're a gold mine.

The Arizona Republic/The Phoenix Gazette

Million Market Newspapers/Times Mirror National Marketing
Source: 1986 Scarborough Phoenix Market Study

WHO MADE FAST WORK OF Glass Works™?

The same techniques that developed new Glass Works for S.O.S, created the new Magic Mushroom Air Freshener for Airwick, Alka-Mints for Alka-Seltzer, Sunkist Vitamin C Tablets, put Baking Soda in more than 30 million refrigerators . . . can spell success for you.

Why is 70% of all our business *repeat business?*

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November 3, 1986

Advertising Age

Crain's International Newspaper of Marketing

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THE SECOND 100 LEADING NATIONAL ADVERTISERS

1986 EDITION

Special Issue

Second 100 boost ad spending 10.6%

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By R. CRAIG ENDICOTT

The Second 100 leading national advertisers, responding to a sluggish economy in 1985 that continues into the current year, leveled off expenditures for national advertising to $5.35 billion, an increase of 10.6% over the previous year.

The Second 100, which spent $4.84 billion in 1984, up an estimated 26% from 1983 levels, trimmed their ad budgets to soften the impact of reduced earnings as they underwent "corporate restructuring"—corporatese for shoring up, by virtually any means, the bottom line. Advertising Age's second annual report on the Second 100 Leading National Advertisers depicts the extent of restructuring during 1985.

Generally a term applied to the realignment of business segments into more cohesive units, "restructuring" became the buzz word for staff layoffs, plant closings, divestiture of poorly performing units or divestiture to raise debt and buy corporate stock in order to become less attractive to unfriendly suitors.

Despite the reduced spending—which is also a factor of better media buys and reduced rates—the nation's Second 100 still accounted for about 11.2% of all advertising spending measured in 11 national media, up from 10.5% in 1984.

This compendium of the Second 100 is undertaken annually because the spending power of the nation's corporate advertisers is dominated by the top 200. Ad Age, which published its 100 Leading National Advertisers report on Sept. 4, reported the top 200 accounted for 87% of total network tv spending, 72% of network radio, 60.6% of newspaper supplements, 57.4% of magazines, 57.1% of spot tv spending, 52.8% of spot radio, among 11 monitored media.

A residual benefit to advertisers of the down economy in 1986 is reduced prime-time rates in network tv spots. Both CBS and ABC have cut their rates, the first time any network has made an up-front reduction. In the first six months of the year, total network tv ad revenue grew only 1.84% to $4.21 billion. A drop of 2.6% in network tv spending by the top 100 in fact led to a narrow 2.7% increase in advertising of $26.67 billion for the top 100 in 1985. Net tv spending for the Second 100 grew 4%. Magazines, the only other depressed major medium in the first half, 1986, had ad pages of 75,169, down 0.4%, on revenues of $2.51 million, up 4.8%, says Publisher's Information Bureau.

The impact of a recessionary economy on the Second 100 can be seen in the aggregate: Worldwide sales of the companies in the group for which such a figure could be obtained were $850.8 billion in 1985, up 7.0%. Worldwide net income of $33.08 billion represented an increase of only 3.9% over the prior year. U.S. sales of the Second 100 rose 3.4%.

So mediocre a performance—including tighter ad spending—is likely to reoccur this year. Third quarter results showed a 2.4% annual rate of increase in gross national product—far from the 3% annual gnp growth the government is said to need to hold down the deficit and unemployment. Washington has been predicting a 3.2% growth for all of 1986; however, the fourth quarter will have to grow 6% if that is to be met.

The third quarter gnp, though, was a dramatic rise from a weak 0.6% growth in the second quarter when consumers dipped into savings in response to incentives to purchase cars and other items. But this pulled in a heavy flow of imports, which continued to outpace exports, growing at a 20% clip in the third quarter compared with a 15.4% increase in exports. This is not such a negative factor to some among the Second 100, because 20 are based abroad.

"Restructuring" seemed to roll from the lips of corporate relations executives at many of the Second 100. Restructuring cut through the ranks from No. 101 Levi Strauss to No. 200 Doubleday & Co. Levi Strauss restructured by going private; and Doubleday no doubt would have restructured had it not sold out to West German publisher Bertelsmann A.G.

Trans World Airlines, No. 116, restructured by falling to buyout artist Carl C. Icahn, buying hub competitor Ozark Airlines, extracting wage concessions from pilots and machinists and replacing striking flight attendants with lower-paid help. Castle & Cooke, No. 131, went through major restructuring—it was bought out by Flexi-Van Corp., which thinned the corporate staff, sold some Honolulu real estate and relocated to Los Angeles from San Francisco.

Levi Strauss and Doubleday also are symbolic of the movement on the charts by the top 200 advertisers. Levi Strauss, ranked No. 67 in 1984 because of its sponsorship of the Olympic Games, reduced ad outlays in 1985 as it went private and cut back production to hold down costs. It was joined by No. 110 Kimberly-Clark and TWA as top 100 dropouts from 1984.

New entries often followed competitive and hot industries, such as telecommunications. Three of Ma Bell's offspring, No. 122 Ameritech, No. 106 Bell Atlantic Corp. and No. 152 U.S. West, entered the 1985 list for a reunion with No. 102 BellSouth Corp., No. 105 Nynex Corp., No. 108 Southwestern Bell Corp. and No. 134 Pacific Telesis Group.

Other entries: Importers, No. 146 Minolta Co. and No. 194 Mitsubishi Corp.; media companies, No. 187 Hearst Corp., No. 197 Dow Jones & Co. and No. 200 Doubleday; retailers, No. 147 Carter Hawley Hale Stores and No. 120 Zale Corp.; airlines, No. 191 NWA Inc. and No. 178 People Express Airlines; and No. 167 Squibb Corp., and No. 171 Franklin Mint, No. 184 Merrill Lynch Co., No. 193 Armstrong World Industries, No. 196 Craftmatic/Contour Industries.

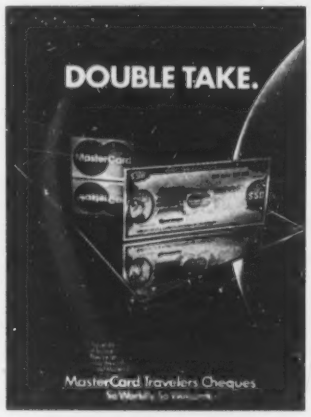
Twenty-two companies on the 1984 list did not reappear in 1985, and others like Doubleday will not be around for a 1986 ranking. Seven of the big spenders on the 1984 list entered the top 100 list. Their spending increased, but there also was more room at the top because of mergers consolidating the top 100. Four were bought out, including Republic Airlines, which was absorbed into NWA Inc. on the 1985 list. And the primary businesses of seven of the dropouts were either in computers or oil and gas, two extremely depressed industries.

A glimpse at the nonfood retail sector of the Second 100, one of the more conspicuous among the dominant groups profiled, presents trends that affect marketing as a whole: Retailers are thinning their business segments for various reasons: Dayton-Hudson Corp., No. 103, is selling the nation's No. 2 retail book chain, B. Dalton Bookseller, to concentrate on its large-scale discount (Target) and value-priced operations (Mervyn's), and building Target via the acquisition of 54 Gemco membership stores from Lucky Stores, No. 164, which also is selling its profitable specialty stores to fight off a takeover attempt by Asher B. Edelman.

No. 172 Household International, whose retail operations experienced

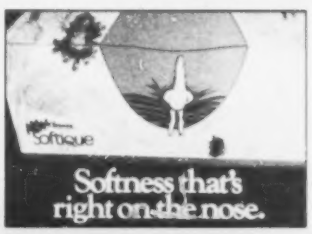
Levi Strauss' "501 Blues" commercials were not only innovative in presentation, much as other work in the past handled for the apparel retailer by Foote, Cone & Belding, San Francisco, but the ads influenced a sales growth of 50% for the 501 Jeans brand in 1985 over 1984 and pushed over-all sales of men's jeans at the now private San Francisco-based company to more than $1 billion.

Cat gets nipped by a vacuuming dowager in dim light, a lamp inside an isolated woodland cabin blinks off as terrified campers cower from what must be an abominable man-beast at the threshold. These are among tv vignettes prepared by DFS Dorland Worldwide for North America Philip's T-shaped bulb in its brand-transition from Westinghouse to Philips.

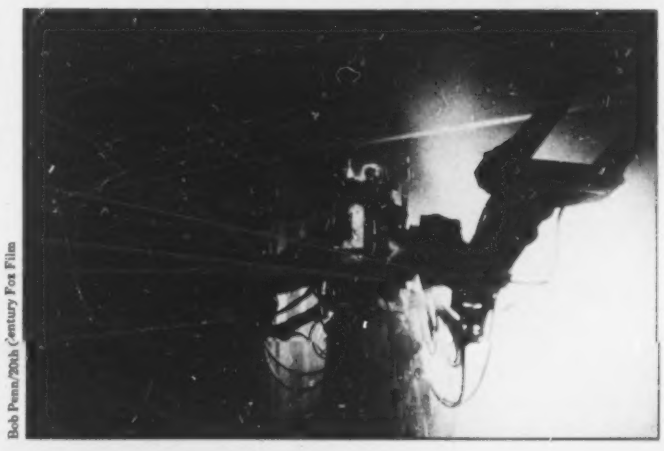


MasterCard dropped its "So Worldly. So Welcome." campaign in 1985 for a more down-to-earth "Master the Possibilities" theme to broaden its appeal. The "So Worldly" campaign, at left, was a mixture of glitz and galaxy with ethereal images divining the message that plastic cards and travelers cheques are "double take" items when traveling. "Master the Possibilities" theme is coordinated by a series of endorsements from gold-card users John Houston, Twyla Tharp and Andre Previn, the latter of whom calls the red and ochre card, the "instrument of credit that speaks a universal language." Angela Lansbury and Robert Duvall take the message via network tv. William Esty Co. handles.

National Distillers is bailing out of the business on which it was founded—distilled spirits—which include one of the industry's leading liqueur brands, DeKuypers. The line, with offerings of Peachtree, Apple Barrel, Mountain Strawberry, Peppermint, Old Tavern Rootbeer and the newly introduced Original Harvest Pear, grew from the 21st best-selling distilled spirits brand in 1984 to No. 9 in 1985 as Americans turned to lighter and sweeter tasting drinks that still carry a bite. Peachtree schnapps held the distinction in 1985 as the fastest growing new liquor product with 2.3 million case depletions.



Proboscis personality Runny Nose finds solace using Kimberly-Clark's Kleenex Softique tissues. Runny Nose proved such a talent that K-C trademarked the theme: "For softness that's right on the nose" and backed Runny Nose with a 54% increase in measured spending. Foote, Cone & Belding, Chicago, handles.



Sigourney Weaver prepares to meet the enemy by donning a Power Loader, specially designed high-tech equipment she uses in 20th Century-Fox's high-tension thriller, "Aliens," which grossed more than $100 million dollars in box-office receipts through mid-October, 1986. The company is now part of a restructured Fox Inc., a multi-faceted media company owned by Rupert Murdoch and Marvin Davis.

Bob Penn/20th Century Fox Film

declines in income and net sales in 1985, sold the business to concentrate on consumer finance, manufacturing and travel. Its biggest unit, TG&Y, went to No. 118 Rapid-American Corp., which sees TG&Y and its McCrory unit as a tight fit.

Carter Hawley Hale Stores, No. 147, is selling off units to raise cash to buy back stock and thwart suitor Limited Inc. Federated Department Stores, No. 111, merged its Lazarus with Shillito Rike's stores and its Gold Circle with Richway units to gain economies of scale, the savings of which will be funneled into store remodeling. The combined May Department Stores, No. 141, and Associated Dry Goods, purchased by May in mid-1986, are expected to achieve economies of $60 million a year as a merged unit.

The product tampering that afflicted top 100 spenders Johnson & Johnson (Tylenol) and Bristol-Myers (Extra-Strength Excedrin), was visited upon No. 157 SmithKline Beckman Corp. (Contac, Teldrin and Dietac), which is still taking write-offs on its quarterly earnings for pulling the products and reintroducing Contac and Teldrin with $30 million in new advertising in mid-1986. Contac also came back in the form of caplets and see-through banded capsules. Druggists, resisting products marketed in capsule form, also influenced No. 183 Thompson Medical Co. to repack its flagship appetite suppressant, Dexatrim, from capsule to caplet.

The 20-year-old beauty Willow Bay, looks very American with her very English suitors in a print ad demonstrating the Estee Lauder cosmetics colors. Willow, said by Estee to "convey the American sense of classic beauty," shares top billing with 14-year Estee veteran, Karen Graham, in cutout, who also remains a valuable commodity at Estee as it turns its eye to the care of mature complexions of baby boomers turned 40. Agency, AC&R Advertising, handles.

Villa Banfi, USA, No. 198, saw shipments of its leading import wine, Riunite, drop 8.6% in case depletions in 1985 when it had to recall 1.2 million cases because minimal traces of toxic diethylene glycol were found in the wine, and early this year, sales got another shock when consumers were scared away from Italian wines in general because cheap table wines from Northern Italy and adjacent Austria (not Riunite) were found to be tainted with wood alcohol.

Research and development units at many of the second 100 companies are seeking "nicheability" among new products—high ideals considering many also are foregoing market testing for an immediate national splash. No. 123 Borden Inc., seeking new category creators much like its Cracker Jack, ReaLemon, Eagle Brand and Elmer's glue products, has developed Hi Calcium milk that delivers 100% of the daily calcium requirement in an 8-oz. serving, and Corn Spirals, a corkscrew-shaped crunchy corn chip made with a rotini pasta machine.

Health-conscious consumers influenced product development. ConAgra Inc., No. 112, launched a battery of products with 30% less salt. Sandoz launched a strawberry-flavored Ovaltine and added NutraSweet and powdered milk to the formula. Riunite introduced fruit-flavored, low-alcohol (6%), unwatered wine coolers; No. 107 G. Heileman Brewing Co. launched four no-alcohol products; and No. 165 Denny's Inc. is propelling its El Pollo Loco chicken fast food franchise into a national chain with advertising that carries the endorsement of the American Heart Assn. because its chicken is low-fat and not breaded or fried.

Merchandising schemes, part of an unmeasured advertising total for the second 100 of $2.31 billion, up 9.2% from the previous year, proliferated during the 1985-86 period. Squibb's Theragran heavily advertised vitamin tablets were placed in four million packages of Kayser-Roth's No-Nonsense panty hose; Kimberly-Clark promoted Huggies diapers by offering a free Polaroid with 36 proof-of-purchase seals; No. 179 Hallmark Cards launched an "A la mode" series of cards with ice cream designs and Baskin-Robbins coupons on the flipside; and A.B. Volvo, No. 166, offered in conjunction with Amoco Motor Club road assistance during its three-year unlimited mileage warranty.

Scott Paper Co., No. 149, seems a sure bet to build its market leadership in the paper towel department and win the hearts of new customers with its intro of Helping Hand, a line of medium-price paper products. Scott, in an introductory offer, is donating a nickel to national children's charities for every line item purchased.

No. 104 Kroger Co. offered to refund consumer's dissatisfied with meat purchases double what they paid for the meat, and BMW A.G., No. 163, was the first auto company to introduce a factory-backed, used-car warranty program—a measure sure to enhance the resale value of the BMW.

Image continues to be a big theme among leading advertisers, particularly those who face negative press and consumer resistance—A.H. Robins Co., No. 174 (Dalcon Shield), SmithKline (tampered Contac and Teldrin capsules), Villa Banfi (European wine tainting).

Avon Products, No. 151, launched an image-enhancing campaign to pull in the big bucks from professional women, but it proved too trendy for its real market ballast, the housewife. Avon scrapped the campaign and its domestic agency.

Few opportunities to turn a buck have gone unheeded, despite the seemingly odd fit. F.W. Woolworth Co., No. 125, plans to have 50 Burger Kings in its stores by the end of the decade. No. 150 Southland Corp. is testing Church's Fried Chicken, Rocky's Pizza and Hardee's units in its 7-Eleven stores.

Southland says market studies show its Big Gulps and other specialty food items are not suffering from the "competition."#

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S-34 Hattori Seiko Co.
S-35 Hearst Corp.
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S-36 Hewlett-Packard Co.
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S-41 Martin, Jeffrey Inc.
S-41 MasterCard International
S-42 May Department Stores
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S-44 MGM/UA Entertainment
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S-46 North American Philips Corp.
S-47 NWA Inc.
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S-48 Pacific Telesis Group
S-48 Pan American World Airways
S-49 People Express Airlines
S-49 Polaroid Corp.
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S-50 Rapid-American Corp.
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S-58 Transworld Corp.
S-59 Triangle Publications
S-59 Twentieth Century-Fox Film Corp.
S-59 United Biscuits Holdings plc
S-60 US West
S-60 Villa Banfi, U.S.A.
S-61 Visa International
S-61 A.B. Volvo
S-61 Walker, Hiram Resources
S-64 Wellcome Foundation
S-64 Whirlpool Corp.
S-64 Woolworth, F.W. Co.
S-65 Zale Corp.

Second 100 leading national advertisers

Rank	Company	Advertising
101	Levi Strauss & Co.	$70,637
102	BellSouth Corp.	70,600
103	Dayton-Hudson Corp.	70,500
104	Kroger Co.	70,157
105	Nynex Corp.	70,080
106	Bell Atlantic Corp.	70,067
107	G. Heileman Brewing Co.	70,064
108	Southwestern Bell Corp.	70,000
109	Polaroid Corp.	69,555
110	Kimberly-Clark Corp.	69,541
111	Federated Department Stores	69,395
112	ConAgra Inc.	68,962
113	North American Philips Corp.	68,620
114	American Stores Co.	68,168
115	Black & Decker Corp.	67,642
116	Trans World Airlines	66,900
117	Hewlett-Packard Co.	66,467
118	Rapid-American Corp.	66,432
119	Carter-Wallace	65,604
120	Zale Corp.	65,300
121	Pan American World Airways	65,199
122	Ameritech	64,991
123	Borden Inc.	64,961
124	Daimler-Benz A.G.	64,643
125	F.W. Woolworth Co.	64,543
126	Marriott Corp.	64,233
127	Imasco Ltd.	63,421
128	Jerrico Inc.	63,183
129	E&J Gallo Winery	62,826
130	Estee Lauder Inc.	62,741
131	Castle & Cooke	62,505
132	United Biscuits Holdings plc	62,427
133	Chesapeake Financial Corp.	62,271
134	Pacific Telesis Group	62,079
135	Whirlpool Corp.	$61,695
136	MCI Communications Corp.	61,363
137	Citicorp	61,337
138	Blue Cross & Blue Shield Assn.	60,607
139	Firestone Tire & Rubber Co.	60,512
140	Royal Dutch/Shell Group of Cos.	60,333
141	May Department Stores	59,352
142	Coleco Industries	58,347
143	Prudential Insurance Co.	57,891
144	Hattori-Seiko Co.	57,179
145	Alberto-Culver Co.	56,863
146	Minolta Co.	56,734
147	Carter Hawley Hale Stores	55,039
148	Sandoz Ltd.	54,782
149	Scott Paper Co.	54,626
150	Southland Corp.	53,929
151	Avon Products	53,402
152	US West	52,346
153	Cadbury Schweppes plc	52,072
154	Ciba-Geigy Ltd.	51,943
155	Sony Corp.	51,898
156	Helene Curtis Industries	51,832
157	SmithKline Beckman Corp.	51,718
158	Commodore International	51,615
159	Mennen Co.	50,851
160	MGM/UA Entertainment Co.	50,692
161	Federal Express Corp.	50,301
162	Wellcome Foundation	50,043
163	BMW A.G.	49,875
164	Lucky Stores	49,775
165	Denny's Inc.	49,617
166	AB Volvo	49,213
167	Squibb Corp.	48,870
168	Triangle Publications	48,730
169	Safeway Stores	$47,318
170	Chevron Corp.	46,472
171	Franklin Mint Corp.	46,450
172	Household International	45,762
173	Transworld Corp.	45,660
174	A.H. Robins Co.	45,332
175	Tambrands	44,004
176	20th Century-Fox Film Corp.	43,539
177	National Distillers & Chemical	43,471
178	People Express Airlines	42,695
179	Hallmark Cards	41,901
180	Visa International	41,668
181	Hiram Walker Resources	41,225
182	Fuji Heavy Industries	41,004
183	Thompson Medical Co.	40,236
184	Merrill Lynch & Co.	40,113
185	MasterCard International	39,233
186	Jeffrey Martin Inc.	37,338
187	Hearst Corp.	36,494
188	Reynolds Metal Co.	36,258
189	DeBeers Consolidated Mines	35,597
190	State of Florida	35,147
191	NWA Inc.	34,543
192	Texas Air Corp.	34,126
193	Armstrong World Industries	33,749
194	Mitsubishi Corp.	33,597
195	Exxon Corp.	33,005
196	Craftmatic/Contour Industries	32,359
197	Dow Jones & Co.	32,051
198	Villa Banfi, U.S.A.	31,029
199	Block Drug Co.	31,013
200	Doubleday & Co.	29,936

NOTE: Dollars in thousands

Advertisers fight economic woes

Alberto-Culver Co. RANK 145
Melrose Park, Ill.

($ in millions)

Worldwide	1986	1984	% chg
Sales	369	327	12.8
Net income	2	5	(54.4)
U.S.	**1986**	**1984**	**% chg**
Sales	286	251	13.9
Operating profits	26	19	37.3
Advertising	57	58	(1.6)
Division sales	**1986**	**1984**	**% chg**
Personal prods.	207	184	12.5
Industr. prods.	84	82	2.4
Other	81	86	22.7

The Second 100 leading national advertisers spent $5.35 billion in total advertising in 1985, up 10.6% from 1984. That compares with $26.67 billion for the nation's 100 leading national advertisers as defined by Advertising Age, a year-to-year increase of only 2.7%. Of the Second 100 total, $3.04 billion was spent in 11 measured media, up 11.8% from 1984.

Alberto-Culver Co., which celebrated its 30th anniversary during fiscal 1985, is renewing its commitment to toiletries and household/grocery products segments. At least one underperforming, nonrelated operation was sold during fiscal 1985, while the company continued searching for acquisitions compatible with its basic businesses.

Still directed by founder and current chairman, president and ceo Leonard Lavin, Alberto-Culver derived 43% of its 1985 consolidated sales from health and beauty aids marketed under Alberto VO5 and other brand names. Sales of professional haircare products marketed through the company's institutional and industrial segment contributed 16% of consolidated sales, while the company's growing Sally Beauty Supply Co. chain of beauty supply products stores accounted for 21% of sales.

Alberto-Culver closed its fiscal year ended Sept. 30, 1985, with its highest ever fourth quarter sales and earnings that helped push yearly sales upward by 13% and earnings from continuing operations, up 25%. That pace picked up in 1986. In the nine months of its 1986 fiscal year, company sales grew 21% to $318.2 million and earnings from continuing operations grew 53% to $8.5 million.

From its inception, Alberto-Culver has taken steps to avoid relying on one product line only, leading to diversification from toiletries into industrial cleaning supplies in 1965 and to the acquisition of the Sally Beauty chain, in 1969.

Sally Beauty operates more than 350 wholesale beauty supply stores in 23 states, primarily in the South and Midwest. Beauty industry analysts say the chain is a leader in the beauty supply business, which sells supplies to cosmetologists and regular customers at deep discounts.

During 1985, Alberto-Culver added Victory Beauty Systems, a 38-store chain that operated under the Bee Discount and Beauty Care Discount Center names in Chicago, Cleveland, Detroit, Milwaukee and St. Louis, as well as the 16-store Payless Beauty Supply Chain.

While concentrating on beauty aids, Alberto-Culver finally divested its money-losing John A. Frye Co. boot maker subsidiary based in Marlborough, Mass. Stanley Kravetz, formerly exec vp and director of the competing Timberland Co., Portsmouth, N.H., bought Frye for an undisclosed price. Alberto-Culver's loss on the sale totaled $5.8 million. The division had sales of about $21 million, about 6% of Alberto-Culver's total sales.

Frye received measured ad support of only about $500,000, out of a companywide $75 million ad and promotional budget worldwide in 1985, up 19% from 1984. The company also spent an additional $4 million on market research.

In measured media, Alberto-Culver's 1985 spending dipped slightly to $21.8 million from $22.2 million the previous year. The company remained firmly committed to tv as its primary advertising medium. Alberto-Culver, a leader in pressing for the availability of 15-second tv spots, continued using the new format for extensive network and spot tv campaigns.

Those campaigns included several for men's toiletries, as Alberto-Culver continued its strong push to capture the leading share in this $130 million men's market. The company signed Indianapolis 500 winner Danny Sullivan as the spokesman for Alberto VO5 hair grooming mousse for men with ads themed, "Danny Sullivan drives his hair crazy but keeps it in place with Alberto VO5 mousse."

Chicago Bears defensive back Gary Fencik continued as the company's spokesman for Consort hair mousse for men, while NBC sports commentator Al McGuire is featured in Consort hair spray ads.

Alberto-Culver spent more than $15 million in ad support for its men's and women's mousse products, holding an estimated 10.3% share of the $200 million category. L'Oreal Free Hold mousse remained the category leader [illegible], an estimated 10.8% share, according to Salomon Brothers.

For women, Alberto-Culver introduced two new Alberto Mousse European styling foams, one for permed and color-treated hair and another for gray, white or silver-blond hair.

Other Alberto-Culver toiletries division products entering the highly competitive $3 billion haircare market include Alberto Styling Fix European sculpting spray and Alberto Hair Sculpture European fixing gel, both extensions to the Alberto Gelee European styling gel introduced in 1984.

These new styling aids provide "total control, especially for the hard-to-hold styles popular with trendy youths," a company spokesman says. Gels are considered to be a $16 million segment of the haircare category. Alberto-Culver incorporated the gels into its estimated $15 million "Ooooo Alberto" campaign, which features high-fashion models and a suave gentleman.

The company in April, 1986, introduced Alberto Natural Silk shampoo and conditioner, a premium line containing real silk. Both the shampoo and conditioner come in two formulas —normal and extra body—and are imported from Europe. The shampoo and conditioner line is believed to be the first of several premium-products the company is planning.

Alberto Natural Silk is being sold through drug and department stores only, a change from Alberto-Culver's drug, food and mass merchandise selling strategy. In the estimated $100 million prestige haircare segment, Alberto-Culver will butt heads with Procter & Gamble's Pantene and Bristol-Myers' Klorane shampoos and conditioners. Alberto-Culver's new line is supported with an estimated $1 million introductory print campaign themed, "We put silk in a bottle." The spending is comparable to the other competitors in the segment.

Also new during the 1986 fiscal year was the TCB Lite haircare line, with ads featuring Chicago Bears defensive tackle William "The Refrigerator" Perry and his wife, Sherry. TCB Lite is a line of five hair moisturizers and conditioners for black men and women, featuring light, nongreasy formulas. Ads appearing in black consumer publications in late 1986 announced the "Lite side of William Perry," with the athlete and his wife in formal attire in a three-page ad. Additional advertising for the regular TCB haircare line was themed, "In minutes, TCB solves the puzzle of your hair."

The household/grocery products division in 1985 lowered its measured media support for Mrs. Dash salt-free food products, including the year-old Mrs. Dash steak sauce and crispy coating mixes. Spending in measured media totaled $2.1 million, down 53% from introductory year spending of $4.5 million, according to Leading National Advertisers, which monitors seven media. However, Alberto-Culver introduced an extra-spicy version of Mrs. Dash in April, 1986, and a lemon-and-herb formula in August, 1986. Ad spending is expected to increase again.

Measured spending for the remaining household/grocery products division—including Static Guard antistatic cling spray, SugarTwin nonsugar sweetener, Baker's Joy antistick oil and flour spray for baking pans—remains essentially unchanged.

Alberto-Culver shifted its more than $20 million creative account to Grey Advertising, Chicago, from Bozell & Jacobs, Chicago, after the latter agency merged with Kenyon & Eckhardt. Agency sources attributed the split to an irresolvable conflict at Bozell & Jacobs, stemming from K&E's handling of the competing Faberge line. Lee King, vice-chairman of BJK&E and the main Alberto creative director, also moved to Grey as a vice-chairman and continues to direct Alberto's creative work.

Stern Walters/Earle Ludgin, Chicago, continues handling Alberto-Culver's $8 million household/grocery products account. Draper Daniels Media Service, Alberto-Culver's in-house media buying agency, handles all media buying and media planning for the company as well as for other clients.

Shareholders in April, 1986, approved antitakeover measures that will allow the company to sell more stock or make acquisitions without diluting the voting control of the family of Mr. Lavin.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,503	$2,493
Newspaper	232	26
Newsp. supps.	28	0
Bus. pubs.	41	0
Network tv	13,604	12,681
Spot tv	3,452	5,147
Spot radio	218	1,794
Network cable	783	38
Outdoor	2	44
Total measured	21,863	22,223
Unmeasured	35,000	35,576
Total	56,863	57,798

ALBERTO-CULVER CO.
2525 Armitage Ave.
Melrose Park, Ill. 60160
(312) 450-3000

Corporate Personnel

Malcolm R. Lloyd, group vp

Marketing Personnel

P. Douglas McAuley, vp-domestic toiletries
Leah Seidenfeld, mktg dir-domestic toiletries
David Trocker, group prod mgr-domestic toiletries
Russ Appleyard, dir mktg opertions-domestic toiletries
Thomas J. Guinan, vp-household/grocery prods
Robert London, mktg dir-household/grocery prods
Henry Witteman, vp-adv services

Advertising Agencies

Grey Advertising, Chicago—Alberto VO5 hot oil treatment, Alberto VO5 conditioning hair dressing, Alberto VO5 hair spray, Alberto European styling mousse and Gelee styling aids, Alberto VO5 shampoo, Alberto VO5 Hot Protein Pac conditioner, Consort hair spray, Consort men's mousse, Phillippe handbags—Steve Gross, mgmt super.

Stern Walters/Earle Ludgin, Chicago—FDS feminine deodorant spray, Baker's Joy baking spray, Static Guard antistatic spray, SugarTwin artificial sweetener—Scot Schiave, mgmt super.

American Stores Co. RANK 114
Salt Lake City, Utah

($ in millions)

Worldwide	1986	1984	% chg
Sales	13,890	12,119	14.6
Net income	154	186	(16.7)
U.S. advertising	68	57	18.6

American Stores Co., already the nation's third largest supermarket chain behind Safeway Stores and Kroger Co., by the end of 1986 intends to have opened 23 new stores for the year, including 14 combination food and drug stores. Capital spending for the expansion is expected to be about $280 million.

American boasts 1,621 stores in 40 states, including 123 combination Jewel Food Stores and Osco drugstores.

The company also is restructuring its units, declaring a shareholder rights distribution to ward off what chairman L.S. Skaggs says are potentially "abusive and unfair tactics" used to seize companies.

It is creating three units: Skaggs Cos. Inc. in the West, consisting of 400 stores in 14 states; Osco Drug, 659 stores in 30 states, and American Superstores Co., 562 stores in 13 eastern and midwestern states.

The company says all the units will operate on a more decentralized basis. Mr. Skaggs says the share purchase rights plan, sometimes called a "poison pill," is aimed not at preventing a takeover, but at ensuring it would be done in a fair and orderly manner in which shareholders' rights are protected. American Stores says the move is not in response to any specific suitor, and that it is unaware of any threatened takeovers.

If not a hostile takeover attempt, American has had its share of difficulties. Unionized workers at 191 Alpha Beta food stores in Southern California went on a 9½-week strike early in November, 1985, a strike estimated to have had an impact on earnings of 12 cents per common share.

And American still faces about 1,100 lawsuits stemming from a sal-

Guide to corporate boxtops

Associated Conglomerate Inc. RANK 111
Moscow, Ida.

($ in millions)

Worldwide	1986	1984	% chg
Sales	706	632	11.7
Net income	78	(462)	(116.4)
U.S.	**1986**	**1984**	**% chg**
Sales	566	496	14.1
Operating profits	135	111	21.0
Advertising	45	47	(4.1)
Division sales	**1986**	**1984**	**% chg**
Traditional foods	370	362	2.2
Microwave foods	233	192	21.4
Chicken feed	337	336	0.3
Other	109	87	25.3

Associated Conglomerate Inc. is ranked 111th among the top 200 leading national advertisers picked by Ad Age and based on total U.S. advertising spending in 1985, which is reported in this box either under Worldwide or U.S. bold headings.

Associated Conglomerate Inc., a phantom company, is based in Moscow, Ida.

ACI reports on a calendar basis like most of the top 200. However, should a company report on a fiscal basis, the years heading the column would read, 1986 and 1985, if the fiscal year closing date occurs before this issue was published.

The advertising figure is a composite of ACI's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where Ad Age got is data" on Page S-16 for an explanation of the tabular breakout.

Division sales are the business segments as defined by ACI and their sales for comparable years. However, should ACI have too many divisions to fit into the box, the editors combined those segments into "other." In this case, ACI segments for its specialty pet foods and farm animal feed—both proving minor contributions to its strong agricultural base—were merged into "other."

monella outbreak allegedly caused by tainted milk in its Jewel Food Stores. Jewel ceased production of dairy products at its Hillfarm Dairy in Melrose Park., Ill., in the wake of the incident. The company has taken an after-tax writeoff of $3.5 million to cover the costs of the outbreak and the closing of the dairy, which supplied products to Jewel.

Crain's Chicago Business, a sister publication of Advertising Age, estimated that 8% of Jewel's regular customers would no longer patronize the store in the wake of the outbreak, but American Stores now says retail sales at Jewel essentially have returned to normal.

American says strong management will be a keystone of its future and, to this end, this year named Tom King as president and chief operating officer. Mr. King began his career 38 years ago as a box buyer with Alpha Beta. He most recently had served as president of Acme Markets, the company's largest volume and most profitable subsidiary.

There is some speculation Mr. King is being groomed to succeed Mr. Skaggs as chairman and ceo. Mr. Skaggs controls 10.9% of American Stores' outstanding shares. Dennis K. Eck, with the company since 1969, was selected to replace Mr. King as president of Acme.

To support its operations, American reports spending $148.5 million in 1985 for advertising, an increase of 11.6% from 1984, although much of this was in local advertising. In 1985, $7.9 million of the measured advertising reported in Leading National Advertisers went to Alpha Beta Supermarkets, up 23%; $6.3 million went to Jewel, up 23.5%; Jewel's Osco Drug Stores received $3.4 millon, up 183%; Star Markets got $1.7 million, down 37%; Acme Food got $5.2 million, down 28%; and Sav-On received $1.7 million, down 32%.

Advertising Age's measured total in 11 monitored media for American Stores in 1985 was $33.2 million, of which $27.3 million was in spot tv, and another $5.6 million was spent on spot radio. The Ad Age measured total for 1985 was about 18.5% more than in 1984.

American Stores reports earnings down in the second quarter, ended Aug. 2, 1986, to $33 million, a drop of nearly 21% from the second-quarter earnings of $41.5 million in 1985. For the first half of fiscal 1986, American Stores had earnings of $65.3 million, down 5.2% from 1985's first half.

The company attributed the decline this year to weak economic conditions in core industries such as agriculture, energy, mining and timber in the Midwest, Southwest and Rocky Mountain regions. Also, Alpha Beta Co. in California, under severe price pressure for the past two years, increased advertising and promotional expenses while lowering retail prices on more than 6,000 items. The company expects the adverse economic conditions to continue for the rest of 1986.

Second-quarter sales are reported at $3.50 billion, up from $3.48 billion a year earlier. Sales through the first half of fiscal 1986 advanced slightly less than 1%, from $6.86 billion to $6.90 billion.

The company says it may divest certain assets. It will do this as it creates the nation's first national drug chain from three separate operations: Osco, Skaggs Drugs and Sav-on Drug. They would all be called Osco.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Network tv	$17	$43
Spot tv	27,254	26,487
Spot radio	5,586	1,172
Outdoor	311	274
Total measured	33,168	27,976
Unmeasured	35,000	29,521
Total	68,168	57,496

AMERICAN STORES CO.
P.O. Box 27467
Salt Lake City, Utah 84127
(801) 539-0112
ACME MARKETS
Philadelphia, Pa.
Marketing Personnel
Dennis K. Eck, president
Neill Crowley, sr vp-mktg
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Union, N.J.—Brian Haumersen, vp-mgmt super; Ken Fehskens, sr vp-mktg; Ron Vrba, genl mgr; Paul Wry, acct exec.
ALPHA BETA CO.
La Habra, Cal.
Marketing Personnel
Donald Kohler, president
William Wade, sr vp-mktg
Terry Burnside, dir mktg-N.Cal.
Roger Wilhelm, vp-merch
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles—Dick Hamblin, president-Pacific div.
SKAGGS ALPHA BETA
Salt Lake City, Utah
Marketing Personnel
Larry Hodges, president
Warren Ivie, vp-adv
Afton Vanderlinden, dir adv-prods
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Salt Lake City—Richard Hamblin, exec vp-dir.
JEWEL FOOD STORES
Melrose Park, Ill.
Marketing Personnel
Joseph Bugos, exec vp
William Bolton, vp-grocery & bakery merch
Robert Lutz, adv mgr
Robert A. Neslund, vp-mktg
Ronald W. Glass, vp-mktg, midwest stores
Advertising Agencies
Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Jewel Food Stores, Osco Drugs—Mark Bean, vp-mgmt super; Kim Wessel, acct exec-Jewel.
OMAR, Chicago—Hispanic adv—Marta Miyares, president; Sergio Ruiz, acct super; Guadelope Corral, acct exec; Luis Mario Salces, vp-rsch dir; Paul Sierra, creative dir.
Proctor & Gardner, Chicago—black adv—Melody Bather-Gardner, vp-acct super; George Miller, mgmt super; Tony Moore, vp-media dir.
OSCO DRUG
Oakbrook, Ill.
Marketing Personnel
Richard E. George, president
Robert E. Braden, vp-adv
Haven Ready, vp-mktg
STAR MARKETS
Cambridge, Mass.
Marketing Personnel
Henry Nasella, president
William Paul, vp-sales & mktg
Judy Manning, adv mgr
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Union, N.J.—Florence Rosemond, acct exec.

RANK **122**

Ameritech

Chicago

($ in millions)

Worldwide	1986	1984	% chg
Sales	9,021	8,347	8.1
Net income	1,078	991	8.8
U.S. advertising	65	59	11.0
Division sales	**1986**	**1984**	**% chg**
Local service	4,395	4,261	3.1
Interstate	1,792	1,552	15.5
Intrastate	630	551	14.3
Toll	1,064	796	33.7
Directory/other	1,172	1,070	9.5

Ameritech, one of seven Bell holding companies created Jan. 1, 1984, by the breakup of New York-based American Telephone & Telegraph Co., is investing heavily in digital and fiber optics and in developing the computer software needed to transmit voice, video and data.

An important piece in the Ameritech strategy fell into place with the $215 million cash acquisition on Jan. 15, 1986, of Princeton, N.J.-based Applied Data Resources, says Fritz Ringling, analyst with The Garner Group, Stamford, Conn.

Applied Data is one of the nation's leading independent developers of software for mainframe and personal computers manufactured by IBM. Mr. Ringling says the acquisition is important, given that IBM has the lion's share of mainframe installations worldwide, and the capabilities Applied Data brings to the market for unregulated information services. "About 70% of new product development cost is software expense. It is crucial to have this capability," he says.

Data transmission service is just one example of this emerging field. The U.S. Telephone Assn. estimates that revenues from data transmission services alone will grow from a $110 billion industry in 1985 to $200 billion by 1990. That compares with average sales growth of about 3% for basic local phone service and 7% to 9% in long-distance service. By the close of 1986, Ameritech will have invested $5.5 billion in its telecommunications network, with nearly half that amount devoted to digital switching and fiber optic transmission systems, the basis for advanced communications services.

Ameritech's net income increases of 8.8% and 8.1% in revenue in 1985 outpaced growth in the first six months ending June 30, 1986. During the period net income was up 4.5% to $569.2 million on revenues of $4.6 billion, up 4%.

Ameritech's corporate advertising focused in on business users and the investment community in 1985. It also supported the ability to find solutions to large and small telecommunications problems by Ameritech's five Bell telephone companies in Illinois, Indiana, Michigan, Ohio and Wisconsin.

Corporate spending was at a lower level than in 1984 when Ameritech was building name awareness, says Dave Parker, corporate advertising manager. Ad spending for general promotion fell 44% in 1985 to $1.7 million, virtually all magazine. Ameritech's total measured spending for 11-media in 1985 was $28.9 million, up 11% over 1984 on the strength of $10.8 million in national newspaper spending.

Funds were shifted to Ameritech enterprises that are feeling the competition from other Baby Bells eyeing the lucrative unregulated markets in Ameritech's region, which includes about 25% of the headquarters operations of the nation's top 1,000 corporations. Measured media for Troy, Mich.-based Ameritech Publishing jumped from $258,000 in 1984 to $3.5 million in 1985, for example. The spending was mostly in spot tv with a small amount in magazine.

Don Pickard, Ameritech's director of advertising, says publishing has become much more competitive with the aggressive entrance of St. Louis-based Southwestern Bell's huge publishing arm into a number of Ameritech markets. Examples include Southwestern's recently announced plans to begin publishing yellow pages in the northern suburbs of Chicago.

Southwestern Bell also bought most of Metromedia's cellular telephone and paging franchises, including Metromedia's Cellular One franchise in Chicago. The $1.2 billion acquisition makes Southwestern Bell the nation's largest provider of cellular and paging services, compared with Ameritech's No. 7 ranking in cellular. Mr. Pickard expects competition to heat up in 1987. Measured spending for Ameritech Mobile Communications grew 30% in 1985 to $540,000, entirely for spot tv, according to LNA.

Measured 1985 spending for four of Ameritech's Bell subsidiaries fell, according to LNA, which monitors seven media (excluding newspapers—a big spending category for Ameritech), including a 5% drop to $3.4 million for Illinois Bell, mostly in spot tv. Michigan Bell's 1985 spending fell 4% to $1.6 million. Ohio Bell's measured spending fell 46% to $728,000, and Indiana Bell fell 32% in 1985 to $366,000. Wisconsin Bell's 1985 measured spending increased 40% to $1.5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,198	$8,752
Newspaper	10,829	11,110
Newsp. supps.	0	66
Bus. pubs.	368	53
Network tv	0	1,543
Spot tv	11,000	4,592
Spot radio	3,259	0
Outdoor	337	6
Total measured	28,991	26,122
Unmeasured	36,000	32,437
Total	64,991	58,559

AMERITECH
30 S. Wacker Drive
Chicago, Ill. 60606
(312) 750-5000
Marketing Personnel
Allen J. Cizner, vp-mktg & prod planning
Leighton Gilman, vp-corp comm
Don Pickard, pr dir-adv & external affairs
Dave Parker, pr mgr-adv
Advertising Agency
J. Walter Thompson, Chicago—corp adv—John Furr, sr vp-dir acct mgmt; Charles Larson, vp-acct dir; Janice Kidwell, vp-acct super; Pam Berland, acct rep.
ILLINOIS BELL TELEPHONE CO.
Chicago
Marketing Personnel
Louis J. Rutigliano, vp-mktg
Ray Lewis, dir-adv
Advertising Agency
N W Ayer, Chicago—Sarah Flax, acct super; Linda Sommerville, Steve Majsak, acct execs.
INDIANA BELL TELEPHONE CO.
Marketing Personnel
Herbert D. Crane, vp-mktg
Jim Irwin, district mgr-adv
Advertising Agency
Handley & Miller, Indianapolis—Larry Landis, acct super; Steve Burger, acct exec.
MICHIGAN BELL TELEPHONE CO.
Marketing Personnel
Kenneth B. Lange, vp-mktg
Dennis White, div mgr-adv
Advertising Agency
Ross Roy, Detroit—Richard Simmons, sr vp-group mgr; George Petroff, vp-acct super; Jane West, Christine Armgard, acct execs.
Pheonix Group, Farmington Hills, Mich.—direct mail—Dave Pickering, creative dir; Debra Ober, acct exec.
OHIO BELL TELEPHONE CO.
Marketing Personnel
Hal E. D'Orazio, vp-mktg
Robert Reed, vp-pr & public affairs
Donald Grace, asst vp-internal comm & media
John Butler, div mgr-adv & planning
Advertising Agency
Lowe-Marschalk, Cleveland—Leslie Valdizzi, acct super; John Willse, mgmt service dir; Dorothy Noga, acct exec.
WISCONSIN BELL TELEPHONE CO.
Milwaukee, Wis.
Marketing Personnel
Glen Arnold, vp-mktg
Carla Butenhoff, district staff mgr-adv
Advertising Agency
Cramer Krasselt, Milwaukee—Bill Faude, sr acct exec; Karen Elsesser, Gerry Ginster, acct execs.
AMERITECH COMMUNICATIONS
Chicago
David Orr, president
Daniel W. Latham, vp-mktg
AMERITECH MOBILE COMMUNICATIONS
Chicago
Marketing Personnel
Phillip D. Knell, vp-mktg & sales
Jean Haley, mgr-adv
Advertising Agency
Ogilvy & Mather, Chicago—Curt Ippensen, sr vp-mgmt rep; Bob Gustafson, vp-acct super; Ann McConville, acct exec.
AMERITECH PUBLISHING
Troy, Mich
Marketing Personnel
Charles Drouillard, vp-mktg & sales
Dave Smith, district mgr-adv
Advertising Agency
Ross Roy, Detroit—James Quigley, sr vp-mgmt super; Susan Parent, acct super; Mike Oxman, Steve Janicak, acct execs.
AMERITECH SERVICES
Schaumburg, Ill.
Marketing Personnel
David G. Detert, vp-mktg
APPLIED DATA RESEARCH
Princeton, N.J.
Marketing Personnel
Donald A. Jordin, vp-mktg & sales
Advertising Agency
ERT&K Advertising, New York—David King, principal.

RANK **193**

Armstrong World Industries

Lancaster, Pa.

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,879	1,569	7.0
Net income	101	92	9.3
U.S.	**1986**	**1984**	**% chg**
Sales	1,406	1,343	4.7
Operating profits	216	209	3.1
Advertising	34	26	29.0

Armstrong World Industries, marketer of flooring, building and industrial products, continued its 1985 pace of record sales and earnings into 1986 in response to a strong residential building and household goods market that overshadowed a slump in commercial construction activity.

Despite these all-time highs, retail sales of building materials, furniture and other home furnishings moved ahead at a much less vigorous pace in 1985 than during the previous two years when double-digit percentage increases were recorded.

In this tougher consumer climate, Armstrong introduced a number of promotional vehicles to enhance its lines and backed its products with $22.8 million recorded in the 11 media indexes in this report, up 28% from 1984. Unmeasured spending was divided among dealer co-op programs, merchandising displays and promotional spending. Sheet and tile floor coverings, which make up almost 51% of Armstrong's net sales, accounted for the largest single category in Armstrong's measured spending.

Measured spending on Armstrong floors in 1985 was $10.2 million, up 5% from 1984, according to figures compiled by Leading National Advertisers. Of this total, $9.3 million was spent on consumer magazines, primarily in the women's service and shelter categories.

Zeroing in on the home improvement market, the company accelerated its "Adventures in Space" campaign. The series of magazine ads proposes potential uses for Armstrong's flooring in household areas that traditionally had been covered by other types of floor coverings. The campaign was paired with a direct response vehicle, including a toll-free telephone number, which generated nearly 200,000 consumer inquiries. The campaign continues through 1986.

The bulk of the company's measured spending, $14.3 million, went to magazines, up 15.3% from 1984. An additional $4.2 million was spent in newspapers. Tv spending was limited to $3.4 million in spot buys.

In November, the company unveiled its Armstrong Idea House 1986, a full-size house targeted to the perceived needs and interests of people buying their second, third or fourth home. The house provided a showcase for innovative uses of the company's featured Armstrong and Thomasville products. Extensive media coverage in magazines, newspapers, radio and tv augmented paid advertising.

Spending increased for Thomasville Furniture, to $2.5 million, up 28% from 1984. Armstrong ceiling products, which account for nearly 25% of the company's sales, were supported with $924,400 in spending, up from $325,000 in 1984, according to LNA.

Measured spending for Armstrong's consumer carpet lines grew 116%, to $1.6 million. Evans-Black carpet lines were supported with $331,100, a big increase from only $3,500 in 1984.

The company also established a network of carpet contractors to position itself in the new construction segment of the commercial carpet market. It now has access to two-thirds of the commercial carpet market being serviced by manufacturers directly through contractors, according to Armstrong reports.

In 1985, the company wooed builders of new homes with the message, "It's easier to build a better home with Armstrong." The pitch was transmitted via trade advertising, direct mail programs and exhibits at industry trade shows.

Founded in 1860, Armstrong has been absent from the list of top advertisers for many years. Through the first half of the century, its heavy print and later network radio spending made the company one of the nation's leading advertisers. In the 1950s and through the 1960s, Armstrong was among the top tv advertisers.

With a 1970 decision to concentrate the company's spending in print media, primarily magazines, the company reduced its media spending, according to Donald G. Goldstrom, vp and director-advertising and marketing services at Armstrong. "Because of

Before Elsie the cow

In 1851, Gail Borden started the world's first condensed milk plant at Torrington, Conn., and in 1857, at Burrville, Conn., he began what became Borden Inc. Officially, the company was established as a New Jersey corporation in 1899.

the nature of our products our advertising depends on the ability of the consumer to look and study their appearance and style," he says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$14,269	$12,411
Newspaper	4,218	1,537
Newsp. supps.	695	216
Bus. pubs.	1,197	40
Spot tv	1,192	3,432
Spot radio	1,174	0
Outdoor	4	4
Total measured	22,749	17,640
Unmeasured	11,000	8,529
Total	33,749	26,169

ARMSTRONG WORLD INDUSTRIES
P.O. Box 3001
West Liberty St.
Lancaster, Pa. 17604
(717) 397-0611
Corporate Personnel

Joseph L. Jones, chmn-president

Marketing Personnel

Donald G. Goldstrom, vp, dir-adv & mktg services
Ralph V. Bray, asst dir
Fredric A. Stoner, asst dir
John M. Hughlett, genl mgr
J. Mitchell Scott, sr mgr
E. Wayne Schlegel, sr mgr
Dennis M. Drager, vp-genl mgr, sales & mktg, residential floors
Douglas A. Townsend, mktg mgr, residential floors
John C. Wylie, genl mgr-sales & mktg, ceilings
Thomas L. Burgum, mktg mgr, ceilings
Gerald L. Glenn, genl mgr-sales & mktg, carpeting
Ronald W. Weaver, mktg mgr, carpeting
Andrew F. Hanley, genl mgr-sales & mktg, architectural & building prods
David J. Feight, mktg mgr, architectural & building prods
Gregg Maberry, mktg mgr, architectural & building prods
Gary Cross, mktg mgr, architectural & building prods
James Mathews, mktg mgr, architectural & building prods
George A. McCormick, genl mgr-sales & mktg, industrial prods
Lawrence P. Chubet, mktg mgr, industrial prods
Walter H. Offerman, mktg mgr, industrial prods

THOMASVILLE FURNITURE INDUSTRIES
Thomasville, N.C.
Marketing Personnel

Larry R. Spangler, ad mgr
Thomas G. Tilley, mktg mgr
James E. Adams, mktg mgr

Advertising Agencies

BBDO, New York—residential floors, carpets & ceilings, Thomasville Furniture—Richard Bonnette, exec vp; Alex Carlin, vp-mgmt super; Jayne Evans, vp-acct super; Ed Maslow, vp-assoc dir, creative; John Osborn, vp-assoc dir, media.

HCM Inc., New York—architectural & building prods, industrial prods—J.E. Rosiello, vp-mgmt super; J.A. MacKenna, vp-dir, creative.

Avon Products

RANK **151**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,470	2,605	(5.2)
Net income	(60)	182	(133.0)
U.S.	**1985**	**1984**	**% chg**
Sales	1,582	1,639	(3.5)
Operating profits	156	172	(9.7)
Advertising	53	40	33.9
Division sales	**1985**	**1984**	**% chg**
Cosmetics	1,610	1,832	(12.1)
Fashion, jewelry	394	351	12.3
Health care	260	159	63.5
Direct response	206	186	10.2

Avon Products Inc., which has been diversifying the past few years, is trying to rebuild its sluggish sales by focusing more on its core beauty and healthcare businesses. In the process, the company is out to change its image and marketing traditions while shifting its domestic ad business to N W Ayer.

The company reported a loss of $59.9 million for the year, but, completing a long-term divestiture program, sold Mallinckrodt (a medical products and chemicals business) for $675 million in cash to International Minerals & Chemical of Northbrook, Ill. The divestiture is part of Avon's strategy to concentrate on consumer products and expansion of its healthcare services.

Domestic sales performance declined 8% over the year, partly due to a drop in the number of domestic door-to-door representatives. However, in an attempt to turn this around, Avon in 1986 has trimmed its sales management ranks, improved on its training programs, and increased commissions bringing its existing number of representatives from 375,000 in 1985 to 400,000 (the sales force peaked at 440,000 in 1982).

By the end of the first six months of 1986, Avon's earnings had risen 20% to $54.6 million, on sales of $1.32 billion, up 18.4%.

The sales decline came as Avon was spending 34% more on measured advertising in 1985 than 1984. Support for periodicals of $6.5 million almost tripled the spending on magazines of $2.4 million in 1984. Network tv spending was up 25%.

Most of Avon's ad spending was commanded by cosmetics and fragrances, which accounted for 89% of the total ad budget.

New spending came in December, 1985, with the rollout of Imari fragrance, backed by a $3.6 million. The main campaign vehicle was network tv, with spots bearing the theme: "A fragrance to fire the imagination." Ogilvy & Mather handled.

Avon began a major overhaul of its image in 1985, continuing to focus on housewives but also "active and working women" between the ages of 22 and 40 as the target for cosmetic sales. At first, it focused on the latter, but found that shortsighted. A $25 million tv campaign via O&M, themed "Avon, the Art and Science of Beauty," was a bust and spurred an agency move to N W Ayer. Avon said the "classy" image of the campaign lost the company focus. O&M retain the company's international billings of $5 million, but N W Ayer now controls Avon's $27 million ad budget for 1986, which reportedly is up 25% over 1985.

N W Ayer created "Look How Good You Look Now" tv spots directed at Avon's middle-America marketing target and designed to communicate to customers what Avon sells and how to sell it. The campaign debuted last spring in multi-page magazine series. The company also streamlined its business interests in 1985. In June, Avon linked up with Liz Claiborne Inc. in a joint venture of Liz Claiborne cosmetics, marking Avon's first venture into retail stores.

Avon also formed the Parfums Phenix subsidiary in France to market the Deneuve fragrance named for actress Catherine Deneuve. The $165-an-ounce fragrance was first sold through direct response, but will be sold in high-end department stores beginning next spring. The 1985 ad budget for the Deneuve fragrance was estimated between $2 and $5 million. MCA, New York handles.

Although cosmetics are at the core of Avon's existence, the company also owns Foster Medical, a healthcare operation. Division sales increased 64% to $260.3 million in 1985, as Foster Medical acquired 56 new companies to be integrated into the medical equipment and supplies system.

In November, 1985, Avon announced it would acquire for $30 million Retirement Inns, a Los Angeles-based retirement home operator which operates 11 facilities for active senior citizens.

In January, 1986, Avon agreed to acquire Mediplex Group Inc., a nursing home operator, for about $220 million. Group services include nursing homes, alcohol/substance abuse treatment and retirement facilities.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,529	$2,368
Newspaper	45	10
Newsp. supps.	105	819
Network tv	18,580	14,491
Spot tv	38	369
Network radio	0	898
Spot radio	0	10
Outdoor	5	0
Total measured	25,402	18,965
Unmeasured	28,000	20,904
Total	53,402	39,869

AVON PRODUCTS INC.
9 West 57th St.
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(212) 546-6015
Marketing Personnel

Phil Crosland, group vp-mktg
Diane Perlmutter, vp-advertising
James J. Klein, vp-mktg, beauty and jewelry
Joyce Roche, vp-gifts
Mary Lou Quinlan, dir-adv
Kurt Sanger, group dir-skincare
Mike File, group dir-fragrance
Carol Murray, group dir-make-up
Madeline Accardi, group dir-jewelry

Advertising Agencies

N W Ayer, New York-corp image enhancement, special projects, network tv-Ken McCarren, mgmt super; Susan Lewen, acct super; Carol Dickey, acct exec.

Ogilvy & Mather, New York-intl accts-Sharon McGavin, mgmt super.

MCA, New York-Special project/Parfums Phenix, Deneuve line-Brendra Liistro, acct dir; Jim Jarboe, media planner; Janet Schechter, assoc media planner.

Bell Atlantic Corp.

RANK **106**

Philadelphia

($ in millions)

Worldwide	1985	1984	% chg
Sales	9,084	8,090	12.3
Net income	1,093	973	12.3
U.S. advertising	70	37	90.8
Division sales	**1985**	**1984**	**% chg**
Network services	8,657	8,044	7.6
Enterprises	424	46	821.7

Bell Atlantic, which jumped into markets for a variety of information and communications products and services, financial services and real estate, more recently took steps to shore up its position for regulated telephone products and services as competition stiffened with its former siblings and with other companies.

A key to Bell Atlantic's over-all marketing approach, according to the company, is the selection in mid-1986 of a corporate image theme—"We make technology work for you"—that carries through all advertising.

The theme is scheduled to be used through 1990.

Testing the new theme in 1985 resulted in a 123% increase, to $7 million, in measured media spending for corporate general promotion. The spending was divided 64% magazine and 36% spot tv.

Donald H. Van Lenten, vp corporate communications, says Bell Atlantic plans to boost spending for corporate general promotion to $18.6 million in 1986 and about $21 million in 1987.

The rising competition in regulated telephone services also caused Bell Atlantic to boost over-all measured ad spending for 11 media in 1985 to $30.1 million, up from $15.8 million in 1984.

Most of the increased spending was for products and services offered by Bell Atlantic's network of seven regulated telephone subsidiaries, which provide service to Delaware, New Jersey, Maryland, Pennsylvania, Virginia, West Virginia and Washington.

Network products and services received $7.4 million in seven measured media in 1985, up 178% from 1984. Spending for the category was divided 88% spot tv, 11% magazine and 1% out-of-home. Spending for network products and services is projected to rise to nearly $45 million by 1987, Mr. Van Lenten says.

Examples of the booming budgets for network products and services by Bell Atlantic units includes a 466% increase in 1985 spending for Bell of Pennsylvania, to $3.1 million, and a 108% increase for New Jersey Bell, to $712,000.

Analysts say the telephone subsidiaries are facing competition on several fronts. One threat is that large companies will bypass the phone company's network by constructing communications systems capable of originating and terminating calls, then linking with an interexchange carrier for long-distance service. In this way, a company could avoid paying access charges, which can account for as much as 20 cents of a long-distance minute costing 30 cents on consumer calls, says Gerald Mayfield, president-professional services division, DMW Group, Stamford, Conn.

Merrill Lynch & Co., for example, in the spring of 1985 linked its Manhattan headquarters directly with the long-distance unit of American Telephone & Telegraph, bypassing Nynex Co.'s New York Telephone unit. Similarly, many cable tv systems, shared tenant services and other noncarrier special access systems are capable of bypassing network services.

Network service companies also are encountering increased competition from sales of customer premise equipment, such as private branch exchange (PBX) systems, which perform similar functions as network Centrex service. Centrex is a communications system for large end-users based in a central switching facility. A disadvantage of Centrex systems is that they generally require more subscriber lines than PBX systems with comparable capacity.

Bell Atlantic spent a measured $426,000 on print advertising for Centrex services in 1985, compared with no measured spending in 1984.

Measured spending for Bell Atlantic's Yellow Pages operations also is rising as a result of increased competition, including from New York-based Reuben H. Donnelley & Co., which served as sales agent for Bell Atlantic's Yellow Pages operations in Pennsylvania and Delaware before resigning the account in July, 1986, to begin publishing its own directories.

Bell Atlantic also is competing heavily with St. Louis-based Southwestern Bell, which announced plans to publish Yellow Pages in 1987 for Manhattan, Baltimore and Washington. The Washington and Baltimore books will compete directly with those published by Bell Atlantic units. Through expansion and acquisition, Southwestern's publishing unit now publishes more than 1,000 directories. Bell Atlantic's measured spending in seven-media for Yellow Pages advertising was $4.6 million in 1985, up 36% from 1984. The spending was divided 98% spot tv, 2% out-of-home.

Analysts say Bell Atlantic financially is one of the strongest of the seven regional Bell operating companies. The company, which closed 1986 with a 12% gain in net income and a 12.2% growth in revenues, continues to show strength in 1986. Earnings for the first half of this year increased 11%, to $597.3 million, on revenues of $4.83 billion, up 9% over the comparable period in 1985.

Bell Atlantic consists of two operating groups: A network services group, including the seven regulated telephone subsidiaries, and an "enterprises" group, including nine companies that operate in mostly unregulated markets. The company has a long way to go before its enterprises group accounts for 10% of company revenues, the limit set on the breakup of AT&T as the amount a regional Bell company may gain from unregulated businesses.

During the first six months of 1986, Bell Atlantic gained revenues of $282 million from its enterprises unit, up 68% from the same period in 1984, compared with $4.55 billion from its network services unit, up 7%.

It is Bell Atlantic's aggressive build-up of the enterprises group that has attracted the most attention since divestiture.

In 2½ years, Bell Atlantic has spent $350 million to acquire five companies, and it finalized negotiations in September, 1986, to acquire $150 million in privately held real estate in the greater Philadelphia area. Also in September, Bell Atlantic purchased Greyhound Capitol Corp., the computer leasing unit of Greyhound Corp., with annual sales of more than $200 million and assets exceeding $600 million.

The largest acquisition was Sorbus Inc. in January, 1985, for about $182 million. Sorbus, formerly a division of New York-based Management Assistance Inc., is one of the nation's largest independent computer service and maintenance companies.

Bell Atlantic also acquired MAI Canada, which markets and services computer systems, and the Middle Market division of TriContinental Leasing Corp. in December, 1984, for undisclosed prices.

In June, 1985, Bell Atlantic acquired Dallas-based CompuShop in a stock trade valued at an estimated $21 million.

With 68 stores in mid-1986, CompuShop ranked fourth among nonfranchise computer retailers behind New York-based Nynex Business Centers with up to 105 outlets, Chicago-based Sears, Roebuck & Co. with 101 outlets, and San Jose, Cal.-based Businessland with 100 outlets, according to Dallas-based StoreBoard Inc.

In cellular telephone service, Bell Atlantic is the second largest service provider, serving a market with an adjusted 16.1 million population. Bell Atlantic spent a measured $795,000 for its mobile systems unit in 1985, up 3%, divided 93% spot tv and 7% out-of-home.

Leading the cellular market is Secaucus, N.J.-based Metromedia Inc., which serves a market with an adjusted population of 21.9 million. Metromedia, however, reached agreement in June, 1986, to sell its paging and cellular telephone operations to St. Louis-based Southwestern Bell for $1.2 billion, an acquisition that will vault Southwestern Bell into the lead in the national personal communications market with ownership interest in nine cellular systems and paging operations located in 19 metropolitan areas.

Southwestern Bell now ranks 11th among cellular companies, serving markets with an adjusted population of 7.2 million, according to studies by Arthur D. Little and Frost & Sullivan. Adjusted population is calculated by multiplying 1980 census totals for each service area by the company's per cent ownership of the service franchise.

Bell Atlantic's paging operation, A Beeper Co., Atlanta, acquired for an undisclosed price in December, 1985, was the subject of a landmark legal test that gives all regional Bell companies greater latitude to diversify into new lines of business outside their geographic regions.

The regional Bell companies still must seek waivers to enter lines of business not related to exchange access services, such as insurance. As a result of the ruling, analysts say the regionals could begin targeting each others' corporate clients or other large end-users, providing local access services connected to the services of interexchange carriers. This would facilitate bypassing the local telephone network to avoid costly access charges.

Bell Atlantic also reached a settlement with Washington-based MCI Communications Corp. on May 22, 1985, concerning two antitrust suits that MCI brought against AT&T and the former Bell system companies. Under terms of the settlement, Bell Atlantic paid MCI $30 million, entered an agreement for certain business relationships and agreed to modify procedures used in converting local exchanges to equal access connections.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,211	$582
Newspaper	4,370	6,402
Bus. pubs.	595	75
Spot tv	13,705	8,700
Spot radio	6,036	0
Outdoor	149	0
Total measured	30,067	15,760
Unmeasured	40,000	20,966
Total	70,067	36,726

BELL ATLANTIC CORP.
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Marketing Personnel

Donald H. Van Lenten, vp-corp comm
Donald B. Williams, asst vp-adv and pr
Robert S. Hoffiis, div staff mgr-adv support services
Frank L. McGinley, district staff mgr-yellow pages, corp adv, public services
Paul J. Truntich, district staff mgr-sales/informative adv
Roy E. Weitzell, district staff mgr-sales adv

Advertising Agencies

Ketchum Communications, Pittsburgh, Pa.—John Fitzgerald, president.

Ketchum Communications, Philadelphia—corp adv—D.A. Price, vp-mgmt super; Lucy Erdelac, Gina Hanft, acct supers; Catherine Possavino, Jane Tresnan, Laura Bell, acct execs.

Ketchum Advertising, Washington—Samuel Rand, sr vp-mgmt super; Phil Trigg, vp-mgmt super; Mike Hutter, Vicki Derfler, acct supers; Bob London, Amy Toole, Stuart Tilt, Mark Rogers, Amanda Brody, acct execs.

Lewis, Gilman & Kynett, Philadelphia—Yellow Pages-Bell Atlantic, C&P telephone cos., N.J. Bell, Bell of Penn., corp and informative adv—Michael Loprete, sr vp-group mgmt super; Thomas Tebbens, vp-mgmt super; Brian Goerke, Peter Gladstone, acct supers; Robert Hoeck, Maureen Duffin, Dale Clouser, Larry Garfield, acct execs; Robert Schaeffer, asst acct exec.

RANK

BellSouth Corp. 102

Atlanta

($ in millions)

Worldwide	1985	1984	% chg
Sales	10,884	9,631	10.7
Net income	1,418	1,257	12.8
U.S. advertising	71	59	19.9
Division sales	**1985**	**1984**	**% chg**
Local service	4,543	4,221	7.6
Access charge	3,289	2,909	13.1
Intrastate	1,392	1,367	1.8
Other	1,440	1,134	27.0

A regional growth spurt in the southeastern U.S. promises to make BellSouth Corp., Atlanta, a powerhouse in telecommunications. With $25 billion in assets, BellSouth already is the largest of the seven regional Bell holding companies created Jan. 1, 1984, by the breakup of New York-based American Telephone & Telegraph, and it is moving quickly to make the most of a good situation.

BellSouth had measured spending for Leading National Advertisers' seven media in 1985 of $21.9 million, up 31% over 1984. Adding a measured $7.1 million for spot radio and $6.8 million in newspaper spending brings BellSouth's total for 11-media to $36.2 million in 1985, up 20%.

Population and economic growth trends are bright for BellSouth's nine-state region, including Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. By the year 2000, the area will have an estimated population of 56 million, up 22% over 1985. Economists forecast more than one million new jobs in the area by 1987, and more than a quarter of the nation's new housing construction.

With such strong regional growth, BellSouth has little incentive to expand into less attractive regional markets, analysts say. Net income in 1985 was up 12.8% to $1.4 billion on revenues of $10.66 billion, up 10.7%. Net income for the first nine months of 1986 was $1.23 billion, up 14% over the same period in 1985, on revenues of $8.62 billion, up 8.7%.

Contributing to BellSouth's operating income in 1985 was a 7.6% increase in local service revenue from rate hikes and 493,000 new network access lines in service, and a 16.8% jump in interstate access revenue resulting from higher tariffs and increased usage.

BellSouth is composed of two main telephone subsidiaries, including Southern Bell, which provides service to the Atlantic coast states, and South Central Bell, which provides service to states bordering the gulf coast and the Mississippi River.

A third corporate entity, called BellSouth Enterprises, was created Jan. 1, 1986, to oversee all nonregulated subsidiaries, such as mobile communications, publishing, advanced technology, and international.

The Southern Bell unit had the lion's share of ad spending in 1985 with $8.7 million in LNA brand spending, up 94% and divided 76% spot tv and 24% magazine. South Central Bell was not far behind with $5.9 million in measured media, up 4%, divided 85% spot tv and 15% magazine.

The two units also had combined measured magazine spending of $606,000 in 1985. Measured spending for the two units accounted for 70% of BellSouth's seven-media total. Corporate general promotion increased 13% in 1985 to $2.7 million, almost entirely in measured magazine.

Ad spending by BellSouth's publishing units was down slightly in 1985. Southern Bell's measured spot tv advertising for yellow pages fell 1% to $2.1 million in 1985, and South Central Bell's spot tv spending for yellow pages fell 7% to $1.7 million in 1985.

Analysts generally see one-third of earnings in 1986 and 1987 of the Bell companies coming from unregulated businesses, including such areas as cellular telephones, the sale of business communications equipment such as private branch exchanges and yellow pages. BellSouth is strong particularly in two of these areas: It purchased in February, 1986, L.M. Berry & Co., Dayton, O., giving its publishing unit the nation's second largest independent sales agent for yellow pages in the U.S. with 800 directories in 31 states. The company also is strong in selling voice, data and office systems products to the business customers locally, estimating the local nine-state market to be worth $3.3 billion by 1990.

BellSouth has invested $14 billion over the past five years in modernizing and expanding its network with fiber optics and digital switching systems. Electronic switching now covers 70% of the network, and 30% of all access lines are digitally controlled. Many of BellSouth's enhanced services and products rely on these technologies.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,321	$4,070
Newspaper	6,820	7,260
Bus. pubs.	290	651
Spot tv	15,453	12,699
Spot radio	7,143	5,507
Outdoor	224	53
Total measured	36,250	30,240
Unmeasured	34,350	28,655
Total	70,600	58,896

BELLSOUTH CORP.
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C. Richard Yarbrough, dir-pr
M.T. Brandt, adv dir
Melissa Johnson, adv mgr

Advertising Agency

Burton-Campbell, Atlanta—R.W. Scharbo, president, mgmt super; A.C. Burks, sr vp-acct group dir; Sal Kibler, vp-acct super.

SOUTHERN BELL
Marketing Personnel

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D.B. Daves, vp-mktg
John Clark, operations mgr-adv

Advertising Agency

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SOUTH CENTRAL BELL
Marketing Personnel

M.P. Greene, vp-mktg
J.E. Eberhart, adv mgr

IMPACT!

THE NHL ON ESPN. NOTHING HITS UPSCALE MEN HARDER.

For explosive speed and hard-hitting action, nothing beats ESPN's coverage of the National Hockey League.

With last season's upset-filled finish still fresh in everyone's minds, the 1986-87 campaign promises to be the most exciting in memory.

And with ESPN carrying up to 33 regular season and 30 playoff games—live and in prime time—it's not surprising that millions of upscale men are turning to ESPN to watch a sport they can't find on the broadcast networks.

And these men are a pretty hard-hitting group themselves. For instance, ESPN's typical hockey viewer buys 30% more imported cars, 44% more life insurance and does 82% more business traveling than his national counterpart.*

Without ESPN, your television budget is underdelivering these upscale men. Just 10% of your national TV budget allocated to ESPN will dramatically increase its effectiveness. You'll be reaching the men who spend and do more, and you'll be doing it at a much lower cost-per-thousand.

So give us a call at (212) 661-6040. You supply the message, we'll supply the impact.

*MRI 1985

ESPN™
THE TOTAL SPORTS NETWORK®

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Media spending by second 100 leaders

Rank	Company	Headquarters	Total estimated spending	'85-'84 % change	Total unmeasured	Total LNA media	Total non-LNA media	Non-LNA measured media: Newspaper	Business pubs.	Spot radio	Farm pubs.
101	Levi Strauss & Co.	San Francisco	$70,637	(47.7)	$41,600	$26,275	$2,762	$39	$15	$2,708	$0
102	BellSouth Corp.	Atlanta	70,600	19.9	34,350	21,997	14,253	6,820	290	7,143	0
103	Dayton-Hudson Corp.	Minneapolis	70,500	3.9	31,259	36,262	2,979	0	0	2,979	0
104	Kroger Co.	Cincinnati	70,157	30.0	39,000	27,697	3,459	0	0	3,459	0
105	Nynex Corp.	New York	70,080	32.3	27,000	24,110	18,970	15,133	593	3,244	0
106	Bell Atlantic Corp.	Philadelphia	70,067	90.8	40,000	19,066	11,001	4,370	595	6,036	0
107	G. Heileman Brewing Co.	La Crosse, Wis.	70,064	(5.1)	47,000	16,965	6,099	401	0	5,698	0
108	Southwestern Bell Corp.	St. Louis	70,000	26.5	27,000	27,353	15,648	7,286	384	7,977	0
109	Polaroid Corp.	Cambridge, Mass.	69,555	(6.2)	40,000	26,899	2,656	538	1,635	483	0
110	Kimberly-Clark Corp.	Irving, Tex.	69,541	(17.2)	14,132	53,903	1,506	1,012	330	164	0
111	Federated Department Stores	Cincinnati	69,395	(1.2)	38,000	30,347	1,048	0	0	1,048	0
112	ConAgra Inc.	Omaha, Neb.	68,962	3.1	37,000	30,208	1,755	1,264	340	151	0
113	North American Philips Corp.	New York	68,620	9.2	35,000	29,975	3,646	647	2,259	740	0
114	American Stores Co.	Salt Lake City, Utah	68,168	18.6	35,000	27,582	5,586	0	0	5,586	0
115	Black & Decker Corp.	Towson, Md.	67,642	43.2	23,000	44,114	528	121	297	110	0
116	Trans World Airlines	New York	66,900	(2.0)	22,998	18,099	25,802	20,870	685	4,247	0
117	Hewlett-Packard Co.	Palo Alto, Cal.	66,467	4.7	43,000	13,573	9,894	452	9,179	263	0
118	Rapid-American Corp.	New York	66,432	12.2	32,000	29,331	5,101	4,183	0	918	0
119	Carter-Wallace	New York	65,604	0.6	41,000	24,276	328	0	19	309	0
120	Zale Corp.	Irving, Tex.	65,300	106.5	42,000	18,170	5,130	0	0	5,130	0
121	Pan American World Airways	New York	65,199	46.7	31,000	10,253	23,947	21,218	0	2,729	0
122	Ameritech	Chicago	64,991	11.0	36,000	14,535	14,456	10,829	368	3,259	0
123	Borden Inc.	New York	64,961	(28.2)	44,000	15,891	5,069	1,627	0	3,442	0
124	Daimler-Benz A.G.	Stuttgart, W. Germany	64,643	24.9	16,759	29,051	18,834	18,008	501	325	0
125	F.W. Woolworth Co.	New York	64,543	17.0	40,000	18,349	6,194	0	0	6,194	0
126	Marriott Corp.	Washington	64,233	(2.4)	41,000	20,281	2,952	0	99	2,853	0
127	Imasco Ltd.	Montreal	63,421	18.0	25,000	38,421	0	0	0	0	0
128	Jerrico Inc.	Lexington, Ky.	63,183	34.6	36,000	26,818	365	0	0	365	0
129	E&J Gallo Winery	Modesto, Cal.	62,826	27.7	20,000	42,371	455	396	0	59	0
130	Estee Lauder Inc.	New York	62,741	11.4	15,919	42,689	4,133	3,447	0	686	0
131	Castle & Cooke	Los Angeles	62,505	24.7	32,000	28,121	2,383	0	0	2,383	0
132	United Biscuits Holdings plc	London	62,427	(15.1)	36,000	26,427	0	0	0	0	0
133	Chesapeake Financial Corp.	Miami Beach, Fla.	62,271	27.1	33,000	25,422	3,850	2,811	0	1,038	0
134	Pacific Telesis Group	San Francisco	62,079	16.5	30,000	21,541	10,538	7,706	96	2,736	0
135	Whirlpool Corp.	Benton Harbor, Mich.	61,695	0.6	20,000	39,408	2,288	1,750	536	2	0
136	MCI Communications Corp.	Washington	61,363	3.7	20,000	33,213	8,150	7,782	271	97	0
137	Citicorp	New York	61,337	33.9	17,835	39,701	3,800	0	1,022	2,778	0
138	Blue Cross & Blue Shield Assn.	Chicago	60,607	49.1	30,000	20,084	10,523	4,792	169	5,562	0
139	Firestone Tire & Rubber Co.	Akron, O.	60,512	21.6	35,000	24,235	1,278	84	443	564	186
140	Royal Dutch/Shell Group of Cos.	The Hague	60,333	38.5	20,000	19,184	21,149	444	1,101	17,290	2,314
141	May Department Stores	St. Louis	59,352	45.2	28,000	25,555	5,796	5,609	0	187	0
142	Coleco Industries	West Hartford, Conn.	58,347	7.2	33,000	25,308	39	0	39	0	0
143	Prudential Insurance Co. of American	Newark, N.J.	57,891	62.4	15,000	41,062	1,829	1,081	164	584	0
144	Hattori-Seiko Co.	Tokyo	57,179	51.2	23,000	28,475	5,704	5,638	63	3	0
145	Alberto-Culver Co.	Melrose Park, Ill.	56,863	(1.6)	35,000	21,372	491	232	41	218	0
146	Minolta Co.	Ramsey, N.J.	56,734	69.1	30,000	25,397	1,337	335	1,002	0	0
147	Carter Hawley Hale Stores	Los Angeles	55,039	47.4	30,000	19,966	5,073	4,420	0	653	0
148	Sandoz Ltd.	Basel, Switzerland	54,782	19.9	25,000	26,515	3,267	0	868	1,133	1,266
149	Scott Paper Co.	Philadelphia	54,626	(4.4)	26,000	27,318	1,308	637	508	163	0
150	Southland Corp.	Dallas	53,929	31.6	18,000	15,701	20,229	48	255	19,926	0
151	Avon Products	New York	53,402	33.9	28,000	25,357	45	45	0	0	0
152	US West	Englewood, Colo.	52,346	53.2	25,000	16,170	11,175	5,722	48	5,406	0
153	Cadbury Schweppes plc	London	52,072	19.5	25,000	25,772	1,300	298	9	993	0
154	Ciba-Geigy Ltd.	Basel, Switzerland	51,943	22.6	27,000	15,138	9,805	135	1,242	1,388	7,040
155	Sony Corp.	Tokyo	51,898	(1.3)	25,000	20,578	6,320	3,691	2,189	440	0
156	Helene Curtis Industries	Chicago	51,832	(15.8)	23,800	28,019	13	0	0	13	0
157	SmithKline Beckman Corp.	Philadelphia	51,718	(16.2)	27,000	23,720	999	37	402	326	233
158	Commodore International	West Chester, Pa.	51,615	(27.9)	26,000	18,557	7,058	3,575	471	3,012	0
159	Mennen Co.	Morristown, N.J.	50,851	8.6	17,000	33,773	78	0	0	78	0
160	MGM/UA Entertainment Co.	Culver City, Cal.	50,692	(11.2)	24,000	24,568	2,124	1,801	104	219	0
161	Federal Express Corp.	Memphis	50,301	(14.5)	17,000	27,467	5,334	3,258	660	1,916	0
162	Wellcome Foundation	Research Triangle Pk, N.C.	50,043	40.5	27,000	23,043	0	0	0	0	0
163	BMW A.G.	Munich	49,875	40.2	12,000	27,208	10,668	7,594	183	2,891	0
164	Lucky Stores	Dublin, Cal.	49,775	7.2	25,000	20,201	4,574	0	0	4,574	0
165	Denny's Inc.	La Mirada, Cal.	49,617	13.6	23,000	25,550	1,068	0	0	1,068	0
166	AB Volvo	Goteborg, Sweden	49,213	50.5	15,000	20,344	13,869	8,970	931	3,969	0
167	Squibb Corp.	Princeton, N.J.	48,870	30.4	25,000	23,316	554	0	483	71	0
168	Triangle Publications	Radnor, Pa.	48,730	23.9	10,000	35,208	3,521	1,555	1,810	157	0
169	Safeway Stores	Oakland, Cal.	47,318	(9.0)	25,000	20,994	1,325	0	0	1,325	0
170	Chevron Corp.	San Francisco	46,472	7.2	15,000	16,071	15,402	2,489	1,431	9,688	1,794
171	Franklin Mint Corp.	Franklin Center, Pa.	46,450	6.5	10,000	29,435	7,015	6,960	55	0	0
172	Household International	Prospect Heights, Ill.	45,762	(4.3)	16,000	26,305	3,457	3,048	52	357	0
173	Transworld Corp.	New York	45,660	(6.6)	22,000	21,821	1,839	17	0	1,822	0
174	A.H. Robins Co.	Richmond, Va.	45,332	(4.1)	10,000	34,095	1,237	0	1,032	0	205
175	Tambrands	Lake Success, N.Y.	44,004	(5.8)	14,000	29,271	733	0	72	661	0
176	20th Century-Fox Film Corp.	Los Angeles	43,539	(29.6)	20,000	20,547	2,992	1,045	3	1,944	0
177	National Distillers & Chemical Corp.	New York	43,471	(8.5)	17,000	25,117	1,355	1,293	0	62	0
178	People Express Airlines	Newark, N.J.	42,695	343.4	3,000	8,140	31,555	29,212	0	2,343	0
179	Hallmark Cards	Kansas City, Mo.	41,901	(38.6)	17,000	24,142	759	558	196	5	0
180	Visa International	San Francisco	41,668	38.6	11,900	26,374	3,394	0	347	3,047	0
181	Hiram Walker Resources	Toronto	41,225	2.4	10,000	28,796	2,430	2,430	0	0	0
182	Fuji Heavy Industries	Tokyo	41,004	24.1	12,000	23,912	5,092	4,321	44	727	0
183	Thompson Medical Co.	New York	40,236	(15.9)	7,000	33,065	171	136	35	0	0
184	Merrill Lynch & Co.	New York	40,113	174.8	18,000	21,339	775	0	698	77	0
185	MasterCard International	New York	39,233	0.3	11,200	26,654	1,379	0	117	1,262	0
186	Jeffrey Martin Inc.	Union, N.J.	37,338	(7.6)	3,000	34,338	0	0	0	0	0
187	Hearst Corp.	New York	36,494	59.9	9,000	18,261	9,233	5,446	3,787	0	0
188	Reynolds Metal Co.	Richmond, Va.	36,258	(18.4)	15,000	19,374	1,885	197	258	1,430	0
189	DeBeers Consolidated Mines	London	35,597	24.9	6,000	29,597	0	0	0	0	0
190	State of Florida	Tallahassee	35,147	12.4	13,000	22,147	0	0	0	0	0
191	NWA Inc.	St. Paul, Minn.	34,543	147.8	9,000	4,743	20,800	16,851	71	3,878	0
192	Texas Air Corp.	Houston	34,126	(8.8)	11,000	1,461	21,665	15,075	0	6,590	0
193	Armstrong World Industries	Lancaster, Pa.	33,749	29.0	11,000	16,160	6,589	4,218	1,197	1,174	0
194	Mitsubishi Corp.	Tokyo	33,597	18.8	7,000	19,050	7,547	5,362	1,972	213	0
195	Exxon Corp.	New York	33,005	(16.4)	11,000	17,338	4,667	2,740	1,247	680	0
196	Craftmatic/Contour Industries	Trevose, Pa.	32,359	68.4	9,000	23,305	54	54	0	0	0
197	Dow Jones & Co.	New York	32,051	46.2	8,000	19,674	4,377	87	2,683	1,607	0
198	Villa Banfi, U.S.A.	Old Brookville, N.Y.	31,029	31.2	9,000	21,389	640	0	9	631	0
199	Block Drug Co.	Jersey City, N.J.	31,013	(25.6)	8,000	21,289	1,724	0	10	1,714	0
200	Doubleday & Co.	New York	29,936	(0.9)	7,000	18,566	4,369	4,342	11	17	0

NOTES: Dollars in thousands. Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Advertising Bureau and farm publications from Agricultural Marketing Information Services (AGRICOM). See Page S-12 for breakout of media monitored by Leading National Advertisers. For further explanation, see *Where Ao Aax got its data*, Page S-16.

F.H. Wiedmar, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—F.M. Lee, president-mgmt super; M.T. Murphy, vp-acct super; Izura Doumont, Chris Brown, asct execs.

BELLSOUTH ADVERTISING & PUBLISHING CORP.

Marketing Personnel

M.T. Brandt, adv dir
Wayne Collier, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—western div—F.M. Lee, president-mgmt super; J.E. Mizzell, acct super.

BELLSOUTH ADVANCED SYSTEMS

Marketing Personnel

R.D. Odom, operations mgr-mktg
C.A. Wingo, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—F.M. Lee, president-mgmt super; R.P. Grillo, acct super; Jacquie Britt, Joanne Bowman, acct execs.

BELLSOUTH MOBILITY

Marketing Personnel

J.A. Thorpe, vp-mktg
D.J. Magraw, adv mgr

Advertising Agencies

J. Walter Thompson USA, Atlanta—K.A. McCormick, vp-acct group mgr; Jan Freund, acct super.

Black & Decker Corp. RANK **115**

Towson, Md.

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,732	1,533	13.0
Net income	(158)	96	(268.0)
U.S.	**1986**	**1984**	**% chg**
Sales	1,102	925	19.2
Operating profits	40	84	(52.9)
Advertising	68	47	43.2
Division sales	**1986**	**1984**	**% chg**
Power tools	672	479	40.3
Accessories	169	151	11.9
Outdoor prods.	125	133	(6.0)
Home prods.	666	461	44.9
Service	98	93	5.4

Black & Decker Corp., laboring to make the brand transition from its huge General Electric housewares acquisition of 1984, has been restructuring in 1985 and 1986 to improve capacity utilization. The reason: the leveling off of power tool and housewares sales.

In fiscal 1 86, ended Sept. 29, the business clin ate dampened any turnaround. Fo the nine-month period ended June 29, the company reported earnings of $25.4 million, down 31%, and sales of $1.35 billion, up 5.9% from the corresponding period in 1985. But none of this seems to have slowed the momentum of the world's biggest power-tool maker in its drive for marketing promotion, product rebranding or administrative streamlining.

B&D has been advertising vigorously. In 1985, B&D reported to the SEC ad expenditures of $171.8 million worldwide, up 45% from 1984. In the U.S., B&D spent $44.6 million in measured media, up from $31.2 million in 1984. Other outlays included $25 million in unmeasured costs for dealer co-op advertising/promotion. The U.S. claims 60% of sales, followed by 25% in Europe and 15% in the rest of the world.

When B&D, the biggest producer of power tools, moved into small household appliances, it bought the biggest producer of small appliances, the housewares division of General Electric.

The cost to B&D was $212 million for the business that produced about $470 million in 1983 sales. B&D has converted the GE products to B&D brands.

Also in 1985, B&D spent $50 million to buy two Rank Organisation plc appliance companies, Rank Electric Housewares Pty Ltd., Australia, and Rank Appliances, New Zealand. A boost to B&D was getting the 240-volt technology of Rank, necessary for any continued success in Europe where 240-volt service is standard.

B&D, which slugs it out with Sunbeam, Hamilton Beach, Proctor Silex, Toastmaster and Norelco among others in the $3.8 billion housewares business, has found its share slipping, particularly in electric irons, which represent about 25% of B&D's current housewares line. The company's share of that $275 million market reportedly has dropped from 45% to about 43%. The main beneficiary is Sunbeam which has boosted its share to 21%. Other players in the category include Wear-Ever/Proctor Silex 19%, Hamilton-Beach 7%, Norelco 6%, and West Bend 3%, according to Jim Stevens, editor, *Appliance Magazine.* B&D is doing better in cordless and undercabinet appliances, such as mixers, coffee makers and can openers.

The small appliance market, which has a narrow 10% annual turnover, is a hard one in which to stay afloat.

The GE/B&D brand transition along with corporate restructuring are the two main ongoing dynamics at B&D. Half the switchovers were made during 1985. The transition, scheduled over a three-year period, involves replacing the familiar GE script monogram with the newly designed B&D orange hexagon on more than 150 GE housewares products. The way the logo is applied in advertising depends on how the product is perceived. Some print ads show both the monogram and hexagon; some have the tag line, "Now by Black & Decker," and some still carry the GE script.

But the first order of business is for B&D to restore itself to the profit column. After a good first quarter in fiscal 1985, the company went on to suffer the 1985 profit loss of $158.4 million. The year-to-year swing includes a $205.3 million restructuring cost. A big bite came out of earnings to pay for a larger ad program, dealer inventories and rebates.

The company is shutting plants to reduce capacity around the world by about a third. Planned shutdowns announced to date include a housewares plant at Brockport, N.Y., to close at the end of 1986, and the Hampstead, Md., power tool plant, to close by mid-1987. The company says the restructuring will begin to improve earnings in fiscal 1987 and 1988.

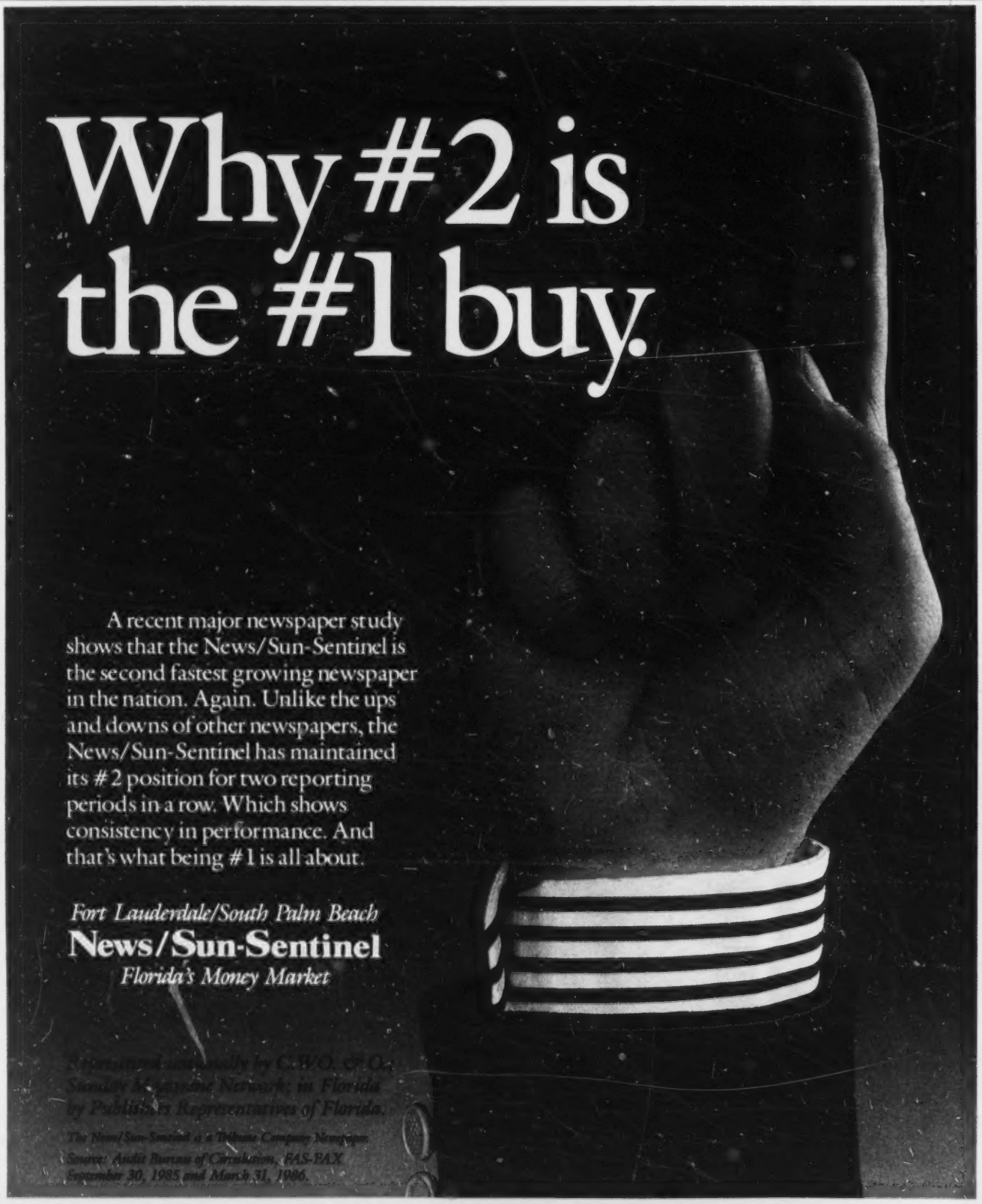
For further streamlining, B&D reduced its number of separately operating business segments from six to five in 1985, and it folded the five into two administrative groups this year—Household Products, consisting of the home appliance group (39% of sales in 1985), and Power Tools, consisting of power tools, accessories, outdoor products and service groups (61%). *(Ad Age reports six divisions in the box accompanying this profile to better reflect year-to-year growth. B&D reduced the number to five by merging professional tools with consumer tools.)*

Both groups in 1985 generated new products: From the Household Products came HandyMixer cordless beater, cordless mixer, cordless knife and two restaged GE appliance lines, the automatic shut-off iron and the Spacemaker line of undercabinet appliances. From Power Tools came a drill/driver combination electric drill and screwdriver and Piranha carbide tooth circular saw blades.

In January, 1986, B&D moved U.S. advertising for its Household Products group from BBDO, New York, to McCann-Erickson, New York. BBDO then resigned from B&D's U.S. Power Tool account, which currently is being handled by several agencies on a project basis. Selection of a new agency is under review. McCann had become the B&D agency overseas in 1985.

B&D says future marketing promotion will be more market driven, and while great marketing energy will continue on the B&D branding of housewares, there will be increased focus on the power tool group. In its 43% overall increase in spending for measured media during 1985, B&D put its major thrust behind network tv, up 69%, to $26.2 million in 1985, and spot tv, up 78%, to $8.8 million.

The company spent 66% more advertising on its small household appliances in 1985 than 1984, rising to


Why #2 is
the #1 buy.
A recent major newspaper study shows that the News/Sun-Sentinel is the second fastest growing newspaper in the nation. Again. Unlike the ups and downs of other newspapers, the News/Sun-Sentinel has maintained its #2 position for two reporting periods in a row. Which shows consistency in performance. And that's what being #1 is all about.
Fort Lauderdale/South Palm Beach
News/Sun-Sentinel
Florida's Money Market
Represented nationally by C-W-O, Of O-, Sunday Magazine Network; in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.
Source: Audit Bureau of Circulation, FAS-FAX September 30, 1985 and March 31, 1986.

LNA-media spending by second 100 leaders

Rank	Company	Headquarters	Total estimated spending	Total LNA	LNA measured media: Magazine	Newsp. supplement	Network tv	Spot tv	Network radio	Outdoor	Network cable
101	Levi Strauss & Co.	San Francisco	$70,637	$26,275	$5,608	$123	$11,407	$3,900	$734	$68	$4,437
102	BellSouth Corp.	Atlanta	70,600	21,997	6,321	0	0	15,453	0	224	0
103	Dayton-Hudson Corp.	Minneapolis	70,500	36,262	2,640	0	0	33,228	0	394	0
104	Kroger Co.	Cincinnati	70,157	27,697	61	0	9	26,890	0	737	0
105	Nynex Corp.	New York	70,080	24,110	3,913	746	53	19,019	0	375	4
106	Bell Atlantic Corp.	Philadelphia	70,067	19,066	5,211	0	0	13,705	0	149	0
107	G. Heileman Brewing Co.	La Crosse, Wis.	70,064	16,965	12	0	6,966	8,949	0	1,003	36
108	Southwestern Bell Corp.	St. Louis	70,000	27,353	2,266	595	0	24,295	0	192	5
109	Polaroid Corp.	Cambridge, Mass.	69,555	26,899	3,565	0	20,049	2,727	160	14	383
110	Kimberly-Clark Corp.	Irving, Tex.	69,541	53,903	6,317	0	40,727	6,213	0	20	626
111	Federated Department Stores	Cincinnati	69,395	30,347	3,500	1,086	0	25,635	0	126	0
112	ConAgra Inc.	Omaha, Neb.	68,962	30,208	3,808	0	16,029	6,146	4,141	85	0
113	North American Philips Corp.	New York	68,620	29,975	8,251	323	13,781	5,311	570	60	1,680
114	American Stores Co.	Salt Lake City, Utah	68,168	27,582	0	0	17	27,254	0	311	0
115	Black & Decker Corp.	Towson, Md.	67,642	44,114	8,812	28	26,135	8,760	0	7	371
116	Trans World Airlines	New York	66,900	18,099	7,537	732	0	9,478	0	228	125
117	Hewlett-Packard Co.	Palo Alto, Cal.	66,467	13,573	8,936	97	4,389	92	0	10	51
118	Rapid-American Corp.	New York	66,432	29,331	11,262	235	3,678	8,848	158	4,528	622
119	Carter-Wallace	New York	65,604	24,276	3,078	23	18,075	2,451	0	0	649
120	Zale Corp.	Irving, Tex.	65,300	18,170	1,350	17	8,853	3,947	3,913	0	90
121	Pan American World Airways	New York	65,199	10,253	3,656	174	0	4,514	0	1,696	212
122	Ameritech	Chicago	64,991	14,535	3,198	0	0	11,000	0	337	0
123	Borden Inc.	New York	64,961	15,891	5,225	239	3,596	5,434	995	78	325
124	Daimler-Benz A.G.	Stuttgart, W. Germany	64,643	29,051	7,064	36	17,422	4,390	0	23	115
125	F.W. Woolworth Co.	New York	64,543	18,349	760	4,422	2,036	9,942	132	126	931
126	Marriott Corp.	Washington	64,233	20,281	1,925	448	3,574	11,794	0	2,466	75
127	Imasco Ltd.	Montreal	63,421	38,421	18	0	8,925	27,248	0	2,222	8
128	Jerrico Inc.	Lexington, Ky.	63,183	26,818	0	0	0	26,502	0	317	0
129	E&J Gallo Winery	Modesto, Cal.	62,826	42,371	4,386	235	33,571	4,114	0	66	0
130	Estee Lauder Inc.	New York	62,741	42,689	17,289	2,931	0	22,469	0	0	0
131	Castle & Cooke	Los Angeles	62,505	28,121	6,332	109	11,593	7,648	2,274	27	139
132	United Biscuits Holdings plc	London	62,427	26,427	3,389	0	19,822	3,216	0	0	0
133	Chesapeake Financial Corp.	Miami Beach, Fla.	62,271	25,422	528	0	7,364	16,910	0	512	108
134	Pacific Telesis Group	San Francisco	62,079	21,541	3,503	213	0	17,727	0	98	0
135	Whirlpool Corp.	Benton Harbor, Mich.	61,695	39,408	11,982	0	14,477	2,317	6,605	3,720	306
136	MCI Communications Corp.	Washington	61,363	33,213	2,194	0	0	31,019	0	0	0
137	Citicorp	New York	61,337	39,701	10,719	391	17,174	10,952	0	50	416
138	Blue Cross & Blue Shield Assn.	Chicago	60,607	20,084	1,809	0	4,530	12,185	1,265	296	0
139	Firestone Tire & Rubber Co.	Akron, O.	60,512	24,235	1,331	100	22,164	406	7	44	182
140	Royal Dutch/Shell Group of Cos.	The Hague	60,333	19,184	4,177	0	1,165	13,750	0	93	0
141	May Department Stores	St. Louis	59,352	25,555	165	0	3,513	21,851	0	26	0
142	Coleco Industries	West Hartford, Conn.	58,347	25,308	53	0	0	25,150	0	103	2
143	Prudential Insurance Co. of American	Newark, N.J	57,891	41,062	6,764	0	28,439	3,649	755	109	1,347
144	Hattori-Seiko Co.	Tokyo	57,179	28,475	3,180	102	10,158	14,029	0	59	947
145	Alberto-Culver Co.	Melrose Park, Ill.	56,863	21,372	3,503	28	13,604	3,452	0	2	783
146	Minolta Co.	Ramsey, N.J.	56,734	25,397	5,921	156	15,538	3,229	0	82	471
147	Carter Hawley Hale Stores	Los Angeles	55,039	19,966	2,861	28	0	17,064	0	4	9
148	Sandoz Ltd.	Basel, Switzerland	54,782	26,515	2,150	0	19,853	2,786	1,713	6	9
149	Scott Paper Co.	Philadelphia	54,626	27,318	1,638	0	4,123	21,436	0	11	111
150	Southland Corp.	Dallas	53,929	15,701	110	0	1,297	11,383	0	2,908	3
151	Avon Products	New York	53,402	25,357	6,529	105	18,680	38	0	5	0
152	US West	Englewood, Colo.	52,346	16,170	3,634	0	0	12,205	0	331	0
153	Cadbury Schweppes plc	London	52,072	25,772	3,042	593	10,848	10,439	499	27	324
154	Ciba-Geigy Ltd.	Basel, Switzerland	51,943	15,138	1,199	0	8,994	3,921	777	7	239
155	Sony Corp.	Tokyo	51,898	20,578	8,373	56	7,095	4,602	0	5	448
156	Helene Curtis Industries	Chicago	51,832	28,019	1,360	156	25,071	935	429	0	67
157	SmithKline Beckman Corp.	Philadelphia	51,718	23,720	2,543	339	17,683	2,136	535	0	483
158	Commodore International	West Chester, Pa.	51,615	18,557	4,769	0	11,360	1,587	0	0	841
159	Mennen Co.	Morristown, N.J.	50,851	33,773	2,561	0	28,284	1,205	0	0	1,724
160	MGM/UA Entertainment Co.	Culver City, Cal.	50,692	24,568	347	0	15,072	6,115	0	7	3,026
161	Federal Express Corp.	Memphis	50,301	27,467	4,251	0	16,605	6,432	0	0	179
162	Wellcome Foundation	Research Triangle Pk, N.C.	50,043	23,043	271	0	22,236	80	0	0	455
163	BMW A.G.	Munich	49,875	27,208	10,001	7	11,546	5,004	0	106	544
164	Lucky Stores	Dublin, Cal.	49,775	20,201	25	0	0	20,007	0	169	0
165	Denny's Inc.	La Mirada, Cal.	49,617	25,550	52	0	10,508	14,839	25	126	0
166	AB Volvo	Goteborg, Sweden	49,213	20,344	11,099	596	436	7,714	0	20	478
167	Squibb Corp.	Princeton, N.J.	48,870	23,316	5,923	31	9,000	6,229	1,837	3	293
168	Triangle Publications	Radnor, Pa.	48,730	35,208	65	18	1,535	24,389	7,523	0	1,678
169	Safeway Stores	Oakland, Cal.	47,318	20,994	1,273	0	0	19,044	0	677	0
170	Chevron Corp.	San Francisco	46,472	16,071	3,157	153	1,439	11,111	42	105	65
171	Franklin Mint Corp.	Franklin Center, Pa.	46,450	29,435	16,349	8,741	13	2,821	0	0	1,511
172	Household International	Prospect Heights, Ill.	45,762	26,305	2,072	0	3,780	19,731	8	270	444
173	Transworld Corp.	New York	45,660	21,821	1,643	84	17,892	2,163	0	39	0
174	A.H. Robins Co.	Richmond, Va.	45,332	34,095	3,575	0	6,592	23,712	0	0	217
175	Tambrands	Lake Success, N.Y.	44,004	29,271	7,158	0	20,371	748	0	0	994
176	20th Century-Fox Film Corp.	Los Angeles	43,539	20,547	444	0	6,592	11,948	214	223	1,126
177	National Distillers & Chemical Corp.	New York	43,471	25,117	12,217	0	4,571	339	2,780	5,211	0
178	People Express Airlines	Newark, N.J.	42,695	8,140	2,772	129	0	2,934	0	2,304	1
179	Hallmark Cards	Kansas City, Mo.	41,901	24,142	941	0	22,329	871	0	1	0
180	Visa International	San Francisco	41,668	26,374	5,581	0	16,449	1,476	2,466	185	217
181	Hiram Walker Resources	Toronto	41,225	28,796	21,421	302	0	0	0	7,073	0
182	Fuji Heavy Industries	Tokyo	41,004	23,912	5,505	0	10,524	7,261	0	196	426
183	Thompson Medical Co.	New York	40,236	33,065	4,144	0	18,378	4,048	0	0	6,495
184	Merrill Lynch & Co.	New York	40,113	21,339	2,962	73	15,402	2,437	81	58	325
185	MasterCard International	New York	39,233	26,654	4,423	144	18,617	3,072	0	0	398
186	Jeffrey Martin Inc.	Union, N.J.	37,338	34,338	0	1,325	22,700	6,788	3,032	0	493
187	Hearst Corp.	New York	36,494	18,261	15,146	103	0	2,267	198	513	35
188	Reynolds Metal Co.	Richmond, Va.	36,258	19,374	3,796	0	0	15,578	0	0	0
189	DeBeers Consolidated Mines	London	35,597	29,597	19,366	161	9,579	460	0	0	32
190	State of Florida	Tallahassee	35,147	22,147	4,823	193	13,772	2,862	0	0	497
191	NWA Inc.	St. Paul, Minn.	34,543	4,743	3,206	55	0	1,101	0	381	0
192	Texas Air Corp.	Houston	34,126	1,461	93	0	0	919	0	439	10
193	Armstrong World Industries	Lancaster, Pa.	33,749	16,160	14,269	695	0	1,192	0	4	0
194	Mitsubishi Corp.	Tokyo	33,597	19,050	4,712	0	0	14,210	0	0	129
195	Exxon Corp.	New York	33,005	17,338	686	137	0	16,002	0	157	357
196	Craftmatic/Contour Industries	Trevose, Pa.	32,359	23,305	231	21	18	22,976	0	0	59
197	Dow Jones & Co.	New York	32,051	19,674	2,594	87	5,213	3,656	3,808	77	4,239
198	Villa Banfi, U.S.A.	Old Brookville, N.Y.	31,029	21,389	563	0	19,497	1,245	0	0	84
199	Block Drug Co.	Jersey City, N.J.	31,013	21,289	98	0	16,628	4,350	0	0	212
200	Doubleday & Co.	New York	29,936	18,566	14,406	2,655	40	854	229	378	4

NOTES: Dollars in thousands. Sources: Magazine and newspaper supplements as reported by Publishers Information Bureau; network tv, spot tv, network radio and network cable as reported by Broadcast Advertisers Reports; outdoor as reported by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America. See Page S-10 for breakout of media not monitored by Leading National Advertisers. For further explanation, see *Where Ad Age got its data*, Page S-18.

$31.3 million. But a notable shift, illustrating the brand transitioning, was the great drop in 1985 in GE brand advertising, to just $370,000 in the various media from $7.9 million in 1984. B&D tool advertising received markedly increased support in 1985, jumping 78%, to $9.9 million.

Among the major items, support for the cordless Dustbuster hand-held vacuums was up 25%, to $6.2 million in 1985, largely in magazines and network and spot tv for both years.

While magazine and network tv spending for the company's power tools was comparable to the previous year's, the total committed to spot tv grew to $2.71 million from only $104,400 in 1984, and cable tv spending went to $186,600 from just $11,900 the year before.

Another big, highly competitive product, the B&D new automatic shut-off iron, received nearly fivefold the ad support in 1985 as in 1984, climbing to $5.2 million from $1.1 million. Magazine spending for the irons in 1985 was about even with 1984, with much of the increase going to network tv, which got $3.62 million.

During the year, B&D named Nolan D. Archibald president-ceo on the recommendation of Laurence J. Farley, chairman and formerly ceo. Mr. Farley continues as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,812	$8,221
Newspaper	121	576
Newsp. supps.	28	852
Bus. pubs.	297	210
Network tv	26,135	15,455
Spot tv	8,760	4,912
Network radio	0	542
Spot radio	110	0
Network cable	371	392
Outdoor	7	12
Total measured	44,642	31,172
Unmeasured	23,000	16,060
Total	67,642	47,231

BLACK & DECKER CORP.
701 E. Joppa Rd.
Towson, Md. 21204
(301) 583-3900

Corporate Personnel

Laurence J. Farley, chmn
Nolan D. Archibald, president-ceo
George M. Sherman, president, power tools group
Dennis G. Heiner, president, household prods group

Marketing Personnel

Gary DiCamillo, vp-mktg, power tools group
Kenneth E. Homa, vp-mktg, household prod group

Advertising Agency

McCann-Erickson, New York—household group—Steve Moynahan, acct exec.
Power tools acct—to be determined.

RANK **199**

Biock Drug Co.

Jersey City, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	274	248	10.7
Net income	29	26	10.9
U.S.	**1986**	**1985**	**% chg**
Sales	183	168	8.6
Operating profits	27	20	38.4
Advertising	31	42	(25.6)
Division sales	**1986**	**1985**	**% chg**
Dental	177	160	10.6
Consumer prods.	54	51	5.9
Ethical pharm.	43	37	16.2

Block Drug Co., marketer of Polident, Poligrip, 2000 Flushes and the ill-fated Efficol Cough Whip, pared back its media advertising expenditures during 1985 to concentrate more on product promotion.

Block, however, increased over-all advertising, reporting to the SEC that its total advertising and promotion budget in 1985 rose to $83.5 million, up 11.3%. The company says this reflects its increasing reliance, in competing with larger competitors, on market research, test marketing, and personal sales and marketing promotion of most of its professional dental and pharmaceutical products.

Block Drug, whose sales and earnings both increased about 11% in fiscal 1986, ended March 31, over the previous year, continued that pattern into the first quarter of fiscal 1987, ended June 30, with net income up 9.7% to $7.8 million on revenues of $73.6 million, up 13.1%.

During calendar 1985, Block trimmed measured advertising 35% to $23 million from 1984. Ad expenditures were reduced for five of the company's seven most-advertised products, and completely eliminated for a sixth.

Block Drug has three sales divisions —professional dental and consumer oral hygiene products; consumer products, which includes proprietary medicine products and insecticides and household products; and ethical pharmaceuticals. All three divisions showed increases in 1985 sales.

Of Block's $274.2 million in 1985 sales, $183 million were in the U.S., $63.2 million in Europe, and $28 million in South America, Asia and Australia.

In 1985, Block obtained X-14, a regional brand of mildew stain remover, among several products purchased for $4.6 million from White Laboratories, Orlando, and began distributing it nationally, spending about $750,000 in 1985. In 1986, it is estimated to be spending $1.2 million on the product. It is introducing Vitawipes, disinfectant-impregnated cloths to control infection in dental offices, with a $750,000 budget.

Block is now test marketing three new products—Caffree Toothpaste, marketed to eliminate caffein stains caused by coffee and tea; Fiberway, a natural bulk laxative; and First Hand, a hand and body lotion.

The company is discontinuing Efficol Cough Whip Syrup after a little more than a year on the market and $4 million dollars of advertising against Robitussin (A.H. Robins) and Vicks Formula 44 (Procter & Gamble). In this $300 million cough segment, Robitussin and Vicks remain leaders with a combined 50% market share. P&G spent $14 million on its Vicks line while A.H. Robins spent about $10.5 million on its Robitussin line in 1985.

Block cut measured advertising for its seven largest-advertised brands in 1985. The cut for 2000 Flushes Bowl Cleaner, No. 1 in its category, was 13.9%, to $3.1 million. Sales of 2000 Flushes have doubled since Block purchased the brand in 1983.

In denture cleansers, spending for Dentu-Creme denture toothpaste dropped 28% to $2.1 million, and fell 25% to $3.6 million for Polident Denture Tablets. Block holds a 45% share of the U.S. denture cleanser market with sales of $40-$45 million, according to Elizabeth P. Wright, analyst with Shearson, Lehman Bros. Total cleanser market is worth $100 million in the U.S. Warner-Lambert's Efferdent is the leader with a 50 share.

In the denture adhesives market worth $115 million nationally, advertising for Poligrip Regular Denture Adhesive dropped 25% to $2.7 million. Poligrip, with sales of $26 million holds a 22.6 share of market. Leader P&G's Fixodent holds a 23-24% share as No. 1, and P&G's Fasteeth powder is No. 3 with a 16-17% share, according to Ms. Wright. In this mature market, Block has maintained market share through restaging of products, extending lines, advertising and incremental price increases.

The company also reduced spending on Tegrin Medicated Shampoo, down 29% to $3.5 million. Most of the cuts in advertising among all company products were in spot and network tv spending.

Only for the ill-fated Efficol did ad expenditures increase last year, up 14% to $3.2 million. But Block eliminated measured advertising for Sensodyne Toothpaste, for which it spent $1.4 million on network and spot tv ads in 1984, concentrating instead on promotional efforts in the trade to market the product.

The company did not extend an experimental one-year agreement with CBS-TV, referred to as the "multi-daypart" deal in which Block let CBS move $5 million to $10 million in network buys from one daypart to another without advance notice in exchange for lower cost-per-thousand rates. The move seems part of an overall shift away from concentration on costly tv advertising.

Peter Mann, Block senior vp-general manager consumer products and household products division, says the deal was discontinued after the 1984-85 tv season, because Block's brand mixes had changed, as had general advertising conditions, and not because of any dissatisfaction with the agreement by either party.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$98	$183
Newsp. supps.	0	15
Bus. pubs.	10	29
Network tv	16,628	19,524
Spot tv	4,350	8,466
Spot radio	1,714	2,132
Network cable	212	590
Total measured	23,013	30,940
Unmeasured	8,000	10,756
Total	31,013	41,696

BLOCK DRUG CO.
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Marketing Personnel

Donald LeSieur, exec vp-mktg
Peter Mann, sr vp-genl mgr, consumer prods div
John Perry, vp-mktg, consumer prods div
G. Andrew McMullen, vp-sales, consumer prods div
Mike Fink, vp-mktg, household prods div
Joseph Weinberg, vp-sales, household prods div
James B. Purchell, vp-genl mgr, dental prods div
Ken Ballantyne, vp-mktg, dental prods div
Edward Brady, vp-corp devel
Adam Kratochwill, dir-creative services
Avrum Geller, dir-mktg services

Advertising Agencies

Jordan, Manning, Case, Taylor & McGrath, New York—TNT Insecticides, Dentrol denture adhesives, Nytol sleep aid —David Hauer, mgmt super.

The Bloom Agency, Dallas—B C analgesic powders & tablets, Super Poli-grip denture adhesive—Paul MacMahon, president; Beth Mack, acct super.

Grey Advertising, New York—Polident powder & tablets, Smokers Polident, Tegrin medicated shampoo, Dentu-Creme, Dentu-Gel, Promise toothpaste, Dentrol Adhesive, new prods—Jack Frantz, exec vp; Casey Wojciechowski, vp-mgmt super; George Ruthauser, acct super.

Rosenfeld, Sirowitz & Humphrey, New York—2000 Flushes, X-14 mildew cleaner, Fiberway, new prods—Harvey Kipnis, mgmt super; Terri Coppersmith, acct exec.

Carrafiello, Diehl & Associates, Irvington, N.Y.—Polident denture cleanser, Poloris dental poultice, Pyco-Pay toothbrushes, PycoTwin, Sensodyne toothpaste, Wernet's denture adhesives, Wernet's Dentu Creme denture cleanser—Phyllis Howe, acct exec.

RANK **138**

Blue Cross & Blue Shield Assn.

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	41,500	40,000	3.8
Net income	1,500	2,100	(28.6)
U.S. advertising	61	41	49.1

Blue Cross & Blue Shield Assn. is responding to increasing competition from insurance companies and other health care providers by raising its own profile with both the corporate decision maker and the consumer.

The Chicago-based national organization, which frequently ties advertising into sporting events to reach male decision-makers, announced in mid-October, 1986, that it has signed on as a corporate sponsor of the 1988 Winter Olympics to be held in Calgary, Canada. Beginning in 1987, the national organization will begin airing ads featuring special Olympic moments and sponsoring pre-Olympic tv specials, says Duane R. Carlson, vp-communications.

Total measured spending for Blue Cross & Blue Shield has tripled since 1983 when the healthcare industry began reacting to greater competition and concern over rising costs. A key factor in this was the federal government's new method of reimbursing treatment under Medicare, the program that provides health benefits to those 65-years and older. The federal government began phasing in fixed reimbursement levels for treatment of 468 common procedures, called diagnostic related groups of illnesses, forcing the healthcare industry to both contain costs and to find innovative ways to manage healthcare products in the face of growing competition.

In 1983, Blue Cross & Blue Shield's total measured spending was only $10.3 million for seven media. By 1984, total measured spending jumped 94% to $19.9 million. In 1985, total measured spending for seven media increased 50% to $20.1 million, according to LNA, which monitors seven media. Total measured spending for the 11-media reported in this issue was $30.6 million in 1985, up 49% over 1984 on the strength of $4.8 million in newspaper spending and $5.6 million in spot radio.

Blue Cross & Blue Shield Assns. are the names and symbols used by the 77 local, nonprofit community service organizations called Blue Cross and Blue Shield plans. The local plans contract with hospitals, physicians and healthcare organizations to provide prepaid healthcare services to subscribers in the $400-plus billion healthcare industry.

Although they formed an association, sharing administrative costs and offices, Blue Cross and Blue Shield on the local level sometimes are separate legal entities. The association is a nationwide federation of locally governed, autonomous corporations, each operating under state law as a non-profit service organization. The association is needed, among other reasons, to create and place national advertising, and to coordinate insurance coverage in cases where group membership in the local plans crosses regional boundaries.

The national association and local plans joined together in September, 1984, to launch advertising for Blue Cross and Blue Shield plans bearing the first cooperative ad theme: "Carry the Caring Card." In May, 1985, the national and local plans broke an educational campaign on "Managing the new healthcare," which discussed issues and options in healthcare. The local plans have been offering such options as Health Maintenance Organizations (HMOs) since 1969 and Preferred Provider Organizations (PPOs) since 1983, in addition to traditional fee-for-service reimbursement programs.

The national association spent $17.6 million on measured media for Blue Cross and Blue Shield plans in 1985, divided 56% spot tv, 26% network tv, 10% magazine, 7% network radio, and 1% out-of-home. The spending represented 87% of total measured outlays for LNA's seven media.

The national association also spent a measured $2.3 million solely for Blue Cross plans, which cover hospitalization expenses, divided 96% spot tv and 4% out-of-home. Alternative health plans, including HMOs and PPOs, received $110,000 in measured spot tv.

Claims expense in 1985 totaled $86.8 billion for the national association. Of this, $37.8 billion was paid-for care received by subscribers, a decrease of 5% from 1984, and $48.9 billion was paid for persons in federal programs.

Blue Cross & Blue Shield had 77.5 million subscribers at the close of 1985. That figure includes subscribers under the Federal Employee Program and coverage for Medicare, and as carriers for Medicaid and Champus, which includes military dependents. The total number of people covered is about 100 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,809	$1,054
Newspaper	4,792	500
Bus. pubs.	169	46
Network tv	4,530	3,831
Spot tv	12,185	8,107
Network radio	1,265	1,062
Spot radio	5,562	5,703
Outdoor	296	228
Total measured	30,607	20,531
Unmeasured	30,000	20,124
Total	60,607	40,655

BLUE CROSS & BLUE SHIELD ASSOCIATIONS
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(312) 440-6000

Marketing Personnel

William Johnson, sr vp-mktg
Duane R. Carlson, vp-comm
Thomas Mura, sr consultant-comm

Advertising Agency

HCM-Chicago-Laurel Baer, sr vp-acct dir; Andrew Taylor, vp-acct super; Dale Landsman, exec creative dir; Jim Hyman, creative dir.

RANK **163**

BMW A.G.

Munich

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,755	4,317	10.2
Net income	100	110	(9.0)
U.S. advertising	50	36	40.2

BMW of North America successfully shifted its marketing focus in 1985 to the upper end of its lineup as new models widened its appeal. The move also helped drive up unit sales 23.9% over 1984 to 87,873 units in the U.S. in 1985.

The company's U.S. marketing formerly hinged on its lower-price 300 series ($19,955 to $23,255), but in 1985 ad spending backed the higher-price models to boost sales.

Sales of BMW's 635CSi jumped 41.9% in 1985. Of the $3.8 million spent on the 6 series in seven measured media tracked by Leading National Advertisers, the 635CSi got $3.5 million.

The series got only $898,000 in advertising in 1984. BMW's 325e, introduced in model year 1985, and 325es models were the company's big sellers, with unit sales of 30,819. Advertising in calendar 1985 dropped to $959,400 from $5.5 million in 1984.

The 318i, another top-selling car, posted unit sales of 23,111, a 19.4% drop from 1984. Advertising was only $367,000 for the 318i, down from $1.6 million in 1984. The big spender was the new BMW 735i with $6.8 million. BMW also spent $8.4 million advertising nonspecific model-passenger cars, up from $144,600 in 1984.

BMW had a 3.1% share of the imported car market in 1985, up from 2.9% the previous year. The company also captured 20.1% of the import luxury car market, which includes Audi, Jaguar, Mercedes-Benz, Porsche, Saab and Volvo. In 1984 its share was 18.1%.

BMW increased its network tv ad spending nearly fourfold to $11.5 million in 1985, from $2.9 million in 1984, while spot tv spending dropped 23.7% to $5 million. Spot radio spending almost doubled to $2.9 million.

Importer BMW of North America is one of 13 foreign sales and marketing subsidiaries of parent company Bavarian Motor Works, or Bayerische Motoren Werke AG, in Munich. That includes a Canadian subsidiary, BMW Canada, that opened in early 1986 in Whitby, Ont.

The U.S. is the best foreign market for BMW. U.S. unit sales were more than double those in any other country, including 33,500 in the U.K., 29,300 in France, 19,400 in Italy and 13,000 in Netherlands.

New for model year 1985 was the BMW 325e sedan, designed as an entry-level BMW to attract people into BMW ownership and offer a higher performance option for current 3 series owners. Also launched were four-door sedan versions of the small-body 318i and 325e and the company's first U.S. diesel offering, the 524td. All were marketed under the BMW umbrella tag line, "The ultimate driving machine," via Ammirati & Puris, New York.

To appeal to younger, more affluent buyers, BMW also launched a new line of upscale motorcycles, a K series of four-cylinder cycles that sold for up to $7,500. Most of the company's $500,000 1985 motorcycle ad budget

went into a three-month spring campaign, themed, "The legendary motorcycles of Germany."

In late 1985 BMW's parent company was rumored to be high on Detroit-based General Motors Corp.'s shopping list for a European luxury auto maker to become GM's seventh domestic car division. Although BMW confirmed talks were held with GM, it maintains it isn't for sale.

In November, 1985, BMW became the first auto marketer in the U.S. to offer a factory-backed, used-car warranty. The national program was designed to bolster prices of used BMWs and strengthen dealers. A heavy print and tv introductory campaign broke in February, billing BMW as "The only auto maker that stands behind its cars. Twice."

BMW's marketing effort for model year 1986 involved programs intended to improve the company's image. It increased promotional and merchandising budgets sharply—about 35% of BMW's 1986 marketing activities—as BMW returned to racing and added sponsorships of polo and race track advanced driving school for auto enthusiasts. Of the remaining 65%, four-fifths went to national advertising and one-fifth to its dealer ad group.

The company also increased direct marketing spending by expanding a program that invited prospective buyers to test drive cars at race tracks.

BMW also moved to strengthen its 3 series to combat increasing competition from Japanese imports, says Gunter Kramer, chairman and president. BMW dropped the 318i for 1986 and added 3 sportier 325 models to compete with Honda's Acura entries and sports-luxury entries from Toyota and Nissan expected by 1990. Once again, BMW's "The ultimate driving machine" theme was retained, and ads continued to pitch handling, engineering technology and prestige.

BMW broadened its motor sports involvement in 1986. In addition to fielding a Formula One engine, BMW competed with a two-car entry in the International Motor Sports Assn. GTP class. The BMW/Skip Barber Advanced Driving School, run by the ex-Formula One driver, was incorporated into a direct mail program. BMW solicited prospects by mail for the course. BMW increased the number of regional polo events it sponsors to 12 in 1986 from five in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,001	$9,014
Newspaper	7,594	6,109
Newsp. supps.	7	6
Bus. pubs.	183	287
Network tv	11,546	2,983
Spot tv	5,004	6,562
Spot radio	2,891	1,932
Network cable	544	117
Outdoor	106	3
Total measured	37,875	27,013
Unmeasured	12,000	8,559
Total	49,875	35,572

BMW OF NORTH AMERICA
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Marketing Personnel

Hans Riedel, vp-mktg group
Carl Flesher, genl mgr-mktg strategies
George Hartley, mktg comm mgr
Steve Woolford, adv mgr
John Mitchell, dealer mktg mgr

Advertising Agency

Ammirati & Puris, New York—automobiles, motorcycles—Ralph Ammirati, co-chmn-ceo; Martin Puris, co-chmn-ceo; Edward Vick, president-coo; Duncan Pollock, sr vp-group mgmt super; Tom Cavanagh, sr vp-mgmt super; Robert Schultz, vp-acct super-natl adv; Robert Heissner, acct super-dealer adv; Alyson Henning, vp-mgr promo group; Michael Kennedy, acct super; Debbie Carroll, Mike Hayes, Henry Staats, Barry Wood, Harold Kobakof, acct execs.

Aloha from Hawaii

Castle & Cooke is a historic U.S. company, founded in 1851 by two missionaries, Samuel Castle and Amos Cooke, who established a trading post and worked to exploit the excellent climate of Hawaii for food production. The company's best known brand, Dole, was added in 1903 when James Dole brought his canned pineapple to the U.S.

Borden Inc.
New York

RANK **123**

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,716	4,566	3.2
Net income	194	182	6.4
U.S.	**1985**	**1984**	**% chg**
Sales	3,893	3,815	0.2
Operating profits	249	236	5.5
Advertising	65	91	(28.2)
Division sales	**1985**	**1984**	**% chg**
Chemicals	1,353	1,272	6.4
Dairy	1,248	1,192	4.7
Grocery prods.	1,134	1,135	(0.1)
Consumer prods.	981	970	1.1

Borden Inc. in 1985-86 is trimming costs by cutting about 1,000 from its work force, selling off properties not part of the chosen business segments, and acquiring new companies in growth areas. The 87-year-old company also reduced its common stock outstanding by repurchasing 4 million shares.

Borden has shown positive results so far in 1986. In the first half, ended June 30, it had sales of $2.37 billion, up 4.5%, and net income of $88.6 million, up 9.5%.

The company continues to spend heavily on "advertising and promotion," which rose 6.2% to $267.6 million worldwide in 1985, from $252 million in 1984. Of the total reported to the SEC, Borden says $54.2 million was advertising while $213.4 million was salaries and other expenses including a broad range of promotional activities —couponing, participation in community activities, point of purchase, food premiums, printed materials, and logo caps. The total ad and promotion figure also includes support for Borden international operations which account for about 16% of total sales.

In 11 measured media, Borden spent $21 million in 1985, down 25% from 1984. Borden gives signs of moving more toward unmeasured advertising among its changing corporate strategies in the mid-1980s. Measured ad support for big brands is off noticeably except for Krylon paints, backed by $3.62 million in 1985, up 55%. Support for Eagle Brand sweetened condensed milk, Borden's original product in production for 125 years, was off 28% to $2.1 million. Eagle Brand, however, maintained sales growth of 6% in 1985, better than the over-all corporate sales growth of 3.2%.

Borden, the biggest fresh dairy supplier in the nation, markets manufactured dairy products on a national basis and sells fluid milk and fresh dairy lines regionally in the eastern half of the nation and the Southwest.

Borden's products are now in two major areas, foods and chemicals, with 75% of its sales in consumer products which produce 80% of its operating income. The company also operates in Europe, Latin America, Asia and the Pacific, for the past three years it has run its U.S. and Canadian operations jointly.

Continuing the expansion of its pasta lines, Borden in February, 1984, bought the Anthony Macaroni Co., Los Angeles, maker of Anthony brand dry pasta. Then in August, 1985, it added another dry pasta brand, Vimco, by acquiring Viviano Macaroni Co., Carnegie, Pa. These newcomers joined Borden's other pasta labels, Creamettes, Luxury and Ronco, helping to push the company's U.S. pasta market share up to 15% from the 11.9% share it had in 1984. This inched Borden closer to No. 2 CPC International's Mueller brand with a 15.6% share and 17% for segment leader Hershey Foods, which has American Beauty and five other brands. Borden says its pasta business is the fastest growing part of the market, taking one-third of total U.S. pasta market growth in 1985.

In September, 1985, Borden's ex-

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panded its dairy operations by acquiring the business of Detroit Pure Milk Co. and in December, the Sealtest Dairy in Miami, Fla. In March, 1986, the company acquired Midwest Farms Dairy in Louisiana, supplier of milk and ice cream to 7-Eleven stores in that state.

Borden became the world's biggest decorative wall coverings maker in April, 1985, with its purchase of the Crown and Sunworthy businesses of Reed International plc. Crown is the leading U.K. wall-covering maker, and Sunworthy is the biggest in Canada.

In a second recent acquisition from CPC International, Borden on June 30, 1986, purchased Acme Resins Corp., Westchester, Ill. This addition makes Borden one of the top foundry resin producers in the world.

One of Borden's bigger additions was the $40 million purchase on July 12, 1986, of Jays Foods Inc., Chicago-area marketer of potato chips, popcorn, corn-based snacks and pretzels. Borden already has brands such as Wise Cottage Fries, New York Deli, Clover Club and Geiser competing in the $6 billion salty snack segment of the huge U.S. snack market, said to total $29.5 billion this year. The company is second nationally in snacks, behind PepsiCo's Frito-Lay, and in 1985 had Snack Division domestic sales of $619.8 million.

Most recently acquired was Doxsee Food Corp., Baltimore, maker of the biggest U.S. clam product line plus Bennette sauces and toppings and Cary maple syrup. Borden closed this deal Aug. 27 for $32.5 million.

Helping pay for the acquisitions was the sale of Drake Bakery operations this July 12, to Ralston Purina, St. Louis. Cash payment, after taxes and expenses, exceeded $100 million. Drake marketed cakes, pies, and cookies in a 13-state Atlantic seaboard area, and in 1985 boosted operating income nearly 20%, on total sales of $125 million.

Drake did not fit Borden's strategy of building a national franchise in salt snacks, says James J. Sullivan, Borden's chairman/ceo.

Borden also held merger discussions with Purex Industries, Lakewood, Cal., maker of Brillo, Purex and other brands, but talks reported in January, 1985, were called off in February.

Borden says it is refocusing its marketing strategy to come up with new products that are patentable, assuring market segment domination for a period of time like it achieved in years past with such brands as Eagle Brand, Cracker Jack, ReaLemon and Elmer's adhesives.

New products, whether qualifying as market niche products or not, include the industry's first fluid milk, Borden Hi-Calcium milk, which gives the user 100% of the daily calcium requirement in a single 8-ounce serving. Market tests are under way. Other new products are Borden's pioneer thick potato chip, Cottage Fries and Corn Spirals—a corkscrew-shaped crunchy corn chip made by using rotini pasta equipment.

Borden spent 25.5% less on media—down to about $21 million from $28 million in 1984—although spot radio jumped 110% to $3.4 million.

Heaviest measured ad support was for Borden's Lite Line Cheese, $1.38 million; Eagle Brand, $2.1 million; Elmer's Glues, $1.62 million; and Kava acid-neutralized coffee, $1.11 million. All were down from 1984 spending. A major 1985 increase was the $3.62 million for Krylon paints, up 55%. Other smaller increases were for Snows chowder, Coco Lopez Puerto Rican-produced coconut beverage products, and Borden's Ice Cream. Cracker Jack, at $806,700 in 1985, was close to 1984 spending of $879,100.

Borden agency changes include the succession of Jordan, Manning, Case, Taylor & McGrath, New York, to the snack advertising formerly handled by the defunct McDonald & Little, Atlanta. Also, the nonfood advertising handled by Grey, Lyon & King was merged into Grey Advertising, New York, with George Lyon continuing at Grey with responsibility for the brands.

In management, R.J. Ventres was elected president and chief operating officer, effective July 1, 1985, succeeding Eugene J. Sullivan, who is chairman, chief executive officer.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,225	$794
Newspaper	1,627	1,774
Newsp. supps.	239	0
Bus. pubs.	0	679
Network tv	3,596	8,669
Spot tv	5,434	14,054
Network radio	995	0
Spot radio	3,442	1,645
Network cable	325	573
Outdoor	78	1,013
Total measured	20,961	29,201
Unmeasured	44,000	61,299
Total	64,961	90,500

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Bill Baar, vp-sales & mktg
GROCERY & SPECIALTY PRODUCTS DIVISION
Corporate Personnel
Jon G. Hettinger, president
Marketing Personnel
Lee N. Arst, group vp-confection & main meals
J.F. Dix, group vp-desserts & beverages
J.C. Clowdus, vp, genl mgr-specialty prods
D.L. Prescher, vp, genl mgr-home & professional prods
L.J. Westerberg, vp, genl mgr-pasta
Kermit Kalleberg, vp-admin pasta group
Dale Schulz, vp, genl sales mgr-pasta
Al Carfora, gen mgr-confection
Robert Culver, genl mgr-hot prods
T.C. Willers, genl mgr-fruit prods
Don Knezovie, genl mgr-Deran Candies
Pat Gabriel, genl mgr-dessert prods
Diek Ballard, genl mgr-coffee prods
Han Kim, genl mgr-refrigerated prods
G.J. Rowe, genl mgr-consumer prods, Canada
L. Loftus, genl mgr-consumer adhesives
C. Matzen, mktg dir-Car Care, Krylon
SNACKS AND INTERNATIONAL CONSUMER PRODUCTS DIVISION
Marketing Personnel
C.A. Abernathy, vp-mktg
Advertising Agencies
Grey Advertising, New York—Borden prod lines—Stewart Hegleman, exec vp; George Lyon, sr exec, household prods, Elmer's, Krylon, car-care prods; Les Strauss, mgmt super, cheese prods, confection div, Cracker Jack (including Popping Corn), dessert & beverages, Doxsee prods, ReaLemon, Snow's Chowder; Bob Witt, mgmt super, Elmer's, Krylon, car-care prods.

Jordan, Manning, Case, Taylor & McGrath, New York—Borden snack food prods—Jim Jordan, chmn; Don Weir, sr vp; Pat Shannon, acct super, Wise/Old London Foods; Shelley Wyker, acct exec, Wise/Old London Foods; Mark Itkowitz, sr vp-creative dir; Marty Waters, sr vp-media services and programing.

M&H Advertising, Minneapolis—Creamettes brand pasta—Steve Martin, president.

Sive & Associates, Cincinnati—Wyler drink mixes, Bama Foods—Dave Siegel, acct super-mgmt services; Tom Sagers, acct exec; Linda Jackson, Phil Mandel, acct execs, Kava Coffee; Ken Spahn, asst acct exec.

Tracy-Locke, Dallas—Borden dairy prods—Brian Maysent, acct super; Michael Godfrey, acct exec.

Venet Advertising, New York—Coco Lopez Cream of Coconut—George Rubin, acct mgr; Florri Wasserberger, acct exec.

Don Johnson's favorite dessert?

Capitalizing on the popularity of the "Miami Vice" tv series, Southland Corp. introduced at retail in 1986 a new Slurpee flavor, "Miami Ice," a lemon-lime flavor. It also introduced Moose Joose, a 10% natural fruit juice drink concentrate to the trade in the summer, 1986.

Cadbury Schweppes plc RANK **153**
London

($ in millions)

	1985	1984	% chg
Worldwide			
Sales	2,370	2,777	(14.7)
Net income	53	50	5.1
U.S.			
Sales	453	669	(32.4)
Advertising	52	44	19.5
Division sales			
Confectionery	973	1,182	(17.7)
Drinks	846	1,028	(17.7)
Beverages, food	477	486	(1.9)
Health	73	87	(16.1)

Throughout 1985, London-based Cadbury Schweppes plc shuffled its worldwide confectionery and beverage divisions after a disappointing 1984, but still had lower sales, off 8%.

Sales for the U.S. divisions of Cadbury Schweppes—Peter Paul Cadbury, Duffy-Mott, Rose/Holland House and Schweppes USA—fared worse in 1985, dropping 26.4% from 1984, to $452.7 million.

U.S. losses came despite a boost in advertising expenditures in 1985—up 19.5%, to $27 million. Most of the increase went into radio, newspaper and spot tv, according to Leading National Advertisers.

In moves to consolidate its interests, Cadbury Schweppes divested the beverages and foods division and the unprofitable health and hygiene divisions in the U.K.

Despite losses in its confections division, North American brands—Peter Paul's Mounds, Almond Joy and York Peppermint Pattie—continue as Cadbury's most profitable brands. Cadbury confections (Peter Paul products, Cadbury Creme Eggs and Cadbury molded chocolate bars), hold an 8.2% share of the U.S. market, according to Brian Falk, Cadbury vp-mktg. Cadbury continues to have a difficult time gaining shares against Mars and Hershey confection brands, which combined split a 70% share of the market.

The division hopes to roll Wispa, an aerated chocolate bar, into national markets some time next year. A popular brand in the U.K., Wispa has been in test markets in upstate New York and parts of New England since 1984. Ad spending, concentrated mostly in spot tv, was up in test markets to $800,000 in 1985, from $321,000 in 1984. The Ammirati & Puris agency says a new campaign for Wispa will break next year.

A $1.6 million profit in the soft drink division in 1985 helped reduce Cadbury Schweppes' losses. This year, Schweppes USA acquired the beverage operations of Canada Dry and Sunkist from RJR Nabisco for $230 million, reselling a Canadian bottling company (included in the deal) to Coca-Cola for $90 million.

Schweppes also recently acquired a 30% stake in Dr Pepper Co. The company estimates it now has a respectable 8% share of the U.S. soft drink market, giving it the No. 3 spot in U.S. soft drink sales behind Coca-Cola Co. (38.6%) and PepsiCo (27.4%).

Schweppes had measured ad spending of $4.1 million in 1985, most of which went into spot tv and magazines. The most competition Schweppes faces in its mixer category is from Seagram's, licensed by Premium Beverages, Greenwich, Conn., a subsidiary of Coca-Cola Bottling Co., New York.

Sodamate Inc., a majority owned subsidiary of Cadbury Schweppes, began testing its Sodamate soft drink machine—a do-it-yourself in-home appliance—in Omaha, Neb., last summer. The machines are sold door to door for $124 in test markets, and Cadbury Schweppes will determine later whether to move the product into stores. The test is being backed by advertising estimated at a $50 million national rate.

The marketing push will be supported heavily by tv and print (including women's magazines) and strong public relations, according to Alan Langden, Sodamate vp-sales/marketing. Bozell, Jacobs, Kenyon & Eckhardt, New York handles. Sodamate is positioned as an in-home convenience that alleviates the hassles associated with bottled or canned soft drinks.

In 1985, Rose/Holland House spent $500,000 in support of a campaign for Rose's lime juice. Ads via Ammirati & Puris, which will run through 1987, are designed to attract younger, trend-setting consumers using the theme "The uncommon denominator." Rose's got $277,600 in spending, all spot tv, in 1984.

Holland House spent $255,000 to back its cooking wine in women's service books, promoting everyday use of the product.

Inside Cadbury there was concentration on restructuring North American operations complementing the streamlining efforts behind candy and drinks. Management levels were cut and more than 30% of the group's North American executives were dismissed. In March, 1986, North America chairman Robert Ix resigned and Jim Schadt was named president-ceo for North America.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,042	$3,010
Newspaper	298	78
Newsp. supps.	593	275
Bus. pubs.	9	0
Network tv	10,848	10,999
Spot tv	10,439	7,970
Network radio	499	89
Spot radio	993	28
Network cable	324	126
Outdoor	27	87
Total measured	27,072	22,663
Unmeasured	25,000	20,928
Total	$2,072	43,590

CADBURY SCHWEPPES
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SCHWEPPES USA
Marketing Personnel
John Carson, president
Al Armitage, vp-mktg
Joan Monte, dir-pr
Margaret Luciano, mktg mgr
Valerie A. Ryan, merch mgr
Cheryl M. Palmer, prod mgr
Advertising Agencies
Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super; Linda Livingston, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Sodamate—Stacy Stevens, sr vp-mgmt super.

Foote, Cone & Belding, Chicago—Sunkist beverages—Joan Black, group acct dir; Dave Haan, vp-acct dir; John Malkin, acct exec; Rhonda Elwood, asst acct exec.

Young & Rubicam—Canada Dry—Paul Lorant, acct super; Cathy DiMico, Paul Matsen, acct execs.

PETER PAUL CADBURY
Marketing Personnel
William Sevel, president
Brian Falk, vp-mktg
Advertising Agencies
Ammirati & Puris, New York—All Cadbury confectionery except Peter Paul—Mary Herrmann, sr vp-mgmt super; Ann Milne, acct super; Linda Livingston, acct exec.

DFS Dorland, New York—Peter Paul: Mounds, Almond Joy, Powerhouse, York Peppermint Pattie—Jack Mascola, mgmt super; Tony Dale, acct super.

DUFFY-MOTT
Marketing Personnel
Norman Fawcett, president
Jim Follett, mktg mgr
David Crist, mtkg mgr
Donna Driscoll, mktg mgr-new prods
Kevin Gibney, mktg mgr-food prods
Advertising Agency
Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super.

ROSE/HOLLAND HOUSE
Marketing Personnel
Lysa Randolf Kraft, dir-brand mktg
Stewart Barcham, mktg dir-Holland House
Advertising Agency
Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super.

Where Ad Age got its data for this report

Companies spotlighted in the Second 100 Leading National Advertisers—a companion directory to the 100 Leading National Advertisers, 1986 edition (AA, Sept. 4, 1986)—were selected on the basis of their measured national advertising totals tracked in 11 media.

Ad expenditures are U.S. only and reflect calendar 1985 and 1984. Total ad estimates—on which the company's ranking is based—include measured and unmeasured spending.

Leading National Advertisers supplies measured expenditures in seven media, including: **Magazine** and **newspaper supplements** as supplied by Publishers Information Bureau; **network tv, spot tv, network radio** and **network cable,** as supplied by Broadcast Advertisers Reports, and **outdoor** as supplied by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America.

Other media expenditures listed include **newspaper** as supplied by Media Records, **business publications** as supplied by Rome Reports, **farm publications** as supplied by Agricultural Marketing Information Services (AGRICOM) and **spot radio** as supplied by Radio Advertising Bureau.

PIB monitors 141 consumer magazines and *New York Times Magazine, Parade* and USA Weekend. BAR monitors ABC, NBC and CBS tv networks; 319 tv stations in 75 top markets—with continuous monitoring of New York, Chicago and Los Angeles; CBN, CNN, ESPN, USA, MTV: Music Television and WTBS cable networks, and 15 radio networks. IOA and OAAA measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors about 600 trade and professional publications. Media Records monitors 202 daily and Sunday newspapers.

Measured media expenditures for 1985 and 1984 are restated to reflect corporate structure as of Dec. 31, 1985, in accordance with LNA practices. Companies acquired prior to that date are included in the new parent company's ad spending for full calendar 1985 and 1984 totals.

Unmeasured advertising figures are estimates and include direct mail, promotion, couponing, co-op contributions, trade show activity, ad literature, etc. They do not include corporate overhead spending, such as salaries, travel expenses, office rental as permitted under "advertising costs" filed with the SEC, nor do they include local retail ad spending.

Financial information in the profile boxtops may be either public information or estimates from analysts. The information covers the latest fiscal or calendar year.

Average annual exchange rates for 1985 were used to translate foreign currency into U.S. dollars. In this issue, rates included $.7405=C$1; $1.2648=£1; $.3338=DM1; $.004092=Y1; $.2956=Fl.1. The same rate was applied for both years to factor out year-to-year fluctuations.

Staff for this report

- R. Craig Endicott *profile issues editor*
- Julie A. Doherty, *profile issues associate editor*
- Kevin Brown, *assistant editor*
- Geoffrey Shives, *art director*
- Karen Brodsky, *production director*
- Anita Busch, *production editor*
- Sandra Davis, *editorial assistant*
- Virginia Hunsche, *copy reader*
- Thomas Harney, *reporter/intern*
- Denise O'Neal, *researcher*

Cover photo: Luis Castaneda, ©The Image Bank
Lettering: Jeffrey Toth

Carter Hawley Hale Stores

RANK **147**

Los Angeles

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,978	3,724	6.8
Net income	48	90	(46.4)
U.S. advertising	55	37	47.4
Division sales	**1985**	**1984**	**% chg**
Dept. stores	2,890	2,750	5.1
Specialty stores	1,088	974	11.7

Carter Hawley Hale is struggling to reduce its corporate debt and to divest marginal operations as competition, particularly in its own backyard of southern California, intensifies with an increased number of specialty retailers, discounters and off-price stores vying for a softer retail dollar.

The chain, the nation's 10th largest nonfood retailer, sold its Canadian subsidiary, Holt Renfrew & Co., for $29.7 million in April, 1986, to Wittington Investments, a privately held company based in Toronto. The sale of the 15-store, high-fashion specialty unit added $3.5 million to Carter Hawley Hale's accumulated earnings in 1985, and reduced the company's debt by $50 million.

In mid-July, 1986, the company also placed the John Wanamaker division up for sale. Philip M. Hawley, chairman-ceo, says selling the 16-store, Philadelphia-based unit would further reduce corporate debt and free up investment capital for modernization and growth of the company's other retail units, which include New York's Bergdorf Goodman and Dallas-based Neiman-Marcus, among others. Carter Hawley owns a total of 129 department stores and 178 specialty stores.

The decision to sell Wanamaker also was motivated in part by the fact that the bulk of Carter Hawley's holdings are located in the southwest and west and the company plans to concentrate there, a corporate spokesman says.

Measured ad spending by Carter Hawley Hale is dominated by two California-based department store units, including the 22-store Emporium Capwell, San Francisco, and the 42-store The Broadway-Southern California, Los Angeles. These two units accounted for a combined 50% of Carter Hawley Hale's $19.9 million in measured spending for seven media, according to Leading National Advertisers, whose seven-media total was up 40% over 1984.

Measured spending for the two chains was slightly under $5 million each in 1985, divided 97% spot tv and 3% magazine for both. Spending was up 66% in 1985 for The Broadway unit, and up 12% for Emporium Capwell. Carter Hawley Hale's measured 1985 spending for 11-media was $25 million, which included $4.4 million in national newspaper spending. Carter Hawley reported to the SEC its total advertising budget in 1985 at $108.1 million, up 8%, which includes extensive print media, local newspaper, direct mail advertising, salaries and other overhead costs for in-house advertising departments.

John Wanamaker was the next largest unit in terms of 1985 ad spending with $3.4 million in measured media, divided 91% spot tv and 8% magazine. Wanamaker's measured spending was up 95% from 1984.

Dallas-based Neiman-Marcus spent $2.9 million in measured media, up 46% over 1984. Neiman-Marcus's spending was divided 76% magazine, 23% spot tv and 1% newspaper supplement. Sacramento, Cal.-based Weinstock's has measured spending of $1.5 million, up 96%, and Richmond, Va.-based Thalhimers had $1.6 million, up 8%. Weinstock's and Thalhimers measured spending was all in spot tv.

Retail analysts say Carter Hawley is still on the rebound after successfully defending the company from a 1984 takeover bid by The Limited Inc. As part of its defense, Carter Hawley fought back and retired $450 million in outstanding shares and sold off 40% of its preferred stock for $300 million to General Cinema Corp. General Cinema later converted a portion of the preferred stock into 12.2 million shares of common, making a profit of $120 million. The company has a standstill agreement not to sell off Carter Hawley's shares until 1989, a spokesman says.

But the takeover defense was costly. On top of paying about $30 million per year in preferred dividends to General Cinema, the company is working from a smaller capital base, which makes it difficult to gain financing for modernization and expansion, analysts say. To lessen its debt burden, Carter Hawley has been selling off units that do not fit within its core of profitable department store and specialty store units. Late in 1984, the chain sold off its Walden Books chain to K mart for $295 million.

Net income from continuing operations jumped 77% to $48 million for the fiscal year ending Feb. 1, 1986, on sales of $3.97 billion, up 7%. (However, net earnings from continuing operations still lag far behind 1983's $55.4 million on sales of $3.1 billion.) For the six month period ending Aug. 2, 1986, revenues were $1.76 billion, up 3% over the comparable period in 1985.

Net income for the first half was $26.1 million, up 35% over the same period in 1985. Carter Hawley's sales through the end of September, 1986, or the first 35 weeks of the fiscal year, were $2.4 billion, up 5.5% over 1984.

Carter Hawley is making changes that could bode well for its future profitability, however. One such change is the gradual phase in of commission payments in department stores as an incentive for salespeople to provide better service.

The chain also is moving strongly to private label merchandise to differentiate itself from other retailers, analysts say.

California is a major key to Carter Hawley Hale's future. It currently is a soft retail market, but one where the company has most of its assets. The chain's The Broadway division has been hurt by the rapid expansion of Nordstrom's into California and the rise of upscale discount stores there. Competition also is stiff in the high-fashion specialty store segment from upscale retailers such as Macy's in San Francisco, says Monroe H. Greenstein, senior analyst at Bear Stearns & Co., New York.

"My advice is to go to church and pray," Mr. Greenstein says of the California operation. "Only time will tell if the company can turn around. We would have hoped sales would improve by now, but they have not."

"This is a turnaround year for Carter Hawley Hale," says Stanley Iverson, group vp and retail analyst at Chicago-based Duff & Phelps. "Their success depends on how well they execute their new strategies in a fiercely competitive market."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,861	$2,368
Newspaper	4,420	2,728
Newsp. supps.	28	618
Spot tv	17,064	11,268
Spot radio	653	0
Network cable	9	0
Outdoor	4	5
Total measured	25,039	16,986
Unmeasured	30,000	20,352
Total	55,039	37,338

CARTER HAWLEY HALE STORES
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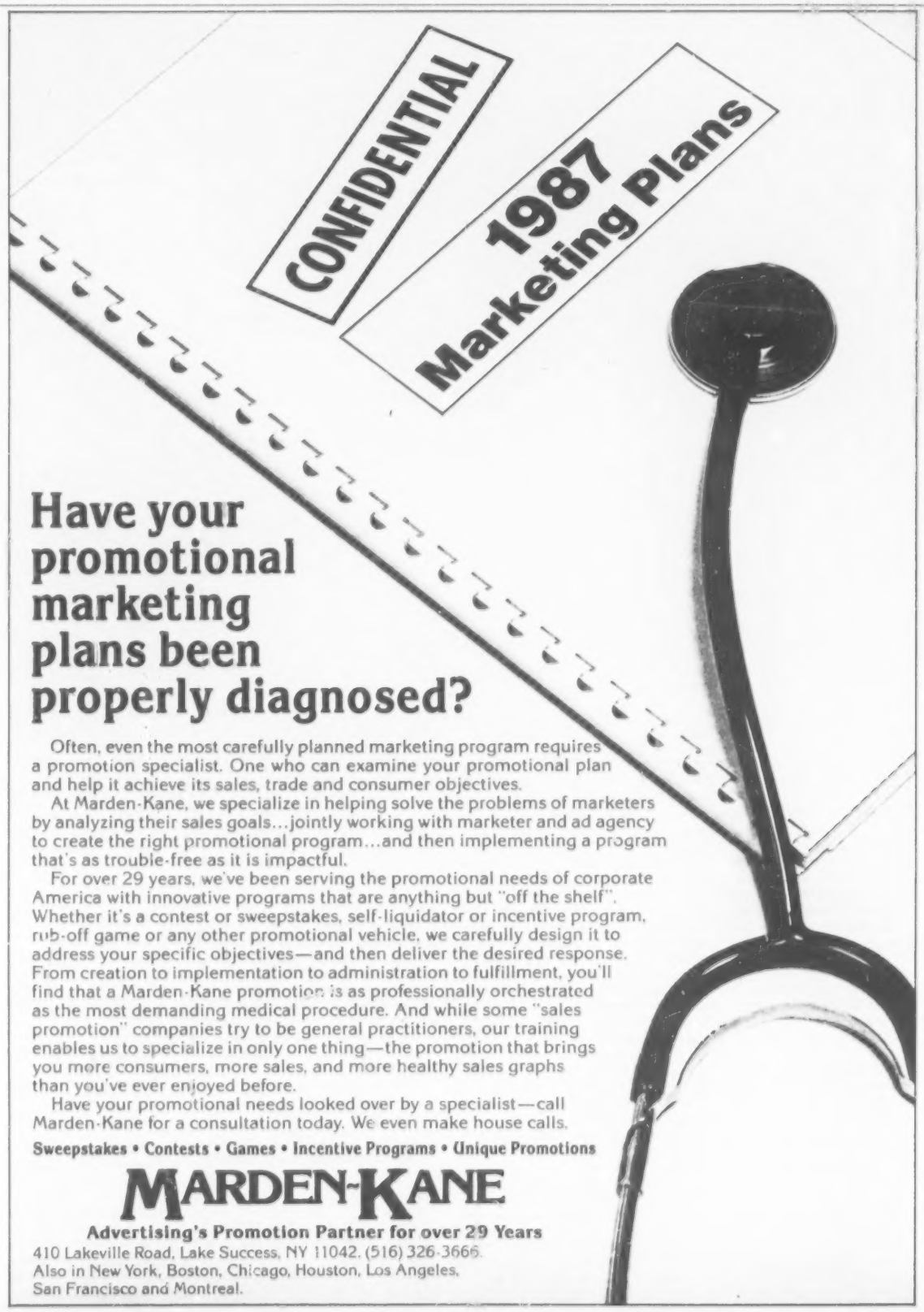
Marketing Personnel
Arthur G. Coons, vp-mktg
William Burrows, dir-corp rsch
BERGDORF GOODMAN
New York
Marketing Personnel
Mitchell Fox, dir adv
Advertising Agency
(In-house).
THE BROADWAY
SOUTHERN CALIFORNIA
Los Angeles
Marketing Personnel



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Joel Ely, div vp-creative dir
Kathleen James, div vp-adv admin
June Miller, div vp-pr & special events
Linda Peshkin, div vp-mktg rsch

Advertising Agency

(In-house).

THE BROADWAY-SOUTHWEST
Mesa, Ariz.

Marketing Personnel

Sally Lowry, sr vp-mktg & sales promo
Thomas Walsh, div vp-adv

Advertising Agency

(In-house).
W.F.C. Advertising, Phoenix—broadcast-
Jim Winters, president.

EMPORIUM CAPWELL
San Francisco

Marketing Personnel

John Thomas, vp-sales promo
Marsha McLean, dir-adv
Alice McNaughton-Hodge, dir-mktg & finance

Advertising Agency

(In-house).

NEIMAN-MARCUS
Dallas

Marketing Personnel

Thomas K. Raney Jr., exec vp-sales promo & creative services
Bill Williams, sr vp, mktg & mail order
Bernie Feiwus, sr vp, sales promo analysis
Tim Mabee, vp-mktg
Kit Hughes, vp-adv & direct mail
Gary Grahnquist, vp-sales promo
Daria Retian, vp-creative comm services
Ann Barrington, vp-mail order adv

Advertising Agency

(In-house).

THALHIMERS
Richmond, Va.

Marketing Personnel

Elizabeth Bauder, sr vp-sales promo
Charlotte Ford, dir-adv

Advertising Agency

(In-house).

JOHN WANAMAKER
Philadelphia

Marketing Personnel

Kai M. Frost, sr vp-sales promo
Charleen Hassin, div vp-adv
John Hickey, div vp-mktg

Advertising Agency

(In-house).

WEINSTOCK'S
Sacramento, Cal.

Marketing Personnel

Lisa Stanley, sr vp-sales promo
Monica Lang, dir-adv

Advertising Agency

(In-house).

RANK
Carter-Wallace 119
New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	400	349	14.7
Net income	28	21	33.1
U.S.	**1986**	**1985**	**% chg**
Sales	324	278	16.5
Operating profits	65	49	31.8
Advertising	66	66	0.6
Division sales	**1986**	**1985**	**% chg**
Health care	204	160	27.5
Deodorants	123	115	7.0
Consumer prods.	73	74	(1.4)

The company that brought Arrid deodorant, Miltown tranquilizer and Carter's Little pills to the market, Carter-Wallace Inc., is now producing a line of men's prophylactic products, sparking speculation about intensified advertising and promotion efforts in that market.

In September, 1985, Carter-Wallace bought the biggest U.S. condom marketer, Youngs Drug Corp., Trenton, N.J., for $25 million. Young's Trojan brand has about 60% of the U.S. market.

The Sheik and Ramses brands from the other big prophylactic marketer, Ansell Americas, Tinton Falls, N.J., add up to about 30%.

Carter-Wallace comes to the men's prophylactic products business amid new anxieties about AIDS and herpes plus the intermittent flare-up of the "old" venereal infections.

Promoting the men's products hasn't always been easy. Sales formerly were limited by laws in some states that restricted condom advertising and confined sales to drug stores, but those laws gradually were repealed during the 1970s, and marketing efforts have since heightened. Both men's and women's magazines increasingly have been carrying condom advertising, and drug stores now openly display the brands.

In the fraction of 1985 that Carter-Wallace owned the Youngs' brands, it spent about $320,000 on Trojan, all of it in magazines. That will increase sharply this year as the company expands from 15 to 53 titles for its magazine schedules. Mass audiences, both male and female, are essential for condom marketing success, and the major producers are pressing hard against continued print and electronic media resistance. Carter-Wallace's selection of its new agency for Trojan, Ted Bates Advertising, New York, is said to be on the basis of an energetic tv effort for the prophylactic line.

Ted Bates, which has several major Carter-Wallace brands, including Arrid and Carter's Little Pills (the term "liver" was dropped several years ago), took over the Trojan account from Poppe Tyson Inc., New York. Poppe Tyson continues with another former Youngs product, Triple X pediculicide, used in combatting body lice.

Carter-Wallace's sales of $400 million in fiscal 1986 ended April 1, jumped 15% from 1985, and net earnings of $27.6 million were up an impressive 33%. A pro-forma report for the period showing combined Carter-Wallace/Youngs operations as if the union had been made April 1, 1984, places Carter-Wallace's 1986 sales at $417.2 million and net income, $29 million.

Carter-Wallace, a diversified manufacturer and supplier of prescription and over-the-counter health preparations, personal-care products, and petcare goods, is organized into five divisions that produce and market products in two broad business segments, Health Care Products and Consumer Products (also called Carter Products). Carter-Wallace's antiperspirant/deodorant lines in the Consumer Products segment is reported as a separate subgroup.

The Health Care segment brought 51% of 1986 sales of $203.5 million, up 27%. Consumer Product's 49% share showed sales of $196.7 million, a rise of 4%. U.S. sales were 81% of all sales, up from 79.7%. Health Care segment sales were about 62% of these international totals both years, and consumer sales the rest.

The most recent Carter-Wallace new products include Arrid XX Musk Solid deodorant and Arrid Extra Dry unscented roll-on. Arrid for five years has been the anti-perspirant field's leading seller and accounts for about $23.6 million in sales. Carter-Wallace claims sales of Arrid solids grew three times faster than the whole anti-perspirant/deodorant market in 1985.

Also new for 1985 were Nair Mousse Depilatory, which opened a new field with its regional introduction in January, 1986; and Block Out SPF 15 Spray, described as the first waterproof spray sun block. Rigident denture adhesive is up in sales and now has American Dental Assn. approval.

The company reports that its Wallace Laboratories Division drew record 1985 sales from its major products, including Soma brand muscle relaxant, Organidin expectorant, and its Rynatan and Rynatuss antihistamines. Prescription cough and cold preparations also did well.

New from the Wampole Laboratories Division are Virogen Rubella, for testing immunity to rubella infections, and Virogen Herpes, a fast simple test for diagnosing active herpes. Wampole also has market leaders for serological testing in Mono-Test, which detects mononucleosis, and Rhumaton, a test for rheumatoid arthritis.

Among the pet products from the Lambert Kay Division was the new Good By Dry Shampoo, with aloe vera and lanolin for dry fur. This divison, which markets the Lassie line of pet goods, made strong sales in both health and non-medicinal products.

Carter-Wallace reported to the SEC it spent $81 million on advertising in 1985, up 7.5% from 1984, a figure that includes nonmedia and nonpromotional costs. An AOR includes only national media and promotional spending for this report. Expenses identified as "marketing and selling" totaled another $76.3 million.

Measured advertising spending in the seven Leading National Advertisers' media of $24.6 million for 1985 was about even with $24.5 million in 1984. Network tv spending rose 6% to $18.1 million, the largest medium in the mix.

Spot tv fell 44%. But big additions were made in spot radio, up to $309,000 from just $2,000 a year earlier, and in network cable tv, which more than tripled to $649,000.

Leader among the Carter-Wallace brands in total ad spending is the Arrid deodorant line at $13.7 million, which took 55.7% of the company's measured media budget in 1985. This spending for Arrid was up 8% from 1984. The preponderance of Arrid backing was on network tv where the total, $12.1 million, was up 4% from 1984. Spot tv grew 53% to $1.21 million and magazine dropped back 37%, to $70,400.

Pearl Drops smokers' tooth polish took the second biggest chunk of Carter-Wallace spending, reaching $5.57 million in 1985, up 14.5%, most of that went for network tv, where spending for 1985 reached $4.4 million, 16% above the preceding year. Network cable tv was a new addition in 1985 for Pearl Drops, receiving $100,500.

Other major Carter-Wallace advertising spending was for its Nair depilatory brands, sun-protection products, and the new prophylactic line. Total Nair spending was $1.7 million, up 9%, and mostly in network tv—$1.04 million.

Sea & Ski suntan products received measured ad backing of $992,700, and Block Out suntan products got $338,600, for a total of $1.33 million, 26% ahead of 1984 totals for the two products. All Block Out spending was in magazines, while Sea & Ski was split among the three tv media—network tv, $508,200, spot, $54,500, and cable network, $154,000—and magazines, $276,000.

Spending for the new prophylactic lines, all in magazines, was $124,800 for Trojan-ENZ lubricated prophylactics and $195,100 for a category described as Youngs Drug Products prophylactics by LNA. Added to this was $104,400 for Koromex contraceptive gel and $97,300 for Transit-Lube lubricating foam.

In its second year on the market, Mischief Body Spray deodorant got $849,000, down 55.8%. In the introductory year, the bulk of Mischief advertising support went to network tv, $1.64 million, with magazines receiving $276,300.

In 1985, the division was reversed, with $589,100 going to magazines and $259,900 to spot tv. And the venerable Carter's Little Pills received their due also in measured media spending, with an outlay, largely in magazines, of $90,100 in 1985, up from $35,500 in 1984.

Carter-Wallace in 1985 stopped marketing its Rise Super Gel self-lathering shave cream in response to a law suit brought against it by S.C. Johnson & Sons, Racine, Wis., alleging patent infringement on Johnson's lathering gels. The U.S. District Court for Southern District of New York found for S.C. Johnson as did the Court of Appeals.

The court's finding blocked further marketing of Rise Super Gel until November, 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,078	$2,840
Newsp. supps.	23	32
Bus. pubs.	19	29
Network tv	18,075	17,033
Spot tv	2,451	4,340
Spot radio	309	2
Network cable	649	189
Total measured	24,604	24,465
Unmeasured	41,000	40,770
Total	65,604	65,235

CARTER-WALLACE INC.
767 Fifth Ave.
New York, N.Y. 10153
(212) 758-4500

Corporate Personnel

John D. Mack, president
David W. McLain, exec vp

Marketing Personnel

Richard D. Kline, vp-mktg, Arrid prods
Stephen H. Friedman, vp-mktg, personal prods
Frank E. Suddoth, vp-mktg, suntan prods
Mark B. Klein, vp-mktg, family prods
Paul Brickman, dir-new prods
Richard C. Deyo, dir-mktg admin
Dolores M. Schimenti, dir-rsch
Anna I. Zgorska, dir-media
Alan B. Sadovnick, dir-sales promo

Advertising Agencies

Avrett, Free & Ginsberg, New York—Pearl Drops & Pearl Drops Smoker's toothpolishes, Nair depilatories, Rigident denture adhesive—Don Bandman, exec vp; Miriam Cohen, Marlene Wheeler, vps-acct supers; Melissa Garlanda, Rod Brown, acct execs.

Ted Bates Advertising, New York—Arrid deodorants, antiperspirants, Sea & Ski, Block Out, Tropic Sun prods, Carter's Little Pills, Answer pregnancy tests, Trojan condoms, Mischief body spray—Mark Morris, exec vp; Renee Summer, sr vp-mgmt rep; Robert Desatnick, Melanie Schneider, vps-acct supers; Deborah Barrows, acct super; Kathryn Hayes, vp-media dir; Sharon Mathews, assoc media dir.

Poppe Tyson, New York—Triple X pediculicide—Fred C. Poppe, chmn; Fergus O'Daly, president; Diane Frattine, acct exec.

INTERNATIONAL

Corporate Personnel

Miguel Fernandez, president
Barrington Shears, vp
George A. Kappler, vp-ethicals & diagnostics
Edward G. Goldenbaum Jr., dir-diagnostics
Darlene M. Chermak, mgr-consumer prods

LAMBERT KAY

Marketing Personnel

Robert A. Cuthbert, president
Thomas Abrams, mktg mgr
Thomas McShane, vp-mktg

Advertising Agency

(In-house)—Fresh 'N Clean pet grooming prods, Linatone food supplements, Theralin vitamins for pets, Avitron vitamins and Avimin minerals for birds, Victory insecticides, shampoos, Lassie line of grooming, health prods—Thomas Abrams, mktg mgr.

WALLACE LABORATORIES

Marketing Personnel

Herbert Soaman, president
Thomas G. Gerstmyer, vp-mktg
Thomas Halvorson, group prod mgr
Richard P. Krukowski, dir mktg, planning & devel

Advertising Agencies

Thomas G. Ferguson Associates, Parsippany, N.J.—Organidin, VoSol, VoSol, VoSol HC, Rondomycin, Ryna, Ryna C, Ryna CX, Rynatan, Rynatuss, Tussi-Organidan, Tussi-Organidin DM—John Zweig, sr vp-dir operations; John Szlasa, sr vp-mgmt super; Carole Rains, acct exec.

William Douglas McAdams, New York—Depen, Lufyllin, Lufyllin-GG, Lufyllin-EPG, Soma, Soma Compound, Soma Compound with Codeine, Micrainin, Aquatensen, Diutensen, Diutensen-R—Joseph Carobene, sr vp; Brian Rogers, acct super; Lorraine Pastore, asst acct exec.

WAMPOLE LABORATORIES
Cranbury, N.J.

Marketing Personnel

John Bridgen, president
John A. Kraeutler, vp-mktg

Advertising Agency

Simms & McIvor, Bound Brook, N.J.—diagnostic prods—Eugene McLoughlin, acct super; Nancy Masterson, acct coord.

RANK
Castle & Cooke 131
Los Angeles

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,681	1,718	(2.1)
Net income	46	18	155.9
U.S.	**1986**	**1984**	**% chg**
Sales	1,278	1,222	4.4
Advertising	63	50	24.7
Division sales	**1986**	**1984**	**% chg**
Flexi-Van	153	165	(7.3)
Castle & Cooke	1,528	1,552	(1.5)

Beginning in early 1985, Castle & Cooke has gone through a continental shift of change, emerging under new control, new management, new organization and a new address.

In February, 1985, a fresh infusion of money—a $250 million loan—from a major C&C shipper (and creditor), Flexi-Van Inc., New York, saved the big food marketer from perhaps going bankrupt. A merger of the two companies was announced March 12, 1985. The change put Flexi-Van's chief officer, David H. Murdock, in the head office as chairman-chief executive officer and brought in a board consisting of eight members of the Flexi-Van board of directors and six of C&C's.

C&C stockholders now own approximately 55% of the new company and Flexi-Van shareholders, 45%. Mr. Murdock owns 33% of Flexi-Van.

For 1985, the newly combined companies had $1.68 billion in sales, down 2.2% from $1.72 billion in 1984, and $46.4 million in net income, up 256% from $18.4 million in 1984. These figures are based on a pro forma reading that combines the sales and earnings of the companies for both years.

C&C is by far the bigger of the two. In 1984, the last full year prior to the sale, C&C had sales of $708.7 million and a net loss of $63.9 million and Flexi-Van had sales of $152.6 million and earnings of $21.4 million.

In the first six months of 1985 ended June 14, C&C boosted its sales to $900.7 million, up 3% over a pro forma reading for the comparable year-earlier period. Net income was $53.7 million, up 21% from the year-earlier period.

Other major changes at C&C have affected costs. Cutting the corporate staff and relocating officers from Honolulu and San Francisco to new corporate headquarters in Los Angeles cost $4 million. The mid-year resignation of Robert D. Cook, senior executive vice president and chief executive officer of C&C Foods, cost $1.7 million in final expenses.

C&C ranks as the world's largest producer and marketer of fruits and vegetables. It is first in world production of pineapple and second in bananas. The company markets fresh vegetables under the Bud of California brand and is a supplier of apples, grapes and citrus fruits as well as packaged pineapple and fozen desserts. In Central America, it operates a beer and soft drink business, and in Hawaii it produces cane sugar which it supplies to the California & Hawaii Sugar Co., of which it owns 9%.

Flexi-Van, based in New York, leases shipping containers and chassis for moving them between marine vessels and truck or rail terminals. Almost all of its business is at U.S. ports.

The third unit of the company is Oceanic Properties, a real estate developer in Hawaii and California. Together with C&C, itself owner of 150,000 acres in Hawaii, they rank as the second largest private landowner in the Islands.

In a series of moves early in 1985, C&C sold off its Bumble Bee Seafoods division to a group, including four of that unit's managers; sold its west coast mushroom business to Mushroom King Inc. of Santa Rosa, Cal., and sold all its interest in Honolulu's C&C office tower.

Girding itself for heavy emphasis on international marketing, particularly in the Pacific basin, the company in March, 1986, created a separate subsidiary, Dole Food Co. Noting that U.S. trade in the Pacific has now exceeded trade with Europe and that Asian trade in 1984, alone, was more than $33 billion, C&C points to its expertise in the area—such as marketing $150 million in fresh fruit to Japan in 1985. The Flexi-Van shipping capability also is a key to potential gains in overseas growth.

The company's 11-media measured advertising for 1985 was up 25% over 1984, to $30.5 million. Spending was heavy for the new Dole Frozen Fruit Sorbet, totaling $6.9 million. Major backing also was given to Dole Fruit 'n Juice bars, rising 37.5% to $8.4 million. In 1985 ad support for the sorbet was heavy on both network tv, where it received $4.4 million, and spot tv, at $1.6 million, but for the Fruit 'n Juice Bars there was a shift in 1985 from spot tv, which received only $33,900, to network radio, where 1985 spending totaled $2.3 million, triple the $716,300 in 1984. Fruit 'n Juice Bar

network tv backing, however, did increase in 1985, jumping to $4.2 million from $1.7 million in 1984.

Advertising support for both the Dole canned fruit line and canned pineapple line more than doubled, the fruit products rising to $3.6 million from $1.7 million in 1984, and the pineapple rising to $3.6 million from $1.7 million a year earlier.

C&C made a major agency shift earlier this year by awarding to William Esty, New York, the Dole advertising that had been placed with two San Francisco agencies, J. Walter Thompson, San Francisco, and Allen & Dorward. Products now in the Esty camp are Dole packaged foods, frozen desserts and fresh foods. And the agency also is responsible for new product work.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,332	$3,898
Newsp. supps.	109	0
Bus. pubs.	0	724
Network tv	11,593	5,657
Spot tv	7,648	12,003
Network radio	2,274	716
Spot radio	2,383	1,146
Network cable	139	293
Outdoor	27	20
Total measured	30,505	24,458
Unmeasured	32,000	25,657
Total	62,505	50,114

CASTLE & COOKE, INC.
10900 Wilshire Blvd.
Suite 1500
Los Angeles, Calif. 90024
(213) 208-8888
Marketing Personnel

David Murdock, chmn, Castle & Cooke
Robert Fisher, president, Dole Foods Co.
Richard Wolford, president, Dole Packaged Foods Co.
David Delorenzo, president, fresh foods
Leo Kreger, sr vp-mktg processed foods
John Porter, vp-mktg & sales, processed foods
Patrick Tighe, vp-new prods
Robert Urbain, genl mgr, frozen desserts & snacks

Advertising Agency

William Esty, New York—Dole packaged foods, Dole frozen desserts, Dole fresh foods, Dole new prods and new ventures—Andrew M. Allen, sr vp-group acct dir. Los Angeles: Don Trepte, sr vp-mgmt super; Tracey Reif, acct exec. New York: Kenneth Hite, mgmt super; Philip Shaner, vp-acct super; Geoffrey Hatheway, vp-acct super; Roxanne Tahara, Eric Weiner, Anita May, Perry Thomas Shaffer, Valerie diFebo, acct execs.

Chesapeake Financial Corp. RANK **133**

Miami Beach, Fla.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,085	989	9.7
Net income	(9)	6	(250.1)
U.S. advertising	62	49	27.1
Division sales	**1986**	**1985**	**% chg**
Textiles	295	305	(3.3)
Petro. chemicals	144	148	(2.7)
Utility/municipal	135	127	6.3
Apparel	57	90	(59)
Refrigeration	29	29	0.3
Natural gas & oil	N/A	9	N/A
Fast food	124	91	36.3
Soft drinks	111	72	54.2
Fiber prods.	78	77	1.3
Other	111	80	38.8

A drive for new products and a strong push for promotion characterized the marketing activities in 1985 of the advertising-driven units of Chesapeake Financial Corp., Royal Crown Cola Co. and Arby's Inc.

In 1985 Chesapeake Financial had total sales estimated at $1.58 billion for its component companies, including the two biggest players, Arby's, the roast beef fast food chain based in Atlanta, Ga., and Royal Crown Cola, with executive offices in Rolling Meadiws, Ill., near Chicago.

Chesapeake Financial, formerly named Royal Crown Cos., is private and reports no revenue or profit figures. While it was still publicly owned in 1985, Royal Crown Cos. reported sales of $491 million and net profits of $15 million. For 1985, Arby's alone reports an 8% sales increase over 1984, to $825 million.

While Royal Crown dates from 1905, when it began in Columbus, Ga., as Union Bottling Works, the present Chesapeake Financial Corp. was born June 29, 1984, in a law suit. That action came as the Victor Posner Group, Miami Beach, Fla., opposed the attempted leveraged buyout of Royal Crown by part of its management and others. Several of the companies controlled by Miami Beach financier Victor Posner, including Chesapeake Financial Corp., had been buying RC stock for several years and by September, 1983, held 26.9% of the common stock shares outstanding, compared to 18.08% held by the RC "management group."

Accusing the RC group of acting against the best interests of the company's stockholders, the Posner Group's legal action brought RC management into negotiation and thwarted the leveraged buyout. On June 29, 1984, for about $345 million, the acquisition of RC was made by Chesapeake Acquisition Corp. acting for the Posner Group. Headquarters were transferred to Mr. Posner's base in Miami Beach. (More recently Victor Posner has been in the news because on Sept. 22, 1986, U.S. District Judge Eugene Spellman in Miami found improper juror conduct in Mr. Posner's trial and conviction, July 18, 1986, on income tax evasion and ordered a new trial.)

The company's biggest source of sales and advertising spending, Arby's, is moving ahead on some big promotion programs backing several new products. New on the menu are the Philly Beef and Swiss Sandwich and the Great American Roast Beef Sandwich. "Both are in keeping with Arby's roast beef approach—back to the basics," according to Frank Belatti, Arby's group vice president.

Arby's had a promotional tie-in in 1986 with Major League baseball, both as awarder of the International Arby's RBI Award and in sponsoring the First National Instant Win game in connection with the World Series. And in community-support programs, Arby's is a national Big Brother and Big Sister sponsor.

The big fast-food chain has 1,600 restaurants, 1,400 of them franchised, and is in all 50 states but with greatest concentration in the Midwest. For 1986, the company says its sales are running about $100 million ahead of last year and is looking for sales of $1 billion in 1987. Arby's expects to announce a major new marketing campaign at about press time.

In the 11-media tabulation in this report, Chesapeake Financial's expenditures totaled $29.3 million in 1985, up 27.3% from 1984. In the seven media monitored by Leading National Advertisers, which tallies brand spending, Arby's total 1985 ad outlay of $16.8 million was 66% of the $25.4 million Chesapeake Financial total. Royal Crown Cola Co's. total 1985 seven-media spending of $8.6 million was 34%, according to LNA. This compares to 56.6% for Arby's in 1984 and 43.4% for Royal Crown. Arby's spending was up 29% in 1985, and Royal Crown ad expenditures were down 14%. These totals do not include unmeasured spending, such as coupons, point of purchase and giveaways.

The company's ad backing for its two product lines continues small in contrast to major competitors. In the fast-food area, LNA reports McDonald's spending for 1985 as $312.3 million; Pillsbury's Burger King, $156 million; and Wendy's, $87.7 million. RC is up against Coca Cola's brand spending of $158.5 million and PepsiCo's $116.7 million.

Against enormous odds Royal Crown has advanced itself over the past three years in the cola wars from a 2.5% to 4.5% of the U.S. market share. Coca-Cola is the marketing leader with a 38.6 share, followed by Pepsi-Cola with 27.4, and the new Dallas-based Hicks & Haas combination of Dr Pepper, Seven Up (U.S. holdings), and

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Advertising Department
Washington, D.C. 202-337-5260
New York 212-496-0978

A&W Brands, 13%.

"The past year has been one of upheaval in the soft drink industry, but we feel we are on the move. Diet Rite has been a good performer. The Salt-Free version has shown good growth, too," says Ron Corin, vice president-marketing, Royal Crown Cola Co., which has been running a "Some people will go out of their way to get the taste of RC" campaign created by Dancer Fitzgerald Sample.

Newest product for Royal Crown is its Nehi Froot, reviving the Nehi name, a long-term label for the company. Nehi Froot joins the highly competitive real-juice field, containing 25% of the real thing in its formula, and available in four flavors: Grape, pink grapefruit, orange, and lemon lime. It was introduced in Baltimore this August.

Royal Crown Cola brand advertising of $8.6 million in 1985, up 18%. Of the total, $3.5 million was spent on Diet Rite brands, fell 14.6% from 1984. The caffeine-free RC-100 line, which was backed with spending of $1.5 million in 1984, did not appear in the measured totals for 1985.

Adams Packing, which supplies the food service industry with packaged citrus concentrates, has introduced an all-Florida Valencia orange concentrate in six-packs of 96-ounce bottles —a contrast, Adams says, to the imported Brazilian orange mixture now supplied by major U.S. juice companies. Adams' retail division product lines of white and pink frozen lemonade concentrate will be augmented Jan. 1, 1987, by its new frozen grape concentrate. Adams food service division buys print trade advertising only; the retail division says it spent about $100,000 on tv advertising in 1985.

Other Chesapeake Financial companies are not major advertisers. They include Frederick Cooper Lamps Co., Chicago, maker of free-standing lamps; Athens Furniture Co., Athens, Tenn., markets bedroom and occasional furniture; Hoyne Industries, McDonough, Ga., producer of mirror products, and Couroc Inc., a maker of giftware and ad premium specialties, and Houze Inc., which manufactures decorative mugs.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$528	$6
Newspaper	2,811	0
Network tv	7,364	4,424
Spot tv	16,910	18,106
Spot radio	1,038	0
Network cable	108	4
Outdoor	512	498
Total measured	29,271	23,037
Unmeasured	33,000	25,972
Total	62,271	49,009

CHESAPEAKE FINANCIAL CORP.
P.O. Box Drawer K
Miami, Fla. 33441
(305) 866-7771

ADAMS PACKING ASSN.
Auburndale, Fla.
Marketing Personnel

John Wise, genl mgr
Dub Majors, vp-retail sales
Jack Story, vp-food service sales

Advertising Agency

Pearson, Thomas, Levy, King & White, Tampa-St. Petersburg, Fla.—Adams Packing food service div—Joe Magilligan, vp-acct exec.

FREDERICK COOPER LAMPS CO.
Chicago, Ill.
Marketing Personnel

Leo Gershanove, president
Suzanne Loren, dir-prod devel

Advertising Agency

Sander Allen, Chicago—Sander Allen, president.

ATHENS FURNITURE
Athens, Tenn.
Marketing Personnel

Hubert Thomas, president
Pete Stied, exec vp-sales & merch
Ray Cranfield, sales mgr
Jerald Harrington, sales mgr

HOYNE INDUSTRIES
McDonough, GA.
Marketing Personnel

Ronald Greenberg, president
Kenneth Nagin, exec vp-sales, mktg
Darryl Hower, natl sales mgr—mirror prods
Richard Tipton, natl sales mgr-Couroc Inc., giftware, ad specialties, & Houze, Inc.-decorative mugs

ROYAL CROWN COLA CO.
Rolling Meadows, Ill.
Marketing Personnel

J.M. Harrelson, exec vp
Ron Corin, vp-mktg

Advertising Agency

Lancer Fitzgerald Sample, New York—RC Cola, Diet Rite, Nehi beverages—Robert Weekes, exec vp-mgmt dir; Thomas Burke, exec vp-mgmt dir; Steven Farley, sr vp-mgmt super.

ARBY'S INC.
Atlanta, Ga.
Marketing Personnel

Len Roberts, president
Frank Belatti, group vp
Lawrence M. Krueger, sr vp-mktg
Thomas Y. Whitely, Jr., vp-mktg

Advertising Agency

Backer & Spielvogel, New York—Arby's system adv—Randy Lindel, sr vp; Phoebe Moore, acct exec.

Chevron Corp.

RANK **170**

San Francisco

($ in millions)

Worldwide	1985	1984	% chg
Sales	43,845	46,173	(5.0)
Net income	1,547	1,534	0.8
U.S.	**1985**	**1984**	**% chg**
Sales	30,253	29,953	1.0
Operating profits	1,404	991	41.7
Advertising	46	43	7.2
Division sales	**1985**	**1984**	**% chg**
Petro. prods.	27,817	27,860	(0.2)
Chemicals	2,077	1,824	13.9
Minerals	369	269	33.5

Strategic repositioning has been in the forefront of Chevron marketing efforts since its acquisition of Gulf Corp. in 1984. Despite internal reorganization of the company and government-mandated divestitures, the merger appears to have paid off.

Chevron had total measured advertising expenditures (including those of Gulf Oil Corp.) of $31.4 million in 1985, up 6.7% from 1984.

The merged companies entered 1986 as a single corporate entity, shifting concentration to locations with economic and population growth and favorable supply capabilities.

Chevron USA Inc. became the principal operating company, mainly made up of domestic petroleum and worldwide chemical operations and the former Gulf foreign petroleum operations. Another major company in the new corporate structure is Chevron Chemical Co., which broadened its product line and internal sources of raw materials. This growth came from Gulf's chemical operations, which nearly doubled the size of Chevron Chemical. Each had sales of more than $1 billion in 1985.

The main thrust of the Chevron gasoline marketing effort in the U.S. continues to be the $600 million remodeling and modernization program for service stations. Gasoline-dispensing facilities have been increased at all renovated units, and average monthly gasoline volumes at these stations are said to be up substantially. Service bays, car washes and/or food marts have been added at some of the stations, depending on local market conditions.

Symbolic of the Chevron/Gulf merger was the co-branded credit card supplied to 4 million customers in "retained" Gulf areas, principally Arkansas, Louisiana, Maryland, Texas, Virgina and Washington, D.C. Issued at year's end, the cards feature Chevron and Gulf hallmarks. No changes were made in the new cards mailed to current Chevron credit customers. The company now has more than 9 million credit accounts. The co-branded card is another sign of the ongoing task of integrating Gulf's marketing practices with Chevron's. The "Gulf's got it all" tv promotion, launched in the fall, embraced important elements of Chevron's successful "Yes. The best" campaign, including cash and credit purchase options.

Chevron puts its main thrust behind its gasolines, both Chevron and Gulf brands. A major study, begun at the end of 1985, is looking into consolidating the Chevron/Gulf product lines, especially motor oils.

Chevron unleaded gasoline containing Techroline continues to be used by all four major U.S. auto makers in the Environmental Protection Agency's 50,000-mile emission system durability tests, a sales point not overlooked in Chevron ads. This patented Chevron additive also is packaged in concentrated form and sold as Techron. Several domestic and foreign auto marketers and their dealers reportedly are stocking and recommending Techron to their customers. The company reports combined sales to these customers, and Chevron/Gulf marketers nationwide shot up more than 500% in 1985.

For 1986, Chevron introduced Aug. 25 a new "Yes, the best" campaign for its Techroline brand in 50 markets, giving the comparable Gulf product equal treatment set to a theme of "Unlock the power" that broke in 15 southwestern markets Aug. 11. Both had the backing of heavy spot tv, radio and full-page newspaper ads that had three insertions during the introduction.

The "Yes, the best" campaign was developed for Chevron by J. Walter Thompson USA, while Gulf's "Unlock the power" effort was produced by Young & Rubicam, both San Francisco-based agencies.

The regional nature of Chevron's gasoline marketing means the company relies on a mix of tv and radio support, dominated in 1985 by a measured outlay of $11.1 million for spot tv and $9.6 million for spot radio, which accounted for about two-thirds of the company's $31.4 million measured ad budget, according to Leading National Advertisers. Chevron's own estimates, however, place spot tv at $20 million and spot radio at $1.6 million. Network tv, measured at $1.4 million for 1985, is bought only when it can be used on a regional basis.

Chevron is heavily into sports programing in all of its key markets, sponsoring 21 professional teams in the National Football League, National Basketball Assn. and Major League Baseball.

To meet Federal Trade Commission requirements for the merger, Chevron sold hundreds of service stations and entered into numerous deals that helped reduce the $13.3 billion cost of the merger and total indebtedness of $15.5 billion—$10.3 billion of it borrowed—to $9.4 billion by year's end.

Among the deals that made the massive debt reduction possible, included the $2.1 billion sale of Gulf Canada Ltd. to Olympia & York, Toronto.

The FTC-mandated actions included the sale of certain Gulf southeast U.S. refining and marketing assets for $582 million, Gulf's interest in Colonial Pipeline and 51% of its interest in the West Texas Gulf Pipe Line for $130 million and $18 million, respectively. The company also sold its interest in two oil producing fields for $360 million and $396 million.

At the time of the acquisition, the largest in U.S. history, both Chevron's new Richmond Lube Oil plant and Gulf's modernized lube oil facility at Port Arthur, Tex., were coming on stream. In less than a year, Chevron shifted from a net purchaser of lube base stocks to a net seller, with the second largest U.S. manufacturing capacity.

By the end of 1985, Chevron's total assets stood at $38.9 billion and it ranked as the fourth largest U.S. petroleum company, based on revenues, and one of the 10 largest U.S. industrial companies.

In the U.S., Chevron ended the year as the fifth largest producer of crude oil, the second largest producer of natural gas, the largest manufacturer of refined products and the largest marketer of petroleum products. Based on revenues, the company's chemical operations rank among the 20 largest in the country.

The year ended with the sale of 500 company-owned Gulf and Chevron service stations in 10 northeastern states. The sale to Cumberland Farms, a convenience store chain based in Canton, Mass., also included supply contracts to 3,400 independently owned Gulf and Chevron stations and 20 distribution terminals in those states.

In 1985, Chevron's Public Affairs Dept. launched a new corporate ad program, initially aimed at California audiences. Created with a "People Do" theme, the tv commercials and print ads, out of J. Walter Thompson USA, San Francisco, demonstrate the company's efforts to protect the environment.

At Chevron Chemical Co., Gulf personnel and resources blended smoothly with essentially no overlap between the two companies. Merger problems there reportedly have been minimal, although the advertising department still is restructuring.

Like its gasoline and oil marketing counterpart, Chevron Chemical also has been repositioning itself in the marketplace by moving away from direct sales of low-value commodity chemicals and toward using those chemicals in high-value specialty products. Aromatics, a family of chemicals derived from crude oil, now are being upgraded into more profitable chemicals such as cumene, used in a variety of consumer products.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,157	$4,680
Newspaper	2,489	2,994
Newsp. suppa.	153	85
Bus. pubs.	1,431	989
Network tv	1,439	412
Spot tv	11,111	11,993
Network radio	42	0
Spot radio	9,688	5,920
Network cable	65	677
Outdoor	105	46
Farm pubs.	1,794	1,356
Total measured	31,472	29,352
Unmeasured	15,000	13,989
Total	46,472	43,341

CHEVRON CORP.
225 Bush St.
San Francisco, Cal. 94104-4289
(415) 894-7700

CHEVRON CHEMICAL CO.
San Francisco, Cal.
Marketing Personnel

Bob Dennison, vp-genl mgr, Ortho agricultural chemicals div
Jim Lieto, vp-genl mgr, Ortho consumer prods div
Tom Graham, adv mgr, Ortho consumer prods div (home, lawn & garden chemicals)
Phyllis McCabe, adv specialist, Ortho agricultural chemicals div (pesticides)
Cynthia Forbes, mktg specialist, Ortho fertilizer div
Bill Shewry, merch mgr, consumer prods div

Advertising Agency

McCann-Erickson, San Francisco—all divs—Tom Dreese, sr vp-acct super, consumer & agricultural products divs; Jeff Kaiser, vp-acct super, consumer prods.

CHEVRON U.S.A. INC.
San Francisco, Cal.
Marketing Personnel

L.L. Taigen, vp-mktg
D.C. Smith, genl mgr-mktg
Jim Gordon, mgr-adv & promo
Jim Pivarnik, media dir

Advertising Agencies

J. Walter Thompson USA, San Francisco—Chevron brands—Michael Goefft, acct dir; Dennis Flynn, mgmt super; David Soblin, mgmt super-public affairs.

Young & Rubicam, San Francisco—Gulf brands—Gene Hart, acct mgr; Terry Thomas, acct super.

Ciba-Geigy Ltd.

RANK **154**

Basel, Switzerland

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,319	7,019	4.3
U.S.	**1985**	**1984**	**% chg**
Sales	2,363	2,360	0.1
Advertising	52	42	22.6

Ciba-Geigy in 1985 began rebuilding its advertising budget that dipped with its sale of Airwick in 1984, with the acquisition of a soft contact lens line. The company also continued to develop its transdermal technology, adding a skin patch for menopausal relief to others already used to relief angina and motion sickness symptoms.

The U.S. division, Ciba-Geigy Corp., Ardsley, N.Y., had sales of about $2.4 billion for 1985, making it nearly a third of the parent's business.

The U.S. organization's total measured spending of $25 million in 1985 was up 23% from 1984. The loss of Airwick backing in late 1984, when Ciba-Geigy sold the business, cut $6.6 million from total Ciba-Geigy U.S. measured spending. Softcolors soft contact lens spending was off 72.7%, to $2.04 million from 1984. Spending on Acutrim appetite suppressant eased off just 4% to $9.8 million.

Ciba-Geigy's ad expenditures for agricultural and chemicals increased 6%, to $7.04 million in 1985. For Ciba-Geigy's Agricultural Division, Martin Williams Advertising, Minneapolis, created a series of three 60-second tv commercials headed, "Don't Take Agriculture for Granted," and dealing with farm failures in a positive, sympathetic way.

Contributing to an estimated $25 million in unmeasured advertising in 1985, is the company's promotion of citrus-flavored vitamin C tablets in Sunkist-branded foil packets (under license agreement) through grocery outlets—timed for the 1986-87 winter cold/flu season.

Ciba-Geigy Corp., active in acquisitions, bought the contact lens and lens-care product business from American Optical Corp. in 1985. The business brought American Optical $33 million annually. The company joined with Corning Glass Works, Corning, N.Y., to form a 50/50 joint venture in the diagnostic-preparation market, a field Ciba-Geigy has coveted for some time. Headquarters are in Medfield, Mass.

The Dyestuffs and Chemical division purchased Commonwealth Laboratories, Gloversville, N.Y., supplier of chemicals to the leather industry. In California, the Plastics and Additives division bought Panel Air Corp., Costa Mesa, Cal., which fabricates composite-material aircraft components.

Ciba-Geigy in July became the largest single shareholder in Spectra-Physics, a San Jose, Cal.-based laser company, buying 16% of its shares for $32.2 million and planning to invest another $5 million in its R&D.

Transdermal (through-the-skin) technology at Ciba-Geigy Pharmaceutical added Estraderm as a new prescription product in September, 1986. Under the new technology, Estraderm, a substance to ease menopausal symptoms, is impregnated in an adhesive patch placed on a woman's abdomen.

In early, 1986, Ciba-Geigy's appetite suppressant Acutrim, had a contentious encounter with Thompson Medical's Dexatrim over claims that Acutrim was better therapeutially and also that its line extension, Acutrim II, gave the dieter longer lasting effect, 16 hours, than Thompson's extension, Dexatrim-15, which claimed an hour less. A federal court enjoined both companies from further distribution of their extensions until modifications were made. Ciba-Geigy met the requirements of the order by modifying its labeling. Acutrim II is back on the market.

Worldwide, the company's biggest pharmaceutical seller is Voltaren, an antirheumatic and analgesic for arthritis treatment. Voltaren, said to be one-third of the Pharmaceutical division's international sales, is now up for FDA approval, which the company hopes will come in early 1987.

Major changes in Ciba-Geigy U.S. leadership came in April, 1986, as longtime chairman-ceo Otto Sturzenegger, 60, and president-coo, A.M. MacKinnon, 61, made a planned transition to retirement. Richard Barth, 54, became the new president-ceo, and Charles O'Brien became executive vice-president-coo.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,199	$2,443
Newspaper	135	670
Newsp. suppa.	0	123
Bus. pubs.	1,242	746
Network tv	8,994	6,401
Spot tv	3,921	113
Network radio	777	2,548
Spot radio	1,388	643
Network cable	239	14
Outdoor	7	5
Farm pubs.	7,040	6,630
Total measured	24,943	20,337
Unmeasured	27,000	22,014
Total	51,943	42,352

CIBA-GEIGY CORP.
Saw Mill River Rd.
Ardsley, N.Y. 10502
(914) 478-3131
PHARMACEUTICAL DIVISION
Marketing Personnel
Paul Baehr, sr vp-mktg
Bill Hackett, exec dir-adv & sales promo
Advertising Agencies
(In-house) C&G Advertising Agency, Summitt, N.J.—Bill Hackett, president.
Foote, Cone & Belding Communications, Chicago—Dave Haan, vp-acct sir; John Malkin, acct exec.
William Douglas McAdams Advertising, New York—Lloyd Wohlner, acct super.
AGRICULTURAL DIVISION
Marketing Personnel
Leo Bontempo, vp-mktg
Phil Koch, dir-comm
Jim Palmer, dir-adv, promo & publcity
Advertising Agencies
Ketchum Advertising, San Francisco—insecticides, fungicides, herbicides—Jeff Manning, sr vp-group dir; Steve Pickford, vp-acct super; Norma Rivera, acct exec; Claudia Camp, acct coord.
Martin Williams, Minneapolis—herbicides, fungicides—Gerry Kleckner, vp-mgmt super; Tim Burke, acct super.

RANK **137**

Citicorp

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	8,475	6,619	28.1
Net income	998	890	12.1
U.S.	**1985**	**1984**	**% chg**
Sales	4,843	3,556	36.2
Operating profits	463	367	26.2
Advertising	61	46	33.9
Division sales	**1985**	**1984**	**% chg**
Net interest revs.	5,446	4,319	26.1
Fees/other	3,030	2,300	31.7

Citicorp, by far the largest U.S. commercial bank with $174 billion in assets, is infusing considerable advertising dollars into expanding its consumer credit card and travel and entertainment card business.

The company suffered a decline in earnings through the first half of 1986, but in the third quarter earnings grew 9% from the year-earlier period paced by its consumer operations, particularly its credit card business, its increased share in the New York branch system, and the writing of new mortgages. Consumer loan write-offs totaling $235 million, however, grew by 51% from the 1985 period.

The first half drop, according to Fred Meinke, vp E.F. Hutton, New York, is largely because Citicorp, criticized for having too small a loan reserve, is building that reserve and taking from monies that would have ended up on the bottom line.

Measured advertising rose accordingly. Expenditures of $61.3 million were up 88.6% from $32.5 million in 1984.

In 1985, Citicorp spent $17.2 million for network tv—its largest single media expenditure—to promote its Citibank-inscribed MasterCard and Visa credit cards. The advertising was part of a strategy to transform Citicorp into a nationwide, and even global, consumer bank.

Citicorp has passed BankAmerica as the leading issuer of bank cards, with 17.5 million Citicorp cardholders worldwide. (Bank credit cards are owned by the issuing bank, not the credit card association, such as MasterCard International or Visa Inc.) BankAmerica has 12 million Visa and MasterCards.

Citibank's credit card tv campaign featured six-week network flights in each quarter of 1985, stressing consumer benefits such as discounted general merchandising connected with its Visa and MasterCard credit cards. Produced by Marschalk Co., Citibank's agency, the 30-second spots featured humor and celebrities to push the cards' CitiDollars merchandising program, with the tag line, "The bank that makes them better." Under the CitiDollar program, cardholders accumulate points based on charge volume that can be applied toward purchase of merchandise every quarter from a catalog.

Citicorp spent $2.4 million in 1985 advertising its Choice credit card—all but $3,500 of it on spot tv—and another $7.5 million in magazine and spot tv advertising for its Diners Club credit card, which it bought in 1981. The big push for Diners Club, however, was more than $25 million in direct marketing expenditures during 1985.

Citicorp's Carte Blanche credit card, purchased in 1978, is trying to get respect this year with a $2 million tv campaign, featuring Rodney Dangerfield, supported by an outdoor ad campaign.

Analysts say Carte Blanche and Diners, known as travel and entertainment cards as opposed to charge cards, have improved their performance and are money makers, but they are distant followers to American Express.

Citicorp's 47-year-old chairman, John S. Reed, took over in the fall of 1984 from his predecessor, Walter B. Wriston, and has kept a low profile, unlike the company he directs. In 1985, Citicorp expanded its assets $23 billion, bought or moved to buy banks in Arizona, Utah and Nevada, and purchased commercial and investment banks in England, France, Chile, Norway, Nigeria, Italy, Canada, Belgium, Japan, Ireland, Thailand, and Australia, as well as obtaining licenses to operate in Sweden, Portugal and Australia. Citibank also has opened a Peking office.

But Citicorp, which is trying to expand its investment in the electronic information field, spent $680 million in acquiring in June, 1986, Quotron Systems, a Los Angeles-based electronic stock quotation service. Merrill Lynch and Dean Witter Reynolds, both Citicorp competitors, balked at leaving Quotron if the merger went through, but didn't follow through.

Despite an over-all good year in 1985, Citicorp had a relatively poor fourth quarter, with profits falling 12% from the fourth quarter of 1984.

Citicorp divides its business into an Institutional Bank, its commercial banking operation; the Investment Bank, which handles securities, foreign exchange and money market activities, and its Individual Bank, the retail banking operation.

Citicorp reorganized those three core businesses in 1985, moving money market and foreign exchange trading activities into the Investment Bank and integrating U.S. branch and card product activities within the Individual Bank.

In 1985 measured advertising, Citicorp spent $5.6 million promoting Citibank and its services, down from $9.5 million in 1984.

Citicorp spent $17.2 million in 1985 on network tv, $11 million on spot tv, $10.7 million in magazines, $2.8 million on spot radio, $416,000 on network cable, $391,000 on newspaper supplements and $50,000 on outdoor ads.

In 1984, expenditures were $3.9 million in network tv, $20.5 million for spot tv, $5.7 million for magazines, $1.6 million for spot radio, $209,000 for outdoor and $175,000 for network cable.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,719	$5,706
Newsp. supps.	391	128
Bus. pubs.	1,022	378
Network tv	17,174	3,845
Spot tv	10,952	20,495
Spot radio	2,778	1,558
Network cable	416	175
Outdoor	50	209
Total measured	43,502	32,494
Unmeasured	17,835	13,322
Total	61,337	45,816

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Stewart Rose, dir-adv, Citibank MasterCard & Visa
Bruce Gooden, dir-mktg, Diners Club
Margaret Alton, dir-mktg, CHOICE
Nancy Kouser, dir-mktg, Citicorp Services
Roberta Arena, dir-mktg, Citicorp Savings of Illinois
Nicholas Castaldo, dir-mktg, Citicorp Savings of Florida
Ron Vanacore, dir-mktg, Citicorp Savings of Washington D.C.
Advertising Agencies
Foote, Cone & Belding Communications, Chicago—Diners Club card U.S., Carte Blanche card, Citicorp traveler's checks, new prods—Bill Melzer, sr vp-group acct dir; Dale Smith, vp-acct dir; Beryl Schnierow, acct exec.
Foote, Cone & Belding/Leber Katz Partners, New York—Citicorp CHOICE, Citicorp Northeast Exchange, Citicorp Florida, Citicorp Focus, Citicorp Maine, Citicorp Maryland, Citicorp Washington D.C.—Chip Evans, sr vp-group mgmt dir; Cynthia Perry, vp-mgmt dir; Connie O'Brien, Mark Sticht, vps-acct dirs; Tony Stanol, acct dir; Jose Banzon, Joan Levine, acct execs.
Lowe Marschalk, New York—Citibank MasterCard, Visa card—John Oliver, sr vp-mgmt services dir; Jim Chandler, vp; Lynn Friedman, acct coord. Preferred Visa—Susan Wolfe, acct exec. Better Bankcard—Jim Keenan, acct exec.
N W Ayer, New York—Citicorp banks of U.S., Citicorp Savings of Illinois—Jim Signorelli, acct super. New York banking div—Philippa Muir, managing super; Linda Stack, Jack Rayher, acct supers. Natl adv—Anita Stewart, acct exec.
Smith-Greenland, New York—Citicorp Investment Bank—Bert Rosenberg, exec vp; Beth Granowitz, acct exec.

RANK **142**

Coleco Industries

West Hartford, Conn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	776	775	0.1
Net income	83	(80)	(203.9)
U.S.	**1985**	**1984**	**% chg**
Sales	718	708	1.1
Operating profits	115	66	75.0
Advertising	58	54	7.2
Division sales	**1985**	**1984**	**% chg**
Toys	720	676	6.5
Electronics	56	99	(43.4)

Coleco Industries, dominated by its Cabbage Patch Kids line of adoptable dolls, has been acquiring other toy and games lines in addition to introducing several new products in 1985 and 1986 to combat one-dimensionality and make up for the loss incurred in 1984 with the demise of the company's electronics division.

In 1985, Coleco earnings were $64.2 million, up from a loss of $79.8 million in 1984. Sales, however, remained flat at $776 million, up from $774.9 million. In 1986, the slump in sales of Cabbage Patch Kids has produced companywide six-month sales of $241.2 million, down from $382.1 million, and net income of $6.8 million, down from $52 million.

The company warns that returns for the final six months will be substantially lower than 1985 because of acquisitions, lower Cabbage Patch Kids sales and costs related to building research and development and acquiring licenses and product lines.

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Coleco's consumer electronics division generated sales of $56.2 million for 1985 and incurred an operating loss of $38.5 million, nearly all attributed to ColecoVision. During the course of the year, all Adam and ColecoVision inventory was sold, completing the discontinuation of those product lines.

Cabbage Patch Kids were introduced in June, 1983, and for the past three years have been named the top toy by Toy Manufacturers of America, New York. In 1985, the adoptable dolls' sales increased to $600 million from $540 million in 1984. The doll has generated sales of $1.2 million since 1983.

In 1986, Coleco introduced Cabbage Patch Kids Circus Kids, dressed in brightly colored and fully detailed clown costumes, and Cabbage Patch Kids Baseball All-Stars, outfitted in officially licensed major league baseball uniforms.

Coleco went ahead with its Coleco Cabbage Patch Kids Young Astronauts line and introduced dolls dressed in authentically detailed space suits with helmets, boots and backpacks. The line was developed in cooperation with Coleco's corporate sponsorship of the Young Astronaut's Program—a nationwide school program mandated by President Reagan to intensify children's interest in math, science and the U.S. space program.

In 1986, the Cabbage Patch Kids line also included dolls with new faces, cornsilk hair, dimples, double chins and tongues that stick out. Some of the new dolls also have either a left or a right hand that is capable of holding an accessory. Twelve-inch Cabbage Patch Kids Babies, Cabbage Patch Kids Preemie Twins and Baby Koosas were also added to the line.

Despite their No. 1 status, Cabbage Patch Kids sales have so far dropped in 1986 by 45%, with industry sources predicting sales to be $450 million at the end of the year.

To boost awareness of the dolls, Coleco switched the $14 million Cabbage Patch Kids account in July, 1986, to Bozell, Jacobs, Kenyon & Eckhardt from Richard & Edward's, both New York, citing a need for a fresh approach.

BJK&E at that time picked up an additional $10 million in business from Coleco for the Selchow & Righter (formerly at Jordan, Manning, Case, Taylor & McGrath, New York), Furskins (formerly at Richard & Edward's), Play & Learn Electronics (formerly at Richard & Edward's), ALF and UBI lines.

Richard & Edward's remains Coleco's agency of record, handling $25 million worth of new product assignments and media buying for the company in 1987. In addition to losing the Furskin, Cabbage Patch Kids and electronics lines, however, Richard & Edward's also lost the Rambo and Wrinkles lines to Scott Lancaster Mills Atha, Los Angeles. Estimated billings for these accounts is $25 million, but will jump to a total of $75 million at BJKE, SLMA & R&E's in 1987.

Coleco this July 1 completed the $75 million purchase of privately-owned Selchow & Righter game company, makers of Scrabble and Trivial Pursuit. The division this year will introduce "The World According to UBI" —a trivia game that will send players around the universe in search of answers. BJK&E broke on Nov. 3 a teaser tv campaign in Boston, New York and Philadelphia introducing the game to college-age audiences. A preliminary print campaign broke in Los Angeles at the same time.

Lorimar-Telepictures, Culver City, Cal., in July awarded licensing to Coleco for an ALF line of talking, nontalking and plush dolls. Coleco will also introduce next year board games, ride-on toys and pool accessories based on ALF—an alien from the planet Melmac that Lorimar introduced in September via an NBC-tv prime time sitcom. Tv spots for the plush version of ALF will break in mid-November following a test rollout in New York, Boston, Philadelphia, Washington and Baltimore.

In October, Coleco signed an international marketing, manufacturing and development agreement with Tokyo-based Tomy Kogyo Co., the largest privately-owned toy company in the world. Coleco also purchased the Tomy subsidiaries in the U.S. and Canada and will operate those facilities within the framework of Coleco's current operations in North America. Coleco will market Tomy's products under the Tomy brand name within these markets, but has the right of refusal for the North American market on all products, concepts and developments that Tomy creates or markets.

In 1985, Coleco purchased Leisure Dynamics (now Lakeside Industries Inc.) in order to manufacture Wrinkles plush dogs in the U.S. In addition to Wrinkles, which were named "toy of the year" in Canada in 1985, Lakeside manufactures Tubtown bath toys and board games including Aggravation, Perfection and Perquackey. Coleco in November will introduce an animated version of Wrinkles that is programed to talk when squeezed.

Also in 1986, Coleco introduced the Furskin bear collection, based on characters created by Xavier Roberts. Each of the eight bears wear distinctive country clothing and work boots.

Three Coleco toy lines have inspired animated tv spinoffs so far, Cabbage Patch Kids, Rambo and Sectaurs. "Rambo" is a daily afternoon strip, loosely based on Sylvester Stallone's movie character, while "Sectaurs" was a five-part cartoon "miniseries" last spring, both syndicated via Worldvision Enterprises, New York. The Cabbage Patch Kids cartoon was a yuletide special for the past two years on ABC, which does not list it for the coming Christmas season.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$53	$1,243
Newspaper	0	2,105
Bus. pubs.	39	122
Network tv	0	4,600
Spot tv	25,150	13,651
Spot radio	0	1,811
Network cable	2	102
Outdoor	103	0
Total measured	25,347	23,635
Unmeasured	33,000	30,771
Total	58,347	54,405

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Corporate Personnel

Arnold Greenberg, chmn-ceo
J. Brian Clarke, president-coo
Morton Handel, exec vp-corp devel
Alfred Kahn, exec vp-worldwide creative devel
Barbara Wruck, vp-corp comm

Marketing Personnel

Donald Taylor, exec vp-mktg
Robert Jackman, sr vp-mktg
Alan Fine, sr vp-prod mktg
Sheldon Bernstein, vp-prod mktg
Sy Gershberg, dir-adv & media
Marilyn Greenwald, mgr-licensor accts

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—Gary Andrews, sr vp-acct group dir; Tom Stacey, acct super, Selchow & Righter; Carl Titelman, acct super, Coleco; Bill Appelman, exec vp-exec creative dir; Bob Feinberg, exec vp-creative dir.

Richard & Edward's, New York—Dick Schwarzchild, creative dir; Bob Sarra, acct super. Public relations—Ward White, president; George Nicholas, vp; Barry Miller, acct super.

Scott Lancaster Mills Atha, Los Angeles —David Mills, acct super; Steve Scott, Peggy Lancaster, Steve Jarvis, creative dirs.

RANK **158**

Commodore International

West Chester, Pa.

($ in millions)

Worldwide	1986	1985	% chg
Sales	889	883	0.7
Net income	128	114	12.3
U.S.	**1986**	**1985**	**% chg**
Sales	356	360	(6.7)
Operating profits	N/A	N/A	N/A
Advertising	52	72	(27.9)

Commodore International entered 1986 with three new computers on the market, a new president and ceo, and a commitment to produce a profit, which it finally got in its fourth quarter of fiscal 1986—its first such gain in a year and a half.

The fourth quarter's $1.2 million in earnings, up from a loss of $124 million for the comparable period in 1985, on $208.6 million in sales, up 58.2%, offers at least a hint of light at the end of a tunnel. For fiscal 1986, ended June 30, Commodore suffered a loss of $127.9 million on sales of $889.3 million, compared with a loss of $113.9 million on sales of $883.1 million the previous year.

Earlier this year, the company's solvency came under question when it defaulted on its loan agreements. By late summer, Commodore still was in discussions with its lenders about restructuring long-term debt.

Commodore has yet to prove its ability to market to the business community. Its long-awaited and much-heralded personal computer, Amiga 1000, finally made it to market in September, 1985. Yet despite a $40 million, six-week campaign, $8.2 million of it in measured media, Amiga continued to be plagued by a lack of software support and a lukewarm response from the business community.

Still, as a number of analysts point out, the Amiga has a great deal going for it: Color graphics capabilities, stereo sound and animation, and other features originally available on equipment costing a great deal more than Amiga. Commodore officials have set their sights on the business and professional markets, as well as on the home computer buyer looking for a versatile personal computer.

"The Amiga is strangely positioned. It's too expensive for the home market, while the business market is not there," says Value Line Investment Survey analyst George A. Niemond.

Since the Amiga's introduction, the software situation has improved. The Amiga 1000 buyer's guide now lists more than 200 software programs, including the support of Microsoft Corp., a software developer. In addition, its 256K RAM (random memory) has a memory expandable to up to 8 megabytes, and Commodore is planning to market a "sidecar" attachment, pending FCC approval, to allow the Amiga to run software available for the IBM PC, although at 60% of IBM's speed. The sidecar is already available in Europe, where Commodore has a good following in the business community.

Although company officials decline to reveal the actual number of units sold, which Commodore had hoped would total 300,000 by September, its various promotions and price cuts may indicate sales are sluggish. In February, Amiga offered a 25% discount to college students and faculty on its $1,985 computer/monitor combination, while in April, a $3 million campaign announced a 40% price cut on the Amiga, paralleling similar moves by IBM and IBM clone manufacturers.

The Amiga was introduced in July, 1985, as "the first personal computer that gives you the creative edge" as well as "an unfair advantage" with ads using such creative notables as pop artist Andy Warhol and singer Deborah Harry.

If Amiga's overtures to the business world prove successful, it would place the computer in a growth area—high-performance personal computers that can be used by business. To reach corporate America, Amiga is distributed to more than 950 computer dealers on an exclusive basis, while Commodore's other computer models, the C-64 and the new C-128, are sold through mass merchandisers. By moving Amiga onto computer dealers' shelves, while keeping its other computers in the mass distribution arena, Commodore established the first two-tiered distribution system in the personal computer industry. Other computer manufacturers, like International Business Machines and Apple Computer, support only specialty retailers.

In spring, 1986, Commodore launched Amiga outside the U.S. and geared the launch toward the business community. Half of Commodore's over-all sales originate overseas. However, the increasing presence of Korean and Japanese IBM PC clones in Europe could hurt Commodore's sales there. In the U.S., Commodore is readying its unveiling of an upgraded line extension to the Amiga, the Amiga 2000, said to be "in advanced stages of development."

Whatever the future for Amiga, the company still needs to maintain dominance of the less-than-$500 home computer market. To that end, it introduced the Commodore-128 in August, 1985, supporting it with $4 million in measured ad spending during the remainder of the calendar year. Containing 128,000 bytes of memory, which is expandable to 512K, the C-128's advertising promises "A higher intelligence at a lower price" and compares the C-128 to Apple Computer's Apple IIc. Selling at between $300 and $700, the C-128 is reported to have done well in the U.S. Worldwide sales topped the 600,000-unit mark by June 1, 1986.

Commodore since has adopted an ad strategy that no longer pits its computers against the competition. The revised approach promotes the array of uses for a home computer, especially in such areas as home finance, education and telecommunications.

The C-128 is reported to be more profitable for retailers such as Sears, Roebuck & Co., K mart Corp. and Toys 'R' Us than the lower-priced models. Radio and print advertising in February promoted the C-128 in conjunction with an $80 offer that provided C-128 buyers with a free modem and a two-month trial subscription to Quantum Link, Commodore's on-line computer network that offers such services as news, at-home shopping and software sampling.

While the C-128 was making headway in the U.S. during 1985, Europeans and Canadians were introduced in April, 1985, to the Commodore PC-10 and PC-20 models. Targeted to the small business community, both are compatible with IBM PC software.

Commodore's home computer flagship product, the Commodore-64, which first appeared in 1983, continues to sell well in the lower end of the market. More than 5 million C-64s have been sold worldwide. An updated version, the C-64C, was introduced in June and is expected to take over the C-64's role as the world's best selling home computer, company officials say. Sales of the C-64 and Victor 20 benefited from $5.5 million in measured spending, down from the $24.2 million spent in 1984. Vic-20 production was stopped in 1984. The company continues to implement new programs to stimulate sales of its older products, even at reduced profitability, in order to generate much-needed cash.

Commodore has augmented its geographical presence and has improved its distribution system. The company now sells its products in 51 countries. In addition to purchasing new technology, such as its acquisition of Amiga Corp. in 1984, Commodore continues to strengthen its research and development budget, which totaled $46.5 million in 1985, up 15.4% from 1984.

Commodore spent $75 million on worldwide advertising in 1985, compared with IBM's budget of $450 million, Apple's $187 million and Tandy Corp.'s $77 million, according to Communications Trends' newsletter, "Computer Publishing & Advertising Report," Larchmont, N.Y.

Distribution has improved as a result of a restructuring of Commodore's sales organization into two divisions —the Consumer Systems division, responsible for the C-64 and the C-128, and the Business Systems division, created to service the new specialty retail store distribution systems for the Amiga 1000.

As of March, 1986, Commodore had only a 7% penetration of the business market, compared with Apple Computer's 27% and IBM's 62%, according to Mr. Niemond of Value Line. In the educational sector, Commodore accounted for 18% of school computer purchases, compared with Tandy's 17% and IBM's 4%. Apple holds the biggest portion of the K-12 audience, with a 54% share of the market.

In the over-all microcomputer market, IBM holds the greatest share, 28%, to Apple's 13.8% and Commodore's 6.7%. The microcomputer industry is suffering from a slowdown in U.S. economic growth, fierce competition and an over-all slump within the industry. Commodore's forte remains the home computer market, but its dreams for marrying Amiga with the business world continue.

The executive in charge of sales and marketing for the Amiga, Thomas J. Rattigan, became Commodore's president-ceo April 1. The former PepsiCo executive succeeded Marshall F. Smith, who remains a director and consultant to the company. Mr. Smith had succeeded the ousted founder of Commodore, Jack Tramiel, now president of rival computer maker Atari.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,769	$7,998
Newspaper	3,575	3,130
Bus. pubs.	471	524
Network tv	11,360	22,407
Spot tv	1,587	1,446
Spot radio	3,012	10
Network cable	841	0
Total measured	25,615	35,515
Unmeasured	26,000	36,049
Total	51,615	71,565

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Nigel Shepherd, genl mgr—Commodore, N. America

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Frank Leonardi, vp-sales, business systems
Jon Winters, vp-sales, consumer systems
Clive Smith, vp-corp planning

Advertising Agency

Ted Bates Advertising, New York—Amiga, C-64, C-128, all prods—Mark Morris, exec vp; Ila Feld, sr vp-mgmt rep; Abe Gorelick, vp-acct super.

RANK **112**

ConAgra Inc.

Omaha, Neb.

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,911	5,498	7.5
Net income	105	92	14.8
U.S. advertising	89	67	3.1
Division sales	**1986**	**1985**	**% chg**
Agriculture	1,430	1,092	31.0
Trading	1,222	839	45.6
Prepared foods	3,259	3,568	(8.7)

ConAgra reduced its advertising spending during fiscal 1986, ended May 25, reflecting "a more normal level" of spending, says the company, which poured ad monies into its Banquet and newly acquired Armour processed foods brands the previous year.

ConAgra has three main businesses: Agriculture, commodities trading and processing, and prepared foods. In agricultural products, the company is the leading distributor of crop protection chemicals. It also produces and markets animal healthcare products.

ConAgra derives most of its sales and operating income from its prepared foods segment, which also receives nearly all the company's ad budget. Sales of the segment, which accounted for 55.1% of company sales in fiscal 1986, fell 8.7%, breaking a five-year string of increases. The segment's operating income rose 17.2%, to $180.6 million. The decrease in sales is due primarily to reduced sales in the red meat businesses.

Company brands account for the largest number of frozen prepared foods sold in the U.S. The unit also makes branded processed red meats, cheese and other dairy products and sells steaks and other premium food products through the mail.

To strengthen the division, ConAgra in June, 1986, bought RJR Nabisco's Del Monte frozen food operations for an estimated $65 million, gaining four successful brand names—Morton's, Patio and Award—and a Virginia base from which to tackle East Coast distri-

bution. The company also gained the rights to the Chun King name for use on refrigerated products and frozen products, with an existing line of Chun King frozen products. RJR Nabisco retained those rights for canned and grocery products. All four brands reported 1985 sales of $150 million.

ConAgra has yet to assign an agency to the brands, but the assignment most likely will go to a shop already on its roster, an operating procedure followed by ConAgra in the past. The account is worth an estimated $15 million. RJR Nabisco had fired agency Lowe Marschalk, San Francisco, in March when it began contemplating the sale of the Del Monte line.

Advertising on established Banquet frozen food brands dropped 20% last year, to $6.3 million. Most of that was spent on Light & Elegant reduced-calorie frozen entrees, which received $5.9 million in ad support in its first year of national distribution, up 93%. ConAgra spends heavily on promotions, mostly coupon tie-ins with related brands and in-pack give-aways for its frozen food lines.

Last year, the company added 55 new or restaged products. Among them were the four-item Banquet Mexican Dinners line, Side Dishes for One (a four-item line of single-serve side dishes), Banquet All White Meat Chicken Platters, flavored Chicken Nuggets and variety extensions for the Classic Lights and Dinner Classics lines.

Introduced in February, 1986, was a Banquet Gourmet line, a group of popular-priced dinner entrees aimed at American Gourmet's Budget Gourmet line. Entrees come without the vegetable side dish and dessert.

ConAgra's Armour, Banquet, Light & Elegant and Singleton brands command a 14.9% share of the frozen dinner market segment, No. 3 to Nestle's (Stouffer's and Lean Cuisine) 25% share, and Campbell (Swanson and Le Menu) with 22%. The two leaders back their brands with $30 million each in measured support.

ConAgra continued to turn around its Armour division, purchased from Greyhound Corp. in early 1984. Armour added a number of new products, upgraded quality and improved consistency, according to a Dean Witter Reynolds Equity Research Report. Advertising for the Armour brand, both frozen and processed meats, remained steady at $17.1 million.

ConAgra spent at the national rate of $22.5 million to test a seven-item line of Armour Cafe Classics frozen breakfast meals in six markets. The breakfast line capitalizes on the fast-growing $93 million frozen breakfast category, dominated by Campbell Soup Co.'s Swanson's Great Starts brand.

In prepared meats, Armour added a line of lower-salt ham, luncheon meats, bacon and cheeses with 30% less salt than their regular brands. The line got $10 million in promotional and advertising spending.

Armour also added its first line extension from its Golden Star brand name (the leader in canned hams), testing Golden Star Deli Doubles luncheon meats in three cities in May, 1986. The product, which since has moved into about 10% of the country, was backed by spending equivalent to a $13 million national rate. The eight-slice package is sealed so every two slices are packed together to retain freshness. The company is testing additional items under the Golden Star name in Los Angeles.

ConAgra went retail with its Singleton brand of frozen fish products, until now produced for the foodservice industry. A four-item line of Five Star Restaurant Entrees was introduced into 25% of the country in May, 1986, backed by $300,000 in paid media spending.

ConAgra formed two new divisions last year, ConAgra Deli Co. and ConAgra Turkey Co., to cash in on the trend toward lighter, faster foods. ConAgra Deli introduced the World's Fare Deli brand, a 90-item line of deli case items in a range of meats and cheeses. The company reports another 50 items are in development. ConAgra Turkey Co. was formed by combining operations of ConAgra Poultry and Armour's turkey businesses. The company started with processed fresh and frozen turkeys and turkey parts but will introduce two consumer product lines in fiscal 1987.

In major agency shifts last year, Armour Frozen Foods in September moved the $15 million Dinner Classics, Classic Light and Cafe Classics account to Fallon McElligott, Minneapolis, from Bozell, Jacobs, Kenyon & Eckhardt, Dallas, only to shift the account back to BJK&E in April. The account then moved to D'Arcy Masius Benton & Bowles, St. Louis.

D'Arcy Masius Benton & Bowles, St. Louis, also ConAgra Frozen's lead agency, was given an estimated $17 million in network tv buying responsibility. ConAgra gained volume discounts by consolidating its buying with the estimated $75 million in network tv buying done for various clients by that D'Arcy office.

Campbell-Mithun, Minneapolis, and Foote, Cone & Belding, Chicago, joined the ConAgra agency roster last year. Both received unidentified prepared food new product assignments. Sources say the C-M assignment includes advertising for a new brand of premium frozen dinners and a related line of canned meats. The FCB assignment is for frozen dinners related to the company's new ConAgra Turkey Co., industry sources say. ConAgra declined comment on either assignment.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,808	$3,915
Newspaper	1,264	1,426
Bus. pubs.	340	130
Network tv	16,029	16,149
Spot tv	6,146	6,486
Network radio	4,141	2,871
Spot radio	151	11
Outdoor	85	18
Total measured	31,962	31,006
Unmeasured	37,000	35,893
Total	68,962	66,899

CONAGRA INC.
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(402) 978-4000

Corporate Personnel
Charles M. Harper, chmn-ceo

Marketing Personnel
L. James Kennedy, vp-corp dir mktg

CONAGRA FERTILIZER CO.

Corporate Personnel
Jack Farmer, president
Jack Satterwhite, exec vp

Marketing Personnel
Floyd A. Johnson, adv mgr

Advertising Agency
John M. Rose, Knoxville, Tenn.—Jim Wyatt, president; Janie Petsuck, acct super.

CONAGRA DAIRY PRODUCTS CO.

Corporate Personnel
Bob J. Powdrill, president

Marketing Personnel
Glen M. Harless, vp, natl sales mgr, genl mgr-Food Oils
James W. Gardiner, mktg mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt—Dallas—David Hall, acct super.

CONAGRA FROZEN FOOD CO.

Corporate Personnel
Phil Fletcher, president
Scott Rahn, exec vp-genl mgr

Marketing Personnel
Ken Pond, sr vp-sales, retail
Don Granneman, vp-sales, new business channels
Carl Glass, vp-mktg services
Tom Studer, vp-mktg, Banquet/Morton brands
Kevin Connor, vp-mktg, Armour & New Ventures
Ken Colnar, dir-mktg, Mortan brands
Jerry McCann, dir-mktg, Single Serve prods
Wayne Altschul, dir-mktg, Multi-Serve prods
Darrel Bailey, dir-mktg, Specialty meats & snacks
Don Wheeler, dir-mktg, new prods
Tani Wolff, dir-mktg, Ethnic brands
Bob Wangerin, group prod mgr, Armour brands
Dave Scherpf, vp-R&D
Jeff Dean, dir-mktg rsch
Gene Powell, dir-package services
Pat Quarles, dir-Consumer Kitchens

Advertising Agencies
D'Arcy Masius Benton & Bowles, St. Louis—Jack Bruemmer, EVP dir-acct service; Rick Spatz, vp-mgmt super.
Foote, Cone & Belding, Chicago—Jim Cerasani, vp-acct services.

CONAGRA PROCESSED MEAT CO.

Corporate Personnel
Thomas J. Smith, president

Marketing Personnel
Frank Tobin, vp-natl accts
W. Donald Wallen, vp-mktg
Lloyd Williams, vp-mktg support systems
Tom Fleming, vp-mktg/sales, fresh meat
Donald W. Tamsen, dir-mkt services
P. Lin Gupton, sr prod mgr, smoked meats, sliced bacon
Dick Macartney, sr project mgr-hot dogs
Frank Hollister, prod mgr, semi-dry and dry sausage, refrig canned meats
Bill Keenan, mgr, military sales and mktg
Kyle Colerick, prod mgr-hot dogs
Henry Huelskamp, mgr-mktg rsch
Jeff Parker, dir-new prods
Barry Christman, natl sales mgr-frozen port meats
Jim Clemmons, genl mgr-frozen port meats
Orinda Tims, prod mgr-frozen port meats
Noel Ebrahim, prod mgr-lower salt prods
Rick Murphy, sales mgr-specialty sales
Jan Kruse, sales promo admin mktg services
Mike Luker, natl accts mgr-food service
Mark Rasmussen, mktg mgr-furth proc poultry

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt—Dallas—David Hall, acct super.

CONAGRA FRESH MEATS CO.

Corporate Personnel
Alan Glueck, president

Marketing Personnel
Gary Becker, vp-operations

CONAGRA FLOUR MILLING CO.

Marketing Personnel
C. Robert Stephenson, vp-genl sales mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super.

CONAGRA PET PRODUCTS CO.

Corporate Personnel
Patrick K. Stewart, president
Michael R. Leinen, exec vp

Marketing Personnel
Mark Long, mktg dir
Rose Anania, prod mgr
Donna Foster, adv-promo mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super

CONAGRA POULTRY CO.

Corporate Personnel
George R. Haefner, president

Marketing Personnel
Tom Daw, vp-sales
Jerry Nelson, vp-mktg
Stewart Bridgforth, mktg mgr
Brian Cash, new prods mgr
Ken Brown, vp-sales units
Jay Dess, vp, genl mgr-foodservice

Advertising Agency
John Malmo Advertising, Memphis, Tenn.—Bob O'Connor, vp-acct super; Kathy Srygley, acct coord.

CONAGRA TURKEY CO.

Corporate Personnel
Louie Ayers, president

Marketing Personnel
David Palmer, vp-mktg

Advertising Agency
John Malmo Advertising, Memphis—Kristin Brettman, acct exec.

COUNTRY SKILLET CATFISH CO.

Marketing Personnel
Richard Stevens, genl mgr
Jack Perkins, dir-sales & mktg

Advertising Agency
Louis Benito Advertising, Tampa, Fla.—Peter Pluymers, vp-acct super.

HOME BRANDS CO.

Marketing Personnel
Bill Marsden, vp-genl mgr
Steve Moore, mktg mgr
Tom Sundquist, prod mgr

Advertising Agency
Ruhr-Paragon Advertising, Minneapolis—John Murtfeldt, group acct dir; Jim Mayer, acct exec.

NORTHWEST FABRICS

Corporate Personnel
L. Paul Cherrier, president

Marketing Personnel
Dave Stai, exec vp-mktg & business devel
Warren Weis, dir adv

Advertising Agency
Hiebing Group, Madison, Wis.—Ronan Hiebing, president; Wendy Meyers, acct exec; Doug McCoy, media buyer.

PFAELZER BROS. CO.

Corporate Personnel
Harry V. Hull, vp-genl mgr

Marketing Personnel
Susan Sellers, mktg mgr

SEA-ALASKA PRODUCTS CO.

Marketing Personnel
William P. Woods Jr., genl mgr-shellfish
Rod McLachlan, genl mgr-salmon/herring
Gordon L. Thomas, dir-mktg & sales-frozen

SINGLETON SEAFOOD CO.

Corporate Personnel
Jesse Gonzalez, president

Marketing Personnel
Dan Davis, vp-sales
Bill Henry, vp-retail mktg
Bill Lantz, dir mktg

Advertising Agency
Louis Benito Advertising, Tampa—Peter Pluymers, vp-acct super; Liz Locke, acct exec

UNITED AGRI PRODUCTS COS.

Marketing Personnel
Dean C. Moore, mktg mgr

CONAGRA DELI PRODUCTS CO.

Corporate Personnel
Jim Babka, president

Marketing Personnel
Jeanette Hall, dir-mktg
Diane Bang, mktg & sales expense coord

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super.

COUNTRY GENERAL STORES

Corporate Personnel
Bruce Wheeler, president

Marketing Personnel
Fred Kirst, vp-merch
Cathy Gade, adv mgr

U.S. TIRE INC.

Corporate Personnel
Harold Friend, president

Marketing Personnel
Bob McKay, vp-sales
Scott McIntyre, dir adv

Craftmatic/ Contour Industries RANK **196**

Trevose, Pa.

($ in millions)

World-wide	1985	1984	% chg
Sales	34.036	20.487	66.1
Net income	2.167	387	459.9
U.S. advertising	32	19	68.4

Craftmatic/Contour Industries, an entrepreneurial enterprise whose main business involves direct selling of adjustable beds and chairs, capped a record year in 1985 with a March, 1986, public stock offering.

WHY BE A LITTLE FISH IN A BIG POND?

TUSCALOOSA, ALABAMA

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Automotive expenditures are revved up and racing away in Tuscaloosa – up 36.1% in five years and outpacing Alabama by a country mile. Overall Increase in Households sped up 25.3% in five years, outperforming the state, region and entire United States. So if you're in automotive sales, your sales will go further, faster in Tuscaloosa.

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KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WCFT-TV
TUSCALOOSA, ALABAMA

For fiscal 1986, which ended Sept. 30, the company expects $45 million in revenue and $3 million in net income.

The company in 1986 added a pair of new products in regional distribution—York Security Systems' protective window cover, marketed in Philadelphia and New York, and American Aqua's water filtration system, under tests in Florida. Successful tests will lead to national rollout, where they will join Craftmatic/Contour's two nationally distributed products, the Craftmatic adjustable bed and the Contour chair lounge.

Craftmatic/Contour also added a spokesman to its pitches in 1986, with the October debut of Ed McMahon in Craftmatic bed spots.

During the past 12 years, the company has seen its sales soar from about $4 million annually, says Stanley Kraftsow, chairman and president of Craftmatic/Contour and the moving force behind the company.

Since 1966, he has transformed his father's Philadelphia retail distributorship of the Contour lounge chair—with store sales of about $160,000—into a direct response operation that boasted $23.4 million in measured advertising spending last year, according to figures compiled by Leading National Advertisers.

Total ad spending, estimated by Advertising Age, includes such costs as direct mail, toll-free telephone line service for direct response, dealer co-op, premiums and collateral.

Craftmatic/Contour moved into direct selling by changing their retail store in Philadelphia to direct selling in eastern Pennsylvania and expansion to Maryland, Ohio, and western Pennsylvania. In the mid-1970s, Mr. Kraftsow began selling adjustable beds designed for home use, setting up his own distributor network across the U.S. By 1977, bed sales had become so hot he moved out of chair sales. Eventually, he built his own bed manufacturing operation in suburban Philadelphia.

In 1983, Mr. Kraftsow decided to redirect his company's efforts. He sold the factory to concentrate on bed sales (rather than production) and purchased St. Louis-based Contour Chair.

By 1984, sales of the two products had jumped to $20.5 million, from $14.1 the year before.

The high ratio of media spending to net sales indicates the importance Mr. Kraftsow places on advertising. For 1985, the company spent $12.2 million on spot tv for Contour chairs. An additional $10.7 million in spot tv was purchased for Craftmatic beds. The beds also were supported with $17,600 worth of network tv time, $73,000 in newspapers and newspaper supplements, and $231,000 in consumer magazines.

Mr. Kraftsow says his approach to media placement is pragmatic. "We aren't going for Super Bowl prestige buys. We look for the most affordable time, and go by the costs per thousand," he says.

The targeted consumer is someone older than 35 with a bad back, he says. Publications used to reach that group include *Better Homes & Gardens, Good Housekeeping, Modern Maturity* and *Reader's Digest.*

If sales on the four products reach projections, within the next two years, Craftmatic/Contour Industries could top $40 million in advertising spending, Mr. Kraftsow says. "With the graying of America, the demographics are in favor of our success," he says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$231	$600
Newspaper	54	6
Newsp. supps.	21	0
Network tv	18	0
Spot tv	22,976	13,267
Network cable	59	0
Total measured	23,359	13,873
Unmeasured	9,000	5,345
Total	32,359	19,218

CRAFTMATIC/CONTOUR INDUSTRIES
2500 Interplex Drive
Trevose, Pa. 19047
(215) 638-8720

Corporate Personnel
Stanley Kraftsow, chmn-president

Advertising Agencies
(In-house) EAK Advertising, Trevose, Pa.—Craftmatic adjustable bed, Contour chair lounge, York security system, American Aqua—Edith Lever, acct exec.

Corporate Media Buying
Corinthian Communications, New York—Craftmatic adjustable bed, Contour chair lounge, York security system, American Aqua—Larry Miller, president.
(In-house) EAK Advertising, Trevose, Pa.—Edith Lever, acct exec.
Response Advertising, Los Angeles—Contour chair lounge, Craftmatic adjustable beds, nationwide credit service, American Aqua, Castle security shutters, Pro-tec-to shutters, Sontegra suntanning equipment, Royal Palm Ranch, Logos Satellite dishes, Mai Basic 4—David Avrick, partner, direct mail; David Beach, partner, direct mail; Lance Douglas, partner, broadcast; Gary Masters, partner, broadcast; Ellen Brownstein, Lindsay Dyson, Mary Ann Kocian, broadcast acct execs.

Helene Curtis Industries RANK **156**
Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	361	329	9.6
Net income	9	1	671.6
U.S. advertising	52	62	(15.9)

Helene Curtis Industries, the nation's No. 2 haircare marketer, retrenched during fiscal 1986, putting most of its marketing emphasis on its Finesse and Suave lines.

The Chicago-based company succeeded in putting behind it its bad marketing experience with Atune, a haircare line formulated for colored, permanent-waved or damaged hair. In doing so, measured ad spending declined 24.2%, to $25 million, largely because of the drastically reduced Atune ad budget and the absence of a major new consumer brand introduction. In total, the company reported to the SEC it spent $43.3 million on advertising and promotions, down 15.9% from $51.5 million in 1984.

Helene Curtis sold its Protective Treatments sealants and adhesive subsidiary for about $12.5 million during fiscal 1986, ended Feb. 28. The sale was "consistent with the focus on long-term growth in the personal-care business," the company says.

Based on fiscal 1986's $8.9 million in earnings, company executives view the previous year's financial debacle, when earnings totaled only $1.2 million, as an aberration in the past five years' steady growth.

However, Atune continues to take its toll on Helene Curtis financial results. For the first quarter of 1987, ended May 31, the company reported a net loss of $800,000 from continuing operations, compared with a net loss of $1 million in the corresponding year-earlier period.

Net sales from continuing operations were $86.8 million, compared with $87.9 million the previous year. Flat sales were attributed to the continued decline in the performance of the Atune line. Although Suave and Finesse continued their strong business during the quarter, the two brands could not compensate fully for the decline in Atune.

The goal at Helene Curtis is to top 1984's record earnings of $10.4 million, when sales doubled to $330 million from the previous year. The company also wants to be large enough to absorb the cost of a new product introduction and still show a return on equity and sales.

By the time Helene Curtis introduced Atune into 1984-85's competitive haircare battles, at least five other major shampoo marketers, including Procter & Gamble, Gillette and Revlon, also had new brands entering the market. Helene Curtis' $18 million ad budget and $30 million promotional budget for Atune could not keep pace with the $25 million to $40 million spent by other companies.

Atune shampoo managed only an 0.8% market share of the $1.3 billion shampoo segment, while the conditioner posted a 1.3% share of the $525 million conditioner segment, as measured in supermarket dollar sales. In contrast, Cincinnati-based P&G's new Ivory shampoo grabbed a 5.7% share, while the conditioner pulled in a 6.4% share.

With its three brands—Atune, Finesse and Suave—Helene Curtis is the second-ranked haircare company with a 12.2% share of the shampoo market and a 20.3% share of the conditioner segment, following P&G, the market leader with a 29% shampoo share and a 10.4% conditioner share.

During the year, Helene Curtis repositioned both Finesse and Suave. Finesse, which holds a 9.7% conditioner share and a 4.2% shampoo share, has been restaged with a cleaner-rinsing formula. In early 1986, the line also was extended with the introduction of Finesse NutriCare, a shampoo, conditioner, glaze and mousse line for active women with heavily styled hair. Finesse Luminescent mousse with highlighters and extra control was introduced, furthering the brand's position as a styling aid.

An estimated $15 million ad campaign, handled by DFS Dorland Worldwide, New York, positioned Finesse NutriCare as the line that "helps protect and replenish hair's own natural moisture level as it restores resilience lost by overstyling."

Helene Curtis has mousse hair styling products under both the Suave and Finesse labels. In all, the company has a 13.4% share of the estimated $200 million market; Finesse mousse has a 5.6% share and Suave, a 7.8% share. In the estimated $530 million hair spray segment, the company in 1985 held a 6.4% share for Atune, Finesse and Suave hair sprays.

Suave, Helene Curtis' low-priced line, held its market position well, with a 7.2% shampoo share and an 8.3% conditioner share. Introduction of Suave Soft Highlights shampoo, conditioner and mousse added incremental sales to the Suave line.

Suave skin lotion, which holds an estimated 4.5% share of the $450 million skin lotion category, also was extended to include Suave Extra Relief formula, a nongreasy, extra-moisturizing lotion.

The company also introduced Post Impressions, a hair permanent for professional sale use, as well as Hair Specifics, a line of shampoo, conditioner, hair spray, mousse and permanent solutions for in-sale use. The line is sold through beauty supply wholesale shops.

Measured media spending for Finesse products in 1985 totaled $13 million, down 36% from 1984. Spending for Suave declined slightly to $7.2 million from $7.6 million in 1984. Atune received $7.8 million in measured media support, up 47%. About 90% of measured media spending on all products went for network and spot tv.

During the year, Helene Curtis rearranged its agency roster, moving Finesse from Backer & Spielvogel, New York, to DFS Dorland Worldwide, New York, which handled the declining Atune brand. Backer & Spielvogel continues to handle the Suave haircare and skin lotion accounts. HBM/Creamer Albert Jay Rosenthal, Chicago, handles advertising for the company's professional division.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,360	$1,637
Newsp. supps.	156	0
Bus. pubs.	0	28
Network tv	25,071	30,607
Spot tv	935	970
Network radio	429	0
Spot radio	13	52
Network cable	67	0
Total measured	28,032	33,294
Unmeasured	23,800	28,267
Total	51,832	61,561

HELENE CURTIS INDUSTRIES
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(312) 661-0222
CONSUMER PRODUCTS DIV
Corporate Personnel
Gilbert P. Smith, president
Robert M. Thomas, exec vp

Marketing Personnel
Robert Kelly, vp-sales
Bradford C. Kirk, group brand mgr
Kim W. Rue, group brand mgr
Gail Lanznar, mgr-mkt rsch
Kim Nikolaev, mgr-design

Advertising Agencies
Backer & Spielvogel, New York—Suave—Peter Hurley, sr vp-mgmt super; Joseph Bruce, vp-acct dir; Jennifer Hoadley, sr acct exec; Dan Merrick, acct exec.
DFS Dorland Worldwide, New York—Atune, Finesse—Robert Weekes, mgmt dir; Scott Rossborough, mgmt super; Linda Corbin, acct super; Betsy Barrett, acct exec.

PROFESSIONAL PRODUCTS DIV
Corporate Personnel
Rees Orland, president

Marketing Personnel
V. James Marino, vp-mktg & sales
Phil Kash, dir-mktg
Dan Schmitt, dir-mktg services
Robert Seidl, group prod mgr
Alex Holub, group prod mgr

Advertising Agency
HBM/Creamer Albert J. Rosenthal, Chicago—Albert J. Rosenthal, chmn; Si Dordick, president; Joe Foreman, vp; Debbie Lawrence, acct exec.

INTERNATIONAL DIV
Corporate Personnel
Michael Goldman, president

Marketing Personnel
Colin Morgan, exec vp
Margaret Bertrand, vp-mktg

Daimler-Benz A.G. RANK **124**
Stuttgart, W. Germany

($ in millions)

Worldwide	1986	1984	% chg
Sales	17,494	14,522	20.5
Net income	582	369	52.4
U.S.	**1986**	**1984**	**% chg**
Sales	3,893	3,629	7.3
Advertising	65	52	24.9

Mercedes-Benz of North America, the U.S. sales and distribution subsidiary of Daimler-Benz A.G., Stuttgart, West Germany, deemphasized its diesel cars in marketing and advertising to meet market conditions in 1985.

The company, celebrating its centennial this year, produced 541,000 cars worldwide in 1985, of which 86,903 were sold in the U.S., an increase of 9.7% over 79,222 in 1984. By comparison, BMW sold a record 87,857 in the U.S. and Volvo sold 104,000.

Consolidated sales for Daimler-Benz rose 20.5%, to $17.5 billion, some $6.24 billion of that in West Germany, representing a 27% increase, the largest year-to-year increase of any geographic region even though over-all car sales in the FDR were down 1%. Worldwide, Daimler-Benz car sales grew 18%, to $9.21 billion, and commercial vehicles grew 7% to $6.54 billion.

Figures are based on an exchange rate of DM1=$.3338.

Exports accounted for 41.3% of Daimler-Benz' sales last year, up from 40% the year earlier. West German sales accounted for 35.8% of total sales, up from 33.7% in 1984, and foreign subsidiaries contributed 23% of sales, down from 26.3% in 1984.

Although the U.S. is Mercedes' largest single foreign market, imports accounted for only about 2% of all U.S. car sales in dollars last year. New car registrations in the U.S. in 1985 rose 6.3%, to 10.9 million, with imports accounting for 2.8 million, or 25.8% of the total—a gain of two percentage points from 1984. German imports—including Mercedes, Audi and BMW—accounted for 439,000 new car registrations, a 23% increase over 1984.

Mercedes puts its unit share of the $25,000-plus European import market at 48.6%; BMW, 19.9%; Porsche, 16.6%, and Jaguar, 12%. North American unit sales of Mercedes rose 2.9%, largely because of continuing heavy demand for S-class and SL-class models and the "Baby Benz" 190 compact series introduced in the U.S. in 1984.

Gasoline-powered car sales were up in 1985, while diesel sales declined 39%; Mercedes' share of the U.S. diesel market declined to 29%, from 49% in 1984. Daimler-Benz diesel car production was 181,357 in 1985, but over-all diesel share of total production dropped to 33.5% last year, from 35.1% in 1984.

As a result, diesels were further deemphasized in 1986 advertising, even though a new larger diesel is now available in the 190 line. Diesel car sales in 1985 were half the 1970s peak of 80% of production, and diesel engines are available in only 25% of this year's models.

Mercedes' biggest selling model in 1985 was its 190E 2.3 model, holding 25.7% of its sales with 22,320 sold. The 300D model was a distant second with 13,681 unit sales, accounting for 15.7% of 1985 sales. In seven media measured by Leading National Advertisers, the 190E received $7 million, down from $13.2 million in 1984, and the 300D got $8.4 million, up from $3 million in 1984. D-B spent $47.4 million in measured media, according to various media measuring services used for this report. However, a Mercedes marketing spokesman says the company spent closer to $42 million in measured media.

The company continued to invest heavily in the North American sales network because of the higher profit margins in the U.S. Even with the changing currency rates, the price of a Mercedes in the U.S. remains about double what it is in Europe, largely because the options available in European models are standard in U.S. models. The price discrepancy has spawned a lucrative gray market for European imports, with U.S. dealers importing European-made models and modifying them to meet U.S. standards. Mercedes estimates about 10,000 gray market Mercedes cars entered the U.S. in 1985.

In December, 1985, McCaffrey & McCall dropped the slogan "Engineered like no other car in the world" in favor of "Mercedes-Benz widens the gap. Again." The new campaign introduced a replacement line of midpriced Mercedes sedans. Ad copy centered on the six bigger, more powerful engines in all but one of 11 models, including a station wagon that rolled out in the U.S. this spring, following an early 1985 European launch. Ad copy also promised top speeds of 125 mph for most models.

In addition to power, Mercedes made standard on its U.S. imports several safety features previously offered as options, such as a driver-side airbag and extended antilock brakes.

To tout its pioneer status in the car industry—the auto was invented by Karl Benz in 1886—the U.S. company greatly increased its pr budget to produce several special events and Mercedes memorabilia to mark the occasion. Although Mercedes declined to disclose the level of spending, the company this year produced two films, one 15-minute and one 30-minute, focusing on Mercedes-Benz' role in the first 100 years of automobile production.

Mercedes-Benz Credit Corp. USA, Norwalk, Conn., a wholly owned subsidiary offering sales financing for all Mercedes sold in North America, expanded its loan and leasing business in 1985 by 46%, to $863 million. The division had no measured ad spending last year.

Mercedes-Benz continues to be the major sponsor of the American Grand Prix Horseshow Jumping circuit. It got involved in the promotion in 1980. Demographic market studies reveal horse owners fit perfectly into Mercedes' target demographics.

Truck sales, once half of Daimler-Benz' business, remained in a worldwide slump last year, exacerbated by a European price war in the truck industry and falling oil prices. Daimler-Benz worldwide sales of heavy-duty trucks dropped 3% last year, to 134,000 units. Medium-heavy truck sales in 1985 were 145,000, up from 1984.

The U.S. is the world's largest commercial vehicle market, with new vehicle registrations up 15% over-all in 1985. Daimler-Benz says the U.S. truck division finally became profitable in 1985, as unit sales climbed 1.8%, to 20,947.

Freightliner, the Portland, Ore.-

based company purchased by D-B in 1981, recorded North American heavy-duty truck unit sales of 20,809 units in 1985, up 1.4%, with market share of 13.5%, up from 12.8% in 1984.

Freightliner reported North American sales of medium-heavy Mercedes-Benz trucks were 4,516 units last year, compared with 4,453 in 1984, raising market share to 2.9% in the category from 2.6% in 1984. Group sales rose 2% on a dollar basis, the company says, although D-B expects the North American truck market to decline in 1986 and increased competition from Japanese commercial truck imports.

Measured ad spending on Freightliner trucks was $304,000 last year, up 90% from the year earlier. Spending remainded stable, with 94% in business and trucking publications, the rest in outdoor advertising. Mercedes medium-weight trucks received $31,400 in measured media spending last year, also mostly in magazines.

Daimler-Benz last year embarked on an acquisition program that got it involved in such high-technology industries as aerospace and aircraft engines. Last October, Daimler-Benz bought a big stake in AEG A.G., a German electronics maker. The company expects this connection to increase its edge in high-technology performance cars. The AEG acquisition made Daimler-Benz West Germany's largest company, with annual sales of $23 billion —surpassing former leader Veba A.G., an energy company, and former No. 2 Volkswagen A.G.

Earlier in 1985, Daimler-Benz bought Motoren und Turbinen Union, Munich-based aircraft engine producer and military contractor, and obtained a controlling interest in the aerospace company Dornier GmbH. The acquisitions follow similar moves by American auto manufacturers, such as General Motors Corp.'s purchases of Hughes Aircraft and Electronic Data Systems, and Chrysler Corp.'s purchase of Gulfstream Aerospace.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,064	$14,404
Newspaper	18,008	6,345
Newsp. supps.	36	203
Bus. pubs.	501	230
Network tv	17,422	13,818
Spot tv	4,390	487
Spot radio	325	2,354
Network cable	115	272
Outdoor	23	11
Total measured	47,884	38,323
Unmeasured	16,759	13,412
Total	64,643	51,735

MERCEDES-BENZ OF NORTH AMERICA
One Mercedes Dr.
Montvale, N.J. 07645
(201) 573-0600

Corporate Personnel
Walter Bodack, president
Marketing Personnel
Hans Jordan, vp-mktg
Gerd Klauss, genl mgr-mktg comm
Kevin Davidson, adv mgr
Advertising Agency
McCaffrey & McCall, New York—all models, Mercedes-Benz automobiles—William Bieser, sr vp-acct dir; William Metzger, acct super.

Dayton-Hudson Corp. RANK **103**
Minneapolis

($ in millions)

Worldwide	1985	1984	% chg
Sales	8,793	8,009	9.8
Net income	284	259	9.4
U.S. advertising	71	68	3.9
Division sales	**1985**	**1984**	**% chg**
Target	3,900	3,550	9.9
Mervyn's	2,500	2,141	16.8
Dept. stores	1,400	1,548	(9.6)
Spec. merch.	900	770	16.9

Dayton-Hudson Corp., the nation's sixth largest nonfood retailer in dollar volume, is focusing its growth on large-scale discount and value-priced operations, Target and Mervyn's and new specialty department store units, as evidenced by its recent move to sell B. Dalton Bookseller.

Target and Mervyn's together accounted for 74% of 1985 revenues and 77% of profits. From 1980-85, 77% of Dayton-Hudson's $1.9 billion in capital spending has been almost equally divided between Target and Mervyn's. Only 9% of capital expenditures have been targeted to the specialty merchandisers unit, which includes B. Dalton. Department store operations received the remaining 14% of capital spending for the period.

The importance of Mervyn's and Target is reflected in Dayton-Hudson's media spending for 1985. Mervyn's measured spending, virtually all in spot tv, rose 14.6% to $17.3 million in 1985 out of the $36.3 million in total spending for the seven media measured by Leading National Advertisers. Similarly, Target received $11.8 million in measured spot tv, down 7% from 1984, accounting for 33% of the seven-media total.

Measured spending for 11 media in 1985 was $39.2 million, up 4% from 1984. Dayton-Hudson reports it spent $212 million for advertising in 1985, up 8.3%, and a figure that includes media, production costs, salaries and other expenses.

Dayton-Hudson operates 226 Target stores in 22 midwestern and western states, 148 Mervyn's stores in 10 southwestern states, 37 Dayton-Hudson Department Stores in seven midwestern states and specialty merchandisers nationwide, including 785 B. Dalton Bookseller stores and 10 Lechmere stores.

Mervyn's is a promotion-oriented department store that sells moderately priced goods, mostly apparel, positioned between upscale department stores and mass merchants. It competes in a nearly identical format as Federated's MainStreet division, with one difference being that MainStreet sells mostly brand-name merchandise while Mervyn's relies heavily on private label. Mervyn's, however, is a much larger operation than MainStreet's dozen or so stores. Mervyn's had $2.5 billion in 1985 revenues and $245 million in operating profits, up 10% from 1984.

In 1986, Dayton-Hudson is spending $600 million to add 27 Mervyn's stores, 21 Target stores and about 70 specialty merchandising stores, including five Lechmere stores. Lechmere is a growing chain specializing in electronics and appliances that competes with superstore chains such as Taylor, Mich.-based Highland Appliance and Detroit-based Fretter Superstores. The company in early October, 1986, announced it was purchasing 54 of the 80 Gemco membership department stores comprising that division of Lucky Stores Inc., Dublin, Cal. The stores will be converted into Target stores, and based on the $18 million average annual sales reported per Target unit, they could generate almost $1 billion in revenue. Purchase price was $374 million. Lucky sold the units in an attempt to fend off a takeover effort by New York investor, Asher B. Edelman.

Dayton-Hudson announced its intention in late September, 1986, to sell the profitable B. Dalton Bookseller unit, the nation's No. 2 bookseller with $538 million in sales compared with No. 1 Waldenbooks' $565 million in sales. In announcing the sale, president Boake A. Sells said, "B. Dalton continues to be a profitable, growing specialty store company. However, the corporation believes B. Dalton does not fit within its current strategic direction."

Richard Nelson, retail analyst with Chicago-based Duff & Phelps, says B. Dalton is on the block because "it just ran out of steam. Bigger stores are what Dayton-Hudson has found they have the most success with." In addition, B. Dalton, which Dayton-Hudson started in 1966, is a mature company with locations in almost every state and with limited expandability. In addition, the retail book market is becoming more price sensitive, he says.

Measured ad spending for B. Dalton fell 12%, to $2.85 million, in 1985 for the LNA seven media, divided 89% magazine and 11% spot tv.

B. Dalton attempted to inject excitement into its retail bookselling format with the startup of the Pickwick Discount Books chain, which offered deep discounts on a limited number of books but no services. The 5-year-old, 37-store Pickwick chain, B. Dalton's answer to discounters such as Crown Books Corp., was closed in June, 1986. Seventeen of the stores were converted into B. Dalton outlets.

A Dayton-Hudson spokesman says Pickwick was unprofitable and served no purpose because B. Dalton regularly sells up to 20% of its own books at discount.

B. Dalton's discounting answers tough competition from the company's chief competitor, the Waldenbooks unit of K mart Corp., with 962 stores nationwide.

Waldenbooks also operates five Reader's Market discount bookstores in New York City and provides books for K mart's discount Book Korner departments.

Dayton-Hudson's reliance on department store formats has been decreasing for many years. The Dayton and Hudson department store chains were consolidated into one operation in 1984, a process which is to be fully implemented in 1986.

Department store sales of $1.4 million accounted for 16% of Dayton-Hudson's revenues in 1985 and 18% of operating profit, compared with 30% of revenues and 33% of operating profit in 1980.

Measured spending for Dayton-Hudson Department Stores increased 4% in 1985, to $1.7 million, divided 88% spot tv, 7% magazine and 5% out-of-home.

Dayton-Hudson is widely regarded by analysts as an exceptionally well-run company, Mr. Nelson says. Net earnings in 1985 were up 9% on revenue growth of 10%. The year marked Dayton-Hudson's 15th consecutive improvement in earnings from retail operations.

Net income for the six-month period ended Aug. 2, 1986, was $75.3 million, up 3% over the same period in 1985. Sales for the period were $4.17 billion, up 10%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,640	$3,140
Spot tv	33,228	30,804
Spot radio	2,979	3,604
Outdoor	394	211
Total measured	39,241	37,759
Unmeasured	31,259	30,078
Total	70,500	67,837

DAYTON-HUDSON CORP.
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Minneapolis, Minn. 55402
(612) 370-6948
Marketing Personnel
John Pellegrene, sr vp-mktg
Daniel Stroman, dir-adv accts
Jack Mugan, dir-adv services
Advertising Agency
Grey Advertising, Minneapolis—Janice Apple, vp-acct super; Kathleen Kale, acct exec.

B. DALTON BOOKS
Minneapolis
Marketing Personnel
Tom Boach, president-ceo
Susan Barefoot, vp-adv, sales promo
Bob Crabb, vp-genl merch mgr
Roxanne Koepsell, adv mgr
Advertising Agency
Bozell Jacobs Kenyon & Eckhardt, Minneapolis—Bob Newmark, sr vp-mgmt super; Dick Howell, acct super; Laurie Happe, Tom Mackin, asst acct execs.

LECHMERE
Woburn, Mass.
Marketing Personnel
Warren Feldberg, exec vp-mktg
Howard Benidt, sr vp-sales promo & adv
Janet Tyrrell, dir adv
Phyllis Wasserman, dir sales promo
Advertising Agency
Saffer Advertising, Toronto—Greg Crombie, vp-group dir; Sue Ruddy, sr acct dir.

MERVYN'S
Hayward, Cal.
Marketing Personnel
Chuck West, vp-sales promo
Pat Holt, dir., print adv
Sheila Durkin, dir-media
Ruth Hines, dir-planning & broadcast
Carmen Monaco, dir-adv operations
Advertising Agency
(In-house).

TARGET STORES
Minneapolis
Marketing Personnel
Sonja Larsen, sr vp-adv, sales promo & merch
Paul Higham, vp-adv
Karen Singer, dir-sales promo
Advertising Agency
Ruhr/Paragon Advertising—broadcast creative—Chuck Ruhr, president; Rosemary Svenpladsen, acct super.
Media Buying
Haworth Group, Minneapolis—broadcast placement—Tom Siqveland, vp.

R.G. BRANDEN'S
Minneapolis
Marketing Personnel
Duff Reiter, adv mgr
Advertising Agency
Kauffman Stewart, Minneapolis—John Kauffman, president; Jeff Right, vp-acct services.

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DeBeers Consolidated Mines

RANK 189

London

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,823	1,613	13.0
Net income	402	250	61.0
U.S. advertising	36	29	24.9

There is no danger that current or future U.S. sanctions against South Africa will have a significant effect on DeBeers Consolidated Mines Ltd., because DeBeers has a hammerlock on the world diamond trade through its London-based Central Selling Organization, which controls about 90% of the gems produced worldwide each year.

The U.S. Senate voted Oct. 2, 1986 to override a presidential veto on sanctions against South Africa, a day after the House also approved the measure. The sanctions prohibit the import of steel, uranium and agricultural goods from South Africa, suspend U.S. landing rights for South African Airways and bar new U.S. business investments and loans in South Africa.

"But U.S. sanctions will have no important effect on the worldwide supply of diamonds," says Elizabeth Dolan, vp and manager of the Diamond Information Center at New York-based N W Ayer, which has been DeBeer's agency for 47 years. For one, she says South Africa diamond production represents less than a 15% of the world supply, placing it fifth behind Australia, Zaire, Botswana and the USSR.

U.S. imports of polished diamonds in 1985 totaled $2.7 billion, and the retail market for diamond jewelry increased 5.3% to $8.1 billion. The U.S. is the world's largest market for polished diamonds.

DeBeers increased its support of the retail diamond industry, boosting total measured media 25% in 1985 to $29.6 million for the seven media measured by Leading National Advertisers.

By far the greatest emphasis beginning in 1985 was for image ads with 40% of DeBeers' budget devoted to tv to "get people to pay attention to diamonds as gifts," says Judy Lauchren, senior vp-management supervisor for the DeBeers account. In 1985, network tv ads, primarily featuring the theme "Diamonds are the gift of love," accounted for $9.6 million in measured media, 32% of total spending, according to LNA.

About 60% of measured media spending was devoted to print media for specific types of jewelry. The categories and assigned weights in terms of total ad spending for print media included: 20% traditional quality gifts; 13% diamond engagement rings; 12% diamonds for men; 10% diamonds of one carat or more; and 5% diamond anniversary rings, says Ayer.

Print campaign targeted several types of buying situations, focusing on diamonds as gifts. One campaign, called "In her heart," was designed to visually capture vignets of giving and receiving diamonds as gifts. Another, called "Show Her it's Not Lonely at the Top," focuses on larger stones. Men's campaigns, including "The Gift of Success" and "The Man's Diamond," focused on men wearing diamonds as a lifestyle choice. Integrated into all diamond advertising beginning in 1985 is a secondary message about how to judge the character and quality of diamonds. The campaign discusses the four C's of buying diamonds-color, cut, clarity and carats.

A total of 17 million pieces of diamond jewelry were sold in the U.S. in 1985, up 9% over 1984. The biggest category in dollar volume was jewelry for female family heads, selling 6.6 million pieces with retail value of $3 billion, down 1% from 1984. The largest increase was in the men's diamond category, with 1985 sales of 1.9 million pieces valued at $1 billion, up 26% over 1984. Sales in other categories included: Single adult women, 3.5 million pieces valued at $1.1 billion, up 14%; women's diamond engagement rings, 1.6 million pieces valued at $1.5 billion, up 14%.

DeBeers aggressively expanded its cooperative ad program for retailers in 1985. The program jumped to $5.5 million in measured magazine for the year, compared with $176,000 in 1984. The retail coop program, which was tested in six cities in 1981, was rolled out nationally in 1984. DeBeers reimburses for ad lineage rates based on a rooftop investment in each area of dominant influence. DeBeers expanded its coop program to include manufacturers beginning in September, 1986.

DeBeers also continued its parallel ad placement strategy for manufacturers and retailers, where DeBeers buys a left-hand, full-page ad, allowing the manufacturer or retailer to take the right-page position to showcasing their diamond jewelry.

DeBeers had net profits of $452.4 million in 1985, up 25% over 1984. Sales revenue in the U.S. for DeBeers increased 13% in 1985 to $1.8 billion.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$19,366	$13,116
Newsp. suppls.	161	0
Network tv	9,579	9,142
Spot tv	460	1,412
Network cable	32	34
Total measured	29,597	23,704
Unmeasured	6,000	4,805
Total	35,597	28,509

DEBEERS CONSOLIDATED MINES
c/o N W Ayer Inc.
1345 Avenue of the Americas
New York, N.Y. 10105
(212) 708-5000

Advertising Agency/ Marketing Personnel

N W Ayer, New York—George Eversman, exec vp-exec acct dir; Judy Laughren, sr vp-mgmt super; Nancy Robey, sr acct exec-diamond engagement rings/one karat or more; Rachel Treitelman, sr acct exec-diamonds as gifts; Maria Priggen, sr acct exec-men's diamonds, diamond anniversary rings; Marc Capra, acct super; Margherita Blanc, acct exec. Joan Parker, sr vp-dir pr (diamond information center); Elizabeth Dolan, vp-mgr (diamond information center); Earl Lynch, vp-dir (diamond promo services).

Denny's Inc.

RANK 165

La Mirada, Cal.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,340	1,300	3.1
U.S. advertising	50	44	13.8

Although privately owned Denny's Inc. has cut capital spending for its Denny's Restaurants and Winchell's Donut House divisions to lessen the debt incurred in a leveraged buyout, Denny's continues to expand through its El Pollo Loco charbroiled chicken chain.

The quick-service chicken chain, acquired in October, 1983, has doubled its number of outlets through franchising in the past two years. At the same time, its revenues have increased six-fold, to an estimated $20 million in fiscal 1985. A 1986 figure was not available.

There currently are 54 El Pollo Locos, of which 20 are franchised. Denny's restaurants number 1,124 domestically, 56 of which are franchises. The company also operates 727 doughnut houses under the Winchell's trademark, 13 of which are franchised.

Denny's is owned by a group of investors including 50 officers in Denny's management at the time of the buyout in January, 1985. The management team has remained virtually intact.

The bulk of Denny's 12% increase in measured media spending in 1985 was accounted for by a 55% increase in spot tv, representing a major shift from network tv, which recorded a 31% drop. About 84% of the outlay for spot tv was in support of the Denny's Restaurant division, the remainder to Winchell's Donut Houses. El Pollo Loco advertising in newspapers and other local media in Southern California is not national, so it does not show up in measured media.

The El Pollo Loco chain, now primarily in the Los Angeles and San Diego areas, also has signed franchise agreements for 85 outlets in Denver, Colorado Springs, Hawaii and Orlando, Fla., and plans to sign franchise agreements in five new cities each year.

A new franchise agreement has opened the way to expansion in San Diego and there are plans to open 11 more restaurants (three in Orange County) by the end of 1986.

El Pollo Loco is evolving from a Hispanic-oriented concept to a general consumer chicken restaurant. When the franchise rights were purchased by Denny's for $11.3 million in 1983, 95% of the customers at the chain's 17 outlets were Hispanic, compared with 40% today.

Now each store sells between 2,000 and 3,000 chickens a week, ringing up average annual sales of $750,000, one of the highest volumes per store of any chicken foodservice operator. Kentucky Fried Chicken, for example, averages about $550,000 per store.

Although the division's sales are still a small part of Denny's over-all $1.3 billion annual revenues, company executives say El Pollo Loco probably will be the main force behind the company's growth.

With franchises added in five areas each year, the company expects 300 outlets in five years.

"The fast food habit worth having" is the theme of El Pollo Loco's new spot tv campaign, a yearlong effort that broke in September and runs through the summer of 1987 in the Los Angeles and San Diego markets. The spot campaign is the chain's first sustained use of broadcast, a medium that could not be used efficiently before the chain's recent expansion.

Previous advertising at El Pollo Loco consisted of newspapers, newspaper supplements and direct mail targeted to specific trading areas. These presented the chain as the newest entry in the fast food arena and told how the charbroiled product is prepared.

El Pollo Loco chicken, which is not breaded or fried, is promoted as being low in fats and calories and has earned the recommendation of the American Heart Assn., an endorsement that is carried in the restaurant's advertising.

The Denny's Restaurant division, which accounted for 87.2% of the company's $26.6 million in measured ad expenditures in 1985, up 39.3% from the previous year, continued to use extensive spot tv in its major markets across the U.S. Spot tv accounted for $12.5 million in 1985 spending, compared with network tv spending of $10.5 million.

Advertising focused more on breakfast and dinner entrees to build sales in these dayparts.

A series of tv spots featured a campaign known as Denny's American Kitchen, with individual spots highlighting different regional dishes, such as jambalaya, stuffed trout, fried chicken, chicken and biscuits, and other entrees.

Recent market share data rank Denny's No. 1 among family restaurants and No. 8 among the top 10 restaurant chains with a 2.1% share of industry sales.

The Winchell's division maintained a $2.4 million spot tv campaign in major U.S. markets during 1985, the same as in 1984. The campaign's emphasis is on multiple purchases and special per dozen pricing, the approach taken in previous years. For the balance of 1986 and into 1987, however, Tom Anderson, new marketing vp at Winchell's, promises "significant positioning changes with stronger advertising focus and a lot of exciting product changes."

The first new product was scheduled for introduction in a new spot tv campaign that broke Oct. 8 in Winchell's major markets.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$52	$0
Network tv	10,508	15,267
Spot tv	14,839	6,641
Network radio	25	63
Spot radio	1,068	1,120
Outdoor	126	334
Total measured	26,617	23,424
Unmeasured	23,000	20,241
Total	49,617	43,665

DENNY'S INC.
16700 Valley View Ave.
La Mirada, Cal. 90637
(714) 739-3100

Marketing Personnel

Barry Krantz, sr vp-mktg, Denny's Restaurant div
Tom L. Anderson, sr vp-mktg, Winchell's div
Margaret Jenkins, vp-mktg, El Pollo Loco

Advertising Agencies

Foote, Cone & Belding, Los Angeles—Denny's—Larry Jones, vp-mgmt dir; Fred Walti, Bill Marks, Craig Silver, acct dirs; Michelle Christiansen, Kristi Brunig, acct execs.

McCann-Erickson, Los Angeles—El Pollo Loco—John Thompson, acct super; Kevin Murphy, acct exec. Winchell's—Dan Olsen, vp-mgmt rep; Kim Carlson, acct super.

Doubleday & Co.

RANK 200

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	472	440	7.3
Net income	7	300	(97.7)
U.S. advertising	30	30	(0.9)

Doubleday & Co., after selling off several of its divisions in 1985 and 1986 in an effort to restore financial strength to the company, itself was acquired by West German publisher, Bertelsmann A.G., this September.

Doubleday & Co. is the eighth-ranked U.S. publisher in terms of sales. Bertelsmann paid $475 million for what remains of Doubleday's publishing division, its 26 bookstores and book clubs.

Bertelsmann has owned Bantam Books since 1980, and recently agreed to acquire for about $300 million the 75% it did not own of RCA/Ariola Records from General Electric. Bertelsmann's stated plans are to continue to acquire U.S. companies involved in publishing. For the year ended April 30, 1986, closely held Doubleday earned $7 million on sales of $472.3 million. This compares with 1985's earnings of $300,000 on sales of $440 million.

Doubleday had measured advertising spending of $22.9 million in 1985, down 0.8% from 1984. The bulk of that money both years was spent by the Book Club and Literary Guild.

Book Club advertising rose 16.4% in 1985 to $8.5 million over 1984. Literary Guild of America experienced a 12.5% decrease in measured spending to $5.6 million. The only other major expenditures were $514,000 for the Mystery Guild, down 44%, and $863,000 for Science Fiction Book Club, down 16.5%.

At the end of 1985, Henry Reath, Doubleday Publishing's division president, resigned, after being named executive vice president a little over two years earlier. Executive vice president Frank Cermak also resigned with Mr. Reath. Richard Malina replaced Mr. Reath as president.

Doubleday was shaken in 1985 when both Dial Press and Anchor Press were closed. Dial, which had a heritage of publishing quality literature, published its fall list but ceased, as of May, to acquire new books. It stopped publishing at the end of last year, even on contracted books.

Anchor, which reissued out-of-print hardcover titles, was consolidated and reorganized into Doubleday.

The publishing division faced other problems in 1985. While other publishing houses began offering its authors favorable 60/40 or 70/30 splits when they negotiated on paperback rights, Doubleday maintained its 50/50 split. Partly in response to that decision, and also because of the editorial and sales changes that were rocking the company, several "name" authors, including Stephen King and Barbara Taylor Bradford, moved to other publishers.

The publishing industry as a whole has had to suffer through several soft years. A decline in the audience for hardcover books, rising prices of paperbacks, competition from videos and discount book outlets have all had adverse impact on the industry.

Doubleday had some successes in 1985 from Bill Cosby's "Fatherhood," and in general from Dell, the paperback division, which reported at the end of fiscal 1985, the best year in its 65-year history. Dell has been part of Doubleday since 1976.

In addition to folding Dial and Anchor last year, Doubleday also sold its radio properties, thus shutting down Doubleday Broadcasting, created in 1967. MS Broadcasting in Indianapolis bought WAPP-FM and WHN both in New York, and WAVA-FM in Arlington-Washington for $53 million on Aug. 13. WMET-FM Chicago was purchased by Southwestern Broadcasting Inc. (SBI Inc.) on April 14, 1986, and the name was changed to WRXR-FM. WLLZ-FM, Detroit, KDWB (am,fm) in Minneapolis and KPKE-FM Denver was purchased by Sillerman/-McGee, New York, on April 29, 1986. Doubleday spent about $1 million in national advertising annually promoting the stations.

The company's international marketing division, Feffer & Simmons Inc., was sold to Paul E. Feffer.

A jewel in Doubleday's crown, the New York Mets, were not sold as part of the Bertlesmann deal. The team was purchased by Nelson Doubleday Jr. and Fred Wilpon, the club president, from Doubleday, which had owned 95% of the club. The Mets had been part of Doubleday since 1980, when Doubleday paid $21.1 million for the team. But the ball club's success has raised that worth to almost $100 million today. In the fiscal year ended April 30 the team had revenues of $43.1 million, up from the $27 million the previous year. Its pretax income was $9.6 million and net income was $5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$14,406	$13,850
Newspaper	4,342	5,263
Newsp. supps.	2,655	2,751
Bus. pubs.	11	0
Network tv	40	30
Spot tv	854	879
Network radio	229	115
Spot radio	17	0
Network cable	4	0
Outdoor	378	252
Total measured	22,936	23,140
Unmeasured	7,000	7,062
Total	29,936	30,202

DOUBLEDAY & CO.
245 Park Ave.
New York, New York
(212)

DOUBLEDAY BOOK SHOPS

Marketing Personnel

Gary DelVecchio, president
Sid Gross, merch mgr

DOUBLEDAY PUBLISHING DIVISION

Marketing Personnel

Richard Malina, president
Jacqueline Everly, dir-mktg
Ellen Mastromonaco, dir-adv & publicity

Advertising Agency

Franklin-Spier (BBDO), New York—Erin McHugh, acct exec.

DOUBLEDAY BOOK CLUB

Marketing Personnel

Marsha Schmidt, dir-mktg

NEW YORK METS

Marketing Personnel

Drew Sheinman, dir-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—Robert Sherman, president; Jon Olken, exec vp; Ron Weiss, acct exec.

Happy birthday, Mercedes

Mercedes-Benz of North America celebrated its 100th anniversary on Jan. 29, 1986, with spread ads in *Investors Daily, New York Times, Wall Street Journal* and newspapers in 11 markets. The headline, "Today the automobile and Mercedes-Benz both begin their second hundred years" featured the 1986 300E sedan and a three-wheel vehicle invented in 1886 by Karl Benz in Germany.

RANK **197**

Dow Jones & Co.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,039	966	7.6
Net income	139	129	7.3
U.S. advertising	32	22	46.2
Division sales	**1985**	**1984**	**% chg**
Nat'l publications	709	674	5.2
Community news	174	156	11.5
Info. services	102	86	18.6
Book publ.	55	50	10.0

The current year has become much more hospitable for Dow Jones & Co., whose flagship product, the *Wall Street Journal*, suffered from the general softness in national advertising during 1985.

So far in 1986, circulation at the *Journal*, which dipped slightly in March audited reports, has grown 2.5% to 2,040,000 on Sept. 30, 1986, over the prior year, according to pre-audited reports from the company. Total ad lineage through the nine months has declined 4.6% from the same period in 1985, but that figure factors in a 10% decline recorded in the first quarter, 1986.

The ad lineage decline, however, may be behind the *Journal*, because third quarter results showed a 2.1% increase in ad lineage over the prior year period.

Barron's, Dow Jones' other national publication, showed a dramatic 12% increase in circulation on Sept. 30, 1986, over the prior year, according to unaudited statements from Dow Jones. *Barron's* had been a bright spot in advertising in 1985 with a 6.1% ad gain over the prior year. Latest third quarter figures show Barron's with a 3.3% lineage gain on a per issue basis, although it had a 4% decline for the period because of one less issue for the quarter.

Through the first nine months of 1986, total Dow Jones revenues were $822.9 million, up 8%, and net income was $136.9 million, up 40.1%. Included in the earnings cumulative was a first quarter after-tax gain of $31.4 million from the sale of 2 million shares of common stock of Continental Cablevision Inc. Excluding this gain, earnings for the nine months were $105.5 million, up 8%.

Advertising revenues at the *Journal* in 1985 were up 4.2% and ad volume (lineage) was down 5.2%, meaning all growth came from rate increases. Over-all revenues from Dow Jone's national publications segment in 1985 rose only 5.1% from 1984, while operating income fell 1.7% to $195.3 million.

By mid-year, 1986, circulation at the *Asian Wall Street Journal* hit 31,622, up 11.4%, and 35,379 at the *Wall Street Journal/Europe*, up 10.5%. During 1985, the *Asian Wall Street Journal* posted ad revenue increases of 17.2%, while circulation gained 4.9%; and the *Wall Street Journal/Europe* posted a 16.9% increase in circulation and a 25.4% increase in ad revenue, though it was operating at a loss at yearend 1985.

Despite its circulation and ad volume upswing, the *Journal* has lost its position as the nation's most read newspaper to Gannett Co.'s *USA Today*, according to the 1986 Simmons Market Research Bureau Media and Markets study, released this July. The SMRB report said *Journal* readership fell 16.7% to 4,030,000 between its 1985 study and this year's study, while *USA Today's* readership gained 14.7% to 4,792,000.

Ad agency media execs questioned the magnitude of the *Journal* readership loss because circulation remained relatively stable. However, they reasoned that with the general thinning out of middle management ranks in corporate America, fewer people may be listed on office route slips for the paper.

The media buyers also questioned *USA Today's* gain because a joint promotion with General Mills put some 450,000 free subscriptions into the marketplace at the same time SMRB was sampling for the study. The SMRB numbers caused a fracas between Dow Jones and Gannett when a Gannett ad touting *USA Today's* gain and the *Journal's* loss was refused by the *Journal* on the grounds that the numbers were misleading.

A spokesperson for Dow Jones, however, says that "circulation and readership do not necessarily go hand in hand. The historical experience of the *Journal* shows a continued trend line upward in circulation and great volatility in readership scores. Much has to do with measurement procedures that change from time to time. The *Journal* continues to pursue that methodology with the Simmons organization."

The *Journal* is out from under the publicity created by R. Foster Winans, the former *Journal* reporter who was convicted of securities fraud for leaking in advance the contents of the paper's "Heard on the Street" column, which he wrote. Mr. Winans' book on the incident hit the streets during the summer of 1986.

Dow Jones Community Newspapers segment, comprised mainly of the Ottaway newspaper group, showed an 11.4% increase in revenues to $155.9 million between 1984 and 1985 and a 19.2% increase in operating income to $35.2 million. Through the first nine months of 1986, ad volume in the Ottaway newspapers was up 3.8%.

Revenues at the company's growing Information Services climbed 19% between 1984 and 1985, to $102.2 million, and operating income grew 160.9% to $17.7 million. The group's revenues have grown 23.7% in the first nine months of 1986 over the prior year period. The segment is made up mainly of Dow Jones database publishing operations and its business news wires.

Dow Jones completed the joint acquisition of 52% of Telerate Inc. with Oklahoma Publishing Co. The seller was Exco International in Britain. Dow Jones also sold during 1985 and early 1986 8% of its 25% interest in Continental Cablevision in Boston back to that company. The proceeds showed up in first quarter, 1986, earnings.

In the company's fourth business segment, book publishing, made up mainly of Richard D. Irwin Inc., revenues were up 10%, to $54.5 million, while operating income rose 4.9%, to $7.7 million.

In 1986, two Dow Jones execs rose to prominence in the advertising community. Vice-chairman Donald Macdonald was inducted into the American Advertising Federation's Advertising Hall of Fame, and Bernard Flanagan, vp-marketing for the Journal, assumed the AAF presidency.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 2,594	$ 3,297
Newspaper	87	268
Newsp. supps.	87	0
Bus. pubs.	2,683	945
Network tv	5,213	1,118
Spot tv	3,656	4,384
Network radio	3,808	6,431
Spot radio	1,607	0
Network cable	4,239	0
Outdoor	77	4
Total measured	24,051	16,447
Unmeasured	8,000	5,471
Total	32,051	21,917

DOW JONES & CO.
World Financial Center
200 Liberty Street
New York, N.Y. 10281
(212) 416-2000
Marketing Headquarters
420 Lexington Ave.
New York, N.Y. 10170
(212) 808-8800
Marketing Executive

Bernard Flanagan, vp-mktg

Advertising Agencies

Jim Johnston Advertising, New York—James J. Johnston, chmn; Patricia C. Johnston, exec vp.

Fallon McElligott, Minneapolis—Peter Engel, mgmt super; Bob Van Horn, acct super; Bonnie Spindler, acct exec; Angela Weatherly, asst acct exec.

RANK **195**

Exxon Corp.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	92,869	97288	(4.5)
Net income	4,870	5528	(11.9)
U.S. advertising	33	40	(16.4)
Division sales	**1985**	**1984**	**% chg**
Petro., gas	81,399	85415	(4.7)
Chemicals	6,670	6870	(2.9)
Coal	357	329	8.5
Minerals	108	97	11.3
Reliance Elec.	1,667	1538	8.4
Hong Kong Power	586	908	(3.6)
Other/eliminations	833	1018	(18.2)

Exxon Corp., the world's largest oil company, suffered a $4.4 billion decline in revenue and a $600 million drop in income from the previous year, but still displayed complete optimism.

The year's results, its annual report says, "not only turned out to be better than might have been expected, they were in fact quite good." Without some unexpected expenses, 1985 profits actually would have been almost 4% better than 1984, Exxon says.

Exxon's "relatively rosy" 1985 came as the petroleum industry continued to face a sluggish U.S. economy and a continued decline in oil prices.

In advertising, Exxon kept its spot tv spending relatively stable, dropping only from $16.2 million to $16 million in 1985, but it sliced magazine ad expenditures from $4.8 million in 1984 to $686,000.

Virtually all of Exxon's measured advertising is for its gasoline and motor oil products. Exxon spent $12.7 million to advertise its gasoline, up 8.5% from $11.7 million in 1984. Of that total, $12.5 million was for spot tv.

Exxon backed its motor oil with $3.4 million, down 43.3% from $6 million in 1984, when it introduced Uni-Flo 10w-30, a high-performance product. Some $3 million of the 1985 expenditure went into spot tv. Spot tv suffered the biggest dollar volume cut in motor oil advertising of any media, down 29%.

Other Exxon advertising expenditures in 1985 were $468,000 for Exxon petroleum dealers' promotion, $183,000 to advertise Exxon-sponsored tv programs and $111,000 for general corporate advertising.

Retrenchment remained the operative word for Exxon in 1985. The company continued to reduce its refining capacity. It cut the number of gasoline service stations by 2,800, to 47,000, pulling out of such areas as northern New England, upstate New York, Kentucky and Ohio. It began modernizing and automating remaining stations, adding convenience products to some.

In 1985, Exxon completed the sale of its money-losing office systems division, a line that had seemed promising in the 1970s. The division suffered losses of between $30 million and $100 million.

More cutbacks took place in 1986, as Exxon restructured, trimming its 16 departments into three divisions. In a move that shocked the industry, Exxon offered early retirement to virtually all its 40,000 U.S.-based workers (another 120,000 work abroad). The corporate 15% reduction goal was achieved when 6,200 employes took early retirement voluntarily and another 800 were fired.

In March, Exxon announced its 1986 exploration and production capital budget of $10 billion would be cut to $8 billion. A month later, a planned $3 billion joint project by Exxon and Royal Dutch/Shell Group for a North Sea oil and natural gas production facility was abandoned.

Exxon even leased a substantial amount of office space in the 13 floors it occupies in the 53-story Exxon building in Manhattan.

The cutbacks are more than a temporary fix. Chairman and ceo C.C. Garvin Jr. told stockholders at the May annual meeting, "Technically, there is no good reason to believe that oil prices will recover substantially in the very short run." Analysts say Exxon appears to be positioning itself for an economy that remains relatively stagnant well into the 1990s. Mr. Garvin, who reaches mandatory retirement age in December, will relinquish his titles Jan. 1 to Lawrence G. Rawl. Mr. Rawl has been president since May, 1985, and will be replaced by Lee R. Raymond, a senior vp and director since 1986.

As the most financially secure U.S. oil company, Exxon is not running scared, and its retrenchment seems to be taking hold. Its first-quarter, 1986, profits were $1.7 billion, up from $1.3 billion in the first quarter of 1985; second-quarter profits showed a similar increase, $1.1 billion compared with $745 million in 1985.

Had it not been for three budget items, Exxon would have had a net income of $5.604 billion in 1985, up 1.4% from $5.528 billion in 1984. Those items include $2 million for foreign exchange debt losses and a $187 million writeoff for selling or discontinuing outmoded or inefficient facilities.

The third item was a $545 million payment to the federal government resulting from a Department of Energy suit charging Exxon with overpricing crude oil from a Texas field. Exxon lost the suit and the appeal in federal court, and the company failed to get a U.S. Supreme Court review. Exxon

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had to pay $2.1 billion to the government. All but $545 million of that had been set aside in case of a court loss, so the immediate effect on the bottom line was the $545 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$686	$4,804
Newspaper	2,740	2,100
Newsp. supps.	137	53
Bus. pubs.	1,247	2,034
Spot tv	16,002	16,239
Spot radio	680	267
Network cable	357	0
Outdoor	157	839
Total measured	22,005	26,336
Unmeasured	11,000	13,165
Total	33,005	39,500

EXXON CORP.
1251 Avenue of the Americas
New York, N.Y. 10020
(212) 333-8900
Marketing Personnel
Elliott Cattarulla, vp-public affairs & scty
Advertising Agency
McCaffrey & McCall, New York—William Vieser, sr vp-group acct dir; John Collins, sr vp-mgmt super; Sheilah Walker, acct super.
McCann-Erickson, Houston—J.W. Collins, acct dir.

EXXON CO. USA.
Marketing Personnel
R.P. Larkins, vp-mktg
Advertising Agency
McCann-Erickson, Houston—corp adv—J.W. Collins, acct dir; Eric Herbst, acct exec-gasoline; Al Kehr, acct exec-motor oil.

EXXON CHEMICAL
Houston, Tex.
Marketing Personnel
D.L. Baird, mgr-public affairs
D.R. Grant, mktg services coord
J.M. Combs, mktg services sr coord
C.R. Ball, mgr-govt relations
R.L. Fornshell, dir-automotive
M.H. Mayer, vp--America's performance prods group
R.E. Mantler, mgr-fertilizer
J.L. Hamaker, vp-mktg basic chemicals group
J.R. Eagle, vp-sales, polymers group
G.A. Rizzo, vp-America's polymer group
C.J. Jankowski, industrial sector mktg, vp-polymers
E.J. Merke, mgr-Butyl polymer prods
N.R. Rous, vp-fabricated prods

Federal Express Corp.

RANK **161**

Memphis

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,606	2,031	28.3
Net income	132	76	73.3
U.S. advertising	50	59	(14.5)
Division sales	**1986**	**1985**	**% chg**
Delivery	2,573	2,016	27.6
Zap Mail	33	15	120.0

Express delivery services were not without their troubles in 1985. Growing volume has led to capacity crunches requiring couriers to expand and improve services. While others are struggling to do so, Federal Express, the leader in U.S. express delivery service with a 45% share of an estimated $4 billion market, has kept up through vigorous improvement and expansion in the U.S. and overseas.

Putting all its concentration and dollars into these changes in 1985, Federal Express decreased its measured ad spending by 14.4% from 1984, according to the 11 media monitored in this issue. But 1986 could be a turnaround in advertising as the company begins to advertise its improved services. However, the bottom line for fiscal 1986, ended May 31, got squeezed by the closing of ZapMail in mid-November, 1985. The one-time cost to Federal Express was $190 million.

For the first quarter of fiscal 1987, ended Aug. 31, the company reported a drop in net income of 21.5%, to $24.8 million, on sales of $733.1 million, up 24.4%. The drop in net income is primarily because of the losses from ZapMail and the increase in sales is due to a continuing growth in volume.

Federal Express announced Sept. 29 it would discontinue ZapMail, its facsimile transmission service, as well as its plans to sell and lease facsimile equipment. The announcement came just as Federal Express had planned to remarket the service and initiate a major ad campaign via its new agency, Fallon McElligott, Minneapolis. A Federal Express advertising spokesman says Fallon McElligott probably will be retained for another assignment.

The company says ZapMail had losses of $317 million since its 1984 introduction, and it had been unable to generate the volume needed to make ZapMail profitable. Fallon McElligott obtained the account in 1985 from Ally & Gargano, New York.

Although Federal Express holds a healthy lead in the U.S. market for overnight delivery service, it faces competition that has emphasized the importance of advertising prices. A $3 million campaign begun in 1985 lauds the company's discount prices available for overnight delivery rates for packages dropped off at one of its walk-in retail centers or drop boxes. Charging $11 (slightly more than the U.S. Postal Service's $10.75 for Express Mail) Federal Express asks, "If money were no object, which would you use?" In test ad campaigns, there was a 14% to 17% increase in dropoff volume.

Another new campaign begun in September via its agency of record, Ally & Gargano, supports the company's reliability claim. Mixing humor, which has come to be expected of Federal Express commercials, and facts about new high-tech capabilities, the commercials tell customers why they should trust Federal Express more. The campaign, estimated at $20 million, consists of eight tv commercials.

Federal Express operations overseas continue to grow in an estimated $2 billion market that is expected to reach $5 billion by 1989. With its international headquarters in Brussels, Federal Express service now extends to 85 countries.

Federal Express spent $156,000 to introduce its overseas service to the U.S., according to Leading National Advertisers, including a tv spot featuring actors who have appeared in previous Federal Express commercials during the past nine years. The spot uses the new tag line, "Now that you know Federal Express is going to Europe, why fool around with anyone else?"

Federal Express has become strong competition to the international delivery service leader DHL, which holds 66% of the market. Federal Express is aiming at a 15% to 17% share by 1988. Other competitors overseas include Airbourne International and Emery Worldwide.

In January, Federal Express purchased Lex Wilkinson, one of the biggest U.K. parcel distribution networks, to be used as a foundation for growth thoughout the U.K.

In February, 1986, Federal Express became a sponsor of the 1988 Winter and Summer Olympics via a marketing agreement with the International Olympic Committee.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 4,251	$ 3,052
Newspaper	3,258	3,587
Bus. pubs.	660	488
Network tv	16,605	23,675
Spot tv	6,432	6,959
Spot radio	1,916	448
Network cable	179	711
Outdoor	0	22
Total measured	33,301	38,942
Unmeasured	17,000	19,880
Total	50,301	58,822

FEDERAL EXPRESS CORP.
Memphis International Airport
2990 Airways Blvd.
Memphis, Tenn. 38131
(901) 369-3600
Marketing Personnel
Carole A. Presley, sr vp-mktg
Thomas R. Oliver, sr vp-sales & customer service
Advertising Agencies
Ally & Gargano, New York—Dennis Visich, exec vp; Denis Glennon, sr vp-mgmt super; Mark Hurst; acct super; Ken Mills, Rob Quish, acct execs.
Fallon McElligott, Minneapolis—Steve Sjoblad, mgmt super; John Delaney, acct super.

Federated Department Stores

RANK **111**

Cincinnati

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,978	9,672	3.2
Net income	287	329	(13.0)
U.S. advertising	69	70	(1.2)
Division sales	**1986**	**1985**	**% chg**
Dept. stores	6,685	6,567	1.8
Mass merch.	1,058	1,060	(0.2)
Supermkts.	1,814	1,711	6.0
Other	422	335	26.0

Federated Department Stores, which is consolidating a number of its operating units to achieve economies of scale, continues to expand major operating units such as Bloomingdale's, Ralph's, MainStreet and Filene's into new markets in 1985-86.

"But Federated's strategy has not been to build a lot of new stores in 1986, but to focus on enhancing the performance of stores in the markets it already has," a spokesman says, citing the company's merger in January, 1986, of its 17-store, Columbus, O.-based Lazarus and 14-store Shillito Rike's, Cincinnati, into a single, 31-store division operating under the Lazarus name.

The Cincinnati-based division had fiscal 1985 sales of more than $856 million. Measured ad spending for the two divisions in 1985 included $600,000 for Lazarus, down 52%, and $1.2 million for Shillito Rike's, up 84%. The spending was mostly for spot tv.

Also in January, 1986, Federated merged its 45-store Gold Circle and 31-store Richway units into a single mass merchandising division under the Gold Circle name based in Columbus, O. The new division, with $1.1 billion in fiscal 1985 sales had combined measured ad spending of $2.1 million in spot tv during 1985, down 11%.

In each consolidation, Federated was able to save substantially on duplication of effort in buying operations and administration, and to plow the savings into an extensive store remodeling program, the spokesman says.

Federated is the nation's fifth largest nonfood retailer, operating 635 stores, including 224 department stores, 76 mass merchandising outlets, 197 specialty stores and 138 grocery stores. Net income fell 13% to $286.6 million in fiscal 1985, which ended Feb. 1. The giant retailer had revenues of $9.9 million, up 3.2%.

For the first six months of fiscal 1986 ending Aug. 1, Federated had net earnings of $81.9 million, up 19.7% over the same period in 1985. Sales were $4.6 billion, up 4%.

Federated's measured spending for seven media in 1985 fell 1% to $30.3 million, according to Leading National Advertisers. Spot radio, not part of the LNA measurement, had expenditures of $1 million in 1985, down 16% from 1984.

Federated reported to the SEC "advertising costs" for the fiscal year ending Feb. 1, 1986, of $303.3 million, up 5.5% over 1984. In addition to media spending, the Federated figure includes all overhead costs of in-house agencies in each division, including spending for direct mail, catalog operations, salaries and other expenses.

Federated's Los Angeles-based Ralph's grocery stores unit had measured ad spending in 1985 of $5.7 million in spot tv, unchanged from 1984. The Ralph's unit also repositioned its marketing strategy in 1985 from promotional pricing to everyday low pricing. The chain engaged in heavy comparative advertising with national grocery retailers such as Safeway Stores, Lucky Stores and American Stores Co.'s Alpha Beta division. Ralph's 138 stores accounted for 18% of Federated's 1985 sales.

In February, 1986, Federated announced an agreement to buy the real estate of 14 Zodys general merchandise stores in southern California from the Los Angeles-based Sterik Co. for undisclosed terms. Federated began converting one store a month into Ralph's Supermarkets, beginning in August, 1986. The new Ralph's stores feature warehouse style display for package goods and special sections for seafood, baked goods and deli.

Federated's 16-store Bloomingdale's unit had the largest measured ad spending of the 11 department store divisions with $5.8 million in media, up 18% over 1984. The spending was divided 40% magazine, 38% spot tv, and 22% newspaper supplement. Bloomingdale's continued its gradual expansion in 1986 with the October opening of its second Florida location in Boca Raton. Bloomingdale's is planning its next opening for 1988 in Chicago.

Brooklyn-based Abraham & Straus, a 16-store chain in the New York City area, was the second largest department store spender—$4.5 million in 1985, up 2%, almost entirely for spot tv.

Measured media spending was down for most of Federated's major department store divisions in 1985, including Miami-based Burdine's with 29 stores, down 24% to $2.1 million; Houston-based Foley's with 17 stores, down 24% to $3.2 million; and Dallas-based Sanger Harris with 20 stores, down 53% to $991,000. Measured spot tv dominated each unit's spending totals.

Bucking the trend toward reduced spending was Atlanta-based Rich's with 20 stores, where measured spending increased 39% to $1.4 million in the strong southeastern market.

MainStreet, a moderately priced soft-goods department store chain, began its long-awaited national expansion in 1986. The chain, which debuted in October, 1984, now has 12 stores in the Chicago area and recently opened three in Detroit as the first phase of a national expansion. Three more stores are planned for 1986.

Bannockburn, Ill.-based MainStreet parted ways with Chicago-based Wagner & Associates, in May, 1986. The account, which had measured spending of $714,000 in spot tv in 1985, ended up at W.B. Doner & Co., Southfield, Mich.

Also slated for national expansion is Filene's Basement, an off-price specialty store, which has added four stores in the northeast since the beginning of 1985, bringing its total to 20 stores. Other specialty stores undergoing rapid expansion include Pine Brook, N.J.-based The Children's Place, which grew to 162 stores in 1986 from 139 at the start of 1985. Federated also divested its Boston Store division in January, 1985, to Peoria, Ill.-based P.A. Bergner & Co. for $80 million. A spokesman says the eight-store division logistically did not fit into Federated's plans.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,500	$2,748
Newsp. supps.	1,086	1,513
Spot tv	25,635	26,217
Spot radio	1,048	1,252
Outdoor	126	63
Total measured	31,395	31,792
Unmeasured	38,000	38,480
Total	69,395	70,272

FEDERATED DEPARTMENT STORES
7 West Seventh St.
Cincinnati, O. 45202
(513) 579-7000
ABRAHAM & STRAUS
Brooklyn
Marketing Personnel
Doris Shaw, sr vp-sales promo
Francesco Cantarella, sr vp-dir public affairs
Nancy Ryan, vp-adv
Advertising Agency
(In-house).

BLOOMINGDALE'S
New York
Marketing Personnel
Gordon Cooke, exec vp-sales promo
Terron Schaeffer, vp-mktg
John Jay, vp-creative dir
Advertising Agency
Grey Advertising, New York—Herb Lieberman, sr vp; Marie Schell, vp-group mgmt super; Ann Rosenstein, acct super; Martha Sullivan, acct exec.

BULLOCK'S
Los Angeles
Marketing Personnel
Judy Farris, vp-sales promo, mktg & visual presentation
Advertising Agency
(In-house).

BULLOCK'S WILSHIRE
Los Angeles
Marketing Personnel
Shirley Wilson, mgr-sales promo
Karen Jones, adv mgr
Advertising Agency
(In-house).

BURDINE'S
Miami
Marketing Personnel
David Dyer, sr vp-dir mktg
Linda Frankel, operating vp-dir adv
Jorge Lopez, operating vp-adv admin & production
Jane Smiley, operating vp-special events & publicity
Advertising Agency
(In-house).

THE CHILDREN'S PLACE
Pine Brook, N.J.
Marketing Personnel
Vincent Vitolo, vp-mktg & visual presentation
Marcella Maffei, dir-mktg
Advertising Agency
(In-house).

FILENE'S
Boston
Marketing Personnel
John Ward, sr vp-genl merch mgr
Charlotte Brewer, vp-mktg
Dick Diamond, div dir-mktg
Advertising Agency
Saffer Advertising, Toronto—broadcast—Greg Crombie, vp-acct super; Patti Muldoon, acct exec; Susan Wolfe, asst acct exec.

FILENE'S BASEMENT
Wellesley, Mass.
Marketing Personnel
Sam DePhillippo, vp-mktg & planning
Advertising Agency
(In-house).

FOLEY'S
Houston
Marketing Personnel
Myrna Phillips, vp-mktg
Shelby Cochran, operating vp-creative dir
Ed Smith, dir-special events
Steve Rath, dir-rsch
Advertising Agency
(In-house).
Taylor, Brown & Barnhill, Houston—Don Brown, president.

GOLD CIRCLE/RICHWAY
Marketing Personnel
Al Thomson, vp-mktg
Liz Geurink, vp-adv
Advertising Agency
Ron Foth Retail, Columbus, O.—broadcast—Ron Foth, president; Chuck Morris, media mgr; Jennifer Lyon, dir acct services; Matt Dee, dir-creative; Bob Goldsmith, dir-special projects.

GOLDSMITH'S
Memphis
Marketing Personnel
Susan Weiner, vp-sales promo
Dorothy Stanton, adv dir
Advertising Agency
(In-house).

LAZARUS
Columbus, O.
Marketing Personnel
Timothy Worcester, sr vp-mktg
Herbert Fragc., vp-adv
Ralph Holt, dir-mktg
Advertising Agency
(In-house).

I. MAGNIN
San Francisco
Marketing Personnel
Wilmer Weiss, sr vp-corp comm
Virginia Ferrand, operating vp-sales promo
Jay Foss, div merch mgr
Judy Staschover, dir-direct mail mktg
Advertising Agency
(In-house).

MAINSTREET
Bannockburn, Ill.
Marketing Personnel
Steve Butterman, sr vp-mktg
Michael St. Pierre, vp-visual merch
Lyle LaMont, vp-admin & production
Sheila Dick, vp-creative dir
Advertising Agency
W.B. Doner, Detroit—Alan Kalter, exec vp; Sue Guise, acct super; Michele Kolcon, acct exec.

RALPH'S SUPERMARKETS
Compton, Cal.
Marketing Personnel
Al Marasca, exec vp-mktg
Frank Chessman, vp-sales & adv
Advertising Agency
DJMC, Los Angeles—Jim McKenna, vp-mgmt super.

RICH'S
Atlanta
Marketing Personnel
Donald Van Suilichem, sr vp-dir mktg
Alma Freedman, div vp-dir adv
Roger Nullman, div vp-visual merch
Thomas Smallwood, creative dir
Advertising Agency
(In-house).

SANGER HARRIS
Dallas
Marketing Personnel
Linda Knight, sr vp-mktg & public affairs
Wayne Franks, div vp-adv
Barbara Haskett, div vp-special events

Advertising Agencies

(In-house) Pacific Advertising.

Bloom Advertising, Dallas—media buying—Karen Coffey, vp-dir spot broadcast.

Firestone Tire & Rubber Co.

RANK 139

Akron, O.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,836	4,001	(4.1)
Net income	3	102	(97.1)
U.S.	**1985**	**1984**	**% chg**
Sales	2,773	2,869	(3.3)
Operating profits	54	36	50.0
Advertising	61	50	21.6
Division sales	**1985**	**1984**	**% chg**
Tires/related prod.	3,404	3,569	(4.6)
Diversified prod.	432	432	0.0

Firestone Tire & Rubber Co., which continues to funnel advertising dollars into its expanding MasterCare tire and service outlets, is joining other industry members in restructuring its manufacturing end by planning to sell off its Firestone Steel Products Co., a leading supplier of truck wheels and rims.

The restructuring is expected to produce a loss for the final quarter of the 1986 fiscal year ended Oct. 31. Proceeds from the sale will help fund a stock repurchase of 5 million of its 39 million shares outstanding.

Firestone's push in the past few years has been on its MasterCare tire and service outlets. There currently are about 1,500 such company-operated stores in the U.S. Combined with the resale of automotive replacement parts to independent dealers, this accounted for about 17% of the company's consolidated net sales in 1985.

Firestone is one of the five largest tire manufacturers in the world. It also produces truck wheels and rims in North America, synthetic rubber, rubber roofing systems and air springs.

Firestone explains its poor net income performance in 1985 by a $57 million restructuring provision ($105 million pretax) that resulted in closing a plant in Albany, Ga., and curtailing or ending passenger car and truck tire production at the Des Moines, Ia., plant.

Firestone also showed itself elsewhere in 1985 to be a good corporate citizen. A subscriber to the Sullivan principles, the company decided to dedicate about 25% of its dividend income and trademark fees from its South Africa operations to education and training for blacks in South Africa. The board authorized chairman and ceo John Nevin to make up to $500,000 a year available to help blacks in the apartheid nation through 1987.

The company also announced it will offer free medical examinations at its tire plants across the U.S. to reassure current and former workers they have not been exposed to asbestos. The cancer-causing substance is used in the plants as an insulation material.

Firestone is struggling to increase its shares of the original equipment (OE) and replacement tire market. It trails Goodyear in both categories. According to estimates by *Modern Tire Dealer* magazine, Firestone holds 9.5% of the replacement passenger tire market, compared with Goodyear's 15.5%. In the domestic OE market, Firestone has an estimated 21.5% share, compared with Uniroyal's 22% and Goodyear's 32%.

Firestone supplies 21% of General Motors' original equipment tires; 39.5% of Ford's; 1% of Chrysler's and none of American Motors', Volkswagen of America's or American Honda Motor Co.'s.

Firestone does not report on advertising figures to the Securities & Exchange Commission. But the Advertising Age 11-media breakout for 1985 estimated measured advertising costs for the company at $25.5 million, an increase of nearly 22% over $21 million estimated in 1984.

The BAR/LNA seven-media total for 1985 was $24.2 million. The vast bulk of this, or $22.2 million, was spent in network tv. Magazines received $1.3 million, down 66%. Most of this went to promote the Firestone MasterCare auto centers. Spending on MasterCare amounted to $17.8 million, according to BAR/LNA seven-media totals.

The BAR/LNA measured media figures for 1984 show the company spent $19.6 million on advertising, making 1985 spending nearly 24% higher than the year before. Again, nearly 75% of the 1984 spending went for the retail auto maintenance and service stores.

Firestone also is touting a new product, the high-performance Firehawk GT, chosen as original equipment on the 1986 Pontiac Firebird. Ads by Brubaker, Cole & Associates are running in auto buff magazines. The Firehawk designation will be used as an umbrella name for all the company's high-performance tires.

Firestone also is adding high-performance auto service centers to its group of MasterCare centers. The company hopes to open 450 Performance Pro Shops by 1989, making it the largest performance tire and wheel distributor in the U.S. The company opened its first 85 stores April 1 and plans 50 more by the beginning of November.

Mr. Nevin set three goals for his tenure: profitability for tires in North America, getting the balance sheet in line and finding a company that would be a good fit.

According to Mr. Millis, the speculation is that no company wants to buy Firestone, regarded as a marginal player in the tire industry with a profitability below the industry average. He says the company will either be sold or will have to make a major acquisition in the next few years. Otherwise, he says, there is little in the way of long-term growth potential.

Firestone spokesman Jim Strandberg, however, points out that the purchase or lease of J.C. Penney Co. auto service stores for Firestone's MasterCare system is an "internal diversification" that's almost like buying another company.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,331	$3,796
Newspaper	84	252
Newsp. supps.	100	426
Bus. pubs.	443	288
Network tv	22,164	12,153
Spot tv	406	3,159
Network radio	7	0
Spot radio	564	334
Network cable	182	413
Outdoor	44	26
Farm pubs.	186	142
Total measured	25,512	20,989
Unmeasured	35,000	28,795
Total	60,512	49,784

FIRESTONE TIRE & RUBBER CO.
1200 Firestone Pkwy.
Akron, O. 44317
(216) 379-7000
Marketing Personnel

Terry J. Renninger, vp-mktg
Gerald R. Kerr, dir-adv
Anthony J. Pence, creative dir
Charles M. Korich, retail adv mgr
Raymond Peters, prod coord

Advertising Agencies

Advanswers, St. Louis—retailers, tires, service & planning—John Marlow, sr vp-mktg dir; Fred Webber, sr vp-project group dir; Vernon Mottert, assoc group dir.

Brubaker, Cole & Associates, Hudson, O. —commercial tires, performance tires—Dave K. Cole, chmn; David J. Ferry, vp; John Marefka, sr art dir; Charles Dunn, copy dir; Cindy Mackey, media dir.

Karis Advertising, Cleveland, O.—Dayton tires—Pete Karis, president; Maggie Moore, creative dir.

Paul Schulman/Advanswers, New York —network tv—Paul Schulman, president.

Saffer Advertising, Toronto—retailers, tires & service—Terry Morgan, sr vp-acct services; Dave LaFerle, acct super.

State of Florida

RANK 190

Tallahassee

($ in millions)

U.S.	1986	1984	% chg
Advertising	35	31	12.4

Advertising by the State of Florida is virtually weatherbound, especially evident in 1984-85 when the orange crop was decimated by a winter kill. And while it lauds its home-grown product outside the state, Florida heavily pushes its vacation climate—all of which add up to more ad spending controlled by that state government than any other.

The state alone spent $22.2 million in 11 measured advertising media for its citrus, tourism and economic divisions, up 61% from 1984. Citrus products grabbed $19.7 million of the spending, and vacationing $2.2 million, according to Leading National Advertisers, which measures seven major media.

The state, according to its own estimates, spent $20.1 million on frozen orange juice, $200,000 on grapefruit juice and $1.7 million on all fresh citrus products. Most of the orange juice advertising was on tv, but print and radio were also used for all the advertising campaigns.

Florida also spent $9.9 million in 1985 on its Brand Advertising Rebate Program, which offers citrus brand owners and label owners an advertising rebate if they follow the "rules" established by the Florida Citrus Commission, says Don Farmer, the commission's deputy director. In 1986, it's estimated that $10.8 million will be

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Chicago Lithographing Company
560 S. Vermont, Palatine, IL 60067 (312) 359-3733

spent on this program.

The citrus program is run by the Florida Citrus Commission, an extension of the State of Florida, and funded by an exise tax on every box of fruit from brand and label owners. In 1985, the tax on a 90-pound box of fresh oranges was 18¢, while the tax on a box of fresh grapefruit was 25¢, says Don Farmer, deputy director of the citrus division.

The exise tax in 1985 was less than the tax in 1984 because of the freeze that traumatized Florida's citrus industry near the end of January, 1985. U.S. grocery store sales for 1985, show that 817 million equivalent gallons of orange juice were sold, with a majority of it being produced in Brazil because of freezing problems in previous years.

In 1986, it is estimated that 886 million gallons of orange juice will be sold domestically—132.4 million gallons of those gallons being produced in Florida compared with 292.4 million gallons now being produced in Brazil, according to Mark Brown, acting economic research director for Florida's Department of Citrus, Gainesville.

Also in 1985, the state launched a Florida Seal of Approval campaign, which tells the consumer that the product, usually fruit, is packaged to Florida's approval. The program already is being used by 80% of the brand and label owners in Florida, Mr. Farmer says.

For the grapefruit section of the citrus market, Florida uses advertising that specifically reaches out to the health- and weight-conscious consumer. This grapefruit campaign in 1985 ran under the theme, "Florida is Citrus."

Florida's advertising budget of $2.2 million for tourism in 1985 remained about the same as in 1984, according to LNA. However, the influx of tourists increased. In 1985, Florida was visited by 30.1 million visitors from the U.S. and Canada, a total that was 7% higher than 1984. The increase was attributed to the Florida's use of promotions and advertising, decreased airfares and decreased gas prices.

Florida reported to Ad Age that it spent $4.3 million in 1985 on tourism promotion, 70% of which was on tv and 30% in print advertising for an out-of-state campaign aimed at vacationers, says Chuck Roedema, senior vice president at Miami-based Beber, Silverstein & Partners, which focused in 1985 on Florida's diversified vacation destinations and activities.

The tourism division also used the public service markets for in-state messages, which told Floridians to stay in Florida for their vacations. This unmeasured advertising included tv and a four-color insert in all of Florida's papers' Sunday sections on June 1. It's estimated that between May and September, 1986, Florida's tourism department received almost $2 million in free media exposure due to public service messages.

The 1985 campaign (winter) also had a different emphasis than the 1984 campaign (spring). The winter campaign focused on couples and highlighted the southern Florida markets, while the spring campaign concentrated on families and spotlighted the central and northern Florida vacation spots, including Walt DisneyWorld, Sea World and other family-oriented tourist stops.

The 1985 spring campaign was geared to the mid-Atlantic and southern states, or those within driving distance for families. The 1985 winter campaign, bearing the theme, "Florida ....we've got it!" was targeted at 21 northern markets mostly east of the Mississippi.

Florida also has discovered that Canada is a great tourist market to tap. The Florida Commerce Department estimates that slightly more than 8% of Canada's population travelled to Florida during the height of the 1985 winter.

Florida's local markets, like Orlando, Miami, Palm Beach, do their own advertising. They have their own themes and campaigns, and collectively, they by far outspend the tourism division's budget. In 1985, local communities together spent about $30 million on individual advertising, Mr. Roedema says.

Last month, Florida released its newest ad campaign, which moves away from the diversification strategy used in 1985.

The campaign focuses on the benefits of any vacation. The ads promise an easy, relaxing, memorable vacation experience in Florida. The state will be spending an additional $500,000 on the new campaign.

Florida's Economic Development Division spent $700,000 in 1985 to draw new business including the motion picture and music video industry, international companies and the export industry. The $700,000 was spent entirely on magazine advertising.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,823	$5,323
Newsp. supps.	193	39
Network tv	13,772	10,856
Spot tv	2,862	3,478
Spot radio	0	15
Network cable	497	0
Total measured	22,147	19,711
Unmeasured	13,000	11,570
Total	35,147	31,281

STATE OF FLORIDA
DEPARTMENT OF COMMERCE
DIVS OF TOURISM AND ECONOMIC DEVELOPMENT
107 W. Gaines St.
Tallahassee, Fla. 32301
(904) 334-4200

TOURISM DIVISION
Marketing Personnel
Dean Gaiser, dir tourism
Advertising Agency
Beber, Silverstein & Partners Advertising, Miami—Chuck Roedema, sr vp-acct super; Betty Gayle, asst acct exec.

ECONOMIC DEVELOPMENT DIVISION
Marketing Personnel
Steve Mayberry, dir economic devel
Advertising Agency
Beber, Silverstein & Partners, Advertising, Miami—Chuck Roedema, sr vp-acct super; Betty Gayle, asst acct exec.

FLORIDA CITRUS COMMISSION
P.O. Box 148
Lakeland, Fla. 33802-0148
(813) 682-0171
Marketing Personnel
R. William Becker, chmn
Dan L. Gunter, exec dir
Harry Boardman, dir-mktg
Harry Rixman, intl mktg dir
Advertising Agencies
DFS Dorland Worldwide, New York—Robert K. Eagen, mgmt super.
Fry/Hammond/Barr, Orlando—fresh fruit—Charles Fry, president.

Franklin Mint Corp. RANK 171
Franklin Center, Pa.

($ in millions)

Worldwide	1986	1985	% chg
Sales	350	290	20.7
U.S. advertising	46	44	6.5

A glittering 1986 campaign may signify the intent of the new owners of the Franklin Mint Corp. to renew interest in the company's original product, commemorative coins. Today, minting and sales of coins and medals account for only 7% of the company's business. But that may change with the newest product, jewelry featuring gold coins.

During 1985, the privately held manufacturer and marketer of collectibles, jewelry, books and records had estimated sales of $290 million. Franklin Mint's customers, reached through direct mail, magazine, newspaper and tv pitches or retail stores, are expected to spend $350 million in 1986.

In March, 1985, Warner Communications sold a majority interest in Franklin Mint to American Protection Industries, a private company owned by Stewart and Lynda Resnick, for $100 million in cash and $67.5 million in seven-year, 9% notes.

Los Angeles-based American Protection Industries' holdings include American Protection Alarms and Tele-Flora, the second largest floral delivery network in the U.S.

In addition to maintaining a 15% interest in Franklin Mint, Warner has the option to buy another 15%. Warner also retained ownership of the company's headquarters, which it leases to Franklin Mint, according to Susan Mahon, manager of the database for *Mergers & Acquisitions* magazine.

Warner paid $225 million for the company in 1981, which then had revenues of $360 million. The Franklin Mint was founded in 1966 by Joseph Segel as the National Commemorative Society. The company went public in the early 1970s.

Renewed interest in the company's minted products is attributed to Ms. Resnick. The co-owner, who also is an exec vp-marketing, anticipated an emerging fashion trend will be the coin jewelry. To promote the line, Franklin Mint employed model Paulina Porizkova, a cover model in *Sports Illustrated's* swimsuit issue.

Current items included a sterling silver coin electroplated with 22 karat gold selling for $250, a $150 necklace of Caribbean coins and a $975 Egyptian coin watch for men.

Other recent products marketed by Franklin Mint include a Civil War chess set, pewter model trains, a series of "Gone with the Wind" dolls, a coin continuity program aimed at children, limited edition books and a variety of porcelain items. Porcelain, which is used in several of the mint's lines, is the biggest selling item.

All advertising and marketing activity is conducted in-house. All minted items are produced at the mint's headquarters, while other products may be produced as far away as China, France or Malaysia. Franklin also mints coins for various foreign governments.

Direct marketing insiders estimate Franklin Mint's sales are as much as five times larger than those of its nearest competitors, such as the Danbury Mint, the Bradford Exchange or Lenox Collections.

Much of the company's sales growth depends on the strength of its mailing list. Franklin Mint's house list, which may contain as many as 3 million names, is closely guarded. "They won't rent their names to anyone because of the list's value," says Shell Alpert, chairman of Alpert, O'Neil, Tigre & Co., a Philadelphia-area direct response consultancy and service. To succeed in the collectible market, Mr. Alpert says, a company must reach an audience of hard-core buyers, which he estimates at only about 750,000.

According to a company spokesman, Franklin Mint collectors are between 35 and 50 years old and have above-average education and income. More than 28% have household incomes of more than $50,000.

To reach this group, in 1985, the company spent $29.4 million in six measured media, according to Leading National Advertisers. The bulk of Franklin Mint advertising, or $16.3 million, was placed in magazines, down 6.9% from $17.5 million in 1984.

An additional $15.7 million was spent in newspapers and newspaper supplements, up 21.7%. Spending includes $2.8 million in spot tv, down from $3.7 million in 1984, and only $13,000 in network tv, up from $6,000.

Among individual product lines, porcelain received the bulk of ad spending, with a six-media total of $10.7 million, up 138% from $4.5 million in 1984. Spending declined 18.2% on Franklin Library Books to $4.5 million, and dropped 7.9% for Franklin Mint Collections, to $13.9 million.

Franklin Mint Record Society spending dropped from $863,800 to $73,300 in 1985, while all money was pulled out of measured media for Franklin Jewelry, which spent only $52,000 in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,349	$17,495
Newspaper	6,960	7,036
Newsp. supps.	8,741	5,854
Bus. pubs.	55	53
Network tv	13	6
Spot tv	2,821	3,777
Network cable	1,511	0
Total measured	36,450	34,221
Unmeasured	10,000	9,388
Total	46,450	43,609

THE FRANKLIN MINT
U.S. Route 1
Franklin Center, Pa. 19091
(215) 459-6000
Corporate Personnel
Stewart Resnick, chmn
Marketing Personnel
Lynda Resnick, exec vp-mktg
Arthur Johnson, vp mktg-female collectibles
Thomas Durovsic, vp-mktg, functional& home decor
Alan Beer, vp-media mgmt
Nick Mitchell, creative dir
Karen Teitelbaum, pr dir
Advertising Agency
(In-house.)

Fuji Heavy Industries RANK 182
Tokyo

($ in millions)

Worldwide	1986	1984	% chg
Sales	2,750	2,466	11.5
Net income	61	62	(1.9)
U.S. advertising	41	33	24.1
Division sales	**1986**	**1984**	**% chg**
Auto	2,292	2,090	9.7
Aircraft	148	97	52.6
Buses	118	108	9.3
Engines/mach.	107	95	12.6
Rolling stock	85	77	10.4

Subaru of America, the U.S. distributor for Fuji Heavy Industries Ltd. of Japan, introduced almost a full, new line of products in 1985 and could have sold more had it not been for the Voluntary Restraint Agreement restrictions limiting Japanese auto sales in the U.S., says the company.

Ranked No. 1 in 1985 automotive profitability and growth by Forbes magazine, Subaru increased its 1985 measured advertising spending to $34.7, up 33% from 1984. It also entered into an agreement with Isuzu Motors to build a U.S. assembly plant with a startup date of 1990. U.S.-assembled cars do not fall under restrictions facing Japanese imports.

During the year, Subaru, the Pennsauken, N.J.-based sales and distribution center for Tokyo-based Fuji, introduced the Subaru Wagon, the Subaru 4-door and the Subaru XT Coupe.

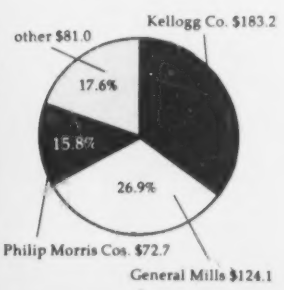
The company in 1986 is citing the "difference" it has been touting in its

Look westward!

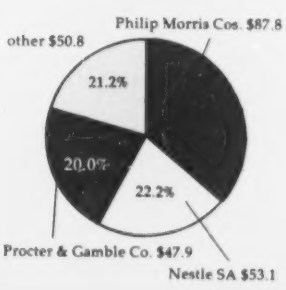
Frank Gibney, president of Pacific Basin Institute in Santa Barbara, says in the SmithKline Beckman annual report that "East Asian economies have been growing at nearly double the rate of the European nations for two decades. The Pacific Basin nations, including the U.S. and Canada, will account soon for half the world's gnp.

Top three advertisers in selected food categories

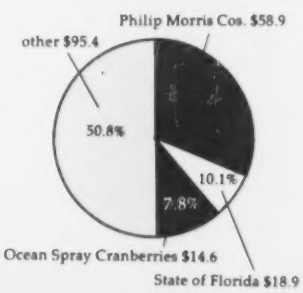
Cereals
Total spending: $461.0



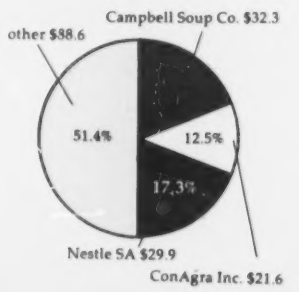
Coffee, tea, cocoa & derivatives
Total spending: $239.6



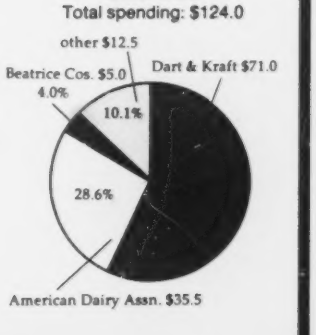
Fruit juices & drinks
Total spending: $187.8



Chili, prepared dinners & stew
Total spending: $172.4



Cheese
Total spending: $124.0



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

ad themes the past two years. That 1985 theme, "Inexpensive and Built to Stay That Way," centers around Subaru's newest product, the Subaru 3-door, introduced in the beginning of 1986. The theme is an evolution of the 1985 theme, "The greater difference," and the 1984 theme, "the Subaru difference."

Subaru's future growth depends greatly on import restraints, says Syd Havely, the company's national corporate affairs manager. The restraints, which regulate how many cars Subaru and other Japanese manufacturers can sell in the U.S. under the VOA, were supposed to be lifted in March, 1985, but instead have been extended until March, 1987. They are industry self-imposed restraints.

In 1985, Subaru's vehicle quota was about 175,000 vehicles. With selling from its 1984 inventory and its allotted quota, Subaru sold 178,175 vehicles in 1985. "We can sell every car we can get our hands on," Mr. Havely says. Subaru's estimated growth for the next few years is projected to be 10% annually.

Because of restraints, Subaru's market share of all import sales remained relatively the same as in 1984, or about 7%. According to Detroit-based *Ward's Automotive Magazine*, Subaru is fifth on the list of top imported cars, behind Toyota, Nissan Imports, Honda and Mazda.

Of the 2.3 million Japanese imports sold in the U.S. in 1985, Subaru's 178,175 accounted for 8% of Japanese imports, Mr. Havely pointed out.

Subaru continues to target its market strategy at specific segments, including passenger cars and trucks with four-wheel drive and front wheel/four-wheel drive. Subaru also directs its advertising at specific consumers, concentrating on men and women 25 to 49, with a $30,000 plus annual income.

The theme for Subaru's 1985 campaign was, "Subaru, Inexpensive. And built to stay that way." The theme was used to introduce 1985's new line, with almost half of the ad dollars devoted to the new Subaru Wagon. In 1985, passenger cars received about $29.3 million, or 84%, of the company's measured advertising budget, according to Leading National Advertisers, which measures seven media.

Subaru continued to focus on enhancing its use of network tv for advertising. In 1985, it spent 36% of its measured total on that medium, followed by 25% on spot tv, 19% magazines, and 15% newspapers. That compares with a mix in 1984 of 54% network tv, 22.5% spot tv and 19.5% magazines. No monitored spending was counted for newspapers in 1984.

To increase the number of vehicles that Subaru can sell in the U.S., the company signed a joint effort agreement with Isuzu in 1985 to build a domestic plant. Fuji is still searching for a site. The U.S.-assembled units are expected to add an additional 60,000 vehicles to the market when the plant opens for its first year in 1990.

During 1985, customers were lured by the quality, durability, performance and driveability Subaru touted in its advertising. According to a 1985 survey by J.D. Power and Associates, measuring customer satisfaction levels of 30 imported and domestic cars, Subaru ranked second only to Mercedes Benz.

But in the 1986 survey, Subaru dropped to No. 7. Analysts attribute the drop to the birthing pains that accompany any new product's introduction into the market. With the new line of automobiles introduced in 1985, customers were bound to find problems. "In typical Subaru style, the bugs will soon be worked out and they'll work their way to the top again," says an analyst.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,505	$4,557
Newspaper	4,321	0
Bus. pubs.	44	57
Network tv	10,524	12,615
Spot tv	7,261	5,247
Spot radio	727	595
Network cable	426	265
Outdoor	196	26
Total measured	29,004	23,363
Unmeasured	12,000	9,666
Total	41,004	33,029

SUBARU OF AMERICA
7040 Central Highway
Pennsauken, N.J. 08109
(609) 488-8500

Corporate Personnel
Marvin Riesenbach, exec vp
Marketing Personnel
Robert Whitehead, group vp-engineering & prod planning
Dave Sippel, vp-corp comm
Eugene Egan, vp-sales
Paul Utans, vp-governmental affairs
Christopher Wackman, natl adv mgr
Advertising Agency
Levine, Huntley, Schmidt & Beaver, New York—Michael Elkisch, acct super; Terry Bonaccolta, mgmt super; Bernie Lanigan, acct exec.

RANK **129**

E&J Gallo Winery

Modesto, Cal.

($ in millions)

Worldwide	1986	1984	% chg
Sales	650	585	11.1
U.S. advertising	83	49	27.7

Riding the crest of the booming wine cooler market, E&J Gallo Winery transformed its 1985 advertising schedule as it made major shifts in advertising weight behind its products.

During 1985, Gallo entered the growing wine cooler market at mid-year with Bartles & Jaymes, rising to the No. 2 position in that category behind Brown-Forman's California Cooler by year end, and passing California Cooler in early 1986. A highly popular tv campaign created by Hal Riney & Partners, San Francisco, helped put B&J on top of the increasingly crowded cooler heap.

According to the 1986 edition of "American Wine Market Review and Forecast" (a publication of *Impact*, the wine and spirits newsletter), B&J will grab 22% of the 72.4 million, 9-liter cases expected to be sold by all producers in 1986. California Cooler will take about 18%.

Privately held Gallo had 1985 sales estimated by *Impact* at $650 million, up from $585 million in 1984. It held 26% of the total U.S. wine market in 1985 and its Gallo brand remained the No. 1 brand in the wine and distilled spirits field.

Bartles & Jaymes in its half-year on the market in 1985, drew $17.2 million in ad spending—$13.3 million in network tv and the rest in spot tv. The multi-spot tv campaign features the mythical creators of the cooler, the always silent Ed Jaymes and slow-talking Frank Bartles whose aphorisms and home-spun charm engage the viewer.

Wine coolers sold some 15 million cases in 1984; 38 million in 1985, and sales of 72.4 million cases worth about $1.4 billion are expected this year, *Impact* predicts.

While B&J was basking in its large ad budget in 1985, Gallo's Polo Brindisi was languishing. A Lambrusco-style wine introduced in 1983 and still struggling against such brands as Riunite, it had received $8.6 million in ad support in 1984, but not a penny in 1985, according to LNA. "But that's normal in the wine industry," an *Impact* spokesman says. "Wineries put their advertising dollars where it's hot." Despite getting the ad ax, Polo sales increased slightly in 1985.

Gallo's Andre brand, which includes Andre champagne, the No. 1 domestic seller, received $4.6 million in ad spending in 1985, down 33%. Likewise, advertising for E&J brandy, the leading domestic brand in sales, was pared to $66,000 from $960,000 in 1984. Carlo Rossi, Gallo's lower-priced label, however, had expenditures of $2.7 million, up from $78,000 in 1984, all on network tv. Rossi was the nation's No. 2 selling wine in 1985, with 17.1 million cases, second only to Gallo-label wines, which sold 18.4 million cases.

Including expenditures for other Gallo wine products such as Boone's Farm and Thunderbird, Gallo spent $17.8 million in 1985 advertising its label wines, up from $16.4 million. Gallo-label wines in 1984 were advertised exclusively on tv; 1985 expenditures included almost $4 million in magazines and newspaper supplements.

Rivaling the Bartles & Jaymes spots in popularity was another Riney hit for Gallo Winery, a series of festive, family-oriented spots that contain background music by Vangelis, the Academy Award-winning composer of "Chariots of Fire." A Gallo spokesman says the winery receives about 10 calls a day from viewers asking where they could buy the score. The tune, the spokesman says, is virtually the same as a number called "Hymne" on Vangelis' album "OperaSauvage."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,386	$747
Newspaper	396	643
Newsp. supps.	235	0
Network tv	33,571	30,615
Spot tv	4,114	1,313
Spot radio	59	0
Outdoor	66	214
Total measured	42,826	33,531
Unmeasured	20,000	15,659
Total	62,826	49,190

E&J GALLO WINERY
600 Yosemite Blvd.
P.O. Box 1130
Modesto, Cal. 95353
(209) 579-3111

Corporate Personnel
Ernest Gallo, chmn
Julio R. Gallo, president
Advertising Agency
Hal Riney & Partners, San Francisco—E&J Gallo corp, Gallo varietal—Samuel Hershfield, acct super; Martin Wenzell, acct exec.

RANK **179**

Hallmark Cards

Kansas City, Mo.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,500	1,500	0.0
U.S. advertising	42	68	(38.6)

Hallmark Cards showed virtually no growth in 1985 as it recorded in excess of $1.5 billion in revenues to defend its No. 1 position in the greeting card market against American Greetings Corp., Cleveland, which recorded revenues of $1.03 billion.

Privately owned Hallmark and Ambassador control 40% of the $3.4 billion U.S. greeting card market, followed by American Greetings and Gibson Greetings, Cincinnati. More than 22,000 retail outlets carry Hallmark cards. Half are gift and stationery shops and the rest department and drug stores. Hallmark owns 250 outlets.

Ambassador Cards was founded in 1959 and the products are sold through 15,000 chain groceries and other mass-market outlets. A separate staff produces and markets the Ambassador line, which Hallmark describes as the third biggest greeting card seller with annual sales this year of $310 million.

There was a shift in moods from conventional to nontraditional this year as Hallmark introduced its Shoebox Greetings line of 800 contemporary cards to compete against smaller companies like California Dreamers and Maine Line. The line, which resembles the merchandise offered by Chicago-based Recycled Paper Products, is the company's first step toward attracting younger consumers.

California Dreamers says the risque segment, which it claims to have pioneered, is growing at a rate of 25%, compared with 5% for the industry. It's that difference that has brought Hallmark, which the stationery industry cites as being a "conservative" company, into the adult market.

The Shoebox Greetings cards feature bold graphics and expressions. One card, for example, says, "Mother, I finally found a birthday card that you'll really like and always treasure . . . happy birthday from your daughter, the virgin."

Concerned that stores will drop its card line in favor of the Shoebox cards, California Dreamers mailed in May a "Declaration of Independence to all Hallmark retailers" to inform them of Hallmark's "wrongdoing." Recycled Paper Products got into the act by running its own protest ad in July issues of paper goods trade journals; Sandra Boynton, creator of RPP's Boynton Bear, filed a separate lawsuit against Hallmark for copyright infringement. It is pending.

Hallmark has no plans to advertise its Shoebox line on tv, but the company ran a national print ad promoting the line in October issues of *Cosmopolitan, Glamour, People* and *Rolling Stone*. An actual card accompanied the ad, which encouraged consumers to either "swipe it" from the issue or go to a Hallmark store to buy one.

Hallmark added the phrase "go to Hallmark" to the end of its "When you

A great grocery innovator

The Great Western Tea Co., founded in Cincinnati in 1883 as a coffee, tea and sugar dry goods store, had four stores two years later, expanding that number to 40 by 1902, when it changed its name to Kroger Grocery & Baking Co. National expansion came in 1912 with the purchase of a St. Louis-based grocery chain. Kroger was the first grocery chain to operate its own bakeries, the first to put in meat departments and the first to own its truck fleet.

WHY BE A LITTLE FISH IN A BIG POND?

FOOD SALES ARE COOKING IN YUMA-EL CENTRO.

Yuma-El Centro has a big appetite. In just five years, food sales per household increased 45.2%, outperforming the state by 21%, region by 20% and entire United States by 28%. Effective Buying Income increased 42.6% and is expected to increase 61.3% by 1989. So if you're hungry for greater sales, KYEL-TV in Yuma-El Centro has the appetite to satisfy your craving.

KYEL-TV DOMINATES THE MARKET.

We've got the facts, figures and programming, including the #1 News, to help your sales do some cooking of their own.

BE A BIG FISH

BEAM COMMUNICATIONS

NBC KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WDAM-TV, NBC, Laurel-Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

YUMA, ARIZONA EL CENTRO, CALIFORNIA

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

care enough to send the very best" tag line in December, 1985, to add more force to its traditional theme. Tv spots featuring a storyteller offer a "gentle call to action" to consumers wishing to correspond with loved ones.

Network tv continues to attract most of Hallmark's ad dollars in the 11 measured media. In 1985, network tv's share of the 11-media spending total was 90%, up from 68.5% in 1984. The main loser in the media mix shift in 1985 was magazines, from 11% of the total measured in 1984 to 3.8% in 1985.

Total measured spending dropped 38% for the 11 media to $24.9 million as Hallmark cut advertising on cards, virtually all on tv, from $27.6 million in 1984 to $16.9 million in 1985. Crayola crayons and toys support fell from $2.5 million to $1.7 million, and multiproduct advertising as a category fell from $6 million in 1984 to $2.8 million in 1985.

In April, Hallmark introduced A la Mode as its first cooperative effort. A la Mode is a series of 16 birthday and friendship cards with ice cream designs on the cover that offer coupons for free Baskin-Robbins ice cream on the back.

In June, the company debuted its 1986 picnic collection featuring Summer Stripes tablewear. A consumer promotion, called the Hallmark Summer Stripe Games, also began then. Two separate games with a total of $50,000 in prize money and 5,000 second prize Weber barbecue grills, generated increased store traffic for Hallmark's 22,000 retail outlets nationwide.

A new line of Halloween products aimed at the growing adult costuming market debuted in October. Included in this "Boo Bazaar" are monster tails, spider headbands, dragon-shaped neckties, creature beanies and "ghoul jewels."

Christmas, 1986, will bring the most comprehensive retail promotion ever offered by Hallmark to its retailers. The package includes open house products, special retailer discounts and a drawing for a free Christmas tree. Hallmark will break new national tv holiday spots at this time.

The holidays also will set the stage for Ambassador's introduction of Home-Sweet-Homemade food wraps. The 12-item line of decorative food packaging includes pie boxes, bottle bags, jar topper kits, recipe cards and baking labels.

Hallmark Properties in 1985 created and marketed The Hugga Bunch in conjunction with Kenner Products, Cincinnati.

"Zoobilee Zoo," a children's daily tv series produced in cooperation with DIC Enterprises and BRB Productions, debuted in September, 1986.

In 1987, Hallmark Properties will introduce "Auntie Em"—its first line of coordinated home furnishings licensed to outside manufacturers. American Country designs decorate the items, which include Anchor Hocking beverage and dinnerware, Wamsutta fabric and Barth and Dreyfuss of California kitchen and bathroom towels.

Hallmark in July, 1986, purchased 50% of five full-power and five low-power tv stations from Spanish International Communications Corp., New York, for $150 million. As prospective buyer, Hallmark said it is committed to continuing the stations' Spanish-language programing beyond the minimum two-year period stipulated as a condition of the sale. The five full-power uhf stations are: WXTV in Paterson, N.J.; KMEX in Los Angeles; WLTV in Miami; KWEX in San Antonio, Tex., and KFTV in Fresno, Cal. First Chicago Venture Capital purchased the other 50%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$941	$11,048
Newspaper	558	229
Bus. pubs.	196	0
Network tv	22,329	27,813
Spot tv	871	1,388
Spot radio	5	2
Network cable	0	83
Outdoor	1	0
Total measured	24,901	40,562
Unmeasured	17,000	27,693
Total	41,901	68,255

HALLMARK CARDS INC.
2501 McGee
P.O. Box 580
Kansas City, Mo. 64141
(816) 274-5111
Corporate Personnel

Donald J. Hall, chmn
David H. Hughes, vice-chmn
Irvine O. Hockaday, president-ceo
Robert L. Stark, exec vp
Charles W. Hucker, div vp-public affairs & comm
Nancy Matheny, dir-comm

Marketing Personnel

Jim C. Rood, group vp-admin
Lanny Julian, Hallmark vp-Hallmark sales, president-Hallmark mktg corp
Bob Firnhaber, president, Ambassador Cards
Homer C. Evans, Hallmark vp-Hallmark Cards prods div
Thomas H. Johnston, Hallmark vp-Hallmark specialty prods div
W. Clark Randall, Hallmark vp-prod innovation
Brad Moore, dir-adv & tv programing
Bill Stacy, div vp-Ambassador sales
Pat Cullinan, div vp-Ambassador sales devel
Buddy Jones, corp prod dir

Advertising Agencies

Ogilvy & Mather, New York—social expression prods—Ken Roman, president; Dave Warden, sr vp-acct group dir; Linda Cornelius, vp-mgmt super; Stephen Harty, acct super.

Valentine-Radford, Kansas City, Mo.—Bob Brooks, president; Chuck Curtis, sr vp-dir client services.

HALLMARK INTERNATIONAL
Corporate Personnel

Stanley Hamilton, president

HALLMARK PROPERTIES
Corporate Personnel

Stanley Hamilton, president

BINNEY & SMITH
Easton, Pa.
Marketing Personnel

Jack F. Kofoed, chmn
Richard S. Gurin, president-coo
Steve Yanklowitz, vp-genl mgr, Crayola prods div

Advertising Agency

DDB Needham Worldwide, New York—Crayola prods—James Kuras, president; Richard Murray, sr vp-mgmt rep; Barrie Dolnick, acct super.

CHARLES D. BURNES CO.
Newton Center, Mass.
Marketing Personnel

Stanley D. Greene, chmn
Charles Gordon, president
Jack Madden, vp-sales & mktg

Advertising Agency

Jackson-Blum, Boston—picture frames—William Blum, president-acct super.

CROWN CENTER REDEVELOPMENT CORP.
Kansas City, Mo.
Marketing Personnel

Robert A. Kipp, president
James Dawson, vp-mktg
Steve Doyal, mktg services dir

GRAPHICS INTERNATIONAL
Kansas City, Mo.
Marketing Personnel

Thomas Johnston, president
Jim Grabowski, vp-Heartline
Keith Ellenberger, vp-Trading Co div

LITHO-KROME CO.
Columbus, Ga.
Marketing Personnel

L. Lamar Powers, president-genl mgr
Bucky Bowles, vp-mktg & personnel

TRIFARI, KRUSSMAN & FISHEL
East Providence, R.I.
Marketing Personnel

Stanley D. Greene, chmn
Jim Northrop, president
Robert D. Sangster, exec vp
Dave Cierzan, vp-mktg
Nancy Periman, dir mktg

Advertising Agency

AC&R Advertising, New York—Trifari fashion jewelry—Stephen Rose, chmn; Sheldon Marks, exec vp-mgmt super; Karen Amorelli, sr vp-acct super.

Hattori-Seiko Co.
Tokyo
RANK **144**

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,906	2,061	(7.1)
U.S. advertising	57	38	51.2

Private, family-owned Hattori-Seiko Co. Ltd. of Japan, parent company of Hattori Corp. of America, boosted measured ad spending by 51% in 1985 over the previous year and in 1986 has been expanding that major advertising push with major campaigns promoting its Seiko, Lassale, Jean Lasalle, Pulsar and Lorus brand names.

The company dominates the world watch market, its main area of business. The company markets watches and clocks in the U.S. through its various subsidiaries under Seiko, Pulsar and Lorus brands and through its Special Products Division, which manufactures Jaz watches and private label brands. Other areas of business include computer peripherals and consumer electronics.

Estimates of the parent company's 1985 worldwide sales are $1.91 billion, down 6.8% from $2.05 billion in 1984, according to Joe Thompson, editor of *Modern Jeweler*.

Seiko, whose sales exceeded those of its closest two competitors combined, sold more than 3.3 million watches in the U.S. in 1985.

Since Seiko began marketing watches in this country in 1968, it has sold an estimated 35 million timepieces, according to the company. It is the best-selling watch brand in the middle market category ($50 to $300 price range), Mr. Thompson says. The second biggest seller in the category is sister company Pulsar, which sold 2.1 million units in 1985. Other competitors include Citizen Watch Co., based in Japan and the second largest watch company in the world, and U.S.-based Bulova.

Advertising for Seiko brands is concentrated on tv, with $4.7 million spent on network tv and $3.4 million on spot tv last year. All in all, Seiko received the most advertising support, $11.2 million, of all Hattori's U.S. lines.

A new campaign from Seiko's agency, AC&R Advertising, New York, which features the testimonials of happy Seiko owners, will break in late November. Scheduled to run until Christmas on the top 20 prime-time shows, the campaign is expected to reach 97% of all U.S. households nine times during the four weeks, according to David Strousse, vp-advertising and promotion for Seiko.

But the area where Seiko is making the most impact in product terms is in the clock business. According to Mr. Strousse, clocks are the highest growth area of the company's business, as sales have exceeded expectations and catapulted Seiko into the leading position in the market.

Seiko has launched such designs as the Avant Gray line to prompt impulse buying in this increasingly important category that feeds into the home and office decor market.

Seiko subsidiary Jean Lassale, the company that produces solid 18-karat gold watches for the upper end of the market ($2,000 to $8,000 average price), is still not a significant factor in the company's sales, even after five years with Seiko, according to an industry source. However, Mr. Strousse points to the 18-karat gold, porthole-designed Thalassa line ("The Sea" in Greek) as a success and the backbone of the Jean Lassale name.

Thalassa watches are being promoted in upscale magazines, newspapers and city magazines. In 1985, measured spending for Jean Lassale watches totaled $6 million.

This fall, Lassale will embark on its biggest magazine campaign to date with appearances in such higher demographic books as *The New Yorker, Town and Country* and *Vanity Fair*. Having abandoned spokeswoman Catherine Deneuve in favor of a poster-technique approach in the current campaign, AC&R promotes Lassale watches as "*La Masculine, La Gorgeous.*" The largely print campaign will be supported by tv in major markets.

Pulsar watches, promoted with the theme "The world knows a great watch when it sees one," received $7.7 million in advertising in 1985. A new campaign from Ammirati & Puris, New York, is aimed at repositioning the brand to appeal to fashion seekers. Advertising consisted primarily of tv, mainly network.

Spot tv remains Hattori's largest recipient of advertising spending for watch products, although the total spent for spot tv decreased by 21% from 1984. Network tv received a dramatic boost, from $427,000 in 1984 to more than $10 million in 1985. Newspapers, which were not used in 1984, received $5.6 million in media allotment from Hattori in 1985.

Lorus watches, with more than $3.5 million in media backing, were billed as "more watch than humanly possible" as Lorus tackled the lower end of the watch market in which it sold 3 million units in 1985. That segment is dominated by Timex, which sold 15 million units in 1985, while the second largest player is Japanese-based electronics giant Casio, according to Mr. Thompson.

Swiss-based ETA is becoming a big factor in the market. It sold 3 million watches through its Swatch Watch USA unit in 1985.

In personnel, Robert Pliskin, president of Seiko Time Corp., assumed the additional role as head of marketing for all Hattori watch brands in the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,180	$2,727
Newspaper	5,638	0
Newsp. supps.	102	64
Bus. pubs.	63	24
Network tv	10,158	427
Spot tv	14,029	17,754
Spot radio	3	0
Network cable	947	1,525
Outdoor	59	82
Total measured	34,179	22,602
Unmeasured	23,000	15,210
Total	57,179	37,812

100 leading national advertisers

Rank	Company	Advertising
1	Procter & Gamble	$1,600,000
2	Philip Morris Cos.	1,400,000
3	RJR/Nabisco	1,093,000
4	Sears, Roebuck & Co.	800,000
5	General Motors Corp.	779,000
6	Beatrice Cos.	684,000
7	Ford Motor Co.	614,600
8	K mart Corp.	567,000
9	McDonald's Corp.	550,000
10	Anheuser-Busch Cos.	522,900
11	American Telephone & Telegraph	521,318
12	Ralston Purina Co.	508,365
13	Dart & Kraft	489,349
14	General Mills	484,146
15	J.C. Penney Co.	478,892
16	PepsiCo Inc.	478,372
17	Pillsbury Co.	473,220
18	Warner-Lambert Co.	469,339
19	Unilever U.S.	413,623
20	Johnson & Johnson	401,217
21	American Home Products Corp.	399,516
22	Chrysler Corp.	393,400
23	Coca-Cola Co.	390,000
24	GE/RCA	373,336
25	Kellogg Co.	364,299
26	Bristol-Myers Co.	344,293
27	International Business Machines	327,834
28	Nestle Enterprises	319,254
29	Sara Lee Corp.	285,956
30	Mars Inc.	275,504
31	American Cyanamid Co.	266,189
32	H.J. Heinz Co.	261,541
33	U.S. Government	259,050
34	Colgate-Palmolive Co.	253,495
35	Eastman Kodak Co.	$247,300
36	Quaker Oats Co.	245,997
37	Sterling Drug	224,940
38	Campbell Soup Co.	215,059
39	CBS Inc.	208,000
40	Mobil Corp.	195,262
41	Tandy Corp.	186,861
42	Beecham Group plc	186,322
43	Grand Metropolitan plc	176,749
44	Batus Inc.	175,420
45	Toyota Motor Corp.	172,035
46	IC Industries	171,000
47	American Express Co.	169,868
48	Schering-Plough Corp.	169,383
49	Nissan Motor Co.	162,566
50	Gillette Co.	161,000
51	American Brands	160,000
52	Chesebrough-Pond's	159,792
53	Pfizer Inc.	158,463
54	Loews Corp.	156,918
55	Honda Motor Co.	156,475
56	Time Inc.	156,205
57	GTE Corp.	153,606
58	Goodyear Tire & Rubber Co.	149,305
59	ITT Corp.	149,000
60	Revlon Group	147,215
61	S.C. Johnson & Sons	146,146
62	UAL Inc.	145,000
63	Walt Disney Co.	140,000
64	Xerox Corp.	128,898
65	American Motors Corp.	126,000
66	Warner Communications	124,165
67	Volkswagen of America	123,100
68	Cosmair Inc.	122,149
69	American Dairy Assn.	$121,000
70	CPC International	120,000
71	Hershey Foods Corp.	118,990
72	Wendy's International	115,000
73	Hasbro Inc.	114,849
74	Stroh Brewery Co.	113,000
75	E.I. du Pont de Nemours & Co.	112,184
76	Jos. E. Seagram & Sons	110,183
77	Union Carbide Corp.	110,000
78	Bayer AG	108,000
79	Clorox Co.	107,105
80	Noxell Corp.	106,128
81	AMR Corp.	105,412
82	Dow Chemical Co.	105,000
83	Adolph Coors Co.	104,981
84	Greyhound Corp.	102,604
85	Mazda Motors of America	101,743
86	MCA Inc.	98,360
87	Brown-Forman Co.	94,260
88	Delta Air Lines	94,020
89	Van Munching & Co.	93,388
90	Monsanto Co.	92,885
91	Eastern Air Lines	89,700
92	Matsushita Electric Industrial Co.	86,000
93	Mattel Inc.	85,092
94	Apple Computer	83,859
95	Gulf & Western	82,101
96	Wm. Wrigley Jr. Co.	81,536
97	Canon Inc.	81,201
98	Capital Cities/ABC	72,247
99	Cotter & Co.	71,670
100	George A. Hormel & Co.	70,702

NOTE: Dollars in thousands

HATTORI CORP. OF AMERICA
640 Fifth Ave.
New York, N.Y. 10019
(212) 977-2900
Corporate Personnel
Tsutomu Mitome, president
SEIKO
Corporate Personnel
Robert Pliskin, president
Marketing Personnel
Charles Kriete, sr genl mgr-sales
David Strousse, vp-adv & pr
Robert Stevens, genl mgr-adv & pr
Advertising Agency
AC&R Advertising, New York—all Seiko, Lassale, Jean Lassale prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.
LORUS
Corporate Personnel
Mort Gershman, president
Marketing Personnel
Joseph Urda, exec vp
Howard Fischer, genl mgr-mktg
Advertising Agency
AC&R Advertising, New York—all Lorus prods—Steve Rose, chmn; Matt Greene, sr acct exec.
PULSAR
Corporate Personnel
Arthur Cohen, president
Marketing Personnel
Lou Moore, natl sales mgr, asst to president
Jonathan Nettelfield, genl mgr-mktg & adv
Advertising Agency
Ammirati & Puris, New York—all Pulsar prods—Ed Vic, president; Mary Herrmann, sr vp-acct mgmt; Susan Byrne, vp-mgmt super; Linda Livingston, acct exec.
JAZ
Corporate Personnel
Milton Putterman, president
Marketing Personnel
Bernie Knoll, vp
Lynne Rossmann, mgr-adv
Advertising Agency
AC&R Advertising, New York—all Jaz prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.
JEAN LASSALE
Marketing Personnel
Larry Sussberg, sr genl mgr-sales
Robert Stevens, genl mgr-adv & pr
Advertising Agency
AC&R Advertising, New York—all Jean Lassale prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.

RANK **187**

Hearst Corp.

New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,540	1,400	10.0
U.S. advertising	38	23	59.9

The continuing slump in national magazine advertising became a painful reality at Hearst Corp. this summer when it folded *Science Digest*, its struggling general interest science magazine.

The nation's No. 1 publisher of monthly magazines, however, had generally satisfactory results companywide. The broadcasting group experienced a downturn, but this followed a record 1984 highlighted by the Winter and Summer Olympics on its four ABC-affiliated tv stations.

The broadcasting segment has extended its market coverage with the acquisition in 1986 of WCVB-TV, the ABC affiliate in Boston, the nation's sixth largest tv market. Hearst paid $450 million for the station owned by Metromedia Inc., Secaucus, N.J., which sold the rest (six) of its tv stations to Rupert Murdoch's News America Publishing.

The Hearst purchase brought to six the number of tv stations owned by the company and made it the second largest operator of network-affiliated stations. Westinghouse Electric Corp. is the largest. Hearst's other stations include WTAE-TV, Pittsburgh; KMBC-TV, Kansas City, Mo.; WISN-TV, Milwaukee; WDTN-TV, Dayton, O., and WBAL-TV, Baltimore, a CBS affiliate.

Hearst Corp., ranked No. 11 in 1985 revenues from media operations among the top 100 media companies monitored by Advertising Age, spent $27.5 million in measured media in 1985, up 60% over the previous year. The big differences in spending according to LNA included $4.5 million for Hearst Magazines miscellaneous specialty publications, up 45.5% from 1984; $2.6 million for Hearst Corp. general promotion, a category that received no spending in 1984; $1.9 million for Morrow Books, up from $804,000; and $518,300 for the *Los Angeles Herald-Examiner*, up from $78,900 in 1984. Advertising increased only slightly for Good Housekeeping needlecraft kits, with $2.09 million in spending, and *Cosmopolitan* boutique mail order promotions, $1.1 million.

Hearst spends from $50,000 to $200,000 on its various national magazines. Virtually all the magazines received from 20% to 50% increases in measured spending during 1985 over 1984. Spending dropped 35% for Avon Books to $1 million.

Major media shifts included a 63.2% increase in national newspaper advertising to $5.5 million and a 57% growth in ad spending in magazines to $15.2 million.

The demise of *Science Digest*, which received only $31,200 in measured spending in 1985 against no spending in 1984, and sale of its subscriber list to Time Inc. ended a costly three-year battle that flourished between *Science Digest*, *Science 86* (published by the nonprofit American Assn. for the Advancement of Science) and Time Inc.'s *Discover*, the lone survivor.

On a corporate level, Hearst Corp. launched a national print campaign, featuring employes from Hearst's more than 135 businesses. The effort, from Laurence, Charles, Free & Lawson, New York, ran in leading newspapers and magazines, paying tribute to the people who helped make Hearst one of the world's leading communications companies.

Revamped sales packages may have contributed to the healthy performances of Hearst's other magazines. The packages were offered to advertisers in response to rate-breaking said to be occurring in the women's service magazine category. Offerings were narrower, but advertisers needed to buy fewer pages to qualify for package benefits.

Discounts ranged from 5% for buying three pages in each of three magazines in two magazine groups to 16% in a group called Woman Power Plus, made up of *Cosmopolitan*, *Good Housekeeping*, *Redbook*, *Country Living* and *Harper's Bazaar*. For the discounts, Hearst got upfront commitments of ad dollars, an exchange that seems to have worked.

Good Housekeeping turned 100 in 1985 while boosting ad revenues 6.8% to $142 million and producing two record-setting issues of 454 and 376 pages in May and December. *Cosmopolitan* marked Helen Gurley Brown's 20th year as editor with a special 480-page November issue with 305 pages of advertising.

Redbook ended the year with circulation up 3.2% to 4,129,000. Advertising grew 7.7% to $57.2 million, although did it on rate increases as ad pages declined 0.9% to 1,165.

Refocusing its position in the intensely competitive shelter-magazine category, Hearst's *House Beautiful* began calling itself "the magazine of home fashion." The magazine continues to lead the category in newsstand sales. Ad pages were off 14.6% to 973 in 1985 from 1984 and advertising revenue dropped 7.2% to $24.2 million.

Another notable publication loss occurred in the Hearst newspaper division when the company's 213-year-old *Baltimore News American*, one of the oldest newspapers in the U.S., published its last edition this May. Chronic financial losses and lack of advertising support were cited as reasons for the folding. Hearst, owner of the paper since 1923, had searched unsuccessfully for six months for a buyer before reaching a decision to fold the paper.

In Los Angeles, the departure of Mary Anne Dolan as editor of the *Herald Examiner*, one of a string of staff defections, was taken as a sign of further turmoil at the paper. Nevertheless, the paper posted its second consecutive half of minor circulation increases, which reversed a long-term slide. Morning circulation of the paper was up 3.3%, to 245,291, for the six-month period ended March 31, 1986, according to the Audit Bureau of Circulations. Circulation executives say another 3% rise in reader numbers will be reflected in Sept. 30 figures over those reported for the same period in 1985.

One step toward trimming Hearst's losses in Los Angeles was the sale of a substantial number of its Hearst Community Newspapers in Southern California to Cincinnati-based Scripps Howard. Hearst bought those papers in 1981 to help the ailing metropolitan paper attract advertising by offering discounts through combination buys with the local papers. The combined circulation, at its peak, was 723,000 for a one-day buy, about 470,000 of which came from the weeklies.

In San Francisco, Hearst's *Examiner* used a series of print and broadcast ads to convey the excitement at the paper since 37-year-old William Randolph Hearst III, grandson of the late W.R. Hearst, took over as publisher in October, 1984. In one of a series of new tv spots, filmed in the stark black and white style of "Citizen Kane," Mr. Hearst discusses changes at the paper with the ghost of his grandfather. The spots also highlight some of the new talent at the paper, including authors Hunter S. Thompson and Cyra McFadden.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$15,146	$9,654
Newspaper	5,446	3,335
Newsp. suppls.	103	140
Bus. pubs.	3,787	594
Network tv	0	40
Spot tv	2,267	2,811
Network radio	198	357
Network cable	35	0
Outdoor	513	262
Total measured	27,494	17,193
Unmeasured	9,000	5,628
Total	36,494	22,821

HEARST CORP.
959 Eighth Ave.
New York, N.Y. 10019
(212) 262-5700
Corporate Personnel
Frank A. Bennack Jr., president
Gilbert C. Maurer, exec vp
James F. O'Donnell, corp comm dir
Advertising Agency
Laurence, Charles, Free & Lawson, New York—corp adv—Alfred Evans, Exec vp; Richard Goldschmidt, sr vp.
HEARST MAGAZINES
Marketing Personnel
Gilbert C. Maurer, president
K. Robert Brink, exec vp-group publishing dir
George J. Green, exec vp-group publishing dir
Mark F. Miller, exec vp-genl mgr
Mark E. Goldschmidt, mktg & planning dir
Mary Sabolik, assoc dir, pr
Bonnie Maglio Shope, adv & promo dir, Hearst Gold Buy Magazines
Daniel Ambrose, adv mgr, Hearst Gold Buy and Hearst Home Buy
HEARST NEWSPAPERS
Marketing Personnel
Robert J. Danzig, vp-genl mgr
J. Roger Grier, vp-group exec
Lee J. Guittar, vp-group exec
Henry K. Wurzer, mktg devel mgr
HEARST BROADCASTING
Pittsburgh, Pa.
Marketing Personnel
John C. Conomikes, vp-genl mgr, broadcasting
Mickey L. Hooten, vp-genl mgr, television
Jack A.W. Shenkan, sales & mktg dir, broadcasting
HEARST BOOKS/BUSINESS PUBLISHING
Marketing Personnel
Gordon L. Jones Jr., vp-group head, Books/Business Publishing
Lawrence Hughes, president, Hearst Trade Book Group
Barbara Stevenson, adv & promo dir-mktg coord, William Morrow & Co.
Amy Rosenthal, vp-sales dir, Avon Books
Michael Carter, mktg dir, Arbor House
KING FEATURES SYNDICATE
Marketing Personnel
Joseph F. D'Angelo, president
Bruce L. Paisner, exec vp
Lawrence T. Olsen, vp-mktg & sales dir

Bye, bye bourbon

National Distillers no longer is going to dance with the party that "brung it." Founded as a liquor company in 1924, National Distillers has put its Liquor & Wine division on the block and plans to concentrate on chemicals and energy. The division's labels include DeKuyper cordials and liqueurs, Gilbey's gin, Kamchatka vodka, Windsor Supreme whisky, Old Grand-Dad bourbon and Almaden wines. The division accounts for virtually all National Distillers national advertising spending.

RANK **107**

G. Heileman Brewing Co.

La Crosse, Wis.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,326	1,342	(1.1)
Net income	43	46	(5.4)
U.S. advertising	70	74	(5.1)
Division sales	**1985**	**1984**	**% chg**
Brewing	1,127	1,207	(6.6)
Non-brewing	199	134	48.5

Ever more intense price competition, expansion of product lines by competitors and leveling of consumption continued to blow the head off brewing company profits, and G. Heileman, a second tier competitor, was hit harder than most.

In 1985, earnings continued a slide begun in 1984, dropping 5.5% and sales, which had posted a slight increase from 1983-1984, finally succumbed to the industry doldrums, slipping 1.2%—with little prospect for improvement in sight.

In the process, Heileman dropped from a 9.4 share of market to 9.1, ranking it fourth in the market behind Anheuser-Busch (38.1), Miller Brewing (20.8) and Stroh Brewery (13.1) in 1985, according to *Impact*, a Shanken Communications trade publication.

Late last year, however, Heileman responded to the slippage with a new marketing strategy that included an emphasis on regional marketing of its 30 separate beverage brands using regional advertising agencies and diversification and expansion of product lines, including several beer line extensions and expansion of its bakery and snack food lines.

So far in 1986, the strategy seems to be paying off. In the first six months, sales set a new record at $684.4 million.

Excluding revenues under a new production contract with Pabst Brewing Co., sales increased 3% over the same period last year as net income grew 14% to $27.3 million.

The key to the rebound, according to

There's no business like the mature market business!

25% of our readers own 3 television sets, 38% own a 35mm camera, and 54% own an electric food processor.

50plus

850 THIRD AVE. • NEW YORK, NY 10022 • (212) 715-2781

Heileman president Russell G. Cleary, was closer marketing attention to distributors and a greater regional marketing emphasis, taking advantage of the strong midwestern position of the flagship brand Old Style, which retained its No. 1 position in Chicago, and Rainier, which is positioned as the best seller in the Northwest. Old Style received more than $3.4 million in measured spending in 1985, down from $5.9 million in 1984, and Rainier got $1.9 million, up from $1.4 million, according to Leading National Advertisers, which tracks seven media.

Heileman played with the media mix by hiking the network tv ante to $7 million from $3.8 million in 1984 while dropped spot tv spending to $9 million from $11.2 million in 1984. Spending on a year-to-year basis in other media remained largely stable.

"Our philosophy is to be a full-service provider to our beer distributors," Mr. Cleary says, "and that means a strong commitment to products and marketing they can use." And while the company continues to look at new regions of the country for development, late 1985 and 1986 marketing focused on a "back to basics" marketing in traditional strongholds. Heileman also startled the industry by announcing plans for an automated brewery in Milwaukee, the beer city that other brewers have been slowly abandoning over the past several years.

Diversification became part of the marketing plan as Heileman placed new emphasis on less mainstream segments of the beverage industry, including its three low alcohol line extensions under the Old Style, Blatz and Black Label labels; four no-alcohol products, Kingsbury, Schmidt Select, Zing and Black Label No Alcohol, and its LaCroix mineral waters.

"The brewing is moving steadily into greater segmentation," Mr. Cleary says, "and we need to enter any segment that seems to have growth potential—low alcohol, no-alcohol and coolers, whatever."

Heileman followed that philosophy in 1984 with its Old Style Low Alcohol entry and was somewhat disappointed by the results, but in late 1985 and so far in 1986, the segment seems to be catching on and shipments are over 1 million bbls, Mr. Cleary says. "It started slow, plateaued and now it seems to be growing again," he remarks.

New products introduced in 1985 included Special Export Light and Dark, LaCroix sparkling coolers, Country Coolers, Black Label 11-11 malt liquor, Milwaukee 1851 regular and Light, Lone Star 150 Private Stock, Blatz Old Heidelburg Private Stock and two lines of German imports Hacker-Pschorr and Moravia.

Supporting these product entries, the company increased ad spending from $41 million to $55 million overall, increasing its emphasis on unmeasured spending. Included in the unmeasured spending was greater coop advertising and point-of-purchase spending accounting for about 20% of the total, according to Mr. Cleary. Measured spending in the 11 media monitored for this report actually dropped from $24.3 million in 1984 to $23.1 million in 1985.

Nearly all of the individual brands underwent some change in their marketing plans in the last 18 months, but the biggest single shake-up occurred with Old Style. Faced with the loss of its front-line agency Hal Riney & Partners to Anheuser-Busch in May, 1986, Heileman solicited four Chicago agencies to handle the $17 million in billings, finally settling on Young & Rubicam. Y&R's campaign, to be released this November, will again emphasize Old Style's Midwestern roots and artesian spring water, Cleary says. Y&R also handles Old Style's low-alcohol entry and Special Export, but the Henry Weinhard line moved to W.B. Doner, Baltimore, which also has the Blatz account. As part of the regionalization, however, Doner lost Lone Star to a San Antonio agency, Adkins & Associates.

Several of the regional brands, including the mineral waters and wine coolers were consolidated under Ruhr/Paragon, Minneapolis and Rainer stayed with Borders, Perrin & Norrander, Seattle.

The bakery division was corporate standout, growing 30% to $174 million in 1985 and Heileman expanded operations with the acquisition of New Process Baking Co., Chicago; Oswald Jaeger Baking Co. in Milwaukee and Willemar Cooker Co. with Johnson Nut Co. in Willemar, Minn. Mr. Cleary says that snack foods, especially nuts, were a natural expansion area for the company, since the products are distributed by the company's present network of regional beer distributors.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 12	$ 0
Newspaper	401	1,313
Network tv	6,966	3,794
Spot tv	8,949	11,187
Spot radio	5,698	6,483
Network cable	36	61
Outdoor	1,003	1,456
Total measured	23,064	24,294
Unmeasured	47,000	49,507
Total	70,064	73,801

G. HEILEMAN BREWING CO.
100 Harborview Plaza
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La Crosse, Wis. 54602
(608) 785-1000
Marketing Personnel

Jim Legat, vp-brand mgmt
Don O'Brien, group brand dir-Old Style, Special Export, Blatz
Thomas C. Godwin, group brand dir-Colt 45, specialty prods
Charles Simpson, group brand dir-Schmidt, Lone Star

Advertising Agencies

Atkins & Associates, San Antonio—Lone Star—Chip Atkins, president; Curtis White, acct super.

Borders, Perrin & Norrander, Seattle—Rainer—Mark Norrander, vice chmn-creative dir.

W.B. Doner Co., Baltimore—Blatz, Colt 45, Special Export—Howe Burch, vp-acct super; Bridget Caken, acct exec.

Ruhr/Paragon, Minneapolis—Schmidt—Chuck Ruhr, president; John Murtfeldt, vp-group acct dir.

Young & Rubicam, Chicago—Old Style, Old Style Light—Jim Magil, vp-mgmt super; Tom Perliz, sr vp-group dir; Stan Latacha, vp-acct super.

RANK **117**

Hewlett-Packard Co.

Palo Alto, Cal.

($ in millions)

Worldwide	1986	1984	% chg
Sales	6,505	6,041	7.6
Net income	489	665	(26.5)
U.S.	**1986**	**1984**	**% chg**
Sales	3,696	3,527	4.8
Operating profits	644	768	(16.1)
Advertising	66	63	4.7
Division sales	**1986**	**1984**	**% chg**
Equipment	5,204	4,934	5.5
Service	1,301	1,101	18.2

Hewlett-Packard Co. is curbing spending and hiring, initiating a program for employes to take time off without pay, and putting into effect in the fourth quarter of fiscal 1986 an early retirement and severance program as it battens down to weather out the economic slowdown besetting the company and its Silicon Valley neighbors.

As if the economic conditions weren't bad enough, the company has had to delay the introduction of its long-awaited HP3000 Series 930 computer from year-end 1986 until mid-1987.

The move, based on software operating problems, will mean a loss of $200 million in potential sales in 1987.

Advertising charted the same austerity course which began to take effect in late 1985.

The company reported to the SEC "advertising costs" of $148 million in 1985, down from $153 million in 1984. Those costs includes more than media and promotional spending tracked only in this report.

Measured spending for 11 media, increased, but only slightly, to $23.1 million in calendar 1985, from $22.4 million the previous year.

However, H-P made major shifts in its media mix, a reflection largely of new product support in 1984 that trickled to maintenance spending in 1985 and poor results in the advertised personal and business computer lines.

H-P sales for 1987 could be reduced by as much as $200 million based on the company's delay of six months in introducing the HP3000 Series 930 business minicomputer that uses the vaunted Spectrum technology, that reportedly will make the computer twice as powerful as existing minicomputers. The delay came because H-P was having difficulty fitting the operating system into the computer. The software controls the flow of data into and out of the computer.

The estimated sales reduction is based on the fact that two-thirds of H-P's $100 million in orders for new Spectrum-technology computers, is for the 930.

The Spectrum hardware, under five years of development at a cost of $250 million, is ready for market. In fact, it is installed in the Model 840, made for engineering and manufacturing functions, to be shipped in late 1986, and the 950, a more powerful machine than the 930, to be available in the second half of 1987. The 840, offered at a base price of $113,000 and a speed rating of 4.5 million instruction per second (mips), will enhance H-P's position in the engineering computer market against long-time rival, Digital Equipment Corp. The Series 930 and 950 represent H-P's attempt to compete with IBM in the crucial market for large computer systems sold to businesses.

H-P is not expected to experience a fall-off in orders from clients, tiring of waiting for the new 930, who might switch to hardware marketed by competitors. The cost for a system change is too expensive.

H-P in the first six months of its fiscal 1986 reported revenues of $1.63 billion, up 1% from the year-earlier period.

The year turned progressively worse domestically. Following a first quarter domestic orders increase of 10% from the previous year to $897 million, they dropped 6% to $894 million in the second quarter compared with the year-earlier period.

However, the international market kept H-P at least static over-all for the period. International orders increased 21% to $795 million in the first period and 12% to $736 million in the second over the comparable periods in fiscal 1985. Order growth was only 1% in fiscal 1985, compared with 29% in fiscal 1984.

Results only degenerated further in the third quarter, influencing poor nine-month figures ended July 31 of $359 million in net income, compared with $489 million a year ago, and sales of $5.17 billion, compared with $6.51 billion in the year-earlier period.

The fourth quarter ended Oct. 31, 1986, will reflect the impact of payments made to 1,515 employes entering the company's early retirement and severence plan.

The liberal plan offers retirement at 55 with full pension benefits. This is the first "layoff" at the company since it was founded in 1947.

The advertising media mix ebb and flow for the comparable years resulted in a shift toward magazines and network tv in 1985 away from newspapers and spot tv in 1984. Business press, always a strong medium at H-P, received $9.2 million, up from $7.7 million in 1984.

The shifts to network tv from spot tv was credited to $7 million in advertising backing general corporate promotion, including the entire $4.4 million spending in network tv reported for H-P.

The media shift also reflected a market strategy to push general corporate promotion instead of continuing to back specific computer series for personal or business use because both areas are experiencing flat sales.

The corporate campaign created by Leo Burnett, Chicago, bears a "we sell solutions" theme. General corporate promotion was only $1.9 million in 1984.

H-P, whose LNA total dropped from $19.1 million in 1984 to $13.6 million in 1985 for the seven LNA media, also spent $1.5 million in spot tv out of a total of $1.9 million for its personal computer system in 1984. The category received only $2,100 backing in 1985.

The business computer system faced a similar cut in ad spending to only $200,000 in 1985 from $3.1 million spent in 1984.

The company decreased magazine spending in 1985 as spending for the business-oriented 3000 computer system dropped from $3.4 million in 1984, all in magazines, to $82,100, all magazines in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,936	$163
Newspaper	452	4,647
Newsp. supps.	97	0
Bus. pubs.	9,179	7,706
Network tv	4,389	0
Spot tv	92	9,753
Spot radio	263	26
Network cable	51	111
Outdoor	10	0
Total measured	23,467	22,406
Unmeasured	43,000	41,055
Total	66,467	63,461

HEWLETT-PACKARD CO.
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Palo Alto, Cal. 94304
(415) 857-1501
Marketing Personnel

Richard C. Alberding, exec vp-mktg & intl mktg
Mike Naggiar, dir-mktg comm

HEWLETT-PACKARD AVONDALE DIVISION
Avondale, Pa.
Marketing Personnel

Jeffrey Langan, genl mgr
Sam Fratoni, mktg mgr-GC

HEWLETT-PACKARD CO., MEDICAL PRODUCTS GROUP
Marketing Personnel

Ben Holmes, genl mgr
Edward McDonald, mktg mgr
Ted Koern, mktg comm mgr
Joesph P. Laskowski, adv mgr

Advertising Agencies

DFS/Dorland Worldwide, San Francisco—computers, microwave technology, mfg systems—Ron Colnett, chmn; Diane Armer, sr vp-mgmt super; Tom Barquimero, Susan Simmons, acct supers; Joe Harper, Bill Reiser, Alan Cohn, acct execs.

Giardini/Russell, Watertown, Mass.—medical group prods—Richard Warren, president; Rich Haigis, vp-acct service; James Meloni, vp-acct super; Bill Green, sr acct exec; Kathleen Raycraft, acct coord. Public relations—John Brodeur, vp-pr; Donald Frazier, acct exec.

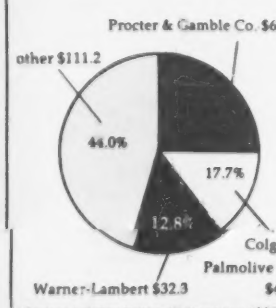
Leo Burnett USA, Chicago—business computer systems, peripherals—Gary Knoll, vp-adv; Raj Gupta, vp-acct super; Jean Donovan, acct super; C.J. Bordwell, Karen Gruber, Warren Guthrie, Frank Pasquale, Micheal Wong, acct execs.

Pinne, Garvin, Herbers & Hock, San Francisco—analytical and component group—Jim McGlothin, acct super; Stacey Lamiero, acct exec.

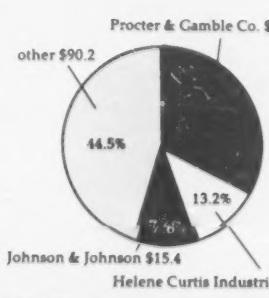
Tallant & Yates, Denver—Buck Krawczyk, acct mgr-electronic instruments group; Bob Koeper, acct mgr-design systems group.

Top three advertisers in selected toiletries categories

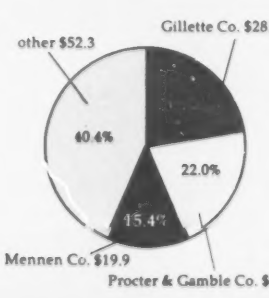
Dental supplies & mouthwash
Total spending: $252.8



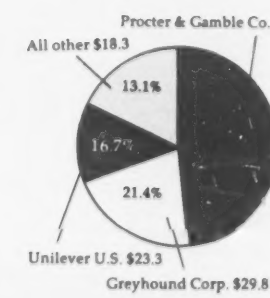
Shampoo, conditioners & rinse
Total spending: $202.7



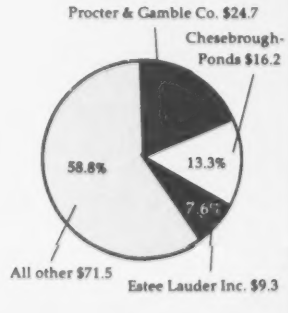
Deodorants & antiperspirants
Total spending: $129.5



Toilet soaps
Total spending: $139.3



Skin care creams, lotions & oils
Total spending: $121.7



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

RANK

Household International 172

Prospect Heights, Ill.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,383	2,922	15.8
Net income	211	234	(9.9)
U.S.	**1985**	**1984**	**% chg**
Sales	3,021	2,561	17.9
Operating profits	277	330	(16.2)
Advertising	46	48	(4.3)
Division sales	**1985**	**1984**	**% chg**
Financial services	1,673	1,325	26.3
Manufacturing	900	898	0.2
Trans.	810	698	16.0

Household International continued a move to refocus its business on consumer finance, manufacturing and travel industries with the divestiture last December of Household Merchandising Group which accounted for 61% of total 1985 revenues.

The $700 million sale, to an investor group led by one of the unit's executives, will significantly reduce Household's 1986 ad spending.

The largest advertising units within Household are National Car Rental System, Minneapolis, which spent $12.6 million on measured media in 1985, and Vons Supermarkets, Los Angeles, which spent $6 million on measured media and is one of the units divested. Over-all, the company spent an estimated $29.8 million in measured advertising, a 4.3% decline from the $31.1 million in 1984.

Spending-by-media comparisons with 1984 show the entire Household conglomerate cut magazine spending by more than half during 1985, while newspaper spending was up 48%. Network tv spending dropped 20%, while network cable and outdoor spending was up.

In the first quarter of 1986, Leading National Advertisers estimates Household spent $6.1 million in measured media, including $3.9 million from National Car Rental.

Excluding the Household Merchandising operations for both 1985 and 1984, the company earned net income of $210.9 million, a 10% decline, on net sales and revenues of $3.38 billion, up 16%. (U.S. sales were $3.02 billion, or 89.3% of the total).

Household's financial services units accounted for nearly half of those restated revenues; National Car and other transportation revenues were 24% of the total and manufacturing businesses represented 27%.

The merchandising unit, which the company reported as a discontinued operation in 1985, earned income of $43 million, a 13.3% drop, on net sales of $5.3 billion, down 1.8%.

In the first half of 1986, the restructured Household earned net income of $97.3 million, down 11.5%, on revenues of $1.87 billion, up 9.9%.

The Dec. 31 divestiture included Vons, a major California supermarket chain; TG&Y, a general merchandise "dime-store" chain; and two franchised store operations, Coast to Coast Hardware and Ben Franklin variety stores.

Together, the retailing operations last year made the group the nation's 11th largest retailer, with revenues of $5.3 billion. Roger Stangeland, Vons' ceo, led the $700 million buyout that included the FoxMeyer Corp., a Denver wholesaler, and Donaldson Lufkin Jenrette Securities Corp., New York.

Shortly before completion of Household Merchandising's sale, Rapid-American Corp., New York, bought the TG&Y operations for more than $300 million and consolidated the operation with its McCrory Corp. unit. Separately, FoxMeyer—a partner in the earlier sale—bought the Ben Franklin business for an unspecified sum.

Much of the retailers' advertising was ROP newspaper display ads, unmeasured by LNA. Vons increased measured spending 7%; TG&Y lowered measured spending 25%, to $618,000, and Coast to Coast spent $253,000, primarily on spot tv.

The company's corporate advertising account, awarded to BBDO, Chicago, in 1985, will remain dormant at least through mid-1987, a Household spokesman says. The $1.5 million to $2 million account resulted in an earlier campaign but no further corporate advertising is immediately planned.

The major expansion effort for Household in 1986 has been in the financial services sector, where the company has defined four key marketing areas: consumer finance, consumer banking, commercial financial services and insurance. The division earned $142.8 million in 1985, down 7%, on revenues of $1.7 billion, up 26%. The consumer segment accounted for $1 billion of those revenues, and were up 10%.

In April, Household began operating six consumer "family banks" in the Baltimore area, chartered as federal savings banks under the Household Banks banner. Household Financial Services president Edward Harshfield says he planned to expand the so-called "nonbank bank" in other states, where small clusters of outlets will serve personal banking needs without making commercial loans.

Household Bank and another HI-owned bank, Valley National Bank in California, now operate 50 locations in six states: California, Colorado, Illinois, Kansas, Maryland and Ohio. The Ohio, Colorado and Kansas banks were acquired during 1985. Tatham-Laird & Kudner, Chicago, won the initially small, $2 million Household Bank assignment from Needham Harper Worldwide (now DDB Needham Worldwide). Household Bank also is developing a proposed MasterCard that would be "co-branded" by National Car Rental System.

Household Finance Corp. (HFC), perhaps the most visible financial services unit nationally, spent $4.1 million on spot tv in markets where it operates consumer lending businesses. DDB Needham, Chicago, handles the division, which this year continued a rollout of its "Check Credit" program, enabling customers to use home equity as collateral on low-interest loans accessed through a special checking account."

Combined, Household's consumer finance divisions had 1,594 outlets at yearend, compared with 1,665 at yearend 1984.

Commercial finance revenues grew 39%, to $127.1 million, while income rose 58%, to $37.6 million. The Detroit-based Alexander Hamilton Life Insurance unit, which sells insurance products primarily through HFC and Household Banks, does no media advertising. The increasingly popular Universal Life product, which offers investment returns before death, accounted for 61% of the unit's life insurance policies, up from 56% in 1984.

National Car Rental System, based in Minneapolis, remained the third-largest car-rental firm nationally with a 21% share of airport rentals. (UAL's Hertz Corp. remains the largest carrenter, followed by Avis Rent a Car. Budget Rent a Car Corp. trails National.)

Responding to stagnant growth in the business-rental sector, National has continued to segment the leisure market, benefitting from increased domestic tourism because of terrorist threats abroad in 1985-86. "The business renters will continue to be important," says vp-advertising and marketing Joseph Sullivan, "but the dramatic growth is going to be in the leisure segment."

Using the ad theme, "You deserve National attention," developed by Campbell-Ewald Co., National has highlighted service quality; it also has targeted specific traveler segments with separate one-way, weekday and weekend rental rates. Various print and tv campaigns have concentrated on individual car models—mainly from General Motors Corp.—in a departure from previous years.

The National unit posted sharply lower net income of $15 million in 1985, down nearly 60%, on revenues of $810.4 million, up 16%. The company blamed the lowered earnings on intense intense industrywide pricing competition during 1985—which has since eased somewhat—as well as skyrocketing insurance costs. Strong new-car sales incentives, resulting in a weak used-car market, have prevented many in the car-rental industry from unloading older cars.

National reported 6.9 million reservations made for 1985, a 15.4% increase from a year earlier, and gained 4% more company-owned cars in its fleet, which now numbers 77,000. Worldwide, National's fleet numbers 164,000 vehicles rented or leased at 3,000 outlets in 113 countries. Affiliations with Tilden Rent-a-Car in Canada and Europcar in Europe, Africa and the Middle East are included in those totals. Additionally, National operates a car leasing and truck rental and leasing business under the Lend Lease brand.

Household Manufacturing, the third major business segment, earned $50.1 million in net income, up 52.3%, on sales of $899.8 million, a 0.2% gain. The division, under president Gary Dillon, operates several companies in five core areas: Power components, building products, tools, consumer products and specialty products.

Consumer products sales rose 21% in 1985 to $177.8 million, while income grew 139%, to $11.7 million. Principal products in this sector are Thermos Co., the Norwalk, Conn.-based marketer of plastic insulated products, and Structo, a maker of gas barbecue grills. Structo sales increased 53% last year, while unit sales have doubled since 1983. Thermos' new Coffee Butler product, introduced last year, has exceeded the company's sales expectations.

The specialty products sector includes Scotsman, makers of commercial and consumer ice-making machines; King-Seeley, which makes cooking appliance controls; and two other industrial products firms. Its income increased 6%, to $16.5 million, on slightly higher revenues of $143.6 million.

The tool segment includes GC Electronics (accessories for home entertainment equipment); Thorsen (hand tools); and Simonds (industrial cutting tools). Sales dropped 15%, to $113.5 million, while income declined 27%, to $2.4 million; the company blamed the decline on soft demand in the industrial tool market and to the divestiture of its Atrax/Newcarb unit in March, 1985.

Building products and power components businesses do little advertising. The building products sector includes well-known names such as Halsey Taylor (water coolers and drinking fountains) and U.S. Brass; other units make chimneys, gas vents and plumbing fixtures. Sales were up 2%, to $334.3 million, while income rose 66% to $19.7 million. Higher housing starts were a primary factor in the gains.

The power components sector, comprised of Gear Products and Schwitzer N.A. units, reported a 10% sales decline, to $130.6 million, and posted the company's only 1985 net loss—$200,000—compared with $7.2 million in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 2,072	$ 4,135
Newspaper	3,048	1,858
Newsp. suppls.	0	48
Bus. pubs.	52	0
Network tv	3,780	4,725
Spot tv	19,731	19,968
Network radio	8	0
Spot radio	357	35
Network cable	444	260
Outdoor	270	62
Total measured	29,762	31,090
Unmeasured	16,000	16,714
Total	45,762	47,804

HOUSEHOLD INTERNATIONAL
2700 Sanders Rd.
Prospect Heights, Ill. 60070
(312) 564-5000
Corporate Personnel
Donald C. Clark, chmn-ceo
Edward W. Boddy, corp comm mgr
Advertising Agency
BBDO Worldwide, Chicago—Bob Tingrey, sr vp-mgmt super.

THERMOS CO.
Norwich, Conn.
Marketing Personnel
Haynes Kelly, president
Richard Parke, vp-dir mktg
Advertising Agency
BBDO Worldwide, Chicago—John Kittilsen, sr vp-mgmt super.

HOUSEHOLD FINANCIAL SERVICES
Marketing Personnel
Edward Harshfield, president-ceo
Serge Uccetta, vp-corp devel

HOUSEHOLD FINANCE CORP.
Marketing Personnel
Joseph W. Jeffers, vp-mktg and devel
Advertising Agency
DDB Needham Worldwide, Chicago—Henry F. DeBoest, vp-acct dir.

HOUSEHOLD BANK
Marketing Personnel
Eric Helgeland, vp-bank marketing
Advertising Agency
Tatham-Laird & Kudner, Chicago—Thomas Schafer, sr partner; Brian Hurley, mgmt super; Dale Jackson, acct super; Pat Ladd, acct exec.

ALEXANDER HAMILTON LIFE INSURANCE
Detroit
Marketing Personnel
Richard H. Headlee, president-ceo
James Ponder, senior vp-chief mktg officer
Thomas Duggan, adv dir & dir comm services
Advertising Agency
The Comark Group, Southfield, Mich.—George Sepetys, president.

NATIONAL CAR RENTAL SYSTEM
Minneapolis
Marketing Personnel
Bemiss A. Rolfs, president
Joseph Sullivan, vp-car rental mktg and adv
John Hendrickson, adv mgr
Daniel Knudsen, mgr local mktg
Advertising Agency
Campbell-Ewald, Warren, Mich., and New York—Dennis Connaughton, sr vp; Frank Hoag, mgmt super; Greg Hahn, Greg Long, acct execs.

SCHWITZER N.A.
Marketing Personnel
G. Michael Morrell, president
Donald B. Laird, dir-mktg
Advertising Agency
Mark Anderson Associates, Indianapolis—Doug Horstmann, acct exec.

GEAR PRODUCTS
Marketing Personnel
Steve A. Drake, president
Advertising Agency
McKinney MidAmerica, Chicago—Frank W. Callahan, president.

ELJER PLUMBINGWARE
Marketing Personnel
Richard L. Denman, president
Darryl Stearle, vp-sales
Brian Engelland, vp-mktg
Advertising Agencies
Marketing Support Inc., Chicago—David L. Weiner, pres.
Damart Advertising Associates, Minneapolis—Yellow Pages—Edward W. Rhodes, president; Shannon Atwill, acct rep.

SIMONDS CUTTING TOOLS
Fitchburg, Mass.
Marketing Personnel
Frank J. Martin, president
J.W. Hakanson, vp-sales

G.C. ELECTRONICS
Rockford, Ill.
Marketing Personnel
Wayne Timpe, president
Robbin G. Rieger, dir-mktg

THORSON TOOL
Dallas
Marketing Personnel
Charles Douglas, president
Larry Adams, vp-sales
Advertising Agency
Walter Clark Agency, Dallas—Walter Clark, president.

STRUCTO DIV
Freeport, Ill.
Marketing Personnel
Robert A. Hoagland Jr., president
Steven J. Carletti, dir-mktg
Advertising Agency
Keller-Crescent, Evansville, Ind.—Frank Ferrara, acct exec.

KING-SEELEY DIV
Kendallville, Ind.
Marketing Personnel
Ted Hall, president
Carl Heyer, sales mgr
Jon Clark, human resources & materials
Advertising Agency
Colburn Advertising, Ft. Wayne, Ind.—Robert Colburn, president.

HALSEY TAYLOR
Freeport, Ill.
Marketing Personnel
Robert A. Hoagland Jr., president
Ed Nazarian, dir-sales
Advertising Agency
Loran Nordgren, Frankfurt, Ill.—Loran Nordgren, president.

RANK

Imasco Ltd. 127

Montreal

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,943	3,224	22.3
Net income	194	173	11.8
U.S. advertising	63	54	18.0
Division sales	**1986**	**1985**	**% chg**
Imperial Tobacco	1,311	1,075	22.0
Restaurants	1,117	978	14.2
Peoples Drug	1,356	1,007	34.7
Shoppers Drug	58	49	18.4

Imasco Ltd., represented in the U.S. largely by Hardee's restaurants and Peoples Drug Stores, continues into 1986 to build its operations through acquisition.

The $6.4 billion conglomerate, whose roots are in Canada's Imperial Tobacco Co., made one of the bigger corporate acquisitions of the year in the purchase in mid-April, 1986, of San Francisco-based Genstar Corp. whose interests are largely in Canada.

Since the $1.84 billion acquisition, Imasco has deconglomerated Genstar as it said it would do, to raise funds to lessen its own debt, although moves related to the piecemeal divestiture of Genstar brought Imasco into confrontation with the Canadian government. Within a month of the Genstar purchase, Imasco had pledges to sell off five Genstar units for $1.04 billion. Genstar largely was involved in building products and financial and real estate services.

Imasco, which is 44% owned by

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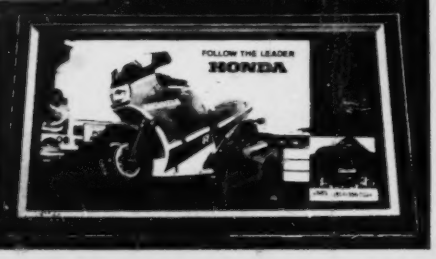

B.A.T. Industries plc, the big British combine, in Canada owns Shoppers Drug Mart, UCS (United Cigar Stores) and manufactures and markets Imperial Tobacco brands that command 52.5% of the Canadian cigaret market and 90.5% of the cigar market. Its U.S. operation, Imasco USA Inc., Rocky Mount, N.C., is a multi-branded restaurant organization operating about 2,690 restaurants in 40 states: 2,664 Hardee's (883 company-owned units and 1,745 U.S. franchised) and 36 international franchised. There were 21 Burger Chef's at the end of the fiscal year, March 31, 1986, although some are converting to Hardee's.

Growth has marked the year for Peoples Drug Stores, Alexandria, Va. Peoples bought the 134-store Rea & Derrick chain in Pennsylvania in early 1985, and has converted 55 so far to Peoples. Peoples operates in 150 markets in 15 states of the Southeast, Middle Atlantic, and Midwest regions. Store brands include Peoples, Lane, Reed, Lee, Health Mart, Rea & Derrick, Bud's and Smiles. It opened in September, 1985, a new distribution center in Fredericksburg, Va.

Also during 1985, in a new corporate synergy five Peoples Drug Stores were converted to Hardee's in the Washington, D.C., metro area, an all the Florida stores of the Toronto-based Shoppers Drug Mart chain owned by Imasco were shifted to the Peoples chain.

In the Genstar purchase, Imasco had its eyes set only on Canada Trustco, that nation's largest trust company (similar to an American s&l) and its sixth largest financial institution. Imasco's stated intention in acquiring Genstar was to sell its units, except for Trustco, and use the expected net to repay corporate indebtedness.

But when when concerns were voiced about the possibility of Imasco using its acquisition as an "in-house bank," the House of Commons and Canada's minister of state for finance took up the matter. Imasco gave its pledge to refrain from any such inside operation and to refrain from acquiring any more financial organizations.

Imasco's advertising support for its U.S. units was up 20% in 1985, to $37.3 million from $31 million in 1984, according to Leading National Advertisers. Network tv spending, all for Hardee's, rose 27.7%, to $8.9 million in 1985 from 1984. Spot tv spending totaled $27.3 million, up 14.6% and apportioned about 88% to Hardee's and 12% to Peoples. At $33.6 million, Hardee's ad backing was 90% of the Imasco Ltd. total U.S. measured ad spending in 1985, compared with 85% of $26.5 million in 1984. The total Peoples Drug Stores budget of $3.3 million in 1985 was down 8%.

Hardees spending was heaviest, by far, for spot tv, up 26% in 1985 to $23.3 million. Similarly increased was network tv spending, up 28% to $8.9 million. Magazine spending for Hardee's also rose 28%, to $17,500.

Most of Peoples advertising spending went to spot tv, down 8.4% to $3.1 million in 1985.

Imasco announced in June, 1986, a significant change in company leadership, with the succession of Purdy Crawford, then president and chief operating officer, to the chief executive officership then held by Paul Pare. Mr. Pare, 64, who is anticipating retirement, remains as chairman. No successor was named for Mr. Purdy.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$18	$14
Network tv	8,925	6,991
Spot tv	27,248	23,760
Network cable	8	146
Outdoor	2,222	1,644
Total measured	38,421	32,555
Unmeasured	25,000	21,183
Total	63,421	53,738

IMASCO
4 Westmount Square
Montreal, Que., Canada H3Z 2S8
(514) 937-9111
Corporate Personnel

Paul Pare, O.C., chmn-ceo
L. Edmond Ricard, vice-chmn
Purdy Crawford, president-coo

IMPERIAL TOBACCO LTD.
Montreal, Que., Canada
Marketing Personnel

Donald Brown, vp-mktg

IMASCO USA
Rocky Mount, N.C.
Corporate Personnel

Jack A. Laughery, chmn, president-ceo
John Wilson, sr vp-cfo

HARDEE'S FOOD SYSTEMS
Rocky Mount, N.C.
Marketing Personnel

William E. Prather, Jr., president-coo
Ralph Peterson, exec vp-cfo
Paul R. Lovin Jr., exec vp-operations
Gary L. Langstaff, exec vp-mktg

FAST FOOD MERCHANDISERS
Rocky Mount, N.C.
Marketing Personnel

Hugh Todd, president-coo
F. Winslow Goins, exec vp-district services

GRISANTI, INC.
Louisville, Ky.
Corporate Personnel

Michael J. Grisanti, president-coo

Advertising Agency

Ogilvy & Mather, New York—Scott Lippitt, Peter Neiman, Sabrina Alfin, Steel Hayes, acct execs.

PEOPLES DRUG STORES
Alexandria, Va.
Marketing Personnel

Frederick Edwards, sr vp-mktg
Joseph A. Pollard, sr vp-adv & corp relations

Advertising Agencies

Ehrlich Manes Associates, Washington, D.C.—corp adv—Nella Manes, president.

Fahlgren and Swink, Toledo, O.—James Renda, acct super; Liz Winkle, acct coord.

Mel Finkel Associates, Atlanta, Ga.—Mel Finkel, president.

SHOPPERS DRUG MART
Toronto, Ont., Canada
Marketing Personnel

Stan Thomas, exec vp-mktg
Gordon Stromberg, vp-adv

Advertising Agency

Kert Adu, Toronto—Shoppers Drug Mart—Jerome Shore, vp.

RANK **128**

Jerrico Inc.

Lexington, Ky.

($ in millions)

Worldwide	1986	1985	% chg
Sales	564	518	8.9
Net income	27	22	22.1
U.S. advertising	63	47	34.6
Division sales	**1986**	**1985**	**% chg**
Restaurants	455	421	8.1
Supplies, equip.	95	85	11.8
Royalties	12	11	9.1
Other	2	2	0

Its Long John Silver's Seafood Shoppes remain by far the nation's largest "fast fish" restaurant chain, and Jerrico Inc. is continuing to buttress the chain's leadership position through physical remodeling, menu additions and increased ad spending.

The 1,360-store chain, which had sales of $564.3 million in fiscal 1986, ended June 30, accounts for more than 60% of the fast food industry's estimated $1.1 billion fish category. Shoney's Captain D's chain and Skipper's, two regional chains, represent 25% and 7% of the market, respectively.

Although the restaurant industry has been sluggish, Jerrico has shown steady growth in recent years. Jerrico's performance, which in fiscal 1986 included growth in sales of 8.9%, compared with 4.4% for the prior year, and profit of $27.3 million, up 22.1%, has made Jerrico a persistent target of takeover speculation. Despite company-instituted "poison pill" measures, many analysts continue to believe the company soon will be swallowed by a conglomerate.

Its commanding market share in the seafood segment has made Jerrico a favorite on Wall Street, but Jerrico is reexamining all elements of operation with an eye to change under the tutelage of John Tobe, the former chief financial officer who took over as president in 1984.

The primary goal has been to increase average per-unit sales volumes at LJS stores. In fiscal 1986, that average for company operated stores was $515,000, a 7.3% increase over the 1985 average, but still far behind per-store averages for other fast food concepts. The average McDonald's, for example, had annual sales of $1.1 million during the same period.

A major building redesign program adopted in 1985 is intended to increase those per-store sales. In addition to presenting a more modern and appealing exterior, the new design's interior changes include additional seating and back-of-house changes that allow for faster food preparation and the ability to handle additional menu items. According to the company, units converted to the new design (at an average cost of $200,000 per store) had a 30% increase in sales.

The LJS menu, somewhat of a double-edged marketing sword, has been scrutinized. Consumer interest in fish as an alternative to red meat continues to increase, fanned by medical reports lauding fish's benefits, but until recently LJS fish products have been deep fried, and those same medical authorities have cautioned against consuming fried foods.

Citing the continuing popularity of french-fried potatoes, Jerrico execs believe fried fish will continue to be the most popular and it will continue to anchor the LJS menu. But the chain also has been exploring alternatives.

Kitchen-Breaded fish, introduced in 1985, replaces the heavy batter coating on its regular fish product with a lighter breading. Backed by a heavy introductory ad campaign, this product has gained a considerable share of sales. Catfish fillets, tested during 1985 and expanded throughout the system in 1986, are a lighter alternative.

This year, LJS has revamped its fish fillet sandwich, redubbed the "Fish Fish sandwich" to signal its inclusion of two Kitchen-Breaded fish fillets on a multigrain bun.

Baked and broiled fish entrees continue to be tested. These require additional preparation and cooking equipment and are expected to be rolled out through the system as physical plants are remodeled.

Cold fish and seafood salads under the "Chillers" name have been added to the LJS menu. The line includes a seafood salad, boiled-shrimp salad and Ocean Chef salad, which combines shrimp, crab meat and whitefish.

Given the concurrent rise in consumer demand for chicken, LJS also has expanded its chicken offerings. In April, 1985, it jumped on the chicken nugget bandwagon, removing its chicken Peg Legs product to make room. This year it has revamped its Chicken Plank product by using breast fillets.

Those menu changes have been the focus of LJS' advertising. The "Sounds good to me" theme introduced by creative agency Foote, Cone & Belding, Chicago, in 1985 continues.

The style of that advertising has not changed in the 18 months it has aired, but the ad budget has. Operators' advertising contributions were increased to 5% from 4.5% of sales in January, 1985, and that has led to increased tv ad spending.

Of the chain's $27.2 million in measured media spending, $26.3 million went to spot tv in 1985, a 34% increase over the $19.6 million spent in 1984. Spending continues to grow. During the first half of 1986, the chain purchased its first network tv time during the Lenten season. In addition to the network foray, LJS spent $12.9 million on spot tv during the first six months of 1986, up 21% from the year-earlier period.

In addition to Long John Silver's, Jerrico also operates the 60-unit Jerry's coffee-shop chain. Unlike LJS, Jerry's has encountered significant sales and growth problems, but Jerrico is committed to keeping and reviving the chain. As with LJS, the Jerry's decor and menu have been revamped. Ad expenditures, however, remain limited: The chain received only $350,000 in measured media support in 1985, according to Leading National Advertisers.

The company has high hopes for Florenz, a prototype northern Italian dinner house it opened in July, 1986, in Blue Ash, O., a Cincinnati suburb. The menu emphasizes light pasta dishes and grilled poultry and seafood. The 12,500-sq.-ft. building seats 260 in its dining room and 120 in its bar.

Jerrico for several years had sought an Italian chain. Plans call for additional Florenz units to open next year in Kentucky. Jerrico plans to develop the concept into a national chain. The popularity of Italian food is growing and no national, "branded" Italian restaurant chain has been established, the company says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Spot tv	$26,502	$19,951
Spot radio	365	99
Outdoor	317	151
Total measured	27,183	20,201
Unmeasured	36,000	26,753
Total	63,183	46,954

JERRICO INC.
101 Jerrico Drive
Lexington, Ky. 40511
(606) 288-6211
Marketing Personnel

Anthony M. Lavely, exec vp-mktg
Lee F. "Chip" Hardy, vp-field mktg
Donald A. Metznik, vp-prod mktg
David M. Miller, vp-adv & mktg services

Advertising Agencies

(In-house) Abbott Advertising, Lexington, Ky.—Anthony M. Lavely, president; David M. Miller vp-genl mgr.

Foote, Cone & Belding, Chicago—Mitch Engel, sr vp-mgmt super.

RANK **110**

Kimberly-Clark Corp.

Irving, Tex.

($ in millions)

Worldwide	1986	1984	% chg
Sales	4,073	3,616	12.6
Net income	267	225	18.7
U.S.	**1986**	**1984**	**% chg**
Sales	3,042	2,655	14.6
Operating profits	420	316	32.8
Advertising	70	84	(17.2)
Division sales	**1986**	**1984**	**% chg**
Papers	856	845	1.3
Aircraft, furnishing	118	97	21.6
Consumer prod.	3,172	2,135	48.6

Kimberly-Clark Corp. spent less in measured media advertising in 1985 than in 1984, but paper industry analysts say K-C more than made up the difference in unmeasured promotional spending as the company continued its strong sales and earnings gains, primarily on the strength of its Huggies premium disposable diapers.

Diaper sales rose to 26% of total sales in 1985 from 21% in 1984 and 16% in 1983. Sales of household and other tissue-based products, while increasing in dollar amounts, declined to 29% of sales in 1985 from 30% in 1984 and 1983.

More than 80% of K-C's net sales increase during the three years through 1985 is because of volume growth from Huggies diapers. U.S. volume for feminine care products fell during the same three-year period but rose in 1985.

In the $2.8 billion U.S. disposable diaper market, K-C late in the year lost much of the market share it gained in 1984, as Cincinnati-based rival Procter & Gamble began introducing its new generation of diapers, Ultra Pampers, Blue Ribbon Pampers and Luvs Baby Pants.

In 1984, K-C's Huggies had a 32% share, rising to 34% in mid-1985, compared with P&G's 50%, split between Pampers and Luvs. However, by mid-1986, K-C's share dropped to 25% while P&G rose to 58.8%, with Pampers climbing to 39.5%, according to Sherman Chao, paper products analyst with Salomon Brothers, New York.

K-C's strong showing through the end of 1985 surprised industry analysts because the company had restricted Huggies' allocation to the retail trade for much of 1985's fourth quarter while retooling machines to handle Huggies Extra Absorbent Medium 40s, a thicker, extra-absorbent diaper with an elasticized waistband and legbands.

K-C began distributing the thicker diaper in mid-1985, positioning it for overnight use in advertising from Ogilvy & Mather, New York.

Much of the measured media spending on Huggies went to network tv, with magazine and spot tv support, according to Leading National Advertisers, which monitors seven media. Analysts say media spending would have been higher if K-C had been able to expand Huggies production capacity faster. For part of 1985, K-C put Huggies advertising on hold, as consumer demand exceeded production capabilities.

K-C made up for the lack of media advertising with several promotions, including one offering consumers a free Polaroid camera with 36 proof-of-purchase seals via a print campaign handled by Ogilvy & Mather.

K-C in August, 1986, finally responded to P&G's "thin" diaper challenge with the national introduction of Ultra Trim Huggies, a thinner Huggies with a narrower crotch, wider waistband and wider elastic legbands.

K-C also concentrated on carving new niches in the disposable diaper category, which is growing by 11% annually and is expected to reach $5 billion by 1990. K-C in July, 1986, introduced extra-large Huggies, meant for toddlers weighing 33 lbs. and more who are not toilet trained. K-C also is testing disposable baby bibs and is said to be testing thin, diaper-like disposable training pants.

Meanwhile, P&G carried its diaper supremacy battle with K-C into federal court, alleging that K-C infringed on a patent for elasticized waistbands. The lawsuit is pending in Dallas.

"Kimberly is looking at its diaper business as one that's experiencing very fast growth. Because of that growth, there are opportunities for new, niched diaper products like the extra large Huggies and the training pants," Mr. Chao says.

For feminine hygiene products, K-C dropped its measured media spending for New Freedom to $3.1 million, down 81.9% from $17.1 million in 1984. At the same time, support for the Kotex value-priced line dropped 53.1%, to $3.1 million, during the same period.

During 1985, K-C continued facing intense competition from P&G and Johnson & Johnson, which spent heavily in the $1.5 billion category. P&G spent an estimated $100 million to introduce its Always line, while J&J (Assure, Carefree, OB tampons, Stayfree pads, Sure & Natural) is believed to have spent more than $50 million defending its leadership position in the category.

"K-C apparently made a management decision not to compete dollar for dollar with J&J and P&G," says Jay Freedman, household products analyst with Kidder Peabody & Co., New York. Now that P&G has ended its introductory cycle for Always, analysts expect advertising levels to drop.

K-C's New Freedom and Kotex hold 25% of the category; J&J's Sure & Natural, Assure & Natural and Stayfree lines have 45%; P&G has 13% to 16% for Always, and Lake Success, N.Y.-based Tambrand's Maxi-Thins, 11%.

Ad spending measured for K-C's Kleenex facial tissues totaled $15 million, up 41.5% from 1984. Kleenex Softique tissues continued to receive the most measured media spending, $7.7 million, up 54% from 1984. "Runny Nose," an animated character introduced in 1984 via Foote, Cone & Belding, Chicago, continued his quest during 1985 for a softer tissue. K-C execs trademarked the Runny Nose theme, "For softness that's right on the nose."

K-C also began airing new creative for its trademark Kleenex brand tissues, the first since the estimated $6 million account returned in 1983 to FCB.

In mid-1985, K-C withdrew Avert virucidal tissues, which were in two upstate New York test markets for 10 months. K-C supported the test with $169,000 in measured media spending. The three-layer tissue was treated with citric acid, sorbic acid and sodium lauryl sulfate, a formulation K-C says kills many common cold and flu viruses. K-C says the tissues were withdrawn for further research and development, and the company is expected to eventually reintroduce the

tissue.

With all its Kleenex brand tissues, K-C controls 45% to 50% of the $1 billion facial tissue category. Philadelphia-based Scott Paper Co.'s Scotties is the No. 2 brand, while P&G's Puffs is No. 3.

K-C's economy-priced and little advertised Hi Dri paper towels and Kleenex brand towels together hold an estimated 7.3% of the $1.3 billion U.S. paper towel market. Scott's four brands—Job Squad, ScotTowels, Viva and Waldorf—command a 23.1% share; P&G's Bounty, 18.8%, and James River Corp., Richmond, Va., marketer of Brawny and Northern, has a 9.7% share.

In February, 1985, in Denver, K-C began testing Clout, a heavy-duty paper cloth. A print and tv campaign, themed "For heavy-duty cleanups, now you've got Clout," was handled by Campbell-Mithun, Minneapolis. Clout received $190,500 in measured media spending. K-C withdrew Clout from the test in early 1986.

Measured media support for K-C's Depend line of incontinence products fell 17%, to $4.8 million, all spent on spot, network and cable tv.

Competition comes mainly from P&G's Attends line of shields and briefs. When introduced, P&G concentrated on winning the institutional incontinence market, but recently has moved into the general consumer market. K-C, which already positioned Depend for the general market, began running a tv, print and radio campaign in August, 1985, featuring movie star June Allyson as spokeswoman. The campaign, themed "Get back into life with Depend," is handled by Campbell-Mithun, Minneapolis. Depend holds a 13% share of the estimated $300 million ambulatory incontinence category, to P&G's 55% share, according to paper industry analysts.

K-C spent an additional $305,500 on network and spot tv for unspecified paper product advertising, although sources say the spending went toward Huggies.

K-C's fledgling business class airline, Midwest Express, began nonstop services from Milwaukee to Atlanta and added service from Milwaukee to Washington in 1985's fourth quarter. The airline continued growing despite a setback in the third-quarter when one of its three planes crashed Sept. 6 in Milwaukee, killing all 31 people aboard.

The airline reported carrying 65,111 passengers through June, 1986. Sports commentator Al McGuire promoted the airline in 60-second spots airing primarily in Wisconsin markets. Mr. McGuire, former Marquette University basketball coach, was chosen as spokesman because of "his Milwaukee ties and all the business traveling he does," says William Krueger, spokesman for the airline.

In March, 1985, K-C moved its world headquarters to Irving, Tex., one of the communities between Dallas and Fort Worth, from Neenah, Wis., although the company's marketing divisions remain in Neenah. K-C says about 50 employes transferred to Irving, including the office of the chairman and senior corporate, financial and legal administration executives.

In February, 1986, K-C announced that its three vice-chairmen—Robert C. Ernest, 62, senior officer at the company's Neenah headquarters; Marvin F. Gade, senior officer at the Roswell, Ga., headquarters, and Donald R. Hibbert, 60, chief financial officer—will retire Jan. 1, 1987, but remain as consultants to the company until 1988. The three execs along with company chairman Darwin Smith make up the company's new office of the chairman. It is not clear who will be named to fill the vacant positions, although exec vps Peter Larson and Dick Sonnentag are believed to have the inside track.

Also, K-C named Brendan M. O'Neill a senior vp. He had been vp-finance at Northwest Industries. O. George Everback was named to the new position of senior vp-general counsel, from vp-secretary and general counsel. Donald M. Crook succeeds Mr. Everback as secretary and also was named a vp, from chief counsel-corporate affairs. W. Anthony Gamcon, formerly assistant treasurer, was named vp-treasurer, succeeding Mr. Hibbert.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,317	$8,728
Newspaper	1,012	463
Bus. pubs.	330	339
Network tv	40,727	47,148
Spot tv	6,213	9,572
Spot radio	164	143
Network cable	626	501
Outdoor	20	6
Total measured	55,409	66,899
Unmeasured	14,132	17,063
Total	69,541	83,962

KIMBERLY-CLARK CORP.
World Headquarters
Box 619100
DFW Airport Station
Dallas, Tex. 75261-9100
(214) 830-1200

PERSONAL CARE SECTOR
Marketing Personnel

T.L. Dahl, president
R.F. Auchter, vp-infant care
T.A. Newby Jr., vp-feminine care
G.J. Ker Jr., dir-adv services

HEALTHCARE AND NONWOVEN SECTORS
Marketing Personnel

J.W. Donehower, vp-professional healthcare, medical and nonwoven businesses
R.D. Carter, vp-medical & nonwoven fabrics
J.S. Metz, vp-professional healthcare
P.S. Geisler, vp-home healthcare

SPENCO MEDICAL CORP
Marketing Personnel

W.R. Spence, M.D., chmn, ceo and medical dir
J.S. Sumner Jr., president

HOUSEHOLD PRODUCTS SECTOR
Marketing Personnel

J.D. Bernd, president
R.C. Van Driest, vp-consumer tissue business
D.W. Labey, dir-sales promo
R.S. Fountaine, vp-U.S. mktg rsch

SERVICE AND INDUSTRIAL SECTOR
Marketing Personnel

G.A. Zins, president

NEW BUSINESS DEVELOPMENT
Marketing Personnel

W.M. Heran, vp

PAPER SECTOR
Marketing Personnel

R. Plaut Jr., president, specialty prods
J.S. Rausch, president, technical paper
R.W. Kohl, president, Brown-Bridge
J.E. Carter, president, Karolton Envelope
M.R. Holcomb, president, Neenah Paper

NORTH AMERICAN PULP & NEWSPRINT SECTOR
Marketing Personnel

J.T. McCauley, president
S.B. Pinkerton, president, U.S. Pulp & Newsprint

Advertising Agencies

Campbell-Mithun, Minneapolis—Depend incontinence prods, new prods—M. Betsch, mgmt super.

Carillon Advertising, West Dillon, O.—gummed papers—Mario Smiraldo, president.

Foote, Cone & Belding, Chicago—Kleenex and Softique facial tissues, roll prods, table napkins—D.W. Fox, group mgmt super.

Kamstra Communications, St. Paul, Minn.—writing and printing papers—John Warner, acct super.

Westbrook Advertising, Richmond, Va.—professional healthcare prods—Dave Murphy, acct super.

Ogilvy & Mather, New York—Huggies diapers, New Freedom feminine care prods, Kotex feminine care prods—C.N. Angers, group dir.

Ogilvy & Mather, Atlanta—nonwovens new business devel—David Harris, acct super.

RANK **104**

Kroger Co.
Cincinnati

($ in millions)

Worldwide	1985	1984	% chg
Sales	17,124	15,923	7.5
Net income	181	157	15.4
U.S. advertising	70	54	30.0
Division sales	**1985**	**1984**	**% chg**
Food	15,563	14,753	5.5
Drug stores	1,157	859	34.7
Convenience	404	311	29.9

Kroger Co., the second largest U.S. food and drug retailer after Safeway Stores, is pulling virtually every stop to continue its healthy growth performance of 1985, including the acquisition of drug, grocery membership warehouse and convenience store units and expansion of Kroger units throughout the country.

In 1985, 91% of Kroger's total sales were from food stores, 7% from drugstores. Total sales of $17.1 billion were up 7.5% from 1984, and two of those percentage point increases were credited to 1985 acquisitions. For the first half of 1986, sales were up 8%, to $8.4 billion from $7.8 billion in the corresponding period in 1985, and net income was 7% higher, rising to $83.8 million.

Kroger leads in the number of grocery outlets in the continental 48 states, with 1,367 supermarkets, although Safeway has more grocery outlets in all 50 states. The total, however, is changing as the company carries on an intensive program of acquisitions, closings and new store construction. At the end of 1985, there were 643 convenience stores and 872 drugstores in addition to 1,367 supermarkets.

Kroger spent more than $31.2 million for national advertising in 1985, according to the 11 media monitored for this issue. Local advertising from its vast outlets, which is not included in total advertising for this issue, ran $197 million in 1985, according to the company. Much of this was for couponing and point-of-purchase displays. That compares with $24 million in national measured media in 1984 and local ad contribution of an additional $152.8 million.

Sale of meat has been a top priority at Kroger ever since 1904-05 when the company became the first grocery chain to install meat departments. Today meat is the first theme of Kroger's major advertising.

Kroger has an umbrella theme for its marketing program, the "Meat Excellence," which began in early 1986 and focuses on the consumer benefits of buying meat at Kroger. The program is two-pronged. It announces that Kroger leads the country in trimming all red meats to ¼-in. of fat, and states that all Kroger meat is guaranteed with double-your-money-back if not completely satisfied.

Kroger also is advertising its private label brands. The labels are being promoted almost entirely on tv via 30-second spots that run in one or two-week flights. Campbell-Mithun is the agency.

Spot tv took 86.3% of Kroger's 1985 ad spending, or $26.9 million, compared with 98.2%, or $23.7 million, in 1984. Spot radio exploded to $3.5 million in 1985 from just $11,000 in 1984. Outdoor advertising expanded to $737,000 in 1985 from $259,000 the preceding year. Magazine spending grew tenfold, to $61,000 in 1985.

Acquisitions in 1985 caused some of the increase in advertising outlays, particularly Hook Drugs, which received $1.04 million, all of it in spot tv. But the biggest part of the increase was nearly $5 million more for Kroger Food Stores. The 1985 Kroger total, $25 million, was up 21% from $20.7 million in 1984. Of that 1985 total, $24.4 million went for spot tv, just $8,300 went for network; the total for magazines was up about tenfold to $56,100, and outdoor spending for Kroger Food Stores more than doubled, going to $532,800 from $222,100 a year earlier.

In other categories, spending for Fry's Food Stores in the southwestern U.S., part of the Dillon Stores group, moved up 18.5%, to $459,100, in 1985, all for spot tv; spending for the Dillon-labeled food store chain dropped sharply to $92,400 from $647,100 in 1984, also all spot tv, and SupeRx Drug Stores backing increased 13.5%, to $962,000.

Acquisitions are an important tactic in Kroger's general competitive strategy, and in 1985 the company added substantially to its forces, spending $268.4 million for three major additions.

On May 28, 1985, Kroger merged the 328-store Hook Drug chain into a subsidiary, paying $161 million for the company. Hook has stores in Indiana, Illinois, Ohio and Kentucky, and its acquisition, in combination with the company's 544 SupeRx drugstores, makes Kroger the fifth largest drug chain in the U.S.

Kroger, on Aug. 4, 1985, entered a new grocery area, the $4.1 billion membership warehouse business, when it acquired the five 100,000-sq.-ft. warehouse stores of Price Savers Wholesale, Salt Lake City. The stores are in the western states and Alaska.

The Kroger subsidiary, Dillon Cos., acquired the convenience store operations Aug. 19, 1985, of Farmland Industries, Lancaster, Pa. Included in the purchase were 170 Turkey Hill Minit Market convenience stores and the Turkey Hill Dairy, Conestoga, Pa.

On Dec. 16, 1985, Kroger bought the 11-store supermarket chain operated by M&M Super Markets in the Savannah, Ga., area.

Through a corporate asset redeployment program, Kroger is putting its assets where the best money is. It also is selling poorly performing stores. In 1985, Kroger opened and acquired 68 supermarkets, 331 drugstores and 220 convenience stores; closed 63 supermarkets, 33 drugstores and 20 convenience stores, and remodeled 125 supermarkets and 45 drugstores.

During 1986, Kroger is spending $350 million to build 55 food stores, 41 drugstores, 10 convalescent aid centers (an adjunct to its drugstore business), and 45 convenience stores plus remodeling 114 supermarkets and 42 drugstores.

Kroger is seeking to be as flexible as possible in responding to market trends and conditions. Its purchase of

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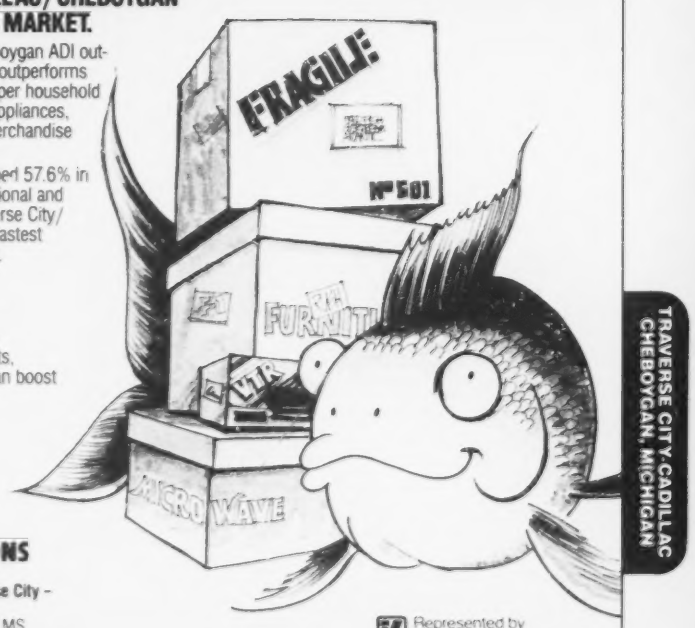

TRAVERSE CITY-CADILLAC CHEBOYGAN, MICHIGAN

WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WPBN-TV WTOM-TV NBC
TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN

Price Savers puts it in the growing grocery membership market segment, and its link with the third biggest U.S. grocery wholesaler, Wetterau Co., St. Louis, enables Kroger to remain in the highly competitive Michigan retail food market. With the big wholesaler, Kroger formed a new entity, Foodland Distributors, to supply food and other merchandise to independent stores, Kroger supermarkets and other chains in Michigan.

Kroger, besides operating in the Midwest, South and Southwest, has many Kroger-owned regional chains: M&M Super Markets in Southern Georgia; Sav-More in Arkansas, Missouri and Oklahoma; SupeRx Food & Drug stores in Florida; Price Savers membership warehouses in Utah, Washington, and Alaska, and the large group of Dillon Cos. stores—Dillon Food Stores in Kansas, Missouri, Arkansas and Oklahoma; King Soopers in Colorado; Fry's Food Stores in Northern California and Arizona; City Market in Western Colorado, and Gerbes Supermarkets in Missouri.

Kroger's drugstore group includes SupeRx Drug Stores in the Midwest, Hook's Drug Stores in Indiana, Ohio, Kentucky, Illinois and Michigan, and Hook Convalescent Aid Centers in Indiana, Illinois, Tennessee, Kentucky and Ohio. In late 1986, it reported it was selling 54 food stores in the St. Louis area as well as its distribution center, despite capital investments of nearly $25 million in the stores the past five years.

The convenience store group consists of Time Saver in Louisiana; Quik Stop Markets in Northern California; Kwik Shop in Kansas, Nebraska and Iowa; Tom Thumb Food stores in Florida and Alabama, and Turkey Hill Mini Markets in Pennsylvania.

Competitiveness in the market also has led to incorporating bookstores, branch banks, dental offices, insurance agents, eyewear shops and restaurants in Kroger units.

But heavy competition and high wage levels have forced Kroger to exit Chicago, Cleveland and Detroit. It has waged heavy competitive battles in Minneapolis, Kansas City, Atlanta, Nashville and Washington. In Memphis and Indianapolis it fought hard and won its place in the market. The company has a reputation as a hard negotiator with unions, and in Michigan, it closed 40 stores until the United Food & Commercial Workers local made concessions.

Joseph A. Pichler, president-chief executive officer of Kroger's Dillon Cos., was elected exec vp of Kroger in July, 1985, while continuing his responsibilities at Dillon. In March, 1985, Kroger moved to block any attempted hostile takeover attempt by instituting a warrant dividend plan for protection of its shareholders.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$61	$6
Network tv	9	0
Spot tv	26,890	23,671
Spot radio	3,459	11
Network cable	0	11
Outdoor	737	259
Total measured	31,157	23,958
Unmeasured	39,000	29,990
Total	70,157	53,948

KROGER CO.
1014 Vine St.
Cincinnati, O. 45201
(513) 762-4000
Marketing Personnel
Richard Owens, vp-adv
Advertising Agency
Campbell-Mithun, Chicago—Marv Goldsmith, exec vp-genl admin mgr; John Kroenig, Jon Wylie, vp-mgmt supers.

RANK **130**

Estee Lauder Inc.

New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,250	1,040	20.2
U.S.	**1986**	**1984**	**% chg**
Sales	750	625	20.0
Advertising	63	56	11.4

As baby boomers turn 40, New York-based Estee Lauder Inc. turned its attention to the care of mature complexions, introducing skincare formulas for middle-aged woman, skincare for men and sunblock products in 1985, all with strong ad support.

Estee Lauder, however, continued to save its biggest ad outlays for fragrances, multiproduct promotions and Estee Lauder Night Repair lotion.

Estee Lauder generated about $400 million in sales from its Estee Lauder, Clinique and Prescriptives skincare lines based on its leading 35% share of facial skincare sales in department stores. Department stores represent about 59% of the $1.9 billion sales in the category, according to Allan Mottus, a leading cosmetics industry analyst and president of Mottus & Associates, New York.

Estee Lauder, which is growing about 20% a year in sales, holds an 11.7% share of the $5.5 billion U.S. beauty products business and 35% of department store sales, the only outlet for Estee products. Mr. Mottus pegs privately held Estee Lauder's worldwide sales at $1.25 billion, with U.S. sales accounting for about $750 million, or 60% of the company's business. Among competitors, only Avon is believed to have generated more sales in the U.S. than Estee Lauder, whose pre-tax earnings are estimated at $200 million, according to Mr. Mottus.

Estee Lauder Night Repair lotion received nearly $5 million in ad support in 1985, down from $5.9 million in 1984. The product also was featured in much of the company's $6.9 million spot tv buys for multiproduct advertising. Estee Lauder spent $1.3 million, mostly in magazines, promoting its facial lotions last year.

In 1985, Estee Lauder literally changed its face. Ford agency model Karen Graham, the woman who appeared exclusively in Estee Lauder ads for 14 years, now shares billing with 20-year-old Willow Bay, another Ford model who "conveys the American sense of classic beauty," the company says.

In other developments, the company spent several months in 1985 negotiating to buy the $110 million fragrance division of Giorgio, but failed to come to terms. Also, the company inadvertently got some attention at the end of 1985 when two books on company founder and namesake Estee Lauder—one an autobiography, the other an unauthorized biography—hit bookstore shelves.

Estee Lauder's Clinique subsidiary, with sales of $200 million, according to the company, spent $8.3 million on advertising in 1985, all in print. Skin supplies for men received $955,900 in ad support, compared with $215,000 for new in-house competitor Estee Lauder skincare products for men. In 1985, Clinique introduced several male-targeted products: Hair Trainer cream rinse, Therapy shampoo and Antidandruff Control, and a stick antiperspirant. In addition, Body Scrub was added to the Skin Supplies for Men line and Anti-Acne Control Formula was added in 1986.

Clinique Advanced Cream, geared to middle-aged women, was launched in 1985 with $194,000 in print ads. In addition, the company introduced Eye-Zone sunblock; Touch-base for eyes, an eye shadow line; the Perfect Nude Mouth, a package of two lip pencils and two lip glosses; After-sun Balm with Aloe, and Be Brilliant, a new line of nail colors. The company spent $718,200 advertising Clinique eye makeups in 1985, up 49%.

In 1986, Clinique continued its emphasis on tanning and sunblock products by introducing Pre-Tan Enhancer, Face-Zone sunblock and Suntan Polisher. The company has added an alcohol-free clarifier to its skincare line to complement Advanced Cream. Other recent introductions include Rinse-Off eye makeup solvent.

Estee Lauder's Aramis division spent $5.9 million in advertising last year, up slightly from 1984. Aramis fragrances and toiletries received the bulk of that budget with $3.5 million in spot tv. The company introduced the Aramis 900 herbal cologne spray in 3.25-oz. size last April, along with the Aramis 900 Traveling Team combo with small sizes of herbal cologne, aftershave, deodorant and shave cream. Aramis 900 got $1.2 million in ad support last year, up from $300,000.

In September, 1985, Aramis spent $134,300 in print ads to launch a new fragrance for men, Tuscany. The line includes eau de toilette, Brisk Body Splash, an aftershave as well as several gift packages such as a travertine shaving set and leather-boxed combos.

This year, Aramis already has introduced a full line of tan-care products to add to the estimated $270 million suntan product market. The Aramis Sun Series line includes Pre-Tan Activator, Deep Bronzing oil, three levels of sunscreen, scalp protector, lip protector and a post-tan maintenance product. WETPLEXX hair styling glaze is expected to debut this fall.

Despite numerous line extensions and new product introductions, last year Estee Lauder spent most of its ad dollars on fragrances. The company introduced Beautiful in the fall of 1985 with $3.9 million in advertising. Spot tv accounted for $2.4 million of that budget; magazines and newspaper supplements filled out the buy.

Support for White Linen dropped slightly from $5 million in 1984, although it continued to be one of Estee Lauder's most advertised products with $4.6 million in spot tv and magazine advertising. Private Collection perfume got $557,300 in print support, down 36% from 1984, when spot tv was included in the mix.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$17,289	$15,573
Newspaper	3,447	3,301
Newsp. suppls.	2,931	2,455
Spot tv	22,469	19,927
Spot radio	686	793
Total measured	46,822	42,050
Unmeasured	15,919	14,296
Total	62,741	56,346

ESTEE LAUDER INC.
767 Fifth Ave.
New York, N.Y. 10022
(212) 572-4200
Corporate Personnel
Estee Lauder, chwn
Leonard Lauder, president-ceo
Evelyn Lauder, corp vp
Robert Barnes, president, Estee Lauder U.S.A.
Carol Phillips, president, Clinique Laboratories
Jack Wiswall, sr exec-corp vp-president, Aramis
Robert Nielsen, exec vp-genl mgr, Prescriptives
Advertising Agency
AC&R Advertising, New York—Estee Lauder Cosmetics and Treatments, Aramis, Clinique, Prescriptives—Alvin Chereskin, president; Lida Burpee, acct super-Estee Lauder Cosmetics (all brands including White Linen); Jane Van Gelder, asst acct exec, Estee Lauder Cosmetics; Cindy Colt, vp-acct exec, Clinique; Janet Budnick, vp-acct super, Aramis & Prescriptives.

RANK **164**

Lucky Stores

Dublin, Cal.

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,382	9,237	1.6
Net income	87	95	(8.6)
U.S. advertising	50	46	7.2
Division sales	**1986**	**1985**	**% chg**
Food stores	6,225	6,207	0.3
Gemco stores	2,428	2,326	4.4
Spec. stores	721	704	2.4

Lucky Stores Inc., which completed a long-term restructuring program in 1985 by disposing of 550 unprofitable stores and the closure of two distribution food centers, is divesting its entire Gemco division in late 1986 and buying back stock in an attempt to ward off a bid to take over the company by New York investor Asher B. Edelman.

Lucky's restructuring—prior to the Edelman offer—involved mostly unprofitable stores in the Chicago, Houston and Seattle markets. The two food distribution centers that were closed served those markets in Westville, Ind., and Houston. Lucky built or acquired 520 new stores in the same period, in its target growth areas of Arizona, Florida, California and Nevada. Lucky is the nation's fourth largest food retailer in sales behind Safeway, Kroger and American Stores in that order.

The company's advertising budget during the period of readjustment grew to $90.1 million in over-all advertising in 1985, up 22% from $73.6 million in 1984. That included measured spending of $24.8 million in 1985, up from $23.1 million in 1984. Major medium for both years was spot tv, claiming $20 million of the total in 1985 and $20.2 million in 1984. That places the unmeasured media spending, mostly local newspaper advertising for Lucky's 1,465 food and specialty stores, at $65.3 million, up 29% from 1984. Ad Age just monitors national media spending for this issue so its total ad spending figure is less than Lucky's ad budget.

Lucky continues to push its Five Star Meats ad program chainwide with spot radio and tv, with a new emphasis on product quality and service rather than only low prices, as in the past.

In Southern California, where Lucky Stores moved from third place to first in market share earlier this year, the company is likely to be facing some new competition from The Giant, a new concept being introduced by Federated Department Stores' Ralph's chain.

Lucky's first half of its current fiscal year has been a disappointment for the company. While its food stores turned in flat results and its specialty stores inched forward, these results were overshadowed by the lackluster results from its Gemco membership department store division.

The company's 80 Gemco stores, located in California, Nevada and Arizona, posted two consecutive quarterly losses. For the first six months ended in August, Gemco recorded pretax losses of $28.1 million, compared to a pretax income of $6.5 million in the comparable period a year earlier.

The company attributed the Gemco losses to two factors: A major (and expensive) remodelling effort and two marketing programs that fell short of the mark. Lucky began its remodelling effort in late 1985 in an effort to bring the stores up to date. The remodel tended both to disorient customers and detract from the employes' ability to offer service. Meanwhile, despite heavy promotional spending around Easter, sales failed to meet projections. An experiment with marriage mail in Southern California and newspaper inserts in Northern California proved expensive and unproductive.

The impact on the company's overall bottom line from the lack of profits from Gemco encouraged the takeover bid from Mr. Edelman, despite a stockholder purchase-rights plan, or "poison pill," adopted by the company one month before the bid. Gemco also has been hurt by strikes for two years running.

Lucky rejected Mr. Edelman's offer of $35 a share, in early October, opting instead to announce the closure a few days later of its Gemco discount store operation and the sale of 54 of the 80 units to Minneapolis-based Dayton Hudson for $374 million, which will convert the locations into Target stores. A buyer had not surfaced by mid-October for the remaining 26 units, which could bring the total sale of the division to $700 million.

The board at the time it rejected the Edelman offer said it was looking at options to enhance shareholder value in the near term. The sale of the unprofitable Gemco unit would do that. The company may also shed three more specialty units. A day after the announced sale, Lucky said it would buy up to 11.25 million, or about 22% of its common shares for $40 each in a two-phased tender valued at $450 million. Mr. Edelman responded by raising his bid from $35 a share, for a total of $1.79 billion, to $37 a share, or $1.88 billion, and threatened a cash tender offer or a proxy contest if rebuffed further.

Two-thirds of Lucky's revenues come from its supermarkets, about 580 stores under the Lucky, Eagle, Kash N' Karry and Food Basket banners. These low-margin operations improved their profitability in the first half of this year, particularly in the second quarter, but investors still believe the value of the food stores is in the real estate. For the first six months of this fiscal year, the food stores saw a slight 0.5% decline in sales to $3.1 billion with an 18.7% gain in pretax earnings to $64.2 million.

In 1985, the supermarkets attracted $13 million in measured national media in 1985, up 8% from $11.9 million in 1984.

Lucky's specialty retail operations—which may be the next operation to be sold to ward off Mr. Edelman—includes small department stores, automotive stores and fabric stores. The group showed modest gains, but remain the most profitable segment in terms of profit margins. Lucky's properties include: 376 automotive stores under the Kragen and Checker names; 320 fabric stores under the Hancock, Minnesota Fabrics and Fabric Warehouse names; and 1,224 Yellow Front general stores. Representing just over 8% of Lucky's total sales, the specialty operation contributed about 42% of the company's total pretax profit for the first six months of this year.

Measured media spending for automotive stores increased 13% to $2.9 million over 1984. Fabric stores attracted $393,000 in measured spending, up 11%.

A number of ad agency changes occurred in 1985. The Phoenix-based auto division switched its account to Shelly Berman Communicators, Columbus, O., from Bernstein-Rein Advertising, Kansas City, Mo. Buena Park, Cal.-based Gemco named DYR, Los Angeles, as its first agency, to work with in-house agency LuGem Advertising. The Southern California food division, based in Buena Park, moved its account from in-house to Cochrane Chase, Livingston & Co., Newport Beach, Cal.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$25	$18
Spot tv	20,007	20,238
Spot radio	4,574	2,771
Outdoor	169	88
Total measured	24,775	23,115
Unmeasured	25,000	23,325
Total	49,775	46,439

LUCKY STORES
6300 Clark Ave.
Dublin, Cal. 94568
(415) 833-6000
Corporate Personnel
John M. Lillie, president-ceo
Marketing Personnel
Jack A. Hoover, sr vp-mktg
GEMCO DIVISION
Buena Park, Cal.
Corporate Personnel
Stanley Brenner, president
Advertising Agency
DYR, Los Angeles—Warren Lollich, mgmt super.
SOUTHERN FOOD DIVISION
(LUCKY STORES)
Buena Park, Cal.
Corporate Personnel
William Yingling, president
Marketing Personnel
Dick Frederickson, vp-dir mktg
Advertising Agency
Cochrane Chase, Livingston & Co., Newport Beach, Cal.—Joan Butcher, sr vp-group super; Bruce Barta, vp-mgmt super; Karen Cotter, acct exec.
NORTHERN FOOD DIVISION
(EAGLE)
San Leandro, Cal.
Corporate Personnel
Richard Goodspeed, president
Marketing Personnel
Alan Stec, vp-adv
Advertising Agency
(In-house) LuGem.
FLORIDA FOOD DIVISION
(KASH N' KARRY)
Tampa, Fla.
Corporate Personnel
Ronald Floto, president
Marketing Personnel
W.D. Peterson, vp-dir mktg
Michael Russell, vp-adv
Advertising Agency
(In-house).
MIDWESTERN FOOD DIVISION

EAGLE
Rock Island, Ill.
Corporate Personnel
Pasquale Petitti, president
Marketing Personnel
Kenneth Martin, vp-dir mktg
Ray Myers, vp-adv mgr
Advertising Agency
Ogilvy & Mather, Chicago,—Bob Gustafson, vp-acct super; Charles Day, acct exec.

HANCOCK TEXTILE DIVISION
Tupelo, Miss.
Corporate Personnel
Morris Jarvis, president
Marketing Personnel
Myron Morrison, adv mgr
Advertising Agency
(In-house) Sky Advertising.

AUTOMOTIVE DIVISION
Phoenix, Ariz.
Corporate Personnel
Sam Parker, president
Marketing Personnel
Larry Shkolnick, vp-dir sales & mktg
Advertising Agency
Shelly Berman Communicators, Columbus, O.—Mark Placenti, mgmt super (Pheonix); James Schoenberger, acct super (Oakland, Cal.)

YELLOW FRONT
Phoenix, Ariz.
Corporate Personnel
D.G. Cunningham, president
Advertising Agency
(In-house).

RANK **126**

Marriott Corp.

Washington

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,242	3,525	20.3
Net income	167	140	19.7
U.S. advertising	64	66	(2.4)
Divisional sales	**1985**	**1984**	**% chg**
Lodging	1,898	1,641	15.7
Contract food	1,586	1,070	48.2
Restaurants	757	820	(7.7)

Marriott Corp. built on its strength in lodging, foodservice, restaurants, lifecare retirement and related business in 1985 and 1986 with key acquisitions of leading marketers including Saga Corp. and Howard Johnson Co.

That acquisition activity is showing up in returns at Marriott which through the first nine months of 1986 had sales of $3.42 billion, up 20.1%, and net income of $135.5 million, up 17.2%—figures of which included only about two months of the Saga foodservice results.

In the process of expanding its business lines in 1985, Marriott boosted its measured media advertising 27% over 1984. Most ad expenditures went for two restaurant chains, Bob's Big Boy and Roy Rogers Family Restaurants. Roy Rogers received $8.3 million, down from $8.4 million in 1984, and Bob's Big Boy got $4.1 million, up 5.1%. Virtually all advertising for the two chains was in spot tv.

Restaurant operations, which include Big Boy, Roy Rogers and Hot Shoppes cafeterias and service restaurants, accounted for 18% of Marriott's total sales in 1985. The division underwent substantial transitions in 1985, including the gain of 350 company-operated Howard Johnson Co. restaurants when it acquired in November, 1985, the company from Britain's Imperial Group.

When converted, the restaurants will permit expansion of Big Boy highway restaurants in the East, where Big Boy has lacked a major presence, Marriott says.

The Howard Johnson name was changed to Marriott Family Restaurants, which retained 350 company-operated restaurants, 60 highway units and related service operations.

The purchase price for Howard Johnson was $531 million, including assumed liabilities of about $222 million. All Howard Johnson hotels, lodges and motor lodges and restaurant franchise systems were sold for $235 million to Prime Motor Inns soon after the acquisition.

Already 25 of Howard Johnson conversions have been made, with plans calling for more than 200 conversions to Big Boy concepts over three years. The units will continue to operate under the Howard Johnson name until converted to Big Boy or sold.

In 1985, Earle Palmer Brown Cos., Bethesda, Md., ran a successful campaign that asked customers to vote on whether Big Boy should remain the chain's symbol. Sales got a 10% boost during the campaign. But 1986 saw a more serious approach. A $10 million tv and newspaper campaign went with the theme "Nobody takes care of you like Big Boy," focusing on the food and service consumers can expect at Big Boy. The unified campaign approach was meant to give presence to a larger Big Boy franchise with the addition of new Howard Johnson units.

Roy Rogers made an agency move in 1985 from Smith Burke & Azzam, consolidating with the rest of Marriott's restaurants at Earle Palmer Brown.

Marriott also acquired the outstanding common stock of Service Systems Corp. and Gladieux Corp., diversified food service companies, for $66.2 million. The acquisitions nearly tripled Marriott's foodservice management operations.

Marriott gained control of Saga Corp. this fall in a tender offer worth $502 million. Saga, a foodservice and restaurant concern, helped make Marriott the No. 1 provider of foodservices in the nation. Shortly after, the company divested the Saga restaurants.

Saga's chairman and chief executive officer, Charles A. Lynch, resigned at the beginning of the summer. Saga's present management continues to run the unit but reports to Francis W. Cash, a Marriott exec vp at the company's Bethesda headquarters.

The sale of Marriott's dinner house and Mexican restaurant businesses for about $104 million was completed in 1985. The operations did not fit in with Marriott's long-term strategy of concentrating on fast food and family restaurant segments. The Essex House Hotel in New York also was divested for $170.5 million, along with three additional hotels.

Lodging, the largest line of Marriott's business in 1985, accounted for 45% of sales, up 16% from 1984, and 49% of operating income. In February, 1986, Marriott returned to network tv for the first time in almost 30 years with a three-week campaign touting weekend discounts via Lewis, Gilman & Keynett. Ad spending on hotels ran $2.4 million in 1985, down 22.6%.

The lodging business includes Marriott Hotels, Courtyard (a new moderate priced lodging operation), Resorts and Sun Line cruise ships and related business developments (lifecare and retirement communities). Marriott in September bowed out of direct ownership of Courtyard, although it will continue to operate the units under contract. The company created Marriott Limited Partnership by selling 1,150 units at $100,000 each, a sale substantially oversubscribed. The limited partnership covers the 50 Courtyards that are either open or slated to be open through 1987. Marriott has identified 125 sites for Courtyards and expects the number of hotels to grow to 300 by the early 1990s.

The largest operator of hotel rooms in the U.S., Marriott added more than 7,400 rooms in 1985. The company continued to broaden its product range with the expansion of Courtyard and groundbreaking for its first all-suite hotel.

In April, 1985, Marriott announced plans to operate 12 Marriott Suites by early 1988. Construction for the first Marriott Suites hotel, designed for business travelers seeking extra space and comfort, began in Atlanta in 1985. Marriott also expects 40 Courtyard hotels to open by early 1987 and more than 300 by the early 1990s.

Active, older people are the target for Marriott's Retirement Inns, which offer senior citizen apartments and healthcare facilities for an investment of up to $100,000 to enter the community.

The less visible operations of Marriott's airport operations and airline catering division represented 37% of the company's total sales, up 48% for 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,925	$2,551
Newsp. supps.	448	93
Bus. pubs.	99	14
Network tv	3,574	88
Spot tv	11,794	13,339
Network radio	0	893
Spot radio	2,853	4,873
Network cable	75	0
Outdoor	2,466	1,959
Total measured	23,233	23,809
Unmeasured	41,000	42,016
Total	64,233	65,825

MARRIOTT HOTELS & RESORTS
Marriott Drive
Washington, D.C. 20058
(301) 897-9000
Marketing Personnel
Todd Clist, exec vp-mktg
Roger Dow, vp-mktg
Advertising Agency
Lewis, Gilman & Kynett, Philadelphia—Joseph F. Barone, sr vp-group mgmt super; Elizabeth B. Simpson, acct exec

RESTAURANT OPERATIONS
Marketing Personnel
Butch Cash, exec vp
Lisa Krostue, vp-mktg, Roy Rogers Restaurants
Tom Kempton, vp-mktg; Greg Hanish, vp-operations, Big Boy Restaurant System
Don Rodis, vp-operations, Hot Shoppes Cafeterias
Advertising Agencies
Earle Palmer Brown Cos., Bethesda, Md.—Roy Rogers Restaurants—Allison Brown, sr acct exec; Sheryl Friedman, Claire McCarthy, acct execs; Dodie Subler, asst acct exec.—Big Boy Restaurants—Keith Tunnell, mgmt super; Andy Schacht, acct super; Dana Siller, acct super; Moira McNulty, asst acct exec
Wessling & Associates, Olney, Md.-Hot Shoppes-Jan Wessling, acct super; Nancy Collinson, media dir

RANK **186**

Jeffrey Martin Inc.

Union, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	68	56	12.0
Net income	4	6	(29.4)
U.S. advertising	37	40	(7.6)

Jeffrey Martin Inc., which is seeking a buyer for the company, began 1985 with an intense advertising blitz for its oral care and personal products, but by 1986 it had dropped all advertising for one brand and had four major brands unassigned to ad agencies.

Jeffrey Martin, known for revitalizing brands dropped by other marketers, hired its first ad agency of record—D'Arcy Masius Benton & Bowles—in February, 1985, for its Compoz, Ayds and Porcelana brands, billing an estimated $8.2 million.

Saatchi & Saatchi Compton was signed on as the second agency of record in September, 1985, for Topol smoker's tooth polish, for which Jeffrey Martin spent $10.1 million in measured media in 1985. Previous advertising had been handled by its in-house agency, Dunnan & Jeffrey, which still handles media buying.

The company, which says it spent $37.4 million on advertising and distribution in 1985, a 21.6% increase from the previous year, had a gain of 12% in sales but a 29% drop in net income for the fiscal year ended July 31, 1985.

In the first nine months of its 1986 fiscal year, sales have fallen 18.5%, to $40.6 million, and earnings have taken a dive from $3.9 million to a net loss of $234,000.

Most of the losses in the period were attributed to declines in sales of Topol tooth polish, affected by the large number of new product entries from major toothpaste marketers, and Ayds appetite suppressant, a nonfiber product in a market being stimulated by the fiber sector.

In early 1986, the company parted with DMB&B and in October the brands were still unassigned. Only Topol and Lavoris remain active accounts, both at Saatchi & Saatchi.

In June, 1986, the company contacted Morgan Stanley & Co. to seek a buyer for all or part of the company, but to date no buyer has been found.

Jeffrey Martin faced the sharpest competition in its oral care division, where its Topol tooth polish, despite a decline in sales during the year, eked out a 4% share of the dentrifice category. In that category, it is pitted against Procter & Gamble's Crest and Colgate-Palmolive's Colgate, as well as Carter-Wallace's Pearl Drops tooth polish. Jeffrey Martin's Lavoris, acquired in 1984 from Richardson-Vicks (now owned by P&G) where it received virtually no advertising support, was infused with $7.4 million in measured spending during the year, and dollar sales increased nearly 50% in 1985.

In February, 1985, the company successfully defended its copyright of the Topol name against Markland Laboratories, which was restrained by court order from marketing Topal Smoker's Shampoo Plus under that name.

Lavoris, battling with market leaders P&G's Scope and Warner-Lambert's Listerine, carved out a 2.5% share in the $400 million mouthwash category. During the year, Jeffrey Martin rolled national with Topol smoker's mouthwash, which in August broke a campaign via Sudler & Hennessey Consumer Group. Although the company spent $2.5 million on Topol mouthwash in 1985, according to Leading National Advertisers, in 1986 it succumbed to competition and no longer is advertised.

The company established an oral care product group in December, 1985, naming Eugene Marotta, former marketing manager-oral hygiene at Lever Bros., New York, to vp-marketing for the group. In the personal care product sector, Patrick Dwyer was named vp-marketing, from vp-marketing and advertising. Sidney Lawrence senior vp-advertising and marketing with overall responsibility for both product groups, left in 1986 and his post was discontinued.

Also, Charles Rhyne, former vp-Latin America for Beecham Group's Western Hemisphere international division, took the new post of vp-international operations and corporate development for the parent company.

In the personal products sector, the company acquired the Canadian trademark rights to Doan's Pills from G.T. Fulford & Co. Ltd., Toronto. A Food & Drug Administration policy on pain relievers that supported claims for over-all relief rather than for a specific body part, such as the back, was limited to product labeling and did not affect Doan's advertising strategy, which targeted back pain sufferers. The company spent $5.4 million in measured media for the brand during 1985.

The fate of Jeffrey Martin's Bantron, a smoking deterrent accounting for 2.2% of the company's domestic sales during 1985, is still undecided by the FDA, which is seeking proof of the efficacy of the product's active ingredient.

If the FDA rules against the product, Jeffrey Martin will be required to remove it from retail shelves by the second half of 1987. The company spent only $512,000 in measured media on Bantron, according to LNA.

New creative and media strategies, since abandoned in 1986, were designed for Compoz, Cuticura and Porcelana in 1985. Compoz and Porcelana, previously advertised only on radio, were backed by tv campaigns. Cuticura, experiencing sales declines during the year, was revitalized with a strategy positioning for skin that is part oily and part dry. Ayds, the diet suppressant, was backed with $4.8 million in measured spending, down 33%, and broke a campaign last spring.

Advertising strategy changes extended into media, where Gerald Baldwin was named vp-media, from director, in August. Jeffrey Martin increased its use of 15-second spots and is editing 30-second spots for use as 15s. The company stepped up its usage of network and spot tv, partially by spending $5 million less for network radio in 1985 than the previous year. The company also used print on a test basis for the first time during the year and considered increasing its media reach to target blacks and Hispanics.

Jeffrey Martin, in an active acquisition search for new brands, in January, 1986, bought the worldwide rights to Zizanie, a men's fragrance and skin treatment line owned by Parfumerie Fragonard, from Beecham Cosmetics, which will continue to produce the line for Jeffrey Martin.

Cost of sales during 1985, representing the cost of manufacturing the company's products, decreased as a percentage of net sales to 21.9% in 1985 from 22.2% in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Newsp. supps.	$1,325	$0
Network tv	22,700	21,518
Spot tv	6,788	5,484
Network radio	3,032	9,349
Network cable	493	828
Total measured	34,338	37,179
Unmeasured	3,000	3,248
Total	37,338	40,428

JEFFREY MARTIN INC.
410 Clermont Terrace
Union, N.J., 07083
(201) 687-4000
Corporate Personnel
Martin Himmel, chmn-president, board exec vp-vice chmn
Frank P. DiPrima, exec vp-coo
Marketing Personnel
Joe Appel, sr vp-sales
Patrick Dwyer, vp-mktg, personal care div
Eugene Marotta, vp-mktg, oral care div
Gerald Baldwin, media dir
Advertising Agency
Saatchi & Saatchi Compton—Topol smoker's tooth polish, Lavoris mouthwash—Vicki Tencati, vp-acct super; Tom Lom, exec vp-mgmt dir; Sally Marshall, acct exec.

RANK **185**

MasterCard International

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	73,300	62,600	17.1
U.S. advertising	39	39	0.3

MasterCard International, which experienced a growth of 10% in new cardholders in 1985, has been playing the corporate travel and entertainment market for new card opportunities in 1986.

The company, which is facing increased competition from third-party general purpose card issuers, also ditched the status-oriented ad theme, "So Worldly So Welcome," early this year for a more down to earth "Master the possibilities" theme that gets to the point on why consumers should select MasterCard-it's practical.

Measured media spending in 1985 fell 3% to $26.6 million, mainly as a result of a 38% drop in measured spot tv spending to $2.9 million for the "So Worldly" campaign. Measured network tv for the campaign fell 4% to $16.3 million in 1985. Another major spending category was MasterCard Travelers Cheques with $4.1 million in measured media, divided 55% network tv, 37% magazine, and 4% each for spot tv and newspaper supplement.

In a major repositioning from the glitz and frivolity of its previous theme, MasterCard are now using actress Angela Lansbury and actor Robert Duvall as no-nonsense spokespersons in explaining the benefits of the red and ochre card in terms of real value, individual responsibility, personal choice and new possibilities.

A new print campaign for the gold MasterCard features director John Huston, conductor Andre Previn and dancer Twyla Tharp. Print media for the gold card jumped 22% in 1985 to $2.6 million.

MasterCard's new campaign is an effort to gain market share in the hotly competitive bank card business from bank card rival San Francisco-based Visa USA and from third-party and general purpose charge cards such as Discover card by Sears, Roebuck & Co.

A key area is the lucrative business travel and entertainment market. MasterCard is giving banks access to this market with introduction of the MasterCard BusinessCard in 1986. Master-

Card reports that corporations spent $124 billion on employes' travel and lodging in 1984, with more than half being paid by check or cash, and 40% charged to personal cards, including about 7% to American Express. The BusinessCard would allow banks to forge new relationships with important corporate customers, in addition to helping them track and control employe spending.

There were 73 million MasterCard subscribers in the U.S. as of June 30, 1986, up 10% over the same date in 1985, compared with Visa's 97 million U.S. cardholders, also up 10%. American Express had 17 million U.S. subscribers at the close of 1985.

MasterCard's 16,000 member institutions in the U.S. had dollar volume of $51.1 billion in 1985, up 21% over 1984. MasterCard had 41% and Visa 59% of the $126.3 billion 1985 dollar volume spent on bank cards in the U.S. MasterCard's U.S. volume represented 68% of the $75.3 billion worldwide dollar volume it generated through 29,000 member financial institutions.

The 17,000 financial institutions authorizing Visa cards had U.S. dollar volume of $61.2 billion in 1985, up 23% for the year. That figure represented 70% of Visa's $108 billion in worldwide volume through 18,000 financial institutions in 1985.

American Express, which by far is the world's largest credit system, unlike Visa and MasterCard which are authorized by individual banks, handled U.S. card volume of $44.5 billion in 1985. American Express's worldwide dollar volume of $55.4 billion was up 16% over 1984.

Sears' Discover card, introduced late in 1985, by August, 1986, had 4.7 million cardholders.Sears has a base of 380,000 merchants accepting the card. However, analysts say Discover has a major problem in its limited access to automated teller machines (ATMs) and to bank processing systems.

For comparison, MasterCard has worldwide access to 112,000 cash advance locations and 13,400 MasterTeller ATMs. Visa has access to 200,000 banking offices in 160 countries and 11,000 ATMs in 16 countries.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,423	$3,548
Newsp. suppls.	144	113
Bus. pubs.	117	0
Network tv	18,617	18,948
Spot tv	3,072	4,962
Spot radio	1,262	2
Network cable	398	386
Total measured	28,033	27,959
Unmeasured	11,200	11,170
Total	39,233	39,129

MASTERCARD INTERNATIONAL
888 Seventh Street
New York, N.Y. 10106
(212) 974-5700
Marketing Personnel

F. Alan Schultheis, sr vp-mktg & sales
Joanne Black, sr vp-adv
Susan Burke, vp-adv
Richard Holpp, vp-BusinessCard
Bonnie MacDonald, dir-travel voucher
Walter Rothchild, dir-gold card
James Shannahan, vp-consumer card prods
Suzanne Sentner, vp-planning & prod development

Advertising Agency

William Esty Co., New York—all adv for MasterCard and member services—Pierce Butler, sr vp-group & mgmt super; Kay Droppert, vp-acct super; Richard Driscoll, acct super; Gregory Maddock, Robert Holmen, acct execs; Jennifer Huggins, asst acct exec.

May Department Stores RANK **141**

St. Louis

($ in millions)

Worldwide	1986	1984	% chg
Sales	5,060	4,614	10.1
Net income	235	214	9.8
U.S. advertising	59	41	45.2
Division sales	**1986**	**1984**	**% chg**
Dept. stores	3,327	3,171	4.9
Venture	1,004	882	13.8
Volume Shoe	697	543	28.4
Real estate	52	18	188.9

May Department Stores Co., which has been expanding rapidly its low-price Venture and Volume Shoe operations the past few years, got an infusion across the retail price spectrum Oct. 3, 1986, when shareholders approved the merger of Associated Dry Goods Corp. into May.

The merger, amounting to a $2.47 billion stock swap, combines two chains that both operate upscale department stores and discount stores. Associated offers a strong national franchise in its Lord & Taylor division as well as geographic strength in the northeast through its Caldor discount stores. This complements May's strengths in the rust belt with its Venture discount stores and with important department store divisions such as Washington-based Hecht's, Famous-Barr in St. Louis and Kaufmann's in Pittsburgh, and on the West Coast where it operates May Co. California, its biggest department store division.

Combined 1986 sales for the two retailers is expected to reach about $10 billion, which would push May ahead of Cincinnati-based Federated Department Stores Co. to become the fourth largest nonfood retailer in the nation. In the first six months of their current fiscal years, May reported earnings up 20.9% over the corresponding period in 1985 to $86.1 million on sales of $2.4 billion, up 11.1%. Associated had net earnings of only $8.4 million, down 64.9%, on net sales of $2.03 billion, up 5.8%.

Associated, which becomes a wholly owned subsidiary of May, will merge its New York corporate office into May's St. Louis headquarters over the next several months. Its New York buying office will be folded into May's New York facility, a May spokesman says. Associated chairman Joseph H. Johnson, who plans to retire at the end of 1986, will remain on May's board of directors. Associated president David Williams will not join May, nor will Joseph E. Brooks, chairman and chief executive of Associated's Lord & Taylor division. Mr. Brooks announced his resignation in mid-October saying he had expected for many years to become the ceo of Associated, but now there is no more Associated. He was replaced by Marshall Hilsberg, president and chief executive of G. Fox & Co., Hartford, a May unit.

May operates 145 department stores in 15 states, including May Co., Famous-Barr, Hecht's and Kaufmann's; 62 Venture discount stores, and 2,084 Volume Shoe stores, mostly under the Payless ShoeSource trade name. Associated operates 158 department stores in 20 states, including 45 Lord & Taylor, J.W. Robinson's and L.S. Ayres; 112 Caldor discount stores; 87 Loehmann's off-price stores, and 108 Sycamore specialty stores.

The acquisition and merger caps an aggressive period of internal growth in which May rapidly expanded the base of its Volume Shoe and Venture divisions. Volume Shoe is the nation's leading self-service discount shoe chain with stores in 39 states and the District of Columbia.

Volume Shoe and Payless ShoeSource accounted for 49% of May's $25.5 million in 1985 spending for seven media measured by Leading National Advertisers, compared with 40% of May's $21.2 million in 1984. May's measured total for 11 media was $31.5 million in 1985, up 45% over 1984 mainly on the strength of an additional $5.6 million in 1985 measured newspaper spending for all divisions.

May significantly boosted measured tv spending for the Volume Shoe division in 1985 to $3.9 million, up 40% from 1984, divided 90% network and 10% spot. Payless ShoeSource stores received $8.7 million in measured spot tv, up 50% from 1984. Venture received $3.5 million in spot tv in 1985, unchanged from 1984. The total represented 14% of May's spending for seven media.

Department store operations have become less critical to May's over-all performance since 1980 as the company has focused on more profitable discount operations, analysts say. In 1985, department store sales represented 65% of May's sales revenues; Venture, 20%; Volume Shoe, 14%, and real estate, 1%. In 1980, department stores claimed 74% of revenues; Venture, 17%; Volume Shoe, 8%, and real estate 1%.

Although the Associated acquisition will dilute May's earnings modestly in 1987, the combination produces a company as big as Federated, but growing twice as fast. It also gives May an opportunity to sharply increase its growth rate by providing important new franchises that are ready for expansion, according to a report by New York-based Donaldson, Lufkin & Jenrette.

The merger also will have significant operational advantages, analysts say. Consolidating buying and data processing operations alone could save the combined company $60 million a year, says Monroe H. Greenstein, senior analyst at Bear Stearns & Co., New York.

May long has been regarded as one of the best run major department store chains and one that frequently has been mentioned as a potential acquisition player or target. May's net earnings increased 10% in fiscal 1985 on an increase in net sales of 9.4%. A key measure of May's performance is its return on equity per common share of 18% in 1985 and 18.4% in 1984, both among the highest in retail.

In the current fiscal year, May's net income its first six months, ended Aug. 19, was $86.1 million, up 20.8% from the same period in 1985, on sales of $2.4 billion, up 11%. Associated's net income in its first half, ended Aug. 2, was $8.4 million, down from $23.9 million in 1985, on sales of $2.03 billion, up 5.7%.

Mr. Farrell, May chairman, told a shareholders meeting that the merger will not affect plans to add seven department stores, five discount stores and more than 330 discount shoe stores in 1986. In 1985, the company added three new department stores and five new Venture stores. Volume Shoe opened 205 new Payless ShoeSource stores in 1985 with emphasis on western, midwestern and southeastern locations. In the Northeast, 29 new stores were added.

May's 1985-89 expansion and remodeling plans call for 26 new department stores, 20 new Venture stores and 1,100 net new stores in the Volume Shoe division at a cost of $1.3 billion.

Ad spending for May's department store division was $8 million in 1985 for seven media, up 8% from the previous year. The biggest gainer was May Co. California, which is locked in a highly competitive market, receiving a measured $3.4 million, divided about 98% spot tv, 2% magazine, and a fraction for out-of-home. Measured spending for Famous-Barr fell 38%, to $1.2 million for spot tv.

Measured spending at Associated was up 55%, to $10.4 million, in 1985 for seven media, mostly on the strength of an additional $4 million in measured spot tv spending for the Caldor division. However, measured spending for the Robinson's division fell 16.7%, to $3.2 million, in 1985, divided 68% spot tv, 21% magazine and 11% out-of-home.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$165	$188
Newspaper	5,609	0
Network tv	3,513	2,619
Spot tv	21,851	18,383
Spot radio	187	403
Outdoor	26	6
Total measured	31,352	21,599
Unmeasured	28,000	19,290
Total	59,352	40,888

MAY DEPARTMENT STORES CO.
611 Olive St.
St. Louis, Mo. 63101
(314) 342-6300
MAY CO.
North Hollywood, Cal.
Marketing Personnel

Harry Wendland, sr vp-sales promo
Leonard Bertiner, vp-adv

Advertising Agency

(In-house).

HECHT'S
Washington, D.C.
Marketing Personnel

Robert Friedman, exec vp-merch
Steven Wishnow, sr vp-sales promo
Joe Langert, div vp
Don DeFabio, sr vp-mktg

Advertising Agency

Green & Associates, Arlington, Va.—Judith Green, president.

FAMOUS-BARR CO.
St. Louis, Mo.
Marketing Personnel

Jo Lawley, sr vp-adv & sales promo
Michael Wolf, vp-adv dir

Advertising Agency

Stolz Advertising Co., St. Louis—Ellen Horn, acct super; Lori Berman, media buyer.

KAUFMANN'S
Philadelphia, Pa.
Marketing Personnel

Jerry Eccher, sr vp-sales promo
Mark Humphrey, dir vp-adv
Barbara Mihopulos, creative merch

Advertising Agency

(In-house)—LaRue Davis, broadcast dir.

MAY CO.
Cleveland, O.
Marketing Personnel

Stephen D. Thorpe, sr vp-sales promo
Penelope Burns, vp-dir adv
Beth Costa, dir special events

Advertising Agency

(In-house).

MAY D&F
Denver, Colo.
Marketing Personnel

Randall Barberis, sr vp-mktg
Gunda Kuga, adv dir

Advertising Agency

(In-house).

VENTURE STORES
St. Ann, Mo.
Marketing Personnel

Ann Armbruster, sr vp-mktg
Thomas Gent, vp-adv
James Cougill, div vp-sales promo

Advertising Agency

Grey Advertising, Chicago—Ed Holzer, chmn; Sally Stone, mgmt super; David Fairman, creative dir.

VOLUME SHOE CORP.
Topeka, Kan.
Marketing Personnel

Greg Jones, vp-adv & sales promo

Advertising Agencies

Foote Cone & Belding, Chicago—John Murphy, acct dir; Dan Zigulich, acct exec.

Siboney Advertising, New York—Luis Naar, acct super.

G. FOX & CO.
Hartford, Conn.
Marketing Personnel

Bernard Sklar, sr vp-sales promo
John Mullen, div vp-dir adv & mktg

Advertising Agency

(In-house).

MEIER & FRANK
Portland, Ore.
Marketing Personnel

David Miller, sr vp-sales promo
John O'Malley, adv dir

Advertising Agency

(In-house) Northwest Advertising.

O'NEIL'S
Akron, O.
Marketing Personnel

Terry McDonald, sr vp-sales promo
Richard Pasi, vp-adv

Advertising Agency

(In-house).

MAY-COHENS
Jacksonville, Fla.
Marketing Personnel

Jan Ladnier, sr vp-sales promo

Advertising Agency

(In-house)—Dianne Cuckney, dir-adv.

MCI Communications RANK **136**

Washington

($ in millions)

Worldwide	1986	1984	% chg
Sales	2,540	1,960	29.6
Net income	206	175	17.7
U.S. advertising	61	59	3.7

Now that Washington-based MCI Communications Corp. is firmly established with consumers as the nation's No. 2 long-distance carrier, the company in 1986 again is taking on American Telephone & Telegraph Co. on a new battleground—the business market.

This is expected to be MCI's toughest challenge yet, one that is dramatically altering its advertising and marketing strategy.

MCI shifted nearly all of its corporate ad spending into network tv to promote business service when its contracts with Burt Lancaster and Joan Rivers, spokespersons for consumer long-distance services, ended May 30, 1986, says Gary Tobin, director of public communications.

MCI's measured spot tv spending for consumer advertising was $25.7 million in 1985, down 3% from 1984. The spending represented 62% of MCI's $41.4 million measured total for 11 media. The 11-media total was up 4% in 1985 as a result of a 110% increase in newspaper spending, to $7.8 million.

MCI also spent a measured $4.6 million in general long-distance promotion in 1985, down 21% from the year earlier.

MCI stressed low cost, convenience and quality of transmission as the Sept. 1, 1986, deadline approached for consumers to select a long-distance carrier. Some 50 million residential telephone customers had been asked to select a "Dial-1" equal access carrier under a federally mandated balloting process by that date. About 30% of the U.S. remains to be converted to equal access, analysts say.

MCI's market share in long-distance service grew to 6.6% in 1985 on revenues of $2.5 billion, up from 5.5% in 1984 when revenues were about $2 billion. AT&T's market share fell to 83% in 1985 on revenues of about $37.7 billion, down from 85% in 1984 on revenues of $35 billion, according to the "U.S. Telecommunications Market Report" issued by New York-based Northern Business Information. MCI estimates that it has an 9% market share over-all.

U.S. Sprint gained slightly in market share, reaching 3% in 1985 on revenues of $1.36 billion, up from 2.9% in 1984 on revenues of $1.2 billion.

The marketing position of the smaller long-distance carriers was radically strengthened by a June, 1985, FCC decision to strike down the advantage AT&T had in gaining equal access connections by default for consumers who expressed no preference. The FCC ruled that customers who fail to select a long-distance carrier would have one assigned for them at random. Previously, those failing to indicate a choice were assigned to AT&T.

With MCI's new focus in building commercial accounts, the company consolidated corporate advertising at New York-based D'Arcy Masius Benton & Bowles, which had been MCI's agency for business-oriented advertising since 1984. MCI business long lines received a measured $1.3 million in 1985 magazine spending, accounting for 3% of MCI's 11-media total. There was no measured spending for business long lines in 1984.

Until mid-1986, the bulk of MCI's agency spending resided at New York-based Ally & Gargano, which handled consumer long lines. MCI's account for MCI (electronic) Mail also was handled by Wells, Rich, Greene, New York. MCI Mail received $500,000 in measured media in 1985, down 83% from 1984. Neither agency now works on the MCI account.

MCI's revenues were up 30% in 1985 and net profits were up 91% for the year, prompting William G. McGowan, chairman and ceo, to comment in his annual report to stockholders, "1985 was a hell of a year!" Results for the first nine months of 1986, however, were not as impressive. Net income fell 48.5%, to $54.1 million, even though gross revenue increased 46.7%, to $2.67 billion.

The reason for MCI's declining profitability is that its costs of operation are rising to match those of AT&T, now that both are paying the same price for access to local telephone networks, analysts say, who note results also include a price cut on July 1. An MCI spokesman says network access costs represented about 34% of MCI's gross revenue in 1985.

MCI's reason for stepping up its pitch to the business community is clear: Businesses generate only about 40% of the call traffic, but account for 60% of the dollar volume of the $50 billion telecommunications industry, MCI's Mr. Tobin says. Businesses use long-distance service during the day-

time at peak rate periods, which produces higher profits for the long-distance carrier and proportionally lower access charges than consumer accounts, he says.

MCI is making inroads in the business sector, but the effort ultimately will cut deeply into its profit margins, says Amy Francis, senior telecommunications analyst for The Yankee Group, Boston.

"They will have to dump a lot of money into marketing and advertising to lure away corporate customers from AT&T," she says. MCI's hotly competitive approach is reflected in its ad campaigns that show athletes competing in sports such as basketball, crew and cycling, drawing a parallel between competition between MCI and AT&T.

U.S. Sprint is taking a more conservative approach, stressing the quality of transmission of optic fibers.

But smaller carriers such as MCI and U.S. Sprint do have some advantages of flexibility over AT&T. Adds Ms. Francis, "You can't leverage AT&T, but you can really leverage these guys [to make deals] right now. They're so hungry for corporate accounts." In June 1986, MCI had slightly more than 850,000 commercial customers, up 40% from 1985, compared with 3.6 million residential customers, up 26%.

MCI has been developing a broad array of services and price promotions to meet the needs of business customers. An example is MCI Prism, a family of services tailored to business users that competes with AT&T WATS.

Prism customers are charged a flat per-mile rate based on the distance of a call, which removes two penalties of AT&T WATS pricing: higher charges for decreased line usage and overflow to more costly lines. MCI also offers MCI WATS with service to 45 countries. The company offers a Corporate Account service allowing multi-site companies to receive volume discounts for all locations. During 1985, MCI also introduced MCI Vnet, or virtual network service; MCI Private Line service, which features voice and data transmission service among 150 U.S. cities, among products and packages.

MCI also announced in September, 1986, that it soon will enter the growing market for toll-free 800-service, which until recently had been offered nationally only by AT&T. The long-distance unit of Western Union Corp., Upper Saddle River, N.J., has said it would provide a similar service, beginning in October, 1986. U.S. Sprint plans to enter the 800-service market early in 1987.

MCI's marketing position was strengthened by its purchase of Satellite Business Systems in February, 1986, from IBM in exchange for 47 million shares (16.6%) of MCI's common stock and an IBM option to buy up to 30%. The deal also gave MCI access to a line of $400 million in cash on demand from IBM in exchange for convertible securities. The acquisition of SBS gives MCI three domestic satellites.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,194	$2,519
Newspaper	7,782	3,705
Bus. pubs.	271	88
Spot tv	31,019	32,829
Spot radio	97	715
Outdoor	0	21
Total measured	41,363	39,878
Unmeasured	20,000	19,282
Total	61,363	59,159

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Judy Ranzer, vp-adv
Don Lintvet, sr mgr-adv
Gary Tobin, dir-public comm

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Gene Bartley, exec vp-group dir; Lamar LeMont, sr vp-acct dir; Nat Stein, vp-acct super; Ken Merz, acct super; Allen Bosworth, Rich Donohoe, acct execs; Anna Suessbrick, Ted McQuiston, acct assts.

Mennen Co. RANK **159**

Morristown, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	225	150	50.0
U.S. advertising	51	47	8.6

Mennen Co., after five years of relatively few product debuts, made gutsy introductions in the deodorant, liquid detergent and skincare categories in 1985 and rolled national with a new roll-on deodorant in 1986.

To support new offerings and to maintain share in existing products, Mennen increased ad spending, particularly in network cable tv, network tv and spot radio. The use of network cable in 1985, for example, soared 183% from 1984, according to Leading National Advertisers.

Mennen also raised its unmeasured spending by using more couponing. The debut of Real smooth-on antiperspirant, for example, was supported with 47 million $1-off coupons and 3.5 million $2.50 rebates. Additionally, more than 100 million coupons will be distributed this year in support of Real.

During 1985, Mennen test marketed Real on the West Coast, where it snared as much as a 30% share. That impressive performance, coupled with the revolutionary, patented application of Real—a waterless roll-on—boosted retailers' welcome of the new line, which was unleashed nationally in May, 1986. Spending will be at the rate of $14 million, says a source close to the account. Campbell-Ewald handles. According to LNA figures, $43,300 was spent in 1985 to support the test of Real.

It is no surprise Mennen is putting its efforts into the $1.2 billion antiperspirant/deodorant arena; its share has more than doubled in that category since 1980, according to Diana Temple, an analyst with Salomon Brothers, New York.

Mennen's dollar share with Speed Stick and Real jumped from 5.8% in 1980 to 12.3% in 1985 and to 13.4% in the first quarter of 1986. The company believes that share will double again as Real hits its stride. Real, however, did not have an easy entry into the market. The product was kept in tests for two years, and the launch was postponed once because of packaging component supply problems. But despite initial enthusiasm, retailers say Real has been "slow out of the gates."

Regardless of Real's shaky debut, Mennen's burgeoning share has put it third in the deodorant race behind Procter & Gamble (Sure and Secret) with a 22.7% share and Gillette (Right Guard, Soft & Dri, Dry Idea and Body Flowers) with an 18.6% share. Bristol-Myers Co. (Ban, Ultra Ban and Tickle) has a 10% share and Shulton (Old Spice and Lady's Choice) a 10% share.

Marketers are not letting the healthy 11.8% sales gains in the category pass them by. New products are entering the market at a rapid pace, including P&G's new wide solid Secret, Gillette's new aerosol and solid form of Dry Idea and a shower-fresh scent for Soft & Dri. Retailers say they expect to see even more entries into the "wide" sector of the stick business. Stick forms are the fastest growing application with a 41.4% of sales. Roll-ons and aerosols continue to lose share, commanding 27.9% and 28.2%, respectively.

Mennen kept its brands competitive with a measured advertising budget behind Speed Stick of $19.5 million, a 4.8% increase from 1984.

While industry observers believe Mennen's greater charge into deodorants is smart, they are questioning other new items in test markets. Banking on its Baby Magic line, Mennen is trying a Baby Magic laundry detergent. Now in test in the upper Midwest, Baby Magic laundry detergent was supported in 1985 with $81,000 in measured spending. It would compete in the over-all $3.5 billion detergent business against other liquids targeted at the baby market such as P&G's Dreft (0.6% share) and Ivory Snow (1.2% share).

The entire Baby Magic line was allocated a budget of $2.8 million last year, up 30.8% from $2.14 million in 1984. Almost $1.7 million of that supported Baby Magic lotion.

Although Mennen's Hawk and Millionaire—two men's scents—were not very successful, Mennen has made another move into the men's market with the test of a men's hand and skincare lotion called Compete. Compete was supported with $108,400 in 1985 in tests in Texas, New Mexico and Arizona. According to Ms. Temple, Mennen is considering a national launch this fall. Campbell-Ewald handles.

Although mass retailers say the market for men's skincare is about ready to take off, no manufacturer has been able to crack it. P&G through its Richardson-Vicks subsidiary tried with only moderate success with Saxon, which has undergone three package changes. Mennen points to research showing the portion of men using hand and body lotions is 50%, up from 35% five years ago, and escalating.

Mennen has a decent showing in the men's area with Afta aftershave and Skin Bracer. Spending in 1985 was increased for both of these brands, which are touted primarily via tv. The budget for Afta aftershave was $4.3 million in 1985, up 16.2% from $3.7 million in 1984. Skin Bracer received $6.6 million last year, up 20% from $5.5 million in 1984. The company is expected to renew these lines and continue to put more money into revving up sales.

Afta is handled by McCann-Erickson and Skin Bracer by Campbell-Ewald. After juggling shops in 1984, with Grey Advertising the biggest loser, Mennen kept its business divided between McCann and Campbell-Ewald in 1985.

Although privately held Mennen once openly touted its new offerings, the company is now tight-lipped concerning its fiscal position and its new product plans.

Mennen also owns Paper Art Co., an Indianapolis-based paper products company. No measured spending was reported in 1985 for this division, which was acquired in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,561	$2,449
Newspaper	0	1
Bus. pubs.	0	198
Network tv	28,284	26,342
Spot tv	1,205	1,560
Spot radio	78	12
Network cable	1,724	609
Total measured	33,851	31,170
Unmeasured	17,000	15,654
Total	50,851	46,824

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William J. Mathewson, vp-new prods
Richard Zenko, vp-mktg services

Advertising Agencies

McCann-Erickson, New York—Speed Stick, Lady Speed Stick, antiperspirants and deodorants, Afta aftershave—Gunnar Wilmot, sr vp-group dir; Kim Corrigan, acct super; David Edelberg, acct super.

Campbell-Ewald, New York—Baby Magic line, Mennen Skin Bracer, Real deodorant, Compete—Jeff Tarakajian, sr vp-mgmt rep; Steve Rosenblum, vp-acct super.

Merrill Lynch & Co. RANK **184**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,117	6,038	17.9
Net income	224	95	135.2
U.S. advertising	40	15	174.8
Division sales	**1985**	**1984**	**% chg**
Commissions	1,573	1,217	29.3
Interest	2,590	2,452	5.6
Invest. Banking	720	582	23.7
Principal Trans.	882	561	57.2
Real estate	575	462	24.5
Asset mgmt./cust.	298	237	25.7

Merrill Lynch & Co. celebrated its 100th year in business in 1985 with strong financial results including a growth in revenues of 18% and accelerated earnings of 135% over 1984. The company took further steps in 1986 to concentrate on its core financial services operation by proposing to sell off its real estate group.

In the first half of 1986, Merrill Lynch's revenues were $4.5 billion, a 35% increase over the corresponding period in 1985. Income rose 44% in the half, to $178 million from $123 million in 1985.

The company's return on stockholders' equity recovered to 10.2% in 1985 from 5.0% in 1984; but the company believes that return is still unacceptable. Total assets in 1985 increased to $48 billion from $31 billion in 1984.

In 1985, income was not alone in its meteoric rise. (Income included a $140 million provision for income tax expenses compared with 1984's $25 million tax benefits). Merrill Lynch increased spending in the 11 media monitored in this issue to $22 million, up from $8 million in 1984.

Virtually the entire increase in measured advertising was credited to the Merrill Lynch stockbrokers category, which received ad backing of $17.7 million, up from $4.4 million in 1984. The only other category to receive a major increase in ad spending was general promotion, up to $1.4 million from $171,400 in 1984, according to Leading National Advertisers, which monitors seven of the 11 media tracked in this issue.

Some 87% of the stockbroker category spending was in network tv, boosting that medium from 48% of total measured spending in 1984, to 70% in 1985.

In 1985, magazines accounted for 13.1% of the total measured ad spend and spot tv, 10.8%.

The company moved its $40 million-plus account to Bozell, Jacobs, Kenyon & Eckhardt in March, 1986, from Young & Rubicam. On the day the switch was announced it also was announced that William Appelman, a major player in trying to retain Merrill Lynch's business at Y&R, also was moving to BJK&E.

In 1985, Y&R made some changes in Merrill Lynch's advertising, including retiring the famous bull that had graced its ads for 15 years.

This year's new agency appointment follows some key internal appointments at Merrill Lynch in 1985. Among those appointments, Daniel Tully was elected president and chief operating officer; John L. Steffens succeeded him as president of consumer markets, and Stephen Hammerman was elected exec vp and chief administrative officer while continuing as general counsel. Early this year, Michael von Clemm, former chairman of Credit Suisse First Boston, was named chairman of Merrill Lynch Capital Markets.

In 1985, Merrill Lynch established a new "mission statement," which called for the company to meet the needs of the savvy new investor and the global marketplace. But this September the company took a step back from being all things to all people when it announced it was selling several of its real estate operations.

The company plans to sell Merrill Lynch Realty Associates, a national network of residential brokerage offices; Merrill Lynch Relocation Management, and its residential mortgage banking business.

All its real estate divisions accounted for $575 million in revenue in 1985. Realty Associates handled $13.7 billion in home sales in 1985, a 16.2% increase from 1984.

The sale of the three units is expected to raise at least $500 million of new capital. In 1985, according to the Securities Industry Assn., Merrill Lynch led the pack of 15 major securities firms in capital position with $2.6 billion in funds.

In June, 1986, in another move to raise capital, Merrill Lynch's retail brokerage unit raised commissions an average 5% on stock and option trades of less than $10,000.

Small investors are handled by the company's consumer markets division. In 1985, the division's account execs were renamed financial consultants to better reflect the array of services the consultants offer.

Several new accounts were introduced by the consumer market division in 1985.

The Flexible Credit Account is a personal/business secured loan that allows for the collateralization of a wide range of assets. The Capital Builder Account was test marketed last year. Its target is the emerging investor and has lower minimum entry requirements than the company's popular Cash Management Account.

Merrill Lynch Hubbard, the real estate investment and equity financing subsidiary, raised $1.3 billion in real estate partnerships, a 30% increase over 1984.

Merrill Lynch's Business Financial Services unit, which provides financial services to corporations with sales of $1 million to $125 million, had a record year in 1985.

Revenues grew 30% over 1984, to about $400 million. In the fourth quarter, the Working Capital Management Account was introduced to further meet the financial needs of growing businesses.

Also late in 1985 the Direct Marketing Business Unit was formed, aimed at increasing the company's share of the corporate employe benefit market.

In 1985, Merrill Lynch's increasingly important capital market sector provided $114 billion in financing to corporate, institutional and government clients, more than any other securities firm in history.

The company's presence abroad continued to grow in 1985. In February, 1986, Merrill Lynch became the first foreign company to gain a seat on the Tokyo Stock Exchange. The company expects to become a full member of the Stock Exchange in London later this year.

The company's merger and acquisitions business grew, and a $400 million partnership was created for the purpose of investing in the equity portion of leveraged buyouts.

In 1985, Merrill Lynch acquired a 29.9% interest in Giles & Cresswell, a primary dealer in Gilts, or the U.K. equivalent of U.S. Treasuries. The company now has 100% ownership.

Last year the company also paid $4 million for a majority interest in Data-Cast, a financial videotex service that is jointly owned by the Financial News Network and Biotech Capital Corp.

To better meet its occupancy needs, Merrill Lynch expects to move its executive offices and capital markets operations to the World Financial Center by mid-1987.

In 1985 it moved its training, asset management and some other consumer market operations to a new corporate campus in Princeton, N.J., and some operations functions were moved to Somerset, N.J.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,962	$2,819
Newsp. suppa.	73	127
Bus. pubs.	698	578
Network tv	15,402	3,898
Spot tv	2,437	173
Network radio	81	389
Spot radio	77	0
Network cable	325	0
Outdoor	58	62
Total measured	22,113	8,047
Unmeasured	18,000	6,550
Total	40,113	14,596

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Joan Moschello, vp adv, capital mkts
James W. Walsh Jr., vp-corp adv mgr

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York—Harry Clark, group dir; Gerry Matthes, Gerry Sherman, Walter Guerino, mgmt supers; Susan Popper, Eileen Lynch, Lee Reynolds, Orlando Herrera, acct supers; Gary Weisenthal, Regina Resnick, Kevin Clark, John Quartararo, acct execs.

RANK **160**

MGM/UA Entertainment

Culver City, Cal.

($ in millions)

Worldwide	1986	1984	% chg
Sales	655	707	(7.3)
Net income	(116)	35	(433.7)
U.S.	**1985**	**1984**	**% chg**
Sales	519	475	9.3
Advertising	51	57	(11.2)

MGM/UA Communications Co. started fiscal 1987 this Sept. 1 with a new name, a new home and what owner Kirk Kerkorian hopes will be new box-office fortunes.

Since 1982, the film company has had the worst box-office record of any major studio, and its dismal performances have carried into 1986. Of its latest batch of films—excluding "Rocky" sequels or James Bond pictures—only "Poltergeist II: The Other Side" and "Running Scared" proved to be modest hits with U.S. box office grosses of $39.6 million and $36 million, respectively. "Rocky IV" grossed more than $125 million after its November, 1985, release, but not even Rocky Balboa can carry an entire studio.

Films like "Wise Guys," "Ginger and Fred" and the recent "Shanghai Surprise" bombed this year, leaving MGM/UA's box-office market share for 1986, as of Sept. 1, at 6.2%. This ranks ninth behind Paramount, Warner Bros., Columbia, Universal, The Walt Disney Co., 20th Century-Fox, Orion Pictures Corp. and Tri-Star Pictures.

Even so, the company's financial outlook is bright thanks to Mr. Kerkorian's sale and repurchase of the studio from Ted Turner. While the same transactions left personnel on tenterhooks and stalled attempts to improve company performance for more than a year, as of Aug. 26, 1986, the deals were final and the new MGM/UA Communications Co. expects to move forward.

MGM/UA no longer has a production facility or a film lab—both were sold by Mr. Turner to Lorimar-Telepictures—but as new MGM/UA chairman and ceo Lee Rich said after his April appointment, "It's a young, aggressive, debt-free company with interests in all areas of the entertainment business and a library of approximately 950 films."

Before its sale, however, MGM/UA had problems. Its fourth-quarter fiscal 1985 losses totaled $49.5 million compared with a $2 million profit in 1984. MGM/UA then-chairman Frank Rothman discounted the losses, blaming them on payments of $32.5 million to settle a court case with Rainbow over cable tv rights to MGM films. But at the same time, total operating revenues for 1985 had dropped nearly $52 million, a 7.3% decrease from 1984, following a pattern of steady decline since Mr. Kerkorian merged MGM with UA in late 1981.

Despite the problems, Mr. Turner agreed to buy the ailing studio in August, 1985, for about $1.5 billion. As part of the complicated deal, Mr. Kerkorian agreed to buy back UA for $480 million. Then between mid-August and late November, 1985, MGM/UA's string of bombs continued. "Year of the Dragon," "Code Name Emerald," "Marie," "Fever Pitch," "Dream Lover" and "9½ Weeks" flopped. Cumulatively, the films cost $75 million to make, not including the $15 million spent on prints and advertising. Together the six films earned less than $5 million in rentals.

As a result of writedowns, MGM/UA reported a $26.9 million loss in its first quarter of fiscal 1986, which ended Nov. 30. This compared with a $1.6 million profit the previous year. The poor performance damaged Mr. Turner's attempts to raise the money to buy the studio. Then Mr. Kerkorian agreed to restructure the deal while the purchase price remained at $1.5 billion.

When the deal closed March 25, 1986, MGM became a subsidiary of Turner Broadcasting System, while Mr. Kerkorian, who owned 50.1% of MGM/UA, now owned 80% of the spun-off UA. In June, Mr. Turner sold everything except MGM's 3,600-film library, which includes old RKO Pictures and Warner Bros. movies. "The theatrical motion picture business is not really a sound financial business," he said at the time.

Mr. Kerkorian bought back MGM Entertainment Co.'s motion picture and tv production and distribution businesses and the Home Entertainment Group for $300 million. As part of the deal, MGM/UA will distribute up to three new TBS motion pictures a year, and it agreed to a 15-year home video distribution deal for the film library retained by TBS.

The restructured company under Mr. Rich will have two separate film production units—Metro-Goldwyn-Mayer Pictures under ceo Alan Ladd Jr. and United Artists Pictures under Anthony Thomopoulos. David Gerber will run the combined MGM/UA Television Group, while Richard Graff heads the MGM/UA Distribution Co. Both film production divisions will retain their own worldwide marketing entities. Gregory Morrison is president-marketing, MGM, while Andrew Fogelson is president-marketing, United Artists.

Despite the past years of turmoil, all are pushing forward. UA, which suspended production pending the studio sale, now has three films starting in October and another 26 projects at various stages of development.

In the future, both MGM and UA could make eight to 12 films each per year, nearly doubling the former MGM/UA Entertainment Co.'s output. When and if this happens, MGM/UA Communications Co. could double its annual ad spending.

In 1985, most MGM/UA films received between $1.5 million and $3 million in measured media. The lone exception was "Rocky IV" which received almost $5.5 million in measured backing.

The company reduced its network tv spending in 1985 by 34%, but nearly doubled spot tv buys and increased cable network advertising tenfold to more than $3 million. Most of the increased cable ad spending, however, can be attributed to MGM/UA Home Video, which spent $1.2 million on the medium.

Home video advertising nearly quadrupled to $1.67 million in 1985, compared with $450,000 in 1984. This year MGM/UA Home Video could double its ad spending again.

The Home Entertainment Group had been the only bright spot in 1985 with revenues of $203 million, a 25% increase over 1984's $162 million. Sales of "Gone with the Wind," which reached 300,000 units in 1985, paced the company's slate of 85 new video titles in fiscal 1985. Another 38 films were released on video during the first quarter of fiscal 1986.

Revenue generated from sales and rentals of videocassettes in 1986 include $6 million for the "Wizard of Oz," over $3 million each for "Motown 25—Today and Forever," "Frank Sinatra-Portrait," and "Singin in the Rain," and over $1 million each for "Death Wish," "Year of the Dragon," and "Youngblood."

The new MGM/UA also is expanding its efforts this year in domestic and international tv syndication to market and sell "Fame," the miniseries "George Washington: The Forging of a Nation" and the new prime-time series "Jack and Mike" for ABC while continuing to develop new tv properties.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$347	$252
Newspaper	1,801	260
Bus. pubs.	104	35
Network tv	15,072	22,765
Spot tv	6,115	3,629
Spot radio	219	2,791
Network cable	3,026	287
Outdoor	7	48
Total measured	26,692	30,066
Unmeasured	24,000	27,034
Total	50,692	57,100

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Marketing Personnel
Andrew M. Fogelson, president-worldwide mktg
Cirina Hampton, vp-publicity
MGM/UA DISTRIBUTION CO.
Marketing Personnel
Paula Kelley, sr vp-media/co-op adv
Perry Katz, vp-mkt rsch
MGM/UA COMMUNICATIONS CO.
MARKETING SERVICES DIV.
Marketing Personnel
Budd Filippo, sr vp-mktg admin
Ted Hatfield, vp-field operations
Advertising Agency
Wells, Rich, Greene, Los Angeles—Larry Olshan, president-entertainment; Lisa Courtney, media dir; Reggie Morrison, vp-mgmt super (New York); Kristy Fredenfeld, media planner.

RANK **146**

Minolta Co.

Ramsey, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,020	891	14.5
Net income	28	18	56.7
U.S. advertising	57	34	69.1
Division sales	**1985**	**1984**	**% chg**
Cameras	437	403	8.4
Bus. machines	565	472	19.7
Other	18	16	12.5

Minolta Corp. performed both a technological and a marketing feat in 1985 when it breathed new life into the 35mm single lens reflex (SLR) camera market with the introduction of its Maxxum 7000 series, which bridged the gap between user-friendly lens-shutter cameras and the more complex SLR at a popular price of $500 retail.

The Maxxum line unveiled by Minolta in January, 1985, as the world's first body-integrated, auto-focus 35mm SLR camera, also stimulated ad spending at Minolta by drawing an estimated $15 million to $20 million advertising and promotion campaign, bearing the theme "Only the human eye can focus faster."

During the year, Minolta also rushed into the growing electronic imaging market with the introduction of three video cameras and burrowed further into the business machine market with new product introductions, reflecting its goal to continue to broaden its business activities, while stressing identification with its name and symbol.

The Osaka, Japan-based parent company derived 80% of its business from markets outside Japan in 1985. Besides promoting a full line of cameras and equipment, the company markets copiers, printers and microfilm equipment and plans to expand its presence in photometry, medical equipment and planetariums.

North America accounts for more than half of the sales in each of Minolta's two product divisions—cameras and accessories, and business machines. North America is Minolta's fastest growing market, with sales up 12.2% over last year, and accounts for 57.5% of Minolta's camera sales.

Minolta has been at the forefront of market innovation the past few years, launching new products including the Freedom line of compact cameras and the new AF-Tele into the fast-growing, lens-shutter camera market.

However, the focus of Minolta's most ambitious and bold camera efforts was aimed at the slower growing, but larger profit-generating 35mm SLRs, including its popular X-700. Even though the Japanese shipped nearly 3 million rangefinder cameras to the U.S. in 1985, compared with 2 million SLRs, the SLRs generate more profit because of their higher price tags, according to Eugene G. Glazer, photomarketing analyst with Dean Witter Reynolds.

Analysts say the Maxxum has given to the SLR market the same boost Canon gave to the lens-shutter market with its AE1 model. Minolta, for example, hopes to boost the 35mm SLR portion of its camera sales to 60% with its Maxxum. Part of this will come through new line extensions. In April, 1986, a standard Maxxum, the 5000, was added to the line, which also includes the Maxxum 9000, a professional model. The company hopes to market more interchangeable lenses for the multifaceted unit, which can take pictures in total darkness with a flash attachment.

In terms of over-all camera sales to the U.S. market in 1985, Canon leads, as it did in 1984, while Minolta is second, also repeating its rank in 1984 share of market, followed by Nikon (Nippon Kogahi), according to Richard Ozaroff, senior international analyst at Value Line, New York.

However, some analysts believe Maxxum could help Minolta wrest the crown from Canon this year. The Minolta Maxxum already has become the best selling camera in the U.S., accounting for about 10% of all U.S. SLR dollar sales. Minolta, with its various products, has taken the top share of the SLR market with more than 30% of dollar sales compared with Canon's 28%, according to a trade industry observer.

Despite the success of the Maxxum, Minolta has not neglected the lens-shutter market. Though Canon continues to lead in that category with a 33% to 34% share in dollar sales last year, Minolta is second with a 15% share, a trade industry monitor says.

In August, 1985, the company introduced the Minolta A-Tele, a 35mm lens-shutter camera equipped with standard telephoto lens selection. By depressing a lever that activates the motorized lens drive, the operator can shift automatically from standard to telephoto lens settings and back.

In April, 1986, Minolta augmented its Freedom line of lens-shutter cameras with the Freedom III ($256 retail), an automatic-focus, 35mm compact with one option, a telephoto-wide angle lens attachment. The 1986 budget for both the new Maxxum and the Freedom III is expected to total $5 million.

Not all of Minolta's recent introductions have met with success. In June, 1983, Minolta unveiled its AF-SV lens-shutter camera, known as "the Talker" because it featured synthesized verbal reminders. Advertising in 1984 totaled nearly $3 million, which dropped to $137,000 in 1985. The company says the Talker eventually will be phased out.

As electronic imaging encroaches on the photographic market, Minolta has ventured into the video market. This past year, the company introduced three new video cameras, a camcorder and three models of videocassette recorders. According to Mr. Glazer at Dean Witter Reynolds, 500,000 video cameras were sold to retailers in 1985. That number is expected to more than double by the end of this year. Minolta, not wanting to be left behind in this increasingly mass-market segment, entered the video market in August, 1984, with the K-500 S. A year later, it introduced an autofocus version, the K-510 S AF, and the CR-1000S, AF camcorder.

With its built-in network of distributors via its camera dealers, Minolta is trying to make inroads into a market dominated heavily by Sony and Matsushita. Minolta's first year on the market gave it a 0.1% share, placing it No. 39. RCA led the market with a 13.75% share of vcr dollar sales in 1985. Panasonic by Matsushita was No. 2 with 12.05%, Fisher was No. 3 with 7.65% and Sony with a 4.75% share was sixth, according to *Video Week*, a publication of *TV Digest* in Washington.

Minolta spent $16.4 million on cameras and accessories in measured media in 1985, up from $8.5 million in 1984 and nearly twice the $8.7 million it spent promoting its business equipment products in 1985, a figure up 34% over the previous year.

As in cameras, North America was the largest business machine market for Minolta, accounting for 56.5% of its overseas business machine sales. The North American sales total of $272.7 million represented an increase of 31.3% over 1984.

Business machine sales at Minolta were led by the company's newly completed lineup of zoom plain paper copiers, which target the small and medium-capacity market. Minolta credits itself with having invented the automatic zoom copier. In December, 1985, the company launched its first personal copier, the EP50. Total copier advertising amounted to $5.7 million during the year, down 13% from 1984. Ads featured actor Tony Randall in a campaign from Bozell, Jacobs, Kenyon & Eckhardt.

A $3 million ad campaign backed Minolta's introduction of its PCW 1 word processor into the U.S. market in July, 1985. The multifunction work station features word processing, electronic typing and personal computing through an exclusive visual-sequence software system.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,921	$3,917
Newspaper	335	159
Newsp. supps.	156	0
Bus. pubs.	1,002	673
Network tv	15,538	7,983
Spot tv	3,229	2,944
Network cable	471	0
Outdoor	82	130
Total measured	26,734	15,805
Unmeasured	30,000	17,736
Total	56,734	33,541

MINOLTA CORP.
101 Williams Drive
Ramsey, N.J.
(201) 825-4000
PHOTOGRAPHIC DIVISION
Corporate Personnel
Sam Kusumoto, president
Kaz Umeda, vp
Marketing Personnel
James D. deMertier, dir-mktg
Thomas E. Wardrop, natl adv mgr
Advertising Agency
William Esty Co., New York—SLR cameras, lens shutter cameras, video cameras, videocassette players/recorders, light meters, binoculars—Hank Greer, sr vp-acct dir; Philip G. Schwetz, sr vp-mgmt super; Salvatore Colombo, sr acct exec; Mark McDermott, acct exec.
BUSINESS EQUIPMENT DIVISION
Corporate Personnel
Sam Kusumoto, president
Al Kusada, vp
Marketing Personnel
John Vacca, dir-adv & pr
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, New York—business equipment—Al Shapiro, sr vp-acct group dir; Laurene Freehil, sr acct exec; David Scofield, acct exec; Bob Feinberg, creative dir. Micrographics—Jerry Matthes, vp-mgmt rep; Ted Healy, acct super; John Lombardo, asst acct exec; Sandy Evans, creative dir.

RANK **194**

Mitsubishi Corp.

Tokyo

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,769	11,945	(1.5)
Net income	13.6	13.5	0.7
U.S. advertising	34	28	18.8

New products and joint ventures aimed at beating the quota system on Japanese cars may be the combination that propels Mitsubishi Motor Sales of America into serious contention as a large volume importer in the U.S. market by 1990.

That's part of the five-year forecast by Mitsubishi, whose plans call for U.S. sales of 250,000 to 300,000 vehicles annually by 1990, up from 76,000 in 1985. A steady outpouring of innovative products will spark consumer demand, the company predicts. An example is the minivan Mitsubishi will introduce later this year to compete with Toyota.

Plans for 1990 also call for doubling the ad budget, estimated at $37 million last year; tripling the number of

dealers from the present 106, and nearly quadrupling the number of markets from the present 35 on the East, West and Gulf coasts to 125 in major markets across the country.

Expansion plans for the next decade appear well within reach of Mitsubishi Motor Sales of America, the U.S. sales arm of Mitsubishi Motors Corp., a wholly owned subsidiary of Mitsubishi Corp., both of Tokyo. Principal shareholders in MMC include Mitsubishi Heavy Industries Ltd. (65%), Chrysler Corp. (25%) and Mitsubishi Corp. (10%).

MMSA began marketing products under the Mitsubishi name in the U.S. in the fall of 1982. For 1983, the company sold 42,072 cars and trucks, the most vehicles ever sold by any importer during its first full year of operation in the U.S., a figure that will be eclipsed this year by Hyundai Motor Corp., the South Korean budget car. The product lineup included three cars (Starion, Cordia and Tredia) and two-wheel-drive and four-wheel-drive trucks. The Mitsubishi Montero four-wheel-drive sport/utility vehicle was introduced as a 1983½ model.

Calendar 1984 saw sales of 56,717 cars and trucks, up 35% over the previous year. The 1985 total stood at 76,473 units—49,734 cars and 26,739 trucks—a 35% increase over year-earlier figures.

In 1985, Mitsubishi sold 13,066 entry-level Mirage models, with prices starting at $5,869 for the two-door. Ad backing was $2.3 million, according to LNA. This vehicle was followed in popularity by the Galant, a four-door luxury sedan with prices starting at $13,899, which sold 12,766 units and received $1.5 million in ad spending; $7,749 four-door Tredia, 10,902 units, and recipient of about $900,000 in ad spending; the little advertised Cordia, a two-door sport hatchback priced at $9,319, 8,159 units; and Starion, LE turbo coupe priced at $15,209, 4,841 units, which received $2.4 million in ad backing, according to LNA.

The total represents a 1.7% share of imported cars in the U.S., far below the 23.4% share held by Toyota and Nissan's 21.3%. Mitsubishi ranks seventh among Japanese auto importers and sixth in trucks in the U.S.

But for 1986, MMSA expects to sell nearly 100,000 cars and trucks, projecting sales of 57,000 cars, 32,000 trucks and 7,000 Monteros. The company projects sales of between 140,000 and 150,000 units in 1987, and all signs point to a company on the move.

Compact trucks, a category not restricted by voluntary import quotas, accounted for about 40%, or $7.63 million, of the company's measured media spending for 1985, the most for any Mitsubishi product. The biggest portion of that expenditure, according to Leading National Advertisers, went into spot tv. Spot tv for all brands represented about 53% of the company's measured media figures for 1985. Other major shares went to newspapers, 20%; magazines, 17.7%, and business publications, 7.1%. Smaller portions were spent on cable tv, $128,000, and spot radio, $213,000.

Much of the estimated $10 million in unmeasured media spending was devoted to a cooperative ad program for dealers. The percentage of the ongoing co-op effort shared by MMSA depends on the emphasis needed for a promotion. Normally the company covers about 30%, although its involvment can go as high as 50% if greater than normal sales incentives are required.

MMSA's plans for expansion, circumventing voluntary import restrictions on cars and gaining a larger share of the market, hinge on reliable production sources of new vehicles. These include Diamond-Star Motors Corp., the joint venture between MMC and Chrysler Corp., and an agreement with Hyundai to provide MMSA with an entry-level car to sell in the U.S. in 1987.

Diamond-Star will produce up to 240,000 cars a year at the Chrysler-Mitsubishi plant in Bloomington-Normal, Ill., and the two companies will share equally in the output. Chrysler has sold Mitsubishi vehicles under Dodge and Plymouth nameplates since 1970. MMSA also expects to import about 30,000 cars built in South Korea by Hyundai Motors Corp. for the 1987 model year. These entry-level cars will be competitively priced with Hyundai's own Excel models and will not be affected by quotas, allowing MMSA to import more higher-priced cars from Japan.

Introduction of the entry-level Mirage subcompact and the midsize luxury Galant helped MMSA broaden its coverage for the 1985 model year. The new entries supplemented a line that had been made up of the compact Tredia, sports specialty Cordia, the luxury sports Starion, plus the Montero compact sports utility and the two-wheel-drive and four-wheel-drive truck categories.

For the 1986 model year, the entire line underwent refinements, most of them exemplified by such top-of-the-line models as the luxury Galant sedan, the econo-sports Mirage Turbo and the intercooled Starion ESI-R, the last introduced late in calendar 1985.

These new offerings in the 1986 line reflected Mitsubishi's decision to pursue the midvolume, upscale market, an area in which MMSA believed it could compete successfully without running head-on into Toyota and Nissan in the large-volume end of the U.S. market at the outset.

Accordingly, Mitsubishi adopted a life-style theme in its opening campaign for the '86 line, an approach that was used for the midyear introduction of the Starion ESI Turbo, the third and fastest model in the sporty car models. The theme also encompassed pickup truck advertising at midyear, a sign that perhaps MMSA had come to see its compact truck market, once driven by rural and commercial users, merging with the passenger car market.

Produced by Cunningham & Walsh, Los Angeles, the campaign positioned the new Mighty Max Sport compact pickup as the perfect companion for a free-and-easy life style, rather than a tough tool for the ranch. Dashboard and passenger compartment styling of the truck resemble passenger car interiors, a departure from the spartan decor of many earlier compact pickup trucks.

Print and tv ads presented the Mighty Max Sport on the beach. One tv spot featured a young surfer-type male showing off his truck to an admiring young woman, ending with the $6,199 price flashed on the screen.

For the Starion ESI Turbo, Mitsubishi's fastest car, the message was high performance. The car was the centerpiece of ads themed "Proof that man was meant to fly."

A six-month campaign for MMSA's high-performance Starion ESI-R broke in car enthusiast magazines in December. It was expanded to tv and general interest publications in January.

With a full auto and truck line in place for the first time since it entered the U.S. market in 1982, MMSA continued the life-style campaign with the introduction of other models in the 1986 line in October. Product shots of a year earlier were replaced by life-style vignettes when the company introduced its top-of-the-line Galant and the subcompact Mirage. The last to be created by C&W, the campaign was backed by an estimated $8 million in fourth-quarter spending and began airing in early October.

MMSA went into the 1987 model year, its fifth in the U.S., with an all-new campaign from a new agency, Grey Advertising, Los Angeles, spearheading its aggressive new five-year marketing plan.

Supporting a new lineup of two-wheel-drive trucks, a new five-speed manual transmission version of the Galant and a four-door Mirage, the current effort aims at creating a national image of "patient craftsmanship."

That campaign is set to the theme of "Mitsubishi: Perfecting the experience," with spots designed to position the company as one that takes pains to perfect the technology used in making the product.

Last year's life-style approach has been abandoned in favor of promoting "the driving experience," with the use of car action shots to illustrate such experiences as the acceleration of a high-performance Starion.

One of six new spots is in behalf of Mitsubishi's line of newly designed trucks, a market segment that once again is accounting for nearly 40% of the company's fourth-quarter budget. MMSA corporate headquarters in Fountain Valley, Cal., a Los Angeles suburb, will be moved to Cypress, Cal., a few miles away, by late 1986 or early next year.

A technical training, service engineering center, parts distribution center and western regional offices already are located at the Cypress complex as are an MMC emissions testing laboratory and design studio.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,712	$4,491
Newspaper	5,362	3,217
Bus. pubs.	1,972	1,333
Spot tv	14,210	13,344
Spot radio	213	0
Network cable	129	0
Total measured	26,597	22,385
Unmeasured	7,000	5,892
Total	33,597	28,277

MITSUBISHI MOTOR SALES OF AMERICA
10540 Talbert Ave.
Fountain Valley, Cal. 92708
(714) 963-7677
Marketing Personnel

Garrett J. Nash, vp-mktg
Frances Oda, adv mgr

Advertising Agency

Grey Advertising, Los Angeles—Bruce McRitchie, sr vp-genl mgr; John Miley, vp-group mgmt super.

National Distillers & Chemical Corp.
RANK 177
New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,289	2,245	2.0
Net income	77	51	50.2
U.S.	**1985**	**1984**	**% chg**
Sales	2,197	2,163	1.6
Advertising	43	47	(8.5)
Division sales	**1985**	**1984**	**% chg**
Petro. chem.	730	775	(5.8)
Other chem.	308	306	0.7
Energy	572	516	10.9
Spirits, wine	680	649	4.8

National Distillers & Chemical Corp., marketer of Almaden wines and De Kuypers liqueurs among other leading wines and distilled spirts, left no doubt about the direction of the company when it agreed to buy a chemical company and sell off its Spirits & Wine division this October.

Its intention to concentrate on the chemical and energy industry quickly took root with the acquisition of Enron Chemical Corp. for $575 million. The move will make National Distillers the No. 1 producer of polyethylene resins in the U.S.—a key ingredient of plastic wraps and trash bags. The company had purchased propane gas operations over the past three years to become the No. 1 marketer of that commodity.

A buyer has yet to be publicly named for the Spirits and Wines division, although Schenley Imports Co. and Heublein have been mentioned as candidates. The division—consisting of National Distillers Products Co. and Almaden Vineyards—was the No. 3 distiller in the U.S. in 1985 with total case depletions of 13.6 million, behind Jos. E. Seagrams & Sons and Heublein Inc., a division of RJR Nabisco. It accounted for 7.6% of the American spirits market. Analysts estimate that the business will sell for $400-$500 million.

The Spirits & Wines division contributed 30% of the company's revenues and 22% of its operating profit in 1985 with its sales of $680 million on operating profit of $42.6 million. The business has been described as slow growth but highly profitable—sales were up 4.8% and operating profit grew 54.2% in 1985 from 1984.

In the first six months of 1986, Spirits & Wines contributed $333.7 million in sales, up 8.5% over the corresponding period a year earlier, and $122.3 million in operating profit, up 34%. Sales of the division represented 29% of total company sales for the six-month period of $1.16 billion, up 7.4%. Companywide net income for the period was $32.2 million, up 30.4%.

Measured advertising spending, which dropped 8.3% from 1984, is concentrated mostly in magazines (46% of total ad spending) and outdoor (19%) network tv (17%) and net radio (11%). Spot tv was the big year-to-year loser in the media spending, dropping from $1.7 million in 84 to $339,000 in 1985.

National Distillers' biggest growth category has been its DeKuyper cordials line, which has not been its biggest ad category with $1.8 million in spending in 1985, up 50% over 1984. But that category is expected to receive

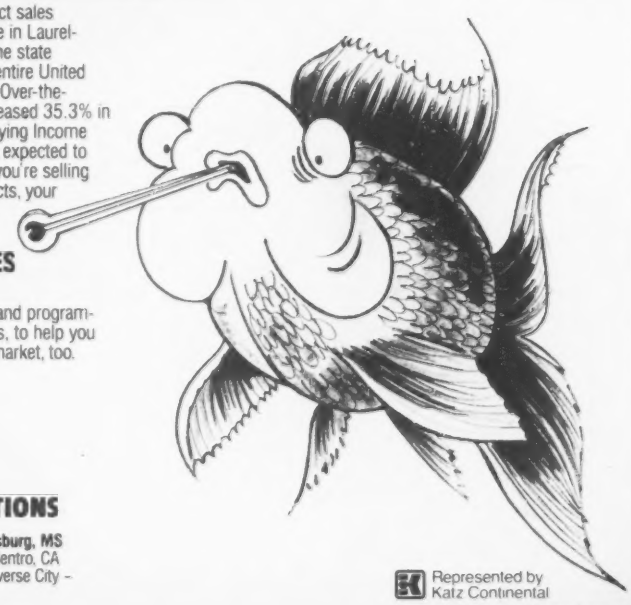
The big guy and the little guy

The battle of David and Goliath, at least on paper, took place this year between Safeway Stores, the Goliath with $19 billion in sales, and the David, Dart Group, a small Landover, Md., company with $97.8 million in sales. Dart collected 5.9% of Safeway shares before Safeway ultimately was consumed by Kohlberg Kravis Roberts & Co. Dart, controlled by the families of Herbert H. Haft and Robert Haft, also owns Trak Auto Corp., Dart Financial and Crown Books Corp.

WHY BE A LITTLE FISH IN A BIG POND?

LAUREL-HATTIESBURG DRUG PRODUCT SALES WILL CURE WHAT AILS YOUR SALES.

Over-the-counter drug product sales per household are on the rise in Laurel-Hattiesburg, outperforming the state by 13%, region by 13% and entire United States by 5% in 1984 alone. Over-the-counter drug sales have increased 35.3% in five short years. Effective Buying Income has increased 70.2%, and is expected to reach 77.5% by 1989. So if you're selling over-the-counter drug products, your sales will be a lot healthier in Laurel-Hattiesburg.



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BEAM COMMUNICATIONS

NBC WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

LAUREL-HATTIESBURG, MISSISSIPPI

$5 million through 1986.

Case depletion for the DeKuyper line increased 94% from 1984, breaking all sales records for any cordial line in the industry. The success was largely because of DeKuyper Peachtree schnapps, which established a new record as the fastest growing new liquor product with 2.3 million case depletions in 1985.

National Distillers currently has more than a 70% share of the schnapps market with Peachtree alone having more than 50%.

The DeKuyper line consists of Peachtree, Apple Barrel, Mountain Strawberry, Peppermint, Old Tavern Rootbeer, and newly introduced Original Harvest Pear. The line has grown from the 21st best-selling brand in 1984 to the 9th best-selling brand last year. The company attributes increased the growth of sales to an increasing demand for lighter and sweeter tasting drinks. With a 30% increase among consumers of fruit juices, it follows that fruit flavored alcoholic drinks are also becoming more popular.

National Distillers has six other brands besides DeKuyper cordials in the top 50 distilled spirits brands in the country, according to market rankings by John C. Maxwell Jr., analyst at Furman Selz Dietz & Birney, New York. At the top of the company list is Windsor Canadian Supreme moving down from 6th to 7th place with a case depletion of 3.8 million-virtually the same as last year.

Windsor Supreme was bumped out by the fast growing Popov whiskey, distributed by Heublein. Ad spending for Windsor Supreme was down 91% to $3.3 million.

Gilbey's gin dropped another notch this year to No. 14 resulting from a 5% drop in case depletions. Gilbey's was supported with $4.5 million, down 6% from 1984. Kamchatka vodka, No. 15 with a 1.8% increase in case depletion, rose one notch, with ad support of $338,000, up 6%.

Old Grand Dad bourbon fell four ranks to No. 33 after a decrease in case sales of 2.1% and Old Crow dropped four places to No. 36 with a decline in case sales of 8%. Old Grand Dad advertising dropped 15% to $3.4 million, and Old Crow, another bourbon, received no measured spending.

National Distillers placed seventh among the country's leading wine companies with 10.9 million case depletions giving it a 4.4% share of market. Almaden ranked fifth among leading wines, down from No. 3 in 1984, with case depletions down 1.1% to 9.1 million. Ad spending for Almaden wines decreased 13.6% in 1985 to $7.6 million.

Sauza tequila's ad support was up 89% in 1985 to $1.1 million, as sales for the tequila rose 30%, according to National Distillers, which has begun to emphasize marketing of Sauza because of the growing consumption of tequila in the U.S. generally among the more young and affluent. Advertising, appearing in national magazines, is an attempt to change the brand's image from macho to more sophisticated and chic. The company claims that with the introduction of Sauza Grio, a variety of Sauza, the brand is now a close third to No. 1 Cuervo (Heublein) and No. 2 Montezuma (Barton Brands).

In the corporate structure, Drummond C. Bell, chairman and chief executive officer, National Distillers & Chemical Corp., retired in April, 1986. He was replaced by John Hoyt Stookey, formerly president. Mr. Bell will continue as a director and as chairman of the board's executive committee.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$12,217	$12,210
Newspaper	1,293	1,224
Bus. pubs.	0	10
Network tv	4,571	4,868
Spot tv	339	1,743
Network radio	2,780	3,184
Spot radio	62	0
Network cable	0	11
Outdoor	5,211	5,670
Total measured	26,471	28,919
Unmeasured	17,000	18,572
Total	43,471	47,491

NATIONAL DISTILLERS & CHEMICAL CORP.
99 Park Ave.
New York, N.Y. 10016
(212) 949-8000
Corporate Personnel
John H. Stookey, chmn
Richard Tilghman, vp-corp relations

NATIONAL DISTILLERS PRODUCT CO.
New York
Corporate Personnel
John D. Lethbridge, vp-genl mgr, spirits & wine

Marketing Personnel
Ronald F. Van Vactor, vp-genl mgr
Todd S. Middleton, vp-mktg
Emil A. Pavone, vp-pr
Robert L. Hampton, vp-production
Clarence E. Sellers, vp-natl sales mgr
Victor L. Fioravante, vp-direct merch-sales promo

Advertising Agencies
BBDO, New York—Old Grand Dad bourbon, Gilbey's line, Old Taylor, Old Crow, DeKuyper cordials & liqueurs, CocoRibe coconut liqueur, Kamchatka vodka, Bellows line—Jonathan Firestone, vp-mgmt super; Christian Tragos, acct super; Frank Butitta, acct exec.

Laurence Charles Free & Lawson, New York—Windsor Canadian, Canada House, Keller Geister German wine, Vat 69 scotch, King George IV scotch, Talisker scotch—Robin Kobal, sr vp; Russ Napolitano, acct exec. Sauza Tequila—Susan Holson, acct super; Dare Coslow, acct exec.

USI CHEMICALS
Cincinnati
Marketing Personnel
William F. McDonald, genl mgr
Timothy H. Smith, vp-mktg
R.E. Cuttforth, adv-publicity mgr-chemicals
J.W. Schmid, dir comm

EMERY CHEMICALS
Cincinnati
Marketing Personnel
Robert Betz, vp-genl mgr
Robert P. Danes, vp-mktg

Advertising Agencies
(In-house) Chemical Communication Group, Cincinnati, O.—USI Chemicals, Emery Chemicals—J.W. Schmid, dir.

Poppe Tyson, New York—Jerry Miknich, vp.

SUBURBAN PROPANE GAS CORP.
Morristown, N.J.
Corporate Personnel
Mark J. Anton, chmn-president
Marketing Personnel
Neil Carey, vp-mktg & material supply services

ALMADEN VINEYARDS
San Jose, Cal.
Corporate Personnel
John D. Lethbridge, vp-genl mgr, spirits & wines
Ronald J. Siletto, genl mgr
Marketing Personnel
Richard L. Carretta, vp-genl sales mgr
Robert G. Mutachler, dir-mktg

Advertising Agency
Ciociola & Co., New York—Mel Ciociola, chmn-exec creative dir.

North American Philips Corp.

RANK 113

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,395	4,326	1.6
Net income	82	131	(37.5)
U.S. advertising	69	63	9.2
Division sales	**1985**	**1984**	**% chg**
Consumer elec.	1,254	1,241	1.0
Consumer prods.	907	904	0.3
Other prods.	209	229	(8.7)
Electronic cos.	824	906	(9.1)
Prof. equip.	1,202	1,047	14.8

Fierce price competition from tv sets and videocassette recorders from the Far East hurt profit margins for North American Philips' consumer electronics lines in 1985. Although sales grew slightly in the year, the softening U.S. economy and pricing pressures from foreign competition caused Philips to post a 37.5% decline in net income compared with record returns in 1984.

This year, the company announced it would take a $10.6 million net loss in the second quarter, following a one-time charge of $21.3 million resulting from plans to withdraw from the manufacture of cable tv equipment and end production of color data displays at the company's Seneca Falls, N.Y., plant. As a result of this and sluggish economic conditions, NAP had net income of only $3.5 million for the first six months of 1986 and operating profit of $24.8 million, down 40% from the year-earlier period. Sales rose 3%, to $2.09 billion.

NAP spent 9.2% more in measured advertising in 1985 compared with 1984. However, advertising and promotional costs—primarily unmeasured spending—dropped about 20%, or $9 million, to $35.9 million in 1985, according to the company.

NAP reduced measured network tv spending by nearly $4 million, about 20%, while shifting $2.3 million into spot tv, $1 million into cable, $310,000 into free-standing inserts and $10,000 into outdoor. NAP eliminated spot radio as an ad medium in 1985, following a sixfold increase in 1984, to $98,500. Network radio, which had no measured spending in 1984, received $569,800 last year.

N.A.P. Consumer Electronics Corp., Knoxville, Tenn., the company's largest and generally most profitable division, was restructured as Philips' worldwide center for consumer electronics products. A new operations group was formed in Knoxville to coordinate worldwide development, engineering and product planning with the parent company, N.V. Philips of Eindhoven, the Netherlands. About 58% of NAP is held by a trust for the benefit of public shareholders of N.V. Philips.

Despite record industry shipments of color tv sets, vcrs and compact disc players last year, NAPCEC, under the Magnavox, Philco and Sylvania brand names, posted a $12.7 million operating loss on stagnant sales of $1.25 billion in 1985. Increased imports of consumer electronics and price pressure competition from Far Eastern manufacturers, together with a softening U.S. economy and stronger U.S. dollar, resulted in sharply lower profit margins.

Electrical consumer products, including the North American Philips Lighting Corp., Norelco and Genie Home Products divisions, accounted for $907 million in sales and operating profits of $73.5 million. Additional consumer products companies, such as Baker, Knapp & Tubbs furniture makers and the Selmer Co. musical instrument maker, contributed $209 million in sales and $18.3 million in operating profits. Professional electronics sales were up, with sharply higher earnings last year, thanks to medical systems and military electronics businesses.

NAPCEC last year introduced 90 tv models under its various labels, as well as a full range of Magnavox computer monitors and a projection tv monitor for educational and industrial uses. In the video category, Magnavox introduced more vcrs and its first single-piece vhs camcorder.

In November, NAPCEC dismissed its agency of 17 years, Doyle Dane Bernbach, New York, saying it wanted to reposition its products during 1986. DDB handled $15 million in billings for the company's Magnavox and Sylvania audio and video products. Backer & Spielvogel, New York, won the Magnavox account in May, 1986, while the Philco/Sylvania account is still in-house.

Already in 1986, Backer & Spielvogel has launched a multi-spot $10 million campaign to build Magnavox sales and image—as the "perfect tv" in the ads. The ads, which broke Oct. 15, tout Magnavox's top-of-the-line tv's 178-channel capability, built-in stereo decoder and an infrared remote control system. The ads are designed to break Magnavox's stodgy "console" image. The creative solution has Magnavox meeting the demands of "videophiles" in the commercials.

Spots share the tagline "Nobody puts it together like Magnavox" and are running during prime time, including "Dynasty," "Hill Street Blues," "Miami Vice" and "Moonlighting." Magazine ads appeared in October, too.

In January the campaign will broaden to feature Magnovox's other lines, including compact disc players and videocassette recorders, according to Mike Keel, vp advertising at the company.

In 1985, the Magnavox line was backed by $6.4 million in measured ad spending last year, up 3% from 1984, according to Leading National Advertisers. Some $3.1 million of that supported Magnavox tv sets, all in magazines. Measured spending dropped 27% for Sylvania to $3.8 million in 1985, 97% of which backed its tv sets, virtually all in spot tv. Philco tv sets had measured spending of less than $10,000 last year, down from $652,000 in 1984.

Philips Home Interactive Systems, a new division of NAPCEC, in November, 1985, introduced its first product, the Magnavox Videowriter, retailing for $800. Billed as "the first complete word-processing system for the home," the Videowriter combines typewriter, video terminal and letter-quality printer in a single portable unit, targeted to consumers who want word processing features without the bother of a computer terminal. The Videowriter is being introduced under the Philips name in Europe this year.

Norelco Consumer Products, a subsidiary of the electrical consumer products division, is the perennial leader of the $276 million electric shaver category, with an estimated 50% share. Norelco measured spending increased 15.5% to $13.4 million, some $9 million of which backed product introductions in the men's and women's shaving categories. Last fall the company launched its men's Rototract electronic shaver, the Delta rechargable shaver, Ladyshave cord and cordless shavers and Lady Schick razors in fashion colors. Some $6.7 million of the $9 million was spent on network tv and $1.1 million on cable tv.

In response to a patent infringement suit brought against Norelco by Windmere Corp., Hialeah, Fla., last December, Norelco said it would withdraw its Ronson electric rotary shavers from the market, but advertised them until its $2 million inventory was sold. Windmere brought suit against Norelco for unfair pricing practices.

Under its new Garment Care division, Norelco launched a line of four Ultra-light irons in June, 1985, and claimed 10% of the 13 million-unit market worth $275 million by December. However, Jim Stevens, editor of *Appliance Magazine*, currently places Norelco's share at 6%, ahead of West Bend with a 3% share, but trailing Black & Decker 43%, Sunbeam 21%, Wear-Ever/Proctor Silex 19% and Hamilton-Beach 7%.

Norelco, which spent $783,000 on irons, all in network tv, joined the pack of consumer appliance marketers hoping to cash in on GE's withdrawal from the market when it sold its housewares division in 1984 to Black & Decker. B&D has aggressively advertised GE's line of lightweight, automatic shut-off irons as it converts many of the GE brands to the B&D logo. NAP says it is aiming for a 20% total market share in the iron category.

The Home Security line, featuring smoke detectors, electronic timers and property identification kits, also was introduced in June, 1985. Other Norelco product entries for 1985 include electric hair setter with flocked rollers, flocked curling iron and flocked curling brush, and a new Man Care beard and moustache trimmer.

Norelco in December, 1985, changed its ad claims for its tabletop Clean Air Machine when the Federal Trade Commission said performance did not meet company claims. Norelco leads the household air cleaner market with 40% share. Ads, via McCaffrey & McCall, stated the Clean Air Machine cleaned "substantially all" or helped clean "a substantial portion" of smoke, dust, pollen or tobacco from the air.

Norelco introduced a rechargeable electric knife, a Tall-Can countertop can opener and an electric corkscrew. Following the highly successful Dustbuster from Black & Decker, the company brought out its own rechargeable Quick Bro hand-held vacuum and the Clean Up Machine 2, a combination rechargeable hand vacuum and spotlight.

Although sales for North American Philips Lighting Corp. were ahead of 1984 levels, growth in the U.S. lighting market dimmed to only 3% in 1985, compared with 19% growth in 1984 and 14% in 1983. Net income for the division was affected by a $15 million advertising and promotional campaign to introduce Philips light bulbs and lamps.

The campaign raised consumer awareness of the brand-name transition from Westinghouse light bulbs and lamps to the Philips name. NAPLC in 1983 purchased the Westinghouse business. Network tv, free-standing inserts and sweepstakes promotions, begun in September, 1985, were handled initially by Gianettino & Meredith, Mountainside, N.J. Earlier this year, NAPLC moved its account to DFS Dorland Worldwide, New York.

Philips Home Products division (formerly Genie Home Products) had total measured spending of $3.2 million last year and backed its Genie remote controls with $1.5 million in spending on network tv. Genie, the leader in the garage door opener market, last year introduced a garage trash compactor called the Beast, a keyless garage door entry system and a microchip powered Stud Detector for do-it-yourself home builders. Measured support of $3.2 million, up 10.3%, was provided for various Genie products, with the remote control system receiving the greatest backing, or $1.6 million. Last January, PHP moved its account to W.B. Doner & Co., Detroit, from Hesselbart & Mitten, Fairlawn, O.

In September, 1986, NAP agreed to sell its furniture subsidiary, Baker, Knapp & Tubbs, to Kohler, Wis.-based Kohler Co., the largest U.S. plumbing fixtures marketer. Earlier in the year, the company had consolidated two Holland, Mich., plants, and combined upholstery facilities in High Point, N.C.

In other operations, Anchor Brush Co. got a boost in sales last year by producing the new Colgate Plus toothbrush line for Colgate-Palmolive and packaging for Maybelline's new Expert Eyes mascara line. Musical instrument manufacturer Selmer Co. had modest sales growth despite a heavy influx of imports and a decline in band and orchestral segments of the musical industry. Philips Medical Systems business showed strong growth in diagnostic product lines.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,251	$8,962
Newspaper	647	667
Newsp. supps.	323	11
Bus. pubs.	2,259	144
Network tv	13,781	17,145
Spot tv	5,311	3,027
Network radio	570	0
Spot radio	740	96
Network cable	1,680	682
Outdoor	60	51
Total measured	33,620	30,785
Unmeasured	35,000	32,049
Total	68,620	62,834

NORTH AMERICAN PHILIPS
100 East 42nd St.
New York, N.Y. 10017
(212) 697-3600
Corporate Personnel
Cees Bruynes, chmn-president

N.A.P. CONSUMER ELECTRIC CORP.
Corporate Personnel
Donald F. Johnstone, president

Marketing Personnel
William Ulewicz, vp-Magnavox sales
Rick Policicchio, vp-Sylvania/Philco sales
Robert Beasley, vp-NAPCEC mktg
Frans Bastiaansen, vp-operations
David Rivoira, vp-new business ventures
Dick Whittington, mktg mgr, Philips Home Interactive Systems

Advertising Agencies
Lowe Marschalk, New York—Philips Home Interactive Systems—Karl Maier, vp-mgmt super.

Backer & Spielvogel, New York—Magnavox div—Charles Decker, sr vp-mgmt super; Alan Stone, acct super; Robert Rizzuto, acct exec.

CONSUMER PRODUCTS DIVISION
Stamford, Conn.
Corporate Personnel
Richard Q. Kress, president

Marketing Personnel
John P. Rohmer, adv mgr

Advertising Agency
McCaffrey & McCall, New York—Jim

Mitchell, acct super.

N.A.P. LIGHTING CORP.
Somerset, N.J.
Marketing Personnel
Alan K. Hegedus, president
Charles Stuart, exec vp-sales & mktg
Jerry Preyss, dir-mktg operations
William Attardi, vp-mktg
Steve Goldmacher, mgr-mktg comm
Advertising Agency
DFS Dorland, New York—Clifford Freeman, exec creative dir; Arthur Bijur, creative dir.

PHILIPS HOME PRODUCTS
Alliance, O.
Marketing Personnel
John Gray, president
Michael Reilly, vp-mktg & sales
Michael Fox, adv mgr
Advertising Agency
W.B. Doner & Co., Cleveland and Detroit —Peter Robinson, acct mgr.

ANCHOR BRUSH CO.
Montgomery, Ill.
Marketing Personnel
B.F. Bouldin, president
B.L. Slaughter, vp-mktg

BAKER, KNAPP & TUBBS
Chicago
Marketing Personnel
Robert H. Fernbacher, president
Bill Barborka, adv dir
Walter Haarsgaard, vp-sales & mktg
Advertising Agency
Aves Advertising, Grand Rapids, Mich.—John Aves, president-acct super; Phil Van Suilichem, acct dir.

THE SELMER CO.
Elkhart, Ind.
Marketing Personnel
H. William Petersen, president
Peter A. Ryan Jr., exec vp-adv

PHILIPS BUSINESS SYSTEMS
Woodbury, N.Y.
Marketing Personnel
Paul Dentone, president
Timothy Holmes, adv dir
Advertising Agency
Greenstone & Rabasca, Woodbury, N.Y. —Richard D'Amico, vp-acct super.

PHILIPS MEDICAL SYSTEMS
Shelton, Conn.
Marketing Personnel
Dominick M. Protomastro, president
Ross Trimby, vp-mktg
Advertising Agency
Doyle Graf Mabley, New York—Peter Larson, acct super.

RANK **191**

NWA Inc.

St. Paul, Minn.

($ in millions)

Worldwide	1986	1984	% chg
Sales	2,655	2,445	8.6
Net income	77	96	(19.9)
U.S. advertising	35	14	147.8
Division sales	**1986**	**1984**	**% chg**
Passenger	2,154	1,985	8.5
Freight	328	355	(7.8)
Mail	80	58	37.9
Charter	56	39	43.6
Other	37	8	362.5

NWA Inc., parent company of Northwest Airlines, contributed to the merger turbulence of the airline industry with the $884 million acquisition in August, 1986, of Minneapolis-based Republic Airlines.

The two carriers completed consolidation of schedules and other operations Oct. 1, leading to several marketing changes:

- NWA changed the name of its operating unit from Northwest Orient to Northwest, reflecting its broader domestic scope.
- The airline rehired Republic's ad agency, DFS Dorland Worldwide, after an earlier decision to retain Northwest agency Grey Advertising, which was then dumped.
- Former Republic marketing execs who moved to Northwest brought with them the airline's successful "Perks" frequent flier program, renaming it "Worldperks."

Northwest's ad spending in 1985 totaled $45.4 million, a 29.5% increase from 1984, the company says. Measured U.S. spending was $25.4 million; total estimated U.S. spending was $35 million. Republic, which is not represented among 200 leading national advertisers monitored by Advertising Age, spent an estimated $25 million in the U.S., including $19.2 million in measured media; it did not operate extensively internationally.

For 1985, Northwest alone posted operating revenues of $2.66 billion, an 8.6% increase from a year earlier. Net earnings were $73.1 million, a 30.7% gain from 1984, but operating income was down 20%, to $77 million. The company blames the decline on industrywide fare discounting, but says its load factor—or percentage of available seats filled—remained virtually the same at 60.5%.

For the six months ended June 30, 1986, Northwest had net earnings of $7.5 million, a 79% decline from the year-earlier period, on operating revenues of $1.34 million, up 5.6%. It posted an operating loss of $23 million, compared with a $41 million loss in the year-earlier period.

Republic had record 1985 net earnings of $177 million, compared with the $29.5 million posted a year earlier, on operating revenues of $1.73 billion, up 12%.

Pending consummation of other acquisition deals in the industry—including Texas Air Corp.'s pending buyout of Eastern, Frontier and People Express Airlines and Delta's bid for Western Airlines—Northwest will rank fifth among U.S. airline companies with a 9.9% market share, according to Merrill Lynch estimates.

Company estimates for the first six months of 1986 ranked Northwest sixth among the 28 major U.S. airlines with a 6.5% domestic share; Republic ranked ninth with 3.5%, Northwest says.

Together, the combined Northwest and Republic serve 130 U.S. and international cities with 30,341 employes from headquarters in St. Paul and Minneapolis. Northwest's major domestic hub is in Minneapolis/St. Paul, while Republic's major hubs are in Minneapolis/St. Paul, Detroit and Memphis.

Northwest utilizes about 80% of the gates at Minneapolis-St. Paul International Airport, which raised concerns in the Justice Dept. about monopolizing that market. But the Department of Transportation approved the acquisition, saying other carriers provide adequate competition. (The DOT used similar reasoning in its September approval of Trans World Airlines' purchase of Ozark Airlines; both carriers maintain major hubs in St. Louis).

Analysts say the acquisition strengthened Northwest's system by giving it access to "feeder" traffic for its strong international service, in Asia and Europe. Northwest faced increased competition on those routes in February, when United Airlines, Elk Grove Township, Ill., began serving several new Pacific destinations and backed its service with a major ad campaign via Leo Burnett USA, Chicago.

Republic's service had been strongest in the Midwest and South; the 39-year-old airline was created from mergers between North Central Airlines, Southern Airways and Hughes Airwest. DFS Dorland Worldwide, New York and Minneapolis, was the most recent Republic agency, and the transfer of Republic marketing executives to Northwest led to its rehiring on the estimated $55 million to $60 million account resulting from the acquisition.

Initially, Northwest had awarded the consolidated account to its agency, Grey Advertising, Minneapolis. But dissatisfaction with Grey's work on the postmerger advertising led the airline to do an about-face, even after DFS Dorland had shuttered its Minneapolis office. The account now will be split between DFS' New York and Minneapolis offices; the latter since has been reopened.

Also making the crosstown trip from Republic was "Perks," the airline's trade name for its successful frequent flier program. It has been renamed "Worldperks" to reflect the international scope of Northwest's operations. A.B. (Sky) Magary, the former senior vp-marketing at Republic, has been elevated to exec vp-marketing at the new Northwest. He supervises Northwest vp-advertising Bryan Moon and former Republic ad director John Temple, now senior director of marketing programs.

Grey's last work for Northwest included ads created to announce completion of the merger. They were themed, "The biggest airline merger in history means the world to you," although Northwest may not maintain that distinction for long. DFS' first work for the merged entity included ads, themed "Look to us," that broke Oct. 1 to announce schedule consolidation and the new "Worldperks" program. The new ads position the merged airline as a geographic leader in air travel.

Like many in the deregulated airline industry, Northwest and Republic forged marketing links with the growing number of regional carriers to fill seats on its own longer-haul flights. Republic Express and Northwest Airlink were but two of the many short-distance airlines or marketing entities created from smaller carriers using propeller jets to serve smaller markets in cities near its major hubs.

Northwest Airlink, the surviving regional entity, is a combination of six regional airlines. The most recent partner is Express Airlines One, Atlanta, formerly known as Republic Express. It began service Oct. 1 from Milwaukee to Grand Rapids, Mich.; Green Bay and Oshkosh, Wis., and Chicago's Midway Airport. Expess Airlines One also serves several markets from Minneapolis that it previously served for Republic. (Northwest provides service to Midway and the larger O'Hare International Airport from Minneapolis and Detroit).

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,206	$0
Newspaper	16,851	10,265
Newsp. suppls.	55	0
Bus. pubs.	71	42
Spot tv	1,101	0
Spot radio	3,878	0
Outdoor	381	0
Total measured	25,543	10,307
Unmeasured	9,000	3,632
Total	34,543	13,939

NORTHWEST AIRLINES
Mpls./St. Paul Intl. Airport
St. Paul, Minn. 55111
(612) 726-2111
Marketing Personnel
A.B. "Sky" Magary, exec vp-mktg
W. Thomas Lagow, sr vp-mktg planning
Montie Brewer, sr dir-schedule planning
Eric Wilson, sr dir-reservations sales
David Behrenda, vp-cargo
Ross Kohlman, sr dir-sales
John Temple, sr dir-mktg programs
Bryan Moon, vp-adv
Judith Mitchell, dir-domestic adv
Bob Aldag, mgr-adv services
Advertising Agencies
Colle & McVoy, Minneapolis—cargo adv, military, meeting and incentive, groups and tours, mktg and pr tie-ins with Mesaba, Big Sky and Fischer Bros. Aviation regional carriers—Mike DiPrima, Deborah Cundy, vp-acct supers; Janet Jones, acct exec; Doug Spong, vp-dir, pr; Gary Young, pr acct exec.

DFS Dorland Worldwide, New York and Minneapolis—commercial and domestic adv, trans-Pacific and trans-Atlantic, Regal Imperial first-class service, some tour and leisure business—Michael Keeshan, mgmt dir (New York); Cody Dalton-Edd, sr vp-mgmt super (New York); Peter Levitan, sr vp-mgmt super (Minneapolis); Jamie Holt, vp-acct super (New York); Mark Wilmot, David Fishman, acct execs (New York); Mark Wildman, acct exec (Minneapolis).

Kolesar & Hartwell, Minneapolis—industry mktg (trade adv), collateral, mktg tie-ins with Simmons and Express Airlines One regional carriers—David Kolesar, president-mgmt super; Bob Sievers, Mary Speagh, acct supers; Jill Cole, acct exec.

TMP (Telephone Marketing Programs), Minneapolis—Yellow Pages—Alfred Cady, president.

RANK **105**

Nynex Corp.

New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	10,314	9,573	7.7
Net income	1,095	986	11.1
U.S. advertising	70	53	32.3
Division sales	**1986**	**1984**	**% chg**
Local service	5,283	4,967	6.4
Network access	2,588	2,380	8.7
Toll service	1,236	1,177	5.0
Other	1,206	1,050	14.9

Nynex Corp. is invading the national office automation market, and analysts say the move is an attempt to quickly establish itself as a leading provider of computer and telecommunications equipment nationwide.

New York-based Nynex acquired 81 International Business Machines Corp. Product Centers in 33 states and the District of Columbia on June 30, 1986, for an undisclosed price, combining these the next day with its 21 Datago Business Centers under the new name of Nynex Business Centers.

Nynex is now tied with Chicago-based Sears, Roebuck & Co. as the largest nonfranchise computer retailer with 102 outlets each. San Jose, Cal.-based Businessland Inc. is third with 95 outlets, according to Alice Brown, president of Dallas-based StoreBoard Inc. IBM continues to sell through authorized dealers, but froze its dealer network at 2,500 outlets in fall, 1985.

Nynex, which entered the retail computer market in December, 1984, is far behind the largest franchise outlets, including Oakland, Cal.-based Computerland, with 578 stores, and Vienna, Cal.-based Entre Computer Centers, with 223 stores.

Nynex is one of the seven Transcommunications companies created by the breakup on Jan. 1, 1984, of American Telephone & Telegraph. It is comprised of two main divisions: New York Telephone and New England Telephone & Telegraph.

The company devoted 79%, or $19 million, of its measured ad spending in 1985 to spot tv, with $11.9 million promoting services of the two telephone companies. Spot tv totaled 73% of measured ad spending in 1984. Another $3.2 million in measured spot tv was spent on corporate advertising and advertising for Nynex Business Systems and Nynex mobile communications divisions in 1985, according to Leading National Advertisers.

Corporate promotion accounted for $2 million in measured magazine spending, with another measured $2 million divided between magazine and newspaper for New York Telephone, according to LNA. In January, 1986, Nynex retained incumbent Young & Rubicam for its corporate account. New York Telephone's current advertising is geared to increasing telephone use in addition to promoting new digital transmission services.

New England Telephone's ad spending jumped 54% in 1985, according to LNA, as the company began positioning itself in December, 1984, for its first local toll-call competition from MCI Communications and U.S. Sprint. New York Telephone spent heavily on brand-awareness ads based on the theme: "New York Lives on New York Telephone." The company also boosted ad spending for Nynex Yellow Pages by 23% to $4 million in 1985 in response to the 1986 entry of New York Yellow Pages by St. Louis-based Southwestern Bell Telephone Co.

Nynex also began extensive promotion in 1985 of the Pathways family of digital network services that fit the specialized needs of residential and business customers. Pathways services are the first step in Nynex's evolution to an integrated services digital network that will carry voice, data and video transmission on the same circuit.

A key to this evolution is installation of fiber-optic cable to carry the ever growing load of digital transmission. Nynex is investing heavily in installing fiber optics in Manhattan, Brooklyn, Boston and other centers of business and technology.

Nynex posted the largest second-quarter 1986 earnings increase of the seven regional Bell holding companies, up 18.4% to $310.8 million over the same period in 1985. First-quarter earnings were $296.5 million, up 15% from the 1985 period. Nynex also recorded strong growth in 1985, its second full year since divestiture. During 1985, the telephone subsidiaries provided 93% of Nynex's operating revenues.

The excess cash that Nynex is generating presents opportunities to diversify into unregulated areas, such as computer retailing, says Neil D. Yelsey, analyst with Salomon Brothers, New York. These unregulated businesses offer strategic opportunities in addition to potentially higher returns than regulated business, he says.

Whether acquisitions such as the IBM Product Centers will be profitable remains to be seen, analysts say. "I can't say I was 100% in favor of this acquisition," says Pat Jurczak, investment analyst and vp-research at E.F. Hutton, New York.

On the positive side, Nynex is attempting to offer one-stop shopping, he says. "When you get right down to it, the customer wants to deal with one provider." But on the negative side, Nynex is pouring money into an industry suffering its worst slump in history, the analyst says.

"If IBM can't make money [in retail] what do you expect Nynex to do?" says Fritz W. Ringling, vp-strategic and telecommunications systems with Gartner Group, Stamford, Conn. There is little synergy between Nynex's basic telephone business and the product centers, he says. "I haven't seen anything that gives me confidence [that Nynex will succeed]."

Douglas J. Mello, president of Nynex Businss Information System, says the acquisition involves more than simply changing the name on the door. "We're re-evaluating their operating philosophy . . For starters, we intend to bring more products on board, giving customers a freedom of choice."

Mr. Mello, formerly an executive with New York Telephone, was appointed president of the division in December, 195. Several IBM executives joined the division in July, 1986, with the acquisition, including James N. Turner, now senior vp, Nynex Business Centers, formerly IBM's vp-retail marketing. Others include J. Robert Chamberlain, vp-sales; David J. Cotcher, vp-operations and marketing support, and Warren L. Pillsbury, vp-marketing.

Analysts say Nynex is making another important move with its planned $10 miliion acquisition of Washington-based Tel-Optik, a venture firm licensed by the FCC to lay a fiber-optic cable between New York and London. Tel-Optik is in partnership with London-based Cable & Wireless plc in the $300 million to $400 million project, planned for completion in June, 1989.

Nynex signed a conditional agreement in August to buyTel-Optik will seek a waiver to participate in the venture from Judge Harold Greene, who supervised the breakup of AT&T. With this acquisition, Mr. Ringling says, Nynex is chipping away at Judge Greene's prohibition against the regional Bell companies entering the long-distance business. This may open the door for their entry into other unregulated businesses.

"The acquisition of Tel-Optik gets you into the long-distance business. There's no other way to slice it," Mr. Ringling says. "The acquisition itself does not involve much money, but it's done to set a precedent."

Mr. Ringling and other analysts say it is these types of actions that are giving the regional companies a reputation for being "pushy." But Delbert C. Staley, Nynex chairman-ceo, responds to such criticism, saying, "My answer is that asking if we're too aggressive at this time is as meaningful as asking if we were too sleepy before."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,913	$3,775
Newspaper	15,133	11,781
Newsp. suppls.	746	668
Bus. pubs.	593	92
Network tv	53	0
Spot tv	19,019	14,536
Spot radio	3,244	1,654
Network cable	4	0
Outdoor	375	45
Total measured	43,080	32,552
Unmeasured	27,000	20,402
Total	70,080	52,953

NYNEX
335 Madison Ave.
New York, N.Y. 10017
(212) 370-7400

Corporate Personnel
James Hennessey, exec vp
Advertising Agencies
Hill Holliday Conners Cosmopulos, Boston—Beth Broderson, vp-mgmt super; Johnathan Brody, acct super.
Young & Rubicam, New York—William Green, acct super; Brad Most, acct exec.

NEW YORK TELEPHONE
Marketing Personnel
Joseph M. Walsh Jr., vp-regulatory, planning & mktg
Advertising Agencies
Bozell, Jacobs, Kenyon & Eckhardt, New York—public telephone—Neil Tergesen, vp-mgmt rep; Gary Andrews, sr vp-dir accts.
Chapman Direct Marketing, New York—direct mail—Frank Galey, vp-group mgmt super; Shelly Schindle, acct super; Lorraine Salta, Usha Krishman, acct execs.
Conill Advertising, New York—Hispanic mkts—Gloria Tuero, acct exec.
Young & Rubicam, New York—Richard Kebboni, Katherine Schneider, acct supers; Laurie Matthews, Margaret McKinley, acct execs.

NEW ENGLAND TELEPHONE
Marketing Personnel
Peter Manus, vp-mktg
Advertising Agency
Harold Cabot & Co., Boston—William H. Monaghan, president.

NYNEX INFORMATION RESOURCES
Corporate Personnel
Joel Barber, vp-business devel
Advertising Agencies
Chiat/Day, New York—Ira Matathia, vp-mgmt super; Steve Mitgang, acct exec.
Conill Advertising, New York—Hispanic mkts—Fernando Garcia, acct super; Juan Carlos Pagan, acct exec.

NYNEX BUSINESS INFORMATION SYSTEMS
Corporate Personnel
James N. Turner, sr vp
Marketing Personnel
Walter Rickard, vp-mktg
Warren Pillsbury, vp-mktg, Nynex Business Centers
Advertising Agency
Hill Holliday Conners Cosmopulos, Boston—Beth Broderson, vp-mgmt super; Johnathan Brody, acct super.

NYNEX MOBILE COMMUNICATIONS
Marketing Personnel
Robert Martin, vp-mktg
Advertising Agencies
Lohmeyer, Simpson Communications, Morristown, N.J.—collaterals—Richard Ricciardi, exec vp.
Rizzo Simons & Cohn, Boston—J. Peter Rizzo, president; Philip Mathews, acct super; John Maruskin, exec vp; Sonia Kingshott, acct exec.

NYNEX MATERIEL ENTERPRISES CO.
Marketing Personnel
Julian Santos, vp-mktg
Advertising Agency
Frank Barth Inc., New York—Katrine Barth, president.

Pacific Telesis Group RANK 134
San Francisco

($ in millions)

Worldwide	1985	1984	% chg
Sales	8,496	7,824	8.6
Net income	929	829	12.1
U.S. advertising	62	53	16.5
Division sales	**1985**	**1984**	**% chg**
Local service	2,820	2,525	11.7
Network access	2,715	2,494	8.9
Toll service	1,743	1,799	(3.1)
Other	1,220	1,007	21.2

Pacific Telesis Group is moving quickly to establish itself in its regulated telephone service territory and in the unregulated markets for mobile communications, information services and publishing.

PacTel's two main telephone subsidiaries serve California and Nevada, the former among the largest and the latter among the smallest of the nation's Bell operating companies. The contrast in size is evident in measured media spending for the two units: Nevada Bell spent a measured $16,000 in 1985 entirely on magazines, compared with Pacific Bell's total measured ad spending of $13.1 million, up 6%, according to seven-media brand spending in Leading National Advertisers. Pacific Bell's spending was divided 84% spot tv, 14% magazine, and 2% newspaper supplement.

Pacific Bell's spending represented 61% of PacTel's total measured spending of $21.5 million in 1985 for the LNA media. Spot tv claimed 82% and magazines 16% of the total. PacTel's 11-media total monitored grew 16.5% to $32.1 million.

Pacific Bell Directory, a subsidiary of Pacific Bell that publishes white and yellow pages directories in areas served by Pacific Bell and Nevada Bell, received $5.4 million in measured media, virtually all in spot tv. The unit introduced several specialized directories in 1985, including the *Business Buyers Guide*, a guide for purchasing agents in northern California, and *Las Paginas Amarillas de Pacific Bell*, a Spanish-language yellow pages for the Los Angeles area.

Pacific Telesis has pursued a conservative course in moving into unregulated markets, says Gerald Mayfield, president-professional services division, DMW Group, a Stamford, Conn.-based consulting company. "They were slower out of the chute than the other regional Bell holding companies. Their first priority was repairing their relationship with the California Public Utilities Commission (CPUC). But we're seeing them move now."

The California commission traditionally had been uncooperative in granting rated increases when Pacific Bell was a subsidiary of AT&T, but that attitude has softened somewhat since PacTel took over, Mr. Mayfield says. PacTel did extract a key ruling by CPUC allowing Pacific Bell to shift a portion of its access charge revenue requirements from interexchange carriers to end-users of telephone service. For many years, charges for business long-distance service have subsidized the cost of residential service, causing businesses to try to find ways to bypass the local network for long-distance calling and thus avoid paying local access charges.

The ruling eliminates some of the economic incentives to bypass the local network.

PacTel was among the most profitable of the Bell holding companies in 1985 with net income of $929.1 million, up 12% over 1984. Revenues in 1985 were $8.5 billion, up 8.6% over 1984. For the first six months of 1986, net income was $556.9 million, a 19.2% gain over the same period in 1985. Revenues for the period were $4.48 billion, up 7.2%.

PacTel is making a bold move in the market for cellular telephone and paging services. On May 25, 1985, it agreed to pay $431 million to acquire Dallas-based Communications Industries, a marketer of paging and cellular communications services with operations in Dallas, Atlanta, Tampa and other markets.

The deal set a precedent when it was approved Feb. 27, 1986, by Judge Harold Greene of the Federal District Court in Washington, who supervised the breakup of AT&T. For the first time a Bell company was allowed to gain a toehold in local communications service outside its area. Other Bell companies have since expanded into similar cellular and paging operations outside their service areas. Southwestern Bell leads in that market followed at a distance by No. 2 Bell Atlantic, and No. 3 Pacific Telesis.

But PacTel is rapidly expanding its cellular service. PacTel took over Communications Industries' 23.5% interest in a cellular system in San Francisco and San Jose, Cal., which began operations in 1986, and opened cellular service in Sacramento, Ventura/Oxnard and San Diego in 1985.

PacTel also agreed in May, 1985, to buy Portland, Ore.-based Byte Shops Northwest for an undisclosed price, incorporating it into its PacTel InfoSystems unit. The computer chain announced plans to open eight retail and demonstration centers in the Los Angeles and San Diego areas, in addition to 15 existing centers located in San Francisco, Portland and Seattle. Analysts speculate that PacTel is consolidating its base on the west coast in reaction to a growing threat from New York-based Nynex Co. Nynex in April, 1985, bought 81 IBM Product Centers, bringing its total retail outlets to more than 100. A PacTel spokesman denies the rumor.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,503	$4,144
Newspaper	7,706	5,142
Newsp. suppls.	213	61
Bus. pubs.	96	140
Spot tv	17,727	17,495
Spot radio	2,736	546
Outdoor	98	0
Total measured	32,079	27,528
Unmeasured	30,000	25,743
Total	62,079	53,271

PACIFIC TELESIS GROUP
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PACIFIC BELL
Marketing Personnel
John Lockton, exec vp-mktg
Alfred F. Boschulte, vp-business mkt
Lee Camp III, vp-mktg
Rae Haight, vp-consumer mkt
MacLellan E. King Jr., vp-carrier mkt
Jim R. Moberg, vp-corp comm
Advertising Agencies
Foote, Cone & Belding, San Francisco—general Pacific Telesis & Pacific Bell system adv—Dan Odishoo, sr vp-group mgmt super; Jane Gardner, mgmt super, Pacific Telesis corp & Pacific Bell mktg; Richard Ward, mgmt super, Pacific Bell corp & mktg; Mary Moudry, acct super, Pacific Bell mktg. Yellow pages—Ann Paustin, acct super.
Impact (FC&B), San Francisco—sales promo material—Scott Adams, acct dir; Micki Cooper, acct super; John Randazzo, dir-client services.
Ketchum Communications, San Francisco—collateral & direct mktg materials—Bob Blinick, sr vp-managing dir; Gretchen Taylor, vp-mgr, PacTel InfoSystems-yellow pages; Steven Troy, sr vp-regional mgr-yellow pages (Los Angeles).

NEVADA BELL
Reno
Marketing Personnel
Rich Epifani, dir-mktg, external affairs
Les Mathson, dir-sales
Advertising Agency
Brodeur-Martin, Reno, Nev.—Bill Martin, acct mgr.

Pan American World Airways RANK 121
New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,484	3,685	(5.4)
Net income	52	(207)	(125.0)
U.S. advertising	80	54	48.7
Division sales	**1985**	**1984**	**% chg**
Airline	3,090	3,334	(6.5)
World service	394	381	3.4

Pan American World Airways, the airline subsidiary of Pan Am Corp., New York, is back on the road to profitability in 1986 as a result of a fundamental reshaping of the carrier's route network following the sale of its Pacific division and long-term agreements with labor unions that bring the carrier's operating costs in line with the rest of the industry.

But Pan Am's performance in 1986 is expected to suffer as a result of two incidents in the spring of 1986: the bombing of a TWA jetliner in Athens and the U.S. bombing raid on Libya. Both incidents occurred at the peak of bookings for European vacation travel and will have a major impact on this year's results, says Pamela Hanlon, system director in Pan Am's office of corporate communications. "Clearly, from a timing point of view, the TWA bombing and the Libyan incident could not have happened at a worse time," she says.

The impact was felt immediately on Pan Am's bottom line. Passenger revenues fell to $495 million in the second quarter, ended June 30, 1986, from $666 million for the same period in 1985.

The airline's load factors, a measure of the percentage of occupied seats, fell to 45.7% for the quarter, compared with 66.9% for the same period in 1985.

The terrorist scare had little impact on business travel, which grew during the period and was the main reason Pan Am's systemwide yield increased by 9.3%. Yield is the revenue received for each revenue passenger mile flown. The business travelers stimulate revenue because they are consistent travelers who are not as price-conscious as the general public. Revenue passenger miles in the second quarter—a measure of flying one paying passenger one mile—fell to 4.95 billion, compared with 6.6 billion for the 1985 second quarter.

Pan Am's corporate results for the first six months of 1986 included operating revenues of $1.35 billion, down 12.6% from the same period in 1985. The company had an operating loss of $195.6 million for the period, compared with an operating loss of $151.5 million for the same period in 1985. Net loss for the six-month period in 1986 was $270.8 million, compared with a net loss of $210.8 million for the same period in 1985. The figures include $36 million and $9 million, respectively, in foreign exchange losses. The Pan American World Airways division accounted for 74% of corporate revenues and all of the operating losses.

Pan Am's measured ad spending in 1985 jumped 46.8% to $34.2 million. A near doubling of measured newspaper spending to $21.2 million for retail, route and incentive advertising, or 62% of the measured total, was by far the largest spending category.

Jeffrey Kriendler, vp-corporate communications, says the large increase in newspaper spending resulted from the reshaping of Pan Am's route system after the $750 million sale to United Airlines of Pan Am's Pacific division, completed Feb. 11, 1986. The transaction called for United to take over the Pacific division as an ongoing operation, including the transfer to United of 18 aircraft, all division assets and landing rights.

The $750 million cash infusion enabled Pan Am to pay off $244 million in long-term debt, reduced its capital lease obligations and increased stockholder equity by $341 million.

The aircraft transaction also simplified Pan Am's fleet by transferring to United all of the airline's 11 Boeing 747-SPs, its six Lockheed L1011s and one DC10.

The route structure that Pan Am announced would be created after the United deal was completed would focus on markets with the greatest potential for generating revenues. Trans-Atlantic service to 32 European cities was to account for 66% of the airline's available seat miles in the summer of 1986, up from 52.3% in 1985.

Capacity on Latin American routes was to represent about 16% of the airline's total seats, up from 11% in 1985. Domestic routes were to account for 18%, up from 16%.

But after the TWA and Libyan incidents, Pan Am scaled back plans for increasing capacity to Europe, allowing only 5% growth over summer, 1985, and focused instead on Latin America and the domestic front, Mr. Kriendler says.

The carrier added one extra daily 747 service between New York-Los Angeles, New York-San Francisco and Los Angeles-Miami, for example.

However, Pan Am fought hard for European vacation traffic in mid-1986 by introducing a new, enhanced security profile program in June and two-for-one price incentives in July for vacation travelers.

Because the advertising spending was strategic in nature, "It was felt that it would be more advantageous to use print for our route network," Mr. Kriendler says.

He says vacation traffic to Europe began returning to normal levels in mid-July 1986. Traffic in the peak vacation month of August was off only one-half of 1% at 1.54 billion revenue passenger miles, a Pan Am spokesman says.

Pan Am also made moves in other marketing areas. The company signed an agreement in spring, 1986, with American Airlines to buy reservations and passenger handling services from American. As part of the agreement, Pan Am established a marketing alliance in June, 1986, between its World Pass frequent flier plan and American Airlines's AAdvantage plan, integrating the programs so members of both accrue mileage and awards on either carrier.

Pan Am also purchased Ransome Airlines for an undisclosed price, renaming it Ransome-Pan Am Express. Ransome is a northeastern regional carrier that provides feeder service into Pan Am's long-haul routes at John F. Kennedy International Airport and also from Norfolk, Va., to Washington's Dulles Airport.

On Oct. 1, 1986, Pan Am entered a heated battle with Miami-based Eastern Airlines, now a wholly owned subsidiary of Houston-based Texas Air Corp., to provide shuttle service between New York's LaGuardia Airport and National Airport in Washington and between LaGuardia and Logan Field in Boston. Pan Am paid $62 million to Texas Air for enough landing slots in New York and Washington to operate 15 round-trip flights each day and for several airport gates in New York and Boston, a spokesman for the U.S. Department of Transportation says.

The sale was part of a deal Texas Air struck with the DOT in acquiring Eastern, in which Texas Air agreed to discontinue the shuttle operations of its New York Air unit Oct. 1 in return for allowing Eastern to continue its larger, more profitable shuttle operations as a part of Texas Air.

The northeast corridor shuttle service between New York and Boston is the nation's largest and most profitable airline market, handling 4.7 million travelers per year, analysts say. New York to Washington is the fourth largest market, handling about 3.4 million passengers per year.

Pan Am estimates that 1.8 million passengers will fly between LaGuardia and Washington each year and about 2.1 million between LaGuardia and Boston.

Michael Derchin, airline analyst for New York-based First Boston Corp., says Pan Am's move into the shuttle market, combined with its marketing alliances with American and acquisition of Ransome, in addition to its restructured route system all bode well for a return to profitability in 1987. Barring unforeseen problems, "Pan Am might make some money next year for the first time in many years."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,656	$5,093
Newspaper	21,218	11,395
Newsp. suppls.	174	22
Spot tv	4,514	5,333
Spot radio	2,729	1,406
Network cable	212	64
Outdoor	1,696	1
Total measured	34,199	23,313
Unmeasured	31,000	21,132
Total	65,199	44,445

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PAN AM CORP.
Corporate Personnel
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Martin R. Shugrue Jr., vice-chmn-coo, Corp. & Pan Am World Airways
PAN AMERICAN WORLD AIRWAYS
Corporate Personnel
C. Raymond Grebey Jr., sr vp-industrial relations
Marketing Personnel
R.A. (Tony) McKinnon, exec vp-mktg & planning
Jerry Murphy, vp-passenger sales
PAN AM WORLD SERVICES
Corporate Personnel
Russell M. Barnes, sr vp-coo
PAN AM SHUTTLE
Corporate Personnel
Bruce Nobles, president
Marketing Personnel
Peret Ross, dir-adv & promo
Advertising Agency
Wells, Rich, Greene, New York—Andre von Stom, exec vp-group dir; Eileen McKenna, sr vp-mgmt dir; Robert Morris, acct super, northern; Mike Antonetti, acct super, Venezuela; Tom Struzzi, acct super, atlantic, Latin America; Cheryl Franker, acct exec, northeast; Laurie Sherman, acct exec, atlantic, Latin America; Elba Ramirez, acct exec, atlantic, Latin America; Pamela Schreiber, asst acct exec, domestic; Janie Waltrip, asst acct exec, domestic.

People Express Airlines

RANK 178

Newark, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	978	587	66.6
Net income	(28)	2	(1,770.9)
U.S. advertising	43	10	343.4
Division sales	**1985**	**1984**	**% chg**
Flight revs.	915	561	63.1
Other	63	25	152.0

A headlong rush to expand in 1985 sent People Express Airlines into a financial tailspin of plummeting earnings and stock prices, culminating with its agreement in September, 1986, to be acquired by rival Texas Air Corp. for about $125 million.

The deal, which would rescue People from almost certain bankruptcy and which immediately advanced the airline $10 million in sorely needed cash, had received tentative approval from the U.S. Department of Transportation in late October.

People founder and chairman Donald Burr embarked on an aggressive crusade in 1985 to build the discount-priced regional carrier into a major national airline. This led to the purchase of several small regional carriers and the big $100 million purchase of Frontier Airlines in November, 1985.

But the acquisition of Denver-based Frontier, a conventionally managed, unionized carrier catering to business travelers, backfired when People attempted to turn Frontier into a low-price, no-frills carrier. Frontier customers deserted the airline in droves, and the unit lost $10 million a month before People made a desperate—and eventually unsuccessful—attempt to sell it to United Airlines.

People's rapid-fire expansion in 1985 clashed with the airline's former philosophy of growth from within and taxed its customer service level. At the same time, People's bargain-fare niche eroded sharply as larger competitors, including United, Continental Airlines and American Airlines, reduced operating costs and passed the savings on to customers by slashing fares.

Soon after People acquired Frontier, the subsidiary became locked in a costly fare war in Denver with United and Continental. Steep losses from Frontier forced People to raise its fares elsewhere, a move that was not well received by consumers. As a result, People had to rescind its price increases, backed by a heavy schedule of local print and radio ads.

The damaging expansion spree began with adding a host of new markets to the People Express system. Cities added in 1985 included Montreal, Dallas, Atlanta, St. Louis and more than 10 other markets. People also bought two regional commuter carriers, Terre Haute, Ind.-based Britt Airways and Naples, Fla.-based Provincetown-Boston Airline.

Analysts say the Frontier acquisition was a crucial misstep because the buy ended up costing People far more than Frontier was worth.

To support all the activity, People hiked its measured spending for 11 media monitored in this issue from $8.95 million in 1984, all in newspapers, to $39.7 million, still largely dominated by national newspaper spending of $29.2 million. Spot tv accounted for 7.4% of the total, magazines 7%, spot radio 5.9% and outdoor 5.8%.

People in 1985 made moves to go after business travelers in an effort to become less dependent on discretionary travelers, who fly mostly in summer. The airline began installing a computerized system to help it price and sell seats more effectively, and it started to reconfigure its jets to offer first-class service on most flights. First-class had been available only on transcontinental and trans-Atlantic flights served by People's jumbo jets. The effort sought to transform People into a more conventional airline offering standard items like free meals and baggage handling. A magazine campaign pitched People as more than a cut-rate carrier.

People also introduced its first travel packages, bundling rental cars and hotel rooms with seats to vacation markets such as Florida. The packages are an effort to encourage travel agents to book their customers on People. People sold some 10,000 packages in 1985 and wants to sell 200,000 of them in 1986. Travel agents account for up to 80% of bookings for the major full-service airlines, while they only contribute about 20% of People's reservations.

The image revamping strategy to attract higher-paying business customers is a great risk for People, which earned its reputation as the country's first major no-frills discount carrier, catering mostly to the young.

The moves also brought changes to People's once-informal management style. The carrier in 1985 began to set up more elaborate management structures that conventional business sense dictates are needed to run a big airline efficiently and profitably.

The culture change at People had a direct effect on advertising. The carrier introduced an uncharacteristic air of bureaucracy and tighter approvals processes to its informal relationship with longtime agency Plapler Russo & Associates, New York. Agency execs say People's retrenchment effort has meant longer turnaround for implementation of new campaigns, which in the past often swept through approvals in a matter of days.

The Plapler agency had anticipated a windfall from People's acquisition of Frontier. The agency created an extensive print and radio campaign heralding the merged airline as the "People Express Team." But a planned network tv campaign never materialized because of Frontier's financial woes, overcapacity in planes and aggressive fare-cutting by competitors.

People's demise via the planned sale to Texas Air brought the curtain down on Mr. Burr's entrepreneurial crusade to build a national no-frills airline and set up the possibility of the innovative airline exec rejoining forces with ex-partner Frank Lorenzo, Texas Air chairman-ceo. Mr. Burr served as president of Mr. Lorenzo's Texas International in the late 1970s.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,772	$0
Newspaper	29,212	8,953
Newsp. supps.	129	0
Spot tv	2,934	0
Spot radio	2,343	0
Network cable	1	0
Outdoor	2,304	0
Total measured	39,695	8,953
Unmeasured	3,000	677
Total	42,695	9,630

PEOPLE EXPRESS AIRLINES
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Corporate Personnel

Donald C. Burr, chmn

Marketing Personnel

Stephen Schlachter, managing officer-mktg

Advertising Agency

Plapler Russo & Associates, New York—Larry Plapler, partner; John Russo, partner; Richard Russo, exec vp; Frank Fristachi, exec vp; Corrine Brohme, vp, acct super.

Polaroid Corp.

RANK 109

Cambridge, Mass.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,295	1,272	1.9
Net income	37	26	43.6
U.S.	**1985**	**1984**	**% chg**
Sales	779	744	4.8
Advertising	70	74	(6.2)

The manufacture and sale of instant imaging products continues to be the mainstay of Polaroid Corp.'s business, and it may be the only area that did not undergo upheaval during 1985.

During the past year, Polaroid changed several of its advertising agencies, including its sought-after consumer photography business; introduced a new photographic system; rearranged vital portions of its corporate infrastructure, and nearly settled a 9-year-old Hatfield-and-McCoy-type feud with Eastman Kodak Co. Polaroid seems to have come out none the worse for wear and seems stronger and more optimistic about its future than it's been in a long time.

The unit sales at Polaroid are not so bright, as they continued to decline. In 1985, Polaroid sold 3.5 million consumer cameras, compared with 3.6 million in 1984 and 3.8 million in 1983. While international unit sales remained steady, U.S. sales, which account for 60% of Polaroid's business, declined slightly in unit terms. However, two 1985 events could alter the downward sales trend.

First was the victory Polaroid claimed Oct. 11, 1985, in its nine-year patent infringement suit against Kodak. The U.S. district court for Massachusetts issued a permanent injunction, which took effect Jan. 8, 1986, barring Kodak from the manufacture, use or sale of instant cameras and films.

The instant imaging business is an important one because of its potential commercial and industrial application and its use in electronic imaging systems. Kodak's exodus means that part of the $1 billion instant photography business in the U.S. will pass to Polaroid. Kodak had about 25% of market in 1985, and half of that is expected to go to Polaroid, according to the Value Line Investment Survey. Still to come is the damages involved in the settlement. One analyst predicts damages could run $500 million to $1 billion.

The second impetus to Polaroid's business came in the form of a new instant camera system, Spectra. Spectra was introduced by an extensive $40 million advertising campaign, which kicked off April 21, 1986, on network tv.

The Spectra system includes a camera that focuses and controls exposure automatically. A computer-like circuitry system within the camera can make more than 30 focusing and exposure decisions within 50/1000 of a second. The camera operates on a higher-quality instant color film and has many accessories.

Though some industry observers believe the $130 to $249 retail price for the camera, and a $1 cost per shot could be prohibitive, Spectra appears to be doing well. According to Peter Enderlin, photo-marketing analyst with Smith Barney, Harris Upham & Co., after four months on the market, Polaroid was cranking out cameras and film seven days a week on three shifts to meet demand. Despite such full-capacity production, dealers were complaining initially about distribution delays and forced film rationing.

Polaroid's marketing strategy, which was to tap a more upscale market, seems to have paid off. The ad campaign was supplemented by demonstrations at stadiums, national parks and theme parks.

Five months before Spectra hit the market, Polaroid named a new agency to handle its estimated $45 million consumer photography account. Ally & Gargano, New York, which only 16 months earlier had replaced Doyle Dane Bernbach, New York, Polaroid's agency of record for 30 years, by snapping up Polaroid's consumer business, made a quit-rather-than-be-fired move when Polaroid invited four other agencies to pitch the Spectra system. BBDO was tapped as Ally & Gargano's replacement in November, 1985.

BBDO had been handling Polaroid's sales promotion and direct response activities before taking over the consumer-photography account. Some say the reason for Ally & Gargano's departure was that the agency and Polaroid, a firm believer in consumer recall tests, disagreed on the weight test scores should carry in determining the success of a campaign.

The current Spectra campaign, with the theme "We take your pictures seriously," is BBDO's first effort for Polaroid as its consumer account agency.

DDB, which had held onto the industrial advertising portion of Polaroid's account, resigned its remaining $2 million worth of business when it lost some $20 million worth of Polaroid's Middle Eastern and European advertising to Ogilvy & Mather.

Polaroid's current marketing strategy targets new parents, extended families and young adults. One promotion ties Kimberly-Clark's Huggies disposable diapers with a free Polaroid camera offer. This audience choice seems to be paying off; Mr. Enderlin of Smith Barney estimates sales in 1986 are running 25% ahead of 1985.

Nevertheless, Polaroid wishes to secure its future on several fronts. Polaroid continues to be committed to new technologies, such as electronic photography. Even though research and development expenditures declined to $118.7 million in 1985, down 12% from 1984, the company plans to spend more than $25 million a year in its new microelectronics laboratory.

Analysts applaud Polaroid's recognition of the need to broaden its base from the not-so-robust instant photography business into higher-growth areas. Mr. Enderlin sees Polaroid taking on various aspects of electronic imaging, fiber optics and medical diagnostics to secure long-term growth. Polaroid already comprises three distinct business units—consumer photography, industrial technology and magnetic media.

Polaroid's industrial and professional-type films currently number 45, including seven film introductions in 1985. Also in the past year, Polaroid introduced an instant video film recorder that produces high-quality instant prints on slides from video images. Polaroid spends about $2-$3 million annually advertising its industrial and technical products.

Though U.S. unit sales of consumer cameras were down in 1985, over-all U.S. sales increased 5% in dollar terms, which company officials attribute to the sale of magnetic products. Polaroid's magnetic media business is a little more than two years old, and its videocassettes account for a 10% share of the about $1 billion U.S. videocassette category, Mr. Enderlin says. Competitors include 3M, TDK and Sony, which Mr. Enderlin estimates each holds between a 15% and 20% market share.

"The Polaroid name has translated well into the videocassette category," Mr. Enderlin says, adding that the quality of the tapes, manufactured by JVC (vhs format) and Sony (Beta format) to Polaroid specifications, is also good. Polaroid also carries a complete line of tapes in 8mm format, which are manufactured by Toshiba. With Polaroid apparently relying on name and package recognition, advertising support for videocassette tapes fell from $870,000 in 1984 to just $54,000 in 1985.

One new area that has not done so well for Polaroid is its negligible showing in the $600 million to $700 million U.S. floppy disc market, where it is up against the same competitors as in the videocassette category. During 1985, two additional disc products were added, and a separate sales force was set up to market the discs to retail and end-user accounts, distributors and through catalogs. Polaroid established a proprietary Data Rescue Service, which recovers data lost by Polaroid disc users. During the year, Polaroid purchased a major portion of Verbatim Corp.'s Data Encore division, which includes disc duplication systems and proprietary data protection systems.

On Jan. 1, 1986, I.M. Booth, 54, president of Polaroid, also became ceo. Mr. Booth succeeds William J. McCune Jr., 70, as ceo, while Mr. McCune continues as chairman of the board. Peter O. Kliem, senior vp and assistant director of research, was named director of research to succeed Howard G. Rogers, who retired.

Company earnings are expected to rise sharply in 1986 because of a reduction in payroll costs, a weaker U.S. dollar and vigorous marketing. Spectra sales could reach 10% to 15% of company sales, according to the *Wall Street Journal*, which quotes Mr. Booth. International markets accounted for 40% of Polaroid's product sales and 60% of its operating profits in 1985. Ad spending in 1986 is expected to parallel that of 1985. During 1985, Polaroid decreased its spending in newspapers (down 57%), magazines (down 47%), and cable tv (down by 57%). At the same time, spending in the business press nearly doubled.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,565	$6,746
Newspaper	538	1,253
Newsp. supps.	0	28
Bus. pubs.	1,635	888
Network tv	20,049	17,337
Spot tv	2,727	2,980
Network radio	160	0
Spot radio	483	1,387
Network cable	383	887
Outdoor	14	0
Total measured	29,555	31,506
Unmeasured	40,000	42,641
Total	69,555	74,148

POLAROID CORP.
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Marketing Personnel

Brian O'Connor, vp-sales & mktg
Peter Eichorn, vp-mktg, N. America
William O'Neill, group vp-consumer photography
Lee C. Brewer, vp-intl mktg operations
Robert M. Delahunt, vp-worldwide industrial mktg
Joseph J. McLaughlin, group vp-worldwide mktg
Sys Morch, dir-intl adv
Adrian Van Dorp, dir-industrial adv
James Clegg, sr mktg mgr
Frank Nolan, acting vp-adv, consumer photographic prods

Advertising Agencies

BBDO, New York—cameras, consumer prods—Lonny Strum, mgmt super; Robert McGreevy, acct super; Lisa Patrick, acct exec; Melinda Thompson, asst acct exec; Stamo Vallianos, acct coord.

Hill, Holliday, Connors, Cosmopulos, Boston—industrial prods—Nola Anderson, mgmt super; Kevin Powers, acct super; Mark McKenna, acct exec; Kim Rossi, asst acct exec. Diskettes—Kathleen Driscoll, acct super; Jean Manasian, acct exec.

Prudential Insurance Co. of America

RANK 143

Newark, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	23,564	18,209	29.4
Net income	2,340	1,480	58.1
U.S. advertising	58	36	62.4
Division sales	**1985**	**1984**	**% chg**
Services	14,865	11,830	25.7
Invest. income	6,820	5,984	14.0
Capital gains	1,879	395	375.7

A new chairman-chief exec officer, Robert C. Winters, is taking the helm of Prudential Insurance Co. of America, but the company is expected to chart much the same course set by retiring Robert A. Beck, who announced his resignation in September.

That course has seen a broadening of the company's services from insurance to real estate, to a range of financial services, including the purchase of Bache Group (now Prudential-Bache Securities) and the creation of a variety of innovative "interest sensitive insurance products."

Prudential has supported this activity with a growing budget in measured media, which was $42.9 million in 1985, a 51% increase over 1984. And so far, Prudential's activity in 1986 suggests even more aggressive advertising.

Prudential was major supporter of the July 4 Liberty celebration, running more than 20 commercials during ABC-TV's coverage of the event. The company declined to say how much was spent on the sponsorship, however Prudential reported it received positive response from both employes and consumers, and was pleased with the broadcast's ratings. In a more recent tv sponsorship, Prudential introduced a special drug abuse related commercial

as part of its half sponsorship of a CBS two-hour special on Sept. 28, "Under the Influence," a show about substance abuse. Prudential's participation in the program was part of an ongoing campaign to support programs for substance and alcohol abuse.

All this activity proved to be healthy for Prudential's financial picture. The company's total consolidated assets grew 19% to $115.7 billion. Net income, before dividends to policyholders, was $2.3 billion, with most of Prudential's businesses reporting revenue and earnings gains. In the insurance area, premiums from new business sales of life and health insurance and annuities grew 93% in 1985 to $10.6 billion from $5.5 billion.

Total life insurance sales were $80.2 billion in 1985, up 20%; total premium income rose 26% to nearly $15 billion, while its net investment income was up 14% to almost $7 billion. Life insurance continues to account for the bulk of Prudential's revenues: In 1985 new business premiums from sales of individual life insurance rose 39% to $716 million. The sales were from traditonal life insurance products as well as several new offerings introduced in 1985 that offer flexible premium rates and benefits. Appreciable Life and Life Builder offer variable premium payments, higher or lower death benefits, and guaranteed cash values. Discovery Life and Discovery Life Plus, introduced early this year, are interest sensitive, single-premium policies that tie in a tax deferred accumulation provision.

Life insurance was the most heavily supported category of Prudential's advertised products, with the bulk of the $10.8 million budget going to network tv. Ad spending on life insurance rose by 6.5%. Last year, Prudential supported its Variable Life program with $649,700 in magazine advertising, nearly eight times more than it spent on Variable Life in 1984.

Advertising for business insurance products, spent entirely in magazines, increased 23% to $461,500 in 1985. Auto insurance advertising grew 24% to $2.3 million last year, and all went to network and spot tv.

PruCare, Prudential's Health Care Plan, which is a health maintenance organization operator, added 526 employers to the membership roster in the HMO, bringing to 3,400 the number of employer subscribers offering healthcare services to more than 430,000 customers in 1985. PruCare will be entering the recently deregulated New York City market in early 1987 in pursuit of its share of the nearly 15 million people in that market.

PruCare will be competing with a number of other HMOs in addition to the long-time established not-for-profit providers. The product offered by PruCare of New York will not be an HMO, but instead will be an array of health insurance products, which means it will not necessarily be competing head-to-head with HMOs in the market. Advertising plans have not been set, but ads will be created by Prudential's agency, Ted Bates.

Last year, PruCare, which operates in 11 states, spent $197,000 in measured media advertising, nearly evenly divided between outdoor advertising and spot tv. Two new products were introduced last year under the PruCare banner, PRUscription, a medical care plan aimed at groups of 50 or fewer that includes cost containment features, and PruCare Plus, a "blended" PPO/HMO plan for larger groups.

Prudential plans to offer PruCare Plus in 90 major markets in the U.S. by the end of the decade. PRUscription is advertised on a local market basis currently. PRUscription and PruCare Plus helped build new business premiums by $91 million in 1985, a 77% increase over 1984 and the best year in that category since 1981.

Prudential-Bache Securities showed a profit of $42 million from its securities business, a turnaround from the division's $85 million loss the year before. A total of $8.7 million, almost all in network and spot tv, was spent on Prudential-Bache, a 32% increase over 1984 spending.

Prudential, the nation's largest real estate developer, this October reported it planned to sell interests in four major commercial properties for a total of more than $500 million and seek out joint venture partners for real estate projects. The company is tightening its purse strings on real estate ventures because of the depressed condition of that industry in most of the major markets.

Mr. Winters, an actuary, has spent his entire career with Prudential, rising most recently to become one of two vice chairmen of the company. As vice chairman, he was in charge of central corporate and financial operations.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,764	$2,709
Newspaper	1,081	609
Bus. pubs.	164	397
Network tv	28,439	19,831
Spot tv	3,649	1,894
Network radio	755	0
Spot radio	584	56
Network cable	1,347	880
Outdoor	109	36
Total measured	42,891	26,412
Unmeasured	15,000	9,237
Total	57,891	35,648

PRUDENTIAL INSURANCE CO. OF AMERICA
Prudential Plaza
Newark, N.J. 07101
(201) 877-6000
Marketing Personnel
Connie Sartian, vp-public affairs
Scott C. Mason, vp-adv
Mary Lou Sack, mgr-adv
Gabrielle K. Shanin, mgr-adv
Vickie J. Snoy, sr adv consultant
Thomas R. Jago, assoc adv mgr
Advertising Agency
Ted Bates Advertising, New York—corp, life insurance property & casualty (homeowners & auto), retirement planning, small business, insurance brokerage, Prudential Asset Management Group, Prudential Reinsurance Company, Prudential Realty Group, Prudential Health Care System—Lee Hines, exec vp; Tim Corrigan, sr vp-mgmt rep; J. Michael McMurphy, vp-acct super; Paul McCormick, acct super; Diana Branski, Anneke Napp, acct execs.

Rapid-American Corp. RANK **118**
New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	2,033	1,819	11.7
Net income	85	(8)	1,118.9
U.S. advertising	66	59	12.2
Division sales	**1986**	**1984**	**% chg**
Retail merch.	993	927	7.1
Alcoholic bevs.	401	416	(3.6)
Consumer prods.	459	408	12.5
Other	135	68	98.5

Rapid-American Corp. shored up its bottom line in 1985 through consolidation of retail operations, divestitures and acquisitions. Sales increases in all business segments except for heavily advertised Schenley Import Co. contributed to the gain.

For the first six months of fiscal 1987, Rapid American returned net sales of $923 million, up 111% from same period in the prior year—largely the result of the inclusion of newly acquired TG&Y stores. The company reported a net loss of $23.7 million.

Spurred by the reputation of the company and president-ceo Meshulam Riklis toward acquisition and diversification, particularly in the retail sector, rumors emerged in early 1985 that Rapid would make a takeover bid for New York-based F.W. Woolworth Co. A bid, however, never materialized.

Mr. Riklis did sell Rapid's Lerner Stores in April, 1985, for $297 million to Limited Inc., and then paid Household International $360 million for TG&Y Stores in January, 1986.

In the retail segment, Rapid closed down HRT Stores operations in April, 1986.

A streamlining of operations within the segment involved trimming TG&Y by 200 stores and repositioning 500 stores with a merchandising mix similar to McCrory's.

Sales at Schenley dropped 3.6% to $401 million for the year ended January, 1986.

Operating profit was $60.5 million, up 36%, a growth attributed to an increase in investment income and a reduction in ad expenditures.

Schenley's most prominent brand, Dewar's White Label scotch whisky, was the 13th largest selling liquor brand in 1985, up from 15th in 1984. Case sales rose to 2.37 million, a 3% increase from 1984, according to John C. Maxwell Jr. of Furman Selz Mager Dietz & Birney, New York.

Dewar's Blended scotch whisky, which accounts for a leading 22% of the scotch market, remains one of Rapid's most heavily supported brands, with $7.1 million spent in 1985, according to Leading National Advertisers.

The brand accounts for more than half of the Schenley division's profits. Leo Burnett USA, Chicago, handles Dewar's. J&B, Johnnie Walker Red and Cutty Sark trail Dewar's in market share in that order.

Scotch whiskies accounted for 33.2% of Schenley's total case sales for the year, followed by 17.3% for straight whiskies, 12.2% wines, 11.1% Canadian whiskies, 7.4% gins and vodkas, and 2.5% blended whiskies. Rums, brandies, cordials and the like accounted for 16.3%.

Sales of McGregor, a portion of the company's consumer products sector, were $190 million for the year ended January, 1986, up 7.8%. McGregor received only $64,000 in measured national advertising in 1985.

The company's Faberge unit, acquired by Rapid in 1984 for $100 million but included in full-year sales figures for the first time, posted sales of $45 million. Advertising for Brut cologne for men tallied $4.8 million during 1985, up from $1.8 million in 1984, according to LNA, making it the highest ad expenditure in the Faberge unit during the year. The Faberge conditioning and styling mousse and Organics shampoo and conditioner lines were backed by a combined $3.7 million in spending, up 8.8%. Bozell, Jacobs, Kenyon & Eckhardt, New York, handles.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,262	$12,085
Newspaper	4,183	3,615
Newsp. supps.	235	470
Network tv	3,678	4,507
Spot tv	8,848	5,803
Network radio	158	0
Spot radio	918	39
Network cable	622	456
Outdoor	4,528	3,714
Total measured	34,432	30,688
Unmeasured	32,000	28,520
Total	66,432	59,208

RAPID-AMERICAN CORP.
388 Seventh Ave.
New York, N.Y. 10018
(212) 621-4500
Corporate Personnel
Meshulam Riklis, chmn-president-ceo
Harold Devine, vice-chmn
FABERGE
Marketing Personnel
Daniel J. Manella, chmn-ceo
Henry O. Dow, exec vp-sales
William A. Tauriello, exec vp-mktg
GILEAD MANUFACTURING
Marketing Personnel
Paul Carter, president
Peter Lipkin, vp-sales
McCRORY CORP.
Corporate Personnel
New York
Stephen Pistler, chmn-coo
David Lissy, vice-chmn
Corporate Personnel
York, Pa.
J.P. Lux, president-coo
Charles Gass, exec vp
Robert Jewell, sr vp-human resources
McGREGOR CORP.
Marketing Personnel
William Compton, exec vp
SCHENLEY INDUSTRIES CO.
Dallas
Marketing Personnel
Alexander Berk, vp-operations devel
Garry Martin, vp-mktg & merch
Chuck Burkhart, vp-sales
Advertising Agency
Leo Burnett USA, Chicago—David Selby, acct super; Judi Phillips, Scott McComsey, Steve Longley, Dane Cafagrande, acct execs.
WONDERKNIT
Marketing Personnel
Robert Abels, president
Ivan Garrett, vp-mktg
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, New York—McGregor Corp., Botany 500, Cross Country Clothes, McGregor Licensing, Wonderknit, Billy the Kid Industries, Faberge Inc. (Brut, Babe, Aqua Net, Tigress, Jose Eber)—Les Koll, mgmt super; Bob Verdugo, Cary Stiber, acct execs.

Reynolds Metal Co. RANK **188**
Richmond, Va.

($ in millions)

Worldwide	1986	1984	% chg
Sales	3,416	3,728	(8.4)
Net income	(292)	137	(312.4)
U.S.	**1986**	**1984**	**% chg**
Sales	3,214	3,459	(7.1)
Operating profits	56	182	(69.3)
Advertising	38	44	(18.4)
Division sales	**1986**	**1984**	**% chg**
Packaging	1,224	1,201	1.9
Other aluminum	272	299	(9.0)
Non-aluminum	278	263	5.7

The 100th anniversary of the birth of aluminum processing in February came on the heels of another poor year for the industry and for Reynolds Metals Co. in particular.

The nation's second leading producer of aluminum—behind Aluminum Co. of America (Alcoa)—had a decline of 8.4% in sales in 1985. Net income was $24.5 million before a $300 million-plus writeoff resulted in a net loss of $291.6 million in 1985. That compares to profits of $137.3 million in 1984.

National advertising in 1985 took its lumps correspondingly, as Reynolds reduced measured advertising 18.4%, from $26.1 million to $21.3 million, including cuts of more than $3.5 million each for two of the company's three most heavily advertised products, Reynolds Plastic Wrap and Reynolds Wrap household aluminum foil.

Although aluminum consumption worldwide rose slightly in 1985, the metal was in oversupply, and foreign producers solidified their 20% share of the U.S. market.

Nevertheless, market analysts who in June, 1984, were recommending the sale of aluminum stocks now are taking a more optimistic view. "We're not yet recommending the purchase of aluminum companies' stock," says Mary C. Jennings, an analyst at Paine Webber, New York, "but the market is turning more positive."

Reynolds reported first-quarter 1986 profits of $14.3 million, up from $7 million in 1985, and second-quarter profits of $28.8 million, compared with $4.9 million the previous year. Ms. Jennings predicts net income of about $121 million for Reynolds this year, including an estimated $70 million for the expected sale of the company's 41% share of Robertshaw Controls Co., a Richmond, Va.-based manufacturer of temperature controls and energy management systems.

Reynolds avoided a strike by two unions against Alcoa, although the unions' contracts with Reynolds also had expired. The five-week strike ended early this July. The two leading aluminum producers, which had negotiated jointly with the unions, had proposed a $2.90-an-hour cut in wages and benefits, while the unions had countered with a 40-cent increase proposal. The final settlement froze wages and cut benefits.

Faced with the worldwide oversupply of primary aluminum—per-pound prices dropped between mid-1984 and late 1985 from 76 cents to 46 cents—Reynolds continued to shift its marketing emphasis to fabricated aluminum and related products. In the past year, the company introduced several new lines of aluminum and vinyl siding; a new flexible lidding system, featuring coated aluminum foil and composite foil/plastic film material, and a new dispenser for Reynolds foodservice film.

This June, Reynolds announced the purchase for an undisclosed price of Cut-Rite brand wax paper from Scott Paper. Paine Webber's Ms. Jennings says the product mix of wax paper, in which Cut-Rite is far and away the leading seller, with Reynolds aluminum and plastic wraps should make a natural advertising and promotional tie-in. Scott only backed Cut-Rite with a minimal $453,000 in advertising in 1985. The product did not show up in measured media in 1984.

In 1985 and earlier this year, Reynolds closed primary aluminum production plants in Arkansas and Alabama, leaving it with primary plants in Washington, Oregon and New York, as well as a Canadian facility at which production capacity was increased by 125,000 tons. The 1985 writeoffs were caused by the plant closings. Reynolds has closed plants in each of the past three years.

The company fabricates aluminum products and other consumer commodities at 40 domestic and 12 foreign plants. The U.S. was responsible for $3.1 billion of the companywide $3.4 billion in sales in 1985, with Canada accounting for $65 million and foreign markets $299 million.

For the first time since it was founded in 1919, Reynolds Metals Co. does not have a chief executive officer named Reynolds. William O. Bourke, a former Ford Motor Co. executive who joined Reynolds in 1981, succeeded David P. Reynolds this April as ceo. Mr. Bourke was chief operating officer.

Along with administrative cutbacks and reduction of its 27,700-member work force by 750, Reynolds trimmed advertising expenditures. Big cuts came out of the ad budget of Reynolds Plastic Wrap—second nationally behind Dow Chemical's Saran Wrap in sales—from $8.3 million to $4.5 million, all in spot tv. Advertising for Reynolds Wrap aluminum foil, the industry leader, dropped from $11.2 million in 1984—$9.9 million of that in spot tv—to $8.5 million in 1985, of which $6.1 million was in spot tv and $2.4 million in magazines.

Reynolds increased ad expenditures for its line of oven cooking bags from $3.1 million in 1984 to $4.7 million in 1985; $2.8 million of the 1984 expenditures were for spot tv and the rest in magazines, while all of the 1985 advertising was spot tv.

Among other 1985 ad expenditures were $561,000 for Eskimo Pie ice cream bars (Reynolds owns 83.5% of the producer); $590,000 for commercial foil/plastic wrap, and $419,000 for a sweepstakes offer.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,796	$2,239
Newspaper	197	805
Bus. pubs.	258	434
Spot tv	15,578	21,885
Spot radio	1,430	700
Outdoor	0	3
Total measured	21,258	26,067
Unmeasured	15,000	18,393
Total	36,258	44,459

REYNOLDS METALS CO.
6601 Broad Street Rd.
Richmond, Va. 23261
(804) 281-2000
CONSUMER DIVISION
Corporate Personnel
Scott D. Wyllie, genl mgr
Marketing Personnel
Paul W. Miltenberger, genl mgr-mktg & sales
J. Douglas Mickle, adv mgr
Advertising Agencies
J. Walter Thompson USA, New York—Reynolds Wrap aluminum foil, Reynolds Plastic Wrap, Reynolds Redi-Pan aluminum foil ware, Diamond foil, new prods, private label, Reynolds Freezer Paper, trade and military—Janet Kaufman, acct exec.
Tucker Wayne & Co., Atlanta—Reynolds Oven Cooking Bags, Cut-Rite wax paper—Eleanor Doar, acct exec; Richard Bressler, acct exec.
RECYCLING & RECLAMATION DIVISION
Corporate Personnel
Richard Bolling, vp-genl mgr
Marketing Personnel
Andrew H. McCutcheon Jr., natl mktg mgr-Reynolds Aluminum Recycling Co.
Advertising Agency
Martin Agency, Richmond, Va.—Dan Barnes, acct exec.
CONSTRUCTION PRODUCTS DIVISION
Corporate Personnel
John M. Noonan, vp-genl mgr

Marketing Personnel
John A. Shelhorse, mktg dir-building prods
Advertising Agency
Admark, Richmond, Va.—Roxanne Heywood, president.

REYNOLDS METALS CO.
Marketing Personnel
Richard L. Krauss Jr., adv mgr of five divs:
Reynolds Aluminum Supply Co.
Mill Products
Extrusion Division
Electrical Division
Corporate Advertising
Advertising Agency
Earle Palmer Brown Cos., Richmond, Va. —George R. Woltz, acct exec.

FLEXIBLE PACKAGING
Corporate Personnel
Robert L. Waldrop, div genl mgr
Marketing Personnel
Richard C. Buell, div mktg devel mgr
John McGrath, adv mgr
Advertising Agencies
Lawrence Kaplan Advertising, Richmond, Va.—foodservice and flexible packaging—Lawrence Kaplan; president.

CAN DIVISION
Corporate Personnel
Robert D. O'Donnell, vp-genl mgr
Marketing Personnel
Lee R. Gunton, natl mktg mgr
Advertising Agency
Lawrence Kaplan Advertising, Richmond, Va.—Lawrence Kaplan, president.

RANK **174**

A.H. Robins Co.

Richmond, Va.

($ in millions)

Worldwide	1986	1984	% chg
Sales	706	632	11.7
Net income	76	(462)	(116.4)
U.S.	**1986**	**1984**	**% chg**
Sales	566	496	14.1
Operating profits	135	111	21.0
Advertising	45	47	(4.1)
Division sales	**1986**	**1984**	**% chg**
Pharm. prods.	370	362	2.2
Consumer prod.	233	192	21.4
Other	109	87	25.3

A.H. Robins, which is seeking protection under the federal bankruptcy law because of more than 300,000 claims brought against the company for producing and marketing the Dalkon Shield intrauterine birth control device, nonetheless carried on profitable operations in 1985.

However, during the first six months of fiscal 1986, Robins' returns have slipped from the pace set in 1985, a year in which earnings returned from a loss in 1984.

Returns for the six months were $30.7 million in net earnings, down 13%, on sales of $364 million, up 10% in 1985.

Dalkon Shield litigation expenses reduced earnings by $2.4 million for the first half, compared with a charge of $8.7 million against earnings in the prior year period. Suits against Robins allege that defects in the IUD device led to pregnancy, pelvic infection, sterility, involuntary abortion, hysterectomy or death.

In 1985, ad spending for 11 measured media dropped only slightly from $36.8 million to $35.3 million. Biggest outlay backed the o-t-c introduction of previously prescription-only Dimetapp Allergy and Decongestant Tablets.

Spending in seven media for Dimetapp was $9.3 million, including $5 million in network and $3.7 million in spot tv, according to Leading National Advertisers.

The Robitussin family of cough preparations, the second largest brand advertised at Robins, remained a market leader, splitting a 50% market share with Richardson-Vicks' Formula 44. Measured spending was only slightly less than in 1984. Robitussin cough syrup and Robitussin Night Relief, received $7.9 million and $2.6 million, respectively, according to LNA.

Robitussin cough syrup concentrated on network and spot tv, $1.6 million and $6.2 million, respectively. Robitussin Night Relief spending, all on spot tv, dropped 36.6% to $2.6 million.

A new flea and tick control collar for dogs and cats, featuring powder that vaporizes insecticides, led to a 13% sales increase in the Sergeant's pet care product line. Brand spending grew 7.5%, to $5.7 million in 1985.

Measured spending on Parfums Caron, which introduced Le 3e Homme de Caron for men, jumped from $99,000 in 1984 to $700,000 in 1985, all in magazines.

This June, a federal judge appointed an examiner to monitor the company's actions after the company had been cited for civil contempt for making $15 million in unauthorized payments. Earlier in the year, Robins had paid nearly $7 million to former executives and others without the required court approval. The judge declined to go so far as to appoint a trustee, citing the possible adverse effect a trustee might have on company profitability and bankruptcy-law reorganization. Deadline for filing the bankruptcy law reorganization plan has been extended to Feb. 5, 1987.

In September, 1986, the company and a committee of claimants agreed to cuts in pay and bonuses for top officials that included forcing chairman, E. Claiborne Robins, to receive a $1-a-year token salary.

Robins reported in August, 1986, it would sell Robins Communications. The company had been criticized by creditors for "subsidizing" the unprofitable unit consisting of two Greensboro, N.C., radio stations.

In October, 1985, creative for its healthcare lines moved to Scali, McCabe, Sloves, New York, from Popofsky Advertising, New York. Media buying remained with Mil-Mor Media, Richmond, Va..

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 3,575	$ 3,229
Newspaper	0	639
Bus. pubs.	1,032	675
Network tv	6,592	3,845
Spot tv	23,712	27,870
Spot radio	0	325
Network cable	217	85
Farm pubs.	205	192
Total measured	35,332	36,859
Unmeasured	10,000	10,432
Total	45,332	47,291

A.H. ROBINS CO.
1407 Cummings Drive
P.O. Box 26609
Richmond, Va. 23261-6609
PHARMACEUTICALS DIVISION
Marketing Personnel
Gerald K. Wilburn, vp-mktg
W.H. Selberis, group prod mgr
Frank A. Murawski, group prod mgr
CONSUMER PRODUCTS DIVISION
Marketing Personnel
John E. Blutenthal, vp-mktg, healthcare prods
Gary L. James, dir-mktg, healthcare prods
W.E. Lipscomb, vp-mktg, Pet Care
L. Paul Nelson, group prod mgr, Pet Care
Advertising Agencies
Earl Palmer Brown, Richmond—Ethical Pharmaceutical div—Dave Livesay, vp-acct exec; George Woltz, acct exec.

Jordan, Manning, Taylor, Case & McGrath, New York— Sergeant's pet care prods, Donnegal, Chap Stick Lip Balm, Chap Stick, Petroleum Jelly Plus—Jack Taylor, exec vp-acct exec.

Mil-Mor Media, Richmond—agency of record, media planning and purchase, all brands—Carl D. O'Hallanan, president; Mary M. Arnold, vp-media dir.

Scali, McCabe, Sloves, New York—cough and cold remedies—Steward Epstein, vp-acct super.

Sweeney & Partners, Montvale, N.J.—Dime professional journal work, Robitussin, Dimetapp and vitamin prods—Tom Sweeny, president; Rita Buedden, vp.

RANK **140**

Royal Dutch/ Shell Group of Cos.

The Hague, Netherlands

($ in millions)

Worldwide	1986	1984	% chg
Sales	94,569	98,492	(4.0)
Net income	3,877	4,884	(20.6)
U.S.	**1986**	**1984**	**% chg**
Sales	20,477	20,898	(2.0)
Operating profits	3,508	4,133	(15.0)
Advertising	60	44	36.5
Division sales	**1986**	**1984**	**% chg**
Oil, gas prods.	6,626	6,707	(1.2)
Oil prods.	15,908	16,658	(4.5)
Chem. prods.	3,444	3,505	(1.7)
Other	306	312	(1.9)

Growth at Shell Oil Co., the U.S. subsidiary of Royal Dutch/Shell Group of Cos., stagnated in 1985, as oil prices dropped in a generally declining economy. The 1986 results so far are proving to be even more worrisome.

Shell's earnings in the first quarter of 1986 fell 6.8% from the corresponding period in 1985 to $276 million on revenues of $4.92 billion, down 0.8%. In the second quarter, earnings dipped 35% to $219 million on sales of $4.16 billion, down 18.4%.

This follows a year in which net income dropped to $1.65 billion, down from a record $1.77 billion in 1984, but still the second highest in corporate history. Earnings were capped by the fourth-quarter 1985 total of $652 million, a quarterly record for Shell. Sales were $20.48 billion, down from $20.9 billion in 1984.

Financial data reported in the text is for Houston-based Shell Oil, whose operations are largely in the U.S. Data in the accompanying box is for Royal Dutch/Shell Group of Cos. Shell Oil in June, 1985, became a wholly owned subsidiary of SPNV Holdings, completing a phased acquisition begun in January, 1984. SPNV, a Delaware corporation, is a subsidiary of Shell Petroleum NV, a Netherlands company, whose voting shares are owned 60% by Royal Dutch Petroleum Co., the Hague, and 40% by Shell Transport & Trading Co., London.

Shell dramatically increased its advertising in 1985, measured spending alone rising 27.7% to $40.3 million. The biggest increase in 1985 ad expenditures came in spot radio, from $9.9 million in 1984 to $17.3 million—more than Shell spent on both network and spot tv. "After all," says Deb McDonald, account supervisor at Ogilvy & Mather, Houston, which handles the Shell gasoline and oil accounts, "people are in their cars, listening to their radios, when they need to buy gas."

During the uncertain business climate in 1985 and 1986, Shell has remained aggressive. It purchased half the Colombian oil holdings of Occidental Petroleum Corp. for $1 billion in June, 1985. It prepared to build a major coal gasification demonstration plant at its Deer Park, Tex., manufacturing complex. Shell and E.I. du Pont de Nemours & Co. signed a letter of intent this May under which Shell will sell Shell Agricultural Chemical Co., a wholly owned subsidiary, to DuPont. Sale price was not disclosed.

Shell continues to stress its gasoline service station business, dropping older, outmoded stations and acquiring new ones—383 last year in the Northeast, Atlanta and Chicago—and modernizing another 4,500, including automating stations and introducing convenience products.

Shell's SU2000 super unleaded gasoline, introduced in 1984, continued its strong performance in 1985. Company gasoline sales increased 8% last year, compared with an industry average of 1.6%, Shell officials say.

As it is with other oil companies, oil and gas exploration and production is the big money maker for Shell, with 1985 earnings of $1.43 billion, up from $1.38 billion in 1984. Oil products, its second biggest division, earned $269 million in 1985, up from $233 million. The company's chemical operations dropped from $132 million in 1984 earnings to $96 million, primarily because of a depressed market in commodity chemicals such as olefins. Shell's other operations—mainly energy, mineral and agricultural commodities—lost $11 million in 1985.

Shell continued its active exploration program in 1985, spending $3.5 billion to find and develop new oil and gas reserves, compared with $3.2 billion in 1984. The expenditures paid off, as Shell in 1985 more than replaced its annual oil and gas production with new reserves.

Most of the company's measured advertising in 1985, or $35 million, backed Shell's gasoline products, almost totally the SU2000 brand. Some $17 million of that was for spot radio, $13.2 million for spot tv, and $4.1 million in magazines, with small amounts in network tv, cable and farm publications. Shell's second largest advertising expenditure for a single product in 1985 was $459,300 for its Blade X herbicide, part of the agricultural chemical division it is selling to Du Pont.

A coordinated radio, tv and print ad campaign began Aug. 15 for SU2000 gasoline, including a computer-animated, 30-second tv spot that stresses, as do the ads in the other media, the high-performance qualities of the brand. The ad campaign, using the theme "Unstoppable," came in part as a response to auto manufacturers' requests that gasoline manufacturers inform the public which of their brands meet the special needs of high-performance, fuel-injected cars.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,177	$2,288
Newspaper	444	1,626
Bus. pubs.	1,101	990
Network tv	1,165	1,643
Spot tv	13,750	10,042
Spot radio	17,290	9,940
Network cable	0	8
Outdoor	93	39
Farm pubs.	2,314	2,538
Total measured	40,333	29,115
Unmeasured	20,000	14,437
Total	60,333	43,552

SHELL OIL CO.
One Shell Plaza
Houston, Tex. 77002
(713) 241-4063
Marketing Personnel
T.K. Stewart, mgr-corp comm
John H. Haines, mgr-adv & sales promo
Ed T. Matthews Jr., adv rep
Ed O. Pierce, mgr-sales promo
J.R. Dowler, mgr-chemical adv & sales promo
Advertising Agencies
Ogilvy & Mather, Houston—consumer adv, including SU2000 and RU2000—Kirk Walden, sr vp-mgmt super; Dave Ryan, acct super-lubricants; Deb McDonald, acct super-gasoline; Dan Durst, acct super-sales promos; Nancy Bolts, acct exec-auto care.

Allen & Dorward, San Francisco—Shell chemicals—W.K. Manos, vp-acct super; Meg Montalvo, acct exec.

RANK **169**

Safeway Stores

Oakland, Cal.

($ in millions)

Worldwide	1986	1984	% chg
Sales	19,851	19,642	0.0
Net income	231	185	25.0
U.S.	**1986**	**1984**	**% chg**
Sales	15,390	15,043	2.3
Operating profits	295	281	5.0
Advertising	47	52	(9.0)

Safeway Stores Inc., the giant grocery business that began in the wheat-farming country of Idaho before World War I, on Aug. 29, 1986, passed into the hands of a private New York holding company, SSI, created by investment bankers, Kohlberg Kravis Roberts & Co., New York.

The change in control of Safeway, the country's largest grocery retailer, began to emerge in May, 1986, when offshoots of Dart Group Corp., Landover, Md., began buying Safeway stock, eventually totaling 5.9% of outstanding shares. The Dart Group is controlled by the family of Herbert H. Haft, chairman, and Robert Haft, president. Safeway, citing the Hafts' "manipulative activities," sued Dart and the Hafts in federal court in mid-June to stop their accumulation of Safeway stock.

Dart continued what was regarded as a hostile bid, but on July 31, ceased that attempt. Safeway had agreed earlier in July to a friendly purchase by KKR, leveraged buyout specialists, which last year took control of Beatrice Cos. in a leveraged buyout totaling $6.2 billion.

Safeway was marked by major changes in 1985, including significant restructuring both at home and overseas and a major new national advertising program which bore the theme, "You work an honest day, you get an honest deal at Safeway." Throughout its many sales regions during 1985, Safeway emphasized closing unprofitable or marginal operations. By early 1986 it was operating 206 fewer stores than a year earlier.

Today Safeway has stores in more than 2,300 communities in the U.S., Canada and the U.K. and interest in a western Mexico chain. Over-all, it operates 2,365 supermarkets, 50 warehouses, a fleet of 5,000 vehicles, 19 dairy plants, 16 bakeries, five meat plants, five soft drink bottlers, 15 ice cream plants and 27 other processing facilities for eggs, fruits and vegetables, cheese, jam and jelly, household cleaning products, and other grocery items. Safeway is the largest retail florist in the world and the second largest supermarket drugstore operator.

For a total of $49 million, Safeway sold 23 Safeways in Toronto; the 36-store Germany division, and the 20-year-old Australian operating subsidiary. In addition, the company closed 125 older stores in 1985, all with the same goal of freeing assets in underperforming activities.

During 1985, Safeway opened 100 stores worldwide and projects another 90 during 1986. The chain faces stiff competition from Kroger Co. and Lucky Stores on a national basis and regionally from many tough local chains such as Giant Stores in the East, Jewel Co. in the Midwest and Ralph's and Von's in California.

While Safeway is now widespread in the U.S., its drive for efficiency has removed it from such combative markets as the Northeast and the upper Midwest. In the 1940s, the company had a major presence along the Atlantic Coast and carried both Washington, D.C., and Oakland, Cal., addresses on many of its products. But in the late 1950s it sold about 180 stores in its former New York, New Jersey, Connecticut division, leaving just the Washington and Richmond divisions in the East.

During 1986 it consolidated four of its 17 retail divisions into two, the former Sacramento and San Francisco divisions becoming Northern California, and Spokane and Seattle divisions becoming Seattle.

Of the 1,986 stores now in the U.S., 1,752, or 88% are in 21 of the 24 states west of the Mississippi. Also, the company now has 258 stores in Canada and 121 in the U.K. Safeway now owns 49% of Casa Ley, S.A., a merchandising company in the western sections of Mexico with 11 food and variety stores, two clothing stores, six wholesale outlets and two more large outlets planned for 1986. Worldwide there are 2,365 Safeways.

Before its newest ad campaign, Safeway sailed under the banner "America's Favorite Food Store." a status the company wants to keep. Its current flat sales performance, Safeway says, results from the smaller store total caused by store closings and sales, the lower rate of inflation, drops in foreign currency value and a long labor dispute since settled in Southern California.

To combat these problems, Safeway is adding in-store specialty departments. In 1985, it opened 2,170 new seafood counters, bakeries, soup bars and so on. It also is merchandising to meet the needs of local consumers, providing ethnic foods, later shopping hours, automatic teller machines and better parking. Safeway is upgrading merchandise, meeting price competition, preventing out-of-stocks and installing the latest checkout stations for faster customer service.

Ketchum Advertising, San Francisco, Safeway's corporate agency for the past seven years, was reaffirmed for the job in May, 1985, when asked to make a presentation along with several other agencies. The pitches focused on tv, and Ketchum won with its "You work an honest day" theme. The theme debuted Oct. 9, 1985, in a campaign that includes commercials aimed at particular groups such as females, parents, single males and seniors.

In placing advertising, Safeway's 15 retail divisions act with liberal helpings of autonomy. Each can choose the cor-

porate commercials to run in their divisions and can use different mixes within the division.

Local divisions often develop their own ad compaigns, "but we want them to relate to the national campaign," says Ron Giglio, vp-ad manager.

Safeway's national advertising office in Oakland produces graphic materials that are distributed to the divisional ad offices, avoiding duplication in the production of product art, heads, photography and special holiday materials such as Christmas graphics.

For 1985, Safeway's 11-media spending was down 9%, dropping to $22.3 million. Over-all advertising is estimated at $200 million by Safeway for a range of promotional costs including point of purchase, couponing and other incentives, much of it on a local basis. Ad Age only includes national media or in-kind participation from the corporate headquarters in its measured and unmeasured advertising totals.

Spot tv, the biggest category, fell 6.5%, to $19 million, in 1985 from $20.4 million in 1984. Spot radio was down 49.4%, magazines fell 10%. Outdoor jumped almost fivefold, to $677,000. Spot tv spending of $19 million was 91% of the 1985 budget, a drop from 93% in 1984.

National advertising of the regular Safeway supermarkets continued as the major product category in 1985, amounting to $20.1 million, off 7% from 1984. Food Barn Warehouse Store spending tripled in 1985, climbing to $693,200.

Agency changes include the April, 1985, resignation of Ralph Kent Cooke Inc. as Los Angeles division agency and the merging of that work under Phillips-Ramsey, Los Angeles. Also, the Salt Lake City division awarded its $1.2 million media-buying account to Thomas Phillips Clawson Advertising, Salt Lake City.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,273	$1,414
Spot tv	19,044	20,348
Spot radio	1,325	2,624
Outdoor	677	142
Total measured	22,318	24,528
Unmeasured	25,000	27,475
Total	47,318	52,003

SAFEWAY STORES
Fourth & Jackson Sts.
Oakland, Cal. 94660
(415) 891-3000
Marketing Personnel

Donald Smith, vp-dir-mktg
Ronald Giglio, vp-mgr-adv & promo div
Art Patch, vp-mgr-grocery merch div
Rayburn D. Pearce, mgr-meat div
Robert G. Backovich, vp-mgr-produce div
Timothy J. Hopkins, vp-mgr-variety merch div
Wayne Leader, vp-mgr-specialty foods div
Floyd D. Crowe, vp-mktg mgr-Safeway supply div

Advertising Agencies

Advertising Inc., Oklahoma City, Okla.—Oklahoma div—Todd Van Every, vp-genl mgr; Geri Srite, acct exec; Bill Sammons, adv mgr.

Arnold/Foster/Carrithers, Dallas—Dallas div—Webb Sherrill, president; Howard Riggs, adv mgr.

Bernstein-Rein Advertising, Kansas City, Mo.—Kansas City div—Jim George, adv mgr.

Boyd & Farmer Advertising/Marketing, Scottsdale, Ariz.—Phoenix div—Paul Deason, adv mgr.

Doyle Dane Bernbach, Denver—Denver div—Dave Nusbaum, acct super; Steve Guthrie, adv mgr.

Earle Palmer Brown Cos., Bethesda, Md.—Washington div—Don Zettle, adv mgr; Harry Merrick Jr., Andy Shack, acct execs.

Finnegan & Agee, Richmond, Va.—Richmond div—Tony Strand, adv mgr; Pete Boiseau, Debora Logan, acct execs.

Frank J. Wills Co., Little Rock, Ark.—Little Rock div—Watty Wills, acct exec; Rex Chaney, adv mgr.

Girvin-Conrad & Girvin, Fremont, Cal.—N. Cal. div—Dwight Becker, adv mgr; Al Neish, Ken Lombardo, acct execs.

Ketchum Communications, San Francisco—corp adv—Diane Snedecker, group dir; Carla Emil, vp-acct super; Zonda Montgomery, acct super.

Mithoff Advertising, El Paso, Tex.—El Paso div—Patrick Lowe, acct exec; Lilli Heinrich, adv mgr.

Phillips-Ramsey, Los Angeles—S. Cal div—Cal Gunnell, adv mgr; Ken Dial, acct exec.

Richardson Associates, Portland, Ore.—Portland div—Larry Bohnsack, adv mgr; Shirley Weber, acct & media exec.

Chuck Synder Inc., Seattle—Seattle div—Del Denker, adv mgr; Chuck Snyder, Bob Snyder, acct execs.

Taylor, Brown Barnhill, Houston—Houston div—Kathy May, Candice Goodwin, execs; Reed Campbell, adv mgr.

RANK **148**

Sandoz Ltd.

Basel, Switzerland

($ in millions)

Worldwide	1986	1984	% chg
Sales	3,396	2,986	13.7
Net income	212	166	28.7
U.S. advertising	55	46	19.9
Division sales	**1986**	**1984**	**% chg**
Chemicals	846	675	25.3
Pharm.	1,572	1,386	13.3
Agri. prods.	241	233	3.4
Seeds	286	275	4.0
Nutrition	450	416	8.2

Sandoz consolidated its otc pharmaceutical companies into a single group, brought its scattered nutrition companies into one location and boosted spending on marketing and advertising largely in support of the reintroduction of the ageless Ovaltine brand and cold remedies.

Sandoz Corp., the New York-based arm of Sandoz Ltd., and which supplies 31% or $1.04 billion of $3.4 billion worldwide Sandoz sales, boosted measured spending 20% to $29.8 million in 11 measured media, including $5 million for four months worth of new Ovaltine advertising, according to Leading National Advertisers.

The new ad campaign was launched in September, 1985, by Sandoz Nutrition Corp., which is reportedly spending $15 million via Needham Harper Worldwide, New York, up from only $630,600 measured in 1984.

Ovaltine, which has maintained a steady 10% share of the slow-growth $509 million milk-additive category (Nestle dominates with Quik, Carnation and Hills Bros. brands), came out hardly looking like Ovaltine. The new product now has powdered milk, a sugar-free strawberry extension, its first strawberry offering, and a sugar-free chocolate flavor. NutraSweet is the sweetening agent for both. Ovaltine plays up its traditional market presence with the theme: "I can't get over Ovaltine," but is latching onto the health kick by spotlighting its nutritious ingredients.

Sandoz linked up with General Mills to place 20¢-off coupons on the back of 20 million boxes of cereal aimed at the children's market, and 20¢-off freestanding inserts for Ovaltine were placed in October and January.

While Ovaltine advertising took off, advertising for Ex-Lax dropped 12%, to $6 million in 1985, and 66% for Denclenz, to $1.24 million. But Gas-X tablets climbed 15% to $2.4 million, and the big budget for four Triaminic cold remedies grew 9% to $9.7 million.

Ovaltine, which restricted its 1984 spending to spot tv, spread its spending over three media in 1985, with $3.1 million in network tv, $197,900 in spot tv, and $1.7 million in network radio. Gas-X was limited to tv, boosting its spending 17% on network, to $2.2 million. Its spot tv spending eased off 5%, to $187,300. Ex-Lax dropped 30% in print spending, to $372,400, slipped slightly 1.4% in network tv, to $5.1 million, and fell 49% in spot tv, to $533,900.

Triaminic cold preparations reduced magazine spending to just $428,900, from $4.3 million a year earlier. Network tv backing jumped to $8.3 million from $3.8 million in 1984, and spot tv rose to $886,500 from $312,500.

Sandoz Corp. is the U.S. umbrella organization tying together the four Sandoz business groups, with their 10 companies spread across the country. Biggest group is Pharmaceutical, based in East Hanover, N.J., also home of Sandoz Consumer Health Care Group, formed by consolidating Dorsey Laboratories, Lincoln, Neb., maker of cough, cold and allergy products (Triaminic) and Ex-Lax Pharmaceutical Co., New York (Ex-Lax, Gas-X and Denclenz).

Consolidated in Minneapolis are various units of Sandoz Nutrition Corp. (Ovaltine, PDQ milk additive, and Featherlight dietary foods).

Sandoz acquired Master Builders, Cleveland, in April, 1986, from Martin Marietta Corp. for $190 million. The company produces specialty construction materials. That same month, it bought for $225 million Velsicol Chemicals Co., from Farley Northwest Industries.

In a major pharmaceutical development, Schering-Plough and Sandoz in May, 1986, agreed to develop jointly Spirapril for treating high blood pressure and congestive heart failure. It is one of a promising new class of hypertension medications called angiotensin converting enzyme (ACE) inhibitors. The ACE medications avoid many of the problems caused by beta blockers and diuretics now used for hypertension. Schering will have comarketing rights with Sandoz.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,150	$7,137
Newsp. supps.	0	579
Bus. pubs.	868	1,025
Network tv	19,853	12,631
Spot tv	2,786	3,325
Network radio	1,713	0
Spot radio	1,133	5
Network cable	9	1
Outdoor	6	145
Farm pubs.	1,266	0
Total measured	29,782	24,849
Unmeasured	25,000	20,859
Total	54,782	45,708

SANDOZ
608 Fifth Ave.
New York, NY 10020
(212) 307-1122
SANDOZ CONSUMER HEALTHCARE GROUP
Parsippany, N.J.
Corporate Personnel

Max Link PhD, ceo

Marketing Personnel

Robert G. Donovan, vp-prod mgmt, gastrointestine
Michael Carroll, sr prod mgr
Mary Noller, prod mgr
Robert H. Fitzsimmons, vp-prod mgmt, cough/cold
William J. Jones, sr prod mgr
Bennett Curry, prod mgr
Katherine McDonald, asst prod mgr
R. Lewis Schmidt, vp-sales
George L. Varjan, dir-group media services

Advertising Agency

Bloom Agency, New York—Ex-Lax line, Triaminic line—Jeff Fine, chmn; Gail Cerminero, vp-mgmt super; Paul Majier, acct super.

SANDOZ NUTRITION CORP.
Minneapolis
Marketing Personnel

John Bendt, vp-consumer prods
William Rush, vp, clinical prods
John Fontana, vp, food services prods
Charles Bohem, vp-sales, consumer prods
Mark Goldberg, prod mgr, snacks
Jim Tierney, prod mgr, beverages

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Poppycock, Fiddle Faddle, Screaming Yellow Zonkers—Ron Harvieux, vp-mgmt super.

Campbell-Mithun, Minneapolis—Ovaltine, Featherweight—Howard List, Les Mauser, mgmt supers.

SANDOZ PHARMACEUTICALS CORP.
East Hanover, N.J.
Marketing Personnel

Archie Coker, vp-mktg
Robert Essner, exec dir-prod mktg
Timothy Rothwell, exec dir-field operations
Anthony Sellner, dir-mktg services

Advertising Agencies

Hamilton, Carver & Lee, Chicago—James D. Lee, president.

M.E.D.Communications, Woodridge, N.J.—Parlodel—Tom Rosenwald, sr vp; John Eichert, acct super.

Sieber & McIntyre, Morristown N.J.—Mary Cobb, vp-group dir; Steve Schlossberg, Jim Boland, Duane Taylor, acct supers; Joe Mastracchio, vp-dir client services.

Robert A. Becker, New York—mental health & geriatric prods (Mellacil, Hydergine, Restoril)—Edward Maitland, sr vp-mgmt super; Fred Scheel, vp-group super; Len Pepe, vp-acct super; William Griffith, acct exec; Joan Snell, acct admin.

Romann & Tannenholz, New York—Tavist line—Peter Briggs, mgmt super.

MASTER BUILDERS
Cleveland
Marketing Personnel

Edd T. Parker, president
H.A. Golden, vp-sales & mktg
John James III, comm dir
Suni Coerdt, creative services mgr

Advertising Agency

(In-house) Setco Advertising.

NORTHRUP KING CO.
Minneapolis, Minn.
Marketing Personnel

Chase Cornelius, dir-mktg services
Winfred Bowen, dir-mktg, consumer

Advertising Agencies

Colle & McVoy, Minneapolis—agricultural prods—Duane Leach, Janet McGrath, acct mgrs.

MORE Advertising, Minneapolis—consumer prod, vegetable seeds, intl—Dan Oberpriller, exec vp; Mike Dowell, vp-acct super; Bridget Lindstrom, vp-media dir; Diane Ethier, media planner.

RANK **149**

Scott Paper Co.

Philadelphia

($ in millions)

Worldwide	1986	1984	% chg
Sales	3,050	2,847	7.1
Net income	201	188	7.0
U.S.	**1986**	**1984**	**% chg**
Sales	2,630	2,537	3.7
Operating profits	318	337	(5.5)
Advertising	55	57	(4.4)
Division sales	**1986**	**1984**	**% chg**
Sanitary papers	2,060	1,823	13.0
Printing, publishing	848	839	1.1
Pulp prod.	143	185	(22.7)

Scott Paper Co. in 1986 is trying to get a leg up on competitors in the hotly contested paper-products business by introducing Kachoos facial tissues for children and Helping Hand, a multiproduct line.

Scott, which also added more sections to its paper towel rolls in 1986 as others were down-sizing, continued to build on earnings and sales in 1985, both of which grew by 7% over 1984 returns. In the first half of 1986, the company had a 0.2% increase in net income, to $95.4 million, and sales of $1.63 billion, up 11.9%.

Earnings for the half were held back by an early retirement program implemented during the second quarter, by poor returns in Mexico and reduced earnings from S.D. Warren, Scott's printing and publishing paper subsidiary. The subsidiary's large Mobile, Ala., paper mill suffered from a three-month strike.

In 1985, sanitary paper products accounted for 67% of company sales vs. 64% in 1984.

The U.S. tissue business is a slow-growth area over-all, but cost reductions and strong marketing buttressed Scott's profits in 1985. Measured media spending for ScotTissues declined from $6 million in 1984 to $4.4 million in 1985. Scott recently introduced Kachoos, a children's facial tissue product, to the Midwest and Northeast. Kachoos has been assigned to J. Walter Thompson USA.

The company that invented the paper towel remains the volume leader in U.S. consumer and commercial paper towel markets through four brands that address distinct market segments.

Viva, the quality towel segment entry, received $2.6 million in advertising support, just about matching 1984's $2.7 million in spending. An improved version of Viva was introduced into the western U.S. Super quality entry Job Squad received no advertising support in 1985 and only minimal support in 1984, while budget brand Waldorf also went unadvertised.

The largest backing in Scott's paper towel lineup went to ScotTowels and its narrower version, ScotTowels Jr., which together received $6.4 million in measured media. ScotTowels Jr. relies on the premise that a smaller towel can perform about as well as a regular size towel at less cost. ScotTowels Jr. have been introduced into the South and West, and company spokespersons say they plan to roll the product out nationally later.

Regular-sized ScotTowels enhanced market presence by adding extra sheets to each roll. This summer, ScotTowels began offering the largest sheet-count per roll on the market, as heralded by the advertising theme, "The towel that doesn't run out as often." The enhanced product bears the same price, same quality and same sized sheets.

The $1.4 billion paper towel segment is led by Scott's paper towel trio—ScotTowels, 13% market share; Viva, 8%, and Job Squad, 2%, according to George Adler, paper products analyst for Smith Barney, Harris Upham & Co., New York, who bases his figures on manufacturers' sale prices. The largest selling single brand is Procter & Gamble's Bounty, which garnered a 19% share in 1985, dropping slightly in share from 1984, Mr. Adler says. At the same time Scott edged forward. Kimberly-Clark's value-priced Hi-Dri towels followed Bounty and ScotTowels with a 9% share, while James River Corp.'s Brawny and Georgia-Pacific's Coronet each had a 6% share.

As the fastest growing section of the country, the West was the site of the summer introduction of Scott's seven-item line of household paper products, Helping Hand. Helping Hand products, which include a paper towel, bathroom and facial tissues, and napkins, address the middle quality segment.

Magazines, newspapers and tv spots began in August. To encourage consumer acceptance, the BBDO campaign links the product name to six national children's charities, which receive a five-cent donation from Scott for every consumer purchase of a Helping Hand product. Scott expects to contribute at least $1 million to the charities by year's end.

Scott's four brands of bathroom tissue amassed a combined 23% share of the market, based on unit sales to grocery chains. Manufacturer sale prices make this a $2 billion segment, according to Mr. Adler. Ten of those share points went to ScotTissue, while Cottonelle, Scott's premium brand, and Waldorf, for the budget-conscious, each accounted for a 6% share. Premium brand Soft 'n Pretty, with limited geographic distribution, garnered a 1% share.

On the competitive front, P&G's Charmin, with a 16% market share, outsold Cottonelle, while P&G's White Cloud slipped in market share from 7.8% to 7%, thus failing to catch up to ScotTissue, although ScotTissue also lost 4.3 points during 1985. Advertising for Scott's bathroom tissue lines exceeded $10 million, with half that going to Cottonelle, and the least support, $772,300, backing Soft 'n Pretty.

Baby Fresh Baby Wipes led the $209 million premoistened towelette category in 1985, a category up 12% over 1984, according to William McNair, manager of marketing communications at A.C. Nielsen Co. Supported by $3.8 million in advertising, Baby Fresh controlled 25.5% of the market, according to estimates by Pipeline Research, which measures manufacturers' sales to drugstores. Pipeline indicates drugstores sales in the category essentially are the same for all retail outlets.

Wash A-Bye Baby, Scott's value-priced pop-up baby wipes, garnered a 6.9% share, bringing Scott's total market share in baby wipes to 32.4%, a figure echoed by Sterling Drug's Lehn & Fink and Glenbrook Laboratories divisions, which together have four baby wipe products on the market, according to Pipeline. Though Johnson & Johnson's Baby Washcloths would hold a third place with a 9.6% share in the brand name arena, private label baby wipes account for 18% of this fast-growing market, according to Pipeline's analysis.

Scott also is testing an adult premoistened towelette called Sofkins in New England, particularly in the Boston area and upstate New York.

To concentrate on long-term growth objectives, Scott sold its Cut-Rite brand of wax paper products to Reynolds Metals Co. of Richmond, Va., in June, 1986, for an undisclosed price. It acquired in mid-1985 Hoffmaster Co., an Oshkosh, Wis.-based manufacturer

of napkins, placemats and tablecovers. Hoffmaster had sales of close to $50 million in 1984.

Scott officials refused to disclose the purchase price.

Scott chairman and ceo Philip E. Lippincott calls Europe "Scott's No. 1 growth opportunity at this time." Value Line analysts agree. Besides investing $40 million to replace its Belgian paper machine, Scott increased its ownership to 100% of Bowater-Scott, the U.K.'s leading sanitary paper products marketer, whose products include the market's leading bathroom tissue, Andrex.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,638	$1,493
Newspaper	637	501
Newsp. suppls.	0	6
Bus. pubs.	508	887
Network tv	4,123	5,449
Spot tv	21,436	20,924
Spot radio	163	594
Network cable	111	2
Outdoor	11	86
Total measured	28,626	29,942
Unmeasured	26,000	27,195
Total	54,626	57,137

SCOTT PAPER CO.
Scott Plaza
Philadelphia, Pa. 19113
(215) 522-8000
Marketing Personnel

J. Richard Leaman Jr., exec vp, Scott Paper; president, package prod div
Paul N. Schregel, vp-package prods div-in-home business
James J. Cunningham, vp-package prods div—away-from-home business

Advertising Agencies

BBDO, New York—Viva, Sofkins, Wash A-Bye Baby, Cottonelle, Soft 'n Pretty, Job Squad, new prods—John Firestone, sr vp-mgmt super; Robert Wiesner, acct super; Stuart Marvin, acct exec.

J. Walter Thompson USA, New York—ScotTowels, ScotTowels Jr., ScotTissue, Value Line, Baby Fresh, Kachoos—Jack Morrissey, mgmt dir; Adele Finaly, vp-sr acct super; David Sass, sr acct super; Chris Matthews, sr acct rep; Jerry Frantz, acct exec; Jocelyn Russell, asst acct exec.

Schaefer Advertising, Valley Forge, Pa.—Thomas O'Neill, exec vp; Gregory Gaul, acct super, away-from-home business prod; Charles T. Housam, vp-acct super, washroom prods.

SCOTT PAPER INTERNATIONAL
Marketing Personnel

William S. Wesson, exec vp-Scott Paper, president-Scott Paper Intl.
John J. Butler, vp-Scott Paper, sr vp-services-Scott Paper Intl.

S.D. WARREN DIVISION
Boston
Marketing Personnel

Robert E. McAvoy, sr vp-Scott Paper, president-S. D. Warren
James H. Frick Jr., vp-Scott Paper, div mgr-printing and publishing-S.D. Warren.

PACKAGED PRODUCTS DIVISION
Philadelphia, Pa.
Corporate Personnel

J.R. Leaman Jr., president

In the name of progress

Telesis as in Pacific Telesis Group, San Francisco, means progress intelligently planned and directed. The name was adopted for the West Coast Bell company when it opened for business Jan. 1, 1984, following the breakup of American Telephone & Telegraph.

SmithKline Beckman Corp.

Philadelphia

RANK **157**

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,257	2,949	10.4
Net income	514	504	2.1
U.S.	**1985**	**1984**	**% chg**
Sales	2,342	2,098	11.6
Operating profits	566	500	13.1
Advertising	52	62	(16.2)
Division sales	**1985**	**1984**	**% chg**
Therapeutics	3,296	2,119	55.5
Diagnostics	961	830	15.8

SmithKline Beckman Corp. weathered a product-tampering episode in early 1986 affecting its popular Contac cold remedy, a product withdrawn with others from the shelves and reintroduced in safer form by mid-year, as it experienced continued growth during the year from its Tagamet and Dyazide prescription drugs.

The legacy of the company's voluntary product removal still lives on in financial returns at SmithKline, which took a charg of $8 million against first quarter earnings in 1986 for the removal of Contac, Teldrin and Dietac from the market and a charge of $10 million against second quarter results for the reintroduction of Contac and Teldrin. SmithKline took a third quarter charge of $30 million against earnings for advertising and promotional expenses to reintroduce Contac.

The company reported net earnings of $373.7 million for the nine months, down 2.9% from the prior year period.

SmithKline does not expect additional pre-tax charges for the year. Over-all, the company during the nine months took pretax charges of $57.8 million for an early retirement program and the withdrawal of the three products, and a $40 million pretax charge for reintroducing Contac.

SmithKline during 1985 cut back measured advertising by 16.3% from 1984, to $24.7 million, according to the 11-media monitored for this report. The company reported a drop of 1.7%, to $176 million, in total "advertising costs" reported to the SEC—a figure inflated by nonadvertising and promotion activity.

Measured advertising largely backs the company's SmithKline Consumer Products group, the new name as of May, 1986, for its Menley & James unit. The division went through some upheaval on March 21, 1986, with the voluntary withdrawal of Contac, Teldrin and Dietac from the market following the tampering incident.

The three products together account for about 3% of SmithKline's $3.3 billion in sales.

The company in June reintroduced Contac in two tamper-resistant, 12-hour forms: New caplets and new, see-through, banded capsules. Teldrin, an allergy treatment, also was reintroduced. The two were relaunched this summer as "new" products with an estimated $30 million backing in advertising.

SmithKline has discontinued Dietac, an appetite suppressant, for lack of success.

A shareholder pleaded guilty this August to lacing capsules of the three products with rat poison. He had special stock options on SmithKline that would have allowed him to make a six-figure profit when it lost value, prosecutors said. No deaths occurred from the incident. The tainted capsules were discovered only in Houston and Orlando.

Contac in early 1986 held an 8% share of market in the flat $1.1 billion cold and cough remedies market, tying it with Schering-Plough's Drixoral, a former prescription drug that does no consumer advertising, for fourth place behind Richardson-Vick's Nyquil (12%), and Burroughs Wellcome's Actifed (10%) and Sudafed (9%), the latter two being former prescription drugs.

The Contac share dropped from 10% in the 1984-1985 cold season. During the decline it had tried upbeat advertising from BBDO Inc. themed, "Contact keeps you on your feet." That strategy changed in 1986 to a lighthearted approach from BBDO in which comedian Steve Landesberg said Contac beats the competition, even Mom's chicken soup.

Contac, the most advertised product at SmithKline, received $12.6 million in measured spending in 1985, down 12% from 1984, according to brand spending in seven major media tracked by Leading National Advertisers.

SmithKline products receiving sizable measured media outlays included Congetac tablets, $3.8 million, up 41% from 1984; $4.5 million on Sine-Off sinus remedy, up from $2.4 million in 1984; and $912,000 on the Ecotrin aspirin line, down from $5.2 million in 1984.

The company did not advertise in LNA measured media Teldrin in 1985 after supporting it with $963,000 in 1984.

In support of its big Tagamet franchise, the company introduced an 800 mg once-nightly dosage in the U.S. in April, 1986, for the anti-ulcer drug. Tagamet is the No. 1 best-selling prescription anti-ulcer drug worldwide with a 56% world market share, ahead of fast-closing Glaxo Holdings' Zantac, with a 43% share in the $1.57 billion anti-ulcer world drug market which is expected to grow to $3.13 billion by 1990, according to Kidder, Peabody & Co.

Kidder predicts Zantac will emerge as the leader then with a 56% share, followed by Tagamet with 33% and others with 11%.

However, some analysts believe Tagamet's one-a-day application will stall if not block the Zantac charge. The traditional ulcer drug application is four times a day.

Zantac's growth is traced partially to its reported edge over Tagamet as a maintenance drug in preventing the recurrence of ulcers, a benefit the FDA will have to pass judgment on before it can be incorporated in advertising.

Tagamet makes up 30% of SmithKline's sales, or about $890 million. Dyazide, for treatment of hypertension, dominates the company's cardiovascular segment which reported sales of $311 million in 1985. Dyazide is the most widely prescribed drug in the U.S.

Dyazide is awaiting approval from the FDA for a reformulated version that will enhance the amount of the drug entering the bloodstream, the company says.

Among its new products, SmithKline's Norden Laboratories introduced Leukocell, the world's first vaccine to prevent feline leukemia, in January, 1985. Smith Kline & French Laboratories introduced Ridaura, a new prescription drug for the management of adult rheumatoid arthritis, in May, 1985.

In January, 1986, the company took a 72.5% ownership position in a joint venture to form the nation's largest clinical laboratory network, SmithKline Bio-Science Laboratories. Joint venture partner is Bio-Science Laboratories of American Hospital Supply. The joint venture then acquired Lufkin Medical Laboratories, a clinical testing lab in Minneapolis/St. Paul, in March, 1986.

SmithKline dedicated its new, 300-acre, $200 million pharmaceutical research complex in Upper Merion, Pa., in April, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,543	$3,847
Newspaper	37	25
Newsp. suppls.	339	584
Bus. pubs.	402	56
Network tv	17,683	22,871
Spot tv	2,136	1,856
Network radio	535	0
Spot radio	326	2
Network cable	483	97
Farm pubs.	233	169
Total measured	24,718	29,507
Unmeasured	27,000	32,231
Total	51,718	61,737

SMITHKLINE BECKMAN CORP.
One Franklin Plaza
Philadelphia, Pa., 19101
SMITH KLINE & FRENCH LABORATORIES
Marketing Personnel

Alan J. Dalby, president, SK&F Labs, exec vp-therapeutic prods group
James H. Cavanaugh, president, SK&F Labs, U.S.
John F. Chappell, president, SK&F Labs, intl
Roger A. Ross, vp-mktg
James L. Johnson, vp-gastrointestinal business group
F. Richard Hammel Jr., vp-cardiovascular & rheumatologic, immunologic business group
Munier Z. Kadrie, vp-anti-infective business group
James H. Geddes, vp-natl accts, health affairs
John Dillon, II, vp-new business devel
Frederick C. Foard, dir-mkt rsch

SMITHKLINE CONSUMER PRODUCTS
Philadelphia, Pa.
Marketing Personnel

William E. Learnard, president
Victor R. Galef, vp-mktg
Richard Novak, vp-sales
Richard E. Arnold, vp-prods & business services
Frank E. Downing, vp-finance, admin

Advertising Agency

BBDO, New York—Contac, Teldrin, Feosol—Jack Thorne, sr mgmt rep; David Seal, vp-mgmt super; Bob Forman, acct super; Jeff Soinski, acct exec.

MCA, New York—Sine-Off, Ecotrin, A.R.M.—Steve Brownstein, sr vp; Paul Basquin, vp-acct dir.

SMITHKLINE ANIMAL HEALTH PRODUCTS
Philadelphia, Pa.
Marketing Personnel

Norman H. Blanchard, president
Han van Veen, vp-industrial prods
Gerald Myers, dir-sales and mktg, U.S./Canada

Advertising Agency

Marketing Support Services, St. Joseph, Mo.—Kenneth Shearin, creative & mktg mgr.

NORDEN LABORATORIES
Lincoln, Neb.
Marketing Personnel

Daniel P. Hinnah, president
Beverly Blume, mgr-adv & promo support

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Omar Dye, Wes Newhaus, Kurt Wullschleger, acct execs.

ALLERGAN PHARMACEUTICALS
Irvine, Cal.
Corporate Personnel

Gavin S. Herbert, chmn-Allergan, president-eye & skin care group, SmithKline Beckman Corp
William C. Shepherd, president Allergan U.S.
W. Richard Ulmer, president, Allergan Pharmaceuticals
Donald Earhart, president, Allergan Optical
Robert C. Bishop, Ph.D., president, Allergan Medical Optics
Gerry Hansen, president, Allergan Humphrey
Rex Bright, president, Herbert Laboratories
David Bruns, president, Allergan Intl

Marketing Personnel

William Faulds, vp-U.S. sales, Allergan Pharmaceuticals
Steven Mitchell, dir-mkt planning, Allergan Pharmaceuticals
A. Thomas Bender, vp-mktg & sales, Allergan Optical
Keith Ignotz, vp-mktg & sales, Allergan-Humphrey
Gary Wertz, dir-sales & acting dir-mktg, Herbert Laboratories
John Housden, vp-sales & mktg, Allergan Intl

SMITHKLINE BIO-SCIENCE LABORATORIES
King of Prussia, Pa.
Marketing Personnel

Harry C. Groome, president
Thomas E. Colman, vp-professional services
Robert Polege, vp-sales

Advertising Agency

Botto, Roessinger, Horne & Messinger, New York—Robert Botto, president.

BECKMAN INSTRUMENTS
Fullerton, Cal.
Marketing Personnel

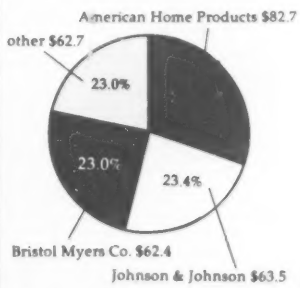
Louis T. Rosso, president John P. Wareham, vp-diagnostic systems group
James Quirk, div mgr-scientific instruments div
Roger Novesky, mgr-Spinco div
Thomas E. Waller, vp-bioanalytical systems group
Robert R. Crittendon, mgr-mktg communications

Advertising Agency

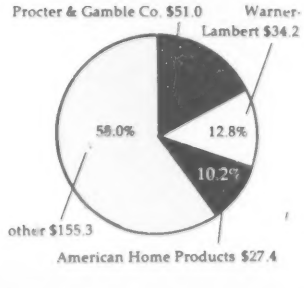
Cochrane Chase, Livingston & Co., Irvine, Cal.—Frank Addis, vp-managing dir, med bioscience group; Gary Cunningham, vp-creative dir; Eileen Goodman, acct rep.

Top three advertisers in selected pharmaceutical categories

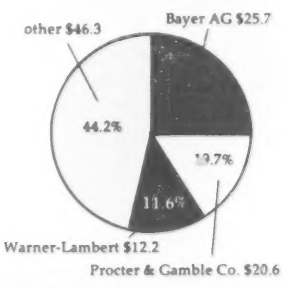
Pain relievers, & sedatives
Total spending: $271.3



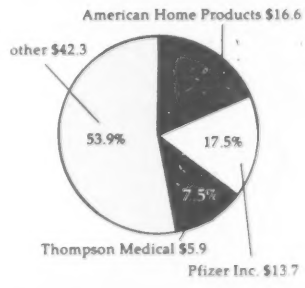
Cough, cold & sinus remedies
Total spending: $267.9



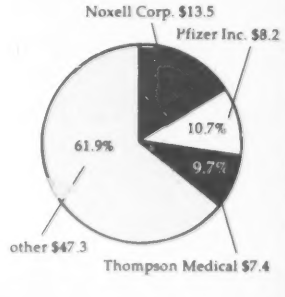
Digestive aids & antacids
Total spending: $104.8



Misc. medication
Total spending: $78.5



Medicated skin products
Total spending: $76.4



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

RANK
Sony Corp. **155**
Tokyo

($ in millions)

Worldwide	1986	1984	% chg
Sales	5,814	5,162	12.6
Net income	299	292	2.2
U.S.	**1986**	**1984**	**% chg**
Sales	1,964	1,752	11.5
Advertising	52	53	(1.3)

Sony Corp. of America is throwing its ad support behind its expanding lines of compact disc players and 8mm video camcorders as hopes and sales declined for the Beta video format the company pioneered in the early 1980s.

Returns for 1985 showed signs of the worldwide slump in consumer goods as earnings grew only 2.2% on a 12.6% increase in sales. The continued strength of the Japanese yen, following a sharp appreciation at the end of 1985, together with continued intense price competition in world markets and trade friction with the U.S. is hampering earnings for Sony in 1986. In the nine months (ended July 31, 1986) of its current fiscal year, earnings have declined 24%, to $273.2 million, on a 2.7% decrease in sales, to $6.48 billion.

U.S. ad spending for the company fell 17% in measured spending last year, as the company cut most of its major media spending. Measured newspaper ad spending fell 68.3% in 1985, followed by a 40% drop in spot tv, 21% decrease in outdoor spending and a 3% decline in network tv spending. Magazines (not including business publications) increased 60%, although the added spending did not equal levels cut from other media. Cable tv spending also doubled, although spending did not reach $500,000 in 1985.

The company says it will promote overseas production and adjust its prices according to local market pressures. Sony has one of the highest export ratios of any Japanese electronics company: 70% of its sales come from outside Japan, and about half of its total exports go to the U.S. Some 20% of Sony's U.S. sales come from products made in the U.S.—chiefly color tvs and videotape. In 1985, U.S. sales accounted for 33.6% of Sony's net sales, up 11.5% from 1984.

Sales of video equipment, including industrial videocassette recorders and videotapes, accounted for 36.3% of net sales, or $2.43 billion, up 0.7% from 1984. The company attributed the slight gain to sales of 8mm video recorders and cameras, which offset the decline in sales of its Betamax video products.

In August, 1986, the Electronics Industry Assn., Washington, reported year-to-date shipments of color tv sets at an all-time high, up 6%, to 10.7 million this year. Black-and-white tv sales jumped 44% in the first eight months of 1986, and projection tv sets rose 22% for the year to date. Some 7.4 million vcrs were sold to dealers in the first eight months of this year, up 14% from 1985, and camcorder sales rose 328% for the year to date, shipping 573,767 units.

Hoping to stimulate consumer interest in the format, Sony in August, 1986, introduced the SuperBeta HF1000, its most sophisticated Betamax vcr, to replace the HF900 introduced last year.

Sony put its heaviest media spending behind its Handycam, introduced last year, with $7.4 million, 70% of which was in network tv with 21% in magazines and the remainder in spot tv. Sony's Betamax vcrs received the second highest backing, with $3.6 million, although that figure represents a 60% drop in measured ad support from 1984 levels. The media mix was shared almost evenly by network tv, spot tv and magazines in 1984, with 1985 expenditures in those media dropping from 50% to 70%. Betamax camcorder ad spending fell 51%, to only $200,000.

The 8mm format still has an uphill fight in the $7 billion vcr market, faced with heavy consumer saturation of the VHS format and burgeoning sales of the smaller VHS-C camcorders. Wall Street analysts expect 8mm to account for 30% of the vcr market by 1995. Michael Meltzer, Sony's vp-consumer video products, predicts the company will hold 22% to 25% of the camcorder market by yearend with sales of 1 million to 1.3 million units, and 1.5 million unit sales next year.

In June, Sony launched a trade-oriented campaign against JVC Co.'s comparative ad campaign for its own VHS-C camcorder, via SSC&B, New York. A Sony pamphlet circulated at the summer Consumer Electronics Show listed 11 points of comparison between the rival formats, with the headline, "Before you buy into the VHS-C story, read the fine print." A multimedia consumer campaign, begun in June, takes a different approach, depicting the Handycam as a "Moving Snapshots" camera. Sony says the "Moving Snapshots" campaign is its largest ever.

Analysts have tied 8mm's potential success to consumer availability of prerecorded movies on 8mm cassettes. To bolster the underdog 8mm format, Sony and rival Eastman Kodak last April signed agreements with Paramount Pictures and Embassy Home Entertainment, respectively, to distribute popular movies. Currently, 8mm tapes account for only 4% of the $2.7 billion prerecorded videotape market.

In August, Sony introduced a new, top-of-the-line 8mm camcorder, the CCD-V110, with near-professional recording and editing functions, as part of its Video 8 Pro line. The CCD-V110 will roll out this fall with a suggested retail price of $1,995. The Marine-Pack camcorder, a water-resistant version of the Handycam, was introduced last April. The technology was used by the French-American exploration team this summer in recording pictures of the sunken Titantic.

Sales of tv sets rose 22.8%, to $1.72 billion, because of Sony's expansion into the People's Republic of China last year, a similar route that provided growth for competitor Matsushita Electric Industries Co. Sales of tvs worldwide accounted for 25.7% of net sales last year, up from 24% in 1984. Despite the sales increase, Sony decreased its ad spending on color tv sets in 1985 by about 40%, to $3.5 million. Sony's Trinitron sales were up because of increased demand for large-screen monitors. Sony introduced the Black Trinitron tv in Japan in March, 1985, and in the U.S. in April.

Anticipating growing demand for stereo tv sets, 90% of Sony's larger tv sets are equipped to receive stereo broadcasts. Last year stereo tvs accounted for only 5% of all tv sales in the U.S., but are expected to hit 20% by yearend.

Similarly, despite a 50% cut in advertising support to only $520,000, sales of Sony's hand-held Watchman pocket tv sets increased last year, keeping it in the lead of the hand-held tv category. Sony faces increasing competition in the category from Citizens Electronics and Casio, which currently market liquid crystal display tvs. The LCD technology is expected to fuel miniature tv sales to 1.5 million units this year. Sony has said it is testing LCD technology, but is not satisfied with the picture quality.

Audio equipment sales, including Sony compact disc players, Walkman personal stereos and Sony audio tape, rose 24.6% to $1.6 billion last year, and accounted for about 24% of Sony's net sales in 1985. Ad spending on compact discs rose 33% in 1985 and was the only category besides 8mm camcorders to receive increased ad spending from Sony last year.

Sony holds nearly 40% of the booming compact disc market with its portable, tabletop and car stereo cd players. However, as more companies entered the cd market—more than 50 companies now have cd players on store shelves—price pressure dominated name-brand buying. The wide availability of Sony products has left some dealers disenchanted, saying the Sony name-brand leverage they used to have has disappeared.

The company continued to introduce Walkman personal stereos featuring combinations of am and fm radio, tv sound reception, water-resistant construction and auto-reverse functions. In October, 1985, Sony introduced the Super Walkman in Japan, with rechargeable nickel cadmium batteries, the same size as an audio cassette tape.

Sony entered the telephone market this year with the introduction of two answering machines at the winter Consumer Electronics Show.

In February, 1986, Sony consolidated its consumer advertising account at McCann-Erickson, New York, only three days after 8mm-rival Eastman Kodak dropped McCann-Erickson and consolidated $40 million in billings with its two other agencies, Young & Rubicam and J. Walter Thompson USA. Sony's professional broadcast and audio account was moved to Lord, Geller, Federico, Einstein, New York, in August, from Waring & LaRosa.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,373	$5,235
Newspaper	3,691	4,919
Newsp. supps.	56	254
Bus. pubs.	2,189	1,389
Network tv	7,095	7,316
Spot tv	4,802	7,477
Spot radio	440	486
Network cable	448	148
Outdoor	5	16
Total measured	26,898	27,240
Unmeasured	25,000	25,318
Total	51,898	52,558

SONY CORP. OF AMERICA
One Sony Dr.
Park Ridge, N.J. 07656
(201) 930-1000

Corporate Personnel
Kenji Tamiya, chmn-ceo
Neil Vander Dussen, president

SONY CONSUMER PRODUCTS
Park Ridge, N.J.
Marketing Personnel
Osamu Nako, president-consumer video prods
John Briesch, president-consumer audio prods
Tom Steckbeck, president, consumer sales div
Jeff Brooks, vp-corp adv
Robert Basso, adv dir
Scott Westover, adv mgr-audio

SONY COMMUNICATIONS PRODUCTS CO.
Park Ridge, N.J
Marketing Personnel
William Connolly, president
Richard Wheeler, sr vp-sales, video comm
William Powers, vp-mktg services
Ron Petty, mktg services dir

INFORMATION SERVICES CO.
Park Ridge, N.J.
Marketing Personnel
J. Philip Stack, president
Robert Bryson, vp-sales & mktg

SONY TAPE SALE CO.
Park Ridge, N.J.
Marketing Personnel
John Hollands, president
John Bermingham, vp-mktg
Nick Hudak, vp-sales

SONY CONSUMER SERVICE CO.
Park Ridge, N.J.
Marketing Personnel
Tom Yuhas, service mktg mgr

SONY INDUSTRIES
Torrance, Cal.
Marketing Personnel
Kevin Finn, vp-genl mgr-component prods div

Advertising Agencies
Lord, Geller, Federico, Einstein, New York—broadcast and professional audio prods—Robert Wells, sr vp-acct super.
McCann-Erickson Worldwide, New York—video and audio consumer electronics, videocassettes, compact disc players—Steve Hurwitz, sr vp-mgmt rep; Joel Fineman, vp-mgmt rep.

RANK
Southland Corp. **150**
Dallas

($ in millions)

Worldwide	1986	1984	% chg
Sales	12,790	12,105	5.7
Net income	213	160	32.6
U.S. advertising	54	41	31.6
Division sales	**1986**	**1984**	**% chg**
Retailing	8,055	7,707	4.5
Gasoline	4,141	3,882	6.7
Food process.	518	444	16.7
Other	70	70	0
Corporate	6	2	200.0

Southland Corp., the nation's leading convenience store operator and the nation's largest independent gasoline retailer, developed a more finely targeted, localized media plan for its 7-Eleven stores division in 1985 reflected in its increased spending for spot radio.

During the year, Southland boosted its measured ad spending by 32% over 1984 to $35.9 million, more than half of which was spent in spot radio, representing a 60% increase over 1984 spending in that medium.

By contrast, Southland's measured expenditures for network tv fell by 71% to $1.3 million in 1985, but measured spending for spot tv rose 19% to $11.4 million in 1985. The new emphasis on local media also boosted outdoor advertising to $2.9 million, a nine-fold increase from 1984. Southland's $19.9 million expenditure on spot radio was four-fifths of total convenience store advertising in the nation in that medium.

Southland, which had used a "Freedom" theme leading up to and after the 1984 Olympic games, abandoned it in early 1985 for "No one keeps you revvin' like 7-Eleven" only to switch a year later to "7-Eleven . . . Oh thank heaven!" The latest theme is derived from Southland's long-running 1969 ad theme, "Oh thank heaven for 7-Eleven."

In the fall of 1985, Southland ended its relationship with Young & Rubicam, New York, which had handled creative for 7-Eleven's broadcast efforts. The company named Hill, Holliday, Connors, Cosmopulos, New York, to succeed Y&R, following an extensive review. The company continued to handle its own radio and print efforts in-house. Camelot Communications, Dallas, continued to handle 7-Eleven's spot tv buys.

The strong earnings picture—up 32.6% in 1985 over 1984—was stimulated in part by improvements in the operation of Southland's Citgo subsidiary. However, in the first half of 1986 the rapid decline in crude oil prices resulted in writedowns of its crude and refined oil products of $153.8 million against earnings resulting in a net loss for the period of $6.9 million compared with a gain of $89.7 million in the corresponding period in 1985 (the company took a writedown of $38 million for the same reasons in the fourth quarter, 1985). Sales for the first half were $6.018 billion, down from $6.1 billion in the 1985 period.

The company's 7-Eleven stores unit achieved sales gains of 8.8% in 1985 over 1984 levels, a gain the company attributed to an 8% increase in merchandise sales and 11.5% higher gasoline sales. The volume of self-serve gasoline, available at 3,213 7-Eleven stores, rose 10% in 1985 to 1.6 billion gallons.

Southland broadened its fresh food concept for 7-Eleven stores in May, 1986, with a major test of branded fast food products. Each concept was installed in markets where the particular brand of fast food is already well known. For example, ten 7-Eleven stores in St. Louis and Kansas City are included in a test with Hardee's, which includes hamburgers and breakfast biscuits served inside the stores. A test with Church's Fried Chicken includes twelve 7-Eleven store in New Orleans and Tampa. A test with Rocky's Pizza includes about 10 stores in Los Angeles and Detroit. Plans are to continue the tests at least through the summer or fall of 1987.

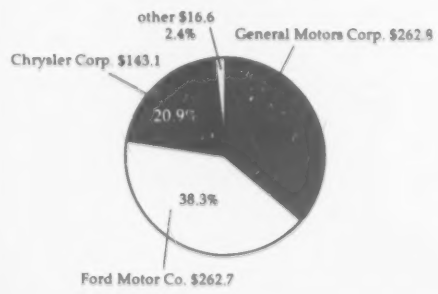
Some analysts raised concerns that the branded fast foods would cannibalize sales of 7-Eleven's own fresh deli sandwiches, hot dogs and nachos. Initial reports from the Hardee's test, however, indicated the test was stimulating sales of all fast food items. Food-service in 1985 contributed $900 million to sales at 7-Eleven stores.

Southland expanded its concept of convenience with a new videocassette rental program, MovieQuik—set for at least 3,000 stores by the end of 1986, and all stores by the end of 1987. The strategy behind MovieQuik, which offers movie cassette rentals for 99-cents a 24-hour period weekdays and $1.99 weekends and holidays, is to bring customers into the store twice per rental—two trips past hot dogs, Big Gulps, candy and chip racks.

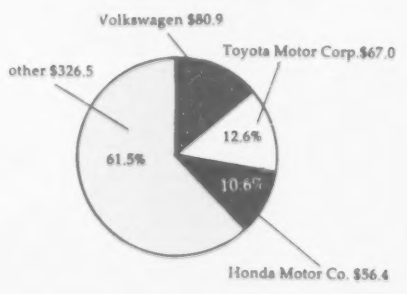
Southland became embroiled in a controversy in mid-1986 when the company ordered the removal of *Playboy* and *Penthouse* magazines from the shelves of 4,500 company-owned 7-Eleven stores. The company had long defended its sales of the adult magazines (in covered racks) as a business decision based on customer demand. Southland changed its tune in early 1986, basing its switch on testimony reported in hearings of the U.S. Attorney General's Commission on Pornography that there was a possible connection between adult magazines and

Top three passenger car advertisers

Domestic
Total spending: $685.2



Imported
Total spending: $530.8



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

crime, violence and child abuse. The company said its decision was not made in response to long-standing objections and demonstrations against Southland and its adult magazine policy by the Mississippi-based National Federation for Decency.

Southland is testing an unmanned automatic gasoline payment system in which gas purchases at 7-Eleven stores may be paid for at the pump with a debit card or with cash.

And to reduce its direct exposure to the dramatic and costly margin swings in the refining and the wholesale marketing of refined gasoline products, Southland sold 50% of its Citgo Petroleum Corp. subsidiary to Petroleos de Venezuela S.A., the Venezuelan state-owned oil company for about $300 million.

Southland extended Automated Teller Machines (ATMs) into more than half the 7-Eleven stores and plans to equip most stores by 1987. Southland and MoneyMaker, the subsidiary of First Texas Savings Assn., Dallas, which operates 650 ATMs in Texas 7-Eleven stores, have used several promotions to drive consumers to use the ATMs, which increased by 30% during a May "Sure Thing" game. In that game, ATM users received prizes in the store and also won $100 to $1,000 when the ATM number of their transaction tickets matched the serial number read over the air at Dallas' KVIL-FM.

Southland promoted president Jere W. Thompson to the added post of chief executive officer in May of 1986. He succeeds his brother John P. Thompson, who continues as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$110	$308
Newspaper	48	7
Bus. pubs.	255	227
Network tv	1,297	4,418
Spot tv	11,383	9,559
Spot radio	19,926	12,479
Network cable	3	18
Outdoor	2,908	292
Total measured	35,929	27,308
Unmeasured	18,000	13,681
Total	53,929	40,989

SOUTHLAND CORP.
P.O. Box 719
Dallas, Tex. 75221
(214) 828-7011
Marketing Personnel

Jere W. Thompson, chmn
S. Richard Dole, exec vp-retail stores
John Antioco, natl mktg mgr-retail stores
John Shanahan, mgr-adv & promo
Mark James, mgr-adv
Frank Byrley, electric services mgr
John Drake, mktg devel mgr
Dick Reinhard, mgr-foodservice
Bill Wootten, vp-genl mgr-specialty retail
Ken Cason, natl adv mgr-specialty retail
Paula Hunt, co-op adv mgr-specialty retail

Advertising Agency

Davis, Johnson, Mogul & Colombatto, Los Angeles—specialty retail div—Lee Dick, mgmt super; Linda Ward, acct super.

Hill, Holliday, Connors & Cosmopulos, New York—retail store div—Malcolm MacDougall, president-creative dir; Christine Miller, sr vp-mgmt dir; Lynne Seid, vp-mgmt super; Tom Butta, acct super.

Richards Group, Dallas—dairies div—Jim McGhee, acct super; Pat Kirwan, acct exec.

Merrill Lynch and who?

Merrill Lynch & Co. grew out of the friendship between Charles Merrill and Edmund Lynch. Both reached New York in 1907, with Mr. Merrill, the son of a Florida doctor, coming by way of Amherst College and the University of Michigan law school, and Mr. Lynch, coming from Johns Hopkins University. They met while exercising at the 23rd Street YMCA, where Mr. Lynch had come to find someone to share his boardinghouse room. The two worked at different jobs over the next seven years before Mr. Merrill founded his own company and pursuaded Mr. Lynch to become a partner. There was a comma between the names in the corporate logo until Mr. Lynch died in 1938. Mr. Merrill died in 1956. The company has carried up to five names in its nameplate over the years (Merrill, Lynch, Pierce, Fenner & Beane in 1941), before paring back to those of the founders in 1973.

Southwestern Bell Corp. RANK **108**

St. Louis

($ in millions)

Worldwide	1986	1984	% chg
Sales	7,925	7,191	10.2
Net income	996	883	12.8
U.S. advertising	70	55	26.5
Division sales	**1986**	**1984**	**% chg**
Local service	3,036	2,838	7.0
Network access	2,656	2,236	18.7
Long distance	891	912	(2.3)
Directory adv.	948	744	27.4
Other	394	459	(14.2)

Southwestern Bell Corp. is plunging into national markets for publishing and cellular radio in an effort to diversify beyond its regional telephone operations. Southwestern Bell, one of seven regional holding companies created in 1984 by the breakup of American Telephone & Telegraph, also announced a corporate restructure that took effect Oct. 1, 1986.

In a preemptive move, Southwestern Bell agreed to purchase Secaucus, N.J.-based Metromedia Inc. and other smaller companies' paging and cellular telephone operations for a total of $1.2 billion. The offer was designed to prevent Metromedia from splitting up its assets, which would allow other companies to bolster their positions in the cellular market, says Don Lottmann, vp-corporate communications for Southwestern Bell.

The company hopes to complete the acquisitions by the end of 1986, although it may take longer to obtain judicial and regulatory approval, he says. The acquisitions would vault Southwestern Bell into the lead in the national personal communications market with ownership interest in six cellular systems and paging operations in 19 metropolitan areas.

Southwestern Bell now ranks 11th among cellular companies, serving population of 7.2 million, which is an adjusted figure based on multiplying the company's ownership percentage times the population covered in the franchise.

Southwest Bell will be the largest cellular company, serving an adjusted population of 24.5 million. Next is Bell Atlantic, serving an adjusted 16.1 million, and Pacific Telesis, serving an adjusted 15.9 million. Metromedia also is the largest paging company, with 506,000 pagers, compared with second-place Graphic Scanning, Englewood, N.J., with 300,000 pagers, all according to studies by Arthur D. Little and Frost & Sullivan.

Analysts say the acquisition expands the company beyond its regional market characterized by sagging oil and agricultural industries. "It helps them out of the oil patch," says Pat Jurczak, investment analyst and vp-research at E.F. Hutton & Co., New York.

Southwestern Bell's performance has lagged behind the other regional Bell companies. In the first nine months of 1986, Southwestern's revenues were $5.89 billion, virtually unchanged from the same period in 1985, and net income was $741.5 million, down 3% from 1985.

Southwestern Bell is pinning a portion of its new strategy on its growing publications unit, the main directory publishing arm of the Bell System before the breakup. The company redirected most of its measured media spending in 1985 to the publishing unit, increasing measured spot tv 127% to $14.8 million. Measured spot tv for Southwestern Bell Telephone, the main operating subsidiary serving a five-state area, fell to $2.3 million in 1985, 18% of its 1984 level. Southwestern Bell shifted $1.4 million in measured media for the telephone unit and corporate promotion to magazines. Over-all, measured magazine spending jumped 190% to $2.3 million.

The publications unit is competing with Southwestern's former siblings, the regional Bell companies, as it starts new ventures and grows through acquisitions. In an aggressive move, the unit announced plans to publish Yellow Pages for Manhattan, Baltimore, Washington D.C., and North Chicago beginning next year. The company published Yellow Pages for Pinellas County, Fla. in September, 1986.

Southwestern's New York book, scheduled for January, 1987, publication, is an outgrowth of the 1985 acquisition of New York Yellow Pages, a series of neighborhood directories formerly known as Blue Books. It competes directly with Nynex Yellow Pages, published by New York Telephone Co.'s Nynex Information Resources, and is the focus of an advertising battle between the two regional companies. Nynex labeled Southwestern "The Clone Book."

Neil D. Yelsey, an analyst with Salomon Brothers, New York, says it will take time to determine whether Southwestern can penetrate the New York market. "Let's face it, the typical kitchen only needs one Yellow Pages, he said, "Will New Yorkers distrust a Yellow Pages with Southwestern Bell in its name?"

Southwestern's publishing unit also acquired Overland Park, Kan.-based Mast Advertising & Publishing in July, 1985, for $120 million from Continental Telecom, Atlanta. The acquisition gives the publishing unit Mast's in-house national sales unit in addition to 523 directories published by Mast.

In September, 1985, the publications unit also acquired J.C. Blake Co., an El Cajon, Cal.-based directory and map publisher for an undisclosed price, bringing the number of directories published by Southwestern to more than 1,000. The publishing unit also plans to add another 45 Silver Pages senior citizens discount directories by the end of 1986, bringing the total to more than 90 markets.

Southwestern Bell is the last regional Bell company to restructure. Its officers have served dual roles as officers of the corporation and of the telephone subsidiary.

In the internal restructure, John E. Hayes Jr., formerly executive vice-president and chief financial officer, was named president and ceo, Southwestern Bell Telephone, a title formerly held by Zane E. Barnes, who remains president and chief executive officer, Southwestern Bell Corp. An office of the chairman was created to oversee Southwestern's growing level of activities in operations not related to the telephone subsidiary. Three vice-chairmen were named: Gerald D. Blatherwick, human resources and corporate communications; Robert G. Pope, corporate development, and Edward E. Whitacre Jr., cfo.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,266	$783
Newspaper	7,286	5,798
Newsp. suppls.	595	299
Bus. pubs.	384	10
Spot tv	24,295	19,461
Spot radio	7,977	7,406
Network cable	5	0
Outdoor	192	228
Total measured	43,000	33,985
Unmeasured	27,000	21,339
Total	70,000	55,324

SOUTHWESTERN BELL CORP.
One Bell Center
St. Louis, Mo. 63101
(314) 235-9800
Corporate Personnel

Donald Lottmann, vp-corp comm

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; William Mund, vp-group super.

SOUTHWESTERN BELL TELEPHONE CO.
Marketing Personnel

John Atterbury III, vp-mktg
Larry Alexander, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; Gail Foster, vp-acct super.

SOUTHWESTERN BELL PUBLICATIONS
Marketing Personnel

Ronald Jennings, exec vp-sales
Marty Berg, asst vp-corp comm

Advertising Agency

Gardner Advertising, St. Louis—Yellow pages—Doug Herrman, Greg Mauldin, acct supers; Kevin Reardon, acct exec; Jill Hritzkowin, asst acct exec. Silver pages/corp recruitment—Doug Herrman, acct super; Carol Perry, acct exec; Sherry Novak, asst acct exec.

SOUTHWESTERN BELL TELECOM
Marketing Personnel

Dave Kallemore, vp-mktg
Dawn Callier, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; William Mund, vp-group super.

SOUTHWESTERN BELL MOBILE SYSTEMS
Marketing Personnel

Harold D. Nance, vp-mktg
Robert Digneo, dir-pr & adv

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Toby Wesson, vp-mgmt rep; Beth Getchell, acct exec; Alicia Smith, asst acct exec.

Squibb Corp. RANK **167**

Princeton, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,042	1,886	8.3
Net income	227	197	14.9
U.S.	**1985**	**1984**	**% chg**
Sales	1,213	1,136	6.8
Operating profits	211	158	33.8
Advertising	49	37	30.4
Division sales	**1985**	**1984**	**% chg**
Pharm.	1,197	1,000	0.8
Medical prods.	412	396	4.0
Personal care	432	400	8.0

Squibb Corp. has moved to meet opponents by splitting the company into separate, trimmer units, pushing for U.S. approval of several pharmaceuticals, and increasing marketing spend-

BE A BIG FISH.
FRAGILE
TUSCALOOSA, ALABAMA
YUMA, ARIZONA
EL CENTRO, CALIFORNIA
TRAVERSE CITY-CADILLAC
CHEBOYGAN, MICHIGAN
LAUREL-HATTIESBURG,
MISSISSIPPI
BE A BIG FISH
BEAM COMMUNICATIONS
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL
Represented by Katz Continental
If you're not advertising on Beam Communications' TV stations, you're missing a big share of several rich new markets.
It's simple: there are little fish. And there are big fish. Which would you rather be?
Source: 1985 Survey of Buying Power

ing.

The big ad spender at Squibb is its Personal Care Group, alias Charles of the Ritz Group Ltd., one of Squibb's three industry segments. The New York-based subsidiary boosted measured ad spending for the fragrance and beauty care line 30% in 1985 to $18.9 million.

In October, 1985, CRG moved its business from Advertising to Women, New York, to Rosenfeld, Sirowitz & Lawson, New York.

CRG pushed advertising spending notably higher for several brands: the Krystal line of bath products, perfume and cologne, soared to $4.2 million in 1985 from $1.7 million in 1984; the varied Jean Nate line rose 67%, to $4.23 million; Bain de Soleil sun-care items rose 39% to $4.1 million. Enjoli perfume fell 38% to $2.04 million, and Yves St. Laurent line dropped 69%, to $87,000; Opium perfume was flat at $718,300, as was Kouros cologne for men, at $401,900.

The balance of Squibb measured advertising has gone primarily for vitamins, with Theragran tablets claiming $4 million, up from $596,500 in 1984 when ET Vitamins received $2.3 million. ET was not advertised in 1985. Theragran and other Squibb Mark division products were moved this October from Ogilvy & Mather to DFS Dorland Worldwide.

In unmeasured advertising, Squibbed in the summer 1985 tucked a 50¢-off coupon for either Theragran, Theragran-M or Stress Formula vitamins inside each of 4 million No Nonsense pantyhose packages.

In July, 1985, the FDA approved the U.S. sale of its Capoten brand of capotril for treating high blood pressure and congestive heart failure, a compound that had $295 million in international sales in 1985. Capoten opens up a new class of blood pressure treatment with its so-called ACE inhibitor (angiotensin-converting enzyme) that avoids problems of dizziness, depression and impotence caused by diuretics and the side affects on blood chemistry that can be caused by beta-blockers. ACE inhibitors reduce the constriction of blood vessels.

Squibb, encouraging entrepreneurship, in April, 1986, divided its big Pharmaceutical group into four separate businesses responsible for prescription drugs, marketing of otc and patent-expired products, the sale of diagnostic lines, and the use of computer communications as a sales service to physicians. By year's end, Squibb will spin off its three medical electronics units—Advanced Technology Laboratories, Spacelabs Inc. and Squibb Medical Systems onto a new company, Westmark International Inc., to be 10% owned by Squibb.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,923	$3,541
Newspaper	0	3
Newsp. supps.	31	0
Bus. pubs.	483	27
Network tv	9,000	10,798
Spot tv	6,229	3,536
Network radio	1,837	394
Spot radio	71	0
Network cable	293	0
Outdoor	3	0
Total measured	23,870	18,299
Unmeasured	25,000	19,165
Total	48,870	37,464

SQUIBB CORP.
P.O. Box 4000
Princeton, N.J. 08543-4000
(609) 921-4000

Corporate Personnel

Richard M. Furland, chmn-ceo
Dennis C. Fill, president-coo

PHARMACEUTICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

Jan Leschly, president-ceo; group vp-Squibb
J.A. McClintic, vp-mktg planning, E.R. Squibb & Sons
Dr. D.A. Corchiari, vp-mktg dev, Squibb International
D.J. Murphy, dir-mktg services, Squibb United States
R.D. Samples, natl sales dir-Princeton Pharmaceutical Products
J. Keith, dir-mkt planning, Princeton Pharmaceutical Products
K.F. Anderson, business area dir-consumer prods, Squibb
D.B. Reynolds, business area dir-multisource, topicals, Squibb
Dr. J.S. Sonk, new prods planning dir, Squibb
N.E. Ferzoco, natl sales dir, Squibb
J.C. Shah, dir-mkt devel, Squibb Intercontinental
R.C. McTigue, dir-mktg, Squibb Intercontinental

Advertising Agencies

Botto, Roessner, Horne & Messinger, New York—Squibb Diagnostics—Bob Botto, president; Tricia Morgan, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Squibb-Novo—Berta Ledecky, exec vp-creative dir; Robert Leverte, president-ceo; Wes Hostetler, group acct super.

DFS Dorland Worldwide, New York—Theragran multivitamin, Pro-chol fish oil gel caps—Rich Prunder, mgmt dir; Joe McCarthy, acct super; Brenda Hughes, acct exec.

Grey Medical Advertising, New York—Capoten, Prolixin—Shirley Young, president.

Sieber & McIntyre, Morristown, N.J.—anti-infectives—Joe Mastracchio, acct staff.

MEDICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

J.G. Solari, sr vp-Week Companies
K.B. Grealey, president, Richard Week & Co.
R.M. Goffredo, president, Week Medical Instruments

Advertising Agencies

Gross, Townsend, Frank, Hoffman, New York—Ostomy & specialty prods—Charlene Prounis, acct exec.

Hall Decker McKibben, Englewood, N.J. —Week Medical—Joe Ryan, vp-acct services.

Penchina, Selkowitz, New York—Humanicare—Bob Morgan, acct mgr.

Simms & McIvor, Bound Brook, N.J.—Wound care—Nancy Masterson, acct exec. (Agency now pending for Edward Week).

CHARLES OF THE RITZ GROUP

Marketing Personnel

Robert H. Miller, president-ceo
Kristina Wrba, group vp-Charles of the Ritz group, president-designer/cosmetic div
Loretta Garcia, vp-mktg, Yves Saint Laurent
Michael Gannaway, vp-genl mgr, Charles of the Ritz
Walter Klingman, vp-mktg, Alexandra de Markoff
Timothy A. Hogan, group vp-Charles of the Ritz group, president-fragrances, beauty & personal care div
Tedd Thimas, vp-genl mgr, fragrance & beauty care group
Susan Denision, sr vp-mktg, fragrance
Kathleen White, sr vp-mktg, body & skin care
Dominique Langlois, vp-mktg, environmental fragrance technology
Deborah Bloch, vp-mktg, Fila
Derek Mortelman, group vp-Charles of the Ritz group, president-intl div

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—Charles of the Ritz brand, Alexandra de Markoff brand—Richard Lord, ceo; Arthur Einstein, president; Bruce Albert, sr vp-managing dir; Kevin O'Neill, sr vp-creative dir, Charles of the Ritz brand; Lynn Stiles, vp-group creative dir, Alexandra de Markoff brand; Diane Keller, acct super.

Rosenfeld, Sirowitz & Humphrey, New York—Yves Saint Laurent brand; fragrance, beauty & personal care div—Steve Humphrey, president; Ron Rosenfeld, co-chmn; Len Sirowitz, co-chmn; Linda Srere, exec vp-dir acct mgmt; Veronica Heitbrink, vp-mgmt super, Yves Saint Laurent; Roberta Weinstein, vp-mgmt super, fragrance, beauty & personal care div; Nancy Brodsky, acct super, Enjoli & Dynasty collection; Claire Tondreau, acct super, Bain de Soleil & Jean Nate.

Levi Strauss & Co.

RANK **101**

San Francisco

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,570	2,496	3.0
U.S. advertising	71	135	(47.7)

Division sales	1985	1984	% chg
Jeans Co.	1,500	1,400	7.1
Battery St.	512	485	5.6
Int'l.	558	591	(5.6)

Restructuring and selling many of its U.S. and international operations has created a leaner Levi Strauss & Co. in 1986—one with a sharper focus on jeans, its strong suit—since the company went private in a $1.45 million leveraged buyout in August, 1985.

And a hard and lean profile may be exactly what it takes to maintain a leadership position in the competitive $6 billion domestic jeans industry.

Levi's once dominant lead in the market shrank dramatically this summer when rival VF Corp. (Lee jeans), the nation's third-largest marketer of jeans, acquired Blue Bell Holdings (Wrangler), second largest, for about $378 million. The merger gives VF an estimated 30% share of the market.

Industry statistics generally place Levi's share in the 30% range, although some analysts point out that some erosion may have occurred.

Levi's leads the measured spending in the seven media monitored by Leading National Advertisers, with $25 million, followed by competitors in the jeans and sportswear category: VF (Lee) $15.8 million; Jordache $13.9 million; Blue Bell (Wrangler) $6.8 million; Henry I. Siegel (Chic) $5.6 million; MGA French Boutique (Guess) $5 million; Calvin Klein $3.3 million.

Reflecting the impact of cutbacks and the paring of many of its U.S. and international operations in 1985, the worldwide advertising expenditures of Levi Strauss experienced sharp reductions, particularly in the sportswear lines.

Ad spending for jeans and closely related separates, the company's main focus, dropped 13.8% to $20.7 million in 1985 from 1984, according to LNA. The decline was less than the over-all cutback of 31% from a record $122 million spent in 1984 on U.S. advertising to $84 million in 1985. Levi Strauss had an extraordinary promotional year in 1984 that included the company's major sponsorship of the Olympic Games. An estimated $30 million spending in the international market elevated that figure to $152 million. Ad spending for 1985 totaled an estimated $84 million, including $55 million of unmeasured media expenditures. The unmeasured costs included a substantial amount of cooperative advertising with retail distributors. The extent of the company's massive involvement in the co-op effort varies from product to product and season to season, but its participation with retailers ranges from 50/50 to as much as 65% and represents a major share of Levi Strauss advertising.

At The Jeans Co., producer and marketer of jeans and jeans-related products under the Levi's label in the U.S., the "501 Blues" spots continued to stimulate consumer demand for Levi's basic products, pushing sales of men's jeans over the $1 billion mark for the first time. The 501 marketing campaign increased dollar sales in the 501 family of products by 50% over 1984, bettering the 20% jump recorded in 1984 over 1983, the first year of the "501 Blues" tv commercials by Foote, Cone & Belding, San Francisco.

The Jeans Co. had sales of $1.5 billion in 1985, up 5% from 1984. Profits were up substantially from 1984 because of sales of more profitable products, lower fabric costs and lower operating expenses. Men's jeans sales hit a record high of $1 billion, while both women's jeans and youthwear had sales declines. All three units, however, showed an improvement in profit over 1984.

The company focused on the strength of the Levi's brand by emphasizing basic products. Product lines were trimmed and creative steps were taken with core items, such as marketing 501s in black, white and gray, improving youthwear's Hardwear jeans and introducing Special Reserve jeans for more mature customers. In short, the company got back to its main business of making jeans and closely related separates.

All three of Levi's divisions marked gains for the first half of 1986, with The Jeans Co. posting a 10.7% gain on sales of $675.1 million. Battery Street Enterprises had sales of $266.7 million for a 2.6% gain and Levi Strauss International registered sales of $324.6 million, up 23.5%. The privately held company does not release earnings figures.

Reorganization during the past year is set to eliminate Battery Street Enterprises, which had been created to handle small licensed designer business, outside of the company's traditional jeans and jeans-related clothing. Men's and women's sportswear were transferred into a new division known as Levi Strauss Sportswear, headed by Thomas Kasten, a 20-year veteran at Levi Strauss.

Since becoming a private company, Levi Strauss has announced plans to sell Koret women's separates and entered into a preliminary agreement to sell the Oxford men's clothing operations. The company has sold its Resistol hat business and reported the license for Perry Ellis America will be transferred to Manhattan Industries, currently manufacturing the Ellis Portfolio collection. Battery Street Enterprises and designer Andrew Fezza also agreed to discontinue marketing sportswear under the Andrew Fezza label.

Levi Strauss International, which sells products in 70 countries, embarked on a new strategy in 1985 stressing the marketing of traditional jeans products. International managers have redesigned their organizations, shed unprofitable products and built up share of their individual jeans market.

The moves resulted in the closure of 16 facilities worldwide and a 2,850-person reduction in the work force.

The 501 family of jeans, direct descendant of the original over-alls designed by the company's founder, continued to get the lion's share of the slimmed-down 1985 ad budget. Measured media figures for 1985 show the family jeans category received $8.3 million in ad spending, up almost $1 million from the previous year.

Otherwise, measured ad spending was down across the board. Men's jeans accounted for about $7 million, down 27%, and women's jeans received $5 million, down 26.5%.

The biggest budget reductions occurred in the Levi's sportswear categories, with the family group measured at just $2.6 million, on the heels of a $19 million expenditure in 1984. Men's and women's sportswear shrank to a combined total of $1.2 million in 1985, from $4.7 million.

Network tv was the big loser, dropping to $11.4 million, from $20.5 million in 1984. About 82% of the network tv spending in 1985 was for jeans.

Midsummer, 1985, saw the kickoff of a $20 million campaign in print, radio and tv for the 501 jeans line. The eight new tv spots were a favorite with the buying public. At the same time, the company kicked off a $500,000 Spanish-language tv campaign in key markets, for the first time going after the Hispanic market, the fastest growing segment of the U.S. population.

One of the Hispanic spots promoted the pants' appeal in the blue-collar work place by following a Mexican-American through a typical day as a welder. Original Latin rock music, titled "Making It," accompanied the spot, which ran on Spanish-language stations in Phoenix and Tucson, Ariz.; Los Angeles, Sacramento and Stockton, Cal., and Dallas-Fort Worth, El Paso, San Antonio, McAllen and Brownsville, Tex.

In 1986, the same "501 Blues" format was used in the 501 jeans commercials, this time in 11 new spots. The company also made several 60-second network buys in prime time for the first time. Once again, the spots were supported by extensive in-store promotions, including video, posters, clerk buttons and fit guides, as well as a retail incentive program and product publicity.

This opening salvo for jeans was followed in August by a $4 million multimedia effort for Hardwear jeans, a new knee-reinforced jean for children.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,608	$7,138
Newspaper	39	180
Newsp. supps.	123	141
Bus. pubs.	15	0
Network tv	11,407	42,244
Spot tv	3,900	3,992
Network radio	734	23
Spot radio	2,708	321
Network cable	4,437	1,520
Outdoor	68	9
Total measured	29,037	55,568
Unmeasured	41,600	79,610
Total	70,637	135,178

LEVI STRAUSS & CO.
LEVI'S PLAZA
1155 Battery St.
P.O. Box 7215
San Francisco, Cal. 94120
(415) 544-6000

THE JEANS CO.

Marketing Personnel

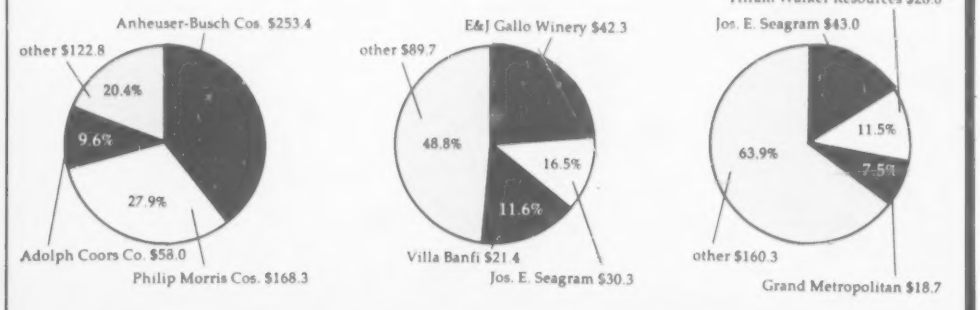
John Ankeny, vp-mktg
Linda Aletto, consumer mktg dir
Maureen Moriarity, consumer mktg dir, men's jeans
Julie Palley, consumer mktg dir, youthwear
Stacey Bovero, special events group mgr
Cindi Sullivan, adv mgr, Levi's 501 jeans
Julie Kiee, sales promo mgr

LEVI STRAUSS SPORTSWEAR
San Francisco, Cal.

Marketing Personnel

Steve Goldstein, consumer mktg dir, menswear
Jim McCarthy, adv mgr, menswear
Nancy McCready, consumer mktg dir, womenswear

Top three advertisers of alcoholic beverages



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

Advertising Agency

Foote, Cone & Belding, San Francisco—Denny Wilkinson, sr vp; Mike Koelker, exec creative dir; Barbara Palley, vp-mgmt super; Ted Block, mgmt super; Laurel Hollis, Ann Paustian, acct supers; Alan Jewitt, Phil Falzarano, Mike Murphy, acct execs.

Tambrands Inc. RANK **175**

Lake Success, N.Y.

($ in millions)

Worldwide	1986	1984	% chg
Sales	421	390	7.8
Net income	58	59	(1.7)
U.S.	**1986**	**1984**	**% chg**
Sales	313	295	6.2
Operating profits	45	37	22.3
Advertising	44	47	(5.8)

Tambrands Inc., a leading marketer of feminine hygiene products, continues to broaden its interest in new areas. In 1985, it introduced home diagnostic kits for women under the First Response brand name and purchased a regional cosmetics company.

Tambrands, which is celebrating its 50th anniversary this year, spent 45 of those years marketing a single product, Tampax tampons. But five years ago it began to diversify with the introduction of Maxithins pads for feminine protection.

Although the company continues to hold a comfortable 54% share in unit sales of its flagship product, Tampax tampons, the toxic shock syndrome scare of the early 1980s taught Tambrands the folly of leaning on a single product and the importance of developing or purchasing new ones.

That scare led Tambrands to fund laboratory work to uncover the cause and cure of toxic shock syndrome. Findings in 1985 led the company to replace tampon products made with polyacrylate fiber; this replacement resulted in a one-time cost of $4.3 million. The cost lowered net earnings to $57.9 million, down 1.7% from 1984, as revenues grew 7.8%. Through the first six months of 1986, Tambrands reports net income of $36.1 million, up 9%, and net sales of $242 million, up 22% from the corresponding period in 1985.

Following a test run in the spring of 1985 in California, Tambrands rolled out nationally in July, two home diagnostic kits for women, under the First Response name. The products, an ovulation predictor and a pregnancy test, are based on monoclonal antibody technology, which provides fast, accurate and easy-to-read results.

Company officials estimate the combined markets to be small, $75 million to $100 million at retail for the new products, but analysts say the markets are growing 20% a year. Tambrands officials say the company already has a problem keeping up with demand for First Response kits. The ovulation predictor test was the first test of its kind to enter the market.

The company anticipates growing competition from other companies, such as Ortho, which recently launched its own ovulation predictor, Ovutime. For the six months ended July, 1986, First Response ovulation predictor held a 56.4% share for its kit and refill products, compared with Ovutime's 43.6% share, according to Joseph Candrevo, special projects coordinator for Pipeline Research, New York, which tracks manufacturers' sales to drugstores.

Tambrands' other First Response product, which can determine pregnancy as early as the first day after a missed menstrual period, topped $45 million in test market in 1985, up from $35 million in 1984. Tambrands' pregnancy test joins a competitive market that already includes Johnson & Johnson's Daisy 2, Advance and Fact products, which account for a combined market share of 42.6%, according to Pipeline Research, and Warner-Lambert's e.p.t. and e.p.t. Plus tests, which hold 37% of the category in sales to drugstores.

While Warner-Lambert spent $3 million advertising its pregnancy tests last year, Tambrands spent more than $2 million for its two-product introduction of First Response to garner a 4.4% market share for the three-month period it was on drugstore shelves nationally. Advertising was concentrated mainly in women's magazines and some tv.

Highly competitive, the home diagnostic market is growth oriented, boding well for the future of First Response, according to analysts. Tambrands' licensing agreement with various biotechnology companies ensures that additional home diagnostic tests are sure to appear in the $400 million home diagnostics market, which is expected to top $1 billion by 1990.

Acquisition aided Tambrands' most recent diversification effort. It bought Physicians Formula Cosmetics for $8 million at the end of 1985. The small Southern California company produces a line of hypo-allergenic cosmetics that have been sold in a limited number of stores in western markets for the past 48 years. The $10 million regional brand is said to appeal to women who believe they have sensitive skin, a growing market segment.

Now that Tambrands has entered into the highly competitive $6 billion cosmetics category, company spokespersons refuse to speculate on expansion plans for the brand, opting for a wait-and-see attitude. In the meantime, the cosmetics company has hired an advertising agency for the first time —Torrance, Cal.-based DFS Dorland. If Tambrands decides to push Physicians Formula Cosmetics into new markets, Tambrands' distribution channels and marketing techniques are a natural fit.

Acquisition and diversification efforts currently serve to complement Tambrands' mainstay, its successful tampon business. Despite a spring price hike and reduced spending on its Petal Soft plastic-applicator tampon, Tambrands grabbed a first-quarter market share of 53.6% in the $505 million tampon market. That was far ahead of the 32.3% share for Playtex of International Playtex, Stamford, Conn., and 8.4% for O.B. tampons marketed by Johnson & Johnson, according to Salomon Brothers analyst Diana Temple, who tracks supermarket sales.

But while New Brunswick, N.J.-based J&J spent $5 million advertising O.B. in 1985, Tambrands increased measured media spending to $12.3 million, compared with $10.8 million the year before. A younger 15-to-22-year-old segment is being tapped by all three competitors as Tambrands promotes its Petal-Soft plastic applicator version of Tampax and Playtex its Slender Regular product.

Although Tambrands is the undisputed leader in tampon sales, its external pad product, Maxithins, faces a barrage of competitors from which it has wrested a 9.1% share in the $1.03 billion sanitary pad category in the first quarter of this year, according to Ms. Temple. Maxithins entered the black for the first time in 1986, despite aggressive pricing and promotion by its rivals.

Tambrands even spent $15 million promoting Maxithins in 1985, 28% less than in 1984. Four new line extension promotions had inflated the 1984 advertising budget. J&J holds the largest single product share, 24.5% for its Stayfree product, and it is followed by Kimberly-Clark's combined 26.9% share for its New Freedon and Kotex lines. Newcomer P&G's Always, with a 15.3% share, also outpaced Maxithins' share of the market.

In total U.S. unit sales of feminine protection products, J&J, Kimberly-Clark and Tambrands each account for 20% to 30%, while Playtex International and P&G account for most of the remainder, according to Tambrands.

Tambrands is strengthening its presence in overseas markets. Because of the weaker dollar, the company could get a boost in foreign sales in 1986 by as much as 30% over current levels, according to Value Line analyst Marilyn M. Royce. Tambrands markets its products in more than 135 countries, from which it garnered over one-fourth of company sales last year, 15% from Europe. Tambrands holds a 25% share of the sanitary protection market in the U.K.

But expansion efforts are directed toward fledgling markets. In May, 1985, Tambrands acquired a 95% interest in Pro-Hygiene, S.A., a privately owned Brazilian manufacturer of sanitary pads and disposable diapers, said to be the second largest company of its kind in Brazil, with a self-claimed 15% share of the $85 million Brazilian feminine-protection markets. Tambrands will compete with J&J in that country, where only 40% of the women rely on commercial products for feminine protection.

During the third quarter, Tambrands began a 50/50 joint venture in Turkey with that country's largest external pad and disposable diaper manufacturer to introduce an improved sanitary pad product.

Another joint venture sure to become an adventure is Tambrand's signing of an agreement in September, 1985, with two Chinese companies to manufacture and distribute Tambrands' tampons and sanitary products in the People's Republic of China. Tambrands' stake amounts to 60%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,158	$7,077
Bus. pubs.	72	23
Network tv	20,371	22,644
Spot tv	748	1,095
Network radio	0	979
Spot radio	661	39
Network cable	994	0
Total measured	30,004	31,856
Unmeasured	14,000	14,864
Total	44,004	46,720

TAMBRANDS INC.
One Marcus Ave.
Lake Success, N.Y. 11042
(516)-775-1500

Corporate Personnel

J.F. Bard, exec vp, feminine protection div
M.R. Wadley, vp-feminine protection div

Marketing Personnel

Douglas B. Fox, vp-mktg
Harry W. Rowe, vp-sales
Ronald Zwicke, vp-adv
Edward Covell, div mgr-First Response diagnostic kits
Jan Rock, brand mgr-tampons
Cynthia Harvey, brand mgr-First Response

Advertising Agencies

MCA Advertising, Westport, Conn.—Maxithins—Bob Lepre, exec vp; Jack McFaddin, acct dir.

William Esty Co., New York—Tampax—Marsha Arones, Sharon Moss, acct execs; Mark Miller, mgmt super.

Carrafiello Diehl & Associates, Irvington, N.Y.—First Response home diagnostic tests —Joanne Henshall, acct super; Peter Etray, group super.

Castor Spanish Intl, New York—domestic Hispanic mkts for Tampax, Maxithins—Jorge Reynardus, acct super; Veronica Escala, acct services.

Texas Air Corp. RANK **192**

Houston

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,944	1,372	41.7
Net income	91	50	80.7
U.S. advertising	34	37	(8.8)
Division sales	**1986**	**1984**	**% chg**
Passenger	1,766	1,232	43.3
Cargo, mail, other	179	140	27.9

Texas Air Corp. went on an acquisition binge in 1986, swallowing Miami-based Eastern Airlines, formerly the nation's No. 3 carrier, and laying the groundwork for a takeover of Newark, N.J.-based People Express, including its Frontier Airlines unit. The company also made major agency shifts in late 1985 and in 1986.

When the $600 million acquisition of Eastern, which became a wholly owned subsidiary, was approved Oct. 1, 1986, by the U.S. Department of Transportation, Texas Air became the nation's largest air carrier holding company with a 15.9% market share. The United Airlines unit of Elk Grove Village-based UAL is second with a 15.85% share, and the American Airlines unit of Dallas-based AMR Corp. is third with a 13.58% share, according to *Aviation Daily*, New York.

The acquisitions of People Express and Frontier, which received tentative approval from the DOT in mid-October, would add another 3.29% market share to Texas Air's holdings. Only Aeroflot, the Soviet flag carrier, then would be larger.

People Express has asked for speedy approval of its merger with Texas Air, saying on Oct. 7 that it may default on more than $13 million in interest payments unless DOT rushes approval. *Aviation Week & Space Technology* reports People Express also owes $20.1 million in back taxes to the federal goverment and to two states. In addition, several creditors are threatening to halt vital maintenance and computer services as a result of slow payments. The People Express acquisition is valued at about $125 million in Texas Air common and preferred stock.

The key to the People Express acquisition is acquiring the assets of the Frontier unit in a separate transaction valued at $25 million cash and assumption of $151 million in notes. People's Denver-based Frontier unit already is grounded, and its assets are in bankruptcy court.

Bruce Hicks, a spokesman for Texas Air, says Texas Air already has made agreements with People to buy up to 12 Boeing 727-200 aircraft, valued at $49.5 million, through the acquisition process. By October, Texas Air had transferred $30 million to People Express, but was unwilling to infuse additional cash beyond its agreement until it received final DOT approval, he says.

Mr. Hicks says Texas Air would proceed with the acquisition of People Express if it also is permitted to acquire Frontier's aircraft and gates. "But we would not proceed with People Express without Frontier," he says. Texas Air wants Frontier's holdings because its Continental Airlines unit is a major Frontier competitor at Denver's Stapleton International Airport. Frontier's assets will become part of Continental, giving Texas Air 35% of the flights and gates at that hub, equal to United Airline's share at Denver, Mr. Hicks says. People Express initially will be operated as a wholly owned subsidiary, and possibly merged into one of Texas Air's other subsidiaries, he says.

The DOT delayed Texas Air's acquisition of Eastern for several weeks in September until Texas Air sold off gates and landing slots at New York's LaGuardia, Washington's National and Boston's Logan Field airports to New York-based Pan Am for $65 million. The gates and landing slots are in the nation's most lucrative shuttle service market. Texas Air would have had a near monopoly on the shuttle service between its Eastern and New York Air subsidiaries if not for the sale. New York Air discontinued shuttle service Oct. 1.

Texas Air's total 11-media measured spending in 1985 for its chief subsidiaries—Continental Air Lines and New York Air—was $23.1 million in 1985, down 9% from 1984. (A profile listing People Express spending appears elsewhere in this issue.) The spending drop was primarily a result of a 14.5% drop in newspaper spending to $15 million.

The $15 million was an aggregate spending for Continental and New York Air. Aside from that expenditure, Continental's total measured spending for the seven media (excluding newspapers) monitored by Leading National Advertisers, declined 54% to $934,000 in 1985, including a 71% drop in spot tv to $454,000, and 15% drop in out-of-home to $402,000. New York Air's total measured spending for the seven LNA media fell 30% in 1985 to $525,000, including a 17% drop in spot tv to $465,000, and a 79% drop in out-of-home to $35,000.

Texas Air was solidly profitable in 1985 with $1.9 billion in consolidated operating revenues, up 41% over 1984. Net income in 1985 was $90.9 million, up 80% over 1984. Revenues for the first six months of 1986 were $1.1 billion, up 21% over the same period in 1985.

In the current year, Texas Air took a net loss of $51.3 million in the first half as a result of $64.2 million in claims against the Continental unit relating to its bankruptcy, which was filed Sept. 24, 1983.

Texas Air's consolidated net income was $19.4 million prior to the unusual item.

In August, 1985, New York Air dropped Bloom Cos. in New York for Levine, Huntley, Schmidt & Beaver. Continental Air at the end of October, 1986, dropped Scali, McCabe, Sloves, New York, for N W Ayer, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$93	$0
Newspaper	15,075	17,636
Spot tv	919	0
Spot radio	6,590	7,729
Network cable	10	0
Outdoor	439	0
Total measured	23,126	25,365
Unmeasured	11,000	12,065
Total	34,126	37,430

TEXAS AIR CORP.
Capitol Bank Plaza No. 4040
333 Clay St.
Houston, Tex. 77002
(713) 650-8686

NEW YORK AIR
Flushing, N.Y.

Marketing Personnel

Douglas C. Birdsall, president
Bruce D. Miller, staff vp-mktg services
Gregory Aretakis, staff vp-planning
Donna Cusano, adv mgr

Advertising Agency

Levine, Huntley, Schmidt & Beaver, New York—Beth Mason, Gayle Bacal, acct execs; Mary Kiernan, asst acct exec.

CONTINENTAL AIRLINES
Houston, Tx.

Marketing Personnel

Francisco A. Lorenzo, chmn-ceo
Howard Swanson, vice-chmn
Philip J. Bakes, president
Thomas Volz, vp-mktg services
William Neary, vp-sales & services
Richard Allen, vp-customer service
William Moran Jr., vp-pr

Advertising Agency

N W Ayer, New York—personnel not available at time of publication.

CCS AUTOMATION SYSTEMS
El Segundo, Cal.

Marketing Personnel

Richard Murray, president-ceo
Evie Palicz, corp comm mgr

Advertising Agency

(In-house)—Evie Palicz, corp comm mgr.

Thompson Medical Co. RANK **183**

New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	137	197	(30.6)
Net income	11	21	(47.5)
U.S.	**1986**	**1984**	**% chg**
Sales	133	190	(29.9)
Operating profits	19	40	(52.5)
Advertising	40	48	(15.9)
Division sales	**1986**	**1984**	**% chg**
Meal replacements	35	84	(58.3)
Appetite suppress.	70	84	(16.7)
Other health prod.	32	28	14.3

Thompson Medical Co. experienced declines of 30.6% in sales and 47.6% in net income in 1985 largely as a result of poor performances in two big product lines—Slim-Fast nutritional products and Dexatrim appetite suppressant—which also are the most heavily advertised products at Thompson.

Very little has changed in 1986 on the financial front primarily because of the lagging performance of the two brands. For the nine months of fiscal 1986, ended May 31, Thompson had sales of $96.1 million, down 13.4% compared with the prior year period, and net income of $6.9 million, down 27.4% from 1985.

During 1985, Thompson Medical spent $33.2 million in 11 measured media, down 19% from the previous year.

Heading the brand spending in 1985 recorded by Leading National Advertisers, which monitors seven major

media, was Dexatrim reducing capsules, with $17.3 million, up 36.4% from 1984. Dexatrim media concentrates on network tv with a $12.7 million expenditure. Network cable, spot tv and magazines each received $1-$2 million in spending for Dexatrim.

Thompson pulled its diet-aid Dexatrim line extension, Dexatrim-15, off the market in early 1986 after less than a year. Shipments of both Dexatrim-15 and competitor Ciba-Geigy's Acutrim II were suspended from the market under court order in January, 1986. Thompson had brought suit against Ciba-Geigy, alleging the competitor's advertising with being false and misleading and causing a decline in sales of Dexatrim. Both companies had to withdraw their products until adequate substantiation of ad claims could be provided. Ciba-Geigy has since resumed shipments of Acutrim II, although Thompson has not reintroduced Dexatrim-15.

Sales of Dexatrim and other appetite suppressants of the company decreased approximately 19% during the year. Part of the problem was the retailers' reluctance to maintain inventory or promote any capsule product. To combat this, Thompson introduced the Dexatrim line to the market in 1986 in caplet form, which also was marketed for pre-meal consumption.

During 1985, Dexatrim claimed a 53% share of the $160 million category with other Thompson brands taking another 10%. The growth product in the category is Schering-Plough's Fibre Trim, which has expanded the market 50% and taken a one-third share.

Dexatrim advertising, largely network tv, appeals to the 85% of dieters who do not use appetite suppressants: "You'll lose 50% more weight if you add Dexatrim to your diet."

The Slim-Fast protein powder meal-replacement line received $4.8 million, the next strongest support, down from $11.4 million in 1985. Slim-Fast sales grew 150% in 1984 over 1983, however, in 1985 sales dropped 59% below those of 1984. Slim-Fast's market share dropped in 1985 from 64% to 59% as the category itself fell from $150 million to $100 million.

Thompson still is testing its single-serve Slim-Fast Gourmet Weight Loss Meals in major western and midwestern chain stores. The four-entree line, containing less than 300 calories, are retort packaged. This year, another meal-replacement line, Fiber-Full, has been introduced via network tv bearing the theme: "The advanced way to lose weight brought to you by nature." The product did not go through test marketing.

In the external analgesics market, a $220 million category nationally at retail, Aspercreme and Sportscreme together hold a No. 2 market share next to Pfizer's Ben Gay. The company spent $2.9 million on Aspercreme pain reliever creme rub, down 10.5% from 1984, and $2.5 million on Sportscreme pain relieving rub, up from only $298,000 in 1984.

Cortizone-5 is the No. 2 brand in the $50 million cortisone cream category led by Cortaid by Upjohn. Cortizone 5 skin cream drew $2 million in support, up 48% from the prior year.

Encare, the leading contraceptive suppository, is now a distant second to VLI's Today sponge.

Aqua-Ban is the No. 2 premenstrual diuretic, but the category is only about $20 million nationally at retail.

Caffedrine is a distant No. 3 to No-Doz (Bristol-Myers) and Vivarin (Beecham) in a $25 million category.

NP-27, an anti-fungal product bought from P&G in 1984, is No. 4 in the $85 million athlete's foot market.

The company also has introduced in 1986 Decongest in the $750 million cold-remedy market in tablets and capsules.

The company also repackaged and re-introduced the appetite suppressant products, Slim-Mint gum and lozenges, in the spring of 1986. Slim-Mint, the first diet aid marketed by Thompson, was introduced in 1956. The company advertises Slim-Mint only on a regional basis.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,144	$6,037
Newspaper	136	147
Bus. pubs.	35	59
Network tv	18,378	18,485
Spot tv	4,048	9,813
Spot radio	0	525
Network cable	6,495	4,456
Total measured	33,236	39,522
Unmeasured	7,000	8,324
Total	40,236	47,846

THOMPSON MEDICAL CO.
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(212) 888-4420
Marketing Personnel

S. Daniel Abraham, chmn-ceo
Moses Ratowsky, president
Paul Craniotes, vp-creative
Ron Stern, vp-new prod & corp devel, vp-mktg
Harold Verschlieser, dir-sales promo
Dean Siegal, dir-pr
Richard Zakin, dir media relations

Advertising Agency

Saatchi & Saatchi/Compton, New York—Dexatrim, Control, Cortizone-5, Slim-Fast, Encare, Auqua-Band, NP-27, Fiber-Full—Tom Lom, exec vp; Erica Witnaur, sr vp-mgmt super; Barbara Carr, acct super.

Trans World Airlines

RANK 116

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,725	3,525	5.7
Net income	(193)	30	(746.1)
U.S.	**1985**	**1984**	**% chg**
Sales	2,115	2,036	3.8
Operating profits	(122)	(85)	43.3
Advertising	67	68	(2.0)
Division sales	**1985**	**1984**	**% chg**
Passenger	3,220	3,107	3.6
Freight, mail	251	211	19.0
Other	254	339	(25.1)

For Trans World Airlines, it would appear nothing could be worse than the year it suffered in 1985. Beset with hostile takeover attempts—culminating with a successful one by corporate raider Carl C. Icahn—the much-publicized Middle East hijacking of a TWA jet and fare wars with competing airlines, TWA experienced a loss of $193 million in 1985 after posting a profit of $30 million the previous year.

But 1986 looks considerably brighter. After posting first quarter losses of $169 million and a second quarter deficit of $87 million—a figure less than analysts expected—TWA surprised the industry by posting third quarter profits of $70 million, with the promise of "substantial" profits in the fourth.

The turnaround in the second half is attributed to substantial cuts in costs amounting to about $400 million a year, and redeployment of planes when European travel dropped because of terrorist attacks early in the year. Planes basically were routed to U.S. and Caribbean markets.

Investors, besides being surprised by the quick turnaround by the airline under Mr. Icahn, have gained optimism about the airline because of its $250 million acquisition of Ozark Airlines, eliminating duplicated services. Some positions are also expected to be eliminated as TWA and Ozark staffs are consolidated.

On the cost side, Mr. Icahn's aggressive cost-cutting policies have included extracting $150 million in wage concessions from the pilots and machinists unions, saving another $100 million from job cuts in nonunion ranks and potential savings of perhaps $50 million in lower salaries for new flight attendants, replacing strikers. TWA's 6,000 flight attendants struck in March over a management wage concession proposal and costing the company an estimated $2 million a day.

Mr. Icahn's ax wielding had its effect on advertising. He cut TWA's fourth-quarter 1985 ad budget by 40%, from $10 million to $6 million; fired the company's top marketing and advertising executives, and engaged in a do-si-do with TWA's advertising agency since 1979, Ogilvy & Mather, first dismissing the shop, rehiring it on a sharply reduced commission, and finally placing the company's business with Young & Rubicam this spring.

TWA reported spending $83.6 million worldwide on all aspects of advertising and publicity in 1985, up from $80.7 million in 1984. Industry analysts say the total probably will fall to less than $70 million this year. Of that total, $66.9 million is spent in U.S. advertising and promotion, according to Ad Age estimates. TWA spent an estimated $43.9 million in measured advertising in 1985, a little over half, $20.9 million, on newspapers, down from $21.4 million in 1984. Major media expenditure shifts included a drop from $12.1 million in 1984 to $9.5 million in spot tv, while magazine expenditures rose from $5.2 million in 1984 to $7.5 million, and spot radio increased from $2.9 million to $4.2 million.

Mr. Icahn's acquisition of TWA came after several attempted takeovers, including one by Texas Air Corp., which TWA's board of directors originally had approved. But TWA unions opposed the move, calling Texas Air's Frank Lorenzo a union buster; they offered some $40 million in wage concessions to sweeten the takeover by Mr. Icahn, who became TWA chairman this January. Reportedly, he was prepared to sell quickly at a profit, but instead has stuck with TWA through its difficulties.

The TWA acquisition of Ozark adds some 50 twin-engine jets and profitable feeder routes that serve TWA's St. Louis hub. TWA now operates 167 jets, 104 of them owned by the airline and the rest leased.

TWA also announced an eight-year joint marketing arrangement this February with Piedmont Airlines, hooking up Piedmont-served domestic routes with TWA overseas flights, and merging ticketing functions and frequent-flier bonus plans. Last summer, TWA negotiated a similar arrangement with ResortAir, a St. Louis-based commuter airline, between St. Louis and several Missouri and Illinois cities.

TWA in 1985 was the nation's fifth largest domestic airline, with a 7.7% share, trailing United, American, Eastern and Delta, in that order. For the past three years it has been the largest trans-Atlantic carrier, with 20.4% of that business in 1985.

Although revenue passenger miles increased from 28.3 billion in 1984 to 32 billion in 1985, revenue per passenger mile decreased 8.5%, primarily because of increased competition and fare wars with competing carriers.

During 1985, TWA expanded its overseas operations by extending one of its New York-London flights to serve Copenhagen, a New York-Paris flight to serve Geneva, and a new York-Cairo-Kuwait flight to serve Bombay.

TWA also implemented nonstop service from New York to Munich and from St. Louis to London, Paris and Frankfurt. And in February, 1985, TWA became the first U.S. carrier to fly a two-jet aircraft, a Boeing 767, nonstop between the U.S. and Europe.

With O&M, TWA's advertising strategy positioned it as a full-service, high-quality airline to differentiate it from its cut-rate competitors and during 1985 scrapped its familiar "You're going to like us" campaign for a new theme, "Leading the way."

Young & Rubicam began a new print campaign in June, stressing lower fares both domestically and for international flights.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,537	$5,190
Newspaper	20,870	21,436
Newsp. supps.	732	611
Bus. pubs.	683	1,442
Spot tv	9,478	12,095
Network radio	0	810
Spot radio	4,247	2,885
Network cable	125	11
Outdoor	228	310
Total measured	43,902	44,790
Unmeasured	22,998	23,463
Total	66,900	68,253

TRANS WORLD AIRLINES
605 Third Ave.
New York, N.Y. 10158-0039
Marketing Personnel

Peter T. McHugh, president, TWA Marketing Services.
Tim Brier, vp, passenger mktg
Tracy T. Britton, dir-adv
Lynda Withiam, mgr-adv
Earl Quenzel, vp-mktg, TWA Marketing Services.
MaryAnn Boyhan, mgr-tour mktg
Kathleen A. Trepper, dir-promos & rsch

Advertising Agency

Young & Rubicam, New York—Robert Donahoe, sr vp-mgmt super.

Transworld Corp.

RANK 173

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,152	1,938	11.0
Net income	218	115	89.1
U.S.	**1985**	**1984**	**% chg**
Sales	1,563	1,366	14.5
Operating profits	94	80	17.8
Advertising	46	49	(6.6)
Division sales	**1985**	**1984**	**% chg**
Canteen Corp.	984	831	18.4
Spartan Food sys.	465	425	9.4
Hilton Int'l.	694	675	2.8
Corporate	9	7	28.6

Growth in units and services has continued through 1985 and 1986 for the three businesses of Transworld Corp.—Canteen Corp., Chicago, Spartan Foods, Spartanburg, S.C., and Hilton International, New York.

Business segments were four until October, 1985, when Transworld sold its Century 21 real estate unit. And with the Century 21 deal went most of Transworld's advertising budget. Century 21 accounted for $21.1 million in measured spending out of $23.7 million the company placed in 11 media monitored for this issue. Transworld reported to the SEC $45.1 million worldwide in advertising costs in 1985.

With measured spending off 7% in the 11 media, only network tv climbed, by 43%, to $17.9 million, all for heavy Century 21 Real Estate promotion.

Spending for Quincy Family Steak House restaurants, a Spartan chain, fell 24% to $1.2 million, weighted toward outdoor and with lesser amounts in spot tv.

Several major unit changes altered the Transworld organization landscape during the year: Transworld sold Century 21 Real Estate to Metropolitan Life Insurance Co. for $251.2 million. The company says it divested Century 21 because Century's best growth potential was in financial services, a field already well populated with highly competitive firms, that are solidly established and much larger than Century 21.

In September, 1985, the company acquired for $93.5 million the food-service company, Interstate United Corp. Interstate was merged into Canteen, making Canteen a $1.4 billion company, pushing ARA Services Inc., Philadelphia, for the top spot among U.S. food service management companies.

In 1986, Hilton International is opening new units in Pittsburgh, Osaka, Japan, and Brisbane, Australia, and for 1987 it is planning an 800-room, 40-story hotel in Shanghai.

During 1986, Spartan Foods debuted Pryde's Restaurants, which are small combination sit-down and drive-through restaurants designed for the sparser customer populations of small towns. So far, seven are operating in the Carolinas.

Spartan Food Systems' 590 restaurants is represented by 365 Hardee's franchises and 218 Quincy Family Steak Houses and the seven Pryde's.

In 1985, Hardee's introduced Cinammon n' Raisin biscuits; the Kid's Combo Box, a packed "lunch" concept and Hash Rounds potato puffs. New in 1986 are Bacon Egg & Cheese Biscuits. New offering for 1985 at Quincy were homestyle Chicken Filets and the Kid's Club Children's Menu, and new in 1986 are Clearwater Catfish Filets, yeast rolls, and the Country Side Board, a buffet with meat entree, salad and dessert.

Spartan now accounts for 22% of Transworld's total sales and 35% of its operating income.

Canteen Corp., with more than 56 years in the vending machine business, now has 181,000 of the units plus a broad reach into many types of food-service—schools, hospitals, corporate offices and many other locations. A brand new Canteen customer, signed in October, 1986, is Cook County Jail in Chicago, one of the nation's larger prisons.

In 1983, Canteen moved into the school-lunch business by acquiring Preferred Meal Systems, the biggest supplier of pre-packaged lunches to primary and secondary schools. And in 1985, Canteen bought 45 delicatessen units in office buildings, although the occupancy lag in new offices has slowed that business.

Canteen produces 46% of Transworld's sales and 24% of its operating income.

Hilton International now operates 90 hotels under the Hilton International in 44 countries. In the U.S., it has the Vista International chain which includes hotels operating under other names, such as the patrician Drake Hotel in Chicago.

Other Vista units are Kansas City and Oklahoma City hotels opened in 1985 and Vista is located in Washington and the World Trade Center in New York. Hilton accounts for 32% of sales for Transworld and 41% of operating income.

Changes have come rapidly to this company and its predecessor in recent years.

Expanding beyond its transportation business, Transworld consisted of Trans World Airlines, Canteen and HI when incorporated in 1978; Spartan and Century 21 came in 1979.

TWA, a drain on earnings, was spun off in 1983.

The company today is guided by a board with notably blue ribbon names including Jack Valenti, president of Motion Picture Assn. of America; Lester Crown, ceo of Materials Service Corp., and Robert McNamara, former General Motors chairman, U.S. Secretary of Defense, and retired World Bank president.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,643	$2,976
Newspaper	17	85
Newsp. supps.	84	169
Network tv	17,892	12,538
Spot tv	2,163	3,873
Spot radio	1,822	5,500
Outdoor	39	199
Total measured	23,660	25,339
Unmeasured	22,000	23,562
Total	45,660	48,901

TRANSWORLD CORP.
605 Third Ave.
New York, N.Y. 10158
(212) 972-4700
CANTEEN CORP.
Chicago
Marketing Personnel

Robert Kozlowski, president-ceo
Dan R. Krpan, vp-mktg
Sheldon Silver, dir-mktg services
Richard M. Geerdes, dir-natl sales

Advertising Agency

New agency pending.

HILTON INTERNATIONAL CO.
New York
Marketing Personnel

Curt R. Strand, chmn
C. Edwin Meyer Jr., president-ceo
Helmut Hoermann, coo
Fred Ruoff, sr vp-mktg
Jo Ann Zaccarelli, corp adv mgr
Eric Studer, dir-adv services, dir-mktg info systems & rsch

Advertising Agency

Doyle, Graf & Mabley, New York—Hilton International, U.S.—Jim Bonner, acct vp; Pat van Talge, acct exec.

SPARTAN FOODS
Spartanburg, S.C.
Marketing Personnel

Stuart de Geus, dir-mktg, Spartan Foods
Betty Zeller, mktg mgr, Quincy's Family Steak House
Vicki Woodward, mktg mgr, Hardee's

Advertising Agencies

Henderson Advertising, Greenville, S.C.—Quincy's Family Steak House—Carl Libhart, acct super; Jim Brandhorst, sr vp.
HutchesonSchutze, Atlanta—Hardee's—Debbie Grossman, acct super; Carol Fromhager, acct exec; Cindy Kaplan, acct exec.

Triangle Publications

RANK 168

Radnor, Pa.

($ in millions)

Worldwide	1985	1984	% chg
Sales	720	657	9.6
U.S. advertising	49	39	23.9

Triangle Publications, whose *TV Guide* and *Seventeen* have felt the malaise in the national magazine market in 1985, took a bold step in February, 1986, to relaunch *Good Food* after a 12-year hiatus.

Good Food made its debut with weaker advertising and circulation than the original, while *TV Guide* trimmed its rate base to less than 17 million, still retaining the crown of the top circulation magazine in the U.S.

The company had an over-all net revenue growth of 4.3% in 1985, largely the result of increased rates, according to Advertising Age estimates. The privately held company, owned by Walter Annenberg, does not reveal revenues and earnings figures for its media properties. During the year, Mr. Annenberg assumed the role of chairman, while relinquishing his title of president to William Henrich.

Triangle did not spare the ad dollars in 1985, increasing its spending in the 11 media measured for this issue by 58.6%, to $38.7 million. The company is putting $3 million behind the launch of *Good Food* in 1986. The magazine, attempting to forge a place in the crowded food and gourmet magazine arena, underwent a logo change for the September issue, coming on the heels of a $1 million summer tv spending blitz. The supermarket checkout counter-distributed digest is seeking to build its circulation to its 750,000 rate base, as well as gain advertiser confidence.

The magazine's introduction has been rocky. Display racks in supermarkets obscured the book, leading to the shortfall in circulation, says Frank G. Wolf, group publisher of *Good Food* and *Seventeen*. Potential advertisers, who recall the abrupt cancellation of the original after only eight issues between 1973 and 1974, are waiting to test the magazine's staying power.

The original *Good Food* averaged 40 ad pages, while the first six issues of the relaunch have averaged 12. To spur ad sales, by mid-1986, the company had recruited Bob Young from the *New Yorker* to be associate publisher-advertising, while shifting other *Good Food* and *Seventeen* executives to new advertising positions.

However, company officials say strong circulation is crucial to the magazine's longevity. The new red banner logo is designed to visually pop out at the checkout counter and boost sales, Mr. Wolf says. He also notes that direct mail is being used to build a subscription base. The magazine hit its guaranteed minimum in July, 1986.

The majority of Triangle's advertising is aimed at promoting *TV Guide* subscriptions. An intensified effort in 1985 accounted for a spending increase of 35%, to $35.2 million, according to Leading National Advertisers. The bulk of this money was spent on electronic media: $24.4 million on spot tv, $1.5 million on network tv and $7.5 on network radio.

Other *TV Guide* promotional money is directed at advertisers, accounting for $1.8 million in business publication spending, according to the Rome Reports.

For the year, *TV Guide's* gross advertising revenue rose 3.2%, to $314 million, according to Publishers Information Bureau, despite a 3.4% drop in ad pages to 3,670. In July, 1986, ad rates rose 1.3%, to $94,700 for a one-time, four-color insertion.

The weekly *TV Guide* continues to have the largest magazine circulation, despite its rate base cut from 17 million to 16.4 million. *Reader's Digest*, which had topped *TV Guide* with monthly circulation of 17.75 million, dropped its guarantee to 16.25 million. Through 1986, *TV Guide* has averaged 16.8 million circulation, according to company officials.

Seventeen had a gross revenue increase of 5.9%, to $34.2 million, according to PIB, although advertising pages were down 4%, to 1,437. Circulation stood at 1.75 million, according to Audit Bureau of Circulations.

Measured spending for *Seventeen* included $18,200 in newspaper supplements in 1985. No measured spending was recorded in 1984. Through calendar 1986, Mr. Wolf estimates $650,000 will be spent advertising and promoting *Seventeen*.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$65	$92
Newspaper	1,555	1,858
Newsp. supps.	18	0
Bus. pubs.	1,810	579
Network tv	1,535	30
Spot tv	24,389	21,614
Network radio	7,525	5,228
Spot radio	157	1,447
Network cable	1,678	411
Total measured	38,730	31,258
Unmeasured	10,000	8,071
Total	48,730	39,329

TRIANGLE PUBLICATIONS
4 Radnor Corp. Center
Radnor, Pa. 19088
(215) 293-8500
Marketing Personnel

Eric G. Larson, publisher, *TV Guide*
Thomas McDonough, dir-adv, *TV Guide*
Fred Jervis, promo dir, *TV Guide*
Frank G. Wolf, group publisher, *Good Food, Seventeen*
Robert S. Bunge, assoc group publisher, *Good Food, Seventeen*
Bob Young, assoc publisher-adv, *Good Food*
Arthur Brenner, mktg dir, *Good Food*
Ira S. Garey, assoc publisher-adv, *Seventeen*
Barbara Doljack, mktg dir, *Seventeen*
Michael P. Sandler, publisher, *Daily Racing Form*
Leo Waldman, adv mgr
Midge Koontz, dir-Midwest breeding bureau
Ellen Hilts, dir-California breeding bureau

Advertising Agencies

N W Ayer, New York—*TV Guide*—Thomas Maxey, acct dir; George Malcomson, mgmt super; Ted Regan, exec dir-creative; Walter Burek, Louis Donato, group creative dirs; Rees Behrendt, creative super; Sue Kaufman, assoc dir-media; Lisa Millon, media super; Vic Soler, traffic planner.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Gay Wasserman, sr vp-mgmt rep, *Seventeen, Good Food*; Celia Rao Visconti, acct super, *Seventeen*; Fred Morris, acct super, *Good Food*.

20th Century-Fox Film Corp.

RANK 176

Los Angeles

($ in millions)

Worldwide	1985	1984	% chg
Sales	568	643	(11.6)
Net income	27	(70)	(138.7)
U.S.	**1985**	**1984**	**% chg**
Sales	395	488	(19.1)
Advertising	44	62	(29.8)

Rebounding from a net loss of $79 million in 1985 which followed a net loss of $89 million in 1984, 20th Century-Fox Film Corp. has found 1986 more hospitable, with net earnings of $19.6 million for the first three quarters of the fiscal year ended Aug. 31, 1986, up from a loss of nearly $80 million for the year-earlier period.

The dramatic turnaround occurred concurrently with a restructuring of the company and a severe pruning of operating costs. Also contributing to the upswing was the success of fall-Christmas 1985 theatrical releases, "Commando" and "Jewel of the Nile," continued success of its summer 1985 release, "Cocoon," and revenues from worldwide syndication of its movie and tv products. "Aliens," a summer, 1986, release, also is doing very well, a sign Fox may be on the rebound.

The company is now one of three operating divisions of Fox Inc., the umbrella organization formed in October, 1985, by Rupert Murdoch's News America Holdings and TCF Holdings, jointly owned by Mr. Murdoch and Marvin Davis. They merged six tv stations purchased from Metromedia in 1985 into the film company. Other divisions include Fox Station Group and Fox Television Network. Financial results reported in this profile and advertising figures, however, are just for 20th Century-Fox Film Corp.

The Fox restructuring program was under the stewardship of chairman-ceo Barry Diller, a former Paramount executive who took over as head of the company in late 1984.

Fox continued its affiliate negotiations with independent tv stations in the top 30 markets. These stations, added to Fox's six own tv stations, could reach nearly 60% of the nation's 85.9 million tv households, creating the long-awaited fourth network. Fox began airing a late-night talk show starring comedienne Joan Rivers this fall.

The company's 1985 advertising and promotion budget was hard hit by cutbacks in operating expenses. The 11 media measured in this issue dropped 29.6%, to $23.5 million, from a year earlier.

Tv advertising claimed 78.7%, or $18.5 million, of the company's measured media spending for 1985, although network and spot did a flip flop in spending. Network tv spending plummeted 70% to $6.6 million in 1985, while spot tv grew 38% to $12 million. The only other major medium to show growth in 1985 over 1984 was spot radio, which grew from $442,000 to $1.9 million in 1985.

Measured expenditures of $1 million-plus went for the promotion of "Enemy Mine," "Man with One Red Shoe," "Moving Violations," "Porky's Revenge" and the rerelease of "Return of the Jedi." Larger amounts were devoted to "Cocoon," $3 million; "Commando," $2.6 million; "Prizzi's Honor," $2 million, and "Jewel of the Nile," $2.1 million. In all, the company backed 20 movies in 1985 with measured spending, compared with 25 movies in 1984, according to LNA.

Eighteen movies are scheduled for release in the current fiscal year. Several summer, 1986, theatrical releases already have drawn big bucks by mid-October: "Aliens" drew $100 million at box office receipts, and the "The Fly," $75 million. An earlier release, "Jewel of the Nile," had drawn $75 million. Less successful offerings were "Lucas" with $10 million and "Big Trouble in Little China, just over $5 million. Early 1987 will see the release of "Wisdom," "Black Widow," "Raising Arizona" and "Mannequin."

CBS-Fox Videocassettes sold more than $6 million worth of videocassettes for each of eight movies in 1986: "Jewel of the Nile," "Return of the Jedi," "Commando," "Rocky IV," "African Queen," "West Side Story," "Patton" and "King and I." The latter four propelled unit sales when prices were cut from $69.95 to $29.95.

The tv division entered the fall of 1986 with the renewal of the half-hour comedy "Mr. Belvedere" on ABC and the introduction of Steven Bochco's "L.A. Law," a one-hour series on NBC, and the "Wizard of Elm Street" on CBS, "Cold Steel and Neon" on NBC.

The tv distribution division continued to make a substantial contribution to over-all profits through the successful syndication of such programs as "Dance Fever," "9 to 5," long-running "M*A*S*H" and various feature film packages.

Acquisition of Metromedia Producers Corp., a tv production and distribution company with a library of more than 350 titles filling 1,500 hours of programing, gave 20th Century-Fox Film's domestic and international tv sales departments a greatly expanded body of product to sell. MPC also gave Fox production and distribution of "Small Wonder," said to be the most successful syndicated first-run, half-hour comedy currently on tv.

DeLuxe Laboratories, 20th Century-Fox Film's film processing subsidiary, also reported significant growth three quarters into fiscal 1986, with possibilities for a record year for the division. DeLuxe reportedly has achieved a greater market share by broadening its customer base through increased emphasis on sales and servicing, another reflection of Mr. Diller's tenure at the helm of 20th Century-Fox Film.

Key executive and marketing changes at 20th Century-Fox included the resignation of Alan Horn, former head of Embassy Communications, as president and ceo, Sept. 1, 1986. His duties have been assumed by Mr. Diller.

Other recent changes at the company include the appointment of Scott Rudin as president-motion picture production and the assignment of additional marketing duties to Tom Sherak as president-distribution. He replaces former marketing chief David Weitzner, who resigned in July, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 444	$ 1,004
Newspaper	1,045	258
Bus. pubs.	3	0
Network tv	6,592	22,020
Spot tv	11,948	8,723
Network radio	214	653
Spot radio	1,944	442
Network cable	1,126	0
Outdoor	223	323
Total measured	23,539	33,422
Unmeasured	20,000	28,397
Total	43,539	61,818

20th CENTURY-FOX FILM CORP.
10201 W. Pico Blvd.
Los Angeles, Cal. 90035
(213) 277-2211
Marketing Personnel

Thomas Sherak, president, domestic dist & mktg
Susan Pile, sr vp-mktg
Neal Lemlein, vp-mktg & media services
Linda Goldenberg, vp-merch & licensing
Burt Messer, vp-mktg admin
Robert Harper, exec dir creative services

Advertising Agency

J. Walter Thompson USA, Los Angeles, Cal.—Richard T. Markovitz, vp-acct dir.

United Biscuits Holdings plc

RANK 132

London

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,412	2,205	9.4
U.S.	**1985**	**1984**	**% chg**
Sales	1,071	993	7.9
Operating profits	52	51	3.2
Advertising	62	74	(15.1)

United Biscuits Holdings plc, the U.K.-based conglomerate that is the largest cookie and cracker producer and marketer outside the U.S., continues to expand that business line in the U.S. with new entries at subsidiary Keebler Co.

UB, which also operates a specialty food division stateside that in 1985 added to its growth by purchasing the No. 1 black olive marketer in the U.S., drew 40% of its worldwide revenue from Keebler, which had a 7.2% growth in sales over 1984 and operating income of $37.5 million, up 6.5%. Keebler, however, took a one-time charge of $25 million for closing its Philadelphia bakery, a victim of heavy 1985 cookie competition, reducing income to $12.5 million.

Total U.S. sales were up 8%, to $1.07 billion, and operating profit grew 3%, to $52.3 million, when adding UB's other U.S. units, Specialty Brands and Schaffer, Clarke & Co., to Keebler totals. UB in October announced it would combine its U.S. units under the banner of UB Foods-US, also headed by Keebler's Thomas M. Garvin, who will have the same title as at Keebler, president-chief executive officer.

Specialty Brands, a spice and salad foods house, had an increase in sales of 2% and operating profit of $9.23 million, up 4% from 1984. Shaffer, Clarke & Co., food importers and marketers, was down 8% in sales, but operating profits rose 131%, to $2.91 million.

UB worldwide sales grew 9% and profit before tax increased 17%, to $129.3 million.

Keebler Co. continues to claim by far the biggest bite of UB's U.S. advertising expenditures—87.6% of the U.S. measured ad total in 1985, down from 91% in 1984. Unmeasured advertising spending for UB's U.S. divisions, most of it for Keebler, was an estimated $29 million, giving UB total U.S. advertising of $46.4 million.

Seven-media measured ad support was down in 1985 at Keebler to $23.15 million, from $28 million, according to Leading National Advertisers. Keebler, the second biggest U.S. cookie and cracker producer, made a significant flip-flop in its marketing strategy for 1985. Keebler spent 42%, or $12.9 million, of its media budget in 1984 on cookie advertising, but reduced that to just 21%, or $5.6 million, in 1985. Meanwhile, it put 25%, or $7.64 million, into its salty snack media advertising in 1984, but boosted that sharply to 47%, or $12.4 million, in 1985.

Included in its salty snack category are Keebler Cheeblers, reformulated from earlier ancestry as Butter Pretzels and then Hearty Krunch Twists, and the company's new patented Tato Skins snacks, made from potato skins processed into a two-layer fried crisp product. Launched regionally in the second quarter of 1985, Keebler says the Tato Skins in three flavors were a success by the end of the year and are now going into the South, East and Midwest. Sales are ahead of the expected $40 million to $50 million and may go to $70 million to $80 million, an industry source reports.

Other new Keebler products for the year included Crispy Lights, a snack cracker in four flavors; Puddin' Cremes, called the "first cookie with pudding" in three versions, and Stone Creek Butter Thins, a line extension of the Stone Creek brand, a "natural" style cracker.

Keebler's major achievement in 1985 was its growth at a time when U.S. cookie and cracker production was stagnant—cracker output fell 0.8% in 1985, to 1.47 billion lbs., and cookies totaled 2.02 billion lbs. in 1985, up 0.2%—according to the Biscuit & Cracker Manufacturers Assn., Washington.

Against this trend, Keebler grew 2% in biscuit volume—the only major biscuit maker to increase in 1985—gaining market share in the process. In 1986, the association shows over-all cookie production up 7.1% and crackers down 1.9% for a combined increase of 3.5% through June.

RJR Nabisco had about 40% of the U.S cookie market; American Brand's Sunshine, 8%; Procter & Gamble's Duncan Hines, 5.4%, and PepsiCo's Frito-Lay, with its GrandMa's brand, from 2.5% to 7% in 1985. UB placed Keebler's share at 13.5% of the U.S. cookie market, its biggest chunk ever and representing its fourth consecutive year of share gain.

In the soft cookie market, UB puts Keebler's share at nearly 30%, while another industry research source breaks down the $500 million soft cookie market into Nabisco with 37.4%; Duncan Hines, 28.4%; Keebler, 27.6%; Frito-Lay, 5.8%, and Sunshine, 0.8%.

Two years ago it was predicted that soft cookies would become 30% to 35% of the cookie market by now. However, the category has reached only 10% to 15%. The result is industry dislocations such as Keebler's closing of its Philadelphia bakery, the oldest and least cost efficient of its plants. The cost was $25 million, mostly for severance pay and benefits payouts, but the shutdown greatly improved Keebler's profitability.

Even with its steady growth in the cookie market, Keebler is said to regard salty snacks now as its growth area. As a national market, salted snacks are worth $6 billion. They are a subcategory in the $29.5 billion snack foods market (candy nuts, snack cakes, cookies and crackers).

Keebler has spent about $14 million adding 60,000 sq. ft. to its snack food production facilities at Bluffton, Ind., and additional salty snack production capacity is now on line at Raleigh, N.C., for output of new and reformulated products such as Tato Skins and Cheeblers.

Keebler is battling the giants and

lesser giants on virtually the entire snack turf and merchandising, package design and distribution are becoming more critical in setting it apart. Some of the cookie/cracker competitors, faced with the mighty obstacles presented by RJR Nabisco, Keebler and Sunshine Co. in the big grocery outlets, are doing an end-run and popping up in smaller outlets, vending machines and convenience stores.

Keebler, seeking to be aggressive in these markets as well, finds itself head to head with Frito-Lay and Duncan Hines in these retail outlets. Packaging plays a new role in the smaller retail operations where marketers are putting four to six cookies or crackers in a tray and wrapping it in a package the size (and price) of a candy bar—a kind of biscuit in candy clothing.

Frito-Lay, with its GrandMa's and other brands, is taking smaller packaging into the small groceries and coin machines. Duncan Hines, working through brokers, doesn't go into convenience stores, so it's taking the candy route through candy and tobacco wholesalers. By contrast, Keebler, doesn't have the distribution system for candy, but does have a convenience store stratagem, including smaller packages delivered by smaller trucks.

In measured advertising, Keebler continued placing heavy emphasis on tv with 75% of its spending, $19.8 million, going to network and 12%, $3.2 million, for spot. But print had new importance for UB's three U.S. divisions in 1985, as spending for magazines space jumped to 13%, or $3.4 million, of the total budget from just 3.5% in 1984.

Keebler's cookie advertising decline in 1985 from 1984 also involved a shift in tv advertising. In 1984, $7.6 million, or 59%, of the tv total was spent on network and $5.3 million, or 41%, spot tv, but network got 89%, or $4.96 million, in 1985 and spot only $592,900.

Keebler's biggest expenditure for a product was $9.4 million for Tato Skins, the preponderance of which went to network tv, $8.42 million, with $976,500 to spot tv. Support for Town House, Keebler's popular oval-shaped dinner butter cracker, fell 46%, to $1.9 million, in 1985. Spot tv took 37%, or $513,400, of the budget from network, which had the entire budget in 1984.

Advertising for Keebler's formed pie crust, Ready Crust, was about 5% ahead of the previous year, going to $957,500, all in magazines.

Measured ad support fell 12.4% at Specialty Brands, to $2.1 million, according to the seven media monitored by LNA. Specialty Brands, San Francisco, markets Spice Islands spices, herbs and seasonings; Marie's Salad Dressings, a refrigerated line, and its new acquisition, the Early California brand green and ripe (black) olives. The company grows its own herbs in California and olives in Spain and has production plants in California, Nevada, Illinois and Spain.

Ad support for Marie's dressings was up 5.5% for 1985, to $2.03 million. All of it was shifted to magazines in 1985 from spot tv in 1984. Spice Island magazine schedule dropped to $75,000 in 1985 from about $190,000 the previous year.

Overnight, Keebler picked up 28% of the U.S. black olive market with the $70 million purchase of the olive business of Early California Foods, Los Angeles, from its parent, Erly Industries, also Los Angeles. Purchase price was $70 million.

Shaffer, Clarke & Co., a new entry in media advertising, spent $1.73 million in 1985 after no measured expenditures in preceding years.

Shaffer, Clarke, based in Old Greenwich Conn., is the U.S. importer and distributor of UB Biscuits products from Britain; Wasa, Ideal and Finn crisp breads from Scandinavia; Apollinaris mineral water from Germany; KA-ME (ka-may) oriental foods; a line of frozen game meat, and confectionery products from Holland, Britain and Switzerland.

More than half the Shaffer, Clark 1985 spending backed Wasa crisp bread, supported by a spot tv campaign, costing $846,500 and including 30-second vignettes reminiscent of Woody Allen's "Annie Hall" movie characters and ending with the line, "Some people may never be ready for Wasa bread." Saatchi & Saatchi Compton, New York, handles.

Britain's Imperial Group tried to purchase UB in late 1985 for $1.7 billion. But UB countered with a bid of its own for Imperial in February, 1986. Neither succeeded.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,389	$1,301
Network tv	19,822	20,862
Spot tv	3,216	8,976
Total measured	26,427	31,138
Unmeasured	36,000	42,419
Total	62,427	73,557

UNITED BISCUITS (UK) LTD.
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Isleworth, Middlesex TW7 5NN
London
011-44-01-560-3131

KEEBLER CO.
Elmhurst, Ill. 60126
(312) 833-2900

Marketing Personnel

William T. Hanna, sr vp-mktg
Charles L. Shemely, sr vp-dir
Jane B. Ferri, dir-nonbiscuit new prods devel
Roy E. Koeckrits, dir-merch & consumer services
Robert Dillon, group dir-new prods mktg & mkt rsch
Darrel Splithoff, sr vp-retail sales

Advertising Agency

Leo Burnett USA, Chicago—Keebler cookies, crackers, salty snacks—Joe McGowan, vp-acct dir; Jim McNitt, super-salty snacks, brokered consumer prods & nonbiscuit new prods; Bill Buchanan, super-biscuit prods

SHAFFER, CLARKE & CO.
Old Greenwich, Conn.

Marketing Personnel

G. Korper, president
Edmund Reeves, vp-sales & mktg

Advertising Agencies

The Lempert Co., Belleville, N.J.—UB prods, Apollinaris Water, KA-ME Oriental foods, frozen game, confections—Philip Lempert, president.

Saatchi & Saatchi Compton, New York—Wasa crisp breads—Hayes Roth, acct exec.

SPECIALTY BRANDS
San Francisco

Marketing Personnel

Peter Rosow, president
Randy Goldman, vp-core business
Ed Parker, vp-Early California Foods
Mike Pommer, mgr-mktg, Marie brand
Connie Henry, mktg mgr-Spice Island brand
Teresa Cooper, mktg mgr-Early California Foods (olives) brand

Advertising Agency

Geers Gross Advertising, New York—Bob Robbins, sr vp-mgmt super; Chris Ebner, vp-mgmt super; Jon Stoner, acct super; Doug MacKay, acct exec.

US West

Englewood, Colo.

RANK **152**

($ in millions)

Worldwide	1986	1984	% chg
Sales	7,818	7,280	7.4
Net income	926	887	4.4
U.S. advertising	52	34	53.2

Division sales	1986	1984	% chg
Local service	3,059	2,858	7.0
Intrastate	1,005	1,039	(3.3)
Access charges	2,589	2,544	1.8
Other	1,160	838	38.4

U.S. West, which provides telephone service to 14 western states, boosted its measured ad spending 53% in 1985 as it pushed its new theme: "The Spirit of the West is Working," for its three telephone subsidiaries and nonregulated enterprises.

U.S. West is one of the seven regional Bell holding companies created Jan. 1, 1984, by the breakup of New York-based AT&T. U.S. West continued its modest growth performance in 1985 into 1986, recording for the nine-month period ending Sept. 30, 1986, net income of $718 million, up 4% over the same period in 1985. Revenues were $6.2 billion, up 7%.

Measured media spending for the 11 media monitored for this issue was $27.3 million, up 53% over 1984 on the strength of $5.4 million in measured spot radio, up from no measured spending on the medium in 1984, and $5.7 million in 1985 measured newspaper spending, up 15.3%.

The bulk of U.S. West's measured media in 1985 was spent by its three telephone subsidiaries: Mountain Bell had $3.5 million in spot tv, down 4% from 1984; Northwestern Bell's spending grew 19% to $2.2 million, and Pacific Northwest Bell spending grew 20% to $3.2 million. Spot tv accounts for at least 90% of the media spending by each unit.

The three telephone subsidiaries also had combined yellow pages measured spot tv spending of $2 million in 1985, up 40% over 1984. General corporate promotion for U.S. West was up 39% in 1985 to $2.3 million, almost entirely in magazines.

U.S. West signaled its intention to become a major player in the business communciations market early in 1985 with the formation of U.S. West Information Systems, a subsidiary that consolidates the marketing and sales efforts of all U.S. West units in unregulated businesses.

The unit was formed by merging FirsTel, a regional business communications marketing organization, and Interline, a telecommunications system installation and maintenance company in some 36 states. In spring, 1986, the new unit paid $120 million to acquire Omaha, Neb.-based Applied Communications, a leading manufacturer of computerized transaction process software used in automated teller machines (ATMs).

Concerning the move into unregulated areas that typically attract corporate customers, analyst Gerald Mayfield, president of the professional services division of DMW Group, Stamford, Conn., says "the size of U.S. West's regional markets versus the rest of the country means it is naturally looking west and east. They want to build a natural presence. They're looking for big corporate accounts."

U.S. West also is looking beyond its territory in the publishing field. Its Landmark publishing unit purchased a dozen small white and yellow pages directory publishers in 1985, the largest being San Diego-based Trans Western Publishing Co. early in 1985, and Lomar/Johnson/Directory Publishing Co., Loveland, Colo., late in the year. The Landmark unit publishes over 800 directories in 42 states.

U.S. West's NewVector cellular telephone unit is expanding aggressively. In the second quarter of 1986, the unit paid $56 million for the cellular service franchise in San Diego. In 1985, the unit received approval for a joint venture to build a system serving the Gulf of Mexico, and completed plans to build a system in Costa Rica. NewVector now has cellular systems in 12 cities and the Gulf of Mexico, making it the 14th largest cellular system in the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,634	$2,739
Newspaper	5,722	4,963
Bus. pubs.	48	0
Spot tv	12,205	10,109
Spot radio	5,406	0
Outdoor	331	40
Total measured	27,346	17,851
Unmeasured	25,000	16,319
Total	52,346	34,170

U.S. WEST
7800 East Orchard
Englewood, Co. 80111
(303) 793-6500

Corporate Personnel

Jack A. MacAllister, president-ceo
Richard D. McCormick, exec vp
John C. Willemssen, vp-strategic planning

Advertising Agency

Fallon McElligott, Minneapolis—Fred Senn, mgmt super; Mary Weber, acct super; Jane Dahl, acct exec.

FIRST TELEPHONE COMMUNICATIONS
Englewood, Co.

Marketing Personnel

James Harrison, vp-mgmt
Steve Lang, dir comm
Mickey Clark, adv mgr

MOUNTAIN BELL
Denver, Co.

Corporate Personnel

R.C. Blanz, president

Marketing Personnel

J.B. O'Boyle, vp-mktg
S.J. Boulier, vp-pr & public affairs
S.C. Kanewske, adv mgr

Advertising Agency

Tracy Locke, Denver—John McLagan, exec vp-dir client services; John Putney, vp-mgmt super; Jan Wondera, Megan Miller, acct execs.

NORTHWESTERN BELL
Omaha, Neb.

Corporate Personnel

Thomas F. Madison, president

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Dennis Sullivan, mgmt super; Joan Segal, acct coord; Ray Hathaway, acct exec.

PACIFIC NORTHWEST BELL
Seattle, Wash.

Corporate Personnel

Andrew V. Smith, president

Marketing Personnel

D.W. Goolsbe, vp-mktg
Sharon L. Vercimak, dir-pr

Advertising Agency

DFS Dorland, San Francisco—Brian Burns, mgmt super; Charles Skuba, acct super; Tom Shymanski, Carol Valentine, acct execs.

Villa Banfi, U.S.A.

Old Brookville, N.Y.

RANK **198**

($ in millions)

U.S.	1985	1984	% chg
Sales	185	195	(5.1)
Advertising	31	24	31.2

Villa Banfi USA, rebounding after two unfounded wine-tainting scandals hurt sales of its wine products, is repositioning its wine line in response to changing consumer tastes.

The company, marketer of classic wines under the Villa Banfi label and the Riunite line—the nation's largest imported wine brand—devoted most of its increased ad spending in 1985 to network tv. Network tv increased 30% from 1984 to $19.5 million.

Measured advertising over-all rose to $21.4 million, up from $16.8 million in 1984. Network tv accounts for most of Riunite advertising, and Riunite advertising accounts for virtually all of Villa Banfi advertising.

Banfi expects total ad spending to be unchanged or slightly down in 1986, primarily because of the wine scandals that led the company to pull ads for its Riunite line. Compounding the problem was the timing of the scandals—in late October, 1985, and April and May, 1986—key wine-selling periods.

In October, 1985, Banfi voluntarily recalled 1.2 million cases of Riunite after the Bureau of Alcohol, Tobacco & Firearms said a new test had detected minimal traces of toxic diethylene glycol in the wines. In April, 1986, Villa Banfi, as well as other leading Italian wine importers, pulled ads after methanol, or wood alcohol, was found in some table wines in Italy.

Widespread reports of the problems caused Riunite sales to plummet temporarily. The October recall showed that the DEG levels in Riunite, present because of a production accident, were not harmful. Riunite, the nation's leading imported wine, saw case depletions drop 8.6% in 1985, to 10.29 million cases, according to M. Shanken Communication's *Impact*, an industry newsletter. Its case depletions makes Riunite the No. 4 largest wine marketer stateside. The Gallo brand is No. 1 with 18.4 million cases, followed by Gallo's Carlo Rossi, 17.1, and Brown-Forman's California Cooler. Riunite, based on expected case depletion estimates in 1986, could drop to No. 6 as Gallo's Bartles & Jaymes, and possibly Sun Country from Canandaigua Wine Co. leap it in share of market.

The April methanol problem that resulted in several deaths in Italy was isolated to that country. The tainted Italian wines involved in the scandal were inexpensive local varieties that were never imported to the U.S. Despite this finding, the entire Italian table wine segment suffered sales declines, as retailers pulled the product off shelves and consumers shied away from Italian wine consumption. From January to July, Italian table wine shipments imported to the U.S. dropped 26%, to an estimated 24 million gals., according to the National Assn. of Beverage Importers.

Banfi is unsure whether total case sales of all brands in 1986 will reach the 1985 level of 10.8 million cases which generated revenues of an estimated $185 million, according to *Impact*. Frank Gentile, senior vp-sales & marketing, says peach Riunite, introduced in July, has done very well and may make up for sales lost during the April-May-June down period.

Hurt, but not defeated, Villa Banfi is responding to the crisis with a three-pronged attack. The popular-priced Riunite line—long marketed as a beverage, as opposed to a wine—is being repositioned with a more classic, upscale image. Banfi is doing away with its old "Riunite so nice, Riunite on ice" ad theme and is airing a spot developed in late 1985 positioning the Riunite line as an award-winner and Italy's best-loved brand.

The line—which includes Lambrusco, Rosario, D'Oro and Bianco varieties—outsells its nearest competitor, Jos. Garneau Co.'s Cella, nearly 5-to-1. Cella last year sold 2.5 million cases, according to *Impact*.

The repositioning of Riunite reflects the company's sensitivity to the scandals by reinforcing the wine's traditional heritage. Riunite in 1985 received 95% of the total measured budget at Villa Banfi, the same as in 1984, according to Leading National Advertisers. The line got $19.5 million in network tv, $675,000 in spot tv and $563,000 in magazines.

A second, new line of fruit-flavored Riunite is being promoted in much the same way the original Riunite line was advertised. The new line, capitalizing on the $1 billion burgeoning cooler segment, features a peach Riunite, introduced in July, and a raspberry Riunite, which rolled out in mid-October. Mr. Gentile says other fruit flavors are planned.

The fruit-flavored Riunite varieties are being positioned in the beverage category as popular, contemporary drinks to be consumed at any time with any meal. Banfi promotes the line with colorful, video-like spots themed "Peachy, peachy Riunite" targeting younger consumers. These spots will carry tags promoting the raspberry flavor, and next year the new flavor will get its own campaign.

Like coolers, fruit-flavored Riunite has a low alcohol content, about 6% alcohol, and is offered in a variety of sizes, including the traditional cooler four-packs. Mr. Gentile, however, notes that fruit Riunites differ from coolers in that water is not added to the product. He says the new products are creating a new segment in the market.

Banfi's third line, its classic wines, also are getting more marketing support. The Banfi wine line, which includes high-test wines ranging from $5 to $28 a bottle, received its first print ad support this year in upscale magazines such as *Gourmet* and *Bon Appetit*.

In 1985, Banfi also moved into the growing sparkling wine segment with its Riunite Spumante. Although the brand was introduced when popular priced bubbly is flattening in favor of more expensive brands, Mr. Gentile says Spumante finished 1985 with 300,000 case sales—"a very good start." He says last year's tv spots, themed "More taste than champagne," will air again this year during the peak holiday season.

Villa Banfi is privately held by the Mariani family. The company declines to disclose sales and profits.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$563	$616
Bus. pubs.	9	0
Network tv	19,497	14,949
Spot tv	1,245	707
Network radio	0	517
Spot radio	631	0
Network cable	84	0
Total measured	22,029	16,789
Unmeasured	9,000	6,859
Total	31,029	23,648

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Hicks & Greist, New York—Charles Skoog, chmn-acct super; Bertha Adams, acct exec.

RANK **180**

Visa International

San Francisco

($ in millions)

Worldwide	1986	1984	% chg
Volume	107,200	85,500	25.4
U.S. advertising	42	30	38.6

Visa USA took on American Express in 1985 with a hard hitting comparative campaign that tries to convince the U.S. public to start "leaving home without it." Visa, no longer content with its image as a "shoppers card," launched the first round of its assault in October, 1985, with tv spots using the new theme, "Visa. It's everywhere you want to be."

Visa's pitch to gain a larger share of the lucrative travel and entertainment dollar comes at the same time that American Express is advertising its potential as a shoppers card.

Visa's commercials were the first offerings of New York-based BBDO since taking over the Visa USA account in April, 1985. Previously, Visa relied on an in-house agency. Visa USA is one of five regional units of Visa International, each of which is controlled autonomously. The other regions groups include Canada, Latin America, Europe-Middle East-Africa, and Asia-Pacific. More than 160 countries are served.

The tv spots show how widely accepted the Visa card is—from a boat rental yard in Bermuda to a family restaurant in Boston—and places were where American Express cards are not accepted. The spots play up the 5 million establishments worldwide that accept Visa, compared with 1.4 million for American Express.

Visa USA spent $15 million in measured media for Visa charge card ads in 1985, up 7% over 1984. The spending was divided 71% network tv, 10% spot tv, 12% magazine, 5% network radio, 1.5% cable tv, and 0.5% out-of-home.

Spending for the Visa card accounted for 57% of Visa's $26.4 million in measured spending for seven media, up 27% over 1984, according to Leading National Advertisers. Visa had total measured spending for 11-media of $29.8 million, up 39% over 1984. The difference between the LNA and 11-media largely was $3.1 million in measured spot radio spending. As part of its spending totals, Visa USA had a measured $8.1 million in 1985 for the Visa charge card and travelers checks, divided 71% network tv, 21% network radio and 5% magazine.

Visa took off the gloves in 1985 as part of the fight to protect its leadership position in the bank card business from growing competition in the form of third-party and general purpose charge cards. The 17,000 financial institutions authorizing Visa cards in the U.S. had 59%, or $75.2 billion, of the $126.3 billion dollar volume spent on bank cards in 1985. Visa's U.S. dollar volume increased 23% for the year, and represented 70% of Visa's $108 billion in international volume in 1985.

For comparison, MasterCard's 16,000 member institutions in the U.S. had dollar volume of $51.1 billion, up 21% over 1984 and representing 41% of the U.S. bank card total. MasterCard's U.S. volume represented 68% of its $75.3 billion international dollar volume.

American Express, which by far is the world's largest credit system, unlike Visa and MasterCard, which are authorized by individual banks, handled U.S. card volume of $44.5 billion in 1985. American Express's worldwide dollar volume of $55.4 billion was up 16% over 1984.

There were 97 million Visa card subscribers as of June 30, 1986, up 10% over the same date in 1985. MasterCard had 73 million. American Express had 17 million U.S. cardholders at the close of 1985. But coming on strong is Sears, Roebuck & Co.'s Discover card, introduced late in 1985, which by August, 1986, had 4.7 million cardholders. In an effort to gain market share, Sears is offering Discover cards to its 60-million credit customers with no annual fee.

By August, 1986, Sears had a base of 380,000 merchants accepting the card, which is accepted even by rival Montgomery Ward Co. An important disadvantage is that Discover has limited access to automated teller machines (ATMs) and bank processing systems. Merchants also cannot get immediate electronic credit for purchases, but must mail drafts to Ohio, which takes about five days, says John C. Pollock, editor of "Bank Credit Card Observer," Iselin, N.J. For comparison, Visa has access to 200,000 banking offices in 160 countries and 11,000 ATMs in 16 countries.

Spencer Nilson, publisher of the Los Angeles-based "Nilson Report," says Sears is at best a minor annoyance to Visa and American Express. "Sears is not a competitor to anybody. It doesn't have anywhere near the same number of merchants, cardholders or anything else. Sears isn't going to make it. It won't succeed," Mr. Nilson says.

Visa USA boosted ad spending by 11% for the Visa Premier charge card in 1985. Premier, which was introduced in 1984, received $3 million in measured magazine spending. Visa also announced focus group testing of two prototype "Super Smart" cards in late 1986. The card contains a keypad and built-in computer chip allowing users to calculate and record banking and credit transactions.

Visa announced in April, 1986, that it would be splitting the credit card exclusivity category on ABC's coverage of the 1988 Winter Olympics in Calgary, Canada, with American Express. Neither Visa nor American Express would reveal the price paid for the media buy. Visa also plans to participate in NBC-TV's coverage of the summer Olympics in Seoul, Korea, a spokesman says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,581	$6,233
Bus. pubs.	347	436
Network tv	16,449	14,550
Spot tv	1,476	1
Network radio	2,466	0
Spot radio	3,047	0
Network cable	217	255
Outdoor	185	2
Total measured	29,768	21,476
Unmeasured	11,900	8,585
Total	41,668	30,061

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BBDO, New York-all prods-Gary De Paolo, vp-sr mgmt dir; William Katz, mgmt super; Ann Billock, acct super; Mike Hedge, assoc media dir; Charles Miesmer, sr creative dir; John Greenberger, creative dir; Art Mellor, assoc creative dir.

RANK **166**

A.B. Volvo

Goteborg, Sweden

($ in millions)

Worldwide	1986	1984	% chg
Sales	9,887	9,979	(0.9)
Net income	436	436	0.0
U.S.	**1986**	**1984**	**% chg**
Sales	2,784	2,351	17.6
Advertising	49	33	50.5

Volvo Cars N.A., the car marketing division of Volvo North America Corp., both of Rockleigh, N.J., increased its sales in the U.S. for the ninth year in a row and in 1985 became the first European import to crack the 100,000-unit sales mark.

Formerly called Volvo of America, the company was reorganized as Volvo N.A. on April 30, 1985, with all U.S. and Canadian Volvo subsidiaries becoming operating divisions. The move separated car, truck, bus, industrial equipment and marine divisions. The car division accounted for more than 90% of measured media spending by Volvo N.A. in 1985.

Volvo reported sales of 102,300 cars in the U.S. and 8,100 in Canada. Total North American market sales of 110,400 were up 3.8% from 1984, and represented 28% of worldwide car sales of 392,600 by parent company A.B. Volvo, Goteborg, Sweden. U.S. sales continued to climb in 1986, with the totals for the first eight months showing an increase of more than 10% from the previous year's levels.

The sales growth affirmed Volvo's decision to broaden its appeal beyond its traditional market of family-type buyers. The company brought out its performance-oriented 740 sedan and 760 station wagon in March, 1985, the first Volvo models to be introduced in the U.S. before going on sale in Sweden.

Pehr Gyllenhammer, chairman and ceo of A.B. Volvo, said in a Detroit press conference in November, 1985, that the company's North American strategy was to boost revenues faster than unit sales. The 700 series cars moved the company in that direction. While Volvo's long-running 240 model was priced a little more than $14,000 at the beginning of the 1986 model year, base price on the 740 sedan was more than $18,000 and the 760 wagon nearly $25,000.

The 700 series accounted for 49,454 U.S. unit sales in 1985, including 12,290 station wagon sales. Volvo says it spent 35% of its 1985 car ad budget on the station wagon, a vehicle that differentiated the company from other European performance cars.

The 24% growth in 1985 in the seven media monitored by Leading National Advertisers was primarily because of the 700 series, which got about $9.7 million of the $20.3 million LNA total. The series also was heavily supported in non-LNA measured national newspapers and spot tv, totaling $12.9 million for all Volvo lines.

"Everything a station wagon was intended not to be" was the theme in advertising from Scali, McCabe, Sloves, New York. One ad took on the clumsy image carried by station wagons with the line, "At last, a wagon meant to be enjoyed, not just endured." Tv spots built on Volvo's traditional image of strength and safety by stacking seven wagons atop one another, duplicating a popular 1974 Volvo commercial.

A print ad that showed the back of a 740 sedan attempted to establish a European performance image for the car with a headline, "The Volvo Turbo as most commonly viewed from a BMW 318i."

In November, 1985, Volvo expanded its tennis ties with the Volvo Tennis Card. In 1984, Volvo began sponsoring a mixture of professional, college and recreational tennis matches after being supplanted by RJR Nabisco in the Grand Prix and Masters men's pro tour. The new card, offered for $25, allowed the bearer to get discounts and special offers on tennis-related merchandise, publications, vacations and lessons. The company spent $3 million on Volvo Tennis in 1985, 50% more than 1984, with about half being spent on pro events.

Volvo introduced a road service program, similar to one first offered by Mercedes-Benz of North America three years earlier, with a multi-million-dollar ad campaign that broke May 1, 1986.

Dubbed the "Volvo On Call" plan, the program was offered in conjunction with Amoco Motor Club, which administered it. It offered a traditional road assistance program plus free service 24 hours a day during the three-year, unlimited mileage warranty.

The plan covered free roadside assistance and towing, reimbursements for food and lodging in case an accident or mechanical failure caused an overnight stay, plus amenities such as free maps and trip routing.

One print ad for the service pictured a phone receiver below a headline, "With Volvo roadside assistance, this is the only tool you'll ever need."

The program was aimed at enhancing Volvo's reputation for quality, safety, reliability and price value. It also signaled a shift in emphasis, in favor of advertising the full brand instead of individual models. That was reflected in a change of theme line, as "A car you can believe in" became "A car company you can believe in."

Volvo is planning to further broaden its product lineup with new entries in the next two years. The 780, a two-door coupe with $20,000-plus price tag, will be available in 1987. The body is being designed and built by Carozzeria Bertone S.p.A. of Turin, Italy. The DAF/Volvo 480ES, a two-door sports coupe with front-wheel-drive produced by Volvo Cars B.V., a Dutch subsidiary, is expected to be priced from $13,000 to $16,000 when it is introduced in the U.S. in 1988.

Volvo's truck manufacturing and marketing group, Volvo White Truck Corp., Greensboro, N.C., in August, 1986, announced plans to form a joint venture company with General Motors Corp.'s Truck & Bus Group, Detroit, to produce and market heavy-duty trucks for distribution in North America. The company, to be named Volvo GM Heavy Truck Corp., will be based in Greensboro.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,099	$8,526
Newspaper	8,970	5,599
Newsp. suppls.	596	385
Bus. pubs.	931	909
Network tv	436	332
Spot tv	7,714	6,976
Spot radio	3,969	0
Network cable	478	0
Outdoor	20	0
Total measured	34,213	22,726
Unmeasured	15,000	9,964
Total	49,213	32,690

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RANK **181**

Hiram Walker Resources

Toronto

($ in millions)

Worldwide	1986	1984	% chg
Sales	3,785	3,676	2.4
Net income	319	245	30.2
U.S.	**1986**	**1984**	**% chg**
Sales	1,226	1,173	4.5
Advertising	41	40	2.4
Division sales	**1986**	**1984**	**% chg**
Distilled spirits	1,516	1,448	4.7
Nat'l resources	482	451	6.9
Gas utility	1,767	1,777	(0.6)

The last year and a half has been a period of turmoil for Hiram Walker Resources, the giant Canadian holding company with divisions in oil and gas exploration, gas utilities and distilled spirits that has been beset with takeover bids by TransCanada and Gulf Canada.

The financial machinations, however, did little to affect the company's performance, which, with small exception, moved forward at a steady pace. In its 1985 fiscal year ended Sept. 30, sales increased in two of three divisions and despite a terrible year for the Canadian economy, net income increased 30.2%. The U.S. contributed 32.6% of total sales and 24.8% of total earnings from operations.

In the first three quarters of fiscal 1986, the company posted total worldwide sales of nearly $3.1 billion, up from $3 billion for the same period in 1985, and net income of $267 million, up 20.8%.

The source of the company's advertising expenditure, is its distilled spirits division, Hiram Walker, Goerham & Worts Ltd., which operates in Canada as Hiram Walker Ltd. and in the U.S. primarily as Hiram Walker Inc. in Detroit but also includes Makers Mark Distillery in Louisville, Ky., Frederick Wildman & Sons Ltd., New York, Maidstone Wine & Spirits, Universal City, Cal., and Callaway Vineyard & Winery, Temecula, Cal.

In an industry panicking over sinking sales and shrinking consumer trial (as consumers turn to lighter beverages such as wine coolers), the division grew 4.7% over-all in sales in 1985. For the first three quarters of fiscal 1986, sales grew 4.9% to just under $1.2 billion compared with about $1.1 billion for the same period in fiscal 1985.

Five key brands and the line of liqueurs marketed in the U.S. accounted for 75% of earnings in 1985 from distilled spirits operation, according to the company.

Canadian Club, marketed primarily in the U.S., Canada, U.K. and Japan, ranked 12th in the U.S. in 1985 with case depletions of 2.75 million, down 6.5% from 1984, continuing the decline of several years, according to *Impact*, a newsletter for the beer, wine and distilled spirits industry. Canadian Club has a 12% share of category.

Ballantine's Scotch, the company's largest selling brand with market strength in western Europe and Japan, increased sales by 5% with particularly strong gains in France, Holland and Greece, says the company. Ballantine does not make *Impact's* top 25 in case depletions in the U.S.

Building on redesigned packaging and line extensions of new premium levels, Courvoisier cognac also held its competitve position, as did Kahula, which improved sales and held its position as the leading imported liqueur in the U.S. Tia Maria, another import to the U.S., also performed well, the company says. Hiram Walker cordials as a group ranked 23rd in case depletions in 1985 in the U.S., according to *Impact*, with case depletions of 1.6 million, up 7.4% from 1984. The cordials have an 8% share of category.

Meanwhile, media spending in the division remained static as measured media fell to $28.8 million, from just over $29 million. Media concentration is magazines and outdoor.

As part of this seven-media total in Leading National Advertisers, the division increased advertising of its flagship brand, Canadian Club, to $8.2 million, up 6.5%, but eliminated a $900,000-plus budget supporting its 1984 sweepstakes promotion, reducing slightly its over-all support for the brand. The division began a Courvoisier Sweepstakes promotion and diverted about $200,000 to support it, reducing Courvoisier image advertising spending by 3% to $3.5 million.

Secondary brands, including Makers Mark, Royal Canadian Whiskey, Haagen-Dazs Cream Liqueur and Lauder's Scotch all showed reduced spending in 1985.

The single biggest percentage increase went to a new product introduced in 1984, Canadian Club Classic, a 12-year-old blended whisky which was not heavily marketed until last year. The company increased measured spending from about $23,000 to

200 leading national advertisers by

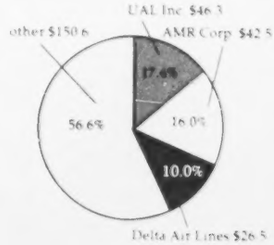
Primary business	Rank	Company	U.S. ad spending 1985	U.S. ad spending 1984	U.S. sales 1985	U.S. sales 1984	Adv. % U.S. sales 1985	Adv. % U.S. sales 1984
AIRLINES	81	AMR Corp.	$105,412	$94,925	$6,131,028	$5,354,000	1.7	1.8
	88	Delta Air Lines	94,020	93,519	4,460,062	4,684,000	2.1	2.0
	91	Eastern Air Lines	89,700	78,230	4,815,070	4,363,898	1.9	1.8
	191	NWA Inc.	34,543	13,939	2,655,491	2,444,974	1.3	0.6
	121	Pan American World Airways	65,199	44,445	N/A	N/A	N/A	N/A
	178	People Express Airlines	42,695	9,630	977,864	586,802	4.4	1.6
	192	Texas Air Corp.	34,126	37,430	1,944,190	1,371,702	1.8	2.7
	116	Trans World Airlines	86,900	68,253	N/A	N/A	N/A	N/A
	62	UAL Inc.	145,000	115,260	6,383,405	6,967,599	2.3	1.7
APPLIANCES	115	Black & Decker Corp.	67,642	47,231	1,102,210	924,590	6.1	5.1
	196	Craftmatic/Contour Industries	32,359	19,218	34,036	20,487	N/A	N/A
	113	North American Philips Corp.	68,620	62,834	4,395,200	4,325,900	1.6	1.5
	135	Whirlpool Corp.	61,695	61,307	3,474,456	3,137,482	1.8	2.0
AUTOMOTIVE	65	American Motors Corp.	126,000	127,321	4,039,901	4,215,000	3.1	3.0
	163	BMW A.G.	49,875	35,572	N/A	N/A	N/A	N/A
	22	Chrysler Corp.	393,400	344,117	18,767,200	17,240,000	2.1	2.0
	124	Daimler-Benz A.G.	64,643	51,735	3,893,400	3,629,000	1.7	1.4
	7	Ford Motor Co.	614,600	521,564	43,526,000	36,788,000	1.4	1.4
	182	Fuji Heavy Industries	41,004	33,029	N/A	N/A	N/A	N/A
	5	General Motors Corp.	779,000	731,446	89,099,000	69,356,000	0.9	1.1
	55	Honda Motor Co.	156,475	136,096	N/A	N/A	N/A	N/A
	85	Mazda Motors of America	101,743	71,928	N/A	N/A	N/A	N/A
	194	Mitsubishi Corp.	33,597	28,277	N/A	N/A	N/A	N/A
	49	Nissan Motor Co.	162,566	165,149	N/A	N/A	N/A	N/A
	45	Toyota Motor Corp.	172,035	138,442	N/A	N/A	N/A	N/A
	67	Volkswagen of America	123,100	99,691	N/A	N/A	N/A	N/A
	166	AB Volvo	49,213	32,690	2,764,270	2,351,350	1.8	1.4
BEER, WINE & LIQUOR	10	Anheuser-Busch Cos.	522,900	507,474	7,683,300	7,158,200	6.8	7.1
	87	Brown-Forman Co.	94,260	67,765	1,208,113	1,146,343	7.8	5.9
	83	Adolph Coors Co.	104,981	87,703	1,281,122	1,263,000	8.2	6.9
	129	E&J Gallo Winery	62,826	49,190	650,000	585,000	9.7	8.4
	107	G. Heileman Brewing Co.	70,064	73,801	1,326,338	1,341,549	5.3	5.5
	177	National Distillers & Chemical	43,471	47,491	2,196,800	2,162,600	2.0	2.2
	76	Jos. E. Seagram Co.	110,183	116,011	1,739,000	1,752,000	6.3	6.6
	74	Stroh Brewery Co.	113,000	137,639	1,600,000	1,600,000	7.1	8.6
	89	Van Munching & Co.	93,388	82,781	N/A	N/A	N/A	N/A
	198	Villa Banfi, U.S.A.	31,029	23,648	185,000	195,000	16.8	12.1
	181	Hiram Walker Resources	41,225	40,279	1,226,000	1,173,000	3.4	3.4
CHEMICALS & PETROLEUM	31	American Cyanamid Co.	266,189	284,685	2,489,100	2,497,500	10.7	11.4
	170	Chevron Corp.	46,472	43,341	30,253,000	29,953,000	0.2	0.1
	82	Dow Chemical Co.	105,000	91,682	5,211,000	5,293,000	2.0	1.7
	75	E.I. du Pont de Nemours & Co.	112,184	106,065	20,301,000	21,395,000	0.6	0.5
	195	Exxon Corp.	33,005	39,500	N/A	N/A	N/A	N/A
	40	Mobil Corp.	195,262	175,900	16,601,000	16,309,000	1.2	1.1
	90	Monsanto Co.	92,885	88,989	4,451,000	4,498,000	2.1	2.0
	140	Royal Dutch/Shell Group of Cos.	60,333	43,552	20,416,000	20,776,900	0.3	0.2
	77	Union Carbide Corp.	110,000	97,447	6,371,000	6,766,000	1.7	1.4
ELECTRONICS & OFFICE EQUIPMENT	94	Apple Computer	83,859	133,844	1,490,396	1,187,839	5.6	11.3
	158	Commodore International	51,615	71,565	375,500	761,200	13.7	9.4
	24	GE/RCA	373,336	446,378	35,060,300	33,956,100	1.1	1.3
	117	Hewlett-Packard Co.	66,467	63,461	3,696,000	3,527,000	1.8	1.8
	27	International Business Machines	327,834	388,978	28,511,000	27,371,000	1.1	1.4
	92	Matsushita Electric Industrial Co.	86,000	93,899	3,700,000	3,500,000	2.3	2.7
	155	Sony Corp.	51,898	52,558	1,954,171	1,752,223	2.7	3.0
	41	Tandy Corp.	186,861	193,804	N/A	N/A	N/A	N/A
	64	Xerox Corp.	128,898	129,743	5,545,000	5,655,000	2.3	2.3
ENTERTAINMENT & COMMUNI-CATIONS	98	Capital Cities/ABC	72,247	68,024	4,002,000	4,625,000	1.8	1.5
	39	CBS Inc.	208,000	200,945	4,201,000	4,054,000	5.0	5.0
	63	Walt Disney Co.	140,000	69,497	N/A	N/A	N/A	N/A
	200	Doubleday & Co.	29,936	30,202	472,300	440,000	6.3	6.9
	197	Dow Jones & Co.	32,051	21,917	1,039,314	965,620	3.1	2.3
	95	Gulf & Western	82,101	95,299	2,991,000	4,867,000	2.7	2.0
	187	Hearst Corp.	36,494	22,821	1,540,000	1,400,000	2.4	1.6
	86	MCA Inc.	98,360	81,892	1,786,257	1,381,170	5.5	5.9
	160	MGM/UA Entertainment Co.	50,692	57,100	518,791	474,748	9.8	12.0
	56	Time Inc.	156,205	137,001	3,404,000	3,067,000	4.6	4.5
	168	Triangle Publications	48,730	39,329	720,000	657,000	6.8	6.0
	176	20th Century-Fox Film Corp.	43,539	61,818	394,828	488,309	11.0	12.7
	66	Warner Communications	124,165	165,467	1,881,725	1,726,784	6.6	9.6
FINANCE	47	American Express Co.	169,868	173,424	9,434,000	7,367,000	1.8	2.4
	137	Citicorp	61,337	45,816	4,843,000	3,556,000	1.3	1.3
	172	Household International	45,762	47,804	3,020,600	2,561,200	1.5	1.9
	185	MasterCard International	39,233	39,129	N/A	N/A	N/A	N/A
	184	Merrill Lynch & Co.	40,113	14,596	7,116,975	6,037,802	0.6	0.2
	143	Prudential Insurance Co.	57,891	35,648	23,564,000	18,209,000	0.2	0.2
	173	Transworld Corp.	45,660	48,901	1,563,210	1,365,793	2.9	3.6
	180	Visa International	41,668	30,061	N/A	N/A	N/A	N/A
FOOD	6	Beatrice Cos.	684,000	662,006	8,662,000	9,262,000	7.9	7.1
	123	Borden Inc.	64,961	90,500	3,892,900	3,815,000	1.7	2.4
	38	Campbell Soup Co.	215,059	210,368	3,344,702	3,120,532	6.4	6.7
	131	Castle & Cooke	62,505	50,114	1,276,000	1,222,000	4.9	4.1
	112	ConAgra Inc.	68,962	66,899	5,911,046	5,498,157	1.2	1.2
	70	CPC International	120,000	126,083	1,765,000	1,815,000	6.8	6.9
	13	Dart & Kraft	489,349	474,820	7,316,900	7,129,000	6.7	6.7
	14	General Mills	484,146	451,705	N/A	N/A	N/A	N/A
	32	H.J. Heinz Co.	261,541	228,385	2,764,815	2,661,700	9.5	8.6
	100	George A. Hormel & Co.	70,702	46,215	N/A	N/A	N/A	N/A
	46	IC Industries	171,000	137,318	3,943,900	3,402,700	4.3	4.0
	25	Kellogg Co.	364,299	301,950	2,074,900	1,770,000	17.6	17.1
	28	Nestle SA	319,254	286,955	N/A	N/A	N/A	N/A
	17	Pillsbury Co.	473,220	448,547	5,373,700	4,442,200	8.8	10.1
	36	Quaker Oats Co.	245,997	234,045	N/A	N/A	N/A	N/A
	12	Ralston Purina Co.	508,365	446,468	N/A	N/A	N/A	N/A
	3	RJR/Nabisco	1,093,000	1,181,072	12,557,000	10,216,000	8.7	11.6
	29	Sara Lee Corp.	285,956	249,394	6,631,000	5,632,000	4.3	4.4
	132	United Biscuits Holdings plc	62,427	73,557	1,070,780	992,615	5.8	7.4
GUM & CANDY	153	Cadbury Schweppes plc	52,072	43,590	452,672	669,400	11.5	6.5
	71	Hershey Foods Corp.	118,990	104,461	1,996,154	1,848,492	6.0	5.7
	30	Mars Inc.	275,504	217,152	N/A	N/A	N/A	N/A
	96	Wm. Wrigley Jr. Co.	81,536	70,496	444,038	417,206	18.4	16.9

NOTE: Dollars in thousands
Source: Sales and earning figures are from public documents and reflect the latest fiscal year. Where estimated U.S. sales are more than 90% of worldwide sales, worldwide sales are used. Advertising expenditures are estimates. For further explanation, see *Where Ad Age got its data*, Page S-16.

Top three in selected

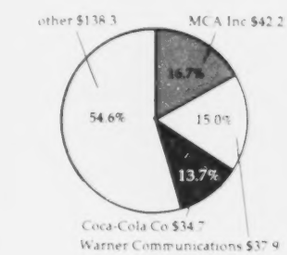
Airline travel

Total spending: $265.9



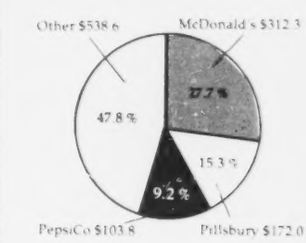
Motion picture

Total spending: $253.1



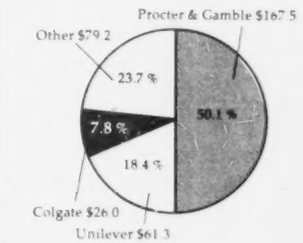
Restaurant & hotel dining

Total spending: $1,126.7



Laundry detergents

Total spending: $334.0

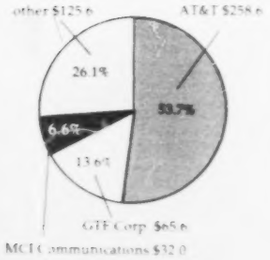


NOTE: Dollars in millions. Amounts in graphs represent LNA 7-media totals only. Other media measuring services break out categories differently. Source: Leading National Advertisers Class/Brand reports.

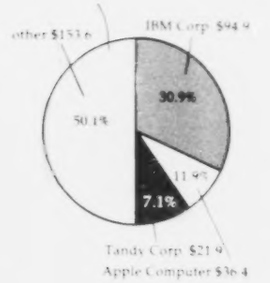
primary business and ad spending

advertisers categories

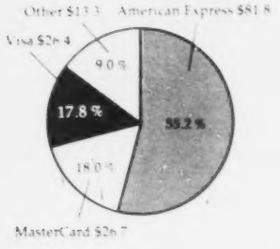
Telephone cos.
Total spending: $481.8



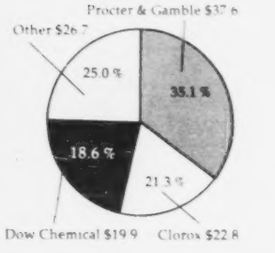
Computers & components
Total spending: $306.8



Credit cards
Total spending: $148.2



Household cleansers
Total spending: $107.0



Primary business	Rank	Company	U.S. ad spending 1985	U.S. ad spending 1984	U.S. sales 1985	U.S. sales 1984	Adv. % U.S. sales 1985	Adv. % U.S. sales 1984
JEWELRY	189	DeBeers Consolidated Mines	$35,597	$28,509	N/A	N/A	N/A	N/A
	144	Hattori-Seiko Co.	57,179	37,812	N/A	N/A	N/A	N/A
	120	Zale Corp.	65,300	31,620	$1,014,166	$967,087	6.4	3.3
MISCELLANEOUS	69	American Dairy Assn.	121,000	60,243	N/A	N/A	N/A	N/A
	193	Armstrong World Industries	33,749	26,169	1,405,600	1,342,700	2.4	1.9
	138	Blue Cross & Blue Shield Assn.	60,607	40,655	41,500,000	40,000,000	0.1	0.1
	161	Federal Express Corp.	50,301	58,822	2,606,210	2,030,661	1.9	2.9
	190	State of Florida	35,147	31,281	N/A	N/A	N/A	N/A
	171	Franklin Mint Corp.	46,450	43,609	350,000	290,000	13.3	15.0
	84	Greyhound Corp.	102,604	88,797	3,278,000	2,757,000	3.1	3.2
	179	Hallmark Cards	41,901	68,255	1,500,000	1,500,000	2.8	4.6
	126	Marriott Corp.	64,233	65,825	4,241,700	3,524,900	1.5	1.9
	33	U.S. Government	259,050	324,814	N/A	N/A	N/A	N/A
PAPER & FOIL	110	Kimberly-Clark Corp.	69,541	83,962	3,042,200	2,655,000	2.3	3.2
	188	Reynolds Metal Co.	36,258	44,459	3,214,100	3,459,000	1.1	1.3
	149	Scott Paper Co.	54,626	57,137	2,629,700	2,536,600	2.1	2.3
PHARMACEUTICALS	21	American Home Products Corp.	399,516	412,633	3,636,900	3,435,900	11.0	12.0
	78	Bayer AG	108,000	105,604	4,177,000	3,900,000	2.6	2.7
	199	Block Drug Co.	31,013	41,696	182,938	168,405	17.0	24.8
	26	Bristol-Myers Co.	344,293	347,634	3,380,200	3,148,800	10.2	11.0
	119	Carter-Wallace	65,604	65,235	323,962	278,060	20.3	23.5
	154	Ciba-Geigy Ltd.	51,943	42,352	2,363,000	2,360,000	2.2	1.8
	20	Johnson & Johnson	401,217	420,408	3,989,900	3,735,900	10.1	11.3
	186	Jeffrey Martin Inc.	37,338	40,428	65,560	58,540	57.0	69.1
	53	Pfizer Inc.	158,463	153,950	2,342,600	2,171,600	6.8	7.1
	174	A.H. Robins Co.	45,332	47,291	566,200	496,400	8.0	9.5
	148	Sandoz Ltd.	54,782	45,708	N/A	N/A	N/A	N/A
	48	Schering-Plough Corp.	169,383	145,857	1,123,700	1,075,700	15.1	13.6
	157	SmithKline Beckman Corp.	51,718	61,737	2,341,500	2,098,300	2.2	2.9
	167	Squibb Corp.	48,870	37,464	1,213,000	1,135,800	4.0	3.3
	37	Sterling Drug	224,940	221,107	1,143,575	1,086,202	19.7	20.4
	183	Thompson Medical Co.	40,236	47,846	133,083	189,804	30.2	25.2
	18	Warner-Lambert Co.	469,339	440,996	1,670,000	1,535,000	28.1	28.7
	162	Wellcome Foundation	50,043	35,624	565,365	403,471	8.9	8.8
PHOTOGRAPHY	97	Canon Inc.	81,201	102,721	1,500,600	1,260,000	5.4	8.2
	35	Eastman Kodak Co.	247,300	329,066	7,392,000	7,414,000	3.3	4.4
	146	Minolta Co.	56,734	33,541	N/A	N/A	N/A	N/A
	109	Polaroid Corp.	69,555	74,148	779,300	743,500	8.9	10.0
RESTAURANTS	133	Chesapeake Financial Corp.	62,271	49,009	989,107	524,292	6.3	9.3
	165	Denny's Inc.	49,617	43,665	1,340,000	1,300,000	3.7	3.4
	127	Imasco Ltd.	63,421	53,738	N/A	N/A	N/A	N/A
	128	Jerrico Inc.	63,183	46,954	564,320	518,230	11.2	9.1
	9	McDonald's Corp.	550,000	457,198	2,863,826	2,624,910	19.2	17.4
	72	Wendy's International	115,000	99,598	1,125,617	944,768	10.2	10.5
RETAIL NON-FOOD	147	Carter Hawley Hale Stores	55,039	37,338	3,977,913	3,724,394	1.4	1.0
	99	Cotter & Co.	71,670	67,468	1,702,000	1,653,000	4.2	4.1
	103	Dayton-Hudson Corp.	70,500	67,837	8,793,000	8,009,000	0.8	0.8
	111	Federated Department Stores	69,395	70,272	9,978,027	9,672,336	0.7	0.7
	8	K mart Corp.	567,000	757,216	22,400,000	21,100,000	2.5	3.6
	141	May Department Stores	59,352	40,888	5,079,900	4,614,400	1.2	0.9
	15	J.C. Penney Co.	478,892	460,219	13,228,000	12,963,000	3.6	3.6
	118	Rapid-American Corp.	66,432	59,208	2,032,716	1,819,139	3.3	3.3
	4	Sears, Roebuck & Co.	800,000	913,657	N/A	N/A	N/A	N/A
	150	Southland Corp.	53,929	40,989	N/A	N/A	N/A	N/A
	101	Levi Strauss & Co.	70,637	135,178	N/A	N/A	N/A	N/A
	125	F.W. Woolworth Co.	64,543	55,167	3,648,000	3,468,000	1.8	1.6
RETAIL FOOD	114	American Stores Co.	68,168	57,496	13,889,528	12,118,793	0.5	0.5
	104	Kroger Co.	70,157	53,948	17,123,531	15,922,891	0.4	0.3
	164	Lucky Stores	49,775	46,439	9,382,282	9,236,529	0.5	0.5
	169	Safeway Stores	47,318	52,003	15,389,928	15,042,760	0.3	0.3
RUBBER TIRES	139	Firestone Tire & Rubber Co.	60,512	49,784	2,773,000	2,869,000	2.2	1.7
	58	Goodyear Tire & Rubber Co.	149,305	158,421	6,437,300	7,092,000	2.3	2.2
SOAPS & CLEANERS	79	Clorox Co.	107,105	110,156	1,089,700	1,054,847	9.8	10.4
	34	Colgate-Palmolive Co.	253,495	259,217	2,169,988	2,025,431	11.7	12.8
	61	S.C. Johnson & Sons	146,146	98,591	N/A	N/A	N/A	N/A
	1	Procter & Gamble	1,600,000	1,461,925	10,243,000	9,554,000	15.6	15.3
	19	Unilever U.S.	413,623	398,810	4,188,000	3,606,000	9.9	11.1
SOFT DRINKS	23	Coca-Cola Co.	390,000	408,711	4,909,000	4,566,000	7.9	9.0
	16	PepsiCo Inc.	478,372	422,120	7,105,000	6,707,000	6.7	6.3
TELEPHONE	11	American Telephone & Telegraph	521,318	569,930	34,909,500	33,187,000	1.5	1.7
	122	Ameritech	64,991	58,559	9,021,100	8,346,800	0.7	0.7
	106	Bell Atlantic Corp.	70,067	36,726	9,084,200	8,090,100	0.8	0.5
	102	BellSouth Corp.	70,600	58,896	10,663,900	9,631,400	0.7	0.6
	57	GTE Corp.	153,606	100,457	13,563,000	13,422,000	1.1	0.7
	59	ITT Corp.	149,000	137,560	12,253,000	10,922,000	1.2	1.3
	136	MCI Communications Corp.	61,363	59,159	2,540,000	1,959,300	2.4	3.0
	105	Nynex Corp.	70,080	52,953	10,314,000	9,573,000	0.7	0.6
	134	Pacific Telesis Group	62,079	53,271	8,498,000	7,824,000	0.7	0.7
	108	Southwestern Bell Corp.	70,000	55,324	7,925,000	7,191,300	0.9	0.8
	152	US West	52,346	34,170	7,817,600	7,279,600	0.7	0.5
TOBACCO	51	American Brands	160,000	155,791	3,150,000	3,065,000	5.1	5.1
	44	Batus Industries	175,420	175,199	N/A	N/A	N/A	N/A
	43	Grand Metropolitan plc	176,749	174,547	2,269,900	1,897,300	7.8	9.2
	54	Loews Corp.	156,918	189,324	N/A	N/A	N/A	N/A
	2	Philip Morris Cos.	1,400,000	1,335,424	11,496,000	10,034,000	12.2	13.3
TOILETRIES & COSMETICS	145	Alberto-Culver Co.	56,863	57,798	285,660	250,751	19.9	23.1
	151	Avon Products	53,402	39,869	1,582,200	1,638,800	3.4	2.4
	42	Beecham Group plc	186,322	178,440	1,007,500	1,044,000	18.5	17.1
	52	Chesebrough-Pond's	159,792	149,454	2,084,982	1,144,339	7.7	13.1
	68	Cosmair Inc.	122,149	120,424	N/A	N/A	N/A	N/A
	156	Helene Curtis Industries	51,832	61,561	360,754	329,127	14.4	18.7
	50	Gillette Co.	161,000	165,740	1,024,800	1,102,000	15.7	15.0
	130	Estee Lauder Inc.	62,741	56,346	750,000	625,000	8.4	9.0
	159	Mennen Co.	50,851	46,824	N/A	N/A	N/A	N/A
	80	Noxell Corp.	106,128	111,514	327,781	299,547	32.4	37.2
	60	Revlon Group	147,215	197,834	1,830,000	N/A	8.0	N/A
	175	Tambrands	44,004	46,720	312,800	294,500	14.1	15.9
TOYS	142	Coleco Industries	58,347	54,405	715,576	707,975	8.2	7.7
	73	Hasbro Inc.	114,849	84,865	965,038	561,000	11.9	15.1
	93	Mattel Inc.	85,092	75,983	765,010	697,000	11.1	10.9

$931,000. To handle the national rollout, Hiram Walker spurned its main agency, McCaffrey & McCall, New York, which last year introduced a new, contemporary look campaign themed "Be a Part of It," for the main Canadian Club brand. Instead, it assigned the new accout to USAdvertising, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$21,421	$21,080
Newspaper	2,430	1,499
Newsp. supps.	302	169
Outdoor	7,073	7,760
Total measured	31,225	30,508
Unmeasured	10,000	9,770
Total	41,225	40,279

HIRAM WALKER RESOURCES LTD.
1 First Canadian Place
P.O. Box 33
Toronto, Ont. M5X 1A9
(416) 864-3300
Corporate Personnel
Gerard C. Gianni, president
Marketing Personnel
William P. Wilde, dir-mktg
Gerald Simpson, dir-admin
Stephen Escoff, natl sales mgr
William R. Buesching, dir-mktg projects

HIRAM WALKER-GOODERHAM & WORTS LTD.
Marketing Personnel
H.C. Hatch Jr., president

W.A. TAYLOR & CO.
Marketing Personnel
J.J. Harcarufka, president
B. Levine, vp-sales
R. Robillard, vp-mktg

MAIDSTONE WINE & SPIRITS
Marketing Personnel
R.W. Stevens, president
R.V. Augello, sr vp
James Flaherty, vp-natl sales

MAKERS MARK DISTILLERS
Marketing Personnel
T.W. Samuels Jr., president
J. Conn, vp-sales

HIRAM WALKER BRANDS LTD.
Marketing Personnel
J.D. Young, president
D. Stoakes, vp-mktg

CALLAWAY VINEYARDS
Marketing Personnel
T. Clancy, president
John Moramarco, vp

FREDERICK WILDMAN
Marketing Personnel
P.U. Ferrari, president
Margaret Stern, vp-mktg
W. Finch, vp-admin

Advertising Agencies

Lockhart & Pettus, New York—Canadian Club, Black adv—Keith Lockhart, president; Theodore D. Pettus, exec vp; Ronn D. Harris, sr vp-dir client services.

McCaffrey & McCall, New York—Canadian Club, Haagen Dazs Cream Liqueur, Hiram Walker Schnapps, Hiram Walker Cordials—Norman S. Freeman, exec vp-group acct dir; Samuel Fertig, sr vp-mgmt super; Lisa DeCrane, Ellen J. Rosen, acct execs.

Simons Michelson Zieve, Troy, Mich.—Imperial, Walker's Deluxe and Ten High bourbon, Lauder's scotch, Royal Canadian whisky, Northern Light Canadian whisky, Two Fingers tequilla—James A. Micholson, president.

Sosa & Associates, San Antonio, Tex.—Canadian Club, Hispanic adv—Lionel Sosa, president; Debra Gish, acct super.

USAdvertising, New York—Canadian Club Classic—Ron Vrba, ceo; Ken Fehskens, sr vp; Thomas Jasinski, vp-mgmt super.

RANK
Wellcome Foundation
162
London

($ in millions)

Worldwide	1986	1984	% chg
Sales	1,289	1,020	24.5
Net income	154	113	36.7
U.S.	**1986**	**1984**	**% chg**
Sales	585	403	40.1
Operating profits	222	145	52.6
Advertising	50	36	40.5

Wellcome Foundation, whose U.S. subsidiary, Burroughs Wellcome Co., is preparing to market an anti-AIDS drug called AZT that will prolong the life and ease the suffering of patients stricken with acquired immune deficiency, showed substantial improvement in fiscal 1985 results over the prior year and continued strength in its new year.

The impressive growth at Wellcome in the fiscal year ended Aug. 31, 1985—24.5% growth in sales and 36.7% increase in profit—is attributed in part to the inclusion of Coopers Animal Health, purchased in October, 1985, and favorable exchange rates which added 6% to sales and 11% to profits before taxes.

For the first six months of fiscal 1986 ended March 1, sales rose to $711.6 million, up 20.9% from $589 million in the 1985 period, and profit after taxation was $42.2 million, up 11.9% from $37.7 million. The prior year figures are based on an average exchange rate of $1.16 while the current year exchange was $1.43 to the pound.

Wellcome, which generates about 45% of its sales in the U.S. (90% comes from outside the U.K.), is adversely affected by such a currency shift in favor of the pound because it takes more dollars to make a pound.

Wellcome Foundation, founded in England in 1880 by two American pharmacists, Silas Burroughs and Henry Wellcome, established Burroughs Wellcome in New York in 1906, whose operations were moved to Research Triangle Park and Greenville, N.C., in 1970.

Burroughs Wellcome's measured advertising increased 41% in 1985 to $23 million, virtually all backing two products—Actifed and Sudafed. Both products were the only two at Wellcome to attract advertising in major media in 1984, according to Leading National Advertisers, which monitors seven media.

Actifed cold tablets and capsules received $15 million in measured spending in 1985, up 34% from 1984. Virtually all spending was in network tv. The company launched immediate release capsules and 12-hour capsules as line extensions in 1985-86.

Advertising for Sudafed cold remedy in liquid and tablet form was up 49%, to $7.8 million, virtually all in network tv.

Actifed and Sudafed shared the No. 1 spot in the U.S. antihistamine/decongestant category in the winter season of 1985-86 based on combined unit sales in food and drug outlets.

Estimates by Advertising Age and market research company, Charles Kline & Co., Fairfield, N.J., gave the two products a combined 19% share based on Actifed's 10% and Sudafed's 9% share in the cold-remedy market. Brand leader at a 12% share was Nyquil by Richardson-Vick's. SmithKline's Contac and Schering-Plough's Drixoral are tied for No. 4 each with an 8% share. The company also markets and produces Neosporin, which got $42,200 in 1985 spending.

The company's new anti-AIDS drug, azidothymidine, or AZT, was assigned to Rolf Werner Rosenthal Inc., already one of its agencies. The agency work will be directed at primary care physicians. AZT is an antiviral agent that is expected to be the first drug of its kind to be marketed in this country.

Wellcome also is advertising Zovirax, a medication for genital herpes. The products did not show up on the major media monitored by LNA in 1985, however. Rolf Werner Rosenthal is handling the professional ad campaign, and Rumrill-Hoyt is conducting a consumer ad campaign for the product which is not mentioned by name. Consumers are told to ask their doctor about the product.

AZT has received much attention after testing indicated health improvements and prolonged lives among patients with AIDS and related disorders.

The drug, being developed at Burroughs Wellcome Co. subsidiary in Research Triangle Park, N.C., is billed as a palliative, or a treatment that may ease symptoms and suffering but stops short of cure. To date, AIDS has struck 24,859 people in the U.S., with 13,689 deaths recorded.

The news of the breakthrough nature of AZT had such impact that Sen. Lowell Weicker, R-Conn., in mid-September got $47 million in funding for AIDS drug testing through the U.S. Senate after telling senators of his personal conviction that AZT extends survival.

Currently, Burroughs Wellcome is making the drug available to about 6,500 people believed to be suffering from the disease—those who have had one or more episodes (about 60% have) of pneumosystis corinii pneumonia and are not currently receiving systemic drug therapy for other conditions included in the definition of AIDS as established by the Centers for Disease Control.

Testing is being permitted under an Investigational New Drug (IND) exemption authorized by the Anti-Infectives division of the FDA.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$271	$4
Bus. pubs.	0	5
Network tv	22,236	16,254
Spot tv	80	141
Network cable	455	0
Total measured	23,043	16,403
Unmeasured	27,000	19,221
Total	50,043	35,624

THE WELLCOME FOUNDATION LIMITED
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44-01-387-4477
BURROUGHS WELLCOME CO.
3030 Cornwallis Rd.
Research Triangle Park, N.C. 27709
(919) 248-3000
Marketing Personnel
William M. Sullivan, chmn-president
Peter A. Reckert, vp-mktg
Clifford A. Parish Jr., adv & prod promo dir
Jerry Arnold, mktg dir

Advertising Agencies

Fones & Mann, New York—Alkeran, Cardilate, Cortisporin Ophthalmics, Flolan, Imuran, Leukeran, Marezine, Myleran, Neosporin Ophthalmics, Nix, Polysporin Ophthalmic, Polytrim, Purinethol, Thioguanine, Viroptie, Wellbutrin, Wellcovorin—Doug Wicker, vp-acct super.

Rolf Werner Rosenthal, New York—Actifed, AZT, Proloprim, Septra, Sudafed (Rx), Wellcome diagnostics, Zovirax, Zyloprim—Howard Reiss, vp-acct group super; Rob Plucinski, vp-acct super; Arlene Adoff, acct exec.

Rumrill-Hoyt, New York—consumer promo-Actifed (otc), neosporin (otc), polysporin (otc), sudafed (otc)—herb Warden, exec vp-mgmt super; Jim Scanlon, vp-mgmt super; Walker Lewis, acct super; Doug Heimbigner, John Edwards, acct execs.

Sieber & McIntyre, Chicago—Anectine, Cortisporin (Rx), Digibind, Lanoxin, Lanoxicaps, Neosporin (Rx), Polysporin (Rx), Tracrium, Wellferon—Ken March, exec vp-mkt planning & devel; Dave Callahan, acct super.

RANK
Whirlpool Corp.
135
Benton Harbor, Mich.

($ in millions)

Worldwide	1986	1984	% chg
Sales	3,474	3,137	10.7
Net income	182	190	(3.8)
U.S. advertising	62	61	0.6
Division sales	**1986**	**1984**	**% chg**
Laundry appliance	1,301	1,137	14.4
Refrig., air cond.	1,228	1,159	6.0
Home appliances	691	582	18.7
Other prods.	255	260	(1.9)

Whirlpool Corporation, which lays claim to being one of the nation's largest makers of washing machines and clothes dryers, wants to make life easier for still more people next year. Its chairman and ceo, Jack D. Sparks, expects 3% to 4% growth in 1987 in what he calls core appliance sales: laundry equipment, refrigerators, freezers, dishwashers, ranges and trash compactors. In 1985, net sales for all Whirlpool lines were up more than 10%.

With the purchase of two makers of kitchen cabinets, Whirlpool is in a position to supply almost everything needed for a home kitchen. In late 1985 and early this year, Whirlpool bought, for undisclosed sums, St. Charles Manufacturing Co., St. Charles, Ill., and Mastercraft Industries Corp., Denver, two makers of quality kitchen cabinets. Between them, the two companies had 1985 sales of about $75 million.

Whirlpool also added to its stable the KitchenAid, Inc. for about $150 million from Dart & Kraft. Competitors White Consolidated and Magic Chef held this up for more than a year, claiming the transaction would violate antitrust laws. Whirlpool headed this off by selling to Emerson Electric Co. the KitchenAid dishwasher and trash compactor manufacturing facilities.

Whirlpool also made moves into markets abroad. It bought a majority interest in Fiat's wholly-owned subsidiary, Aspera, S.p.A., Turin, Italy. Aspera makes compressors for kitchen appliances and air conditioning products.

It also acquired a more than 50% interest in Toronto-based Inglis Ltd., an appliance maker and marketer with 1985 net sales of $263 million.

A Whirlpool spokesman reports the company is considering a joint venture with N.V. Philips, one of the world's largest appliance manufacturers. He says linking up in some way with the Netherlands-based Philips could expand Whirlpool's entry into foreign markets.

Whirlpool is entrenched in the domestic market, to a large extent because of its relationship with the nation's chief retailer, Sears, Roebuck & Co. Whirlpool reports about 40% of its consolidated net sales in 1985 were to Sears. The company has been Sears' principal supplier of home laundry appliances for more than 65 years and of home refrigerators and freezers for more than 55 years. Sears markets the Whirlpool products under its Kenmore label.

Appliance magazine in 1985 gathered data from manufacturers, marketing analysts, trade sources and its own estimates to determine market share in the business, and Whirlpool scores very high.

According to *Appliance*, Whirlpool dominates compactor sales with a 65% share, far ahead of General Electric with 18%. Whirlpool is second to GE/Hotpoint in refrigerator sales, missing by only one percentage point, 29% to 28%. GE also commands the bulk of the dishwasher business with 38%, compared with Whirlpool's 20%. Whirlpool, at 15%, is second again to GE in electric range sales (GE's share is 29%).

But Whirlpool dominates in shares of other products. *Appliance* estimates it has fully half the market for washing machines, more than 50% for electric and gas clothes dryers and 37% for freezers.

To keep itself entrenched in the public consciousness, Whirlpool plans to have spent $230 million in advertising and promotion in the four years ending in 1988, double what it spent in the four previous years.

The 11-monitored media survey for 1985 shows Whirlpool spent some $41.7 million on advertising, the largest chunk of that, $14.5 million, on network tv. This contrasts with 11-media spending of $41.4 million in 1984, $16.3 million of that on network tv.

The BAR/LNA seven-media total estimate for 1985 is $39.4 million, up 30% from $30.2 million in 1984. Of the 1985 figure, the most, $6.5 million, was spent on major appliances. This is down from the $8.5 million spent in the same category the year before. LNA does not include spot radio, newspaper, farm and business press—media monitored separately for this issue.

Meanwhile, Whirlpool's second-quarter figures suggest the future holds promise. It reports $1.1 billion in consolidated net sales for the quarter, up 11.2% from 1985. The net sales of the new companies, Mastercraft and St. Charles, accounted for $114.7 million of the net sales figure.

Net sales for the first six months of 1986, at $1.95 billion, increased 10.7% over the same period a year earlier. Net earnings in the second quarter were up 7.1%; for the first six months, up 15.7%.

Much of the future depends on the housing market, relatively active as mortgage rates plummet. Moody's comments that the near term is favorable and higher spending for advertising and promotion for Whirlpool brand products will translate into higher sales.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,982	$11,288
Newspaper	1,750	2,569
Newsp. supps.	0	397
Bus. pubs.	536	710
Network tv	14,477	16,336
Spot tv	2,317	1,913
Network radio	6,605	2,477
Spot radio	2	1,789
Network cable	306	305
Outdoor	3,720	3,648
Total measured	41,695	41,433
Unmeasured	20,000	19,874
Total	61,695	61,307

WHIRLPOOL CORPORATION
Benton Harbor, Mich. 49022
(616) 926-5000
Marketing Personnel
David R. Whitman, vice chmn-cmo
H.W. Bowman, vp-Whirlpool sales
B. David Allen, div vp-mktg comm
Herbert A. Rose, natl adv mgr

Advertising Agencies

N W Ayer, New York—KitchenAid—Laura Donnelly, vp-acct super; Mark Bollman, sr vp-mgmt super; David Gantman, exec vp-exec acct dir, Shelly Rosenfeld, acct exec; Rees Behrendt, vp-creative super; Frank Campana, art dir; Louis Donato, Walter Burek, sr vps-group creative dirs; Ted Regan, exec vp-assoc creative dir.

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—washers, dryers, refrigerators, dishwashers, conventional cooking prods (ranges, ovens), microwave ovens, vacuum cleaners, corporate adv—R.P. Monley, exec vp-mgmt super; Ken L. Brandt, vp-acct super; L. Seagram, J. Ryckman, acct execs; R. Kipple, asst acct exec; S. Kopcha, exec vp-exec creative dir; G. Howell, vp-group creative dir.

The Netedu Co., Benton Harbor, Mich.—sales promo, prod literature, contests—Mike Kosinski, vp-acct super; Bill Sherrington, Cyndi Marquardt, Shari Hansel, acct execs.

RANK
F.W. Woolworth Co.
125
New York

($ in millions)

Worldwide	1986	1984	% chg
Sales	5,958	5,737	3.9
Net income	177	141	25.5
U.S.	**1986**	**1984**	**% chg**
Sales	3,642	3,468	5.2
Operating profits	409	354	15.5
Advertising	65	55	17.0
Division sales	**1986**	**1984**	**% chg**
Gen. merch.	3,932	3,901	0.8
Specialty	1,966	1,836	7.1

F.W. Woolworth & Co.'s greater emphasis on specialty stores—Kinney Shoe Corp., Foot Locker, Lady Foot Locker, Susie's, Anderson-Little and Richman among others—its incorporation of fast food outlets in its stores and major remodeling of general merchandise stores is paying off on the bottom line, producing a record-breaking year in 1985.

That performance continued into the first half of 1986, with sales of $2.88 billion, up 9.3%, and net income of $48 million, up to 45%, up over the corresponding period in 1985.

No major shift in emphasis is expected with the naming of Harold E. Sells as chairman-chief executive officer, and Frederick E. Hennig as president, Woolworth. Both men have been with the company since the 1940s. Mr. Sells was president-chief executive officer and Mr. Hennig was senior vice president of worldwide merchandising operations.

Signicifant changes in 1985 included the completed phase-out of J. Brannam discount outlets and the phase-in of more Burger King fast food restaurants in selected Woolworth stores with Woolworth serving as the franchisee. The company says it plans to have Burger King franchises in 50 stores by the end of the decade.

Woolworth in 1985 moved into new specialty store areas with its Herald Square stationery stores and Afterthoughts boutiques, selling costume jewelry, leather goods and handbag stores, but it put on hold its planned introduction of Datastop computer software stores. There were 20 Afterthoughts boutiques and two Herald

Square stores by year's end.

Sales from specialty stores have risen from $1.42 billion in 1982 to $1.98 billion in 1985, a 40% increase, while operating income has more than doubled, to $206 million in 1985—a figure that passes general merchandise operating income for the first time ever. In 1985, specialty stores produced 33% of total sales and over 50% of operating income.

Sales in 1985 from foreign operations rose 1.8% to $2.3 billion, with net income up 5.9%, to $126 million.

Woolworth closed down its 37 J. Brannam off-price stores by yearend. The company lost $9 million in 1984 from the off-price units which marketed brand names. It did not report its loss in 1985. Woolworth is not disenchanted with the off-price concept. Its Kids Mart off-price division of Little Folks subsidiary added 52 stores in 1985, bringing its total to 196 at yearend. Kids Mart also expanded from five states into Texas during the year, and planned expansion this year into Utah and New Mexico.

Total expenditures for measured advertising in 11 media increased to 17%, to $24.5 million in 1985. Receiving the bulk of ad spending were the Foot Locker, Kinney and Anderson-Little chains. Foot Locker spending in seven measured media in 1985 was $4.8 million, up 20% from 1984. Kinney spending was $12 million, up 33%, and broken down into $5 million spot tv, $4.4 million newspaper supplements, $2 million network tv, $1.6 million magazines and $300,000 cable.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$760	$2,452
Newsp. supps.	4,422	0
Network tv	2,036	143
Spot tv	9,942	12,950
Network radio	132	0
Spot radio	6,194	5,207
Network cable	931	225
Outdoor	126	0
Total measured	24,543	20,978
Unmeasured	40,000	34,189
Total	64,543	55,167

F.W. WOOLWORTH CO.
233 Broadway
New York, N.Y. 10279
(212) 553-2000
Corporate Personnel

Frederick E. Hennig, chmn-ceo
Harold E. Sells, president-coo
C. Jackson Gray, vp-corp planning & devel
Joseph F. Carroll, vp-public affairs

U.S. WOOLWORTH
New York
Corporate Personnel

Robert L. Jennings, president-ceo
Charles H. Hullhorst, sr exec vp-coo

Marketing Personnel

Gary Fuller, vp-adv

Advertising Agency

Sawdon & Bess, New York—John Hilz, Barbara Gadinis, acct execs.

KINNEY SHOE CORP.
New York
Marketing Personnel

Cameron I. Anderson, president
J.K. Aneser, vp-mktg comm
Mark Kurtz, adv dir
Mary Anne Vukovich, adv dir
Marian Costello, sr adv mgr
Sherri Cannuli-Bender, sr adv mgr
Edward Pettersen, sr adv mgr
Vivian Barone, adv mgr

Advertising Agency

Sawdon & Bess, New York—Paul Jarvie, acct exec.

RICHMAN BROTHERS CO.
Fall River, Mass.
Marketing Personnel

William H. Gaudreau, president-ceo
A. Carosella, vp-sales

Advertising Agency

Harold Cabot & Co., Boston—Joan Ojala, acct exec.

ANDERSON-LITTLE CO.
Fall River, Mass.
Marketing Personnel

William H. Gaudreau, president-ceo
A. Carosella, vp-sales

Advertising Agency

Harold Cabot & Co., Boston—Mark Grace, acct exec.

RANK **120**

Zale Corp.

Irving, Tex.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,107	1,054	5.0
Net income	(61)	39	(257.5)
U.S.	**1985**	**1984**	**% chg**
Sales	1,014	967	4.9
Advertising	65	32	106.5
Division sales	**1985**	**1984**	**% chg**
Zale Jewelers	486	460	5.7
Bailey Banks & Biddle	317	326	(2.8)
Diamond Park	77	61	26.2
Aeroplex	60	51	17.6
Christ Jewelers	53	45	17.8
Showrooms	45	47	(4.3)
Zale/U.K.	40	33	21.2

Zale Corp., 63-year-old parent company of Zale Jewelers and the largest corporation in the $9 billion jewelry market, is undergoing a major restructuring designed to intensify the company's focus on domestic jewelry retailing. The strategy involves a re-evaluation of inventory and certain other assets to reflect current market conditions.

The restructuring plan includes the disposition of the Aeroplex and O.G. Wilson Showroom divisions (two underperforming nonjewelry retail divisions); the relinquishing of retail operations in Western Europe and the U.K., and the elimination of obsolete, slow-turning items from inventories of domestic jewelry retail divisions.

During fiscal 1986, ended March 31, the 5% increase in sales was not matched by earnings. Zale suffered a $61.1 million loss. An $84.6 million writedown was recorded mostly from the disposition of dated merchandise and losses on disposal of the airport newsstand, catalog showroom and international retail businesses, according to Zale officials.

First-quarter revenues for fiscal 1987 were $253.8 million, an increase of 15.3% over the year-earlier quarter. Earnings for the three months ended June 30, 1986, were $1 million, compared with a loss of $2.4 million the year earlier. During the quarter, Moody's lowered the rating on Zale's senior debt, citing Zale's "poor record . . . and the intense competitive conditions that will keep Zale's returns from recovering to satisfactory levels."

Arthur Lichtendorf, E.F. Hutton retail analyst, says Zale's financial troubles also relate to its large number of stores in the depressed energy belt and extreme competitiveness in the industry, and he does not see immediate improvement: "The Christmas season, as far as you can guess, looks average. The economy isn't that strong. I don't think the jewelry business is that strong, either."

Also included in the restructuring program are the following:

- Repositioning Zale from a manufacturing-driven to a marketing-driven company, making it more attuned to the modern consumer with an increased focus on differentiating itself in the marketplace.
- Repositioning Zale's executive management style from the traditional entrepreneurial model to that of a corporate team.
- Repositioning the Zale retail division as a retailer of fashionable gold, colored stone and pearl jewelry and not strictly a retailer of bridal diamond jewelry.
- Repositioning the Fine Jewelers Guild into a cohesive centralized division under the name of the guild's flagship store, Bailey Banks & Biddle.

Analyst, Mr. Lichtendorf, says it's too early to tell whether the restructuring plans and the divestitures made this year is working for Zale. "Zale's is trying to be more fashion-oriented to compete with the department stores. Department stores have been doing fairly well in the jewelry business—Zale is on the right track."

Zale Corp.'s promotional budget for fiscal 1986 was $65 million. Advertising expenditures make up about 50% to 60% of the promotional budget, according to Michael Barlerin, Zale senior vp-director of corporate marketing. Zale spent $64 million in fiscal 1985 and $56.9 million in fiscal 1984.

Zale's measured advertising in calendar 1985 was $23.3 million, up 106% from $11.3 million in 1984, according to the 11 media indexes reported in this issue. Unmeasured advertising, including in-store promotions and other collateral, signage, all direct mail and production, brings the total to $65 million.

Most of the ad support—$17.3 million, up from $10.6 million in 1984—backed Zale Jewelers, with 51% of that going to network tv and 23% each to spot tv and network radio. About the same media mix and percentages were reported in 1984.

Included in the restructuring program was creation of a corporate marketing department, which became operational April 1, 1986. The department reflects Zale's previously stated commitment to become marketing driven, Mr. Barlerin says. The department provides research and market development capabilities to direct the company's market research and to monitor emerging trends in the retail industry.

During fiscal 1986, Zale made some organizational changes in its domestic jewelry operations. The Fine Jewelers Guild, the carriage trade stores division, operated under 37 trade names, but to strengthen the marketing capabilities, Zale officials renamed the division Bailey Banks & Biddle, the strongest trade name in the division. The change gives a more centralized approach to merchandising programs.

The BB&B division carries an assortment of fashionable, better quality merchandise principally in the higher price range ($250 to $1,000 per item). Division sales in 1986 were $317.5 million, down 2.7% from 1985. Eleven new stores were added and 23 locations were closed. At yearend there were 309 member stores in 36 states and Guam. Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas, handles.

Diamond Park Fine Jewelers operates leased units in department stores under that name. The units carry merchandise priced between $50 and $250. Diamond Park had sales of $77.5 million, up 26.5% from 1985. In a strong growth year, the division added 66 leased fine jewelry department locations and discontinued operations in three locations. A total of 215 were in operation at yearend.

The flagship Zale Jewelry division, primarily operated under the Zale Jewelers name, generated sales of $457 million in the year, up 4.9%. Zale carries a broad selection of basic and fashion jewelry merchandise in the medium price range of $75 to $450.

The Zale division also operates stores under the Mission Jewelers logo. These stores carry merchandise primarily priced at $50 to $200 per item. Combined sales for Zale and Mission were $486.1 million, up 5.6% from 1985. The division (including Mission), added 36 new stores and closed 18 units during fiscal 1986. At yearend there were 817 stores in 48 states and Puerto Rico.

Credit was offered for the first time in Mission stores to make them more competitive. The Bloom Agency, Dallas, handles Zale Jewelers. Saunders, Lubinski & White, Dallas, is the agency for Mission Jewelers.

Zale Jewelers strengthened its repositioning strategy in December, 1985, with a $12 million Christmas campaign to establish the stores as full-line jewelry retailers instead of "the diamond store."

In May, 1986, Zale Corp. sold its Aeroplex stores, which operated newsstands and gift shops in airport terminals and major hotels, to Greyhound Corp. The stores posted sales of $59.6 million, up 17.5%. The Catalog Showroom division, operating under the O.G. Wilson name, was sold for $45 million to By Land and Sea Distributors, a group of former division managers. The division had 1986 revenues of $44.6 million, down 5.6%.

Zale Jewellers Ltd., which has stores in the U.K. under nine trade names and reported sales of $39.8 million, was sold to Combined English Stores Group for $45 million. Zale Corp. rebuffed Peoples Jewellers Ltd. of Canada, a 300-store chain, when it made several attempts at a takeover during 1986. Zale's board rejected the latest proposal of $484 million in June. Zale execs think it's doubtful the offer can be sweetened sufficiently. But Irving Gerstein, head of Peoples, says he's not about to give up. Thus far, the Zale and Lipshy families have presented a united front. The combined families control approximately 33.4% of the stock.

Texas law requires 66.7% of a company's shareholders to consent to a merger. Peoples is the largest single shareholder with 15%, but a 1981 standstill agreement prevents it from accumulating more than 21% without Zale board approval.

Mr. Lichtendorf, the E.F. Hutton analyst, says "although the Peoples officials say they're not going to go away, it looks as though Zale has beaten them off for the moment. If Peoples makes an offer of $45 or better in cash, then I would say 'take the money.'"

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,350	$870
Newsp. supps.	17	28
Network tv	8,853	4,420
Spot tv	3,947	3,755
Network radio	3,913	2,210
Spot radio	5,130	0
Network cable	90	0
Total measured	23,300	11,282
Unmeasured	42,000	20,338
Total	65,300	31,620

ZALE CORP.
901 W. Walnut Hill Lane
Irving, Tex. 75038-1003
(214) 580-4000
Corporate Personnel

Donald Zale, chmn-ceo
Bruce Lipshy, president-coo

Marketing Personnel

Michael Barlerin, sr vp-dir corp mktg
Sharon Brown, corp dir, direct response mktg
Pat Wehner, corp vp-mkt rsch
Loyd Zisk, dir mktg devel

ZALE JEWELERS
Irving, Tex.
Marketing Personnel

Kenneth Cort, chmn-ceo
Melvin Wilmore, president-coo
Steve Tvert, sr vp-dir sales promo & mktg
Becky Higgins, vp-dir adv

BAILEY BANKS & BIDDLE JEWELERS
Irving, Tex.
Marketing Personnel

H.R. Lively, chmn-ceo
William Roberti, president-coo
Patti Rakolta, sr vp-adv & mktg

DIAMOND PARK JEWELERS
Dallas
Marketing Personnel

Edward Jaben, president
Gerald Fried, vp-sales promo & adv

Advertising Agencies

Bloom Agency, Dallas—Zale Jewelers—Bob Bloom, chmn-coo; Sherri Babcock, sr vp-mgmt super; Ian Fawn-Meade, sr vp-creative dir.

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Bailey Banks & Biddle Jewelers—Patsy Tryon, sr vp-group acct dir; Ron Spataro, sr vp-creative dir; Lynn Christopher, vp-group media dir.

Ogilvy & Mather Direct, Chicago—direct response mktg—Tom Collinger, genl mgr; Rena Roberts, mgr-client services.

Saunders, Lubinski & White, Dallas—Mission Jewelers—Bill Saunders, chmn-creative dir; Steve Morelock, president; Bob Cook, exec vp-mgmt super.

Coming

Next week ADVERTISING AGE's Special Report will focus on **Magazines.**

Leaders' spending % all advertisers by media

	100 leading national advertisers					Second 100 leading national advertisers					All advertisers		
	Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		U.S. measured advertising expenditures		%
Media	**1985**	**1984**	**chng**	**1985**	**1984**	**1985**	**1984**	**chng**	**1985**	**1984**	**1985**	**1984**	**chng**
Newspaper	$978	$981	(0.2)	27.0	29.4	$303	$220	37.5	8.3	6.6	$3,629	$3,335	8.8
Magazine	2,379	2,235	6.4	48.3	47.9	449	427	5.2	9.1	9.1	4,928	4,669	5.6
Newsp. supplements	156	146	6.8	38.9	41.1	87	47	81.4	21.7	13.5	401	356	12.8
Network tv	6,336	6,505	(2.6)	76.2	76.0	896	856	4.7	10.8	10.0	8,313	8,555	(2.8)
Spot tv	3,073	2,805	9.5	43.6	44.1	950	905	5.0	13.5	14.2	7,044	6,363	10.7
Network radio	272	154	77.3	61.4	56.8	47	43	9.6	10.6	15.8	443	270	64.0
Spot radio	564	498	13.3	39.1	37.3	198	124	59.4	13.7	9.3	1,440	1,333	8.0
Network cable	290	184	58.0	60.6	69.8	44	20	124.9	9.3	7.5	479	263	82.0
Outdoor	309	278	11.2	45.1	46.5	43	33	32.4	6.3	5.4	685	597	14.7
Farm publications	43	42	2.2	23.6	21.8	13	11	16.1	7.2	5.8	181	192	(5.9)
Total measured	14,400	13,827	4.4	52.9	53.8	3,076	2,719	13.2	11.2	10.5	27,544	25,934	6.2

NOTE: Dollars in millions. Sources: Newspaper from Media Records; magazine and newspaper supplement from Leading National Advertisers as supplied by Publishers Information Bureau; network tv, spot tv, network radio and network cable from LNA as supplied by Broadcast Advertisers Reports; spot radio from Radio Advertising Bureau; outdoor from LNA as supplied by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America, and farm publications from Agricultural Marketing Information Services (AGRICOM). Business publication spending—from Rates Reports—is not included in this chart because total spending for all advertisers was not available at press time. Business publication expenditures by the 100 leading national advertisers were up 36.2% to $174 million in 1985 from $127 million in 1984. Business publication spending by the second 100 leading national advertisers was $48 million in 1985 and $32 million in 1984, up 48.5%. Advertising Age published a directory of the 100 leading national advertisers Sept. 4, 1986.

For sale

Denationalization sparks ad budgets

By CLAIRE WILSON and LAUREL WENTZ

The "denationalization" trend that is sweeping foreign markets is proving to be a big plus for the advertising industry.

Cash-strapped governments from Tokyo to Bonn are selling airlines, utilities, insurance companies and other marketers to the private sector. When they do, advertising industries are getting a one-time shot in the arm, followed by the promise of bigger ad budgets.

The most impressive changes are taking place in France and the U.K., where the denationalization trend is furthest along.

In France, the first major companies to go private are Assurances Generale de France, Parisbas Insurance and glass manufacturer St. Gobain. In the past two months, the three have pumped $25 million into agency coffers.

In some cases, the suddenly inflated ad budgets represent a one-shot corporate campaign designed to dust off the old image of a state-run monster and attract aggressive investors.

But as the French market gets

(Continued on Page 70)

The roof of the Sydney Opera House lifts off in a salute to British Airways in a tv spot heralding the carrier's denationalization.

World News Roundup

(Continued from Page 3)

panies with South African interests (AA, Oct. 20), added Ogilvy & Mather and Foote, Cone & Belding to its list of companies to review. A vote is expected next month.

Sao Paulo—Foote, Cone & Belding is talking to No. 7-ranked Dennison Propaganda SA and two unnamed agencies about buying equity. FCB now owns 60% of No. 21 FCB/Siboney Publicidade.

Madrid—The Agricultural Ministry launched a $1.9 million generic ad campaign to promote Spanish food, via local shop Contrapunto, in an attempt to lower the impact of the increased presence of European food products, following Spain's entry into the EEC.

Rio de Janeiro—Coca-Cola Co. is negotiating to sell two bottling and distribution operations here for an estimated $60 million. Three groups are bidding, including a consortium of Coke bottlers.

Ottawa—The Assn. of Canadian Distillers asked the government here to allow spirit ads on tv and radio. Wine and beer advertising are allowed in all media, but spirits are restricted to print only.

Madrid—Psychology Today launched its first Spanish-language edition, *Psychology Today Espanol*, through a licensing agreement with a local publishing group. Delvico/Bates handles.

Tokyo—British Caledonian Airways appointed FCB (Japan) Co. for its new Japanese account. Budget will not be determined until the two countries decide when the airline will start service.

Agency mergers, acquisitions and affiliations: Lowe Howard-Spink & Bell, London, bought the **Wight Co.**, a specialized U.K. sports sponsorship agency, for $1.8 million. . .**Leveille Benton & Bowles** and **Publicite Vickers & Benson**, both Montreal, will merge next month, giving the new agency, Leveille Vickers & Benson, combined billings of more than $32.4 million. . .**Mojo MDA**, Sydney, signed Union 45, Kuala Lumpur, as an affiliate.

Martin Sorrell goes 'below the line'

Saatchi's spinoff makes U.S. move

By LAUREL WENTZ

London—WPP Group, a U.K. holding company that is rapidly becoming the Saatchi & Saatchi of below-the-line marketing, has started its move into the U.S.

With the $24 million acquisition of Pace Communications, a New York company specializing in real estate advertising and communications (AA, Oct. 27), WPP has acquired "a toe in the water in the United States," said Richard Dale, an advertising industry analyst at stockbroker James Capel here.

Pace is the 10th acquisition in as many months for WPP, which has grown since June, 1985, from a manufacturer of wire shopping baskets with a market capitalization of $2.2 million, to a $92 million group of design, sales promotion and incentive and motivation companies in the U.K.

WPP's prime mover is Martin Sorrell, the 41-year-old Harvard MBA who invented the Saatchi group's creative approach to financing acquisitions while serving as group finance director. In the U.K., Mr. Sorrell's name is synonymous with financial savvy, and many have wondered aloud whether he would have approved Saatchi's troublesome acquisition of Ted Bates Worldwide.

M. Sorrell

When Mr. Sorrell decided last year to strike out on his own after eight years with Saatchi, he and his friend, Preston Rabl, 38, a partner at London stockbroker Henderson Crosthwaite & Co., looked for a small company that had a full quotation on the London Stock Exchange and was profitable regardless of what products it made.

They found Wire & Plastics Products, which made a $450,000 pretax profit in 1984. They invested $375,000 each to buy 27% of the company and use it as a base for expansion by acquisition. In November, 1985, the Saatchi & Saatchi holding company bought 10% of WPP for $1.6 million.

Messrs. Sorrell and Rabl's strategy—which they will now apply to the U.S. market—is to identify fragmented areas growing by more than 20% a year. They picked four: Design and graphics; sales promotion; employe motivation and incentive, and video facilities.

"These areas are all growing faster than media advertising and offer huge opportunities for growth by acquisition," said Mr. Rabl, WPP Group's executive director, also Mr. Sorrell's title. "We're looking at below-the-line services—we think they integrate very well."

Pace is a $31.7 million company in a market—real estate communications—worth $750 million and growing by as much as 35% a year.

WPP also is setting up a U.S. holding company called Rasor Inc., to spearhead U.S. expansion. Mr. Sorrell and WPP finance director Robert Lerwill will be on the board.

Mr. Rabl expects WPP to name a U.S. investment banker within a month as the sixth board member.

One of the three U.K. directors —Sorrell, Rabl or Lerwill—will go to the U.S. every week to keep an eye on business and look for new acquisitions among privately held U.S. companies, preferably in the four areas WPP has targeted.

Mr. Sorrell has brought to WPP the acquisition strategy he used at Saatchi of an initial payment with

(Continued on Page 70)

Advertising Age's international consumer products survey

Item	New York	London	Paris	Tokyo	Sydney	Hong Kong	Mexico City
Loaf of bread (1 lb.)	.98	.31	1.86	1.84	.45	.72	.29
Liter of pasteurized milk*	.79	.70	.72	1.38	.47	1.23	.28
Dozen eggs	1.29	1.78	2.83	1.86	1.20	1.06	.68
Peas (8-oz. can)	.53	.48	.39	1.40	.31	.42	.18
Filet mignon (1 lb.)	8.51	7.85	7.48	67.35	3.81	7.05	2.01
Frozen chicken (2 lbs.)	2.65	2.79	4.92	7.03	2.25	3.56	NA
Instant coffee (4-oz. jar)	3.59	2.71	3.78	6.51	2.49	2.14	1.41
Coca-Cola (1 liter*)	.40	.59	.66	1.47	.49	.54	.69
Bottle of gin (an ...fifth gal.)	9.76	12.50	12.27	16.95	9.03	8.66	3.00
Bar of soap (bath size)	.64	.57	.43	1.42	.59	.32	.10
Pack of Marlboro (20 cigarets)	1.46	2.13	1.17	4.63	1.16	1.69	.60
Kodak color film (C-135, 36 exp.)	5.49	5.86	5.46	5.45	4.99	5.16	3.57
Compact car	11,900.00*	10,671.64*	9,745.27*	21,140.28*	9,708.43*	11,331.63*	9,949.69*
Initial meter charge in taxi	1.10	1.19	1.24	3.01	.83	.84	.85

(1 liter equals 1.057 qts. †Honda Accord, four door, automatic transmission, air conditioning. ‡Honda Accord. §Fiat Ritmo. ¶Volkswagen Golf, four door. ††Mazda 626 coupe turbo. ‡‡Volkswagen Golf GTI. Note: Prices as of July 1986, at mid-priced stores and converted into U.S. dollars at July 83 exchange rates. Source: Business International, a consulting firm specializing in multinational corporate clients.)

Newspaper Advertising SAU* Inches in the MRCS

August 1986 vs. August 1985

AKRON, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Beacon Journal (E)	91.577	—	89.769	—
Beacon Journal (S)	76.102	—	65.134	—
Grand Total	167.679	—	154.903	—

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	149.294	—	—	—
Call (S)	102.790	—	—	—
Grand Total	252.084	—	—	—

NOTE: Part run figures and 1985 figures not available.

ATLANTA, GA

Constitution (M)	169.502	69.139	192.626	65.790
Journal (E)	164.203	69.572	182.120	60.561
Journal & Constitution (S)	147.313	84.341	123.988	61.731
Journal & Constitution (Sat)	52.980	—	47.531	—
Grand Total	533.998	223.052	546.265	188.082

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

News-American (S)	—	—	—	—
News-American (E)	—	—	—	—
Sun (M)	134.210	5.150	113.713	6.303
Sun (E)	102.517	5.145	88.921	6.303
Sun (S)	183.058	62.920	134.862	33.046
Grand Total	419.785	73.215	337.496	45.652

BERGEN COUNTY, NJ

Record (E)	159.102	18.579	154.799	25.222
Record (S)	162.263	50.946	124.962	28.561
Grand Total	321.365	69.525	279.761	53.783

NOTE: Record Evening published five days a week only.

BOSTON, MA

Herald (M)	79.904	—	49.715	1.326
Herald (S)	21.564	42.225	15.711	26.546
Globe (M)	132.210	12.371	128.452	9.564
Globe (S)	201.466	36.269	159.294	30.076
Grand Total	435.140	90.865	353.172	67.512

BUFFALO, NY

News (AD)	115.704	2	114.642	18.286
News (S)	65.252	21.895	59.771	19.330
Grand Total	180.956	44.457	174.413	37.616

CAMDEN, NJ

Courier-Post (E)	125.468	14.476	111.799	17.927
Courier-Post (S)	64.219	19.720	52.259	3.067
Grand Total	189.687	34.196	164.058	20.994

CHARLOTTE, NC

News (E)	—	—	74.148	—
Observer (M)	128.639	—	128.629	—
Observer (S)	80.449	—	62.389	—
Grand Total	209.088	—	265.166	—

NOTE: News Evening ceased publication November 1, 1985. Part run figures not available.

CHICAGO, IL

Sun-Times (M)	135.873	77.058	131.986	93.412
Sun-Times (S)	62.936	44.558	45.859	46.557
*Tribune (M)	121.593	250.907	130.402	199.340
*Tribune (S)	105.293	85.598	108.438	80.385
Grand Total	425.695	458.121	416.685	419.694

NOTE: Tribune figures supplied by publisher to Media Records. 1986 figures represent advertising for 8/4/86 to 8/31/86. Tribune All Day changed to Morning publication effective August 19, 1985.

CINCINNATI, OH

Enquirer (M)	167.489	6.740	158.704	9.632
Enquirer (S)	151.033	18.073	127.867	11.734
Post (E)	74.494	21.959	79.632	24.722
Grand Total	393.016	46.772	366.203	46.088

CLEVELAND, OH

Plain Dealer (M)	134.092	29.173	131.765	28.693
Plain Dealer (S)	127.627	12.870	104.879	6.424
Grand Total	261.719	42.043	236.644	35.117

DALLAS, TX

News (M)	305.061	10.797	324.124	10.837
News (S)	184.869	17.037	172.242	7.949
Times-Herald (AD)	234.386	39.721	276.056	19.380
Times-Herald (S)	135.252	25.711	129.545	6.194
Grand Total	859.568	93.266	901.967	44.360

DENVER, CO

Rocky Mt. News (M)	269.426	1.721	298.323	883
Rocky Mt. News (S)	104.413	897	90.866	2.857
Post (M)	189.743	13.302	189.404	2.573
Post (S)	131.753	3.842	112.678	1.659
Grand Total	693.712	19.762	691.271	7.972

DETROIT, MI

Free Press (M)	100.421	48.293	95.688	35.393
Free Press (S)	68.204	19.927	39.713	31.667
News (AD)	155.036	38.916	148.988	35.729
News (S)	104.410	41.639	81.452	24.587
Grand Total	428.071	148.775	365.841	127.476

ESCONDIDO, CA

Times-Advocate (E)	100.319	2.299	—	—
Times-Advocate (S)	55.255	71	—	—
Grand Total	155.574	2.370	—	—

NOTE: 1985 figures not available.

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	115.922	—	99.587	—
Sun-Sentinel (M)	270.224	—	280.024	—
Grand Total	386.146	—	379.611	—

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	70.166	—	73.615	—
Journal Gazette (S)	62.307	—	60.826	—
News Sentinel (E)	79.788	—	80.290	—
Grand Total	212.261	—	214.731	—

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	70.823	1.581	76.702	—
Time (S)	71.840	—	56.726	—
Advocate (E)	96.915	17.852	101.448	1.994
Advocate (S)	68.938	1.032	59.108	—
Grand Total	308.516	20.465	293.984	1.994

HARTFORD, CT

Courant (M)	143.539	27.462	137.687	32.574
Courant (S)	85.923	148.939	72.283	129.840
Grand Total	229.462	176.401	209.970	162.414

HONOLULU, HI

Advertiser (M)	123.064	—	132.455	—
Star-Bulletin (E)	115.249	—	123.087	—
Star-Bulletin & Advertiser (S)	86.974	—	71.627	—
Grand Total	325.287	—	327.169	—

HOUSTON, TX

Chronicle (AD)	223.175	49.749	280.332	46.514
Chronicle (S)	131.727	49.747	119.325	39.012
Post (M)	150.584	32.491	177.817	43.391
Post (S)	81.541	30.537	64.786	32.169
Grand Total	587.027	162.524	642.260	161.086

LONG BEACH, CA

Press Telegram (M)	120.718	31.187	115.987	—
Press Telegram (S)	62.240	4.438	46.382	—
Grand Total	182.958	35.625	162.369	—

NOTE: 1985 Part run figures not available.

LONG ISLAND, NY

Newsday (E)	138.016	99.845	186.344	48.508
Newsday (S)	100.272	122.388	94.755	70.064
Grand Total	238.288	222.233	281.099	118.572

LOS ANGELES, CA

Times (M)	291.664	274.388	308.961	312.504
Times (S)	181.933	108.889	156.415	94.451
Herald-Examiner (M)	61.026	9.933	75.578	12.711
Herald-Examiner (S)	15.477	9.968	12.179	5.492
Grand Total	550.100	403.178	553.133	425.158

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	191.584	39.725	219.527	35.313
News (S)	100.991	1.296	84.231	2.841
Grand Total	292.575	41.021	303.758	38.154

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	222.570	—	212.265	—
Grand Total	222.570	—	212.265	—

NOTE: Figures supplied by publisher to Media Records.

*LOUISVILLE, KY

Courier Journal (M)	93.177	42.410	102.564	57.051
Courier Journal (S)	72.877	87.374	63.714	68.639
Times (E)	87.218	70.855	101.940	61.816
Grand Total	253.272	200.639	268.218	187.506

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	133.567	109.898	125.332	91.439
Commercial Appeal (S)	109.047	7.724	83.110	7.207
Grand Total	242.614	117.622	208.442	98.646

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	161.907	—	157.688	—
Herald (S)	97.245	—	86.554	—
News (E)	61.163	—	58.484	—
Grand Total	320.315	—	302.726	—

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	108.181	19.512	104.446	23.087
Star & Tribune (S)	152.019	5.030	137.358	2.182
Star & Tribune (Sat)	29.580	—	24.948	—
Grand Total	289.780	24.542	266.752	25.269

*NASHVILLE, TN

Banner (E)	109.344	—	119.356	—
Tennessean (M)	110.905	—	122.992	—
Tennessean (S)	99.383	—	80.343	—
Grand Total	319.632	—	322.691	—

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	88.189	2.684	91.566	4.096
Home News (S)	94.143	7.870	70.084	957
Grand Total	182.332	10.554	161.650	5.053

NEW YORK, NY

Times (M)	135.411	14.631	134.311	16.072
Times (S)	189.684	102.334	162.557	82.490
News (M)	60.780	88.463	64.234	100.045
News (S)	38.638	100.068	32.382	72.445
Post (AD)	53.817	1.159	56.251	1.121
Grand Total	478.330	306.655	449.735	272.173

NEWARK, NJ

Star Ledger (M)	204.084	5.405	206.941	5.208
Star Ledger (S)	207.488	30.243	154.679	28.342
Grand Total	411.572	35.648	361.620	33.550

OAKLAND, CA

Tribune (M)	84.527	80.050	94.772	62.659
Tribune (S)	36.763	54.202	46.022	37.612
Grand Total	121.290	134.252	140.794	100.271

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	101.020	4.448	95.844	4.313
Blade-Tribune (S)	60.570	1.913	41.907	—
Grand Total	161.590	6.361	137.751	4.313

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	321.275	80.755	339.755	68.327
Register (S)	147.193	7.937	126.986	8.176
Grand Total	468.468	88.692	466.741	76.503

PHILADELPHIA, PA

Inquirer (M)	141.087	35.341	162.699	52.452
Inquirer (S)	137.124	61.332	121.619	41.170
News (E)	77.696	2.396	80.741	3.098
Grand Total	355.907	99.069	365.059	96.720

*PHOENIX, AZ

Arizona Republic (M)	224.747	8.768	223.462	9.535
Arizona Republic (S)	141.351	—	138.071	—
Gazette (E)	216.154	8.972	215.472	9.757
Grand Total	582.252	17.740	577.005	19.292

NOTE: Figures supplied by publisher to Media Records.

*RIVERSIDE, CA

Press Enterprise (M & S)	272.446	17.010	272.748	14.991
Grand Total	272.446	17.010	272.748	14.991

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	114.964	30.198	110.461	35.894
Post Dispatch (S)	146.314	383	109.459	—
Grand Total	261.278	30.581	219.420	35.894

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	89.272	—	91.808	—
Pioneer Press Dispatch (S)	125.453	—	101.865	—
Grand Total	214.725	—	193.673	—

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	117.152	46.184	146.641	28.857
Express-News (S)	88.149	38.656	81.085	26.618
Express-News (Sat)	44.221	—	49.011	—
Light (AD)	146.729	17.093	143.757	33.966
Light (S)	102.836	11.617	80.162	25.305
Light (Sat)	33.160	2.227	43.389	—
Grand Total	532.247	115.777	544.045	114.746

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	210.286	31.764	250.109	15.910
Union (S)	146.603	—	125.526	—
Tribune (E)	214.158	31.302	247.982	17.484
Grand Total	571.047	63.066	623.617	33.394

SAN FRANCISCO, CA

Chronicle (M)	124.124	77.691	136.225	78.108
Examiner & Chronicle (S)	81.483	58.275	68.752	42.819
Grand Total	205.607	135.966	204.977	120.927

SAN JOSE, CA

Mercury News (AD)	277.941	22.447	310.658	29.881
Mercury News (S)	173.679	844	146.754	—
Grand Total	451.620	23.291	457.412	29.881

SHREVEPORT, LA

Journal (E)	81.197	4.246	86.686	8.172
Times (M)	102.037	16.762	109.103	21.691
Times (S)	69.188	15.754	66.475	4.504
Grand Total	252.422	36.762	262.264	34.367

*STATE COLLEGE, PA

Centre Times (E)	67.522	3.794	78.983	2.439
Centre Times (S)	43.439	380	31.363	694
Grand Total	110.961	4.174	110.346	3.133

NOTE: Figures supplied by publisher to Media Records.

SYRACUSE, NY

Herald Journal (E)	75.130	40.545	91.240	27.695
Herald American (S)	59.040	62.306	42.574	48.090
Post-Standard (M)	75.665	37.693	81.699	30.062
Grand Total	209.835	140.544	215.513	105.847

*TAMPA, FL

Tribune (AD&S)	272.876	83.218	309.220	109.696
Grand Total	272.876	83.218	309.220	109.696

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	109.945	—	91.681	—
Blade (S)	103.357	—	88.352	—
Grand Total	213.302	—	180.033	—

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	246.412	34.645	249.148	39.539
Post (S)	170.207	47.393	146.064	23.599
Grand Total	416.619	82.039	395.212	63.138

WASHINGTON, DC SUBURBAN GROUP

Alexandria Journal (M)	68.549	—	63.708	966
Prince George's Journal (M)	60.216	204	56.892	1.741
Montgomery Journal (M)	61.624	699	57.970	1.243
Fairfax Journal (M)	72.819	991	64.525	1.772
Arlington Journal (M)	70.867	48	63.591	881
Grand Total	334.075	1.942	306.686	6.603

NOTE: Alexandria Journal Morning, Prince George's Journal Morning, Montgomery Journal Morning, Fairfax Journal Morning, and Arlington Journal Morning published five days a week only.

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	84.042	10.581	81.621	13.591
Reporter Dispatch (S)	97.929	22.919	69.133	17.438
Grand Total	181.971	33.500	150.754	31.029

WICHITA, KS

Eagle-Beacon (M)	126.114	—	116.368	—
Eagle-Beacon (S)	84.532	—	75.553	—
Grand Total	210.646	—	192.921	—

NOTE: Part run figures not available.

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service. Total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in inage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA-NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page.
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page.

SAU* is the registered trademark of the American Newspaper Publishers Association

Best agency

Question: Which agency provides best service and products? Figure represents per cent of respondents naming agency. Asked of 300 advertising directors of companies with annual revenues of $25 million or more. *Source: SRI Research Center. Lincoln, Neb.*

Agency	7/85-9/85	1/86-3/86	4/86-6/86	7/86-9/86
J. Walter Thompson Co.	6.0	6.7	7.3	9.3
Ogilvy & Mather Worldwide	6.7	6.0	7.0	7.7
Bozell, Jacobs, Kenyon & Eckhardt	2.3	1.7	1.7	6.0
Leo Burnett Co.	2.3	4.0	4.0	5.0
Young & Rubicam	4.0	2.6	3.0	4.0
BBDO International	3.3	4.3	5.3	3.7

First to mind

Question: Which agency first comes to mind? Figure represents per cent of respondents naming agency. Asked of 300 advertising directors of companies with annual revenues of $25 million or more. *Source: SRI Research Center. Lincoln, Neb.*

Agency	7/85-9/85	1/86-3/86	4/86-6/86	7/86-9/86
J. Walter Thompson Co.	21.7	21.7	19.0	21.0
Ogilvy & Mather Worldwide	11.0	14.7	14.6	13.7
BBDO International	14.3	12.3	16.3	10.7
Bozell, Jacobs, Kenyon & Eckhardt	3.7	7.3	9.0	10.3
Leo Burnett Co.	5.7	7.3	3.3	6.3
Young & Rubicam	8.0	10.3	9.3	6.0

BJK&E

(Continued from Page 4)

Wayne Fickinger, the agency's vice-chairman, said the improvement stems largely from strength gained from the merger.

"The merger was a very purposeful move that has upgraded our ability to serve clients," Mr. Fickinger said.

BJK&E has been running an ad campaign that states "Being closer to the customer works. It works for our clients and it works for us." The ads tout the agency's 11 full-service and 18 client-service offices.

These offices allow BJK&E to provide quick and accurate service, Mr. Fickinger said. "We can serve national clients right down to the local level."

BJK&E ranked second among all agencies in quality of account executives in the third quarter; it was named by 4.6% of respondents as best in that attribute. That was an increase from 2.7% in the previous quarter and put BJK&E just behind JWT's 5.3%.

BJK&E also improved its score in marketing assistance—named best in that attribute by 4.4% of respondents, second only to O&M's 5.1%—and it was named best in research by 3.8% of respondents, second only to JWT's 6%.

BJK&E ranked third in questioning to determine the hottest agency.

It was named by 3% of the respondents, behind Saatchi & Saatchi Compton (5.7%) and Fallon McElligott (5%).

There were two new names in the hottest agency voting last quarter: San Francisco-based Hal Riney & Partners and the Dallas-based Richards Group tied for fourth in the category, each being named by 2.7% of respondents.

Chiat/Day, which had led the category until the first quarter this year, was named hottest agency by 1.7% of the ad directors surveyed, down from 5.7% the previous quarter. It ranked sixth in hottest agency mentions in the latest survey.

Other findings from the latest Agency Watch:

- Doyle Dane Bernbach Group (now DDB Needham Worldwide), BBDO International, and Young & Rubicam fell in awareness.

DDB, which lost its independent status in the merger that produced Omnicom Group, was named the first agency that comes to mind by 5% of respondents, down from 7.7% the previous quarter and from an Agency Watch high for DDB of 9.7% in the first quarter this year.

BBDO, one of the three agencies that formed Omnicom, was named the agency that first comes to mind by 10.7% of respondents, down from 16.3% the previous quarter.

Needham Harper Worldwide, the other third of Omnicom, had the same awareness score of 2% in each quarter this year.

Y&R's awareness score was 6% in the latest survey, down from 9.3% the previous quarter.

- There was a significant rise in the number of ad directors who cited "responsiveness to needs" as the reason they named a given agency best in providing over-all service and clients. Last quarter, 10% of the ad directors gave this reason, versus just 3% the previous quarter.
- Ad directors consider sales promotion the most valuable type of specialty advertising; 42% of the poll's respondents said it was very important in the latest survey, up from 32% the previous quarter. Retail (35% said it was very important), collateral (29%), black consumer (6%) and Hispanic advertising (6%) followed.

For additional information, contact Gary Gabelhouse, SRI Research Center Inc., 301 S. 68th St., Lincoln, Neb. 68505. Phone: 402-489-0351.

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JWT, O&M ranked top two agencies

There seems to be little doubt among company advertising directors: J. Walter Thompson Co. and Ogilvy & Mather Worldwide are the nation's two best ad agencies.

That, at least, is what two years' worth of Advertising Age's Agency Watch survey shows.

Asked to name the best agencies in over-all service and quality of product, ad directors surveyed have ranked JWT and O&M first and second in each quarterly survey to date.

With the exception of the fourth quarter last year, Agency Watch has been conducted quarterly since October, 1984. JWT was named best over-all in five of those quarters and O&M in the other two.

The difference between the two agencies is statistically insignificant. In questioning of 2,096 ad directors in the two years, JWT was named best by 7.6% of those surveyed and O&M by 7.3%. Only five mentions separate the two agencies: JWT was named 159 times and O&M 154 times.

More than 41% of the respondents said they didn't know which the best agency was. Of those who *did* name a best agency, 25.5%—or one of every four—named either JWT or O&M.

The two agencies, moreover, rank first and second in five of the six specific attributes in which respondents were asked to name the best agency.

JWT led and O&M was second in account executives, top management, research, marketing and media. It was only in creativity that another agency broke the JWT-O&M hold. Chiat/Day was second to O&M in that attribute.

JWT is the clear leader in top-of-mind awareness. Asked to name which agency first comes to mind, 23.3% of the respondents named JWT, well ahead of the 13.4% who named O&M.

Here are the top three agencies in the various categories for the first two years of Agency Watch:

Best over-all agency: 1. JWT (named by 7.6% of respondents); 2. O&M (7.3%); 3. BBDO International (4.1%).

Agency that first comes to mind: 1. JWT (23.3%); 2. O&M (13.4%); 3. BBDO (12.9%).

Best at creativity: 1. O&M (6.7%); 2. Chiat/Day (5.6%); 3. JWT (5.4%).

Best account executives: 1. JWT (6.3%); 2. O&M (4.5%); 3. BBDO (3.4%).

Best top management: 1. JWT (6.8%); 2. O&M (6.1%); 3. BBDO (3.4%).

Best at research: 1. JWT (6.9%); 2. O&M (4.2%); 3. BBDO (2.6%).

Best at media: 1. JWT (6.9%); 2. O&M (3.3%); 3. BBDO (3%).

Best at marketing: 1. JWT (5.7%); 2. O&M (4.5%); 3. Leo Burnett Co. (2.6%).#—*C.F.*

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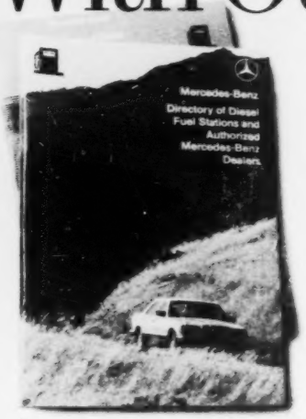

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Agencies keep pruning

Client moves hit JWT, Saatchi

NEW YORK—J. Walter Thompson USA is losing its status as lead agency on Miller Brewing's flagship brand as Miller shifts its focus from JWT's High Life to its promising new High Life Genuine Draft, handled by Backer & Spielvogel.

It's a startling turnaround for Backer, which had previously lost the creative assignment for High Life. Its remaining media buying role for the brand had appeared vulnerable.

In 1987, Miller is expected to shift the majority of its spending to Genuine Draft while slashing JWT's "Made the American way" campaign for High Life from about $42 million in measured media to $28 million.

The shift in Miller spending strategies was only one of a number of account shifts and resignations last week. Saatchi & Saatchi took new steps to pacify restless clients within its agency network.

Miller's shift in support to the successful Genuine Draft apparently started this year. Spending on High Life for the first six

(Continued on Page 102)

Thompson, BJK&E cite cost hikes, budget trims

By STEWART ALTER

Clients' spending cutbacks continue to take a human toll at their ad agencies, as J. Walter Thompson USA and Bozell, Jacobs, Kenyon & Eckhardt join the growing ranks of shops trimming expenses by cutting staff (AA, June 30, *et seq.*).

While these latest moves reflect a trend, they also add a new, more painful twist: Both JWT's New York office and BJK&E have been among the year's top gainers of new business and ranked high in a national survey of ad directors asked to name leading agencies (AA, Nov. 3).

But as their spokesmen indicated, the startup costs of new business cut into the ability to compensate for lost profits from existing accounts that reduced their spending.

Despite $225 million in new billings gained so far this year, BJK&E let go 46 employes nationwide, due primarily to existing clients' spending cutbacks.

JWT's New York office, winner of $95 million in IBM Corp. and Warner-Lambert Co. billings earlier this year—bringing 15 new staffers—last week let go 55 staffers from all departments.

Also, JWT is expected to dismiss about 40 employes in its Washington office, as it is scaled back to a service office for the U.S. Marines account and shifts the remaining business to its Atlanta and New York offices.

The expected layoffs at JWT Washington would leave 44 employes, though some might be reassigned within Thompson. Jeff White, senior vp-general man-

(Continued on Page 102)

Last Minute News

Steinert to leave FCB

NEW YORK—Jan Steinert, president of FCB Direct/East, will leave the agency at yearend to set up his own direct-response shop. His departure will clear the way for Foote, Cone & Belding Communications to merge its two New York direct-marketing operations under Robert Gordon, president of Leber Katz Partners Direct Marketing, forming an agency with $50 million-plus in billings. Mr. Steinert founded FCB Direct/East in 1985.

O&M lays off 10 in L.A.

LOS ANGELES—Ogilvy & Mather here has laid off 10 employes, about 5% of its total work force, in the second round of layoffs in five months (AA, June 16). The cutbacks reflect reduced client spending.

Jacoby to build library

NEW YORK—Robert Jacoby, ousted chairman-ceo of Ted Bates Worldwide, has donated $2 million to Princeton University, where he studied economics, for construction of a library to be named after him. Regarding his future career plans, Mr. Jacoby says he had "spoken to people heavily involved in real estate" and to "investment banking kinds of people" but had made no decision. He is still in arbitration with Bates parent Saatchi & Saatchi regarding his contract.

A-B sinks Baybry's

ST. LOUIS—Anheuser-Busch on Jan. 1 will discontinue distribution of Baybry's Champagne Cooler, in test for the past year (AA, Sept. 30, '85). A-B attributed

(Continued on Page 8)

P&G 'SYMPATHETIC'

Procter 'more anxious' to listen to agencies' compensation needs

By LAURIE FREEMAN and STEWART ALTER

The more relaxed corporate culture at Richardson-Vicks may be rubbing off on Procter & Gamble, which acquired R-V last year.

As P&G ponders its future course on network tv *(see story at right)*, it also is encouraging slow changes in the way it deals with its ad agencies and, analysts report, exploring whether to change from its individual-brand management system to one of category management.

In its agency relationships, P&G is allowing for more give-and-take, especially on the hot issue of agency compensation.

But P&G vp-advertising Robert Goldstein told ADVERTISING AGE it was "categorically untrue" that the company was scrapping the 15% commission system.

Last spring's swapping of some brands and agencies between the two companies apparently fueled reports P&G was considering switching to the cost-plus-fee system used by R-V, Mr. Goldstein said.

"Richardson-Vicks has a well publicized compensation system, and its system still is used for their brands.

We have no plans to change [R-V's or] our [system] tomorrow, nor on Dec. 1," he said.

(Continued on Page 106)

Soaper slide hits P&G tv strategy

By VERNE GAY

NEW YORK—The cancelation last week of Procter & Gamble's "Search for Tomorrow" daytime tv soap opera is the latest blow to the longest-running and most successful media strategy in U.S. advertising history.

"Search" ends a 35-year run on NBC-TV on Dec. 26, becoming the third P&G-produced soap opera in the past three years to get the ax

(Continued on Page 106)

Weddings were standard fare on P&G's "Search for Tomorrow."

NEWSPAPER

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100 of the best, brightest young ad clients—P. 50

Highlights

P&G adjusts agency relationships 1
The more relaxed corporate culture at Richardson-Vicks may be rubbing off on Procter & Gamble, which acquired R-V last year. P&G is pondering its future on network tv and encouraging slow changes in the way it deals with its ad agencies.

Negative political ads predominate 3
What appears certain in the aftermath of last week's elections is that negative political advertising, unless checked through legislative actions, will more and more be the staple of office-seekers at all levels.

Wyler's future uncertain 4
Borden Inc. may sell its struggling Wyler's powdered drink business if the company cannot turn it around, president-ceo Romeo Ventres last week told securities analysts in New York.

Newspapers get positive circulation marks 10
Most major newspapers in the nation's top competitive markets had good circulation news to report, according to an analysis of the Audit Bureau of Circulations' FAS-FAX report for the six months ended Sept. 30.

Delta employes share spotlight 40
Delta Air Lines is featuring individual employes for the first time in new tv commercials that depart from the carrier's usual conservative, methodical image campaigns.

$5M campaign will revive Herbalife 98
Herbalife International has resolved bitter regulatory disputes over ad claims for its health products and will begin a fight to recoup lost sales with a $5 million network tv campaign Nov. 10.

FEATURES

Advertisers' top talent 50

100 of the best and brightest young ad clients

Advertising Age presents 100 of the best and brightest young advertising clients in the nation. The 100 are client executives who put their necks on the line, identifying ad objectives for the agency and approving the final creative project. Their input and their decisions are starting to set the tone of today's advertising and will influence its direction in years to come.

INTERNATIONAL

Olivetti tries new marketing tack 72
At Olivetti, the Italian marketer of office machines, the smallest part of its business—personal computers—has become one of the largest. Although Olivetti has enjoyed great success in the sale of its pcs, other companies have marketed the products under different brand names. Olivetti officials now are making changes to take more control over their own marketing.

OTHER NEWS

Advertising budgets for shampoos—$202 million last year—may plummet by as much as 50% this year as marketers introduce fewer brands and switch their measured media dollars to promotional marketing. Page 3.

Bumble Bee Seafoods' coming test of a skinless, boneless canned pink salmon promises to be the opening act in a renewed struggle for share with Ralston Purina's Chicken-of-the-Sea line. Page 24.

Pat Cafferata says her new role as president-ceo of Young & Rubicam, Chicago, will mean an increased reliance on market research at the agency. Page 47.

Regional dairies are milking consumer interest in nutrition to expand their product bases. Increased demand for calcium-fortified and value-added products has prompted small dairies to extend product lines. Page 86.

Slumping Audi of America has come out slugging against Mercedes-Benz and BMW in its biggest-ever ad spending launch. Page 93.

Goodyear Tire & Rubber Co.'s new campaign, themed "Goodyear, take me home," represents a significant departure from the company's typical advertising and marketing strategy. Page 99.

Marketing Corp. of America, parent of Ally Gargano/MCA Advertising, last week sold its two couponing operations, which will clip the company's $400 million revenues in half. Page 103.

SPECIAL REPORT

In the first six months of this year, magazine ad revenues increased, just as they had in 1984 and 1985, and last year's downturn in ad pages stabilized. But magazine publishing is in turmoil. New and old titles compete for the same, limited ad dollars, spending in certain ad categories is plummeting and costs continue to rise.

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Picture mag experiment ends at Time

By STUART J. ELLIOTT

New York—Just when Time Inc. is citing hard times as the reason not to launch a new b&w weekly news and photo magazine, it is also celebrating the b&w weekly news and photo magazine launched during the hardest times of all.

The decision Nov. 6 to pull the plug on *Picture Week* came after two tests over 14 months, and development costs of $15 million in after-tax dollars (AA, April 23, '84, *et seq.*). The last test issue, dated Nov. 17 and out today, comes a week after the publication of a special commemorative issue marking the 50th anniversary of *Life*.

The differences between 1936, when Time Inc. introduced *Life*, and 1986, when it chose not to introduce *PW*, go beyond breadlines, headlines and hemlines. Then, it was one man, Time Inc. co-founder Henry Luce, whose instincts told him to bet it all on his dream.

Now, a conservatively managed media conglomerate is gun shy

NEWS ANALYSIS

about launching a magazine that, according to all accounts, had improved its performance in test after a weak beginning. During the second phase of *PW*'s test, said publisher Bruce Barnet, a revamp in editorial content and a cover-price cut produced "the pick-up we were looking for" to a nationally projectible circulation of 1 million or more copies a week. "We had won over the doubters," said managing editor Richard Stolley, who conceived of *PW* in 1981, targeted

(Continued on Page 8)

Schoenleb out at Bojangles'; mulls buyout

By PATRICIA WINTERS

The fast-food wars, in turmoil over store closings and declining sales, suffered another executive casualty last week as E. Christian Schoenleb resigned as Bojangles' president.

The outspoken Mr. Schoenleb, a 15-year industry veteran and well known lecturer on the fast-food field, said he and Bojangles' New York-based parent, Horn & Hardart, "mutually terminated" his contract following announcement that the 299-unit chain is for sale.

Mr. Schoenleb said he is considering returning to the agency side of the business as well as possibly buying Bojangles'. He did not rule out doing both. Early in his career, he worked on the General Mills account at Needham Harper Worldwide, Chicago.

"I figured after the reorganization, it didn't make sense to stick around," he said. "I didn't want to be there if someone else bought it."

H&H said in October it was positioning Bojangles' for sale or spinoff to shareholders. The chain produced $3 million in

(Continued on Page 102)

West Coast News

Japan's Daihatsu names agency for Hijet

Long Beach, Cal.—Daihatsu America, Japan's fifth-largest auto maker, hired Abert, Newhoff & Burr, Los Angeles, to introduce its Hijet utility vehicle in January. The move is seen as a first step in introducing its full line, probably in 1988, although Daihatsu won't comment on future expansion.

Los Altos, Cal.—**Stuart Anderson's Restaurants'** search for a replacement for Hal Riney & Partners on its $10 million account has narrowed to Foote, Cone & Belding; JWT/West; Ketchum Advertising, and McCann-Erickson, all San Francisco, and Ogilvy & Mather and Scott Lancaster Mills Atha, Los Angeles.

City Of Industry, Cal.—**Presto Food Products** hired JWT/West, Los Angeles, to succeed Admarketing on its $2 million account. The company is expanding distribution of its Mocha Mix nondairy creamer to markets including Denver and Kansas City.

Los Angeles—**John Littlewood**, president of N W Ayer/Los Angeles, was named ceo. Bartine Stoner, former ceo, remains chairman.

Special Report

Byrne Gin

Magazines

Seeds of optimism sown on rocky ground

By Belinda Hulin-Salkin

At first glance, the numbers look fairly good: Over-all consumer magazine ad revenues for the first six months of 1986 increased 4.8% over 1985. Some magazines, including *Rolling Stone* and *New Woman*, even reported staggering revenue gains of 40% to 70%. Not bad, considering that the industry ended 1985 up 4.5% over 1984's record-breaking ad revenues. Ad pages are down 0.4% so far this year; that's a stabilizing turn after the 3.3% drop in 1985.

Publishers are testing and launching new titles as quickly as ever. And in the search for growth opportunities, ownership changes among established magazines abound.

But these successes belie the turmoil within the magazine business today. New titles are competing with established books for already-crowded retail rack space and limited ad dollars. Third- and fourth-ranked magazines in highly competitive fields now find it hard to stay afloat, and in some cases, whole categories—witness the consumer science magazines—are in trouble.

Meanwhile, spending in certain advertiser categories, such as computers and tobacco, has been shrinking at double-digit rates, and many costs of doing business—paper, printing, postage—continue to rise. As a result, publishers are running very hard just to keep pace. And according to industry executives, 1987 probably will bring more of the same.

"1986 is turning out to be a tough, scrappy year," says Peter Diamandis, president of CBS

(Continued on Page S-32)

Belinda Hulin-Salkin, a frequent contributor to Special Report, wrote the overview to last year's Magazines Special Report.

Unless otherwise noted, all magazine circulation figures used in this Special Report are Audit Bureau of Circulations' total circulation averages for the six months ending June 30.

Success stories
Magazine circulations over 400,000

Title	Total paid circulation 6/30/86	% change from 6/30/85
1. *Mature Outlook*	521,074	96.3
2. *Success!*	400,445	21.5
3. *Muscle & Fitness*	509,295	18.5
4. *Woman*	475,284	17.5
5. *50 Plus*	444,146	16.6
6. *Country Living*	1,580,083	15.8
7. *Modern Maturity*	13,597,330	15.1
8. *Home*	785,500	14.7
9. *Shape*	576,481	13.2
10. *Teen*	1,124,003	12.1
11. *Food & Wine*	674,223	11.9
12. *Rolling Stone*	1,027,147	11.2

Source: Circulation avgs. reported to Audit Bureau of Circulations for six months ended June 30.

Seeds of optimism sown

(Continued from Page S-1)

Magazines, New York. "It's probably the toughest year in the last decade."

Mr. Diamandis believes a mild malaise in the U.S. economy has trickled down to magazine publishing. "People are trying to get control of costs," he says. "Major advertisers are beating up on their agencies; they don't want double-digit increases in their media budgets. That affects us, and we, in turn, beat up on our paper suppliers and vendors."

Other observers add that uncertainty as to the impact of new federal tax laws has made cost-conscious advertisers even more conservative than usual. Mr. Diamandis says several trends could improve the outlook for magazines.

He says advertisers are becoming disenchanted with broadcast tv buys as zapping, videocassette recorders and cable tv make it more difficult to determine who's actually exposed to a network commercial at any given time.

"Advertisers are becoming reacquainted with print," Mr. Diamandis says. "I don't think tv is going away, but now it may be our turn to shine."

Mr. Diamandis and other magazine executives also see a continuing trend toward narrowly targeted, specialized magazines, and a resurging interest in men as a target audience.

"The women's market isn't going to die down," he says. "But some of the hoopla will subside, and in the next decade, advertisers will awaken to the fact that men are still around and they still spend money."

Some observers argue that while advertisers may shift ad buys to the benefit of some magazines and the detriment of others, the over-all problem remains the same: Dwindling ad budgets and heightened competition. In addition to the proliferation of national titles, individual magazines compete with regional publications, narrowcasted tv and increasingly zoned local newspapers for ad dollars and consumer attention.

According to Publishers Information Bureau, New York, total ad revenues for its 147 member magazines topped $2.5 billion for the first six months of 1986, an increase of 4.8% over the same period last year. But only 51 magazines reported revenue gains of 10% or more in that period and 48 showed a decline in ad dollars. The breakout for ad pages borders on the bleak: 82 magazines showed a decline, while only 26 showed an increase of 10% or more.

"It certainly has been a competitive year," says George J. Green, exec vp-group publishing director at Hearst Magazines, New York. "Advertisers have so many options now. The leading magazines in any given fields are doing well, while the others are scrounging around for what's left." Mr. Green says some former national advertisers have turned to regional buys, and in major metropolitan areas, upgraded newspaper sections are now part of the mix.

The decline of several key ad categories has been felt throughout the industry. Through the first half of the year, computer and office equipment ads were down 27.7% from last year, tobacco ads declined 0.7% on top of 1985's 15% drop, snacks and soft drinks were down 7.4% and liquor was off 2%.

Mr. Green and other magazine executives say they're turning to new ad categories to offset the losses. "Tv has had some hard times lately, which is creating an environment for magazines to do better [among certain advertisers]," he says. "Food companies seem less reluctant to put their money in magazines now, and automobile advertising in magazines is up 10%."

> ***"Advertisers are becoming re-acquainted with print. I don't think tv is going away, but now it may be our turn to shine."***
>
> **Peter Diamandis**
> **President**
> **CBS Magazines**

In addition to better response from food companies, which increased ad spending in magazines by 22.6% during the first half of 1986, and auto marketers, magazines are getting more advertising from apparel manufacturers (up 10.8%), retailers (up 12%), sellers of pets and pet products (up 37.5%), and makers of stereos, tvs and other electronic entertainment products (up 14.4%).

"Nobody's going to roll over for any one category," says Michael Levy, publisher of Austin, Tex.-based *Texas Monthly* and vice-chairman of the Magazine Publishers Assn. "But I think you'll see more aggressive pitches to get dollars away from the other media and to boost other categories."

Mr. Levy says retailers could become even more important to magazines, because of stores that need a national presence. "Magazines have lost a lot of dollars to direct mail, but retailers have become very concerned about mailbox clutter. The fact that consumers spend an average of one hour with a magazine appeals to them."

He says publishers need to educate advertisers. "When I see a double-truck ad for a $30,000 automobile in a daily newspaper, I wonder why it's there. Magazines are much better for going after the high-ticket auto buyer. Magazines collectively have to say, 'There's a better buy out there.' We haven't been doing a good enough job in explaining our advantages."

At Conde Nast Publications in New York, executives have used several years of research to woo auto ad dollars into its women's titles. According to corporate marketing director Eckart Guthe, the company's 1981, 1983 and 1986 studies on women and car buying have helped convince auto manufacturers that women are significant customers.

"Six years ago, nobody wanted to believe that women buy cars," Mr. Guthe recalls. "But we showed them the results of our studies, and once they started thinking along the lines of market segmentation—not just demographics—their media buying patterns changed." Conde Nast's *Glamour*, *Mademoiselle* and *Vogue* collectively featured 61 pages of auto ads in 1985, compared to none in 1980, according to PIB.

Mr. Guthe says changes in market conditions periodically force advertisers to take a new approach to marketing, and as a result, media buys shift. That can bring a windfall to certain publications and adversely affect others.

He says Conde Nast is thinking of using extensive reader research to switch habits among other ad categories, such as liquor. "In the beginning, liquor advertisers shied away from any publications that focused on fitness or health. The companies believed that people who run and eat healthy food don't drink or smoke," Mr. Guthe says. "But liquor companies are starting to see that the fitness trend is not their enemy."

Even if advertisers do take a new look at nontraditional magazine buys, Mr. Guthe agrees that unless over-all ad budgets increase, 1987 is likely to be another tough year. "There are more titles, especially in the area we operate in: Upscale magazines," he says.

But not all publishers are facing the coming year with fear and trepidation. Triangle Publications' *TV Guide* circulated 18.5 million copies of its Sept. 13 fall preview issue, a bonus of 2.1 million for advertisers. The issue brought in $12 million in ad revenues, and Radnor, Pa.-based publisher Eric Larson says issues through the end of 1986 have been filling up nicely.

Rather than competing with tv buys, TV Guide ad director Bob Baumler says it benefits from a special synergy with the medium. "*TV Guide* is always sitting right there beside the tv, and it's used with tv," he says.

Likewise, Kenneth Gordon, publisher of Pleasantville, N.Y.-based *Reader's Digest*, considers tv to be something of a partner. "We don't go out and knock tv," he says. "It's got a very important role in building awareness for a product. But a 15-second spot can't give you product details. Our job is to provide the details. Advertisers need that double exposure."

Ad pages at *Reader's Digest* are up 19.4% over a weak 1985 and revenues are up 3.1%. According to Mr. Gordon, the magazine's current success has come from aggressive promotion and an extensive marketing research effort.

New advertising options have been introduced. Special ad sections within *Reader's Digest*, such as the December, 1985, Christmas shopper and October's "Food Digest," have been successful.

The magazine also is in the midst of a $1 million test of shrink-wrapped magazines that would allow the company to include freestanding inserts with its regular distribution.

Not all industry executives agree with *Reader's Digest's* methods, but many believe the company has the right idea.

"We're all going to have to be a lot more innovative in selling the value of magazines," Hearst's Mr. Green says. "The pace of business is going to increase. We're going to have to be more visible to advertisers, and our magazines are going to have to be more carefully focused on the audience we're trying to reach."

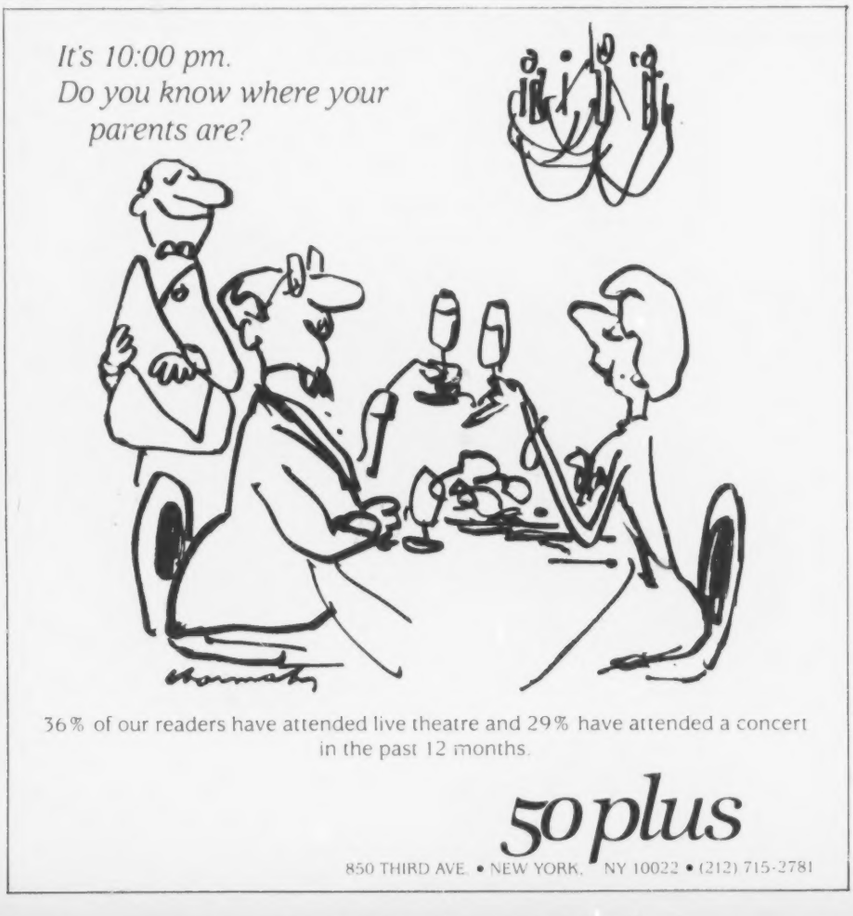
Observers expect to see a turning point in the magazine industry as 1988 approaches. It's an election year and there'll be another round of Olympic Games to tout.

Says Steven Rattner, magazine analyst and a principal at Morgan Stanley in New York, "The magazine business is closely tied to the general economic cycle. To some extent, its weakness now stems from its strength before. It will be a lot easier for it to look good next year compared to this year."

Associate editor Julie Liesse Erickson coordinated this report on Magazines.

Coming

Next week Advertising Age's Special Report will present its annual **Media Outlook** issue.


It's 10:00 pm.
Do you know where your parents are?
36% of our readers have attended live theatre and 29% have attended a concert in the past 12 months.
50 plus
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11/24/86 C2710-1

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Monday, November 17, 1986

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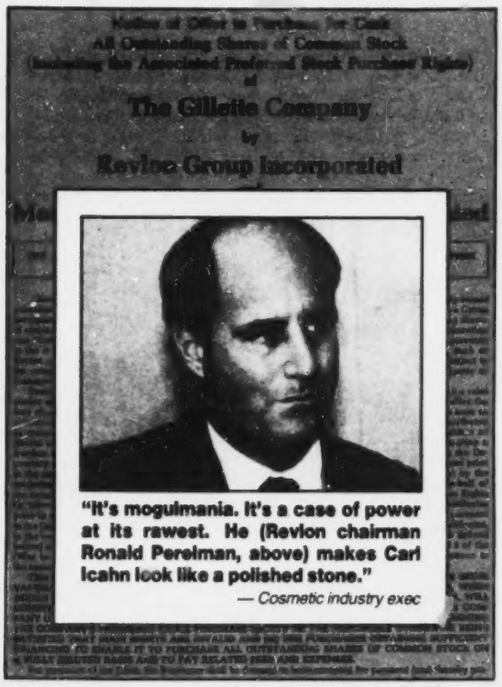
Notice of Offer to Purchase for Cash
All Outstanding Shares of Common Stock
(Including the Associated Preferred Stock Purchase Rights)
of
The Gillette Company
by
Revlon Group Incorporated

"It's moguimania. It's a case of power at its rawest. He (Revlon chairman Ronald Perelman, above) makes Carl Icahn look like a polished stone."
— Cosmetic industry exec

Perelman eager to snare Gillette

Bitter takeover fight expected

By PAT SLOAN

NEW YORK—Corporate raider Ronald Perelman is showing all the symptoms of mogulmania.

Working on a takeover of hotel company Transworld Corp. and having just finalized Revlon Group's purchase of Max Factor, Almay and Halston cosmetics, the Revlon chairman has offered $4.12 billion for Gillette Co. The move has set up a potential bitter and hostile struggle for Gillette that Wall Street already expects could draw into the bidding such powerhouses as Procter & Gamble and Unilever.

For a year, Unilever and P&G have been rumored to be interested in Gillette, and now Jack Salzman, a Goldman Sachs analyst, isn't ruling out either as a potential white knight: "There's a good possibility of a white knight, maybe Procter & Gamble or some other company of that size."

Whatever happens, said industry consultant

(Continued on Page 108)

New IBM PC Super Bowl-bound

By BRIAN MORAN

LAS VEGAS—IBM is preparing to introduce a long-expected successor to its 5-year-old basic Personal Computer via a Super Bowl tv ad blast in January.

Reports swept through the Comdex industry trade show here last week that IBM will position the so-called "PC2" as a work-at-home machine priced about $1,000 or possibly lower. The move would mark Big Blue's second attempt to market an inexpensive, entry-level computer. IBM halted production on its failed PCjr 18 months ago.

IBM's anticipated Super Bowl unveiling of the new pc is directed in part at rival Apple Computer, which traditionally unveils new products in January. Speculation is mounting that Apple may introduce in January the first Macintosh model equipped to run IBM-compatible software.

"It's very likely we'll see a head-to-head battle of IBM and Apple commercials on the Super Bowl," said Clare Fleig, analyst for International Technology Group, a Los Altos, Cal., market research company.

A spokesman for IBM's personal computer division, Montvale, N.J., would not comment. Cupertino, Cal.-based Apple has not divulged its plans for early 1987 new products or a possible Super Bowl appearance. Lord, Geller, Federico, Einstein handles IBM; BBDO Worldwide handles Apple.

Dealers at Comdex indicated IBM has encouraged them to clear their shelves of existing PC inventory to make way for the new unit's arrival. Several dealers speculated that IBM has halted production of the original PC model. The IBM spokesman said production on certain models in the IBM PC line is shut down periodically, depending on demand. He would not comment further.

"It's certain that there are not a lot of PCs left to order," said Peter Teige, analyst for San Jose, Cal.-based Dataquest.

The successor PC should help IBM step up its battle against low-price competitors. Big Blue's basic PC has become increasingly vulnerable to compatible models marketed by a host of challengers, including Fort Worth-based Tandy Corp., Houston-based Compaq

(Continued on Page 104)

Last Minute News

Sears ties into shopping by tv

CHICAGO—Sears has agreed to give QVC Home Shopping Network, West Chester, Pa., exclusive rights to feature its merchandise, including some not included in Sears stores or catalogs. QVC's prime time program will make its debut Nov. 24 on 26 cable systems, serving 5 million households; 24-hour operation is scheduled to start Jan. 1. Sears has no immediate plans to advertise the new outlet.

Dexatrim account may be moving

NEW YORK—Thompson Medical has reassigned its $10 million Dexatrim capsules account to Laurence, Charles, Free & Lawson from Saatchi & Saatchi Compton, sources say. A Thompson spokesman said he believed the rumor is true but

(Continued on Page 8)

Broader roles for Y&R, Saatchi

Consulting poses conflicts

By STEWART ALTER

Young & Rubicam and Saatchi & Saatchi last week made what could be the most significant moves outside of advertising by advertising agencies to date. The actions will have tremendous consequence in the area of client conflicts and on the entire concept of what a full-service agency can and should be.

Edward Ney resigned as chairman of Y&R to head a new consultancy/investment banking joint venture between Y&R and PaineWebber, and Saatchi & Saatchi hired one of the most respected executives in management consulting to solidify—and significantly expand—its previous entry into that field. Victor Millar, one of two worldwide managing partners of the Arthur Andersen & Co. accounting firm, will join Saatchi to lead an acquisition binge that will build upon the London-based agency's 1984 acquisition of the Hay Group.

While the immediate plans of both agencies call for avoiding controversy, their moves pose questions about client-agency relationships and conflicts that could turn recent merger-related events into minor footnotes in the history of the agency business.

What adds particular importance to these steps into uncharted ad-agency territory are the industry-leading reputations of the key players.

Mr. Ney, 61, had been ceo of Y&R since 1970 before relinquishing the post last year to Alexander Kroll, 49, who now adds the title of chairman. If Mr. Ney is as right in his thinking in the current PaineWebber venture as he was when he looked at the agency business in the 1970s and began transform-

(Continued on Page 107)

INSIDE:

Ad spending may be more than expected in '87—Page 4
How election may affect ad industry hopes—Page 24

Magazines face

NEWSPAPER

WASHINGTON DC 20014
4520 EAST-WEST HWY #800
SRI ACQUISITIONS
CONGRESSIONAL INFO SERVICE
CONGLI AA 864699 99 FOA
*********5-DIGIT 20014

Highlights

IBM preps 'PC2' 1

IBM is preparing to introduce a long-expected successor to its 5-year-old basic Personal Computer via a Super Bowl tv ad blast in January. Reports swept through the Comdex industry trade show in Las Vegas last week that IBM will position the so-called "PC2" as a work-at-home machine priced about $1,000 or possibly lower.

Colgate sheds light 3

Colgate-Palmolive Co. three years ago dropped scores of agencies worldwide and committed its future to three international shops. Only now has the broad significance of those changes become evident, with disinflation and flattened ad spending forcing agencies to consider fundamental changes.

Sears' soft approach 12

Sears, Roebuck & Co., which earlier this year consolidated national advertising responsibility at "hard goods" specialist Ogilvy & Mather, nevertheless is preparing several major new "soft goods" marketing initiatives.

Kennedy's collision course 24

The surprise decision by Sen. Edward Kennedy to chair the increasingly powerful labor and human resources committee puts the liberal Massachusetts Democrat on a collision course with the ad industry.

Federal Express zaps DHL 28

After scrapping its loss-ridden ZapMail service, Federal Express Corp. is preparing to turn up the heat against rival DHL Worldwide Express in the international package delivery business.

Daihatsu tests U.S. waters 86

Japan's fifth-largest auto maker, Daihatsu Motor Co., shortly will begin marketing an industrial vehicle in the U.S. as a first step in a plan to sell its full line here, probably in 1988. Daihatsu America this month appointed Los Angeles agency Abert, Newhoff & Burr to handle Hijet's introduction in January.

Unisys packs power 100

The initial advertising campaign for Unisys Corp.—the new name for merged Burroughs and Sperry—positions it as an exponentially more potent force in the computer industry. But observers say the Burroughs-Sperry combination won't be a stronger competitor to giant IBM than each was separately.

Oliver sympathetic to admen 103

Daniel Oliver doesn't come right out and say no lawful ads should be banned, but the chairman of the Federal Trade Commission leaves little doubt as to where he stands on attempts to restrict tobacco or alcohol ads.

FEATURES

Fishing in Minneapolis 46

Carmichael-Lynch's senior vp-associate creative director Jack Supple takes visitors fishing to demonstrate the effectiveness of Dr. Juice, a product of client Normark Corp. But the Minneapolis agency has done a lot more than swap fish tales to win 14 top awards this year in six national advertising competitions.

INTERNATIONAL

Murdoch buys stake in Asia 66

Rupert Murdoch's News Corp. Ltd. has bought a 35% stake in the Hong Kong-based *South China Morning Post*, thereby making it possible for global marketers to engage in one-stop shopping for major newspapers on several continents.

OTHER NEWS

Conventional wisdom sees advertising's growth as that proverbial glass that's half empty. If you scratch below the surface, however, several powerful forces suggest advertising in 1987 could resume the growth of the early '80s—and on a much healthier basis. Page 4.

J. Walter Thompson USA has signed as the first customer for a new tv ratings service that could become one of the biggest research developments of the decade: Viewership ratings for commercials instead of just programs. Page 6.

"Amerika," the $30 million-plus, 12-hour miniseries due as the next big event on ABC, is generating considerable controversy well before its planned February telecast. Page 22.

After 36 years of conforming to a defined corporate culture—as vp-marketing services at General Foods and chairman of the Assn. of National Advertisers and the Advertising Council—F. Kent Mitchel now defines his own business atmosphere. The 59-year-old executive has set up his own consulting company, Fair Tide Associates. Page 32.

Animal lovers and humane societies are embroiled in a cat fight with Neiman-Marcus over the animal gift in its 1986 Christmas catalog. The California Spangled cat comes in bronze, silver, red and blue. Page 34.

SPECIAL REPORT

Big media's traditionally sunny outlook turned partly cloudy this year. An uncertain economic forecast put advertisers on a cautionary course that leveled media rates and held total ad growth to an estimated 5% to 6%, down from 7.9% in 1985 and 16% in 1984. Some experts suggest this year's ad crunch signals the start of a new era of slower growth for U.S. media.

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French shop taps O'Rielly, O'Brien, Clow

By STEWART ALTER

NEW YORK—Walter O'Brien, former vice-chairman of J. Walter Thompson Co., and Curvin O'Rielly, former creative chief both at McCann-Erickson, New York, and Ogilvy & Mather, Chicago, have joined with Stephen Clow to form a new agency in partnership with Roux, Seguela, Cayzac & Goudard, a French multinational shop that billed $287 million in 1985.

Called O'Rielly O'Brien Clow/RSCG, the New York agency represents the first entry into the U.S. by RSCG, which does business in 10 European countries. RSCG was reported three months ago to be exploring a startup with Mr. O'Rielly as an alternative to acquiring a U.S. agency (AA, Aug. 25). That followed its failure to forge a deal with Grey Advertising's Levine, Huntley, Schmidt & Beaver subsidiary (AA, Aug. 4, *et seq.*).

"I've been talking to RSCG for close to seven months now," said Mr. O'Rielly, who said Mr. O'Brien was brought into the discussions in midsummer. "We've been talking seriously for the last six weeks to two months," he added.

"It's exciting," said Mr. O'Rielly of the new venture. "This group really cares about terrific work. They're after a profit as all people are in business, but they're excited about the

(Continued on Page 104)

Mojo MDA buys Allen & Dorward

By JENNIFER PENDLETON and GEOFFREY LEE MARTIN

California's shrinking pool of independent ad agencies became even smaller last week when Australian agency Mojo MDA acquired San Francisco-based Allen & Dorward.

Mojo MDA is best known in the U.S. for its Clio-winning commercials for the Australian Tourist Commission featuring Australian actor Paul Hogan.

The agreement, expected to be finalized by yearend, calls for an initial payment of $6 million and an additional $3 million in earnout payments over three years. The deal is subject to shareholder approval and creates a combined $250 million agency network, moving Mojo MDA from third place to first among agency groups in Australia.

Allen & Dorward is California's fifth-largest independent agency, with about $75 million in billings.

The merged shop temporarily will be known as Mojo MDA-Allen & Dorward and will later convert to the Mojo MDA name.

Although Mojo has international affiliates in the Far East, this is the first arrangement involving ownership. It also signals the beginning of Mojo MDA's international expansion plans, announced when Sydney-based Mojo merged with Monahan Dayman Adams, Melbourne, just three months ago (AA, Aug. 11).

"We will be looking immediately at expansion in the U.S., particularly Los Angeles and New York, and we are continuing to consolidate our presence throughout Asia

(Continued on Page 108)

West Coast News

Agencies to get a shot at apple account

WENATCHEE, WASH.—Washington State Apple Commission is reviewing its account, projected to jump by 57% next year to $5.5 million. Cole & Weber, Seattle, which has had the account since 1970, will participate.

LOS ANGELES—**Chiat/Day** co-founder Guy Day, on sabbatical for the past six months, has decided to leave the agency permanently. Mr. Day says he will continue to write fiction and eventually may reenter the ad business. Chairman-ceo Jay Chiat says the agency won't change its name.

SACRAMENTO—The **California State Lottery** will lower billings requirements for agencies participating in the review of its $25 million general account to $40 million from $50 million. The commission will select eight finalists on Jan. 5.

LOS ANGELES—**Wieden & Kennedy** here has appointed Dick Paulsen chief operating officer. Mr. Paulsen, formerly exec vp at Basic Computer Systems, Anaheim, succeeds Steve Keenan, now a management supervisor at Young & Rubicam, Chicago.

SAN JOSE, CAL.—**Altos Computer Systems** has added Wieden & Kennedy, Portland, Ore., to the list of contenders for its $2 million account, formerly at Reiser Williams deYong.#

Credit midwesterners for taking an interest in using plastic right

Midwesterners are smarter than everybody else when it comes to using bank credit cards, according to a national opinion survey of more than 1,000 Americans released in late October by the Iselin, N.J.-based newsletter "Bank Credit Card Observer."

The study found that 38% of midwesterners shop around widely for credit cards before accepting them, compared with 23% of Americans living in the West. Mid-

westerners also pay less interest by carrying over lower monthly balances on Visa and MasterCard than everyone else. They average $446 per month in the north central states, compared with $666 in the Northeast, $781 in the South and $805 in the West.

The study was highlighted in a report called "A Nation of Debtors: Americans owe $4.7 billion monthly on bank credit cards." It found that 6 of 10 Americans—105 million—inaccurately believe there is little variation in bank credit card interest rates, which range from 10.5% in Little Rock, Ark., to 22.5% in St. Louis, says John C. Pollock, the newsletter's editor.

"Our contention is that people are not adequately informed," he says. A national survey of 95 randomly selected bank credit card applications found that only 46% mention the annual interest rate, he adds. Clear disclosure of interest rate, annual fee and the grace period before interest charges are assessed is imperative for smart shopping, Pollock says.

Pollock, who formerly headed the research and forecasts subsidiary at New York-based Ruder, Finn & Rotman, started "Bank Credit Card Observer" in April to shed some light on credit cards as one of the nation's fastest growing industry segments. His background as a political science professor at Rutgers University has served him well, he says.

"My strategy is to build awareness and to establish the rigors of scientific research that I bring to this," he says.

Richard Edel

In fashion, all that glitters one season is a shade subdued the next

If you want a jump on what will be next season's fashionable colors for clothing and interior design, your best bet is to do what the big guys do: Tune into the outside world.

Apparently, there's no grand scheme and no cabal of designers who decide what's hot or what's not. When designers choose their colors, they tend to look most at pop culture, "paying particular attention to what's on television and happening in the art galleries," says Leatrice Eiseman, executive director of the Pantone Color Institute, Moonachie, N.J.

Metallics became the "in" colors shortly after "The Treasures of King Tutankhamen" national museum tour. Although metallics are still a major influence, the retrospective of Viennese art currently at New York's Museum of Modern Art is reviving interest in subdued tones enlivened with a touch of bright color.

"Historically, there's always been recycling of colors. For instance, Art Deco, with its sleek black enamels, mauves and peach tones, is back once again," she says, pointing out that last season's "Miami Vice" fashions were heavily influenced by the Art Deco revival.

Mary Ann Restivo's design adds a touch of bright color to subdued tones.

It extends all the way to colors for telephones, cars and appliances. Even Sears, Roebuck & Co. is selling black washers and dryers. This season, department stores are filled with clothes in low-key colors. There are "lots of charcoals, grays and blacks because designers perceive that customers are buying less and willing to pay more for a classic color. We've all become so much more color aware, especially how we react emotionally to certain colors," Eiseman says.

Still, for the young and the young-at-heart, odd and outrageous color combinations are the rule, while the upscale and more mature consumers prefer understated, muted palettes with a dash of color thrown in. One color popping up on drawing boards for next spring and beyond is green, particularly emerald green for clothing and "Coca-Cola" bottle green for furniture. The question is, is it New Coke or Classic?

Laurie Freeman

Attorneys confess: Law murders their love lives

About to snooze in your booze? Next cocktail party, come prepared. Before that young lawyer starts regaling you with his exploits at the firm, quickly hand him this absorbing young-lawyer fact sheet. It's based on a poll of 1,500 lawyers under 35 and will be published in the American Bar Assn.'s *ABA Journal* next spring. While the young lawyer is reading it, go freshen your drink (perhaps at another party). With luck, he won't sue.

Here's a preview of the poll (responses are in percentages):

What is your household income from practicing law?

6—under $15,000
27—$15,000 to $30,000
41—$30,000 to $50,000
14—$50,000 to $70,000
7—$70,000 to $100,000
5—$100,000 and above

Are you better off economically than your parents were when they were your age?

83—Yes
17—No

Did you obtain financial assistance from your parents (or in-laws) to purchase your first house, condo or co-op?

36—Yes
64—No

Are you married?

31—Yes
69—No

If you are married, does your spouse work for a living?

73—Yes
27—No

Which of the following do you own?

59—a vcr
23—a home computer
47—a food processor
67—a microwave oven
73—a 35mm camera
36—a health club membership
9—a compact disc player
34—a telephone answering machine
23—a sports car

Does your work affect your love life?

67—Yes
33—No
If yes...
14—Positively
86—Negatively

No wonder young lawyers can seem so, well, determined, at cocktail parties.

Lenore Skenazy

HIT LIST

Currents compiles the nation's current entertainment favorites below.

Movies

1. **Color of Money** - Buena Vista (2 weeks)
2. **Crocodile Dundee** - Paramount
3. **Soul Man** - New World
4. **Peggy Sue Got Married** - Tri-Star
5. **Jumpin' Jack Flash** - 20th Century-Fox

Provided Nov. 11 by Variety

Books

1. **Whirlwind,** James Clavell, Morrow (1 wk.)
2. **His Way,** Kitty Kelley, Bantam
3. **It,** Stephen King, Viking
4. **Fatherhood,** Bill Cosby, Doubleday
5. **Red Storm Rising,** Tom Clancy, Putnam

Provided Nov. 11 by B. Dalton

Network tv

1. **Cosby Show** - NBC (80 wks. at No. 1)
2. **Family Ties** - NBC
3. **Cheers** - NBC
4. **Golden Girls** - NBC
5. **Night Court** - NBC

A.C. Nielsen rankings Nov. 3-9

Videocassettes

1. **Sleeping Beauty** - Disney (2 weeks)
2. **Fonda's New Workout** - KLHV
3. **Fonda's Low Impact Workout** - KLHV
4. **Sound of Music** - CBS-Fox
5. **Alice in Wonderland** - Disney

Reprinted from Nov. 15 Billboard

Record albums

1. **Third Stage,** Boston, MCA (3 weeks)
2. **Slippery When Wet,** Bon Jovi, Mercury/Polygram
3. **Fore!,** Huey Lewis and the News, Chrysalis
4. **True Colors,** Cyndi Lauper, Portrait/Epic
5. **Break Every Rule,** Tina Turner, Capitol

Reprinted from Nov. 15 Billboard

Music videos

1. **You Give Love a Bad Name,** Bon Jovi, Mercury/Polygram, Wayne Isham, dir., Mavis Prods. (2 weeks at No. 1)
2. **Take Me Home Tonight,** Eddie Money with Ronnie Spector, Columbia, Nick Morris, dir., MGMM Prods.
3. **Velcro Fly,** ZZ Top, Warner Bros., Daniel Kleinman, dir., Limelight Films
4. **A Matter of Trust,** Billy Joel, Columbia, Russell Mulcahy, dir., Split Screen East Prods.
5. **Throwing It All Away,** Genesis, Atlantic, Jim Yukich, dir., Split Screen/MGMM Prods.

Top 10 for the week of Nov. 8 as seen on MTV: Music Television.

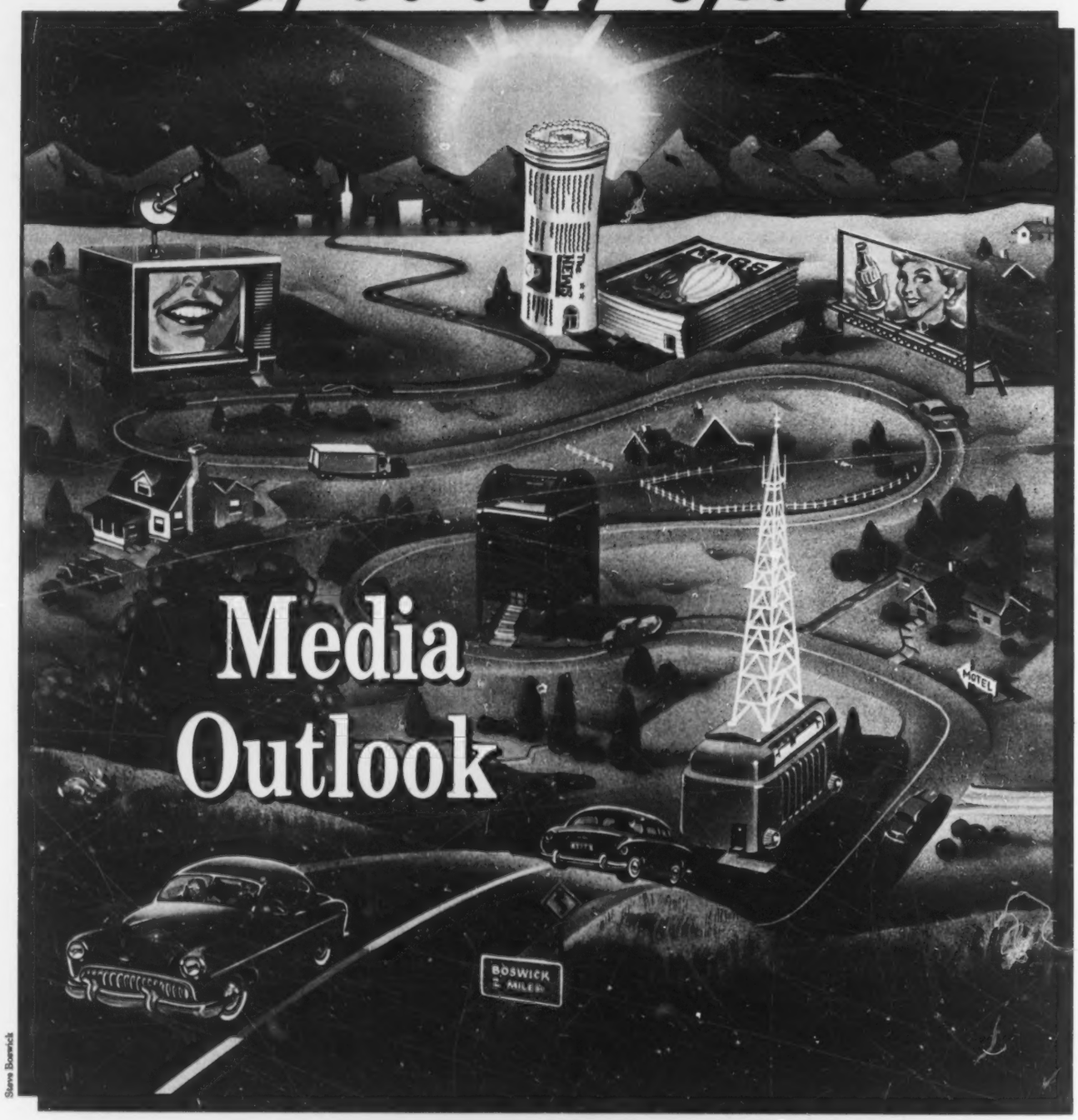
The hot seats

"Currents" takes a look at the latest concert scene with a listing of the top 10 concert draws for the past month.

Headliner, supporting acts	Venue, city, dates	Total attendance (capacity), No. of shows	Promoter or sponsors	Gross ticket sales
1. Genesis	Madison Square Garden, New York, Sept. 29-Oct. 3	99,500 (20,000) 5 sellouts	Delsner Ent. Michelob	$1,898,937
2. Genesis	Rosemont Horizon, Rosemont, Ill. Oct. 5-10	101,987 (16,997) 6 sellouts	Jam Prods., Michelob	1,784,772
3. Genesis	The Forum, Inglewood, Cal., Oct. 13-17	85,739 (17,148) 5 sellouts	Avalon Attractions, Michelob	1,440,421
4. Genesis	Oakland Colliseum, Oakland, Cal., Oct. 19-24	76,607 (12,768) 6 sellouts	Bill Graham, Michelob	1,340,623
5. Billy Joel	Madison Square Garden, New York, Oct. 15, 17-18	60,000 (20,000) 3 sellouts	Delsner Ent.	1,150,000
6. Van Halen, B.T. Overdrive	Cow Palace, San Francisco, Oct 31-Nov.3	57,270 (14,318) 4 sellouts	Bill Graham	950,745
7. Journey, Glass Tiger	Meadowlands Arena, East Rutherford, N.J. Oct. 25, 26 & 28	57,483 (20,466) 3 shows	Monarch, John Scher	946,113
8. Billy Joel,	The Spectrum, Philadelphia, Oct. 7, 8 & 13	55,372 (18,457) 3 sellouts	Electric Factory,	916,065
9. Bob Seger & the Silver Bullet Band, Frankie Miller	Maple Leaf Gardens, Toronto, Oct. 23-25	43,852 (14,617) 3 sellouts	Concert Prods.,	771,795
10. Johnny Mathis, Dionne Warwick	Chicago Theatre, Chicago, Oct. 16-26	35,210 (3,500) 10 shows	In-house, Shepardson	742,059

Source: *Amusement Business*

Special Report



Steve Boswick

Media's road ahead filled with challenges

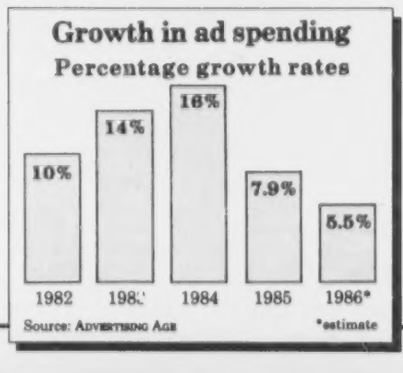
By Lori Kesler

Big media's traditionally sunny outlook turned partly cloudy this year. An uncertain economic forecast put advertisers on a cautionary course that leveled media rates and held total ad growth to an estimated 5% to 6%, down from 7.9% in 1985 and 16% in 1984. And the road back to better health is generally expected to meander considerably before it straightens out.

It has been a sobering experience for an industry accustomed to passing out double-digit rate hikes, even during the lean years of the early '80s.

Determined to maintain short-term profits, corporations flattened their ad budgets, migrated to new media and shifted more dollars into promotional activities. And major media responded by bringing their long-running rate inflation game to an abrupt halt.

Lori Kesler is Advertising Age's St. Louis correspondent and a frequent contributor to Special Report.



Some experts suggest this year's ad crunch signals the start of a new era of slower growth for U.S. media. "This is not a short-term wrinkle," says Michael Drexler, exec vp, national media director, Bozell, Jacobs, Kenyon & Eckhardt, New York. "I think we're in a watershed year. People are breaking out of the traditional ways of doing business."

From now on, says Mr. Drexler, advertisers will demand more accountability. Media will have to find ways of keeping ad rates in line with the consumer price index and other economic barometers, he says, "because companies will no longer plunk down money to buy time or space at any price."

At the same time, it won't be easy to maintain high standards of editorial and programing quality without hiking ad costs, says Michael Atkin, New York-based DDB Needham Worldwide's

(Continued on Page S-2)

Agency execs pick 1987's winners

ADVERTISING AGE asked media directors from six agencies what we should be keeping our eyes on next year. Our survey participants submitted "Top 10" listings on their predictions for 1987's hottest properties—in terms of growth, development and activity—in each of the categories below. Here are the winners:

Television shows

The Cosby Show

2. Moonlighting
3. Dallas
4. 60 Minutes
5. Family Ties
6. Murder, She Wrote
   Who's the Boss
8. Cheers
   Miami Vice
10. Growing Pains

Radio programs

American Top 40 with Casey Kasem

2. Rick Dees' Weekly Top 40
3. Paul Harvey
4. The Howard Stern Show
5. American Country Countdown
6. In Concert
   Ticket to Ride
   Wall Street Journal Report
9. Larry King Show
10. Format 41

Magazines

Money

2. *Elle*
3. *American Health*
4. *New Yorker*
5. *Country Living*
6. *Manhattan, inc.*
7. *People*
8. *Modern Maturity*
9. *Changing Times*
10. *Rolling Stone*

Newspapers

USA Today

2. *Washington Post*
3. *Newsday*
4. *New York Times*
   Wall Street Journal
6. *Chicago Tribune*
7. *Boston Globe*
8. *Los Angeles Times*
9. *New York Post*
10. *Miami Herald*

Media companies

Time Inc.

2. Gannett Co.
3. Fox Broadcasting Co.
4. Capital Cities/ABC
5. Lorimar-Telepictures
6. Viacom International
7. General Electric/ABC
8. Westwood One
9. CBS Inc.
   New York Times

Media markets

Tampa-St. Petersburg

2. Washington, D.C.
3. Orlando-Daytona Beach
4. Phoenix-Scottadale
5. Los Angeles
6. Boston
7. Dallas-Ft. Worth
8. New York
9. Chicago
   West Palm Beach

Survey participants: **BBDO**, New York: Mike Hedge, senior vp, associate media director; **Bozell, Jacobs, Kenyon & Eckhardt**, New York: Michael Drexler, exec vp, national media director; Harry Glass, vp, media manager; Craig Gugel, senior vp, media research director; Joel S. Kushins, senior vp, media director; **Campbell-Ewald Co.**, Warren, Mich.: Louis M. Schultz, exec vp, director-media services; Edwin L. Acker, senior vp, associate media director; Bernard Guggenheim, senior vp, director-media information services; Robert I. Mitchell, senior vp, director-local market media; David M. Platt, senior vp, New York media director; Judith E. Sawyer, senior vp, director-national broadcast media; **Cunningham & Walsh**, New York: Frank P. McDonald, exec vp, director-media & marketing services; **DFS Dorland New York**: Allen Banks, exec vp, media director; Jack Irving, senior vp, director, chairman-media plans review board; Ira Weinblatt, senior vp, director-media planning; Mel Conner, senior vp, director-network tv programing; Walter Teitz, vp, associate media director; Frank Hajek, director-print relations; Sam Michelson, vp, associate buying director; **William Esty Co.**, New York: Tom Winner, senior vp, director-broadcast operations

Challenging road ahead

(Continued from Page S-1)

senior vp, corporate director-media resources. The recent flurry of media company mergers, buyouts and management shakeups, he says, may already be affecting the way advertising is bought and sold. Media, says Mr. Atkin, are trying harder to accommodate advertisers with more competitive pricing and flexible packages.

"Next year will be a good one for clients because prices will be held down," says Michael Drake, senior vp, director-media planning and information services, BBDO, New York. "It will be a tough year for suppliers because they won't be able to pass costs along to advertisers without first making an effort to control their own spending."

The two biggest national media—network tv and magazines—were punched hardest this year. Growth rates for each are expected to stall out at about 4% for 1986.

Some experts say network tv's dramatic price slide had a trickle-down effect that depressed the rest of the national market. Others argue that the sluggish economy is exerting equal pressure on all sectors. Most agree, however, that several noneconomic factors made media matters worse this year.

> ***Several noneconomic factors made media matters worse this year.***

For example, client mergers tended to limit total ad volume while sheltering more dollars under the umbrella of large advertiser discounts. And hot new product categories to stir up advertising demand were harder to find this year. In the past, such things as home computers and videogames emerged to energize a slow market. Nothing like that materialized in 1986.

Agency media directors also watched more and more ad money being siphoned from major media into promotions. And the growth of direct marketing is taking money away from traditional media's ad revenues, says Richard Kostyra, exec vp and U.S. director-media services, J. Walter Thompson USA, New York. The trend has been building for a long time, he adds, "but advertisers suddenly came face to face with it in 1986. Nobody has an answer to it yet."

Of all the media, network tv probably felt the strongest shock. It experienced "something of a revolt" when advertisers and agencies finally brought an end to what they regarded as many years of excessive pricing, says Joseph Ostrow, exec vp-communications services, Young & Rubicam, New York.

"The networks didn't expect such slow growth this year," adds Mr. Atkin. "Even though their revenues fell 3% in 1985, they hoped for a rebound and were really surprised when it

(Continued on Page S-4)

Media directors predict soft market will continue in 1987

Against a backdrop of upheaval and uncertainty, several agency media directors were asked to slip into the role of soothsayer and speculate on 1987's media picture.

On the whole, they expect next year's patterns to follow current trends, with ad costs inching up less than 5% and almost no growth in ad spending. *(See related story on media forecasts by Robert J. Coen, senior vp, director of forecasting, McCann-Erickson, New York.)*

They say advertisers will continue to keep a tight grip on ad costs, so budgets for established brands will remain relatively flat. But Michael Drake, senior vp, director-media planning and information services, BBDO, New York, suggests that if the new tax laws let low- and middle-income workers take home a bigger chunk of their paycheck, advertising for consumer products may increase.

Michael Drexler, exec vp, national media director for Bozell, Jacobs, Kenyon & Eckhardt, New York, thinks the worst of the economic depression has passed. But he says media revenues, which lag behind the general economy, probably won't pick up until the end of 1987 or early 1988.

Network tv

Media directors put network revenue growth in 1987 at 4% or less. Most expect rates to stay flat or possibly drop, especially if the people meters, which will come into use next year, measure lower audience numbers than previous rating standards have shown.

Network's share of prime time audience slid from 90% in 1980 to 76% in 1986. Mr. Drake says this year's prime time and daytime marketplace has been soft. He says news continues to be popular with corporate advertisers, and late-night offerings remain most efficient in targeting the young adult crowd. He foresees a softening in sports as auto makers move away from male-oriented programing into the dual-audience market.

By the tenets of common wisdom, the Olympics and elections should invigorate the up-front market for the 1987-1988 tv season. However, one expert warns against too much optimism. "Economists are saying nothing follows formula anymore," says Richard Kostyra, exec vp, U.S. director-media services, J. Walter Thompson, USA, New York. "I feel 1987 will continue to be a tough, flat year."

Spot tv

The outlook for spot tv appears mixed, with some media directors predicting moderate growth and others predicting flat or declining sales.

Mr. Drexler estimates 1987's spot market will increase 5.5% as national advertisers key in on hot geographic markets and local retailers build weight either by shifting money from newspaper budgets or adding tv outright.

An alternate scenario has the nets' low rates diverting funds from the national spot market. Mr. Drake says most tv stations will have to search for local and regional advertisers to make up for lost national sales.

Cable tv

Cable's ad revenues are expected to continue rising at a somewhat slower pace than the 30% registered in 1985, or 16% for the first half of 1986. About half the country now is wired for cable, but further expansion will be slowed by the high cost of hooking up the big cities.

Cable's growth potential is attributed to its relatively low out-of-pocket costs as well as its ability to target certain attractive segments and replace lost network weight.

Michael Atkin, senior vp, corporate director-media resources, DDB Needham Worldwide, New York, predicts good growth opportunities for local cable, but not until the systems operators in each geographic market work together to facilitate sales, something they're not yet doing.

Radio

Industry officials and some media directors say radio will keep up the growth pattern established this year, with local spot spending pegged to increase about 8%, network spot up 3% to 5% and network sales 14%.

"We see evidence radio will continue quite strong," says Joseph Ostrow, exec vp-communications services, Young & Rubicam, New York, "because it's one of the most efficient media for targeting by geographics, demographics or life style." Locally, business-to-business advertisers and certain other specialty retailers have moved into radio and gotten quite comfortable with it, adds Mr. Atkin, who expects that trend to persist.

Radio is regarded as the natural beneficiary of a slow-growth economy, and some experts think its networks will be able to command healthy price in-

(Continued on Page S-4)

Challenging road ahead

(Continued from Page S-2)
didn't materialize." Many thought 1985's dip could be explained by the fact that the Olympics and elections had fattened 1984's figures. But the experts say several factors made the networks more vulnerable this year—and will keep the market soft in 1987.

For one thing, the availability of 15-second spots is swelling the nets' total inventory, and the experts predict they will represent about one-third of all network units sold in 1987, up from 19.5% during the first half of 1986, according to Television Bureau of Advertising and Broadcast Advertisers Reports.

Then, too, other broadcast options are playing a bigger part in the game. Barter syndication and cable "are achieving credibility as part of the mainstream of media buying rather than as secondary media," says Jack Myers, president of Infomarketing, a Fairfield, N.J.-based media research company. In fact, these media alternatives have eroded the networks' share of audience while giving advertisers new places to put their money.

Alec Gerster, exec vp, director-media and programing services, Grey Advertising, New York, says the nets took 98% of all national tv revenues in 1980, and only 88% in 1985. But during that time, national tv spending soared from $5.2 billion to $9.5 billion, "so the nets' decreasing shares were masked by the market's growth," he says. "Now, with total revenues stagnant or declining, that share loss really means something."

"The networks this year finally started taking a comparative attitude toward the other media," adds Mr. Kostyra. "Last year they paid lip service to them. Before that, they paid no attention at all."

Syndication, which grew from a $300 million ad medium in 1983 to an estimated $630 million business this year, has earned its stripes as a viable medium because of its efficient prices and quality programing, says Mr. Drexler. And cable,
(Continued on Page S-8)

Media directors predict

(Continued from Page S-2)
creases next year. However, Mr. Drake says network radio's strong start will be followed by a rate drop because of buyer resistance and a movement back into network tv.

Newspapers

BJK&E's Mr. Drexler predicts 7% growth for newspapers. He says cooperative and retail advertising will remain relatively firm because of business' increasing dependence on price-item advertising.

However, he says if the economy keeps struggling, classifieds will drop and drive down over-all newspaper revenues.

More national advertisers will move into newspapers as the industry takes steps to shrink the gap between national and local rates, says Mr. Drexler. But other media directors say not enough is being done to correct the problem.

Mr. Drake adds that newspapers over-all like magazines, have been hit by the decline in tobacco, liquor and computer advertising.

Magazines

Magazines could have a tough year, say the experts. Most say the rise of the 15-second spot and the fall of liquor, tobacco and computer ads will hold revenue growth to 5% or less.

Special-interest magazines will have an edge in the tight economy, says Mr. Drexler, because their lower absolute page costs allow advertisers to maintain program continuity on a tight budget.

Mr. Drake predicts magazines will hold rate increases to 5% or less and they'll be much more likely to negotiate or offer creative rate packages.

He's bullish on fashion, personal finance and health and fitness, but pessimistic about women's service magazines, newsweeklies and male magazines.

Outdoor

The outlook can't be rosy for an industry whose biggest advertisers are alcohol and tobacco products, but media directors see some bright spots on the horizon.

Healthcare, consumer services and business-to-business advertising could pick up some of the slack, says Mr. Drexler.

Mr. Drake says while business is soft for 30-sheet bulletins, eight-sheet posters are gaining some acceptance from package goods advertisers who like being located near retail outlets. And he says outdoor boards near airports and other prime areas are being used to tap a hard-to-reach upscale audience.

Direct mail

Industry sources say direct mail will continue to outpace general media with over-all growth in 1987 in the 12% range.

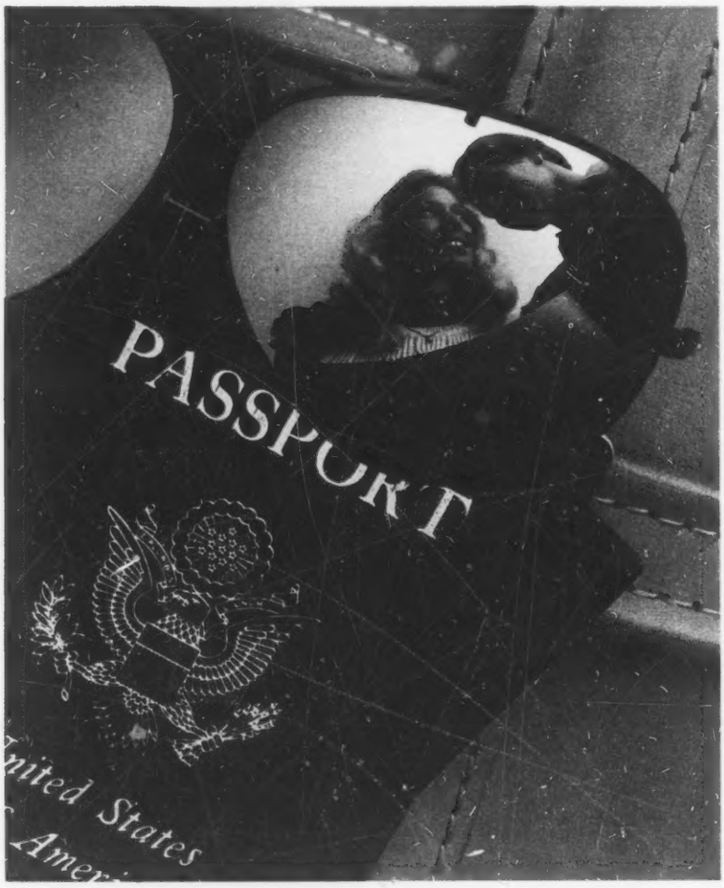
Direct mail's 1986 expenditures are projected at an estimated $17.3 billion, according to DDB Needham estimates.

Major retailers are expected to make greater use of direct mail to build store traffic and target promotions to specific customers, as well as to generate direct catalog sales.

—Lori Kesler

More about Florida's Money Market

Nearly half the population of Fort Lauderdale/South Palm Beach hold passports. Almost 40% used them in the past three years.



The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

Fort Lauderdale/South Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.

Challenging road ahead

(Continued from Page S-4)

which has reached nearly 50% penetration, now claims more than $700 million in ad revenues, up from $320 million three years ago.

Some say the nets' pricing strategies will hurt cable and barter syndication in 1987. Mr. Gerster notes, however, that advertisers could have bailed out of the alternatives at the first sign of softening network prices this year, but didn't. "I think that shows some fundamental support for those media," he says.

National and local tv spot sales surged an estimated 6% and 10% this year to $6.4 billion and $6.1 billion respectively, according to BJK&E. National spot easily outpaced the nets as major advertisers zeroed in on high-potential geographic areas.

Local spots' hefty gains are attributed to at least two things: The channeling of manufacturers' ad dollars into local dealer co-op plans and the migration of local retail dollars from newspapers into spot tv.

Radio expects to collect an estimated $7.1 billion in revenues this year, up 8% from 1985, according to a Radio Advertising Bureau official. National spot radio has made only marginal gains, but local spot has been buoyed by solid local retail spending, and network radio is having a smashing year with revenues soaring nearly 15% to $378 million.

Budget-minded advertisers are flocking to [network radio.]

Network radio represents only 5% of the total radio market, but media experts say budget-minded advertisers are flocking to it.

The Publishers Information Bureau reported magazine revenues up 4.8% for the first half of 1986 with ad pages down slightly. The decline in tobacco, liquor and computer advertising has hurt the magazine industry as a whole—and business books and newsweeklies in particular. Mr. Atkin says magazines also are getting pinched by catalogs, some of which are adding editorial material to enhance reader interest, as well as carrying advertising.

But the media experts say fashion books and certain specialty magazines are relatively healthy; so are personal finance books, maturity market magazines and city and regional publications. "It's the continuation of a long-running trend to more selectivity and more targeted marketing strategies," says Mr. Ostrow.

BJK&E projects that strong local retail spending will push this year's newspaper ad revenues 8% to 9% ahead of 1985 with virtually no increase in total circulation. Agency media directors say national ads make up only 13% of all newspaper revenues because papers tend to give priority to local retailers with rates an average 65% lower than national rates.

And they say the rate gap has grown larger during the past decade, so that some metropolitan dailies now charge national advertisers almost twice as much as local retailers. "Newspapers don't really seem to think of themselves as a national medium," says Mr. Atkin.

But, he says, as local retailers stake more interest in broadcast media, newspapers finally may have begin to court national accounts with the lure of more special sections, the benefit of standard ad units, better ad positioning and more flexible pricing.

. . . national ads make up only 13% of all newspaper revenues because papers tend to give priority to local retailers.

Outdoor advertising's revenues are expected to increase about 8% this year to $1.3 billion, up from $700 million in 1980, according to BJK&E.

Outdoor has been hurt by its dependence on two declining categories, tobacco and liquor. But the experts say it's moving aggressively to attract retail, healthcare and consumer services advertising.

Mr. Atkin says the major outdoor companies are investing in new structures, searching for new kinds of accounts, and bringing new creative techniques to their ad product and their marketing strategies. "The suppliers are getting involved in the marketing aspect of the business. Instead of just offering locations, they are keying in on certain neighborhoods and demographics so they can offer advertisers high frequency and selective focus," he says. "The more they do that, the more opportunities they'll see."

This year brought about momentous changes in the media picture. Experts say it's more of a buyer's market today—and will be from now on. In fact, 1986 may go down in history as the year Big Advertisers and Big Media stood eyeball-to-eyeball, and Big Media blinked.

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Douglas T. Dinsmoor
Circulation Promotion Manager,
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Rate hikes likely to reflect rise in total inflation

By Robert J. Coen

After nearly a decade of double-digit increases and an immunity to economic slumps, media rate hikes are finally moderating.

While double-digit general inflation ended in 1982, media prices continued to rise, fueled by exceptional ad demand from a growing computer industry, by the effects of deregulation and by the appearance of rebate ads. In 1983 and 1984, the expanding economy and the Olympics kept budgets rising.

Last year, the scenario darkened. Media prices softened, tv networks' ad revenues declined and many magazines and newspapers experienced a drop in ad pages. Media disinflation had arrived.

This year, the more moderate pace at which advertising is increased was finally fully recognized and accepted by all sectors of the advertising industry. Media price increases were closer to the general inflation rate than they had been in years. These trends are expected to continue into the near future.

Robert J. Coen, a recognized authority in the field of media forecasting, is senior vp, director of forecasting at McCann-Erickson, New York.

Average annual price increases

Prices	1983	1984	1985	1986	1987*
Consumer prices	3.2%	4.3%	3.6%	1.9%	3.2%
GNP deflator	3.9	3.9	3.3	2.7	3.1
Media cpms					
Network tv	8.9	13.0	7.8	4.0	4.0
Spot tv	8.1	9.7	6.1	3.8	4.3
Cable tv	n/a	14.0	8.0	8.0	4.0
Magazines	7.8	8.1	7.9	5.0	4.0
Newspapers	9.0	9.0	7.0	7.1	6.0

*estimated
Source: McCann-Erickson

Network tv

The last time tv networks enjoyed the luxury of a seller's market was 1984, an Olympics and election year. Upfront deals for the 1983-1984 season were negotiated at prices 10% to 20% higher than previous season levels, and scatter price increases were nearly as large

through the summer of '84. By fall, the pendulum had swung in the buyer's favor. Rate increases for the next tv season were significantly smaller than in the past, but still well above inflation.

During 1985, advertiser resistance swelled. Most of CBS' and ABC's scatter inventory went at bargain prices. Commitments for the 1985-1986 upfront season were made with practically no price increases, except from NBC. Scatter buys made during the following spring were at rates 20% to 30% below upfront levels.

Over-all price increases for 1986 will be a mix of a few large increases, some large decreases, with most units showing modest gains of 3%.

Upfront prices for the 1986-1987 season rose moderately. In 1987, there should be a modest improvement in demand, with slightly higher network rate increases of 4%.

Spot tv

Spot tv's demand also boomed in 1984, and rates that year rose faster than inflation. In the second quarter of 1986, however, spot started feeling the heat of media disinflation.

Nevertheless, this year's average 4% increase in spot tv still registers slightly higher than current inflation. In 1987, spot's prices are likely to rise 5%. In the next few years, the demand for spot tv may be affected by the growing availability of lower-priced network units, especially the 15-second spot.

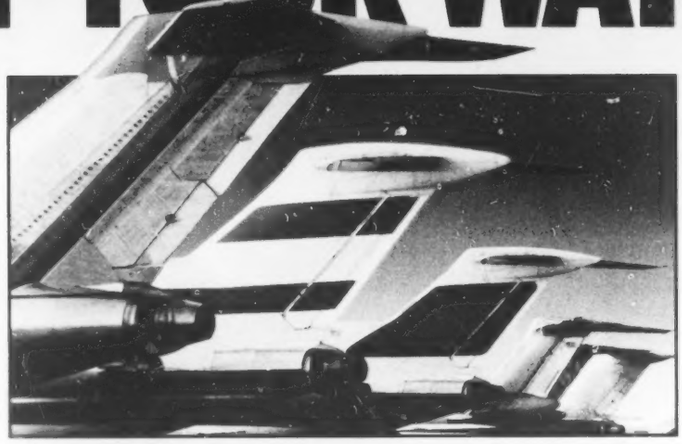
Cable tv

Last year, cable networks were finally recognized as realistic alternatives to broadcast networks, with much lower unit prices.

In 1986, because of improved audiences and growing demand, cable prices rose a sharp 14%. In 1987, with more demand for ad positions in programs that deliver targeted, desirable audiences, prices will rise accordingly. Cable's 1987 unit rate increases should be around 8%,

(Continued on Page S-12)

BUYERS MISSING SAN JOSE: BEHOLD THE AIR OF YOUR WAYS!



And behold the facts:

% of Bay Area Business Air Travel[1]	
Santa Clara County	23%
San Francisco County	16%

% of Bay Area Non-Business Air Travel[2]	
Santa Clara County	24%
San Francisco County	18%

Santa Clara County Air Travellers' Newspaper Preference[3]	
Sunday Mercury News	65%
San Francisco Sunday Examiner/Chronicle	12%

Santa Clara County is obviously the best buy in the Bay Area. And the best way to buy it is the San Jose Mercury News. It's the leading newspaper in the market. It's five times more popular than the San Francisco papers. It's even more popular than television. It's simply that good.

THE SAN JOSE MERCURY NEWS

The Bay Area's Best Buy.

Represented by Knight-Ridder Newspaper Sales, Inc.

[1,2]Metropolitan Transportation Commission, 1985 [3]San Jose Continuing Market Study, Belden Assoc., 1985

Rate hikes

(Continued from Page S-10)
higher than those of any other medium.

Network radio

The wired radio networks' revenue has soared in the last two years, and greater demand has resulted in fast-paced price increases. In 1986, network rates should show an above average increase of 8%. In 1987, some moderation is expected, but the rates should again be among the highest of all media—6%.

Spot radio

Spot radio enjoyed an excellent year in 1985, and rates were rising at the start of 1986, but softened somewhat as the year unfolded. Rate increases for 1986 should average 6%. Price competition among stations has intensified, however, and 1987's rate increases are expected to be more moderate at 3%.

Newspapers

Because of their monopoly in most markets, newspapers tend to ask for above average rate increases. But linage has declined and orders have shifted from run-of-press space to inserts, so rate hikes are slowing.

In 1986, increases will be around 7%. More moderation is expected for 1987, with rate hikes of 6%.

Magazines

Magazine ad pages have been contracting since they peaked in 1984. Intense battles for shrinking ad volume have lead to price discounts or announcements of modest future rate increases. In 1986, the average increase in magazine rates will be 5%—the lowest in years. In 1987, it will be even lower, 4%.

Outdoor

Cigaret and liquor advertisers have continued to modify their outdoor budgets, and rates in many markets are coming under pressure. In 1986, the congressional and gubernatorial elections have helped sustain demand for outdoor space, but rate hikes of 8% reflect a slowing down. Softening should continue in 1987, with moderate price hikes of 5%.

Direct mail

No increases in postal rates are expected through the end of this year, but over-all direct mail costs will jump 3% because of rising list charges and production expenses. The modest rate increase will creep upward in 1987 to 4%, as most of the economies of scale are exhausted. Some time during the year the postal rates could be raised.

Over-all, the economic outlook for 1987 is guarded. Most media rate increases will be close to the expected 3% rise in total inflation. By 1988, a presidential election and Olympic year, media prices may inflate modestly if the economy resists a recession. But even given the most optimistic scenario, we aren't likely to see rampant media inflation again for years.

Media unit* cost trends
(1967=100)

	1983	1984	1985	1986	1987**
Newspapers	336	366	395	423	448
Magazines	237	256	276	290	302
Network tv	394	445	476	490	510
Spot tv	342	376	399	415	436
Network radio	300	321	347	375	397
Spot radio	248	273	289	306	315
Outdoor	363	396	428	454	477
Direct mail	290	282	302	311	324
Composite	**318**	**342**	**367**	**386**	**405**

*A unit in the various media listed includes a single black and white page for newspapers, a four-color ad for magazines, 30-second spots for network and spot tv, one-minute spots for network and spot radio, a 100 showing in outdoor (100 GRPs which is the reach and frequency of 1-amount of boards per day) and 25,000 pieces of direct mail.
**Estimated
Source: McCann-Erickson

Media cpm trends
(1967=100)

	1983	1984	1985	1986	1987*
Newspapers	314	342	368	392	415
Magazines	221	239	258	271	282
Network tv	318	359	387	402	418
Spot tv	268	294	312	324	338
Network radio	244	259	280	298	310
Spot radio	207	226	241	253	258
Outdoor	286	309	332	344	359
Direct mail	290	282	302	311	324
Composite	**287**	**307**	**328**	**345**	**362**

* Estimated
Source: McCann-Erickson

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Heyday of 15-second spots falls behind schedule

By Dennis Freeman

After five years of partial acceptance and continued speculation about its value, the 15-second spot has come of age. In the 1986-1987 season, for the first time, all three networks are accepting stand-alone 15s in prime time, and many major advertisers are including the shorter commercials in their media strategies.

But so far, while 15s certainly have experienced steady growth, they haven't exploded onto the screen the way observers originally expected. When the unit first hit the airwaves in 1981, many predicted it would become the standard commercial unit by the end of the decade. In last year's fourth quarter, some agency executives expected 15s to represent 35% to 40% of all network units sold by the end of season. This year, network salesmen estimated that 15s would account for 30% of 1986-1987 upfront prime time inventory.

There's no way to tell what will transpire by 1990, but neither of the latter two predictions has materialized. In the first half of 1986, 19.4% of all network tv commercials were 15 seconds in length—up from 10.1% at the end of 1985, according to Television Bureau of Advertising and Broadcast Advertisers Reports. Network and media sources estimate that this percentage has held steady in the second half of 1986. And demand for 15s in this season's upfront market has been soft, say ABC and NBC sources.

"There isn't the volume that we anticipated," says Jon Neavig, NBC vp and general sales manager for the East Coast. "We're probably up to 10% or 11% in prime time, heavier in daytime."

ABC's "very rough estimate," according to a spokesman, is that 15s comprise 15% to 20% of total inventory. CBS declined to give an estimate.

And despite the recent availability of solo 15s, most of the spots still air as "split 30s," back-to-back 15s advertising different products from the same manufacturer. Most 15s are used by regular network advertisers—primarily multibrand package goods and beauty product companies—instead of the smaller, new advertisers observers expected would flock to tv as a result of the medium's increased affordability, according to media sources.

"You can count on one hand the number of 15-second spots that are original, creative [material]," says Roger Rice, president, Television Bureau of Advertising. "All the rest are cutdown 30-second commercials."

The use of 15s remains largely confined to the networks. In 1985, 15s accounted for 1.3% of non-network tv commercials; three months into 1986, the figure rose to 3.2%, according to TvB and BAR statistics.

"Fifteens have not been all that significant in the spot market," says New York-based Katz Television Group president Peter Goulazian. "We've measured them to account for no more than 1% or 2% [of Katz's spot sales]."

At the local level, stations already sell 10-second spots to smaller advertisers at a premium of 60% of a 30, and see little reason to follow the networks in offering 15s at half the price of a 30.

"The rate for our 15-second spot ranges from 60% to 80% of a 30, depending on whether it's a split 30, a stand alone, or has guaranteed placement. At this point, with the small inventory of 15s that we're airing, we probably have taken a fairly hard line in our rate negotiations," says Al Seethaler, general manager, KUTV-TV, Salt Lake City. For the week of Sept. 22 to 28, for example, KUTV aired two 15-second commercials, compared with 1,407 30s and 37 10s.

One reason 15s haven't taken off as expected is that network rates have moderated. "Cpms

(Continued on Page S-16)

Dennis Freeman is a Kentucky-based free-lance writer who regularly contributed to Crain Communication's Focus, Advertising Age's *European sister publication, while he lived in London.*

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Commercial activity by unit length

Network television spots

	10 sec.	15 sec.	30 sec.	60 sec.
1980	0.7%	0.0%	94.6%	1.9%
1981	0.9	0.1	94.2	1.5
1982	0.9	0.1	93.7	1.5
1983	0.9	0.2	93.8	1.8
1984	1.0	5.2	89.2	2.1
1985	1.3	10.1	83.5	2.2
Jan.-June, 1986	0.6	19.4	75.1	1.8

Non-network television spots

1980	7.8%	0.0%	85.1%	3.9%
1981	7.1	0.0	86.2	3.4
1982	6.0	0.0	87.5	3.3
1983	6.0	0.0	87.8	2.9
1984	5.8	0.4	88.2	2.8
1985	5.5	1.3	88.0	2.7
Jan.-June, 1986	4.9	3.2	85.2	3.1

Source: Television Bureau of Advertising from data supplied by Broadcast Advertisers Reports (BAR)

Fifteens

(Continued from Page S-13)

[costs-per-thousand] basically were down this year, so we didn't need to cut back on 30s," says David Braun, director-media and program services, General Foods, White Plains, N.Y.

Another reason is that tv stations, advertisers and agencies aren't completely sold on the shorter unit. Says KUTV's Mr. Seethaler, "The reality of the market is that you cannot sit on the sidelines and watch the money go by. It would be nice to be a purist and say we will not accept 15s, but in a competitive market, that's unrealistic."

Non-network tv stations aren't fond of 15s because they add to the clutter already created by 10s, which the stations are more familiar with and have been running steadily since tv's earlier days.

The networks have been reluctant to accept the shorter units because they make clutter harder to control, and virtually double the computer time needed to track commercial placement, media inventory and billings, sources say. Networks managed to resist advertiser pressure to make 15s available in prime time through the early 1980s. Then last year, in an attempt to combat softening rates, CBS began accepting the shorter unit in all dayparts.

"ABC and NBC held out as long as they could," says NBC's Mr. Nesvig, "but then the judgment was made that we couldn't be competitive [unless we did the same.]"

Far from increasing network revenues, many observers say 15s have helped to soften the market. "The 15s certainly have had an effect on pricing," says Gary Carr, director-network operations, SSC&B:Lintas Worldwide, New York. "Network pricing has been kept under control because a lot of brands have been able to run 15s instead of 30s, and keep the same advertising weight at half the price."

Adds Mr. Nesvig, "Other forces have been keeping advertising rates down, but the increased use of 15s has had something to do with the correction in daytime cpms."

According to Mr. Goulazian, not all advertisers are clamoring for the 15-second spot. Many, in fact, remain wary of the unit. "In concept, 15s sounded very attractive to advertisers," he says. "They could get 15s at half the cost of a 30, while commercial testing revealed that a 15 was 70% as effective as a 30. But I think advertisers have become somewhat concerned about making their most important ad medium less effective by increasing the [number of] commercials on television."

Mike Hedge, associate media director, BBDO, New York, says the current research on the effectiveness of the 15-second spot is based on an environment in which 30s are the norm. "When the environment shifts to where 15s are the norm," he says, "I think the research will show the relative value of the 15 is not the same as it is today. The 30 may stand out more, and have greater cost-effectiveness."

Agencies also question the shorter unit's effectiveness for selling new products and introducing new campaigns, Mr. Rice says. "Those using the spot are using it simply as a reminder, for brand recognition. Most agencies responsible for moving merchandise aren't convinced that a 15 can do the job."

Sean Fitzpatrick, vp, director-creative services, Campbell-Ewald, Warren, Mich., says agencies also are resisting because they haven't come to terms with the creative possibilities of the 15-second spot.

On the other hand, numerous marketers, particularly those that use 15s to stimulate brand awareness of established products, appreciate the fact that the shorter spots enable them to hold the line on media costs and increase the frequency of their messages.

Henry Wittemann, vp-advertising services, Alberto Culver Co., Melrose Park, Ill., says 15s have worked very well for the company. "The shares of products at retail prove that the results are very satisfactory. This year, we're using 15s exclusively for all established brands."

Currently, networks are attempting to control commercial clutter by decreeing that only two 15s may run in each commercial pod (break). Viewers are seeing, at most, only one extra commercial per pod, a number

most agencies and advertisers say viewers will tolerate. As the demand for 15s increases, however, networks will come under pressure to permit more than two 15s per pod, and clutter may pose a greater problem.

Even though 15s haven't grown in the tidal wave proportions originally predicted, some agency executives still say they will eventually comprise a large portion of tv inventory.

"They will be insidious," says Stanley Becker, exec vp-creative director, DFS Dorland Worldwide, New York.

"They will slowly crop into our view," he says. "Twenty-five per cent of the work we now do is for 15s. Maybe in three or four years, they will become the rule."

Advertorials make money, stir debate

By Belinda Hulin-Salkin

Somewhere in the twilight world between magazine advertising and editorial content, advertorials have firmly taken root and now flourish.

The genre isn't new; advertorials have been around for more than a decade. And, while there are no industry figures measuring their growth, observers say the use of these ad vehicles has become more widespread and frequent in recent years, as individual magazines fight an industrywide advertising slump.

Indeed, advertorial revenues have been known to increase in some magazines, as run-of-press ad revenues decline. Sources say advertorials can account for as much as 14% of ad revenues.

Advertisers love these themed sections, where their ads nestle next to complementary editorial copy. For them, it's the best of all worlds. Magazine ad directors like them because they bring in extra ad dollars, and often, new advertisers. Readers are drawn in by the editorial content, which directly relates to the product or service being advertised.

In the interest of editorial purity, however, most editors, would rather pretend these hybrids don't exist. That may get harder to do.

Publishers argue about what to call these sections, how to improve them and what their actual impact is on ad revenues, but no one expects them to disappear.

Belinda Hulin-Salkin, a Collingswood, N.J.-based free-lance writer, is a former Advertising Age *stringer and an occasional contributor to Special Report.*

"We do very well with advertorials and I think our advertisers have gotten very good results," says Stephen Nicoll, advertising director, *Forbes*, New York. "Of course, the success of an individual section largely depends on the concept, the subject matter and the quality of the write-up."

***Business Week's* approach to advertorials is to shun the term, but not the concept.**

Forbes is heavily committed to advertorial products, running as many as 400 ad pages yearly in its 24 to 26 special ad sections. In 1986, advertorials contributed an estimated 8% to the magazine's over-all ad revenues.

"The use of advertorials is definitely on the rise. We really use them to draw new advertisers into the book," explains Mr. Nicoll. "It gives them an opportunity to run their message surrounded by relevant text, and it gives us a chance to show off the pulling power of the magazine."

Mr. Nicoll balks at the idea that advertorials—produced and written by agents hired by the ad department—compromise

(Continued on Page S-18)

Laura Lewis, Aerobics Program Director, Dallas, Texas

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Economy may stunt tv networks' future growth

By Verne Gay

NEWS ANALYSIS

At a recent New York press briefing, the new acting chief executive officer of CBS made a pronouncement that could become one of the more prophetic statements about the future of network tv rates.

"I think we've come through a decade of above-average growth in advertising expenditures," said Laurence Tisch. "And that decade is over. We are in a new decade, where growth in advertising expenditures will be more in line with the growth in the economy.

"Add to that total framework the competition we have for growth in the media and I think that total media expenditures will track the consumer price index."

While Mr. Tisch was not speaking directly about how much advertisers will pay for network time in the future, his remarks suggest that network tv's ad revenues—and rates—will grow little, if at all, over the next few years.

During the last year, advertiser spending slowed down—ad growth projections for 1986 are an estimated 5% to 6%, down from 7.9% in 1985.

"Even if the second half of 1986 brings the beginning of revenue improvement, the three networks' days of annual double-digit revenue gains may be gone for the foreseeable future," said Alec Gerster, exec vp and director-media, Grey Advertising, New York, in a recent report to clients.

Both 1985 and 1986 were watershed years for the networks. In this period, barter tv syndication secured a stronger presence and took a bigger piece of the broadcast pie. Its ad revenues grew from $430 million in 1984 to an estimated $630 million in 1986.

During this period, the networks also suffered their first year-to-year revenue decline since cigaret ads were banned from the airwaves in 1971. Total network advertiser spending in 1985 was $8.3 billion, according to Broadcast Advertisers Reports, down 3% from the year before.

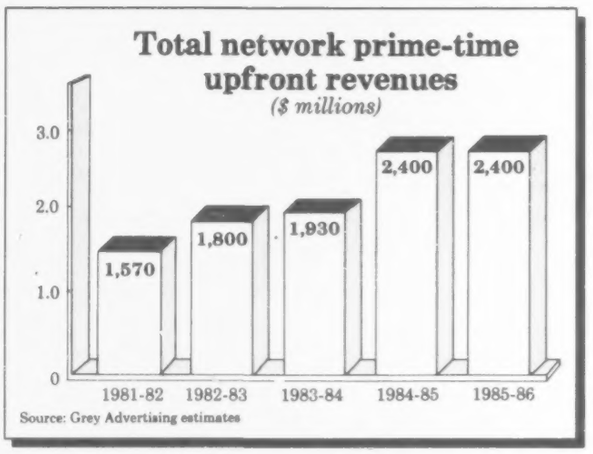
Spending in 1986 is expected to be flat while 1987 will see low, single-digit growth.

And in this season's upfront market, when advertisers purchase network inventory 52 weeks in advance, prices declined on ABC and CBS from the previous year—a first for network tv.

Each of the major networks also underwent top management and ownership changes in 1986. This, however, is not expected to significantly affect the network rate structure. The new managers have concentrated primarily on streamlining and cost cutting, not on new sales strategies.

In October, Rupert Murdoch's News Corp. Ltd. engineered the first global tv sale. The Gillette Co., working through Omnicom Group's BBDO agency, purchased time on Murdoch's European-based Sky Channel, Network Ten in Australia and Fox Broadcasting's "Late Show Starring Joan Rivers." Such a sales tactic could eventually help U.S. marketing efforts for the newly formed fourth network. If advertisers purchase time on the global network, Fox could offer preferential rates on FBC, adding to the competition for tv advertising dollars.

Two other recent developments will have an impact on network rates: The networks' decision to accept "stand-alone" 15-second spots in all dayparts, and the introduction of people meters to measure tv household audience ratings next year.



In the 1986-1987 season, all three networks began accepting stand-alone 15s in prime time. This season's demand for the shorter unit appears to be falling short of the 30% figure network salesmen were anticipating. However, network sources predict the unit will eventually attract advertisers that had been priced out of network prime time during the inflationary years. If this occurs, they hint, demand for the unit will increase—and so will the price. Currently, network 15s go for 50% the cost of a 30-second spot.

An alternate scenario has the supply generated by 15s far exceeding advertiser demand for network spots, and rates, along with earnings, declining.

Next year, Audits of Great Britain, the London-based research company, will begin a U.S. rating service using data from people meters. The meters, which combine the functions of diaries and black boxes in use for the past 25 years, record all information electronically, rather than with the pen and paper method of diaries.

A.C. Nielsen Co. is converting its test of people meters to an operational service in September, 1987. It will decide in December whether to supply advertisers with data taken only from people meters, or to integrate people meter results with conventionally recorded household ratings.

Early test results from both Nielsen and AGB revealed that people meters showed lower audience levels than those reported by the conventional meter/diary system as well as different viewing patterns in certain demographic groups. If Nielsen supplies only people meter data, and if audience levels are lower than previously recorded, advertisers presumably will pay less for network units.

Both developments, however, are taking a back seat to the most elemental trend gripping the networks: The general flattening of spending patterns. The top 30 television advertisers generate exactly one-half of all network revenues. In 1984, these advertisers' network billings represented 70% of their total tv spending, which includes local and national spot spending. By 1985 that level had dropped to 67%. While 1986 figures are not yet available, many experts say these advertisers will continue to shift funds from network tv into syndication or national spot spending.

In 1985, American Telephone & Telegraph, Anheuser-Busch, Coca-Cola Co., Dart & Kraft, General Mills, General Motors, Johnson & Johnson, PepsiCo., Philip Morris Inc., Sara Lee Corp., Sears Roebuck & Co., Sterling Drug, and Warner-Lambert Co. reduced their network tv budgets. Ford Motor and McDonald's Corp. were among the top spenders to substantially boost spending.

Gains in spending by specific category advertisers were offset by declines in other categories. While wine coolers—a relatively small category—foreign autos and cereals increased spending considerably, key categories such as package goods, domestic autos and beers were flat or down.

Late last year, the slowdown in network spending and declining network rates began to have a profound effect on other media

Videocassettes flex their

Coke's doing it in Europe, Cadillac is beginning to use it and home-gym kingpin Soloflex pioneered it. Pushing products via videocassette—by placing ads on home movies or by using the entire cassette as a marketing tool—is on the move.

The Coca-Cola Co. turned a new page in advertising history by affixing soft-drink commercials to the beginning of the European cassette version of "Ghostbusters," produced by Columbia Pictures, a Coke subsidiary. While Coke sources say the company has no immediate plans to tack its commercials on RCA/Columbia's U.S. video releases, there is speculation that this could change by the end of 1987.

Video companies are keeping abreast of the Coke experiment. "MCA video has no immediate plans to put consumer ads on its video releases," says Jane Ayers, media director, MCA Home Video, Universal City, Cal., "but we're definitely aware of the [Coke] situation, and will watch what happens."

Should soft drink or other commercials begin appearing on U.S. video releases, consumers aren't likely to dive for the zapper. In a recent survey of more than 400 vcr owners conducted for Benjamin Co., a video marketing company in Elmsford, N.Y., 63% of the respondents said they would watch commercials at the beginning and end of tapes they purchased; 60% said they would rent tapes with ads on them.

Coke commercials were added to European cassette versions of the movie "Ghostbusters."

Marshall Field & Co. is using the medium for a direct marketing campaign. To announce the October opening of its San Antonio, Tex. store, the company spent $100,000 on 7,500 videocassettes, which were mailed to affluent local residents. The cassettes highlighted the store's merchandise and encouraged credit card aplications.

In a similar marketing move, Cadillac will use videocassettes

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As network scatter prices fell, ad dollars that had previously been earmarked for other media shifted to the networks. Even this, however, wasn't enough to turn the networks around in 1985.

On the brighter side, daytime network tv, for two years one of the weakest network dayparts, began to rebound strongly in this year's late third quarter. And late night—particularly on CBS and NBC—was the strongest network daypart this year because of its cost efficiency in reaching adult men.

Also, the networks' scatter market took a healthy turn in September by tightening in five day parts.

Currently, scatter rates are running 5% to 15% over prices paid in upfront, and because upfront pricing varied from +5% to -5% depending on the advertiser, network or daypart, this means over-all pricing will still be flat for the quarter.

The scatter market's upswing reflects the way the networks sold their 1986-1987 upfront inventory.

Except for NBC, which had the strongest pricing in the upfront market, both ABC and CBS oversold their inventory, assuming there would be little advertiser scatter money available in following quarters.

Ironically, the money materialized, pushing network fourth-quarter scatter rates up.

The dynamics of the marketplace led to the fourth quarter's big performance. But several sources say additional money had filtered into the marketplace as well. If this trend continues, scarce network scatter inventory through 1987 could fetch very high prices.

Insert publishers retool as profitability sags

By Paul Edwards

Only a year ago, business was booming in the free-standing insert business.

Couponing was at an all-time high. Some 180 billion coupons were distributed in 1985 and the inserts carried more than 60% of them. And pricing was solid, with most advertisers in the package goods, household products and over-the-counter drug categories paying about $7 per page per thousand distribution.

Of the four insert publishers, three of them—Valassis, Farmington Hills, Mich.; Product Movers, New York, and NCC, Westport, Conn.—were setting records. Only the insert published by John Blair Marketing, New York—bought by Quad Graphics last year—was in trouble because of underlying problems at parent John Blair Corp.

Quad has now reestablished its insert, but MCA's NCC Sunday Inserts has been dropped, a victim of the problem-plagued industry. Over the past year, publishers have committed to more issues, each carrying fewer pages, rather than the added pages they had hoped for. The dramatic increase in production and distribution costs for the additional issues greatly reduced profitability, forcing NCC's sale to Valassis Inserts.

And as a result of a yearlong price war, the average price per page has dropped from last year's $7 to the mid-$5 range, with some pages in so-called national editions going for $4.50.

For major package goods advertisers like General Foods, Procter & Gamble and Colgate-Palmolive, lower prices translate into millions of dollars in savings. But for the producers of fsis, profit margins have eroded severely, though there is hope NCC's departure will help prices come back.

Advertisers don't necessarily agree that prices are too low. At one package goods manufacturer, a promotion director says that with one fewer publisher, fsis will likely carry more pages, making them more cost-efficient. Any cost savings that result should help them lower prices further, she said. But at RJR Nabisco Broadcast, an fsi buyer said he expects that prices may begin a slow climb upward.

"The real key to restoring profitability will be innovative marketing," says Ken Bortner, chairman, Product Movers.

Valassis continues to lead the market, as it has done for years, but its page count per issue has fallen in the past few months. The major reason, according to most observers, is simply the greater number of issues that Valassis is printing this quarter. Late last year, as the Blair insert was being sold to Quad Graphics, Valassis added four new dates to this quarter in an effort to provide an alternative to Blair's customers.

Quad Graphics claims its insert, a year after being purchased, is making money. And it has achieved profitability with an innovation that took all others in the industry by surprise.

This month Quad introduced the industry's first rotogravure edition. Unlike the traditional fsi printed on an offset press, the roto will be limited to advertisers that purchase the full national run of about 48 million circulation. Roto advertisers will not be able to pick and choose individual markets as they can with the web fsis. Nor will they get perforation or sequential numbering of coupons.

But roto advertisers will get the industry's lowest price ever, as little as $4.50 per page for some categories. "Response to the first Quad roto has been so good," says president Paul Moschetti, "that Quad is now planning nine roto dates in its 1987 schedule."

Perhaps the most significant change is being pioneered by Valassis and Product Movers. Both are attempting to go outside the traditional client universe for new advertisers. Valassis has been running ads from Doubleday Book Club. Product Movers has taken an ad from Maytag. Further, with its consumer card, a tipped-on post card, Product Movers is seeking business from financial services companies, like credit card marketers.

Such changes will likely meet with resistance from the newspapers that carry the inserts. But just as likely, if the inserts prove to be an efficient medium for these "new" advertisers, the inserts will prevail. At a price of $6 to $7 per page per thousand for four-color reproduction, they are easily less than half the price of newspaper run-of-press.

Undoubtedly, newspapers will fight back. Some may try turning inserts away at the loading dock if they carry ads they deem competitive. Others may attempt to add surcharges to their insertion fees. But most observers feel that, in the not too distant future, fsis will be carrying more ads and promotions for advertisers outside their traditional marketing area.

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to introduce its Allante, General Motors' first ultra-luxury car. While no release date has been set, Cadillac sources say the video will be mailed to prospective buyers depending on the car they own, club membership and home address. Cadillac will spend an estimated $10 million advertising and promoting Allante in 1987, with a sizable chunk going toward producing and distributing the video.

Soloflex Inc. has been successfully using videocassettes to market its $900 home-gym machine since 1983. The Hillsboro, Ore.-based company sends a 22-minute informational cassette to potential buyers who request it through an advertised toll-free number. The cassette has been generating a 7% purchasing response level, compared to a 3% response from a printed brochure. The video cost $150,000 to produce, with each copy costing $6.50 to process and mail.

"If another product comes along that we feel we can market on video, we won't hesistate to do so." says Karen Schneider, assistant director-media and marketing, Soloflex. "You can't believe how successful that campaign was."

Likely prospects for tacking their ads onto home videos are traditional package goods advertisers whose message can be stated quickly. Companies with new or more elaborate, high-price products, on the other hand, would most likely opt for using the entire cassette as a direct marketing tool.

To be successful in the latter type of video advertising, says Ron Kaatz, media concepts director, J. Walter Thompson USA, Chicago, "the program must be geared toward the affluent consumer. They're the ones who will actually purchase products off of video."

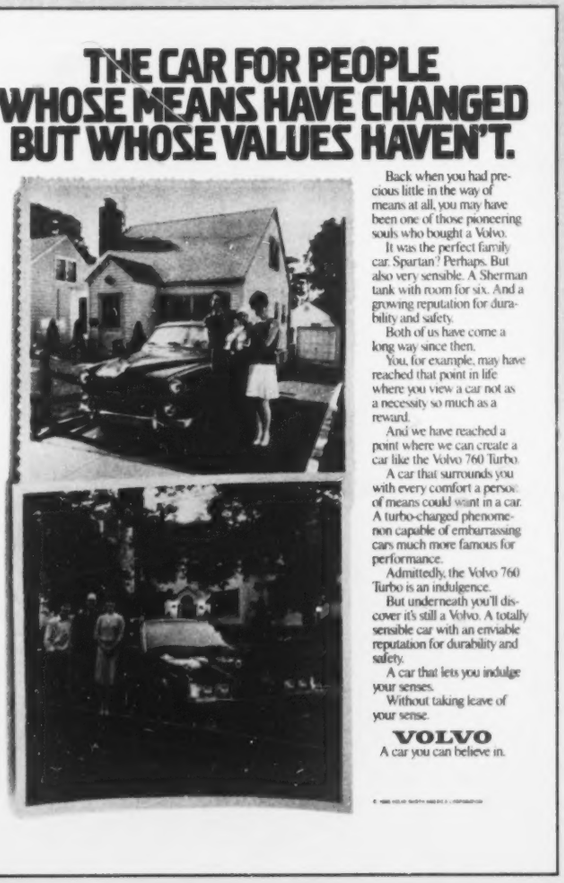
While some are optimistic about videos as a marketing tool, Mr. Kaatz isn't quite sure. "Advertising on videocassette has some potential," he says, "but is the potential worth the extreme costs? You can buy a spread in a magazine and reach an assured circulation of 100,000, while with a videocassette you may only reach 200.

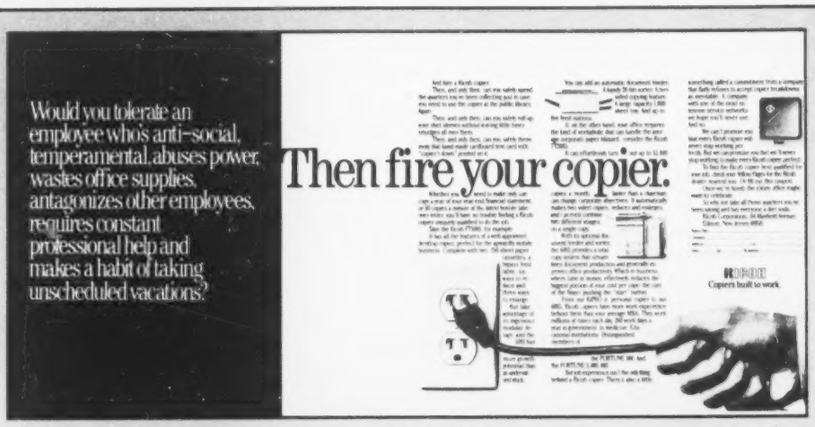
"Marketers must realize that this is not just a highly fashionable medium," he says. "If they don't have a concrete plan, and control over what they're doing, the costs could kill them."

—*Christopher Colletti*

HOW TO WIN
WHEEL OF FORTUNE P.M. • JEOPARDY • WHEEL OF FORTUNE A.M.
LOVE CONNECTION • THE NEW HOLLYWOOD SQUARES
THE $1,000,000. CHANCE OF A LIFETIME • STRIKE IT RICH
TRUTH OR CONSEQUENCES • DANCE FEVER • SOUL TRAIN
WE'RE THE PRODUCERS' EXCLUSIVE REPRESENTATIVE OF THESE SHOWS
ON GAME SHOWS
WE COORDINATE PROMOTIONAL SPOT ADVERTISING AND CONTESTANT PRIZES ON NETWORK AND SYNDICATED PROGRAMS. FEATURE YOUR PRODUCT AS A PRIZE, OR ADVERTISE IT NATIONALLY FOR A FRACTION OF NETWORK RATES. WITH 70 MILLION PEOPLE WATCHING GAMES SHOWS EVERYDAY, HOW CAN YOU LOSE?
PIC-TV
10933 Camarillo Street, North Hollywood, CA 91602-1398 Telephone (818) 985-1100
11 East 47th Street, Suite #203, New York, NY 10017 Telephone (212) 308-6464

BEST OF PRESS


THE CAR FOR PEOPLE WHOSE MEANS HAVE CHANGED BUT WHOSE VALUES HAVEN'T.
Back when you had precious little in the way of means at all, you may have been one of those pioneering souls who bought a Volvo.
It was the perfect family car. Spartan? Perhaps. But also very sensible. A Sherman tank with room for six. And a growing reputation for durability and safety.
Both of us have come a long way since then.
You, for example, may have reached that point in life where you view a car not as a necessity so much as a reward.
And we have reached a point where we can create a car like the Volvo 760 Turbo.
A car that surrounds you with every comfort a person of means could want in a car. A turbo-charged phenomenon capable of embarrassing cars much more famous for performance.
Admittedly, the Volvo 760 Turbo is an indulgence.
But underneath you'll discover it's still a Volvo. A totally sensible car with an enviable reputation for durability and safety.
A car that lets you indulge your senses.
Without taking leave of your sense.
VOLVO
A car you can believe in.


Would you tolerate an employee who's anti-social, temperamental, abuses power, wastes office supplies, antagonizes other employees, requires constant professional help and makes a habit of taking unscheduled vacations?
Then fire your copier.
RICOH
Copiers built to work.

There's something about the look of this ad—Chiat/Day's creative—that gets us every time. (We've picked similar ads for Apple Computer from C/D.) This ad from the agency's New York office uses a great full-page teaser line, run in reverse type, to urge business people to consider Ricoh copiers in a spread that follows. Creative director: Bill Hamilton; copywriter: Penny Kapousouz; art director: David Nathanson.

Scali, McCabe, Sloves, New York, uses the same tack in both print and tv for Volvo—a duotone alongside color to compare present and past. Both the art and the headline work well in both media. Associate creative director and copywriter: Larry Cadman; associate creative director and art director: Earl Cavanah; photographer: Cailor Resnick Photography.

This ad from Greengage Advertising, New York, for American Re-Insurance Co. also uses an eye-catching and thought-provoking reverse-type headline to draw the reader into a no-nonsense copy block that focuses attention on tort law reform. Creative director: Reggie Troncone; art director and copywriter: Don Miller.

Gardner Advertising, St. Louis, used color very effectively in this ad for Southwestern Bell Media's Yellow Pages in Baltimore. The copy, in slightly larger than agate type, reads, "Thank you to all the businesses in the new Baltimore Metropolitan Yellow Pages. We'd list you individually, but it would take 85 ads this big and print this small..." Creative director and copywriter: Steve Puckett; art director: Marty Chapel.

FLASH REPORT: Newspaper advertising investment for August

August 1986	IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1986	1985	ACTUAL $ GOR L	% GOR L
Amusements	1986	$34,460,109	$28,139,651	+6,320,458	+22.5
	1985				
Computer stores & supplies	1986	3,746,364	3,865,401	-119,037	-3.1
	1985				
Department stores	1986	106,808,308	91,863,316	+14,944,992	+16.3
	1985				
Food stores	1986	29,230,890	27,824,040	+1,406,850	+5.1
	1985				
Radio, tv, phonographs, records	1986	20,445,067	17,479,519	+2,965,548	+17.0
	1985				
General merchandise stores	1986	50,681,627	40,815,171	+9,866,456	+24.2
	1985				
Alcoholic beverages	1986	1,869,160	2,019,695	-150,535	-7.5
	1985				
Cameras, photo supplies & services	1986	374,929	230,974	+143,955	+6 3
	1985				
Computers, equipment & services	1986	506,492	3,001,077	-2,494,585	-83.1
	1985				
Public service utilities & commissions	1986	3,764,852	4,737,963	-973,111	-20.5
	1985				
Publishing & me	1986	5,952,364	5,703,402	+248,962	+4 4
	1985				
Cigarets	1986	3,103,439	5,247,466	-2,144,027	-40.9
	1985				
Airlines	1986	7,447,732	7,873,680	-425,948	-5.4
	1985				
Passenger cars-new	1986	21,475,656	15,487,273	+5,988,383	+38.7
	1985				
Banks & trust companies	1986	4,587,815	4,512,901	+74,914	+1.7
	1985				
Stock, bond & investment houses	1986	1,449,294	1,262,552	+186,742	+14.8
	1985				

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Retailers stoke spending

New York—Advertisers increased their spending by 13.8% in August from the same month last year in the major-market newspapers that Media Records measures for Advertising Age's Flash Report.

Spending rose in 10 of 16 categories, with department stores leading all categories with a 16.3% gain to $106.8 million. General-merchandise stores followed with a 24.2% gain to $50.7 million, and amusements spending rose 22.5% to $34.5 million.

The new-passenger-car category continued to show strong gains in August with a 38.7% increase from year-ago levels, to $21.5 million.

Other gainers were publishing and media, up 4.4% to $5.9 million; banks and trust companies, up 1.7% to $4.5 million; stock, bond and investment houses, up 14.8% to $1.4 million, and cameras, photo supplies and services spending, up 6.3% to $374,929.

Declining categories included—besides computer stores and supplies—airlines, off 5.4% to $7.4 million; public service utilities and commissions, down 20.5% to $3.8 million; cigarets, off 40.9% to $3.1 million; alcoholic beverages, down 7.5% to $1.9 million, and computers, equipment and services, down 83.1% to $506,492.

The Flash Report is based on SAU inch measuremer ts in 29 daily and 23 Sunday newspapers in 15 major markets.#

Supermarket advertising is generally a graphics nightmare—an explosion of type styles and faces accompanied by dollar signs. That's why this campaign, via R.L. Meyer Advertising, Milwaukee, for Dominick's Finer Foods in the Chicago area, caught our attention. It uses appealing type styles and bold illustrations to draw readers into the copy. In this ad, note that meat cleavers are used as copy breaks. Creative director: Tom Ungar; art director: Rachel Stephens; copywriters: Tom Ungar, Effie Meyer; illustrator: Matt Zambo.

Best of Press selections are made by a committee of three: Hank Simons, vp-creative director of the Newspaper Advertising Bureau; James Dunaway, vp-information at the bureau, and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work.

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

November

— Art & antiques —

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
Art & Antiques	69.2	52.6	517.6	305.8
Southwest Art	82.8	90.3	807.2	938.7
Total Group	152.0	142.9	1,324.8	1,244.5
% change		+6.3%		+6.5%

— Auto/cycle/rec. vehicles —

Autoweek (52X)	120.4	118.2	1,480.6	1,448.9
Car & Driver	89.1	102.0	975.8	1,065.0
Car Collector & Car Classics	23.0	14.6	185.9	201.5
Car Craft	69.5	84.9	818.3	838.7
Circle Track	58.1	53.8	668.5	581.0
Cycle	28.2	40.5	464.7	556.4
Cycle Guide (11X)	23.4	30.3	407.4	430.1
Cycle World	26.4	27.3	480.1	583.9
Dirt Rider	31.9	47.0	421.7	359.1
Dune Buggies & Hot VWs	81.7	96.6	953.1	1,035.3
Family Motor Coaching	134.5	137.1	1,586.7	1,602.4
4 Wheel & Off-Road	90.0	110.5	951.3	887.2
Four Wheeler	68.4	95.3	894.3	965.5
Hot Rod	76.7	63.8	689.2	666.6
Motorcyclist	18.0	23.5	479.9	410.3
Motor Trend	80.6	96.5	723.2	818.7
Motorhome	79.1	82.3	995.5	1,042.1
Rider	24.5	37.9	517.4	579.4
Road & Track	107.5	122.2	1,070.5	1,222.5
3 Wheeling	49.0	78.6	607.8	667.8
Trailer Life	101.9	108.8	1,214.1	1,326.8
Total Group	1,381.8	1,571.7	16,585.9	17,289.3
% change		−12.1%		−4.1%

— Boating & yachting —

Boating	113.8	106.4	1,502.0	1,463.4
Chesapeake Bay	36.8	31.0	436.8	370.8
Cruising World	90.0	99.9	1,443.8	1,542.8
Lakeland Boating (10X)	57.0	54.0	686.1	645.0
Motor Boating & Sailing	132.9	140.3	1,841.6	1,813.3
Sail	103.5	94.1	1,240.8	1,420.2
Small Boat Journal(6X)	—	—	249.2	233.9
Trailer Boats(11X)	23.1	24.4	446.9	370.2
Western Boatman(6X)	31.0	33.1	226.3	266.9
Yachting	132.1	140.6	1,522.9	1,778.4
Total Group	720.1	723.8	9,596.4	9,904.9
% change		−0.5%		−3.1%

— Canadian —

L'Actualite	134.0	124.3	932.6	756.3
Chatelaine				
English Edition A.	105.9	148.8	1,020.8	1,044.7
French Edition	91.8	141.0	875.1	855.4
City & Country Home(8X)	67.9	62.3	550.6	385.8
Equinox (6X)	47.5	46.0	236.0	183.0
Flare A.	97.3	92.8	905.5	771.5
Macleans (52X) A.	245.6	194.8	1,462.4	1,390.4
Moneywise	46.3	66.1	390.9	386.2
Montreal Calendar	30.8	48.0	252.0	357.7
Montreal Ce Mois Ci	46.7	67.3	314.0	431.2
Reader's Digest:				
Canadian-English A.	82.5	109.5	812.1	818.7
Canadian-French A.	61.5	83.0	669.9	625.2
Total Group	1,057.8	1,183.9	8,421.9	8,006.0
% change		−10.7%		+5.2%

— Civic/fraternal —

American Legion	26.7	25.1	273.7	285.7
Elks (10X)	22.2	20.5	187.9	194.2
Kiwanis	18.8	20.7	181.3	172.8
Lion (10X)	8.0	4.3	64.6	56.3
Rotarian	17.0	11.6	164.2	122.9
V.F.W. (11X)	31.5	27.6	285.0	279.6
Total Group	124.2	109.8	1,156.7	1,111.5
% change		+13.1%		+4.1%

— Comics —

DC Comics	4.5	6.5	58.5	76.0
Marvel Comics Group	8.0	6.0	84.0	77.5
Total Group	12.5	12.5	142.5	153.5
% change		+0.0%		−7.2%

— General —

American Health (10X)	64.7	86.8	565.8	502.9
The Atlantic A.	75.3	73.3	424.5	523.4
Audubon Magazine (6X)	40.0	46.0	178.0	214.0
Bon Appetit A.	133.8	142.0	929.5	995.8
Changing Times	81.6	53.2	582.4	448.6
Connoisseur	135.4	129.1	809.1	751.0
Consumers Digest (8x)	23.3	36.5	173.2	202.2
Ebony	101.2	195.3	1,024.8	1,105.0
Fifty Plus	46.6	37.4	402.3	368.1
Food & Wine	91.7	82.8	599.1	553.5
Games	15.1	23.6	170.1	194.9
Gourmet	159.1	158.6	1,049.3	1,021.3
Harper's A.	23.9	25.2	247.3	278.9
Harrowsmith (6X)	45.9	—	245.2	—
Let's Live	56.0	38.0	545.0	453.0
Life	234.5	81.9	735.2	704.3
Money	155.8	170.1	1,344.8	1,333.0
Moneyworth	—	—	44.0	51.4
Natural History	45.7	54.2	450.7	475.5
Prevention	70.2	61.4	682.3	662.5
Psychology Today	40.2	36.9	316.4	280.1
Reader's Digest A.	133.9	99.7	1,057.2	872.8
Saturday Evening Post (9X)	40.5	35.5	306.7	293.7
Signature	99.6	91.7	791.7	630.9
Smithsonian	110.3	119.2	888.6	1,001.6
Sylvia Porter's Personal Finance (10X)	47.3	48.3	372.5	251.0
Town & Country	233.2	284.4	1,464.4	1,587.5
Travel & Leisure	125.0	147.0	1,149.9	1,187.3
Vanity Fair	75.2	46.1	519.3	376.4
Writer's Digest	29.8	19.2	278.9	261.6
Yankee	107.4	117.1	859.0	893.6
Total Group	2,641.9	2,540.3	19,207.1	18,475.7
% change		+4.0%		+4.0%

— Home —

Americana (6X)	15.4	27.1	151.8	210.0
Architectural Digest A.	207.0	211.7	1,419.7	1,454.2
Better Homes & Gardens	143.6	140.6	1,210.2	1,224.8
Colonial Homes (6X)	69.4	51.5	390.7	365.9
Columbus Monthly-Homes(4X)	—	—	105.4	47.1
Country Home (6X)	63.3	31.7	298.6	195.4
Country Living	86.7	88.5	845.3	779.8
Dallas/Ft. Worth Home & Garden	86.7	121.9	846.4	920.9
Family Handyman (10X) A.	46.8	54.9	527.8	598.6
Flower & Garden (6X)	34.2	46.6	190.6	205.4
Home	48.4	79.5	554.8	569.4
Home Mechanics	51.7	58.9	644.9	709.8
The Homeowner (10X)	25.9	23.4	282.2	265.5
Horticulture	33.0	33.7	399.1	368.3
House Beautiful	84.2	90.3	793.4	913.5
House & Garden	137.3	129.2	1,068.8	1,067.8
Houston Home & Garden	82.7	103.0	822.6	1,031.5
Metropolitan Home	67.3	76.2	632.7	715.6
1,001 Home Ideas	56.9	60.3	511.7	557.1
Phoenix Home/Garden	65.7	84.7	761.5	745.2
Practical Homeowner	38.5	46.5	467.7	498.3
Rodale's Organic Gardening	41.5	41.3	604.8	599.1
Rx Being Well	20.0	24.0	137.0	150.0
Southern Accents (6X)	105.5	100.8	596.7	536.0
Southern Living	171.0	201.3	1,545.8	1,502.7
Sunset Magazine A.	156.4	192.0	1,503.7	1,619.9
Texas Homes	56.6	76.8	654.0	877.9
Workbench (6X)	43.0	56.0	279.6	320.7
The Workbasket	34.5	44.2	114.5	385.6
Total Group	2,073.1	2,296.5	18,332.0	19,435.8
% change		−9.7%		−5.7%

— In-flight & other passenger —

Alaska Airlines	60.0	55.0	643.8	548.1
America West Airlines	50.8	—	295.5	—
American Way (24X)	111.9	147.8	1,106.5	1,170.3
East/West Network:				
Eastern Review	103.2	106.3	1,075.5	1,056.7
Northwest	58.3	50.0	513.2	470.3
PSA Magazine	134.3	118.8	1,025.9	946.8
Pan Am Clipper	44.0	60.8	484.5	676.0
Spirit	95.3	109.2	1,056.6	1,070.0
TWA Ambassador	64.2	—	108.5	—
United	116.2	117.2	1,058.0	1,051.9
Western's World	76.5	68.7	659.7	616.1
Halsey Publications:				
Air Cal	55.3	45.3	571.0	541.1
Delta Sky	95.2	86.7	836.5	819.1
US Air	54.9	43.0	510.7	516.9
Hawaii (6X)	25.7	20.8	302.8	254.7
Pace	94.3	71.0	917.4	777.6
Presidential Airways (6X)	7.3	—	45.1	—
Spirit of Aloha (6X)	26.4	20.3	301.9	252.2
Total Group	1,273.8	1,121.0	11,513.1	10,767.7
% change		+13.6%		+6.9%

— Men's —

Esquire A.	136.8	156.2	1,090.8	1,180.3
Gentlemen's Quarterly A.	182.0	186.5	1,750.7	1,689.9
M Magazine	71.8	64.5	695.9	608.0
Penthouse A.	55.7	54.5	462.0	489.8
Playboy A.	61.8	66.8	659.7	790.6
Salute	25.6	—	116.6	—
Total Group	533.7	528.5	4,775.7	4,758.6
% change		+1.0%		+0.4%

— Metropolitan —

Aloha (6X)	33.2	35.5	180.3	189.8
Atlanta	62.5	80.8	587.1	611.3
Baltimore	104.4	106.4	882.1	903.1
Boston	217.9	204.3	1,745.0	1,732.9
California	74.2	79.0	755.8	761.2
Chicago	180.1	172.0	1,485.9	1,491.2
Chicago's North Shore	112.2	99.3	928.2	890.6
Cincinnati	88.2	103.8	721.5	685.1
Cleveland	85.0	102.2	783.3	883.6
Coast (39X)	60.7	69.5	2,391.7	2,617.3
Columbus Monthly	84.2	108.2	779.2	813.2
Connecticut	89.8	118.8	1,035.9	1,015.0
D/Magazine, Dallas/Ft.Worth	130.2	187.9	1,341.5	1,499.7
Denver	40.8	39.8	397.7	377.0
Detroit Monthly	144.4	185.6	891.7	797.8
Grand Rapids	52.3	42.3	476.6	558.1
Gulfshore Life (10X)	74.0	58.0	648.0	523.0
Honolulu	119.2	112.6	723.0	701.5
Houston City	44.6	101.5	546.9	787.2
Madison	68.0	55.0	703.0	667.6
Metropolitan Detroit	98.5	79.0	841.5	802.5
Miami/South Florida	74.9	136.3	721.5	1,017.6
Mid Atlantic Country	31.0	41.7	430.2	496.3
Milwaukee	86.0	104.3	735.6	729.5
Minneapolis/St. Paul	135.6	177.0	1,105.8	1,131.1
Nashville	50.0	51.0	439.0	442.0
New Jersey Monthly	91.5	76.9	884.2	688.5
Ohio	63.2	60.9	643.1	737.6
Orlando	1,077.0	1,079.9	98.7	96.7
Palm Beach Life	92.5	92.7	661.0	771.2
Palm Springs Life	109.0	110.2	1,223.3	1,226.5
Philadelphia	175.2	176.4	1,494.1	1,531.0
Phoenix	174.2	103.6	1,065.0	1,074.6
Pittsburgh	92.5	87.8	746.5	719.8
St. Louis	60.3	65.0	—	—
San Diego	158.6	164.0	1,500.0	1,705.3
San Francisco Focus	126.6	123.8	1,059.8	1,020.6
Texas Monthly	155.8	196.2	1,349.7	1,412.8
Twin Cities	77.3	80.5	618.3	675.7
Ultra	74.3	113.2	660.9	841.5
The Virginian	53.3	51.5	367.8	324.0
Washington (7X)	62.0	58.0	435.0	252.5
The Washingtonian	210.0	212.7	1,703.9	1,791.3
Total Group	5,195.2	5,505.1	36,789.4	37,995.0
% change		−5.6%		−3.2%

— Movie/romance/radio/tv —

Macfadden's Women's Group:				
Modern Romances	27.5	17.3	242.8	212.6
Secrets	27.5	17.3	242.8	212.6
True Confessions	27.5	17.3	242.8	212.6
True Experience	27.5	17.3	242.8	212.6
True Love	27.5	17.3	242.8	212.6
True Romance	27.5	17.3	242.8	212.6
Sterling Women's Group:				
Daytime TV	25.5	25.5	280.7	308.5
Modern Screen	—	—	79.2	73.8
Movie Mirror (6X)	—	—	18.5	87.0
Soap Opera Stars	—	—	78.6	93.6
TV Movie Screen (6X)	—	—	42.8	35.3
TV Picture Life (6X)	—	—	14.2	33.0
TV Game Show	26.0	—	98.0	—
Total Group	216.4	129.3	2,068.9	1,906.9
% change		+67.4%		+8.5%

— Music/entertainment —

Audio	95.2	67.3	1,017.2	960.9
Dance Magazine	50.2	52.5	565.2	603.4
Musician	65.6	65.3	619.8	651.6
Playbill	59.5	64.8	505.3	550.8
Stereo Review	122.7	77.3	821.2	559.5
Video Magazine	86.0	90.0	839.6	817.4
Total Group	479.1	417.2	4,368.3	4,143.6
% change		+14.8%		+5.4%

— National Sunday magazines —

Parade (52X)	67.4	58.8	595.1	596.2
Total Group	67.4	58.8	595.1	596.2
% change		+14.7%		+0.2%

— Outdoor & sport —

Alaska	42.0	42.6	480.1	482.8
The American Handgunner (6X)	36.0	48.0	229.0	221.0
American Hunter	25.6	23.9	236.5	229.6
American Rifleman	24.1	26.6	276.2	296.0
Backpacker (6X)	29.6	32.4	170.1	196.9
Bass Master (9X) A.	52.6	43.2	464.0	464.7
Bicycling (9X)	47.6	62.6	686.9	849.2
Ducks Unlimited (6X)	44.6	51.0	210.6	210.0
Field & Stream	97.8	96.4	1,004.5	975.0
Fins & Feathers A.	31.5	28.9	361.8	330.1
Florida Sportsman	91.3	84.7	1,155.7	1,060.7
Flying	49.3	42.1	441.5	511.4
Golf Digest	84.0	68.7	1,013.7	982.3
Golf Magazine	43.5	49.8	718.7	685.1
Gun Dog (6X)	42.7	40.6	217.0	185.7
Guns	38.0	37.0	350.0	277.0
Guns & Ammo	57.0	60.3	559.4	513.1
In-Fisherman (6X)	43.0	41.0	408.0	447.0
Muscle & Fitness	111.3	106.4	1,241.1	1,172.7
Outdoor Life	75.9	69.5	853.4	784.6
Outside Magazine	68.6	56.3	540.2	480.4
Petersen's Hunting	80.0	72.1	599.0	529.6
Runner	28.1	45.0	326.2	399.5
Runner's World (13X)	29.3	26.3	339.4	420.4
Salt Water Sportsman	61.3	59.8	924.5	879.0
Sierra	37.8	41.9	215.7	226.5
Shooting Times	41.2	37.6	413.8	392.4
Ski (8X) A.	144.9	174.6	697.1	653.9
Skiing (7X)	221.0	202.6	743.6	789.1
Skin Diver	94.1	83.1	1,014.8	888.2
Southern Outdoors (8X)	56.8	38.8	386.7	322.7
Sport	49.3	45.8	447.5	482.0
Sports Afield	63.0	95.2	784.8	953.4
Tennis	55.8	37.1	782.7	905.7
Waterski (8X)	42.5	39.0	339.5	277.0
Western Outdoors (10X)	31.8	32.6	434.7	425.1
Total Group	2,170.9	2,143.6	20,166.4	19,898.8
% change		+1.3%		+1.3%

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

*W Magazine had three November issues in 1985 vs. two November issues in 1986.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. * All affiliated with Sunday Mag/Net. except Los Angeles Times Magazine and New York Times Magazine.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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(Continued from Page 101)

November

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Photography —				
American Photographer	42.3	53.4	427.4	453.5
Petersen's Photographic	31.1	34.9	284.1	319.5
Popular Photography	82.5	82.2	730.9	939.9
Total Group	155.9	170.5	1,442.4	1,712.9
% change		-488.6%		-15.8%
— Religious —				
Charisma	54.1	77.3	708.8	659.2
Christian Herald (11X)	28.2	31.3	280.9	318.5
Christian Life	32.8	—	225.8	—
Christianity Today (18X)	68.5	90.0	504.3	673.3
Moody Monthly (11X)	42.8	64.4	382.2	542.0
Today's Christian Woman (6X)	58.0	51.8	203.3	267.0
Total Group	284.4	314.8	2,305.3	2,460.0
% change		-9.7%		-6.3%
— Science/electronic/mechanic —				
Discover	59.9	55.3	385.6	383.2
Family Computing	72.7	52.8	502.0	433.8
Info World (52X)	137.0	107.0	1,373.0	1,375.0
Omni	76.3	75.5	727.8	727.1
Personal Computing	133.2	166.7	1,317.8	1,611.8
Popular Mechanics	89.7	102.2	1,010.9	1,065.7
Popular Science	68.7	76.9	741.0	722.6
Scientific American	56.3	80.5	391.6	523.2
Spectrum	90.3	127.1	913.6	1,158.9
Total Group	784.2	844.0	7,363.1	8,001.2
% change		-7.1%		-8.0%
— Woman/fashion/service —				
Bride's Magazine (6X) A.	—	—	1,792.7	1,544.2
Cosmopolitan A.	233.7	306.4	2,274.8	2,271.5
Essence	87.2	81.8	890.8	869.7
Family Circle (17X) A.	147.3	139.9	1,592.6	1,607.8
Glamour	201.8	188.6	2,008.6	1,980.2
Good Housekeeping A.	218.5	203.8	1,780.2	1,806.6
Harper's Bazaar	167.0	155.8	1,597.6	1,632.2
Health	47.9	32.6	445.3	435.1
Ladies' Home Journal	145.5	143.1	1,233.3	1,235.1
Mademoiselle	165.6	138.0	1,496.4	1,400.1
McCall's	123.4	124.4	1,033.2	1,034.0
Military Lifestyle	69.2	32.2	576.9	335.3
Modern Bride (6X)	185.7	155.4	1,552.8	1,475.4
Ms.	39.8	43.1	431.4	516.5
Parents Magazine A.	148.9	141.4	1,104.3	1,016.9
Redbook	137.9	111.7	1,072.6	1,037.4
Self	152.2	130.6	1,094.5	1,101.8
Seventeen	116.3	103.4	1,294.4	1,360.6
Shape	67.5	67.2	791.9	687.8
Soap Opera Digest (26X)	20.9	25.1	220.6	296.7
'Teen Magazine	45.7	38.9	576.7	547.0
True Story A.	56.6	68.6	529.9	558.8
Vogue	330.2	303.1	2,989.9	3,019.2
W Magazine	157.7*	170.4	1,318.0	1,287.7
Weight Watchers	38.2	27.7	372.8	311.5
Working Mother	123.6	98.0	834.7	847.7
Working Woman	194.5	140.7	1,207.8	1,144.3
Total Group	3,422.5	3,171.8	32,114.8	31,361.0
% change		+7.9%		+2.4%
— Youth —				
Boys' Life	16.0	17.7	182.5	204.1
Campus Life (10X)	41.0	44.6	396.7	474.7
Total Group	57.0	62.3	579.2	678.8
% change		-8.5%		-14.7%

October

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Business/national —				
Barron's	215.4	200.1	1,879.0	1,876.4
Black Enterprise	66.8	55.9	729.0	699.7
Business Week (52X) A.	395.8	383.7	3,072.2	3,422.5
Dun's Business Month	55.5	85.8	463.6	487.9
Financial World (26X)	51.6	60.1	624.3	480.8
Forbes (26X)	459.1	506.1	2,708.0	2,941.3
Fortune (26X)	360.9	403.1	2,306.1	2,713.1
Frequent Flyer	67.2	62.5	605.4	631.0
Futures	49.3	46.5	505.3	514.0
High Technology	22.6	22.3	190.9	296.1
Inc. Magazine A.	102.4	103.1	834.1	908.1
Income Opportunities	65.7	53.3	535.5	429.5
Industry Week (25X) A.	102.9	106.7	949.7	902.8
Nation's Business A.	41.6	36.3	341.3	329.8
Regardie's	104.2	114.0	1,392.9	1,251.3
Savvy	44.0	40.5	324.3	320.4
Venture	79.3	90.4	696.2	722.0
Total Group	2,284.4	2,370.3	18,157.7	18,926.6
% change		-3.6%		-4.1%
— Business/regional —				
Advantage-Nashville's Bus. Monthly	78.0	65.0	630.0	497.0
Arizona Bus. Gazette (52X)	40.6	36.3	324.8	287.7
Austin Bus. Journal (52X)	34.1	63.8	425.9	586.1
Baltimore Bus. Journal	99.2	70.5	725.3	663.3
Boston Bus. Journal (52X)	141.7	160.0	1,334.0	1,423.8
Business Atlanta	114.6	83.7	688.6	681.1
Business First of Buffalo	50.6	67.5	582.2	655.2
Business First of Columbus	81.2	82.5	826.2	662.8
Business Journal-Milwaukee	128.5	106.0	1,057.5	1,102.5
Business Journal-Sacramento	68.0	50.7	450.0	387.0
Business North Carolina	50.5	35.0	440.9	343.2
Business West	43.0	—	147.0	79.0
Cincinnati Business Courier	111.6	85.6	800.1	613.7
Corporate Report Kansas City	31.2	48.5	275.3	456.9
Crain's Chicago Bus. (52X)	182.8	195.0	1,635.8	1,586.0
Crain's Cleveland Bus. (52X)	101.4	80.3	648.8	756.0
Crain's New York Bus. (52X)	59.2	52.2	359.0	192.6
Florida Trend (13X)	99.0	121.3	824.5	929.7
Georgia Trend	69.1	45.0	546.7	105.0
Grand Rapids Bus. Journal	33.9	22.9	357.2	185.2
Hawaii Business	43.5	50.8	470.4	495.8
Indianapolis Bus. Journal (52X)	166.9	132.0	1,507.1	1,237.8
Intercorp-Connecticut (26X)	148.0	96.0	856.0	575.0
Kansas City Bus. Journal	121.7	143.7	1,249.9	1,483.2
Los Angeles Bus. Journal	41.2	64.2	374.9	489.5
Manhattan Inc.	94.1	72.4	705.0	427.4
New England Bus. (20X) A.	108.4	119.5	811.3	930.7
Pacific Bus. News (52X)	111.0	124.4	1,172.7	1,119.4
Philadelphia Bus. Journal (52X)	154.5	168.5	1,497.0	987.8
Pittsburgh Bus. Times (52X)	108.9	86.3	997.9	793.6
San Diego Bus. Journal	49.0	35.0	340.0	332.0
South Florida Bus. Journal	96.4	94.3	1,084.2	907.2
St. Louis Bus. Journal (52X)	143.0	135.9	1,395.8	1,439.3
Texas Business	56.3	114.1	573.1	726.9
Total Group	3,061.0	2,909.0	25,814.9	24,139.3
% change		+5.2%		+6.9%
— National Sunday magazines —				
Parade (52X)	60.9	68.5	527.7	537.5
USA Weekend (52X)	48.0	67.7	497.5	534.4
Total Group	108.9	136.2	1,025.2	1,071.9
% change		-20.0%		-4.4%
— Newspaper Sunday magazines —				
Boston Globe	263.0	253.0	2,099.6	1,938.0
Chicago Tribune	128.3	186.0	894.0	1,187.2
Cleveland Plain Dealer	66.0	62.7	535.8	479.2
Columbus Dispatch	78.6	45.5	432.4	479.6
Detroit News	78.0	95.0	845.0	865.0
L.A. Times	69.2	214.4	698.3	749.1
Louisville Courier-Journal	66.9	93.9	635.0	717.0
Miami Herald	74.7	64.6	514.0	426.7
New York Times Magazine	421.6	458.1	3,286.7	3,527.7
Philadelphia Inquirer	73.2	—	658.0	462.0
San Francisco Image	94.2	132.5	674.5	597.6
Toledo Blade Magazine	31.3	52.0	369.6	429.3
Washington Post	154.6	123.4	1,260.2	1,140.5
Total Group	1,599.6	1,781.1	12,903.1	12,998.9
% change		-10.2%		-0.7%
— Weeklies/bi-weeklies —				
The Advocate (26X)	107.7	204.8	1,339.6	1,034.3
Army Times Military Group:				
Air Force Times (52X)	172.1	174.3	1,792.3	1,581.1
Army Times (52X)	163.5	177.0	1,654.9	1,549.4
Navy Times (52X)	189.0	182.7	1,824.7	1,673.0
The Blood-Horse (52X)	552.8	495.1	3,676.9	4,183.9
Copper's Weekly (17X)	33.7	26.7	274.1	267.0
Commonweal (22X)	9.7	10.9	69.6	62.6
Grit (52X) A.	28.9	25.0	246.7	201.3
National Journal (50X)	91.8	44.0	573.5	469.0
National Review (25X)	34.5	25.2	300.3	232.8
New Republic (48X)	41.5	55.9	351.7	312.4
New York Magazine (50X)	291.9	311.0	2,445.2	2,395.1
New Yorker	322.7	315.0	2,036.9	2,258.7
Newsweek (52X) A.	267.5	288.3	1,981.3	2,152.9
People (52X)	302.6	348.4	2,911.0	2,928.6
Rolling Stone (25X)	144.9	109.0	1,110.4	898.5
Sporting News (52X)	62.8	58.1	518.9	442.1
Sports Illustrated (52X) A.	248.5	278.2	2,165.3	2,245.5
Time (52X) A.	275.1	271.5	2,035.9	2,099.4
Travelhost (52X) C.	3,195.0	3,305.0	32,200.0	32,242.0
TV Guide (52X) A.	310.9	345.7	2,868.7	2,974.7
TV Update (52X) C.	2,051.0	2,130.0	23,370.0	22,859.0
Us Magazine (26X)	44.3	66.8	421.2	352.5
U.S. News & World Report (52X) A.	129.2	154.0	1,247.3	1,357.7
Total Group	9,071.7	9,402.6	87,416.4	86,773.4
% change		-3.5%		+0.7%
— Foreign —				
Business Week Int'l (52X)	164.0	191.1	1,304.2	1,264.3
De Armas Publications:				
Geomundo:				
Central America	6.0	10.0	40.0	50.5
Chile	7.0	9.0	45.0	52.5
Colombia	14.0	18.0	82.8	94.5
Ecuador	7.0	6.0	36.0	40.0
Mexico	14.0	12.5	88.2	84.0
Peru	5.0	7.0	30.0	48.5
Puerto Rico	3.0	5.0	28.5	29.0
U.S.	5.7	8.7	48.3	61.0
Venezuela	10.5	9.0	126.5	86.0
Hombre De Mundo:				
Central America	5.0	7.0	49.3	38.5
Chile	4.0	7.0	49.3	45.5
Colombia	16.0	17.3	142.0	87.5
Ecuador	4.0	6.0	42.3	40.0
Mexico	31.7	20.5	161.7	126.5
Peru	3.0	5.0	29.3	31.5
Puerto Rico	3.0	9.0	40.3	65.0
U.S.	14.0	10.7	98.7	88.3
Venezuela	16.5	26.0	180.8	203.0
Ideas Para Su Hogar:				
Colombia	21.0	18.5	113.2	151.7
Ecuador	4.0	11.0	21.0	53.0
Mexico	19.3	20.7	85.6	114.0
Peru	2.0	1.5	26.0	21.5
Puerto Rico	—	—	0.2	10.5
U.S.	4.0	4.0	43.0	57.0
Venezuela	5.0	19.5	86.7	163.3
Mecanica Popular:				
Argentina	7.7	—	47.3	16.3
Central America	12.3	10.5	88.3	93.3
Chile	7.0	2.3	45.3	31.5
Colombia	22.3	19.7	151.3	140.3
Mexico	23.7	20.0	124.0	154.2
Peru	12.8	10.7	101.7	110.2
Puerto Rico	10.0	10.0	67.5	89.3
U.S.	5.2	11.0	57.7	71.5
Venezuela	22.0	12.0	116.2	127.5
Variedades Continental:				
Central America	20.0	16.8	172.3	82.0
Chile	5.7	4.3	40.7	30.3
Colombia	129.8	122.2	799.3	703.0
Ecuador	23.5	34.2	187.2	210.5
Mexico	99.5	144.7	776.0	878.5
Peru	14.8	30.2	119.8	164.3
Puerto Rico	34.8	45.5	317.8	346.7
U.S.	54.2	61.5	440.0	391.0
Venezuela	56.5	83.0	384.0	504.3
Hearst International Publications:				
Buenhogar:				
Central America	3.0	—	13.0	7.0
Chile	2.0	1.0	13.0	9.0
Colombia	48.3	39.0	324.3	321.0
Ecuador	13.5	20.0	111.0	161.0
Mexico	70.5	62.3	335.0	466.5
Peru	15.5	11.0	75.5	108.0
Puerto Rico	12.5	4.2	92.5	91.5
U.S.	19.7	21.5	200.2	173.0
Venezuela	45.2	43.7	210.0	333.2
Cosmopolitan en Espanol:				
Central America	13.0	3.3	46.7	13.8
Colombia	35.3	19.7	161.3	139.7
Ecuador	2.0	1.0	2.0	4.0
Mexico	65.8	76.7	410.7	474.2
Peru	1.0	2.0	1.0	25.0
Puerto Rico	13.0	27.7	104.3	208.5
U.S.(Spanish language)	24.7	28.8	248.7	179.3
Venezuela	28.3	35.3	147.0	229.7
Cosmopolitan Foreign Editions:				
Australia	92.4	109.5	660.3	660.0
Brazil	81.9	98.2	513.8	529.9
China	55.2	99.7	309.6	295.2
France	154.2	141.3	790.3	961.3
Germany	167.2	144.8	1,067.9	962.3
Great Britain	148.0	165.0	1,048.7	1,158.0
Greece	52.0	44.0	529.4	519.4
Holland	114.0	98.0	694.3	644.3
Italy	103.3	52.8	550.0	468.4
Japan	53.9	53.3	346.1	350.0
South Africa	113.0	111.0	854.0	860.0
Good Housekeeping Foreign Editions:				
Australia	53.0	38.0	306.4	543.2
Great Britain	182.4	182.1	1,247.7	1,249.2
Japan	85.3	77.7	736.7	701.9
International Communications:				
African Business	33.8	38.3	278.9	267.6
The Middle East	18.9	15.8	123.7	156.1
New African	31.5	28.4	190.0	169.6
International Management:				
Europe	56.2	82.0	458.3	503.2
Middle East	16.2	20.5	113.2	161.0
Johnston International:				
Alam Attijarat	30.7	54.5	332.4	455.7
Far East Business	58.5	38.3	384.5	296.7
Modern Africa (6X)	24.5	14.8	102.8	63.4
Newsweek International A.:				
Atlantic (52X)	125.4	135.7	794.5	852.8
Latin America (52X)	35.4	35.6	295.1	277.7
Pacific (52X)	705.8	91.6	571.2	619.9
Progreso (9X)	7.6	10.8	71.6	97.0
Reader's Digest:				
Arabic	9.5	9.0	67.5	101.5
Asian	239.0	309.0	2,099.8	2,087.5
Australian	52.0	68.3	537.8	554.0
Belgian-Flemish	116.0	113.5	670.9	762.0
Belgian-French	80.0	53.0	409.6	480.0
British	75.0	64.3	465.7	451.3
Chinese B.	135.5	149.0	1,011.3	1,249.0
Danish	45.3	38.5	308.3	316.8
Dutch	72.8	73.8	381.4	391.0
Finnish	48.3	44.3	384.1	432.7
French	28.0	43.1	148.1	408.5
German	88.5	91.3	608.7	626.2
Iberian	5.0	1.0	17.0	33.0
Indian-English	77.5	85.0	779.0	879.5
Indian-Hindi	9.5	12.0	99.5	108.5
Italian	48.0	37.0	388.0	319.0
Korean	22.5	27.3	285.5	243.5
Latin American:				
Argentina	19.0	13.5	133.5	181.0
Brazil	—	6.0	20.0	44.0
Central American	10.0	10.5	66.0	88.5
Chile	15.0	12.0	106.0	105.0
Colombia	27.5	30.0	237.5	266.5
Ecuador	9.0	10.5	61.0	86.5
Mexico	97.0	61.5	579.6	474.2
Peru	10.0	12.5	72.0	97.0
Puerto Rico	3.0	7.0	45.5	49.0
U.P.B.	10.0	12.5	62.0	73.0
U.S. Spanish	13.0	12.5	159.5	96.0
Venezuela	8.5	14.5	100.5	104.0
New Zealand	54.5	55.5	528.3	551.5
Norwegian	8.5	16.0	73.0	185.8
Portugal	39.0	47.0	350.3	358.1
South African	106.0	99.5	786.0	897.5
Swedish	15.5	38.0	149.5	173.0
Swiss-French	29.0	46.0	200.0	249.6
Swiss-German	36.0	61.0	266.8	350.1
Visao (52X)	229.0	269.8	1,408.7	1,355.1
Vision/Latin America (24X) A.	39.8	42.7	273.7	265.3
Total Group	5,895.6	5,575.6	37,244.5	39,514.7
% change		+5.7%		-5.7%

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Illustration by Roger Schillerstrom

Offnet bid by NFL backers

Advertisers eye joint grid deal

By ROBERT RAISSMAN and CRAIG REISS

NEW YORK—Representatives of at least 12 major advertisers are considering the formation of a consortium that would offer $750 million to the National Football League for a five-year, prime time, offnetwork tv deal.

The group met Oct. 30 at the New York office of Grey Advertising's LBS Communications, the nation's largest barter syndicator. Among those present were Michael Browner, director of media operations for General Motors; Jerry Solomon, vp-general manager, Anheuser-Busch's Busch Media Services; William Croasdale, senior vp-network, Backer & Spielvogel, representing Miller Brewing; David Martin, exec vp, Stroh Brewery's Stroh Media Services; Mark Reiss, director of corporate media, Coors; Alan Gibbs, director of media buying, Gillette; John Drollinger, manager-corporate media, Coca-Cola; Arnie Semsky,

(Continued on Page 80)

Last Minute News

Bates may be out as Commodore's agency

WEST CHESTER, PA.—Commodore this week is expected to fire Ted Bates Advertising/New York and hire a Philadelphia-based agency. Likely winner is Lewis, Gilman & Kynett, which lost the Sperry account after the client's merger with Burroughs. The Commodore account is estimated to be in the $10 million range.

Rapp & Collins lays off 15 in New York

NEW YORK—Rapp & Collins, one of Omnicom's eight direct-marketing agencies, last week let go 15 employes at its office here and resigned its Consumer's Union account. The New York office is now down to 60 employes; the agency has 68 more in Dallas and California.

New AmEx unit selects Wunderman

NEW YORK—American Express' new Direct Marketing USA division has selected Wunderman, Ricotta & Kline to develop and market new services to card members. WRK, lead direct-marketing agency of Young & Rubicam, also will help AmEx develop direct-marketing programs and

(Continued on Page 8)

Ayer reported bidding for Cunningham & Walsh

By STEWART ALTER

NEW YORK—N W Ayer was reported to be holding conversations last week with Mickelberry Corp. about acquiring Cunningham & Walsh.

There was no official confirmation of these reports. However, several sources have confirmed, among other developments, that Mickelberry put out feelers to other agencies about possibly selling C&W.

Supporting the reports is the logic of an Ayer-C&W deal. C&W's package-goods-heavy client list offers almost no conflicts with the Ayer account list and Ayer's growing overseas network could prove a good match for those clients.

Privately held Ayer, which reported 1985 billings of $826 million, is strongest in corporate and image advertising for such clients as AT&T, the U.S. Army, Avon, Continental Airlines, DeBeers and General Motors. C&W, which reported 1985 billings for its group of companies at $340 million, has as its major clients Procter & Gamble, American Home Products and Sterling Drug.

Reports of the current negotiations were greeted officially with denials or silence. Louis Hagopian, chairman-ceo of Ayer, normally accessible to the press, did not return phone calls to his office over a period of several days. Other agency officials said they had no knowledge of such negotiations.

Phone calls to C&W chairman-ceo Anthony Chevins were routed

(Continued on Page 81)

NEWSPAPER

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Hot cold remedy—P. 3

Highlights

Advertisers eye NFL bid 1
Representatives of at least 12 major sports advertisers have met to consider forming a consortium to make a five-year, $750 million bid for the tv rights to the National Football League's prime time games. NFC tv contracts expire after this season.

Dimetapp's competitors sniffling 3
A.H. Robins Co.'s Dimetapp is racing for the No. 1 spot in the $1 billion cold/allergy category this winter, after taking share from every major brand and passing all but three other cold remedies in market share this year.

Christmas promotion perils 4
Retailers, trying to wean themselves from pre-Christmas sales to hype shopping, this year are pushing promotional incentives to entice early holiday business. The new cure, however, may be as bad as the disease itself.

Agencies train for future 24
Despite the wave of ad agency staff cutbacks and the fact that this might dissuade young people from agency careers, industry recruitment and training programs are not a thing of the past.

A resounding vote for car stereos 32
General Motors Corp. and Ford Motor Co. are cranking up the volume of advertising for car stereo systems. High-margin sound systems help manufacturers and dealers recapture some of the profits forfeited to consumer incentives and competitive base prices.

IBM-compatible publishing tops show 33
Desktop publishing, dominated so far by Apple Computer, is opening up to 8 million owners of IBM PCs and compatible systems. More than a dozen marketers, led by Xerox Corp. and Hewlett-Packard, kicked off a stampede of IBM-compatible products at the Comdex trade show.

Miller pushes light limits 78
Miller Brewing Co., defending its vital Lite beer brand, has split with other major brewers in a battle to shape federal rules for the marketing of low-calorie beers.

CATEGORY REVIEW

Wineries uncork ad options 12
The dark clouds over the California wine industry may be lifting, but ad agency executives have little reason to raise their glasses in celebration.

FEATURES

Burkoff's fables 36
"Around our club, the members call John, Jim, Hank and I the Other Four A's, the Advertising Agency of Antiquated Arizonians. We're all over 70, retired, live in Sunshine City, Ariz., and belong to the Mesa & Gorse Country Club, where we reminisce and play golf together at least three times a week."

INTERNATIONAL

Labatt targets U.S. and Europe 50
Labatt Brewing Co., Canada's leading beer marketer, will concentrate on the U.S. and Europe next year in its worldwide effort to increase sales. As its first step, the brewer has named John Morgan, now general manager of Labatt's Ontario region, president of Labatt Breweries of Europe, effective Dec. 15.

OTHER NEWS

Merchants predict this will be the year of the expensive gift, with strong sales anticipated for high-tech goodies such as 8mm camcorders and stereo tvs. Page 48.

Upjohn Co. has brought in an experienced hand with over-the-counter drug marketing to lead a new push into that competitive, $7.5 billion industry. Page 75.

The November sweeps are still in progress, but the Big 3 tv networks have begun planning their next competitive period. February will be a much more "competitive sweeps," predicts Paul Schulman, president of Paul Schulman Co., the network tv buying subsidiary of Advanswers Media Programming. Page 77.

General Foods, concerned that the top MBAs are eschewing marketing for other higher paid business careers, has tackled the problem by marketing marketing. Page 76.

Anheuser-Busch's decision to launch a complete and well funded campaign for Michelob Classic Dark indicates just how competitive the slumping beer market has become. Page 78.

Miller Brewing Co. will collect $1.95 million in cash as part of a $2 million out-of-court settlement against Robert Landau, former chairman of Robert Landau Associates, sports marketing/-sales-promotion agency. Page 79.

SPECIAL REPORT

Worldwide expenditures for marketing, advertising and public opinion research currently are $3.9 billion a year. About 46% of that is U.S. expenditures. The 15 largest research organizations in the world account for about 45% of the global market, and that figure is expected to increase to about 50% by 1990 because of aggressive growth in recent years.

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Time Inc. shows ardor for women

By STUART J. ELLIOTT

NEW YORK—Time Inc. finally has a stake in the women's magazine market—and then some.

The communications giant is now a force to reckon with in that lucrative field after the surprising disclosure Nov. 20 of a joint venture with entreprenuer Dale Lang to operate *Working Woman* and most of McCall Publishing Co.

"If you can't beat 'em, buy 'em" was one Time Inc. staffer's reaction to the news the company would join Mr. Lang, owner of *Working Woman* since 1978, in creating an as-yet-unnamed women's magazine publishing company generating $125 million in revenues in its first year.

The new company will be responsible for Mr. Lang's *Working Woman* and McCall Publishing's *Baby!*, *McCall's*, *Working Mother*, *Working Mother Digest* and *McCall's* special-interest titles.

Time Inc. is getting "into a sector of the business we've really wanted to get into for some time," said vp-group publisher Robert Miller, who will represent Time Inc. on the new company's board. In 1977, Time Inc. tested a title

NEWS ANALYSIS

called *Woman*, and its more recent magazine development efforts included two weeklies aimed at female readers, *Flash* and *Picture Week*.

Earlier this fall, sources said, Time Inc.'s top magazine executives had struck an agreement with Chicago's Pritzker family, owners of McCall, to buy that company outright, but it was turned down by Time Inc.'s new president-chief operating officer, N.J. (Nick) Nicholas Jr.

The rejection of that deal,

(Continued on Page 81)

Time pulls out of videotex try

By BRIAN MORAN

NEW YORK—Time Inc. has pulled out of Covidea, its year-old videotex venture with AT&T and Chemical Bank, accelerating a sweeping changing of the guard in videotex technology.

Time's withdrawal from the estimated $150 million-plus venture comes a week after CBS Inc. bowed out of Trintex, its videotex experiment with IBM and Sears, Roebuck & Co. (AA, Nov. 17).

In addition, the New York Times Co., the supplier of information from its newspapers and other publications to Covidea, confirmed last week that it is considering ending its participation.

Time says it now will participate in the technology solely as a supplier of editorial content. The company's Money will continue to provide weekly excerpts to Covidea.

The media companies that pioneered the industry as a hedge against competition are now rejecting it, turning over the reins to industrial and high-tech giants with more financial resources.

AT&T and Chemical Bank, each owning about 45% of Covidea, said they will continue the venture. San Francisco-based Bank of America has sought regulatory approval for more than a year to become another partner in Covidea. Ogilvy & Mather here handles the service, so far limited to businesses and homes in the New York area.

Time has never disclosed its investment in the venture, begun in mid-1985, but sources estimate it at between $10 million and $15

(Continued on Page 84)

West Coast News

Grayson becomes 'California' publisher

LOS ANGELES—*California* named marketing director Perry Grayson to replace Richard Trent as publisher. Mr. Trent is raising capital to bid on four Harte-Hanks Communications' San Diego-area newspapers.

LAGUNA HILLS, CAL.—**Soladyne Pacific Corp.** hired Johnston Thoen & Lindh, Los Angeles, to replace Bernard W. Feldman Creative Services as agency for Handy Tan, suntan lotion in a bracelet (AA, Aug. 4). The company plans to take Handy Tan national in 1987, backed by a $2 million ad effort.

SAN FRANCISCO—**Fairmont Hotels** named Gardner Communications to handle its $1.5 million-to-$2 million account previously with Allen & Dorward. Cole & Weber and FCB/Direct also competed. Gardner resigned the Claremont Hotel account, estimated at about $300,000, and the account for the San Francisco Marriott Hotel, under construction.

EVERETT, WASH.—**Jantzen** subsidiary Jansport, an outdoor equipment marketer, awarded its estimated $1 million account to Elgin Syferd, Seattle. Former agency is Janklow Bender, New York.#

ADWATCH

Burger battles take smack at Mac

But its ad awareness is still No. 1

By JULIE FRANZ

The battle of the big burgers already is causing some fallout in advertising awareness for the top three burger marketers.

Heavy advertising for Burger King Corp.'s Whopper, Wendy's International's Big Classic and McDonald's Corp.'s McD.L.T. cooked up some significant changes in fast-food advertising awareness in Advertising Age's adWatch survey for October.

Both Miami-based BK and Wendy's, Dublin, O., increased their shares of first mentions when consumers were asked to name the fast-food advertising that first came to mind from all seen, heard or read in the past 30 days.

Oak Brook, Ill.-based McDonald's, the heaviest ad spender of the three, continues to hold first place in this recall category, but it lost ad recall share.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Consumers are queried on the first ad they remember over-all as well as in a variety of product areas. During October, 1,000 consumers were polled by telephone.

Ironically, the largest gain was logged by Wendy's, whose advertising consumer awareness increased 3.5 percentage points to 9.4% of first mentions.

That gain was made on the strength of advertising for its new Big Classic burger (AA, Sept. 22), which will be the last major Wendy's campaign from DFS Dorland Worldwide, New York. DFS was pink-slipped five weeks after the campaign began (AA, Nov. 3).

Like its rivals' big burgers, Wendy's Big Classic is loaded with condiments.

Its point of difference is that Big Classic is served on a corn-dusted kaiser roll. The ads tout Big Classic's freshness, saying, "This is the good stuff."

Top-of-mind awareness of Burger King's advertising gained 5.1 percentage points, giving it 17.4% of first mentions in October. BK continued its "Burger King town" effort but also ran more hard-hitting commercials comparing the Whopper with McDonald's McD.L.T.

Network tv spots harken back to BK's 1982 "broiling versus frying" campaign and compare the chain's made-to-order style with what BK characterizes as McDonald's assembly-line production.

J. Walter Thompson USA, New York, handles BK.

McDonald's advertising has cast its "have it our way" preparation system in a positive light. "Wheel of Fortune" hostess/goddess Vanna White and others humorously "chastise" McDonald's for not saying how many condiments are piled on its McD.L.T. (whether you want them or not, of course).

Ms. White reads a letter to McDonald's, complaining that because McD.L.T. is loaded with more yummy ingredients than just lettuce and tomato, it should be called "The one with the works."

Leo Burnett USA, Chicago, handles McDonald's.

That campaign broke during the week of Oct. 13 and covered only the final seven days of the October adWatch polling period. It will have a chance to produce more solid results in November.

In October, recall of McDonald's advertising fell 4.7 percentage points to 41.2% of first mentions, still good enough for first place in the category by a wide margin.

Changes in advertising awareness that are deemed statistically significant by adWatch researchers are those attributed to more than sample variation.

Ibuprofen this year has become a hot commodity in the pain-reliever segment as new products begin flooding the market, sparking heightened consumer awareness of product advertising. Awareness of advertising for Whitehall Laboratories' Advil gained 3.5 points in the **medicine and drug** category, boosting its share of first mentions to 9%. Young & Rubicam, New York, handles Advil.

That gain placed Advil in second place in October, up from third the month earlier. Ads for Johnson & Johnson's Tylenol remained in first place with 24.8% of first mentions, while Sterling Drug's Bayer fell to third with a 4.9% share.

Whitehall's Anacin was fourth with 3% of first mentions.

Joining the list of top five ad recall winners in medicine and drugs was Bristol-Myers Co.'s Nuprin with 1.3% of first mentions, that brand's first appearance among the top five. Grey Advertising, New York, handles Nuprin, which goes after Tylenol in its tv spots.

October's 10 best-recalled advertisers, named without requesting a specific product category, in descending order: Coca-Cola, Anheuser-Busch's Budweiser/Bud Light, McDonald's, Pepsi-Cola, Miller/Miller Lite, California raisins, Ford, Chrysler, E. & J. Gallo Winery's Bartles & Jaymes and General Motors' Chevrolet.

Making a surprise appearance among the top 10 is advertising for California raisins, sponsored by the California Raisin Advisory Board. The board's spots, created by Foote, Cone & Belding, San Francisco, have captured the attention of the advertising industry and consumers alike by featuring animated clay raisins dancing to Marvin Gaye's hit "I Heard it Through the Grapevine."

The seemingly endless line of finger-snapping raisins (decked out in sunglasses and white gloves) was created by Portland, Ore.-based Will Vinton Productions (AA, Oct. 20).

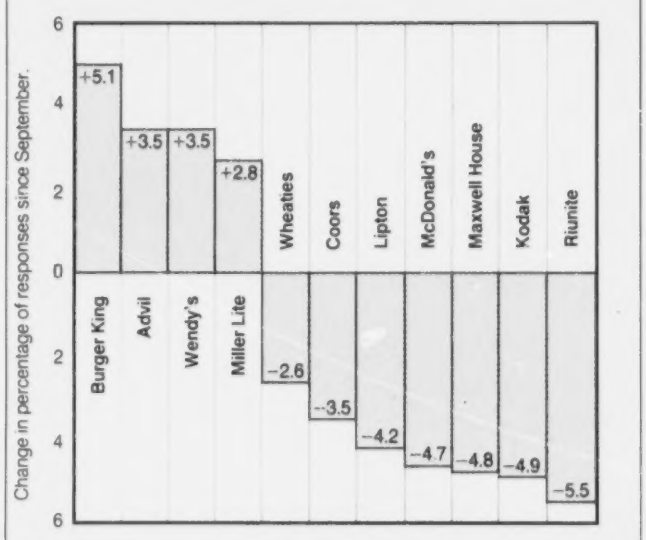
Among other significant changes in the October adWatch data:

- In the **camera** category, awareness of advertising by Eastman Kodak Co. fell 4.9 points, dropping its share of first mentions to 19.4%, Kodak's lowest ad share since March. August, September and Oc-

(Continued on Page 82)

October winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? *Source: SRI Research Center Inc., Lincoln, Neb.*



Cooper named new editor of 'Creativity'

New York—Ann Cooper is assuming the additional post of editor, *New York Creativity*, Crain Communications' monthly publication covering the creative community.

A. Cooper

As editor, Ms. Cooper will direct coverage of the production, film, illustration, photography and packaging industries. She continues to serve as AA's senior editor-creative, writing in-depth profiles on top creatives in the advertising world.

New York Creativity, a pullout section for Advertising Age subscribers in the New York area, made its debut Sept. 8. It appears the first Monday of each month with features and news about agency creatives, producers, commercial production house directors and editors, animators, creators of special effects, commercial music composers, musicians and producers, photographers and other persons engaged in printing and graphics design.

Ms. Cooper joined AA in November, 1984, as a writer, and was promoted to senior editor-creative in February, 1986. Previously a London-based free-lance journalist, she served earlier as an editor with *Marketing* and *Campaign*. She has a bachelor's degree from Napier College, Edinburgh, Scotland.#

CORRECTIONS & CLARIFICATIONS

- Ad linage totals for *New Woman* were 80.6 pages for November, 1986; 70.8 pages for November, 1985; 811.0 pages for the cumulative 1986 total, and 608.2 pages for 1985. These figures were inadvertently left out of the November Consumer Linage Report (AA, Nov. 17, P. 102).
- *Sportswear International*, the U.S. trade publication that covers men's, women's and children's sportswear, is owned by VSI International, New York, not Jean Frey AG of Switzerland (AA, Nov. 10, P. S-24). The Frey organization owns Sportswear International publishing rights for Europe only.#

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Agency training survives the cut

By STEWART ALTER

NEW YORK—Despite the wave of ad agency staff cutbacks and the fact that this might dissuade young people from agency careers, industry recruitment and training programs are not a thing of the past.

J. Walter Thompson USA here, which recently cut deep into its personnel rolls (AA, Nov. 10), says it will continue its agency training program, one of the more extensive in the business.

However, the agency did cut four or five people from this year's program, though with 35 it still has "more people than ever before," said Steve Dworin, senior vp-management director and head of the professional development program in JWT's New York office.

New programs also are emerging from smaller agencies that have not formally trained in the past. TBWA Advertising this past summer launched its "TBWA Junior" program.

Programs also are continuing among other agencies that have cut staff because of sluggish ad spending. SSC&B added eight international recruits this past summer to a training program that started with eight U.S. trainees in 1985. The agency has no plans to cut back on the program, a spokeswoman said.

Ogilvy & Mather, another shop cutting back staff this year, has "increased our training budget for next year," said Graham Phillips, chairman of O&M-U.S.

"I get the impression that the cutbacks are not affecting entry-level positions," said Bob David, who recently launched the Institute for Advertising Management, a training program here for account managers new to the advertising business.

This is not to say that everyone is painting a rosy picture. "I think there's a lack of enthusiasm for training programs and for young people coming up," said Gloria Viseltear, president of Huss Viseltear, a New York executive recruiting company. She believes talk about training programs, and programs themselves, have slowed down.

In some cases, the total numbers in a training program don't tell the whole story. DFS Dorland Worldwide, one of the agencies that laid off employes earlier this year, still has 40 people in its management training program. But there are fewer newcomers and more on-staff employes in the program.

"We're not hiring at the same level," a DFS spokeswoman said.

On the creative side, the shop previously hired eight to 14 entry-

(Continued on Page 28)

Mergers, layoffs spur mixed agency quarter

By STEWART ALTER

The third quarter, normally unimpressive for advertising agencies in non-Olympics years, is the focus of unusual interest this year because of the number of mergers and personnel layoffs that have taken place.

Omnicom Group took a $34.3 million tax writeoff to account for nonrecurring losses arising from the three-way merger that created it in August. BBDO International, Doyle Dane Bernbach Group and Needham Harper Worldwide combined to form Omnicom.

Flattened ad spending took a heavy toll on JWT Group's net income because the agency continued to invest in additional staff and salaries throughout the quarter. But the agency finally responded to the profit squeeze two weeks ago, as had Ogilvy Group, with major layoffs.

Interpublic Group of Cos., which steered a conservative course, avoiding acquisitions and keeping expenses in line, came across shiningly in these difficult advertising times. Net income rose 18.4% to $4.0 million in the quarter; 18% to $26.4 million for the nine months.

"Our operating costs were in line" and "we're a very balanced operation around the world," said Eugene Beard, exec vp-chief financial officer of Interpublic. That balance came into play in October, for example, when sluggish package-goods spending in the U.S. was offset by General Motors' heavy backing of its 2.9% GMAC financing program, explained Mr. Beard.

"One big area that is overlooked is in the acquisitions we do," said Mr. Beard. "We do our acquisitions in-house, and we are very conscious of the price we pay and do not chase price on acquisitions."

Omnicom, which did not pay any price for any acquisitions, nonetheless paid a dear one in the form of its $25.5 million writeoff to account for consolidating and restructuring operations. The agency wrote off another $8.9 million for professional services and discontinuation of incentive-award plans.

Rather than disturbing Wall Street, the huge writeoffs are getting high marks. Charles Crain of Prudential-Bache Securities said that while it was "more than I expected," he was "not at all" disturbed by it. "The more the merrier as far as I'm concerned," he said, explaining that if they write everything off now, it makes for less chance of any surprising declines in earnings down the road. Besides, Omnicom's promised 98% annual dividend was unaffected and the writeoff "was not all cash expense." It "was not as if they had gone out and drained their cash reserves," he said.

Robert Pfundstein, chief financial officer of Omnicom, explained that most of the writeoff involved real estate leases for space no longer needed following the consolidation.

For example, Omnicom now takes up only one floor in Needham's former New York headquarters building; Needham had had five. That's an extra rent "in excess of $3 million annually," said Mr. Pfundstein, noting that it would take at least six months to sublet. Consolidating computer operations was another expense; foregoing a lease on an IBM computer is costing between $500,000 and $700,000. Other costs associated with the merger included printing new stationery around the world for the merged DDB Needham Worldwide—$600,000. The investment banker's fee came to $2.5 million for putting the deal together.

Foote, Cone & Belding Communications showed an impressive 23.4% gain in net income, though in part that reflects the acquisition of Leber Katz Partners in New York and the restatement of 1985 earnings. That absorption of LKP, whose strongest earnings period is in the fourth quarter, involved a restatement that reduced nine-month net income for 1985. Also, said chairman-ceo Norman Brown, "Third-quarter revenues [generally] reflect some shifting of expenditures by clients from the fourth quarter, rather than an over-all increase for the year."

However, there were real improvements, too. "Net new-business performance" was up to $110 million for the first nine months, compared with $45 million in the same period of 1985.

At JWT Group, chairman-ceo Don Johnston observed that "operating income from Thompson Company declined because commissions and fees in most regions around the world were below what we had planned, as our advertising clients spent less than they budgeted." Mr. Johnston noted, "to date there is no indication that the rate of advertising spending will improve in the fourth quarter."

JWT's results were helped by a $2.6 million pretax gain resulting from the "curtailment of a domestic pension plan," said Mr. Johnston. But results were hurt by a higher tax rate and lower earnings at both Thompson and Hill & Knowlton, its pr subsidiary.

Ogilvy, whose chairman-ceo William Phillips said "the advertising environment remains difficult in most parts of the world," also benefited in the third quarter from such nonoperating factors as "higher interest and investment income, including the initial interest payment by Continental Airlines in settlement of their Chapter 11 debt." Continental had owed Ogilvy subsidiary Scali, McCabe, Sloves money from when it was the airline's agency.

Mickelberry Corp., which was doing poorly even when the other agencies were doing well in recent years, did even worse, losing $765,000 in the third quarter compared with a $59,000 loss in the third quarter of 1985.

"Along with many marketing-services companies, our operating results this year have been disappointing," said James Marlas, chairman-ceo. "Deflated media rates, a sluggish economy and aggressive pricing by competitors have taken their toll. No major clients have been lost and some significant new ones have been added, but over-all client spending has been well below our expectations," he said.

Lorimar-Telepictures' advertising segment (not in the chart), showed operating income of $1.0 million in the third quarter, compared with a loss of $1.8 million a year earlier, reflecting "the successful January, 1986, merger of Bozell, Jacobs, Kenyon & Eckhardt," said the company.#

Agency financial results

The third quarter produced a varied picture. Some agencies, like The Interpublic Group and Foote, Cone & Belding, produced impressive third quarter net income gains, while others, like JWT Group and Mickelberry Corp., showed big declines. NM means not meaningful. Source: *Advertising Age*.

Agency	Income ($000) 1985	1986	(%)	Revenues ($000) 1985	1986	(%)
Third quarter						
FCB	1,905	2,350	+23.4	72,013	81,429	+13.1
Grey	2,154	2,384	+10.7	53,393	61,843	+15.8
Interpublic	3,337	3,952	+18.4	156,247	190,723	+22.1
JWT	4,366	2,693	-38.3	137,710	152,144	+10.5
Mickelberry	(59)	(765)	NM	30,263	31,130	+2.9
Ogilvy	4,932	5,023	+1.8	115,187	132,756	+15.3
Omnicom[1]	(147)	(29,804)	NM	152,874	178,537	+16.8
Nine months						
FCB	8,796	9,644	+9.6	222,704	239,542	+7.6
Grey	7,358	6,794	-7.7	160,992	187,689	+16.6
Interpublic	22,374	26,411	+18.0	485,064	573,985	+18.3
JWT	10,337	11,421	+10.5	405,225	460,513	+13.6
Mickelberry	839	(194)	NM	99,981	97,448	-2.5
Ogilvy	15,968	14,698	-8.0	340,302	391,625	+15.1
Omnicom	17,911	(10,677)	NM	480,002	541,832	+12.9

[1]Omnicom Group loss reflects a $34.3 million write-off of non-recurring expenses related to merger that created company.

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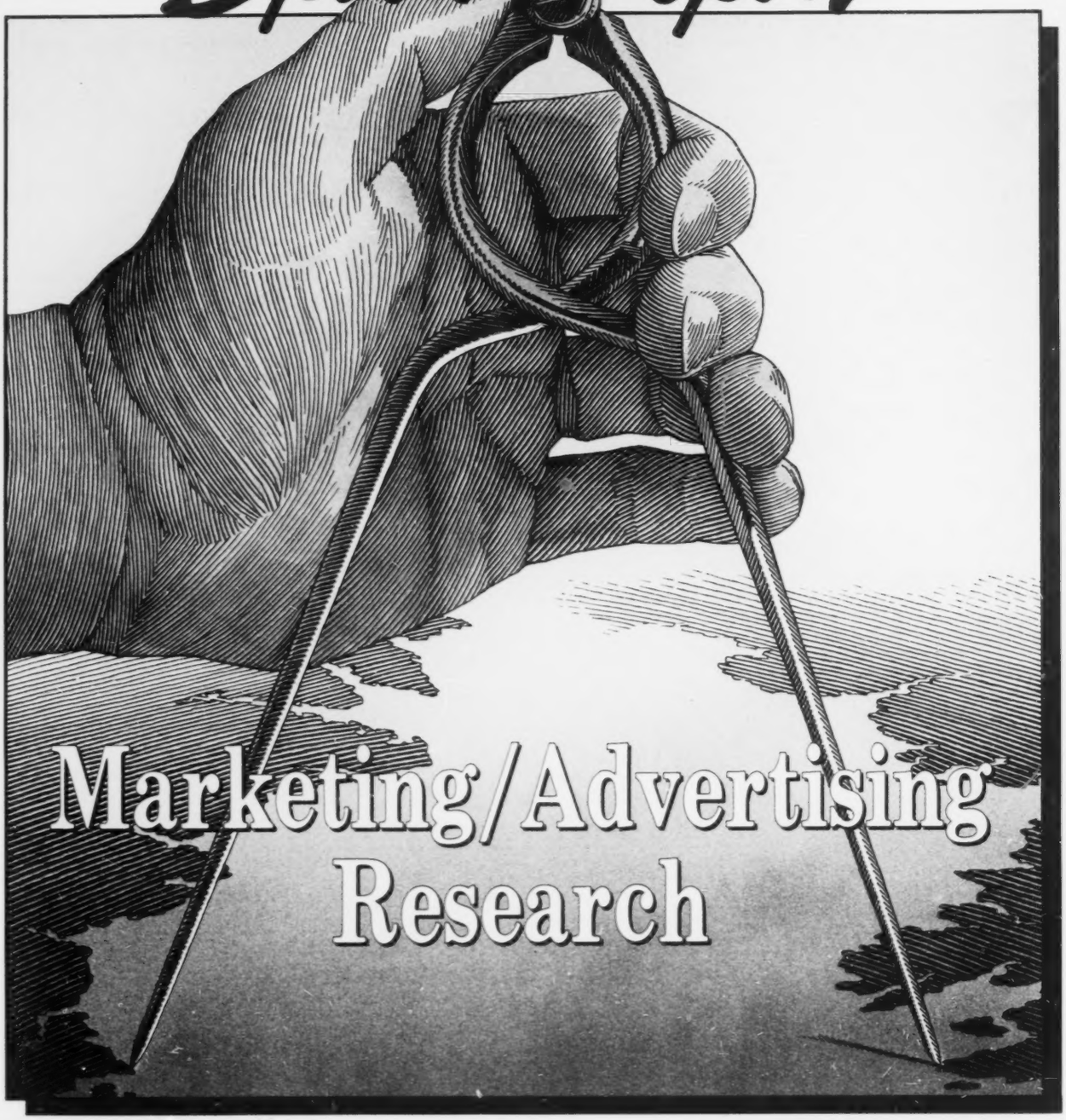


Marketing/Advertising Research

Ranking top players in growing global arena

By Jack J. Honomichl

Worldwide expenditures for marketing, advertising and public opinion research currently are $3.9 billion a year. About 46% of that is U.S. expenditures.

The 15 largest research organizations in the world account for about 45% of the global market, and that figure is expected to increase to about 50% by 1990 because of aggressive growth and acquisition policies some have followed in recent years. These are the main findings of this first-ever world ranking, prepared exclusively for ADVERTISING AGE.

Because all revenue figures have been converted to U.S. dollars at the rates prevailing in the third quarter of 1986, some countries—and companies—show more strength than they would have two years ago when the dollar was relatively strong. *(Other cautions related to estimating world volumes are outlined in an accompanying article on Page S-2.)*

Jack J. Honomichl covers research for ADVERTISING AGE, including a monthly column.

Relative cost of a usage and attitude study with same specifications—by country

Based on 1986 Swiss Francs

Index avg. base =100

Switzerland	155	Netherlands	81
France	149	U.K.	80
Italy	136	Finland	77
Sweden	123	Norway	76
Denmark	120	Spain	75
West Germany	113	Belgium	59
Austria	108	Greece	50

Source: Jan C.J. Oostveen, research director, Centrum, Amsterdam, The Netherlands. Article published in *European Research.*

The country-by-country estimates *(see chart on Page S-2)* in most cases are based on data from two or more sources and reflect the situation as of mid-1986. Almost all the figures show significant increases over 1985 levels. It cannot be determined how much of that is because of inflation, which runs high in some countries, shifts in the relative value of the U.S. dollar and local currencies, or "real growth" because of increased use of research. However, it seems that the world research market is growing. The exact growth rate cannot be determined.

Also, there is no correlation between research expenditures and the amount of research being conducted. A recent issue of *European Research* shows that a specific research project could cost as much as three times more to execute in one country than in another. An illustration, based on a usage and attitude study, shows on the table at left.

(Continued on Page S-2)

Markets

(Continued from Page S-1)

For instance, Switzerland has a cost index of 155, contrasted to 50 for Greece. This is caused primarily by a labor cost differential and the relative strength of local currencies to a common standard (Swiss francs in this case). The formula continuously changes, and it varies from one type of research project to another—including pending acquisitions and known volume levels—about 45% of the world market. But the main point is that dollar expenditures alone can be quite misleading, and this would be even more apparent if we had comparable data for countries in Asia (except for Japan, Hong Kong or Singapore, where a given project would cost about the same as in the U.S.).

The Nielsen marketing/advertising research units, with $517 million from 27 countries in 1985, continue to be the world's largest; still, ACN has just about 13% of the world market. Since the ACN merger into parent Dun & Bradstreet, more exacting and current information on the ACN operation is not in the public domain, but ACN undoubtedly is benefiting from current currency relationships because about 52% if its business is outside the U.S.

The impact of this is shown in the IMS International data, which are running about 34% ahead of '85 levels, mostly because of shifting currency relationships.

In total, these Top 15 have estimated revenues of $1.72 billion currently (pending acquisitions are included, as are current volume levels, as known). Because many of the top 15 have aggressively expanded into new countries, acquired subsidiaries and launched new services, these top 15 will control close to an estimated 50% of the world market by 1990.

Today, the top 15 are being managed, for the most part, from just three locations—London, New York and Chicago. Only two are truly still in private ownership—Infratest and the NPD Group.

The balance are either public companies or owned by public companies, including three worldwide advertising agencies: JWT Group, Dentsu, and Ogilvy Group. Details on these companies, how they got started, the key people involved and a description of their activities fol-

(Continued on Page S-4)

Research figures are dollar-estimates

The U.S. dollar size-estimates, for both individual countries and large worldwide research organizations, should be considered workable estimates, not precise figures. The reasons:

1. We are dealing with the ever-shifting relationships of numerous foreign currencies vis-a-vis U.S. dollars. As much as possible, those exchange rates prevailing in the third quarter of 1986 were used, but some of the estimates, based on 1985 data, may well be based on significantly different rates.

2. The quality—and completeness—of country-by-country market-size estimates varies considerably. In some countries—especially the U.K., Japan, Switzerland and Germany—the dollar volume of major research firms located there are in the public domain, but the "all other" volume accounted for by smaller firms, nonprofit research agencies etc., was estimated. In some countries, the figures are based on estimates from local industry leaders.

3. There is risk of overcounting. Because the estimates for most major countries come from totaling the volume of major firms based in that country, it is not always possible to eliminate the portion of that work done in other countries.

For instance, if a U.S. company does a survey in Canada and subcontracts the field work to a Canadian-based firm, the field work portion could be counted in both the U.S. and Canada. This is a particular problem in Europe, where almost all research agencies work outside their home country, either through affiliates or subcontracting.

It is estimated that this could lead to overstatement of as much as 8% in some countries, and 3% or 4% on average. (Data from the U.K. is particularly "clean" in this respect.) Revenues reported by AMSO, the Assn. of Market Survey Organizations, a British professional group, exclude nonresearch volume, intercompany transfers and overseas subsidiaries.

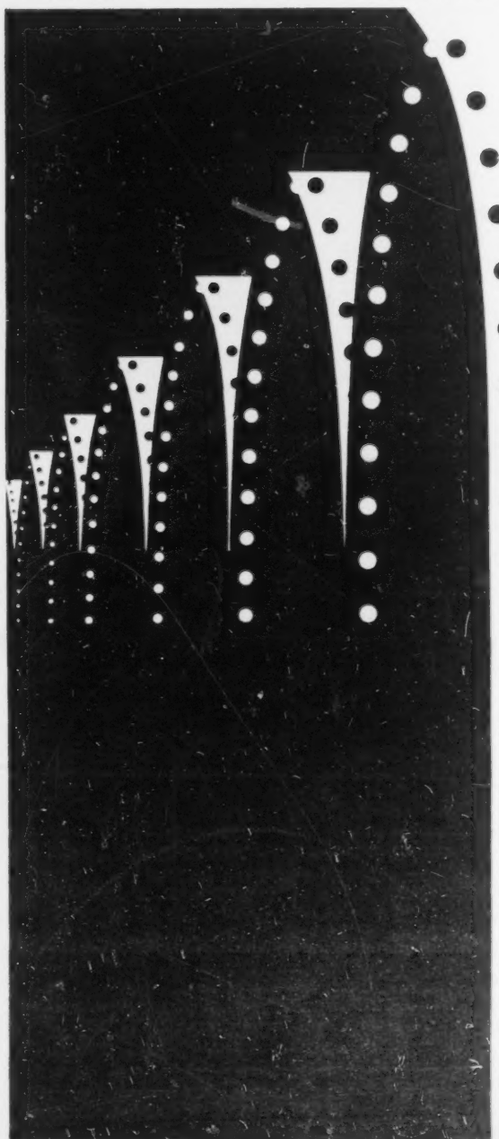
4. In the case of the top 15 worldwide research organizations, the latest (i.e. 1986) volume estimates have been used, including those of pending acquisitions *(see company-by-company profiles for details)*. In many cases, this results in much higher estimates than reported for these companies for 1985.

Much of this difference results simply from a shift in the relationship between the U.S. dollar and the company's home currency. Some of it may be due to acquisitions, finalized or pending. And, of course, some may be attributed to natural growth.

However, the financial estimates in this article are considered current and accurate enough for relative rankings.

One last caution—because the research dollar volume of one country is twice that of another, do not assume that twice as much research is being done.

In fact, the cost of doing exactly the same project in one country can be as much as 2.5 or 3 times as much as in another, often because of differing labor costs. —*Jack Honomichl*



Estimated size of total marketing/advertising research market

Country	Annual volume U.S. Dollars* (000,000)	Country	Annual volume U.S. Dollars* (000,000)
United States	$1,800	New Zealand	$14
United Kingdom	345	Ireland	13
Fed. Rep. Germany	325	Argentina	10
Japan	260	Venezuela	9
France	215	India	8
Canada	175	Hong Kong	7
Italy	150	Singapore	4
Australia	84	Thailand	4
The Netherlands	82	Greece	4
Mexico	70	South Korea	4
Switzerland	54	Saudi Arabia	4
Spain	29	Malaysia	4
Brazil	28	Philippines	3
Sweden	27	Taiwan	3
Austria	25	Indonesia	3
Belgium	22	All other Middle East	3
Finland	18	Kuwait	2
Norway	16	Egypt	1
Denmark	15	Pakistan	1
South Africa	15	All others**	3
		Total	**$3,859**

* Rounded to nearest million dollars
**Yugoslavia, Morocco, Ivory Coast, Nigeria, Kenya, Sri Lanka, Peru, Chile, Hungary, Central America and China
Source: Advertising Age compilation

Number of foreign research companies conducting research in each listed country in the past two years

Country	Companies	Country	Companies
Germany (FRG)	283	Indonesia	51
France	262	Singapore	51
United Kingdom	223	Finland	44
Italy	183	Brazil	43
United States	176	Taiwan	43
Netherlands	163	Malaysia	42
Canada	156	Greece	38
Belgium	151	Thailand	37
Spain	106	Philippines	36
Switzerland	101	Korea (ROK)	35
Japan	100	South Africa	34
Sweden	87	Egypt	31
Denmark	71	Kuwait	29
Austrailia	69	Venezuela	22
Norway	65	Nigeria	17
Austria	61	Kenya	16
Hong Kong	59	Ivory Coast	15
Mexico	56	Yugoslavia	14
Saudi Arabia	52	Misc./Eastern Europe	7

Source: Paper by Philip Barnard, Research International, presented to ESMOR

15 largest marketing/advertising research organizations*
Worldwide, mid-1986

Organization	Approximate revenues ($ 000,000)	Number of countries with operations	Headquarters location	Ownership
1. A.C. Nielsen	$517	27	Northbrook, Ill.	Dun & Bradstreet
2. IMS International	260	30	New York/London	public
3. SAMI/Burke	171	2	New York	Time, Inc.
4. AGB Research	135	23	London	public
5. Arbitron	122	1	New York	Control Data
6. Information Resources	95	4	Chicago	public
7. GfK Nuremberg, E.V.	70	13	Nuremberg, W. Germany	Co-op
8. MRB Group	56	9	New York/London	JWT Group
9. Research International	50	29	London	Ogilvy Group
10. Infratest	50	7	Munich, W. Germany	private
11. M/A/R/C	46	1	Dallas	public
12. Video Research	45	1	Tokyo	private (Dentsu)
13. Market Facts	39	2	Chicago	public
14. NPD Group	36	1	New York	private
15. Maritz Market Research	31	1	St. Louis	Maritz, Inc.
	$1,723			

*Including pending acquisitions
Source: Advertising Age compilation

Global markets widen

(Continued from Page S-2)
low in the company profiles.

1 A.C. Nielsen Co. Northbrook, Ill., wholly owned subsidiary of Dun & Bradstreet Corp.

In 1923, a 26-year old graduate of the University of Wisconsin, fueled by $45,000 in capital provided by fraternity buddies, rented a small office in the Harris Trust & Savings Bank building in Chicago to start a research company, the fourth such endeavor in the U.S. Sixty-one years later this company had grown to be, by far, the largest marketing/advertising research organization in the world—and Dun & Bradstreet paid $1.3 billion to buy it.

The young man, of course, was the late Arthur C. Nielsen Sr., who probably did more than anyone else to shape and develop the worldwide marketing research industry.

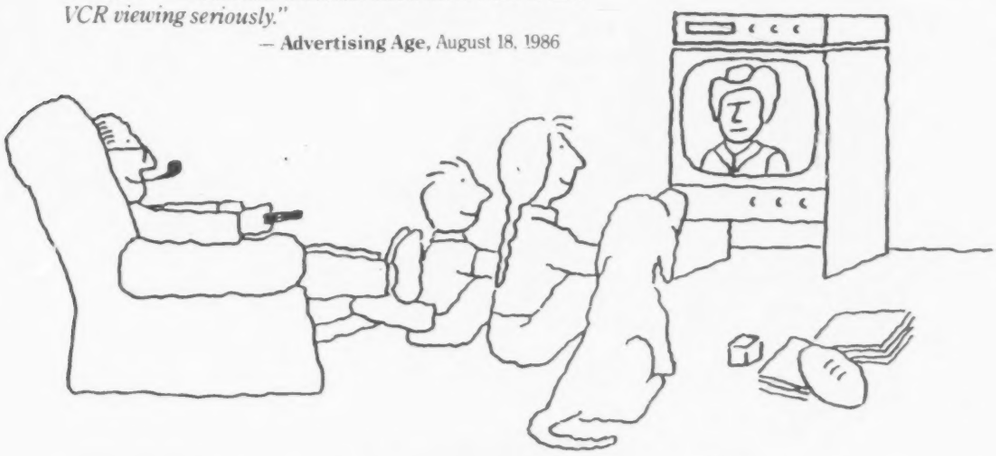
For the first 10 years, and into the Depression, the Nielsen Co. did survey work, mostly for industrial marketers, and it was tough going. Then in 1933, ACN launched a syndicated service, The Nielsen Drug Index, which was based on a projectable sample of drugstores to measure product movement and market size.

Henry Burk
A.C. Nielsen

In the process, Mr. Nielsen established the concept of "share of market," which turned marketing into an ego-driven horse race—and ACN had *the* scorecard. More marketing decisions, expenditures and careers have been affected by that simple share-of-market statistic than any other. Seven months after NDI, ACN started its grocery-

(Continued on Page S-6)

"Total U.S. penetration of VCRs, at the time of the survey, was 34% — a level that indicates advertisers need to take VCR viewing seriously."
— **Advertising Age**, August 18, 1986



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To those aiding project

Numerous research organizations and individuals provided considerable assistance in the preparation of country-by-country research market size estimates.

A special "thank you" is extended to:

William "Jay" Wilson, Starch INRA Hooper, Mamaroneck, N.Y.; Jerry E. Stafford, NFO/SRG International Ltd., North White Plains, N.Y.; Philip Barnard, RBL Group of Companies, London; Masonobu Ishikawa, Video Research Ltd., Tokyo; John R. Goodyear, MRB Group Ltd., London; Ann Burdus, AGB Research, London; Kurt Heller, IHA-GfM, Hergiswill, Switzerland; Jan C. J. Oostveen, Centrum, Amsterdam; Gregorio DeVilla, Gregorio DeVilla y Asocietos, Mexico City; and the Professional Marketing Research Society and the Canadian Assn. of Marketing Research Organizations in Canada.

—Jack Honomichl

Global markets widen

(Continued from Page S-4)
store counterpart, the Nielsen Food Index, and Mr. Nielsen was on the way to worldwide fame and fortune.

The Nielsen expansion outside the U.S. started at the most improbable time—1939, on the eve of World War II. Lever Bros., a charter Index client in the U.S., suggested that Mr. Nielsen visit the head of Unilever's U.K. operations, taking a letter that praised the value of Index data and suggesting that a similar audit system be set up in the U.K.

When asked to do this, Mr. Nielsen noted that a war was brewing. The U.K. Unilever executive replied, in effect, "Mr. Nielsen, there will be a war in some part of the world in every year we're alive; if you let that deter you, you'll never expand."

Shortly afterward, the new ACN office in London was destroyed by bombs, and the office was moved to Oxford, adjoining the university, on the theory the Germans wouldn't bomb the campus. It's still in Oxford.

During the war, ACN continued foreign expansion: Canada in 1944, Australia in 1948, the Netherlands (Unilever's home country) in 1952, Belgium in 1954. Today, ACN has subsidiaries in 27 countries, employing about 14,000, and offers a wide variety of services beyond the original Index services.

ACN is secretive about the size of its business volume in each country. But 1985 estimates suggest the following breakout: U.S., $248 million; Germany, $41.5 million; Mexico, $35 million; U.K., $23.5 million; Switzerland, $5.2 million; all others, $132.3 million.

Since being acquired by D&B in 1984, various A.C. Nielsen units have been absorbed into D&B. Both of the research units —Nielsen Media Research, with '85 revenues of $103 million, and Nielsen Marketing Research, with '85 revenues of $414 million —now are billed as "a company of the Dun & Bradstreet Corp." (Internally, research operations report to Henry Burk, president.) Richard W. Vipond is president of the marketing unit, and James D. Lyons is president of the media unit; both report to Jack C. Holt, a D&B exec vp.

ACN has pioneered many significant research industry developments: Funding of the first electronic computer (UNIVAC I) for commercial purposes; using meters to measure media audiences (the radio Audiometer, 1942); using supermarket panels for "experimentation" (1933); making a public issue of stock in 1956; being the first customer to install the IBM 3090 model 400 upgrade computer and taking methodologies into the international market place on a syndicated basis.

2 IMS International, New York, a public company. Of total IMS revenues of $248.7 million in 1985, 70% were attributed to marketing research operations through 54 offices in 30 countries producing data on 60 countries, almost all related to the marketing of healthcare services. The U.S. subsidiary, IMS America, Ambler, Pa., had marketing research revenues of $86.9 million in 1985. The balance of IMS revenues, $75 million, comes from trade publications and various life science services.

IMS began operations in 1957 and became a public company in 1972. Technically, the home office is in New York, but both top executives—Andrew L. Clark, chairman, and Robert Louis-Dreyfus, president-ceo and scion of a very wealthy French clan that joined IMS in 1982—maintain London offices.

Geographical sources of mar-
(Continued on Page S-8)

U.S. companies go international

Of the top U.S. companies, 75% are involved in international markets. Of those, 81% have a designated international division: Nine out of ten of those divisions are headquartered in the U.S.; only 28% have a research director.

These are a few of the key findings from a study recently cosponsored by Starch INRA Hooper, Mamaroneck, N.Y., and Haug International, Los Angeles, its West Coast associate. Questionnaires were sent to all the *Fortune 500* industrials and *Fortune 500* nonindustrials, plus client company lists of the two companies. There was a 24% return rate.

Other findings from this study, which updated a similar 1969 study, were:

- The international areas of most concern to U.S. companies are Europe, the Far East, Australia, New Zealand and Canada, in that order.
- Approximately two out of three U.S. companies involved in international work conducted some type of marketing and/or economic research related to overseas markets during the past year. Secondary-source research as well as trade and distribution studies led the list. In the case of consumer goods marketing companies, attitude and behavior studies are most frequent.
- In two-thirds of the cases, international research budgets are allocated on a project-by-project basis; only 29% make a lumpsum, fiscal-year budget allocation.

"Our respondents indicate they feel management is more interested in overseas research now than two or three years ago," says William "Jay" Wilson, president of Starch INRA Hooper and International Research Associates. "However, the lack of good background data for planning a study, the high cost of doing research overseas and the lack of sufficient budget were frequently mentioned problems with overseas research."

For a copy of the complete study report, write Mr. Wilson at Starch INRA Hooper, 566 E. Boston Post Rd., Mamaroneck, N.Y., 10543.

—*Jack Honomichl*

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Global markets widen

(Continued from Page S-6)

keting research revenues currently break down as follows: North America, 50% (in part because of the '85 acquisition of two U.S. companies, Luning Prak Associates and LPA Audit); Europe, 35%; Pacific, 9%; Latin America, 5%, and Africa, 1%.

Operating profits on IMS marketing research activities in '85 were up 28%. Total revenues for the first six months of 1986 were up 38.6%. If this growth holds, IMS market research revenues could come close to $260 million in 1986.

The company's original—and basic—business was setting up audits to measure the movement of pharmaceuticals. This led to monitoring the incidence of disease and physician treatment for such diseases. A major activity now is sales territory analysis. Most major world pharmaceutical makers are IMS clients.

IMS has two main EDP centers in Frankfurt and Ambler, with European coding operations in Spain. Clients have online access to various IMS data bases. IMS' growth has been fueled by new service development, acquisitions and foreign expansion. Approximately 3,000 people work in the marketing research operations, headed by Christian Tourres, a London-based IMS senior vp.

Robert Louis-Dreyfus
IMS International

3 SAMI/Burke, New York. Wholly owned subsidiary of Time Inc.

SAMI, its origins in a feasibility study instigated by the late J. Clarke Mattimore in Grand Rapids, Mich., in 1964, specializes in measuring package goods product movement in retail stores. The basic system, amalgamating warehouse withdrawal data on thousands of package goods sold through food stores, reports product movement and share data on 28-day cycles for each of 54 unique marketing areas. A similar system reports on drugstore product movement in 30 markets. In 1985, SAMI introduced a service called SAMSCAN, which reports on product movement from samples of UPC scanner-equipped supermarkets.

In 1986, SAMI purchased Burke Marketing Services, Cincinnati, a company founded in 1947. Its activities, through a fulltime staff of 520 in 42 offices, include: Tv copy testing; test marketing; survey research; predictive market modeling (BASES division); the Burke Institute, which markets an extensive curriculum of courses related to marketing research, and Burke International Research, Ltd., Agincourt, Ont., Canada. Also, in a joint venture with Infratest called Burke International, the company fields multinational surveys through a network of owned/affiliated companies.

The two organizations merged

Carlyle G. Daniel
SAMI/Burke

in September into a new company called SAMI/Burke, with Carlyle G. Daniel, formerly president of SAMI, as chairman-ceo. Jack E. Brown, formerly chairman of BMSI, is president. SAMI/Burke currently is estimated to have revenues of $171 million.

SAMI/Burke, in a joint venture with Arbitron Ratings, has established an organization called ScanAmerica to develop a national single-source tv audience-product movement service. It currently is being tested in the Denver SAMI market area. ScanAmerica, which recently purchased the rights to Telecount Systems, also is planning a system that will electronically record, via computer, on-air running of tv commercials in selected markets.

4 AGB Research PLC, London. Public company.

This worldwide conglomerate was founded in 1962 as an ad hoc survey company by three ex-Attwood Research employes.

AGB derives its name from its original principals: Bernard Audley, who continues as chairman; Richard Gaper, deceased, and Douglas Brown, who has retired.

AGB went public in 1970 and entered into large-scale syndicated studies in the U.K.—first with the AGB Home Audit of domestic appliance purchases based on a 50,000-household panel, and later a grocery package goods panel. In 1968, it won the contract to measure U.K. tv audiences.

AGB now provides tv audience data, derived from either mail diaries, meters or people meters, in 14 countries, from Italy to Hong Kong.

During the 1960s and 1970s, AGB pursued a vigorous acquisition policy, purchasing six research companies (including Attwood) in the U.K. alone. In all, AGB has purchased entirely, or

The sobering truth about new product test marketing

Fairy tale environment for fairy tale data...

The artificial product environment used for scanner-panel, controlled-store test markets is a fairy tale world in which a product receives perfect stocking, pricing, display and promotion at exactly the right time. The critical element of trade acceptance is virtually ignored.

RESULT:
These test results can be fatally misleading when this artificial environment gives way to national realities.

vs. real world environment for real product research.

The strength of a product and its marketing plan can be measured accurately only when pitted against all the realities of the marketplace.

In recent years, however, access to electronic scanner panels has led some marketers to take a costly shortcut. In accepting controlled store distribution as part of the test package, they've bypassed the most critical variable in product distribution.

In the real world, new product sell-in must get past many bends in the pipeline:

First, sophisticated retailers now judge a product on how it fits into their product mix, weighing the item's impact on their business, not the manufacturer's.

Second, there's only so much space on crowded shelves. Acceptance often hinges on whether a store can delete marginal performers to make room.

Third, food chains are varying their format from store to store, and buying decisions often vary by type of format.

Finally, even chain acceptance is no guarantee the product will be available in all its stores. Increasingly, store managers decide what products will go on their shelves.

RESULT:
Uneven distribution — it's a fact of life for any new product, no matter how strong its sales force.

These factors must not be overlooked in new product testing. To try to ignore or adjust for them is perilous.

How to overcome these pitfalls?

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Bernard Audley
AGB

an interest in, close to 60 research companies worldwide. U.S. acquisitions include NFO Research and Information & Analysis.

A U.S. startup venture, AGB Television Research, has announced plans to have a 2,000-household people meter panel operating by September, 1987, with plans to expand to 5,000 households by the fall of 1988.

Seven major U.S. ad agencies and CBS-TV have signed agreements to buy audience data, assuming the system is on schedule, and the quality of the data is satisfactory.

AGB also is trying to establish itself in the U.S. radio audience measurement business through a methodology utilized by an Australian subsidiary.

AGB's most vigorous expansion, however, has been in Asia. The company has acquired research operations in Australia, New Zealand, Hong Kong, Singapore, Taiwan, Malaysia, the Philippines, Thailand, Indonesia and Korea. Recently, AGB announced a letter of intent to purchase ASI Market Research in Japan.

That acquisition would add about $8.5 million to the AGB Group revenues of $125.35 million for fiscal year ending April 30, 1986. That would account for about 78% of AGB's total revenues. The remainder is generated by publishing, information systems and marketing services.

5 Arbitron Ratings Co., New York. Wholly owned subsidiary of Control Data Corp.

The predecessor to Arbitron was American Research Bureau, founded in 1949 by Jim Seiler, research director of WRC-TV, Washington, D.C., to measure tv audience viewing with mail diaries. In 1952, ARB merged with a West Coast company, Cooper, Coffin & Clay, which was trying to establish a similar service in Los Angeles. In 1954, ARB merged with C.E. Hooper's organization, Hooper Inc., and started to break out of the pack of companies vying for leadership in the then-booming electronic media audience measurement field. It started radio audience measures in 1964.

ARB pioneered use of metered household panels for tv measurement in New York in 1958, and in 1973, the company name was changed to Arbitron. In 1967, Arbitron was purchased by computer conglomerate Control Data Corp., Minneapolis.

Arbitron, with annual revenues of $122 million in 1985, produces tv, radio and cable audience studies at the local-market level using mail diaries or panels of meter-equipped households. Surveys in 214 tv markets, 11 of which are now measured by a combination of mail diaries and meters—with plans for three more by 1987—account for about 52% of revenues. The balance comes from diary measurements in 260 radio markets.

In 1984 Arbitron bought 40% interest in Burke Marketing Services, Inc., but this interest was sold this year to SAMI, the Time Inc. subsidiary.

Arbitron has about 1,600 full- and parttime employes in 20 U.S. office locations. A telephone interviewing center in Laurel, Md., has 55 stations and,

Theodore F. Shaker
Arbitron

among other things, is used for custom surveys.

The main thrust of Arbitron today is a joint venture with

(Continued on Page S-10)

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☐ ☐ 4. Which products are being advertised by your competition, and what product claims are they making?

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Global markets widen

(Continued from Page S-9)
SAMI/Burke, with each putting up one-half of the money to develop a new national tv audience measurement system called ScanAmerica, which also obtains data on household purchasing activity via wand scanning of UPC codes on package goods brought into panel households.

Control Data, the Arbitron parent company, recently signed a letter of intent with SFN Companies Inc. to acquire its subsidiary, Broadcast Advertising Reports, and the BAR subsidiary, Radio-Tv Reports. These two units have an estimated annual volume of $30 million.

Chairman of Arbitron is Theodore F. Shaker, and the president is A.J. (Rick) Aurichio.

6 Information Resources Inc. Chicago. Public company.

The youngest and fastest growing company of the top 15, IRI started in 1978. Its first product was single-source test marketing facilities, called BehaviorScan, the first two of which came on line in late 1979 (there are now 10 BehaviorScan markets).

The purchasing activity of household panels in these markets is linked, via UPC code scanning of package goods sold in food and drugstores, to cable tv viewing. Additional household panel clusters not linked to tv viewing were added to the BehaviorScan network to create a service called Marketing Fact Book, which produces ongoing hard copy reports on product purchasing activity and access to a database for analysis.

John Malec
Information Resources

By 1983, IRI's revenues had grown to more than $12 million, and it made a successful public issue of its stock, the proceeds of which have fueled acquisitions.

In 1985, IRI acquired Management Decision Systems, Waltham, Mass., which had revenues of about $25 million. MDS specializes in market modeling, simulated test marketing systems, data management software systems, forecasting and consulting. Since then, IRI has acquired the Data Group, a survey company; Keystrokes Inc., which monitors newspaper feature ads, and Marketing Advancements, specializing in coupon distribution analysis.

The combined revenues of all these operations is expected to be $95 million in 1986. IRI this year announced creation of a new package goods monitoring system, InfoScan, which can relate purchasing to store level promotions.

About $5 million of IRI revenues today come from foreign operations, with offices in London, Paris and Sydney, Australia, to market decision support software; a licensing and technical assistance agreement with Nihon Kezai Shimbun, a Japanese publishing company, for application of IRI-MDS systems in Japan; and a joint venture with GfK to develop a BehaviorScan-like system in Germany.

Of the original founders of IRI —John Malec, Gerald Eskin, William Walter and Penny Baron—two remain active, Mr. Malec as chairman and Mr. Eskin as vice-chairman. Gian Fulgoni is president and ceo.

7 GfK-Nuremberg E.V., Nuremberg, Federal Republic of Germany. Co-op company.

Founded in 1934 by the late Wilhelm Vershofen, a professor at the Nuremberg Economic University, GfK, which would be termed a co-op in the U.S., primarily supports approximately 700 private and corporate members.

Member companies need not be German, and GfK will do projects for nonmember companies. It is a for-profit organization which is taxed, but excess revenues are plowed back into building the organization and expanding the range of services.

Today, the GfK conglomerate includes six research organizations in Germany—including two located in Frankfurt—all but one of which are 100% owned. It also has an interest in 14 organizations outside Germany—six of which are wholly owned, the balance from 9% to 73% owned. Two are in Japan, two in Austria; others are located from Denmark to the U.K.

Werner Ott
GfK

There are about 610 employes in the main units in Nuremberg, and 185 in other German-based operations. Revenues in the 1985 fiscal year were $70 million, about 30% of which came from units outside Germany.

GfK research activities in Germany include tv audience measurement via metered household panel; consumer products research, including a purchase diary panel; analysis of

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census data; automotive research; media research, and industrial research. One unit publishes syndicated market analysis reports based on market dimension data from numerous countries. Also, GfK has set up a scanner-equipped panel of food stores to report on grocery product movement in Germany.

Several U.S. research companies use GfK's services in Germany. It is the German representative for McCollum/Spielman Research's ACT tv copy testing methodology. It has joint ventures with Information Resources to set up a Behavior-Scan-like test market system in Germany, and with the NPD Group to develop databases on the purchasing of sports and electronic equipment by combining store audits and consumer surveys.

The ceo of GfK is Werner Ott.

8 MRB Group, New York. Subsidiary of JWT Group.

Earlier this year, JWT consolidated its worldwide research holdings into a new division, MRB Group, which reports directly to Don Johnston, JWT's ceo. Total revenues are estimated at $56 million, including the pending acquisition of Winona Research.

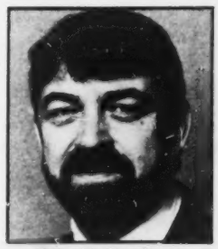
One unit of MRB is MRB Group Ltd., headquartered in London and reporting to John Goodyear. The domestic unit, Simmons Market Research Bureau, New York, reports to Frank Stanton. Both of these men report to Mr. Johnston, who is also chairman of J. Walter Thompson Co.

Frank Stanton
MRB

The international unit recently (AA, Aug. 18) absorbed two new companies, Basisresearch in Germany and Japan Market Research Bureau, into its fold. Each had been a research subsidiary of the local J. Walter Thompson agency office.

The MRB Ltd. organization started in 1979 when four U.K.-based research companies—British Market Research Bureau, Mass-Observation, Market Behaviour and European Market Research Bureau—merged. A new subsidiary, the Media Research Consultancy, was set up in the U.K. in 1980. The same year another arm, Market Behavior, was established in the U.S.

In 1980, MRB also bought Europena Market Research Bureau Italia—S.r.l. in Italy—and a year later, MRB formed a joint venture company in Sri Lanka together with the Indian Market Research Bureau Ltd. In 1983,



John R. Goodyear
MRB

MRB formed a new U.K. subsidiary, Telephone Market Research Bureau, and acquired a 60% stake in Middle East Research and Consultancy, Ltd., headquartered in Bahrain. There are financial links to EMRB Hellas, Athens, and with the Indian Market Research Bureau, Delhi.

In the U.S., JWT finally acquired 100% ownership of Simmons Market Research Bureau earlier this year. SMRB is the leading U.S. company in measuring print media audiences and cross-referencing those data with purchase behavior. Its revenues in 1985 were $16.5 million, which accounts for about 30% of the total MRB Group total.

The U.K. operation centers on the British Market Research Bureau, which calls itself "the oldest established market research agency in Great Britain . . . first incorporated in 1933." Originally, BMRB was a retail audit research company, but today emphasizes advertising media audience and advertising research, featuring the Target Group Index, which relates exposure to purchasing behavior.

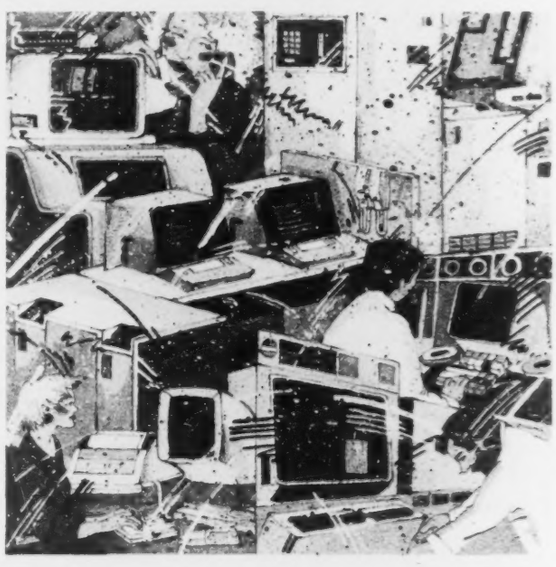
9 Research International, London. Wholly owned subsidiary of Unilever, being acquired by the Ogilvy Group.

This group, billing itself "the world's largest full service marketing research organization," finds its roots in the worldwide Unilever complex and its future—presumably by year's end—as a wholly owned subsidiary of the Ogilvy Group, which announced last June its intention to purchase most, if not all, of the RI member companies (AA, August 18). RI sales in 1985 are estimated at $50 million.

(Continued on Page S-12)

Ian M. Hunt
Research Int'l.

Because we have a lot of computers, we have a lot of time. For you.



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Global markets widen

(Continued from Page S-11)

In 1972, under the leadership of Eileen Cole, the research units of local-country Unilever companies around the world were brought together under one management, first headquartered in Rotterdam.

The main unit, Research Bureau Ltd., for instance, continued legally to be a subsidiary of Unilever UK, but operationally was a subsidiary of RI.

The network now includes offices in 29 countries and research activities in dozens more, a professional staff of more than 800 and a field force of more than 5,000 interviewers.

In 1977, RI headquarters relocated to London to attract non-Lever business, which now accounts for approximately 70% of the RI total, although Unilever remains the biggest client by far.

RI expanded in 1981 by acquiring Marplan from Interpublic (and rights to use the Marplan name anywhere in the world).

In Germany, the two RI companies, IVE and Marplan, are closely linked, but in the U.K. the two, RBL and Marplan, are less-closely affiliated.

About 25% of RI business is now in the U.K., 25% in Germany and France, with the balance scattered through countries including Brazil, Finland, Norway, Pakistan, South Africa and Zimbabwe.

The range of activities is equally broad: Attitude and usage studies, product testing, print and tv advertising testing, new product development, modeling, image research, pricing research, panels and databases.

The U.S. RI unit, Research International-New York, headed by David Pring, was set up in late 1979 and now accounts for about $2.5 million a year.

In March, 1985, Miss Cole retired. Taking her place as ceo of RI was Ian M. Hunt, previously head of the RI company in Hamburg, Germany.

According to the pending deal with Ogilvy, 15 of the largest RI companies will be purchased. The smaller units are not included, either because of their small size or local laws that inhibit acquisition by nonnationals.

Mr. Hunt will continue as ceo.

10 Infratest Forschung KG, Munich, Federal Republic of Germany. Private partnership.

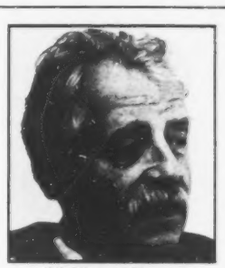
Infratest was founded in 1947 by the husband-wife team of Wolfgang and Lena-Renate Ernst to specialize in media research.

The first major activity was radio audience research for Bavarian Radio.

Today, the company is still strong in advertising/media research. For 19 years, it has participated in the annual German Media Analysis study, a standard reference for publishers and advertising agencies.

Lena-Renate Ernst
Infratest

Through a network of subsidiaries and affiliates throughout the world, Infratest, still owned by the Ernsts, is a major factor in international automotive, financial, social, political, healthcare, economic and industrial research, as well as national and multi-national ad hoc survey work.



Wolfgang Ernst
Infratest

The company's business still is concentrated in western Europe, however. Total Infratest revenues for 1986 are estimated at $50 million.

The parent, located in Munich, is a combination of separate units that specialize (e.g., media/advertising, social research, etc.), and are from 60% to 100% owned by the parent, a holding company.

There are about 290 fulltime Infratest employes in Germany, plus a parttime field force of 2,000. The units outside Germany employ 292, of whom 125 are in the U.K.

Infratest took a big step into worldwide research in 1980 when it purchased from 34% to 100% interest in seven research subsidiaries of Burke Marketing Services.

This gave Infratest direct penetration into the U.K., Italy, France, Belgium and Sweden—

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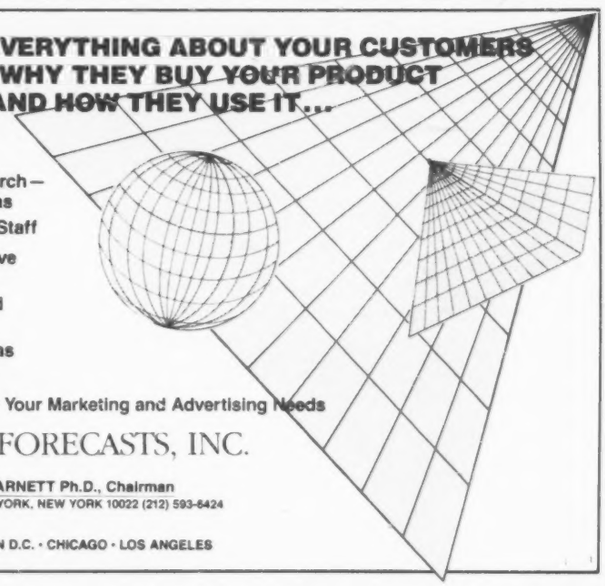

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plus an affiliation with the Burke company located in Frankfurt.

A byproduct of this transaction is that Infratest ended up owning a 5% share of BMSI, and BMSI ended up owning 5% of a new Infratest international subsidiary company.

Also, the two have established —and have 50-50 ownership of —a new company, Burke International Research, which fields multinational studies through the six ex-Burke companies in Europe and five other former BMSI subsidiaries (now affiliates) in Brazil, Venezuela, Japan, Australia and Argentina.

Also, BMSI and Infratest own 67% of BGI-Gartner Group, Stamford, Conn., which fields international market studies of the high-ticket office equipment market.

In 1983, Infratest bought ABT Research in Bonn, a subsidiary of ABT Associates, Boston, a research-consulting company.

Infratest is estimated to have a dominant position in the West German healthcare research market, automotive/accessory market and financial market research. Recently the company has been expanding into the database business. About 55% of total Infratest revenues come from work within West Germany with annual growth rates running between 10% and 15%.

11 M/A/R/C Inc. Irving, Tex. Public corporation.

M/A/R/C finds its roots in a Dallas-based ad agency, Tracy-Locke, since acquired by BBDO. The research department of Tracy-Locke, which had been established by Cecil B. (Bud) Phillips in 1950, was split off in 1965 as a stand-alone profit center called Marketing and Research Counselors.

Mr. Phillips, who had left to work in a marketing management job at the Dumas-Milner division of American Cyanamid

Cecil Phillips M/A/R/C

Co., returned to head the operation, and he still continues as chairman, ceo and president of the company.

The company name was changed to M/A/R/C Inc. in 1985 as the organization, by then separate from Tracy-Locke, made a public issue of its stock.

M/A/R/C primarily specializes in telephone surveys, with central phone centers in three locations totaling 275 positions, all CRT-equipped.

Software and systems developed for telephone interviewing are leased in the U.S. and in Europe through an Amsterdam research company called Interview.

M/A/R/C has a system called Local Market Network—composed of local field offices with CRT-equipped interviewing positions on-line to a computer in Dallas—that recently was expanded to 30 markets.

This brings M/A/R/C's total phoning capacity to about 490 positions.

M/A/R/C also operates a Neighborhood Panel, which is a census-balanced national mail panel composed of 300,000 households. The company has about 340 salaried and 186 hourly staff employes in 13 U.S. offices.

M/A/R/C has made one acquisition, a research company called Trendex, which has since been discontinued.

The part of total M/A/R/C revenues for its most current fiscal year attributable to research activities is $46 million.

12 Video Research Ltd. Tokyo. Closely held corporation.

This organization, which only works in Japan, was founded in 1962 by Dentsu (the largest advertising agency in Japan and one of the largest in the world), Toshiba and 18 of Japan's major commercial television companies.

Later, Hakuhodo Inc., Daido Advertising Inc. and two tv stations also became company stockholders.

Masanobu Ishikawa Video Research

Using 1985 revenues and 1986 conversion rates for the yen, VR's annual volume is about $45 million.

There are 252 fulltime salaried employes in eight offices. Dentsu holds a 36% interest in VR.

VR activities include radio and tv audience research throughout Japan using mail diaries or panels of meter-equipped households (they are currently developing a new "highly sophisticated" on-line meter equipped with a VCR sensor, an individual viewer measuring device and a home scanning device that can be used for scanning bar codes); monitoring of all tv and radio commercials on-air (including the length of seconds and the GRP for each ad and/or product); and an audience and consumer report compiled by surveying the actual contact with four major media

(Continued on Page S-16)

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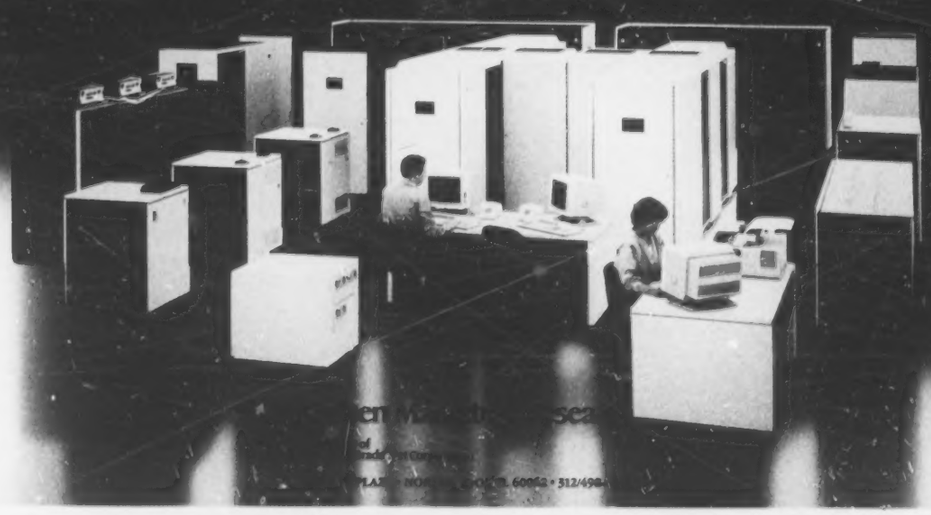
The 3090 Series are IBM's newest mainframe computers and the Model 400 is the latest in that series. Nielsen Marketing Research recently took delivery of the very first of these units, the fastest, most powerful general purpose computers in the world today. Having the first of these computers was a natural for the company that was the first to offer a comprehensive scanning based management tool. It was also a necessity.

This upgrade in computing capacity was precipitated by the tremendous growth in the amount of scanner generated data we process each week and the strong client response to the information they are receiving. Manufacturers are finding weekly UPC data on a national basis and from 26 individual markets to be extremely valuable to their marketing efforts. Many have been working with Nielsen scanning information since 1980. The retail trade is also making widespread use of Nielsen to guide their merchandising and buying decisions. Add to this growing client usage the steadily increasing number of stores that provide us data (over 1,600) and climbing) and the addition of still more local markets, and the importance of having the most powerful computer becomes clear.

Of course, if a company is just starting a scanner based service or has fewer clients or isn't overly concerned about trendability, back data or a truly representative sample, they might be able to get along quite nicely with a lesser computer.

We need the most powerful computer in order to bring you scanning's most powerful service. The computer our business needs is the IBM 3090 Model 400. The service your business needs is Nielsen SCANTRACK. And it's here now. Don't wait on promises.



Global markets widen

(Continued from Page S-13)
and products (i.e., brand usage, ownership, attitudes and life style from single source); and a telephone interviewing program that obtains purchasing data on consumer goods.

VR is now establishing a single-source test marketing system similar to BehaviorScan.

Masanobu Ishikawa is president of Video Research Ltd.

13 Market Facts, Chicago. Public corporation.

This conglomerate, founded by William F. O'Dell in 1946, is incorporated in Delaware and publicly listed (NASDAQ:MFAC).

The U.S. operations had revenues of $37.8 million in 1985, not including revenues from Market Facts of Canada Ltd., Toronto, in which it holds a major equity, but not controlling interest.

If prorated, the Canadian firm would add about $1.2 million to the MF figure, making a total of $39 million, a level expected to hold in 1986.

MF growth was spurred by Mr. O'Dell's relations with Ford division, Ford Motor Co., which accounted for nearly 50% of revenues (and growth) through the 1950s and into the 1960s.

Today, MF's client list is well-stocked with package goods companies, and the services offered include, in addition to traditional survey research, the Consumer Panel, a fixed mail panel of 235,000 households; a network of four mall interviewing sites; central telephone interviewing centers with a total of 116 interviewing stations; and Marketest, a controlled store auditing capability for custom test marketing and in-store experimentation.

David K. Hardin
Market Facts

During 1985, MF acquired a survey company, Tortorello Group. MF has 540 salaried employes in eight offices in the U.S.

Both top MF executives, David K. Hardin, chairman, and Verne B. Churchill, president-ceo, have been with MF since the 1950s. Mr. O'Dell, who left the company in 1964, is retired.

14 NPD Group, Port Washington, N.Y. Privately held corporation.

NPD is owned by founder and chairman Henry Brenner and president-ceo Tod Johnson. Revenues for 1986 are estimated to be $36 million, most of which comes from operations in the U.S., although NPD has minority ownership of International Surveys Ltd. in Canada and is the U.S. member firm in the Europanel group headquartered in Switzerland.

Also, there is a joint venture with GfK for international data bases on purchasing in the sporting goods and electronic equipment markets.

NPD started in 1953 when Mr. Brenner, who had just been fired by Standard Brands (and from four previous research positions), and his wife, Anne, took over an ad hoc mail panel operated by Standard Brands, renamed it Home Testing Institute and, working out of the basement of their home, tried to build the 3,000-household panel into a viable business.

Henry Brenner
NPD

At the time, only NFO Research had such a panel as competition.

In 1965, with support from Scott Paper Co., Mr. Brenner started a consumer purchase diary panel subsidiary to HTI; it was called the National Purchase Diary Panel. Today, the NPD panel is the largest such operation in the U.S. At the time Tod Johnson purchased one-half interest in the NPD panel in 1971, it was a $500,000 business.

In the 1970s NPD started to diversify: Services include a custom diary panel, local market networks for test marketing and application of the mail diary methodology to nonpackaged goods marketers such as toys and restaurant dining, apparel, etc.

In 1981, the NPD and HTI operations became one, and the company became the NPD Group. There are three offices in the U.S. and 335 fulltime salaried employes.

15 Maritz Market Research, Fenton, Mo. Subsidiary of Maritz Inc.

The parent company, specializing in employe motivation, communications and travel programs for major corporations, has an annual volume (fiscal year ending Mar. 31, 1986) of $563 million.

The company first got into consumer research via acquisition of Lee Creative Research in 1973.

There have been three subse-

(Continued on next page)

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Senior research people on the move

Information Resources Inc., Chicago, has announced several senior staff additions: **Dan Lackner** to vp, marketing decision support systems, from manager, end-user computing, Baxter Travenol, Chicago; **Jim Thompson** to vp, InfoScan product management, from brand manager, Quaker Oats, Chicago; **Dick Orstead** to vp, western region client service, from vp, client service in the Menlo Park, Cal., office of Nielsen Marketing Research; **Ben Swiggett** to vp, InfoScan product management, from group brand manager, Warner Lambert, Morris Plains, N.J.; **Gary Overhultz** to vp, InfoScan product management, from consumer package goods specialist, the Chicago office of Metaphor Computer Systems; **Dick Majers** to vp, client service, eastern region, from vp, client service, Hackensack, N.J., office of Nielsen Marketing Research; and **Alan Gordon** to vp, client service, from the Northbrook, Ill., office, Nielsen Marketing Research. Other people moving:

Susan Rynn to research director, Association of Independent Television Stations (INTV), Washington, D.C., from manager of research, USA Network.

Herbert Weinberger to vp, O-Xicro-N, New York, from vp, corporate research director, Selling-Areas Marketing, (SAMI), New York.

Jeffrey Harris to vp, International Communications Research, Media, Pa., from vp, client services, R.H. Bruskin Associates, New Brunswick, N.J.

Kenneth A. Fox to director of market research, NutraSweet Co., Skokie, Ill., from associate director, market research, Bearice/Hunt Wesson, Fullerton, Cal.

(Continued on Page S-18)

Markets

(Continued from previous page)

quent acquisitions, and the MMR operation now has annual revenues of $31 million, about 58% of which comes from full-service survey work.

The balance of the revenue comes from a data collection network of 18 central location

William H. Lewellen
Maritz

offices called Quality Controlled Services.

The full-service system has nine offices. In total, there are 200 fulltime exempt professionals in the company, and in total a telephone interviewing system with 435 operating stations.

The company recently opened a state-of-the-art 83,000 sq. ft. mailing facility for large-volume mail surveys.

MMR president is William H. Lewellen, who is also a vp of the corporate parent.

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Questionnaire sheds light on client methods

By Fred D. Reynolds

In recent years, the supplier side of the research industry has gained considerable attention, while far less is known about the client side.

Though there may be a lack of clarity about its boundaries, there is no longer a complete lack of information about the supplier side of the industry, nationally or internationally. Our picture of the client side is almost a total blank.

The University of Georgia Center for Marketing Studies—in its first annual measure of marketing research expenditures—has taken a first step toward tackling this problem. Unlike other studies that have attempted to integrate information on a survey questionnaire, our study collected detailed information at the company level and integrated it later.

This approach arose out of extensive conversations with 30 research directors who present seminars each year to the university's master's of marketing research degree students.

For this study, research directors were simply asked to provide expenditure records as they keep them, in any format and degree of detail.

The study's method worked, even though the level of detail provided by the companies differed widely. Some companies keep very detailed accounts, while others maintain only "top line" records. The method is limited by the amount of detail provided by each company.

The respondent list for this study came from Advertising Age's 1985 lists of top 200 leading national advertisers. We selected the 53 consumer package goods divisions of companies in the following product categories: Food and snacks, soaps and cleaners, beverages and tobacco. Other product categories will be included in future years.

Thirty-six per cent of the companies on the list provided data; 15% refused and 49% ignored the request.

The distribution of respondents by budget level is: 21% below $5 million; 36%, $5 million-$10 million; 14%, $10 million-$15 million, and 29% greater than $15 million.

The results are presented in the following table. On average, consumer goods companies spent $11.6 million for marketing research in 1985, an increase of 6.5% from 1984. Fifty-five per cent of the respondents reported this to be an increase, 33% reported a decrease, and 11% showed no change in this kind of expenditure. These companies allocated 41% of these expenditures to continuous market measurement (tracking) and 59% to custom research.

Fred D. Reynolds is Coca-Cola professor of marketing and director of the Center for Marketing Studies at the University of Georgia, Athens.

Expenditure shifts . . . suggest a renewed emphasis on new product development.

A substantial proportion of the increased spending from the previous year went to market measurement, while expenditures on custom research showed only a slight gain over 1984. Most companies did not provide detailed breakouts for market measurement expenditures, so it is not possible to chart the allocation to the newer technologies, such as scanner-based data, vs. older technologies, such as paper diaries.

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People

(Continued from Page S-17)

PROMOTIONS

James W. Carter, vp and general counsel, elected to the board of directors, Nielsen Media Research, Northbrook, Ill. **D. R. Rizzardini** and **R. P. Derr** to vp's, account management, Nielsen Marketing Research.

Ellen M. Saxon to research director, organizational research group, Opinion Research, Princeton, N.J. **Michael A. Zicha** to research director in ORC's Chicago office.

Ellen Cohen to head the newly created Simmons Custom Media Studies Division of Simmons Market Research Bureau, New York, from vp, Media Studies Division.

Also at SMRB, **William Cook** and **Kay Wall** will assume responsibilites for technical management and sales of all syndicated services in addition to the Simmons Annual Study of Media and Markets.

Nancy Gilden to director, marketing services, consumer research services, Custom Research, Minneapolis, from account manager.

However, most companies did provide sufficient detail concerning custom research expenditures by major purposes as shown in the table. For example, advertising research, primarily copy research, commands about 17% of a consumer goods company's custom research budget. In contrast, research on promotions is less than 3%.

Qualitative research, such as focus groups, accounts for almost $800,000 of the annual budget compared to in-market experiments at $1.1 million. In-market experiments include the newer methods such as ERIM and AD TEL as well as the more traditional controlled market and controlled store tests.

New product research (concept and product, simulated and nonsimulated) received more allocation than existing product research—22% vs. 17.8%.

New product research also showed the largest increase over 1984. Expenditures were up 10% from the previous year for this purpose.

In contrast, existing product research declined 5% on products, 2% on packages, and 17% on promotions. Advertising research and qualitative research held their relative positions in the over-all custom budget, increasing 2%.

There also appears to be a significant re-allocation of custom research expenditures in the area of in-market experiments. Most companies reported 1985 data in sufficient detail to place in-market in the distribution of custom expenditures at 16%. However, because only a small number reported such detail in 1984, the base for calculating the per cent change is too small to accurately estimate. Subjective estimate of the change is 15% to 20%, with the largest increase accounted for by electronic test markets.

Marketing research budgets and shifts in expenditures are driven by a complex interplay of influences. Market measurement levels tend to reflect the orientation of managers toward the amount of information they need to be confident or at least comfortable in evaluating marketing performance and the push on prices by new suppliers and technologies.

These levels also influence the counter-push for efficiencies by marketing research managers. Custom budgets reflect the current marketing practices as well as the other influences. Thus, the expenditure shifts found in this study suggest a renewed emphasis on new product development.

Market research expenditures by purpose

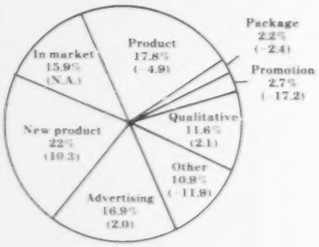
Expenditure breakdown

	1985 average ($ 000)	Per cent change from 1984
Market measurement	4,755.4 (41%)	12.9
Custom	6,863.5 (59%)	2.2
Total	11,618.9	6.5%

Source: University of Georgia Center for Marketing Studies survey

Custom distribution breakdown

(Per cent change from 1984)



Ilene Brown to vp, client services, eastern group, NPD Package Goods Division, the NPD Group, Port Washington, N.Y.

Mike Oak to vp, operations, NPD/MARKETRAX service.

Robert Shaw to senior vp, regional manager, Burke Marketing Research, Dallas, from director, client service, Burke Marketing Research, Cincinnati.

Sherry Pollack Burford to research executive from research director, Opinion Research, Princeton, N.J.

Roy Baldassari to vp, Response Analysis, Princeton, N.J.

Rick Rinzler to research account executive, Research 100, Princeton, N.J., from senior project director.

A.J. (Bert) Kretch to executive vp and executive director, USA, for Nielsen Marketing Research, Northbrook, Ill., from president of the Nielsen in Japan and executive director of the Canada-Pacific area, which includes Australia, Canada, Japan, Korea and New Zealand. He succeeds **Donald R. McCurry** who has retired.

Lisa Freedman to manager, marketing research services, Arbitron Ratings, Laurel, Md., office, responsible for all customized research studies, from project director.

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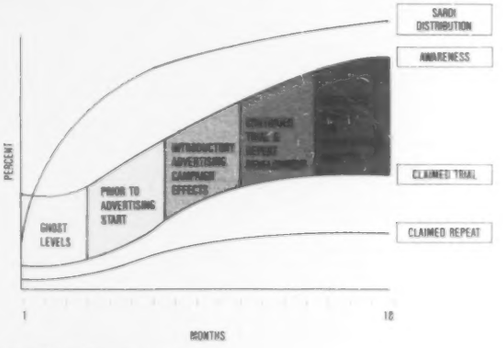

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Labatt hops into Europe and U.S.

By TONY THOMPSON

TORONTO—Labatt Brewing Co., Canada's leading beer marketer, will target the U.S. and Europe next year in its worldwide prowl to increase sales.

As its first step, the brewer has named John Morgan, now general manager of Labatt's Ontario region, president of Labatt Breweries of Europe, effective Dec. 15.

Mr. Morgan will initially work from Labatt's head office here, but he is expected to move to Europe, probably the U.K., early next year.

Sid Oland, Labatt Brewing president, said the brewer's "Blue" label now has only a small presence in Europe, but added, "You'll find we will become much more visible in the coming months."

Among Mr. Morgan's top priorities in his new post will be to hire an advertising agency for Europe.

"We only have a small agency in England at the moment, producing p.o.p. and that sort of stuff," Mr. Oland said.

Since Labatt is Canada's fourth-biggest spender in advertising, at $24.5 million annually, there is likely to be some competition for the account.

In Canada, the Labatt account is shared between four U.S.-owned shops: Scali, McCabe, Sloves; Enterprise (a J. Walter Thompson Co. subsidiary); McCann-Erickson, and Young & Rubicam. D'Arcy Masius Benton & Bowles handles Budweiser in Canada, which Labatt brews and markets through a licensing agreement with Anheuser-Busch. Hill, Holliday, Connors, Cosmopulos, Boston, handles Labatt Importers in the U.S.

Mr. Oland said Labatt will look for licensing agreements with European brewers to make Labatt brands. He also did not rule out the possibility that Labatt might purchase a European brewery.

In the U.S., activity is expected to increase next year as Labatt tries to overtake Canadian import leaders Molson and Moosehead.

"We were the fastest-growing [Canadian] import in the U.S. last year," Mr. Oland maintained.

One analyst agreed that Labatt has a good chance to increase its U.S. market share.

"If Labatt can position itself as truly Canadian, then they have a very good chance in the U.S.," said Ed Ogiba, managing director of Product Initiative, a Darien, Conn.-based new-product consultancy. "But with Molson and Moosehead well established as Canadian brews, they may find it difficult to differentiate their brand. However, there is certainly a growing market for imports among U.S. beer drinkers."

"We are going to be competing quite aggressively," said Rich Fogarty, president of Labatt Importers USA, a wholly owned Labatt subsidiary. "We've been testing Schooner [a Labatt brand] primarily in New England and we are starting to see some numbers that are very positive."

Labatt already holds a 41% share of the Canadian market, but problems on the homefront are forcing the brewer to look elsewhere for growth.

In addition to the flat Canadian market, the U.S. and Canadian governments are negotiating the possibility of allowing duty-free American-brewed beer in Canada.

If that happens, Labatt is worried that U.S. brews will flood the Canadian market by shipping surplus capacity north.

Also, the major Canadian brewers now maintain price parity for similar quality brands, but they are worried that duty-free U.S. brews will engage in predatory pricing.

Already, in western Canada, Pabst Brewing Co. and G. Heileman Brewing Co. have entered the import market with their Olympia and Ranier brands, respectively.

Both have undercut Canadian brewers' prices.#

World News Roundup

(Continued from Page 3)

characters as well as videocassettes, books and records of BBC programs.

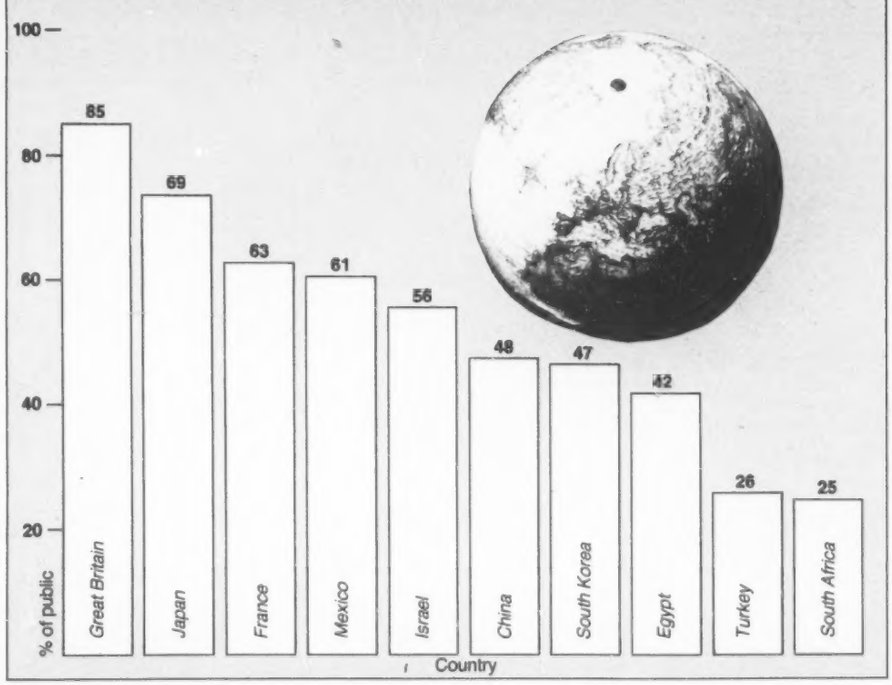
LONDON—General Motors Corp. launched the Vauxhall Carlton car in a $3 million campaign via Lowe Howard-Spink Marschalk Ltd. A similar campaign will break in Germany via Lowe Marschalk Luerzer.

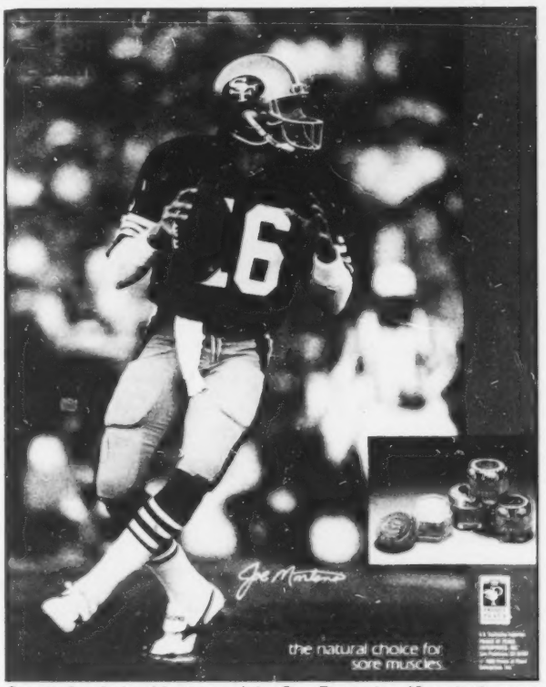
BEIJING—The Chinese government approved German businessman Hubertus Faber-Castell's proposal to build two tv stations, each with 40 minutes of daily ad time.

BARCELONA—Levi Straus de Espana moved its $1 million account to Bassat, Ogilvy & Mather from McCann-Erickson.

America's friends and foes

In an October survey of 1,000 adults asking which foreign countries were a "friend of the U.S.," a majority of respondents chose Japan over every other nation except the U.K. South Africa came in last. Respondents rated the countries on a scale from 1 to 10, where 10 represented "a very good friend of the U.S." and 1 represented "not a friend at all."
Source: Market Facts TeleNation survey, Washington, D.C.





Quarterback Joe Montana of the San Francsico 49ers is the new star presenter for Tiger Balm ointment in print ads headlined "Joe Montana goes for the balm."

Balms away

QB pitches for Asian ointment

By STEPHANIE YANCHINSKI

SINGAPORE—An Asian conglomerate has enlisted the aid of San Francisco 49ers quarterback Joe Montana to capture a slice of the estimated $300 million U.S. analgesic ointment market.

Tiger Balm, a powerful topical muscle rub made entirely from herbs, is marketed by Haw Par Brothers International, a widely diversified, Singapore-based marketer with annual sales of $118.4 million in about 66 countries worldwide. The product has sales of $100 million a year, but is marketed primarily in Asia.

Industry observers say it will be difficult for Haw Par to crack the U.S. market because of subtle prejudices against Eastern products considered either inferior copies or quirky exotica. They point out that, aside from the Japanese, few companies from the Pacific Rim have established a presence elsewhere under their own name.

But Haw Par is hoping Mr. Montana will convince the growing number of athletes and health-conscious Americans who use muscle rubs in their daily workouts to switch to Tiger Balm.

Haw Par's international marketing manager, Jimmy Chong, said he believes that, instead of being a liability, Tiger Balm's exotic aura and naturalness will set it apart from the competition.

"Americans are adventurous," Mr. Chong said. "But at the same time they like natural products they can feel safe with. So the notions of 'all natural' and 'safe' will figure strongly in all our advertising campaigns."

Haw Par's biggest challenge will be to change the image the product now has. While athletes such as Mr. Montana and tennis star Billy Jean King use muscle rubs to limber up and treat bruises and sprains, the product has traditionally been used for treatment of a variety of chronic ailments among the elderly.

Reaching a younger audience will require a major image reorientation, not only in the U.S. but in Europe. Haw Par is counting on its ad campaign to accomplish that.

With funds limited to no more than several million dollars a year spread across the U.S. and Europe, the company plans strategic placement of print ads featuring Mr. Montana and other sports figures in upmarket sports magazines like *Sports Fitness* and *Runner's World* and newspapers distributed nationwide, such as the *National Enquirer*. Tv will be used sparingly in certain states on the West Coast and in New York.

"The U.S. is such a huge market that we must rely on regional television," Mr. Chong says "and as each region is successful we will keep on advancing" across the country.

Sports sponsorships will also figure highly. The company already participates in prestige sports events such as the Boston Marathon, the Bay to Breakers Run in San Francisco and is lobbying hard to become the official rub of the 1988 Winter Olympics in Calgary. Mr. Chong said Tiger Balm has already been approved as the official ointment of the America's Cup yacht competition.

The current campaign is handled by Gregory Atwood Design

(Continued on Page 51)

Reid

(Continued from Page 3)

McCann-Erickson president John McNamara put it.

SSC&B has Coca-Cola Classic and Diet Coke, McCann handles Coke and Cherry Coke.

Other agencies are Burrell Advertising, Chicago, for black consumer advertising, and Castor Spanish International, New York, for Hispanic advertising.

A striking contrast to his intense, high-spirited predecessor, Sergio Zyman, in both appearance and personality, Mr. Reid calls himself a "team player" who likes to accomplish things "through the system."

Accomplishing things is what is top-of-mind right now as he sets goals for the coming year and beyond. Completing a year in which colas were a No. 1 priority, Mr. Reid enters 1987 committed to making Sprite and Minute Maid orange soda the No. 1 products in their respective flavor segments.

While he admits those are tough assignments, he plans to achieve that goal by 1990 for Sprite and, for Minute Maid orange, within a year after it is fully national.

During each 1987 quarter, Mr. Reid will impose a special focus on a different segment of the soft-drink market. For example, during the first quarter, emphasis will be on diet products, including the sponsorship of an NBC-TV special starring the Pointer Sisters, the singing group Coca-Cola just signed to endorse Diet Coke (AA, Nov. 17).

More important for next year, Mr. Reid is keen on what he terms "integrated marketing," or "the ability to orchestrate all of our brands together into an integrated plan so that they all work together synergistically." The approach also involves making sure the national strategy is carried through to the local level.

Unwilling to cite a specific figure, Mr. Reid said Coca-Cola USA will be quite aggressive next year in regard to ad spending levels, hiking this year's budget. Plans also call for a 70%/30% spending ratio for Coca-Cola Classic versus the upstart Coke. Measured media figures put the company's soft-drink spending at $75 million for the first half of this year.

Even though the company's cola business responded well this year to the special focus it received, Mr. Reid hopes to continue the momentum and expand Coca-Cola Classic's leadership even more.

Giving him good reason for optimism is research that shows strengthening loyalty to Classic. In 1984, 20% of consumers that Coca-Cola polled routinely named Coke as their favorite brand. By September of this year, that figure for what is now called Coca-Cola Classic had grown to 30%. Other research indicated that, in 1984, 26.9% of Coke drinkers drank it exclusively; the figure rose to 41.3% for Coca-Cola Classic in the September period.

If there were ever any thoughts of switching the flagship brand back to its original name, this research ended them.

"When you ask me about the name, the best way I can answer that is to say I love the name Coca-Cola Classic. Consumers are wearing the word Classic like a badge," Mr. Reid said.

Mr. Reid said the company is working hard to develop advertising that captures the brand's strong attractions. "We know it is a big, robust, emotional brand, and it carries a lot of very favorable imagery in the minds of the consumer. We want our advertising to reflect that."

As for the new-formula Coca-Cola, or Coke, which is now aimed at teens, Mr. Reid said he is so pleased with the Max Headroom relationship that there will be even more tie-ins next year.

Max, especially popular with younger, video-friendly people, is the partially computer-generated video talk-show host brought here after a successful run in London.

"We think he not only belongs in advertising but in every form of media and advertising that we have. . .from the tv set to the point of sale," Mr. Reid said. "Max provides us with the perfect vehicle to do that."

Mr. Reid attributes much of Coke's success to Max as well as the "Catch the wave" ad theme, which is expected to continue. Coke has now achieved a level—as of July—of a very successful new product, Mr. Reid claimed. With a 2%-to-2.5% total share of the soft-drink business, the product is helping the company achieve its broad goal of expanding the entire cola business, Mr. Reid indicated.

In a turn of events, Coke now is evaluating a taste-test program conducted in 20 cities this past summer. Mr. Reid claims tests show consumers who come in preferring Pepsi end up showing a strong preference for Coke.

That program, which provides as much as $100 to local nonprofit organizations agreeing to participate in the test, may be expanded.

Also expected to add to the cola business is Cherry Coke, described by Mr. Reid as a "change of pace" drink for cola drinkers. He said this brand has taught the company a great deal about energizing and leading the cola business.

While he would not go so far as to say Sprite lemon/lime has been neglected in the attempt to strengthen colas, Mr. Reid noted that Sprite is "going on the offensive in 1987." Despite the emphasis on colas, Sprite has not performed badly, he indicated. "Brand 7UP is down 15% to 20% in volume; [Pepsi's] Slice lemon/lime is down 35% during this period. Sprite is down only one-tenth of a point—insignificant compared to the losses of the other lemon/limes," he asserted.

In the orange-flavor segment, the battle also will turn into another rivalry between Coca-Cola and Purchase, N.Y.-based Pepsi-Cola Co. Pepsi's Slice orange only recently moved up to claim the No. 1 spot in that segment.

Despite Pepsi's assertion that Coca-Cola is having a difficult time transferring a strong orange juice trademark into a soft-drink brand, Mr. Reid indicated the company's focus on colas is the only thing that has kept it from putting more effort into Minute Maid.

Mr. Reid said the company is willing to co-exist as a bottler with other orange soft-drink marketers, paving the way for the brand's national rollout soon from its present 60% of the country.#

Photo by Larry Adams

JOHN REID

Readings from Reid

ATLANTA—Coca-Cola USA senior vp-marketing John Reid on:

Agency conflicts: "I don't have a point of view yet. I'm watching the debate with great interest, and I will develop a point of view over time. I'm trying to watch for a while and see how things evolve. I think it's an interesting issue and one that we need to get at." (Coca-Cola Co. has no stated corporate policy on conflicts, officials said.)

Sales promotion: "I strongly believe that the soft-drink system has been and will continue to be balanced between traditional pull activities and traditional push activities. I don't see the balance changing. I think this whole integrated marketing approach is not so much an attempt to change that balance but to see that they work together because that is where the opportunities lie."

Role of agency: "My role is just to let competent people do their jobs and hold them accountable. I've tried not to be a developer of advertising. I think that's the role of our advertising agencies. Having [given his blessing to the agency people working on his business] and assigned them the title of 'competent,' I think their job is to deliver the goods, and my job is to hold them accountable for delivering them."#

UAL

(Continued from Page 3)

from RCA Corp. for $587.5 million.

Along with United, Hertz and Westin, Mr. Zeeman now is responsible for overseeing operations of Apollo Travel Services, the computer reservations system; Mileage Plus Inc., United's frequent-flier program, and United Vacations, a tour operator.

In an interview with ADVERTISING AGE, Mr. Zeeman, a former Burnett executive, said "the opportunities are as broad as your imagination" for UAL to further establish its dominant position as the No. 1 airline "brand" and the top car-rental company.

United's 17% year-to-date market share is up from 14.9% last year, when the airline was hurt by lingering effects of a pilot's strike. Executives predict United's 1986 results will be "significantly ahead" of last year.

Houston-based Texas Air Corp., parent of Continental Airlines and New York Air, will vault ahead of UAL as the largest airline company—with a combined 19% share—if it completes planned acquisitions of Eastern Air Lines and People Express Airlines.

Hertz commands 32.8% of airport car rentals, far ahead of nearest rival Avis Rent-a-Car, Garden City, N.Y.

Since the Hertz acquisition, United reservations agents have used UAL's sophisticated Apollo computer system to cross-sell Hertz car rentals to airline passengers.

In Denver, now among the most competitive of airline markets, United has installed check-in counters at the Hertz drop-off location to save travelers the hassle of dropping off their luggage before they return a car. The service will be expanded to Chicago, Los Angeles and Washington's Dulles International Airport by yearend.

The joint efforts also have taken more subtle approaches. In January, UAL will drop all competing travel advertisers from its airborne short-subject videos and its in-flight magazine, *United*.

> "Some companies will probably go out of their way to not do business with us."
>
> ***—John Zeeman, exec vp-marketing and planning, UAL Inc.***

But UAL's trump card may be discounting programs for corporations, now spreading from the car-rental industry to several airlines, including Continental. United has so far resisted the practice, but says it's "not inconceivable" that it may become more common.

United Vacations, the tour operator, will execute many of the United/Hertz/Westin joint marketing programs, with coordination from Mr. Zeeman and United's vp-advertising John Ruhaak, also a former Burnetter.

The new account at Burnett will bill between $3 million and $5 million in 1987, Mr. Zeeman said.

Hertz agency Scali, McCabe, Sloves, New York, and Westin agency DYR, Los Angeles, will not participate in the joint marketing programs.

United Vacations already has packaged tours to Hawaii, the Pacific and elsewhere, using its three travel providers. Hertz discounts are packaged with United airfares to vacation spots such as Hawaii and Florida. The tour operator fed 55,000 Hawaii-bound passengers to United this year, Mr. Zeeman said, and will provide it with 120,000 to 150,000 more in 1987.

In addition, the unit uses marketing tools to solve logistical problems among its sister companies: When Hertz needed to move 800 cars from Denver to Phoenix, for example, United Vacations created a drive-there/fly-back package that sold out in one day, accomplishing Hertz' objective "at a profit instead of a cost," Mr. Zeeman said.

The combined marketing clout is not without cost, however, to both members and promotional partners in United's Mileage Plus program, which claims 4½ million members. Budget Rent a Car Corp. and Hyatt Hotels Corp., both Chicago, next month will end their participation in United's Mileage Plus program, and Northwest Airlines, St. Paul, Minn., has "eliminated most promotional ties" with Hertz.

"Some companies will probably go out of their way to not do business with us," Mr. Zeeman said. He called such moves "shortsighted," and said "It doesn't have to be a situation where the only other travel-related companies we work with are those we have to own ourself."

Hyatt and other hotel chains perhaps have less to fear from UAL because Westin is the weakest link in the company's mounting travel empire. Westin has 61 hotels, mainly in the U.S. and Pacific countries.

The Hilton International acquisition, however, would add 96 more hotels in 44 countries worldwide, immediately boosting UAL's share among worldwide hotel companies, according to estimates by Laventhol & Horwath, a Philadelphia-based accounting company.#

Burger

(Continued from Page 6)

tober are typically slow advertising months for camera companies as they gear up for Christmas sales. Kodak remains in first place, followed by Canon USA with 11.5% of first mentions and Minolta Corp. with 6.2%.

- General Foods Corp.'s Maxwell House, September's top gainer, lost 4.8 points, dropping its share of first mentions to 23% and dropping it to the No. 2 spot in the **coffee** category. Procter & Gamble's Folgers moved into the top slot with 23.8% of first mentions, while GF's Sanka was third with 5.2%.
- Among **wine** advertisers, awareness of Villa Banfi USA's Riunite advertising was off 5.5 points (the largest drop in the October survey). The brand in October received 4.5% of first mentions, keeping it in third place. Bartles & Jaymes' ads remain No. 1 with 15.4% of first mentions, while Gallo is second with 7.8%.#

For more information, contact Gary Gabelhouse, SRI Reseach Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Bates' Mars business to Saatchi

By LAUREL WENTZ

LONDON—Mars Inc. is moving three U.K. candy brands, worth an estimated $18 million in billings next year, to Saatchi & Saatchi from Saatchi-owned Ted Bates Ltd., Mars' largest U.K. agency.

However, Bates will keep $3 million worth of additional confectionery business, as well as the $15 million account of Mars' Pedigree Pet pet-foods division.

Bates was widely expected to lose some or all of its U.K. Mars billings to rival Mars agencies Grey Ltd. or D'Arcy Masius Benton & Bowles.

This is the second time in one month that Saatchi has stepped in to share a Bates multinational account. Saatchi recently intervened to handle jointly Bates' $30 million pan-European DHL courier business (AA, Nov. 10).

In the latest moves, Saatchi took over Mars' $3 million account for Marathon peanut and chocolate bar, the $3 million account of Opal Fruits chewy fruit squares business and the M&M's account.

M&M's has been tested in the northeast part of the U.K. since July, 1985. But sources say the brand will be rolled out nationally in 1987 with ad support totaling almost $12 million.

Bates will retain Mars' Lockets and Tunes cough-drop brands, with estimated billings of $3 million.#

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December 1, 1986

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Army attacks Ayer

Threat of indictments spurs Pentagon to act

By JANET MEYERS and STEWART ALTER

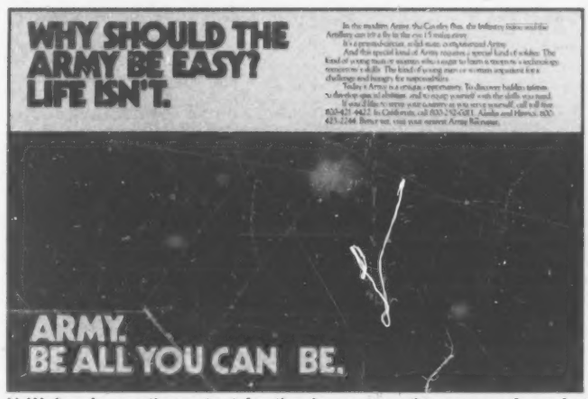
WASHINGTON—The discovery of new evidence of alleged wrongdoing at N W Ayer on the Army recruiting account, cited by the Army to explain its sudden disqualification of Ayer from all government contracts last week, could lead to indictments.

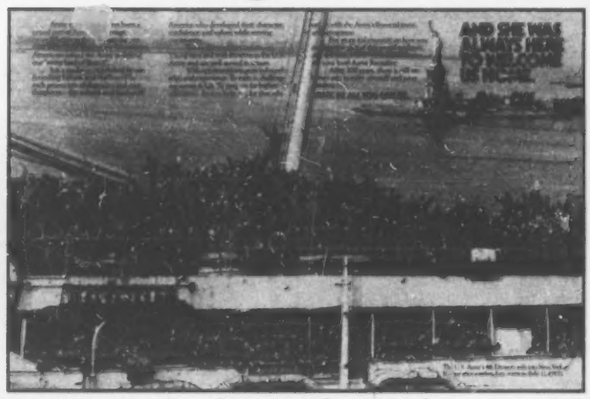
New information reached investigators for the Army and the U.S. attorney in New York in early November, said Major Bruce Bell, an Army department spokesman in Washington.

There are also reports that at least one current Ayer executive, Thomas Donoghue, a vp-account superviser at Ayer Public Relations who worked on the Army assignment, is cooperating with investigators. Mr. Donoghue declined to confirm or deny the report.

Major Bell said he would not "conjecture" about indictments, but an Army source predicted they will be handed down by a New York grand jury, possibly citing conspiracy to defraud and falsification of government documents. The U.S. attorney's office in New York declined comment.

Separately, Major Bell said the Army, which has been in the midst of an agency review, intends to have a new agency handling its $100 million account by Jan. 2. Ayer, which has said it will appeal vigorously its disqualification from government work, also said last week it would ask the Army to delay selection of any new shop for the account.





N W Ayer's creative output for the Army account was not an issue in the decision to bar the agency from further government work. These print ads are part of Ayer's current "Be all you can be" campaign for the Army, which has been well received.

In addition to Ayer, now apparently out of the picture, the finalists for the Army business are Young & Rubicam, BBDO, DFS Dorland Worldwide, SSC&B, all New York, and Ogilvy & Mather, Chicago. The winner is likely to receive a one-year contract with four option years, a package that could be worth half a billion dollars over the five-year period.

Major Bell declined to discuss the nature of the new information obtained last month, but the Army's letter informing Ayer of its disqualification disclosed that "substantial" numbers of former Ayer employes had presented evidence of management involvement in "timecard mischarging," or billing the Army for work not actually done on Army business. It also alleged Ayer conspired with certain subcontractors to rig bids on Army assignments.

A source said at least two former Ayer pr employes based in New York provided investigators with information in recent weeks.

The potential for indictments, said an Army source, forced the Army's hand and led to the decision to immediately disqualify

(Continued on Page 99)

Last Minute News

Quaker sticks $25M to 'Chops'

CHICAGO—Quaker Oats Feb. 2 breaks a $25 million tv and couponing campaign for Ken-L Ration Tender Chops, a semi-moist dog food created to replace its failing Love-Me-Tender Chunks. More than $3.5 million will be spent on a free trial-size promotion in mid-March. J. Walter Thompson USA handles.

Times Mirror buys 'Broadcasting'

LOS ANGELES—Times Mirror Co. has agreed to buy the weekly *Broadcasting* and *Broadcasting Yearbook* from Broadcasting Publications, Washington, for approximately $75 million cash. Broadcasting Publications' owner and president, Lawrence T[illegible]ishoff, will remain publisher. TM said *Broadcasting* will form the nucleus of a "trade publication cluster," described as an "important strategic objective." TM also said it has agreed to buy CRC Press, Boca Raton, Fla., publisher of medical, scientific and technical journals. Purchase price has not been disclosed.

Johnson appeals ruling on Nuprin ads

NEW BRUNSWICK, N.J.—Johnson & Johnson will appeal a federal district court judge's ruling in favor of Bristol-Myers,

(Continued on Page 8)

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Nielsen's meter tally rocks nets

By VERNE GAY

NEW YORK—The first people meter audience measurements for the 1986 tv season reveal that tv's most popular series, "The Cosby Show," has 19% fewer adult female viewers than earlier reported, and that over-all network viewing by women aged 25 to 54 has been overstated by the A.C. Nielsen diaries by an average of 10%.

As widely expected, the people meter ratings for virtually all network tv prime time shows were generally lower than the ratings provided by the Nielsen Television Index meters, which have been recording household viewing since 1954. Discrepancies with Nielsen's National Audience Composition diaries, which provide demographic information and are all-important to advertisers, were far greater than many xperts had predicted.

NBC's people meter results for key women emographics were nearly 14% lower than the tandard NTI diary ratings for the same demographics in October. "The Cosby Show" was off whopping 19% for two key female demo-

(Continued on Page 100)

Colgate tops merger talk

An Advertising Age roundup

NEW YORK—Colgate-Palmolive last week was once again the subject of takeover rumors, fueled by a wild swing in its stock price during trading on Nov. 26. This time, speculation has it that British financier Sir James Goldsmith, fresh from his successful greenmailing of Goodyear Tire & Rubber Co., is now eyeing the package-goods giant.

Other rumors had it that Colgate might be a target of Chesebrough-Pond's as a move to thwart a Chesebrough takeover bid by American Brands.

The rumors came on top of two other takeover bids that were launched last week and the sudden end to another. If the Ivan Boesky scandal has made its mark on takeover mania, it was evident only in Wall Street's new-found disdain for "junk bond" financing.

Among the pre-Thanksgiving financial fodder, in addition to American Brands' offer of $2.8 billion for Chesebrough-Pond's: The Limited Inc. and Edward J. DeBartolo Corp. bidding $1.8 billion for Carter Hawley Hale Stores, in the Limited's second try for the retailer; Irwin Jacobs, chairman, Minstar Corp., offering $3.6 billion, maybe more, to acquire Borg-Warner, and Gillette Co. fending off an unfriendly takeover attempt by Ronald Perelman's Revlon Group.

Neither Colgate nor Chesebrough would comment on the

(Continued on Page 96)

Highlights

Goldsmith eyes Colgate-Palmolive 1

Colgate-Palmolive last week was once again the subject of takeover rumors, fueled by a wild swing in its stock price during trading on Nov. 26. Speculation has it that British financier Sir James Goldsmith is eyeing the package-goods giant.

People meters find fewer women 1

The first people-meter audience measurements for the 1986 tv season reveal that tv's most popular series, "The Cosby Show," has 19% fewer adult female viewers than earlier reported, and that over-all network viewing by women aged 25 to 54 has been overstated by the A.C. Nielsen diaries by an average of 10%.

FCB's global shuffle 6

Foote, Cone & Belding, which blamed international operations for a down year in 1985, is reshuffling executives to solve its international problems and satisfy concerns that there is not enough central control of its multinational accounts.

Eggs appeal 12

The egg industry, like beef and pork a victim of the anti-cholesterol movement, is considering a $23 million advertising and research campaign to revive its appeal in 1987.

Tv spot rated eerie for GM 85

General Motors Corp.'s Chevrolet division plans to give moviegoers a close encounter of the commercial kind with a special-effects-filled 2½-minute teaser for the new Corsica compact.

Unfolding Singleton's story 91

Last June, William Dean Singleton paid $110 million in cash and notes for the *Dallas Times Herald*, a profitable yet troubled metro daily that had proved itself a financial albatross to the giant Times Mirror Co. The burning question among newspaper people is "Can Dean Singleton succeed where Times Mirror could not?"

H&R Block's road to reform 97

H&R Block this year has done away with test campaigns in favor of a single-minded, $8 million ad strategy focusing on next year's tax reform and potentially larger refunds for its customers.

GLOBAL MEDIA

U.S. newsweeklies feel pinch 58

The market for global media, which a year ago looked as if it was about to blossom, looks decidedly different now, according to Ad Age's third annual report. U.S. newsweekly magazines and pan-European tv—the two major, mass-market, global media categories—are hurting.

INTERNATIONAL

European AIDS campaigns 70

The spread of Acquired Immune Deficiency Syndrome is forcing European governments to reexamine bans on contraceptive advertising and launch sexually explicit anti-AIDS tv and print campaigns that previously would have been prohibited. Current regulations on ads for condoms vary widely from country to country. Hard-hitting tv and print campaigns aimed at preventing the spread of AIDS are running in Germany, Norway, Sweden and the U.K.

OTHER NEWS

Lever Bros. is preparing to put $50 million behind the spring introduction of two new fluoride toothpastes with familiar brand names, Extra-Strength Aim and Close-up. Page 3.

Worlds of Wonder, which emerged as *the* success story of Christmas, 1985, with a pricy talking toy bear called Teddy Ruxpin, appears likely to repeat last year's performance with Lazer Tag, a high-tech game. Page 4.

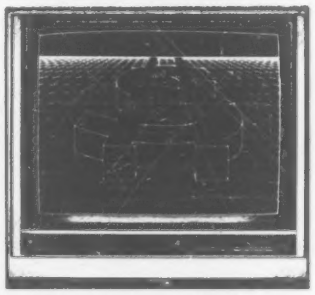
Manning, Selvage & Lee will open a full-service public relations office in Bloomfield Hills, Mich., with a staff nucleus from parent D'Arcy Masius Benton & Bowles. Page 12.

Match Box Toys (USA) Ltd. already has a yule sales hit, a puzzle called Rubik's Magic, and its success is being attributed to public relations. Page 85.

J. Walter Thompson USA's first assignment from American Greetings Corp. is expected to be the introduction of a line of "alternative" cards next year. That will engage the company in a $1 billion segment that has become a hornet's nest of accusations about "copycatting." Page 90.

The Food & Drug Administration's approval last week of aspartame's use in four new food categories could touch off a wave of product and advertising revisions next year. Page 98.

SPECIAL REPORT



Cable tv still is struggling for legitimacy as an advertising medium. Only 1.2% of the $35.5 billion in media billings placed by the top 500 U.S. ad agencies in 1985 went to cable, as opposed to 26.6% to network tv. But the industry has been trying to turn a negative—its narrow reach—into a positive.

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GM study of magazines raises fears

By EDWARD LAPHAM
Crain News Service

General Motors is conducting an in-house study of how its advertising has been positioned in leading consumer magazines.

Bringing in-house the job of what is known as "position analysis" is the latest example of GM's attempt to consolidate at the corporate level advertising-related functions that have been done by the divisions and their ad agencies.

Issues of magazines that carried no GM advertising were included in the study, raising fears among some magazine sales representatives that GM might have another motive.

In fact, ad reps from at least two magazines said they were told the study would include an evaluation of each magazine's editorial coverage of GM. The implication was that favorable editorial coverage of GM might become a prerequisite for GM ad business, the ad representatives said.

GM denied the study is linked to the evaluation of editorial coverage, or that it presages centralized, internal media buying.

The corporation said the study relates strictly to position analysis and termed any other interpretation a "misunderstanding."

Position analysis evaluates where an ad appears in a magazine relative to front, back and surrounding editorial copy. The object is to determine if ads are positioned for maximum visibility and impact.

Traditionally, the media departments at individual ad agencies, not the clients, conduct position

(Continued on Page 8)

Conde Nast tries 'Signature' route

By STUART J. ELLIOTT

New York—A little traveling music, please, as Conde Nast Publications' unexpected disclosure that it intends to acquire Signature brings a new singer into the lucrative, competitive travel magazine choir.

Conde Nast has long been interested in expanding its presence in travel beyond *Gourmet's* editorial coverage of the field. Its new adviser, Harold Evans, had been looking into a travel startup among a number of magazine development projects (AA, Sept. 29).

In taking the travel trip, Conde Nast concluded that "starting from the ground up is very difficult," chairman S.I. (Si) Newhouse Jr. said after the surprise announcement Nov. 25. "This seemed to be the right way to get into it."

Mr. Newhouse hopes to close the acquisition from Citicorp Diners Club by yearend. It is "a case of both of us having antennae," he said. "[Citicorp had] an awareness of our interest in travel."

This decision to buy instead of create came just five days after Time Inc. made the same move, via a joint venture with Working Woman Inc. to publish women's magazines (AA, Nov. 24).

Mr. Newhouse thinks cost is not the determining factor in these instances, because "it's very expensive to start, but it's very expen-

(Continued on Page 96)

West Coast News

Chiat/Day reportedly leading pack for Fox

Los Angeles—Fox Broadcasting Co. is leaning heavily toward Chiat/Day as its first agency of record, sources say. A decision is expected this week. Other finalists include BBDO Worldwide and Della Femina, Travisano & Partners (AA, Nov. 24).

Santa Barbara, Cal.—**Larson, Bateman & McAllister** has become Evans, Hardy & Henry, following the departure of the last original partner, president-ceo Michael McAllister, who left to pursue other interests. Partners are senior vp-management supervisor Jim Evans, vp-creative director Dennis Hardy and vp-account supervisor William Henry.

La Habra, Cal.—**American Stores'** Alpha Beta division will hear presentations this week for its estimated $14 million broadcast account from Los Angeles agencies Admarketing; incumbent Bozell, Jacobs, Kenyon & Eckhardt; Eisaman, Johns & Laws, and JWT/West, sources say. Alpha Beta declined to comment.

San Francisco—**SEH Importers**, distributor for the beer-and-lemonade drink Zele Panache, has pulled its estimated $1 million account in-house from Lewis & Partners, San Francisco.

Los Alamitos, Cal.—**Slim 'n Trim** has ended its relationship with Keller-Crescent, Evansville, Ind., after only nine months (AA, Feb. 24). The dairy products licensor will name a Los Angeles agency in the next two weeks to handle its estimated $2 million account.#

International woes trigger FCB changes

New panels formed for more control

By JULIE SKUR HILL

CHICAGO—Foote, Cone & Belding, which blamed international operations for a down year in 1985, is reshuffling executives to solve its international problems and satisfy concerns that there is not enough central control of its multinational accounts.

The agency has ousted its European chairman, promoted others and formed new international committees, according to sources. It also is planning to buy the remaining shares of its South American network and other agencies worldwide.

Late last month Antonio Beja was promoted from president-ceo to chairman-ceo of Latin America/Pacific/South Africa—a new post. Craig Wiggins was promoted from president and chief operating officer of continental Europe to ceo of FCB/Europe.

FCB also named two board members—Len Sugarman, chairman-ceo of FCB/London, and Mr. Wiggins.

Those board members with international backgrounds—Messrs. Beja, Sugarman and Wiggins and FCB Communications chairman-ceo Norman Brown—also are forming a new international committee to coordinate work in regions.

Mr. Brown said, "It's one thing to be pins on a map and another to coordinate and assist clients. This will help the ability to service global clients."

A multinational new-business (Continued on Page 97)

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AA, Cole survey agency salaries

NEW YORK—Are ad agencies putting their money where their talent is?

There's one way to find out. ADVERTISING AGE and Cole Surveys, Boston, the leading compensation survey organization, are again teaming up to track trends in advertising compensation through the second annual "Survey of Top Management Compensation in Advertising Agencies." The survey provides the most accurate and up-to-date agency salary information available in the business.

Deadline for returning completed questionnaires is Dec. 31, 1986. Agencies that have not received a questionnaire and wish to participate should contact Cole Surveys, 100 Summer St., Boston 02210, or call project director Ed Reilly at 1-800-343-2215.

The first effort (AA, May 19) included salary information on more than 1,600 agency executives.

The questionnaires for the 1986 survey, sent to about 5,000 agencies, request information on salaries, incentive payments, benefits and perquisites. The forms have been simplified; all information that is provided is treated in a confidential manner as to source.

Twenty-one key managerial and creative positions are covered in the survey, from chief executive officer to copy chief. Survey results, broken down by agency type (independent, subsidiary, branch) and by regional and national size groups for precise comparisons, will be published in AD AGE next March. Agencies that submit data receive a reprint of the article and are given an opportunity, via confidentially coded printouts, to see how their own data compare with similar-size agencies.#

WHY BECOME A WASHINGTON EDITOR?

Esquire magazine dubbed him the last great foreign correspondent.

Arnaud de Borchgrave was born in Belgium. At 14, he fled, escaping the Nazis, and joined the British Navy at 15. After the war, he succeeded Walter Cronkite as UPI Brussels Bureau Chief; then, as *Newsweek's* chief foreign correspondent, he interviewed most of the world's well known leaders, saw the misery of seventeen wars and witnessed major world events.

In that role, de Borchgrave was stimulated by what forty years of world traveling had shown him. He has seen why competitive, uncensored media are essential for democracy to function. Yet surprisingly, the capital of the free world, Washington, D.C., was a city with no choice because it had only one major metro newspaper.

Then, about two years ago, de Borchgrave became the editor of the first growing metro newspaper created in decades — *The Washington Times*.

Now, de Borchgrave and over 230 talented journalists compete to provide news and an alternative viewpoint.

The report card:

- Almost every day, the *Times* has something important you don't see elsewhere," said the monthly "American Spectator."
- Charles Peters, the respected editor of *Washington Monthly*, said that the *Times* has been beating the *Post* consistently at some important stories.
- *The National Journal* placed *The Washington Times* among the most influential institutions in the nation's capital.
- *The Associated Press* has cited *Washington Times'* exclusives over 120 times in just 16 months.

The Washington Times is fast becoming a great newspaper, because of its talented staff. And guiding its progress, Arnaud de Borchgrave and his staff have a simple credo: report the news hard, first, and above all, accurately.

And those efforts are why the man, dubbed the last great foreign correspondent, is helping create one of America's great newspapers.

The Washington Times

We hit what The Post misses.

CORRECTIONS & CLARIFICATIONS

- J. Walter Thompson USA will not get exclusive rights to data provided by R.D. Percy & Co., a new tv commercial ratings company, as previously reported (AA, Nov. 17, P. 6). Percy said it has a policy of not offering data exclusively to any client.
- *Workbasket* has corrected its January-to-November, 1986, ad linage total (AA, Nov. 17, P. 101). The correct total is 350.1 pages.
- A caption with a photo of a *Reader's Digest* reception in Williamsburg (AA, Nov. 17, P. 92) mistakenly identified Mrs. Albert Cole as the wife of retired U.S. Chief Justice Warren Burger. Mrs. Cole was with her husband, director emeritus of *RD*, Justice Burger and *RD* senior counselor Melvin Laird. *RD* supplied the caption.#

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Smokers ridin' hard to Marlboro Country

Cigaret industry maintains strength

By JOHN C. MAXWELL JR.

Marlboro, long recognized as the largest-selling cigaret brand in the U.S. as well as the rest of the world, also is the world's largest-selling package-goods product.

On a factory shipment basis in 1985, Marlboro probably had about $6 billion in sales. As such, it surprisingly surpasses Coca-Cola in gross sales and product turn. This phenomenal and continuing success story defies current tobacco market trends.

While most of the activity in the tobacco industry this year has been among the price/value entries, New York-based Philip Morris Cos.' Marlboro is expected to exhibit one of the largest share gains of all standard-price brands—tying with Lorillard's Newport—with an increase of a half a share point.

In addition, Marlboro's 1986 projected volume, nearly 134 billion units, will be the highest ever recorded in the history of the industry, while its market share of 22.9% is the highest of any brand in the U.S. in more than 30 years and is twice that of its closest competitor.

Even more impressive is Marlboro's dominance of the under-35 age category with a 37% share. In fact, Marlboro is the No. 1-selling brand among male smokers, females, high school or college-educated people and those living in Spanish-speaking households.

Of the top 10 U.S. cigaret brands, only Marlboro has enjoyed 21 years of uninterrupted growth in both volume and share; it has held its No. 1 position for the longest consecutive period (12 years, 1975 through 1986), and we see this continuing.

A single-minded marketing philosophy, which effectively reinforces its position in the marketplace, is the basis of the brand's consistent growth.

In addition to the highly visible Marlboro Country advertising from Leo Burnett USA, Chicago, the brand has been supported by promotional programs that enhance and extend that image among Marlboro's prime smokers.

Marlboro's outstanding track record is all the more remarkable when one considers the current proliferation of tobacco brands.

When the brand was positioned in 1954 as a full-flavor, cork-tipped cigaret, it was one of 37 packings in the industry.

Today consumers can choose from among 281 packings.

Even so, when the purchasing decision is made, Marlboro remains a commanding No. 1.

While cigaret volume continues to decline, the combination of lower leaf prices, higher plant efficiencies and acquisitions results in new highs for the industry's earnings.

In addition, the throw-off of billions of dollars of excess cash can be used for future acquisitions, debt repayment, share repurchases and higher dividends.

The dividend stream has been moving up steadily in the past decades, and we see no reason for this to change.

Also, the industry had been paying full tax rates, so the drop to 34% federal tax will help cash flow.

Full-year 1986 industry shipments are projected at a little less than 583 billion units—a decline of 2.1% from '85.

As noted in past reports, quarter-by-quarter shipment comparisons have been abnormally influenced by wholesale inventory swings. A significant trade inventory accumulation occurred in the fourth quarter of 1985, caused by excise tax concerns. Smaller inventory changes occurred in each subsequent quarter due to various company trade inventory programs.

Presuming that cigaret marketers and the trade will follow their historic pattern, trade buying in anticipation of a December/January price increase should somewhat offset last year's inventory buildup.

According to measures of retail sales, such as Nielsen's, the industry's actual rate of decline is somewhat lower, about 1.6%. This rate also is consistent with other sources, such as state tax collections.

Similarly, while quarterly company shares are not representative of the marketplace, annual market shares are reasonable indicators. Philip Morris and RJR Nabisco, Winston-Salem, N.C., are projected to lead all other companies in share growth with gains of a little less than 1 share point each.

PM's 36.8% share will be another record.

Brown & Williamson Tobacco Corp., Louisville, and American Brands, New York, are expected to incur small share losses.

The falloff will be particularly sharp for Liggett & Myers Tobacco Co., Durham, N.C., down 1 share point because of weakness in its generics.

Regarding the standard-price brands, Marlboro will have the best performance again. The 1986 share (22.9%) and volume (nearly 134 billion units) are projected to set new highs, and it will gain 0.5 share points versus 1985.

Newport (3.9% share) will continue to record strong share advances (0.5 point) and the biggest unit jump of the major brands, amounting to about 12%. PM's Virginia Slims (2.9% share), aided by the introduction of Lights 120s, is expected to grow by 0.1 share point.

RJR's Camel should maintain its share, but virtually all the other major brands will lose between 0.1 and 0.3 share points.

The price-value brands remained strong in 1986 as the segment's share is expected to exceed 9%. We believe from here on out this grouping will grow at least 1 share point a year, if Lorillard and American Brands ever decide to get in at a slightly faster rate.

The segment is equally divided between the branded and the value 25s versus generics. RJR's Doral set the pace and should gain 0.7 share points over full-year 1985. Doral will reach a peak share of about 2.3% in the fourth quarter.

PM followed RJR into the "branded generic" category with a successful May, 1986, introduction of Cambridge Lights, which will close the year with a 0.6% share. Value 25s (1.8%) are strong due to the national introduction last March of B&W's Richland 100s, as well as the reintroductions of RJR's Century (February) and PM's Players Lights (September) in a 10-pack carton.

Despite a modest full-year share advance versus 1985, the generics' (black-and-white or private-label) share position is now slowly eroding.

Liggett's generic share will be almost halved versus last year by the success of B&W, PM and RJR.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Shares of cigaret market

	1985	1986	Change
Philip Morris	35.9	36.8	0.9%
RJR Nabisco	31.6	32.4	0.8
Brown & Williamson	11.9	11.5	(0.4)
Lorillard	8.1	8.1	—
American Brands	7.5	7.2	(0.3)
Liggett	5.0	4.0	(1.0)
Total	100.0	100.0	

Cigaret's top ten

Preliminary estimated year-end figures show that while the leading brands either dipped or remained flat, No. 1 Marlboro continued its upward surge. *Source: John C. Maxwell Jr.*

Company / Brand	Units 1985	Units 1986	Per cent 1985	Per cent 1986
Philip Morris				
Marlboro	133.30	133.70	22.4	22.9
Benson & Hedges	27.70	25.48	4.6	4.4
Merit	24.18	23.10	4.1	4.0
Total	185.18	182.28	31.1	31.3
RJR Nabisco				
Winston	67.54	65.96	11.4	11.3
Salem	47.14	45.15	7.9	7.8
Camel	25.86	25.18	4.3	4.3
Vantage	19.85	18.81	3.3	3.2
Total	160.39	155.10	26.9	26.6
Brown & Williamson				
Kool	40.48	37.82	6.8	6.4
American Brands				
Pall Mall	20.60	18.56	3.5	3.2
Lorillard				
Newport	20.31	22.70	3.4	3.9
Total, top 10	426.96	416.46	71.7	71.4

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GOOD THINKING I'M GIVING YOU A BONUS.
LATER...
AH! HOSPITAL-GOWN GREEN, MY FAVORITE.
YOUR SOAP OPERA DIGEST IDEA'S GOING TO MAKE ME LOOK GOOD. SO, I'M RETURNING THE FAVOR.
BOSS, YOU'RE ALL HEART!
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Special Report

Profit picture sends operators a clear signal

By Wayne Walley

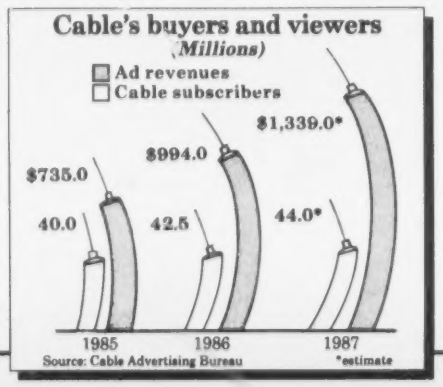
Cable tv enters a new age at the turn of the new year as the pricing of basic cable services is deregulated.

This means that rates charged for basic services by cable operators that experience competition from over-the-air broadcasters no longer will be regulated by the government.

"Now we'll have to do business a whole different way," says Margaret Durborow, vp-marketing/programing, United Cable, Los Angeles, the nation's eighth largest multiple systems operator.

Depending on how cable operators react to the freedom to set basic and pay-cable rates, the future of the premium services, particularly Time Inc.'s Home Box Office/Cinemax and Viacom's Showtime/The Movie Channel, hangs in the balance.

These movie-driven channels helped attract millions of subscribers to cable tv during the boom years in the early 1980s. But now that they are being challenged by videocassette recorders, movie rental outlets, cable's new pay-per-view services and a penny-wise consumer, the drawing power of commercial-free cable has dwindled.



"With the duplication of product, high prices and the increased competition from videocassettes, deregulation could be the death knell for premium services," says Jack Heim, exec vp-business development, sales and affiliate marketing at New York-based Showtime.

"Three or four years ago most people needed cable tv for good reception. The basic service back then cost $8. Pay cost $10. It had luster. It was the first place to see movies on tv without commercials.

Pay was worth more than all the basic cable channels combined. That's no longer true. The vcr has destroyed the previous value of premium services. We have to change that," Mr. Heim says.

(Continued on Page S-4)

Profit a clear signal

(Continued from Page S-1)

To survive, the pay services have taken the offensive. They —Showtime/The Movie Channel and HBO/Cinemax—are fighting for exclusive movie contracts, dropping prices and stepping up production of original pay tv series, specials and sporting events.

Both HBO and Showtime spent millions on aggressive marketing and promotional campaigns such as "The HBO Knockout Fall" and Showtime's "Heat Is On" to attract new subscribers this year.

However, is that enough to keep things going/growing?

"The future of the premium services is the big question," says United Cable's Ms. Durborow, "We see an extensive softness in the [premium services] marketplace, and it could become more of a support system than a primary attraction."

The advent of pay-per-view, cable's new weapon against the videocassette rental market, also looms as a big threat to the future of movie-driven channels.

"Pay-per-view means we have to establish criteria for using shelf space as does any retail business," says Ms. Durborow. "In the past we'd load up with premium services because it was the way to increase profit margins," she says, "but pay-per-view revenues for cable operators exceed that for the premium services.

"In the future I see multi-pay-per-view channels on each system offering different types of movies. After all, we are a convenience-driven society. What can be simpler than pay-per-view?"

"My exercise today is to look at what every channel gives and adds in value and how important the service is to subscribers. Will the premium channel survive? I have faith in Time Inc. and Viacom to do what's necessary to create valuable services," she says.

Both Time Inc. and Viacom have taken a cue from The Disney Channel, the fastest growing pay service in the U.S. Launched in April, 1983, the service already has 2.5 million subscribers and boasts that it is now the main source of revenue growth for the entire pay tv industry.

"Disney has other benefits besides movies," says Stephen Fields, vp-consumer marketing at Burbank, Cal.-based Disney. "With family shows, children's programing and exclusives, whether they be specials, series or movies, it's a unique bundle of entertainment the viewer can't get anywhere else."

The Disney Channel has offered cable operators incentives to lower the channel's subscription price. It has often given free previews to basic cable subscribers, and it has used numerous joint marketing campaigns to promote itself. Once the new kid on the cable block, the service is now on the cutting edge with HBO and Showtime picking up from its lead.

"We knew we had to fix our product," says Showtime's Mr. Heim. "We've done that with exclusive movies, original series and more. Now we've got to adjust the cost and do the marketing to help people understand the value of each channel," he says.

HBO and Showtime's hard sell to the cable operators has also worked, as most have agreed to price reductions to help keep pay-service subscribers.

"We can't simply burden our subscribers by upping prices for everything," says Craig Ehrlich, vp-development, Falcon Cable Television, Pasadena, Cal. "And we can afford not to because advertising sales is proving itself."

Last year, according to Carmel, Cal.-based Paul Kagan Associates, a tv industry analyst, local cable operators across the country brought in an estimated $139 million in advertising revenue. This figure could rise to $187 million in 1986.

At the same time, annual cable tv advertising billings could reach $948 million this year compared to 1985's estimated $767 million.

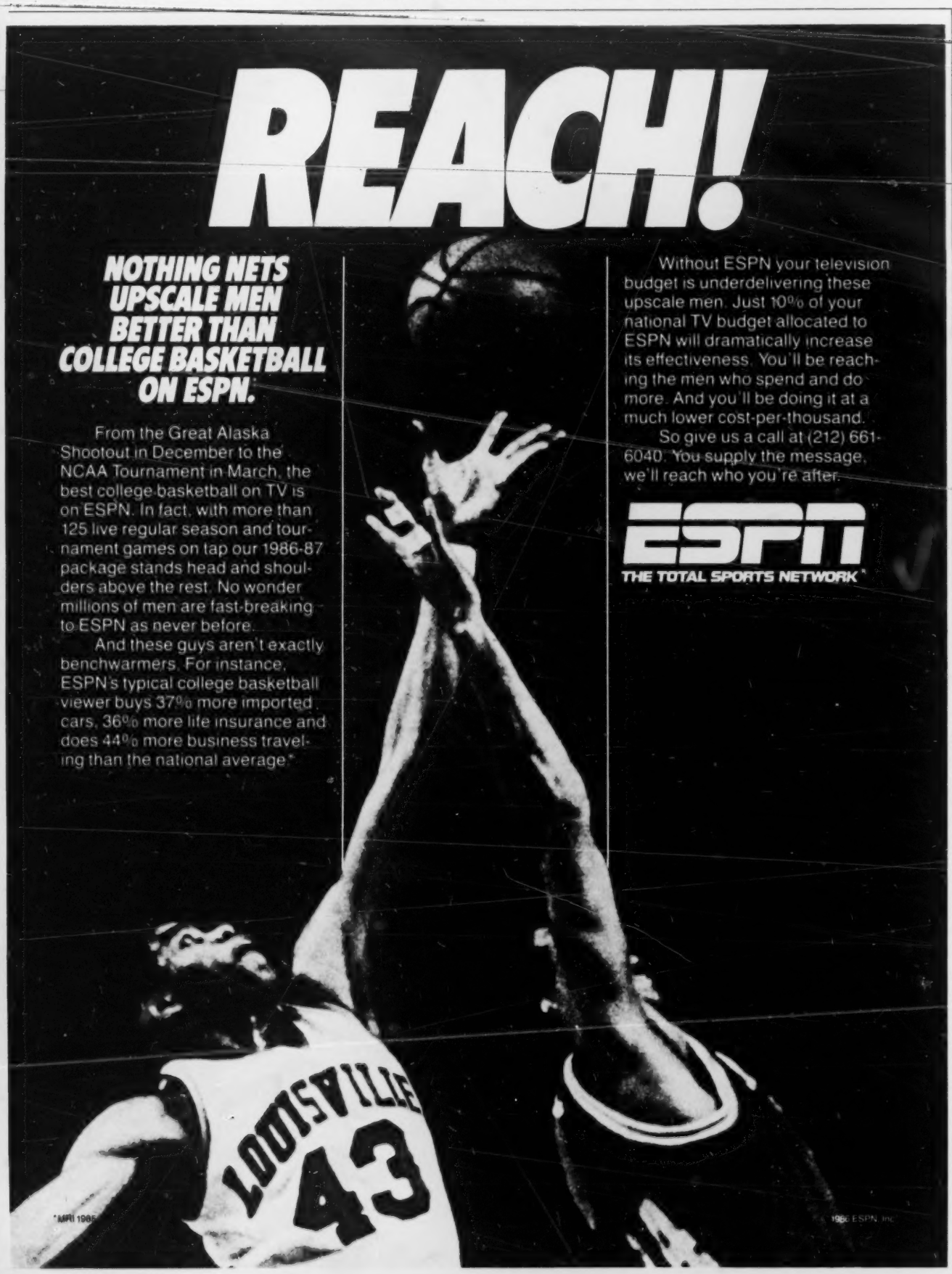
This compares to the three-network revenue projection of $8.7 billion. But by 1995, Kagan Associates sees ad-supported cable networks grossing $2.8 billion with another $1.2 billion generated by local systems.

"[Growth in ad revenues] is a big step toward moving cable into the mainstream," says United's Ms. Durborow. "But we also have lots of other challenges. We need to mass-market cable so it becomes the norm.

"We'll have to be real, live marketers. We used to be guaranteed a profit. Now we'll have to be market-sensitive, get a handle on price value and run the business more efficiently."

That doesn't sound impossible. Some businesses, such as banking and airlines, have flourished under deregulation; others, on the other hand, have stumbled and never recovered.

"Cable technology has to be more user friendly and become transparent. The telephone is a perfect example of that. Instead of becoming more complex, it has to be easier and I think it will," says Ms. Durborow.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Cable tests hot-wired to consumer preferences

By Judann Dagnoli

More than a decade after the first satellite-delivered programing, cable tv is still struggling for legitimacy as an advertising medium.

It still has trouble attracting national advertisers. Only 1.2% of the $35.5 billion in media billings placed by the top 500 U.S. ad agencies in 1985 went to cable, as opposed to 26.6% to network tv. (AA March 27, 1986.)

But by creating its own programing, lobbying for standardized channel positions, promoting specific rather than generic programs and working toward a fair and acceptable audience measurement system, the cable industry hopes to improve its image and its position.

It is trying to turn what has generally been considered a negative—its narrow reach—into a positive. Cable has always been touted as a vehicle that can reach specialized demographic groups, and advertisers are beginning to see that kind of narrow reach as a bonus in testing commercials.

If you are a cable tv subscriber living in one of the country's major test markets, for example, chances are the commercial you might watch for V-8 vegetable juice during your favorite soap opera is really a test spot for Campbell Soup Co.

The Camden, N.J. marketer is one of several consumer products giants, including Bristol-Myers Co., Colgate-Palmolive Co., Gillette Co., Johnson & Johnson and Procter & Gamble Co., that uses cable as a testing ground for its advertising.

Through research services such as Chicago-based Information Resources and ASI Market Research, a New York-based unit of IDC Services, major marketers are now using cable to experiment with variables such as frequency, copy impact and media mix.

Cable systems can be used to single out markets where an advertiser may have a low market share or a regional problem such as a strike. Advertisers can experiment with different approaches to find the best mix on a regional basis before moving a program nationally.

In a test for product seasonality, Campbell accelerated advertising for its hot soups in selected cable markets during the summer, says Tony Adams, director-marketing resources and planning.

Campbell, which has worked with IRI for the past five years, also has used different copy treatments and frequencies on cable systems to target soup consumers like children, he says.

Cable tests can also be used to measure the effectiveness of commercials. ASI, which lists ABC, Alberto-Culver Co., Chesebrough-Pond's, International Business Machines and NBC as clients, runs two services: Recall Plus, which measures day-after recall of tv commercials and gives an in-depth assessment of the commercials' performance, and Apex, which determines the ability of a commercial to motivate and persuade viewers.

The company inserts commercials into half-hour family-oriented programs aired during prime time on cable systems. The spots are tested in two different areas of the country in samples of 100 randomly selected households for each location. Interviewers will then call those households to determine recall.

A.C. Nielsen's ERIM Testsight Service, Deerfield, Ill., combines cable and over-the-air testing. In two test markets, with an eventual goal of ten, ERIM tests media plans for clients and measures results with scanner information at supermarkets. "Basically, we are testing a commercial response in relationship to household purchases," says Laurence Gold, vp-marketing, Nielsen Market Research.

In the ERIM system, a marketer substitutes test commercials in place of those spots that would ordinarily appear in its customary media schedules. A control group views the company's regular spots, and a test group views only the test spots. Both groups are issued cards to present at checkout counters so Nielsen can determine how purchasing decisions were influenced by the spots, Mr. Gold says.

ERIM recommends about a year for a test, he says. "Advertising, typically, takes a long time to work, unlike promotion, where there is a high jump in sales right away." The system also can test promotions, he says.

With the Nielsen system, Mr. Gold says, an advertiser can test several marketing plans. For example, it can determine whether Plan A—a heavy frequency and couponing program—or Plan B—a normal advertising schedule with a heavy run-of press in newspapers—sells the product better.

The ERIM system is designed for broadcast as well as cable households because cable-only delivery offers "a large potential

Top 10 cable advertisers

1. Procter & Gamble Co.	$30,487,371
2. Philip Morris Cos.	21,061,420
3. Anheuser-Busch Cos.	15,345,131
4. General Mills	12,144,905
5. Time Inc.	11,006,706
6. Mars Inc.	8,163,657
7. RJR/ Nabisco	7,530,852
8. Thompson Medical Co.	7,060,414
9. Ford Motor Co.	6,159,088
10. Kellogg Co.	4,554,186

Source: Cable Advertising Bureau, 1984-85

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3 HEADLINE NEWS AROUND THE WORLD EVERY 30 MINUTES
4 ABC
5 City Government
6 NBC
7 PBS
8 USA CABLE NETWORK USA Network
9 ESPN THE TOTAL SPORTS NETWORK 24 Hour Sports
10 CNN Cable News Network-24hr
11 MTV MUSIC TELEVISION Music Television
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Disney Channel no fantasy

By Wayne Walley

Disneyland is often labeled the happiest place on earth, and now The Disney Channel in Burbank, Cal., is being similarly described.

Launched in April, 1983, the premium service stumbled, tripped and crawled through its first two years, but then mushroomed into the fastest growing pay tv channel in the country, despite competition from videocassette recorders and movie rental stores, cable's pay-per-view and the other pay services.

As of Jan. 1, 1986, the channel had 2.55 million subscribers, up from 1.65 million in 1985, and 3,000 cable operator affiliates, about 500 more than in 1985. It could pass both Cinemax, New York, (3.7 million subscribers) and The Movie Channel, New York, (3.2 million) later this year. (Time Inc.'s Home Box Office, New York, the oldest and most established pay service, has 14.6 million subscribers while Viacom's Showtime, New York, has 5.4 million.)

But while the other pay channels face the upcoming deregulation of the cable industry with uncertainty, The Disney Channel anticipates continued growth.

"We're a different product," says Stephen Fields, vp-consumer marketing, The Disney Channel. "We don't rely on movies. We have fresh programing, and we want to be the best family-oriented service."

Despite its "Disney-is-for-children" image, research proves the channel is bridging any generation gaps. At least 33% of Disney Channel subscribers do not have children under 12; 35% of its subscribers are age 40 and older. And, compared to the percentage of tv households with a videocassette recorder, twice as many Disney Channel households own one.

A customer satisfaction survey in early 1986 found 94% believe the channel is as good or better than expected and 96% were likely to continue subscribing for six months.

And it's not counting on just Mickey Mouse appeal, either.

"For three years we relied on the Disney library and played the titles many times, but now we're more unique," says Mr. Fields.

"We're the exclusive outlet for new Disney movies. We'll have future showings of the different Disney Sunday movies first aired on ABC. We have original series like 'Danger Bay,' new miniseries such as 'Disney's Return to Treasure Island' and

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for distortion [of results]," Mr. Gold says.

Because only 45% of all U.S. households are wired, cable is not a true measure of the nation's tv households, he says. And cable-subscriber purchasing patterns are different from the norm because cable subscribers tend to be more upscale than the average tv viewer.

They also watch less network tv, he says. According to the Cable Advertising Bureau, New York, during the second quarter of 1986, viewing of network affiliates in cable households was 28 hours and 57 minutes per week, while network viewing by non-cable households was 31 hours and 8 minutes during the same time frame.

Cable's testing capabilities are not limited to commercials. It is also used to evaluate, and sometimes create, new programing.

Bruce Rosenblum, senior vp, Lorimar-Telepictures, Los Angeles, says his company used cable not just to test, but to develop its "Thundercats" children's cartoon last year. Using ASI Research, L-T aired a six-minute video that gave a rough description of the show's characters and a sketchy plot outline on six cable systems.

ASI contacted viewers in the areas served by the cable systems and queried them about the concept. The response enabled L-T to shape the program accordingly to what the children found most appealing.

Of those interviewed, 90% found the concept clever and imaginative, he says, adding that the usual positive response range is around 75%. More than 70% of the interviewees indicated they would watch "Thundercats," Mr. Rosenblum says.

While proving the show's popularity made the test cost-effective—launching a show could have cost L-T $15 million—the results also provided ammunition for L-T's claim to both stations and advertisers that the show would be a sure-fire hit, Mr. Rosenblum says.

Last month L-T tested "Down to Earth," a family sitcom recently acquired from Atlanta-based Turner Broadcasting System. The program was tested in a theater with an audience of "diehard" network sitcom viewers, Mr. Rosenblum says, because cable-produced programing tends to be seen as inferior to broadcast programing.

The program tested behind "Family Ties" and "Growing Pains," but ahead of "Silver Spoons."

That test "helped us sell the show to stations that may not have thought it was the same quality [as a broadcast show] because it aired on cable," he says.

The results showed advertisers they could reach children with a syndicated show rather than with a more expensive network buy. "Advertisers were forced to rethink their position," Mr. Rosenblum says.

Cost efficiencies also are the goal of major advertisers in testing commercials. Cable testing can save an advertiser 20% to 50% more than other testing methods, Campbell's Mr. Adams says. A test of six combinations of ad schedules on a cable system might cost only $300,000, he says—about the price of one spot on the Cosby show.

In addition, testing is being used by local cable systems to attract advertisers. Robert Owens, president-chief executive officer of Owens Cablemetrics, New York, and previously vp-general manager of Arbitron Ratings, has set up an electronic questionnaire on local origination channels.

Called RIVAC, Respondent Interviewing Via Access Channel, it operates in conjunction with eight or nine multiple systems operators in New York, Connecticut, Texas and Kansas.

Subscribers are provided a diary in which they record their responses to questions asked by a videotaped interviewer.

The cable system uses the results to sell ad time. For example, a local video store could be provided with information about the number of videocassette recorder owners in the cable area.

Cable capablilites and demographics are increasingly utilized to answer the questions facing advertisers in a segmented marketplace. "Target marketing is as yet an imperfect science," ERIM's Mr. Gold says. But the kind of information that research services can supply is invaluable in determining what motivates consumer spending. ■

more. We're also using non-Disney shows which fit in with the programing—Dr. Seuss shows, several 'Peanuts' specials, 18 Shirley Temple movies and some Bob Hope 'On The Road' films."

Original shows constitute at least 35% of The Disney Channel schedule and another 45% of its programing also is unavailable elsewhere.

At the same time, The Disney Channel is a leader among pay services in repricing itself so affiliates can offer it at a reduced rate, giving subscribers a better value for the money. (Pay services normally cost between $10 and $12 per month, but some operators can slash The Disney Channel's retail price to as low as $6 per month.)

Disney hopes to reduce costs to cable operators and to subscribers across the board because, Mr. Fields says, "In every case where the retail price has been reduced, it's increased the profitability—dropping prices always brings in subscribers."

The lower cost also helps the channel's marketing and promotional campaigns, another area in which Disney is on the cutting edge for cable tv. In November, the channel offered a national seven-day free preview in more than 20 million cable homes and will start its free installation and free first month program in January. ■

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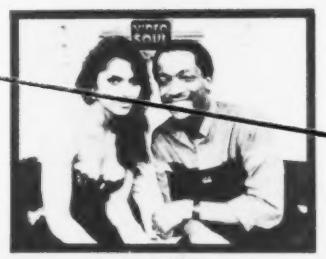

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Advertising Age's global media lineup

	Title/ publisher	Major printing plants for int'l. editions	Paid N. American circulation (% chg. from 6/85-6/86)	Paid foreign circulation by region (% chg. from 6/85-6/86)		Worldwide circulation (% chg. from 6/85-6/86)	Cost of worldwide B&W page ($/1987)	Global CPM B&W pg. ($/1987)	Top worldwide advertisers (1986)
DAILIES	***Financial Times of London*** Financial Times Ltd. London	London Frankfurt Bellmawr, NJ	10,450[1] (+59.7)	Europe: 217,837[2] Middle East/Africa: 3,983[2] Asia/Pacific: 3,046[2] Latin America: 191[2] West Indies: 171[2]	(+6.7) (−0.9) (+5.9) (+1.1) (−9.0)	253,180[1] (+9.6)	full: 25,984 qtr: 6,496	103.00	Chase Manhattan Bank Guinness British Telecom Mercedes-Benz Lufthansa Airlines
	International Herald Tribune New York Times & Washington Post Neuilly Cedex, France	8 cities around the world	2,928[3] (+29.3)	Europe: 130,361 Asia Pacific: 25,984 Middle East/Africa: 7,873 Sub-Sahara Africa: 1,754 Other: 1,334	(+3.6) (+3.7) (−10.9) (−4.6) (+58.2)	170,234 (+3.4)	full: 32,860 qtr.: 8,215	193.03	Intercontinental Hotels NCR Corp. Trade Development Bank Lufthansa Airlines Sp. Nat'l.Tourist Office
	USA Today Gannett Co. Arlington, Va.	Singapore Switzerland	1,459,049[1] (+7.8)	Europe: 20,877[1] Asia: 7,813[1]	(+33.5) (NA)[4]	1,487,739 (+8.7)[1]	full: 35,195 qtr.: 13,776	23.66	AT&T Volvo Marlboro Stouffers Hotel FTD Florists
	Wall Street Journal Dow Jones & Co. New York Zurich	Hong Kong Singapore Heerlen, Neth.	1,985,559[5] (−0.2)	Asian WSJ: 31,622 WSJ/Europe: 35,379	(+11.4) (+10.5)	2,052,560[6] (+0.1)	full: 96,312[7] qtr.: 24,078	46.92	Chase Manhattan Bank[8] Lockheed IBM Solomon Bros. Hewlett-Packard
WEEKLIES	***Business Week*** McGraw Hill New York	Philadelphia, PA	788,222 (−0.9)	Europe: 48,422 Asia: 22,809 Latin America: 16,566 Other: 1,256	(+7.1) (+7.6) (+1.7) (−7.9)	877,127[9] (−0.1)	full: 34,570	39.47	N.V. Philips[8] Hewlett-Packard Northern Telecom IBM Thai Airways
	The Economist The Economist Newspaper London	Connecticut London Singapore	112,483 (+7.4)	Europe: 136,070 Asia/Pacific: 24,437 Africa: 6,668 Middle East: 5,846 Central & S. Am.: 4,983	(+6.5) (−2.6) (−16.5) (−24.8) (−1.1)	290,487 (−4.3)	full: 6,550[7]	22.55	Singapore Airlines Lockheed Lufthansa Airlines Northern Telecom Pratt & Whitney
	Guardian Weekly Guardian Publications Manchester, England	Montreal Lincoln (U.K.)	24,569 (+1.4)	Europe: 18,373 Asia: 13,150 Middle East/Africa: 5,817 Latin Am.: 1,365 Other: 455	(+10.4) (+4.6) (+6.7) (+4.0) (+14.6)	63,729 (+5.2)	full: 1,234	19.35	Tyndall Managers Amnesty International Bumpus Haldane Maxwell W.T. Fry Standard Chartered Bank
	Newsweek Newsweek Ltd. New York	Zurich Tokyo Hong Kong Daytona Beach	3,088,367 (+0.9)	Atlantic: 319,130 Latin America: 55,058 Asia: 203,282 S. Pacific: 125,200 Nihon Ban: 133,486	(+5.8) (+9.9) (+10.8) (+0.2)[10] (NA)[11]	3,924,523 (+5.5)	full: 89,000[7]	22.68	Rupperts Int'l[8] Singapore Airlines British American Tobacco Rolex Philip Morris
	Time Time Inc. Publications New York	Toronto Miami, FL Weert, Neth. Melbourne Hong Kong	5,204,634 (+3.3)	Atlantic: 535,273 Asia: 269,311 S. Pacific: 138,541[12] Latin Am.: 90,472	(+0.8) (+4.7) (−16.5) (−0.3)	6,238,232 (+3.0)	full: 120,923[7]	19.38	Rothman's Group of Cos.[8] Singapore Airlines IBM Philip Morris Rolex
MONTHLIES	***National Geographic*** Nat'l Geographic Society Washington, D.C.	Corinth, MS	9,551,388 (+3.1)	Atlantic: 680,597 Pacific: 375,202 Latin Am.: 94,259	(−0.9) (−1.9) (+2.4)	10,690,714[9] (+2.3)	full: 12,720	11.19	Canon[8] Iberia Airlines Olympus Lufthansa Airlines Minolta
	Reader's Digest Reader's Digest Assn. Pleasantville, N.Y.	24 cities around the world	18,109,000 (−8.3)	Atlantic: 6,934,000 Pacific: 1,658,000 Latin Am.: 1,128,000	(−4.6) (−23.5) (−1.4)	27,829,000 (−8.2)	full: 219,995	7.90	Nissan Motor Co.[8] Unilever Kraft General Motors IBM
	Scientific American Scientific American Inc. New York	Old Saybrook, CT	496,012 (−11.1)	Europe: 55,061 Asia/Pacific: 21,297 Central & S. Am.: 5,640 Africa: 1,935 Middle East: 1,522	(−16.0) (+3.9) (+8.0) (−18.0) (+42.8)	583,066 (−10.9)	full: 19,450	33.35	McDonnell Douglas Hughes Aircraft General Motors AT&T Hitachi
	South South Publications Ltd. London	London Singapore	6,096 (+3.9)	Africa/Mid East: 34,422 Asia/Pacific: 22,925 Europe: 11,267 Latin America: 12,594	(+13.1) (+21.9) (+25.4) (+12.0)	87,304 (+8.9)	full: 3,063[7]	35.09	Ford Tractor Babcock & Wilcox Airbus N.V. Philips Hewlett-Packard
	WorldPaper[13] World Times Inc. Boston	18 countries around the world	232,000[14] (NA)	Latin America: 248,000 East Asia: 170,000 Middle East: 85,000	(+4.6) (−53.9) (−1.2)	735,000 (+6.6)	full: 39,030 qtr.: 13,660	53.10	AT&T Jim Beam IBM Seagram's Hertz
OTHER	***Fortune*** Time Inc. Publications New York	Zurich	641,621 (+1.5)	Europe: 55,019 Asia: 38,468 Other: 10,323	(−2.0) (+7.8) (+14.9)	745,431 (+1.7)	full: 29,440	40.61	AT&T IBM General Motors Corp. GTE Ford Motor Co.
	Harvard Business Review Harvard Business Review Boston	Glasgow, KY	192,596 (−10.2)	Europe: 9,777 Asia/Pacific: 6,758 Central & S. Am.: 2,576 Middle East/Africa: 2,460 Other: 973	(−15.0) (−10.7) (−18.2) (−21.2) (−16.3)	215,135 (−10.8)	full: 7,200[7]	33.46	General Motors N.V. Philips AT&T Digital Equipment IBM

[1]As of September, 1986.
[2]As of December, 1985.
[3]The Americas edition, started in March, 1986, is not included.
[4]Asian edition started in 1986.
[5]As of March, 1986.
[6]Combines North American figures from March and international figures from June.
[7]Page cost is for 1986.
[8]All advertisers in category are for non-U.S. editions.
[9]Worldwide total exceeds regional total because of different audit dates.
[10]In Australia, *Newsweek* is an insert in the *Bulletin*.
[11]Japanese-language edition of *Newsweek*.
[12]Joint venture with Fairfax Publications.
[13]Distributed as a newspaper supplement.
[14]Started in January, 1986, as a quarterly.

Source: Compiled by Advertising Age.

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December 8, 1986

Special Report: 100 Top Markets

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Turning the corner

Future brightens for net tv, magazines

By VERNE GAY

NEW YORK—Major media—particularly the Big 3 tv networks and consumer magazines—may once again be on the brink of a significant growth year.

After a year of declining ad revenues and nagging doubts about the future, several signs now point to renewed optimism in both net tv and magazines. As the bedrock media for most national advertisers, these are the businesses that suffered the most during the latest slowdown in ad spending.

The change appeared suddenly last week.

In tv, a strong network scatter market emerged—as it traditionally does after the Thanksgiving holiday—when more than 50 advertisers reportedly began shopping for $150 million in first-quarter inventory alone.

What makes this new buying activity especially noteworthy is the way buyers are approaching the market. Last week about a dozen advertisers—including

(Continued on Page 76)

Retailers put restrictions on Discover

By LAURIE FREEMAN and PATRICIA STRNAD

Sears, Roebuck & Co.'s all-out effort to convince other retailers to accept its Discover Card is running into trouble during this vital Christmas shopping season.

While Sears is spending heavily to promote the year-old card, rival credit card issuers are responding to the challenge, the threat of federal restrictions has been raised and some of Sears' targets among the retailing community are wary about how Sears handles Discover-generated customer data.

"This season marks a major turning point [for the Discover Card]," said a retailing industry source. "If Sears doesn't make a major breakthrough this Christmas season, their credibility is going to be hurt."

Analysts credit Sears with quickly building an impressive base, with 8 million consumers now carrying the card and 480,000 outlets honoring it. San Mateo, Cal.-based Visa International has 93 million cards in circulation, topping New York-based MasterCard International (72.4 mil-

(Continued on Page 79)

Illustration by Susan Wise

Unilever deal triggers Amer. Brands search

By PAT SLOAN and NANCY GIGES

Rebuffed by Chesebrough-Pond's, which turned to giant Unilever as a white knight, American Brands is still after a major acquisition, sources say, and Gillette Co. may be among the candidates.

Reports that American Brands was interested in the Boston-based toiletries marketer, which only two weeks ago successfully fended off an unwelcome bid from Revlon Group (at a cost of $558 million), surfaced as Gillette's stock jumped $6.75 in heavy trading Dec. 4. Hanson Trust PLC, a British company, was also rumored to be interested in Gillette.

Gillette declined to comment on rumors and recurrent reports that it's considering selling 20% of its stock to Ralston Purina Co. It also had no comment on reports that in the wake of the Revlon attack it had approached Colgate-Palmolive about a possible merger.

Gillette wasn't the only company not talking. In a churning mergers and acquisitions market, American Brands would neither confirm nor deny its interest in Gillette.

Also, reports resurfaced that Revlon chairman Ronald Perelman was interested in American

(Continued on Page 78)

Last Minute News

Merrill Lynch snares January 'Fortune'

NEW YORK—Merrill Lynch has purchased one of the two January issues of *Fortune*. A *Fortune* spokesman said he believes it's the first time a single advertiser has bought an entire regular issue. The issue will introduce the new *Fortune* 50 annual list of most exciting business people. Bozell, Jacobs, Kenyon & Eckhardt handles Merrill Lynch.

Coca-Cola crafts 'message of hope'

ATLANTA—Coca-Cola Co. soon will break internationally

(Continued on Page 8)

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Highlights

Media picture brightens 1
Major media—particularly the Big 3 tv networks and consumer magazines—may once again be on the brink of a significant growth year.

Sears discovers obstacles 1
Sears, Roebuck & Co.'s all-out effort to convince other retailers to accept its Discover Card is running into trouble during this vital Christmas shopping season. While Sears is spending heavily to promote the year-old card, rival credit card issuers are responding to the challenge, and the threat of federal restrictions has been raised.

Ship comes in at Lands' End 4
Lands' End has remained hidden from public scrutiny, but the direct-mail outfitter, founded by former Young & Rubicam copywriter Gary Comer, went public in October and opened its books for the first time. The company's success, including a 9.5% profit margin, startled even veteran catalog retailers.

Shandwick buys U.S. shop 6
The U.K.'s Shandwick public relations group is moving to grab a share of the U.S. and global pr markets in the latest example of foreign communications companies moving aggressively into the U.S. Shandwick, the U.K.'s largest pr agency, last week purchased Henry J. Kaufman & Associates, a 57-year-old Washington advertising and pr agency.

Quaker loves those Tender Chops 24
Quaker Oats Co. is replacing its slumping Ken-L Ration Love-Me-Tender Chunks dry dog food with Tender Chops. It plans to back the new, dual-texture pet food with a $25 million advertising effort.

Griffin Bacal rallies to Commodore 59
Griffin Bacal's challenge will be to convince consumers and Wall Street that Commodore International Ltd. has turned the corner on financial stability when the agency takes over the troubled computer marketer's account Jan. 1.

SAGE vision for Europe 67
Ogilvy Group's new SAGE Group marketing consulting business is coming to Europe in January. SAGE, launched in the U.S. in September, is a marketing consulting business focusing on product movement at the retail level.

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McNuggets of a success story 41
In an excerpt from "McDonald's: Behind the Arches," author John F. Love explains how McDonald's tries to avoid wasted resources and multiple advertising messages by bringing the local advertising agencies into corporate planning. Twice each year, McDonald's meets with principals at all 65 agencies and with members of the Operators National Advertising Fund committee to thrash out new marketing plans and review current ones.

INTERNATIONAL

Lintas, Hakuhodo explore stronger ties 52
SC&B:Lintas, part of the Interpublic Group of Cos., and Hakuhodo International, Japan's second-largest agency, are looking for new ways to strengthen their relationship. They work together worldwide by stationing representatives from each agency in the other's office, but now are looking at a joint venture similar to DYR, the joint venture of Young & Rubicam and Hakuhodo's rival, Dentsu.

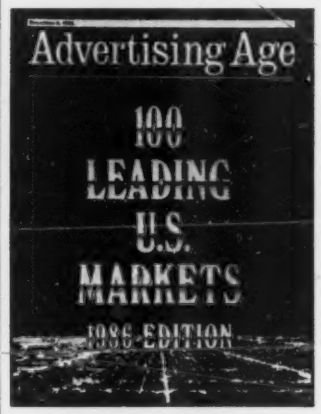
OTHER NEWS

The yearlong price war between producers of Sunday newspaper freestanding inserts may be nearing an end as the result of two developments: Valassis Inserts, the leading producer, changed hands last week, and Product Movers, the industry's No. 2, made an unsolicited tender offer for No. 3 Quad Marketing. Page 3.

The successful simultaneous release of a Spanish-language version of the animated feature film "An American Tail" could change the way Hollywood markets some of its movies. Page 12.

Ski resorts are plowing into segmented marketing to corral everyone from children to businessmen. With national skier days remaining constant at about 52 million per season, resorts must fight to increase market share. Page 56.

Despite their high price tags electronic toys appear to be replacing fantasy items as hot sellers this Christmas. Care Bears, Rainbow Brite, Masters of the Universe and GoBots—best sellers of Christmases past—appear to face impending doom as toy marketers become technology-driven. Page 65.



ADVERTISING AGE profiles the nation's 100 leading markets based on U.S. Census population and provides a sense of each one's character, media and market competition, top businesses, unemployment rates, consumer habits and plans for economic growth.

SPECIAL REPORT

Special Report will return Dec. 15 when it focuses on Healthcare Marketing.

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CBS braces to hold line in Super Bowl

By ROBERT RAISSMAN and LARRY G. COLLINS

NEW YORK—CBS-TV is trying to hold firm on its $600,000 per 30-second rate in the Jan. 25 Super Bowl, but sources say so far at least 17 of last January's advertisers will not be participating in the football championship.

CBS-TV vp-sales Jerome Dominus denied reports that the Super Bowl and its pregame and postgame shows remained only 60% sold out just six weeks before kickoff. Last year, NBC had a Super Bowl sellout before December.

Mr. Dominus said CBS' sellout status was "much higher" than 60%, but he declined to be specific.

He also denied widespread reports that CBS was offering packages that include the game and the warmup and postgame shows, with an average 30-second unit costing $550,000.

Some buyers also had said CBS was offering packages that included National Football League playoff games. Mr. Dominus conceded that "there may be some [price] shaving" on the pregame show.

Agency buyers doubt that CBS is close to a sellout, especially since the usually heavy automotive and beer sponsorships have not materialized.

Chrysler Corp.'s Dodge division and American Honda Motor Co. reportedly have each purchased a single 30-second spot in the game, but the car category usually covers four-to-six Super Bowl minutes.

In the beer category, Anheuser-Busch has bought two minutes in

(Continued on Page 78)

Saatchi touts year's growth

By STEWART ALTER

Saatchi & Saatchi Co., in its first official statement concerning client conflict fallout, ran a newspaper ad last week acknowledging it lost $400 million in billings after its acquisition of Ted Bates Worldwide earlier this year.

But Saatchi said its losses were more than made up, with many of the gains coming from the same clients that earlier withdrew business.

In its two-page newspaper ad, which appeared Dec. 5, London-based S&S said: "Though the total value of business transferred, almost $400 million, has produced a number of gory headlines, it represents only around 5% of total group billings, and has been more than compensated for by over $400 million of new business gained within the group in the same period, including major assignments from Procter & Gamble, RJR Nabisco, Xerox, Mars and Renault."

P&G, RJR Nabisco and Mars were among the major clients that withdrew business from Saatchi units as a result of acquisitions.

The ad, which appeared in the *New York Times* and *Wall Street Journal*, basically presented the results of Saatchi's fiscal year ended Sept. 30. Pretax profits rose 73% to $103 million in the period, during which it acquired Dancer Fitzgerald Sample, Backer & Spielvogel and Bates.

The full financial results, released the previous day, reported that revenue rose 47.2% to $652.7 million and net income rose 64.8%

(Continued on Page 79)

West Coast News

BJK&E keeps hold on Alpha Beta account

LA HABRA, CAL.—American Stores' Alpha Beta division has renewed three-year incumbent Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles, as agency for its $14 million broadcast account. Separately, Von's Grocery Co., El Monte, has given Keye/Donna/Pearlstein, Los Angeles, the account for its newly formed Pavilions "superstore" grocery division. That agency already handles Von's Jerseymaid dairy unit. The appointment follows rumors that Grey Advertising's hold on the $10 million-to-$15 million Von's general-market broadcast account may be shaky. Earlier, Von's reviewed agencies, including K/D/P, but eventually reappointed Grey (AA, March 24).

LOS ANGELES—**Asher/Gould** has let go vp-media services Lou Podover after less than six months in the post.

SAN JOSE, CAL.—**Altos Computer Systems** has added two more agencies to the review of its $2 million account, currently unassigned. Pinne, Garvin, Herbers & Hock and Transphere International, both San Francisco, join seven others vying for the business (AA, Nov. 17). Brooke Battles, former director of marketing at Mountain View-based Activision, has been named director of marketing and communications at Altos, succeeding Beth Hornthal, who left mid-review to become a consultant.

SAN FRANCISCO—Incumbent agency **Lowe Marschalk** has pulled out of the review for the estimated $2 million New Zealand Kiwi Fruit Authority account. Goodby, Berlin & Silverstein also has dropped out. Mojo MDA-Allen & Dorward remains one of the contenders.

December 8, 1986

Advertising Age

Crain's International Newspaper of Marketing

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100 LEADING U.S. MARKETS

1986 EDITION

100 Markets diversify for growth

Los Angeles narrows leadership gap with New York; population shifts to sunnier climes but so does unemployment

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By R. CRAIG ENDICOTT

The thing about fads, even industrial ones, is that they fade away. Today San Joseans are down on their chips in the depressed Silicon Valley. Yesterday, the big smokestack industries of the Midwest were rolling steel for worldwide distribution only to lose a good part of that market.

This churn effect defining industrial turnover is a dominant theme in Advertising Age's triannual 100 Leading Markets issue. Some of the patina has come off the rust belt, while a few Sunbelt markets have proven anything but an the elixir to the jobless, or the seeker of a more laid back lifestyle. Crude oil may have lost its Midas touch, but markets that rely on it are sure to bask in its fortunes again.

The population churn—the exodus from the Midwest to the South, southwest and Pacific coast—has meant lower unemployment in those vacated areas in general. It also has meant jobless rates in three of the five Sunbelt markets higher than the Midwest's 7.3%. Of the 13 cities in this issue with negative growth in population between 1980 and 1985, 12 are in the upper Midwest.

The 100 list, which is based on U.S. Census population totals, is led by New York with 8.5 million people, up 2.3% from 1980. But Los Angeles-Long Beach is closing fast with 8.1 million, up 8.4%. It has made up half the distance that it trailed New York in the last Ad Age 100 leading markets issue in 1983. Chicago is a distant No. 3 with 6.2 million, up 1.9%. LA-Long Beach, however, is $12 billion ahead of the other two in total retail sales with $49.9 billion in 1985, up 26.3% from 1982, according to data supplied by Marketing Economics Institute, which also ranks LA-Long Beach No. 1 in growth in disposable income among the 100.

Absent this issue are the Michigan MSAs of Saginaw-Bay City-Midland and Lansing-East Lansing. Represented as a single market for the first time is Kansas City, Missouri and Kansas, leaving three vacancies that were filled by Bakersfield, Cal. (No. 91), Columbia, S.C. (No. 97) and Wichita (No. 98), with population growth rates of 19.3%, 7.2% and 5.7%, respectively. Bakersfield, in fact, is ranked No. 8 among the 100 in population growth behind No. 1 Austin, Tex., which recorded a 29.6% growth from 1980.

Markets in which certain industries have become dominant are beginning to confront the churn factor sooner than later. Their antidotes to reliance on oil, computers, hi-tech, rubber, textiles, etc., include several options: Diversification—generally another expression for white collar, service sector jobs; loans to lure retailers downtown; regional growth planning that supplants the helter skelter of home rule; business consortiums selling a city's strengths; and advertising campaigns designed as much to generate local enthusiasm as to attract outsiders.

Houston is facing its worst crisis since Sam Houston won the big one at Buffalo Bayou on the San Jacinto east of town. While the issue was independence from Mexico then, it is oil now. A Houston sociologist's description of the city's problems as a "weeding out process" seems pretty much on target. That process is thinning out the more marginal players in the petrochemicals industry in a city growing increasingly service-minded. Pittsburgh has rebounded from its depression in much the same way. Antiquated mills have been shut and 80% of new jobs—usually white collar—are created by employers with less than 20 workers.

Houston's large service-sector economy has helped hold down unemployment to 10.5% in September, while the big petrochemical centers surrounding it have jobless rates reaching 14.2% (Beaumont-Port Arthur). Houston is rallying local citizenry through the "Houston Proud" ad campaign.

"Crisis-management" has been prevalent in the big markets of neighboring Louisiana where the state once thought its oil-driven economy recession-proof. New Orleans, where unemployment is 10.8%, is trying to offset a $30 million budget deficit. It laid off workers this year and then reduced salaries by cutting the work week among other employes to four days. Now the city is considering assessing a 1.5% earnings tax on salaries above $5,000 for all employed within the city.

The ripple effect of the drop in oil prices from $30 to $10 a barrel has been devastating to Louisiana's capital city, Baton Rouge. A state deficit estimated as high as $500 million has forced the state to trim the payroll by giving workers an extra two days off per month without pay—and 20,000 of those workers live in Baton Rouge. Local sales-tax receipts continue to drop precipitously since they fell 9% in 1984 from 1983. Another $10 million budget shortfall is anticipated for 1987. Only Houston leads Baton Rouge in the rate of increase in bankruptcies among the top markets.

Denver, a big oil and gas center, suffers from downtown vacancy of 29.3%, one of the highest in the nation (18.3% is average). Houston, too, is overbuilt. Multi-family housing is 18%-20% vacant, office space, 26% vacant, and hotel occupancy, 68.2% in 1981, has dropped to 46.8% for the first nine months of this year.

Hi-tech, one of the hot industries cities are searching out, is not everyone's answer. Just ask the many San Jose residents facing a mortgage on their $143,000 (median price there) ranch-style homes who are laid off of work from their Silicon Valley computer jobs. Real estate officials there accuse many desperate landlords of "robbing from next year's market" by offering to pay off a company's current lease if it becomes their tenant.

(Continued on Page S-4)

RANK **17**

Anaheim-Santa Ana, Cal.

Tomorrowland

($ in thousands)

1985 vital statistics

Population	2,122,700
Disposable income	$34,644,916

The "Big Orange" and "Orange Riviera" are just a couple of the sobriquets Southern California boosters have used to describe burgeoning Orange County. Some, calling up the obvious Disneyland connection in this Anaheim-Santa Ana MSA, have dubbed it "Tomorrowland . . . Today," still others, facing its horrendous traffic jams daily, curse it as a commuter's nightmare.

Orange County, which fronts 42 miles of coast between Los Angeles and San Diego counties, has emerged as Southern California's richest market. By any measure, it's also one of the most important markets in the nation. In buying power, its 2.1 million residents command an annual disposable income pegged at $31 billion. Effective buying income per household is $41,819, compared with $34,782 for neighboring Los Angeles County and the $35,666 average for the state.

Orange County's agricultural economy is a thing of the past, but the county still is dubbed the amusement park capital of the world. It was home to John Wayne, who has been memorialized by John Wayne Airport, serviced by 11 major airlines and 79 flights a day. The busy airport will not be able to handle the numbers of passengers projected for the years ahead, and points up the county's need for an overhauled transportation system.

This affluent marketplace is served by an abundance of media, allowing advertisers to choose from 13 tv stations, cable tv systems, 60 radio stations, 20 magazines, nine daily newspapers and 32 weeklies. No newspaper blankets the 750,000 households in Orange County, but the *Orange County Register* (circ. 288,927 daily and 325,650 Sunday in the county as of Sept. 30, 1986) reaches more than any other.

Santa Ana-based *Register* is the flagship of the 32-paper Freedom Newspapers chain. In recent years the paper has been transformed into an aggressive daily, creating what may be the best full-color reproduction in the nation. It competes effectively against the *Los Angeles Times*, which offers an Orange County edition with a weekday circulation of 163,315 and 207,504 on Sunday. The *Times* offers a $24.87 cpm daily for a full-page compared with a cpm of $18.85 daily for the *Register*.

Explosive growth and new wealth have brought more problems than monumental traffic jams. Middle class housing is scarce and land and home prices are high. Cost of a three-bedroom house in Newport Beach is more than $300,000. The median price of a home as of this past spring was $142,856 countywide. With 50% of the county population earning less than the $43,841 median family income, many families can't afford to buy.

Many lay blame for high housing costs on the concentration of land in the hands of a few developers such as the Irvine Co. Developers, however, say housing is expensive because of the price of land and county building fees, costs that are forcing them to seek developmental properties outside the county.

Whatever the case, first-time homebuyers can expect to invest at least $120,000 for a modest new single-family home in Orange County, compared with a cost of $70,000 to $80,000 for a comparable unit in San Bernardino.

Incorporated in 1876 and currently home for some 237,500 inhabitants, Anaheim is Orange County's largest and oldest city and accounts for about 30% of the county's population. Four freeways converge on the city and two more pass nearby. Close proximity to Los Angeles and the Irvine/Newport Beach area makes the city a strategically located, business center. Commonly regarded as a host to tourists and conventioneers, the city is also the No. 1 employer in Orange County. Anaheim has achieved a balance between the entertainment industry, the professional sports community and the industrial community represented by "blue-ribbon companies." Disneyland is the city's third-largest employer with 3,500.

Santa Ana, Orange County's diverse and cosmopolitan county seat, is the market's only true urban city and currently is undergoing large-scale redevelopment with attendant political turmoil. A population of 225,000 is distributed over an area of some 27.2 sq. miles, not including a conservative estimate by the Immigration & Naturalization Services of an additional 40,000 undocumented Hispanic residents. Statistics show whites and Hispanics each account for 44.5% of the total population.

Main Place, under construction on 60 acres at Main and the Santa Ana Freeway, is the largest redevelopment project in the city. A cooperative venture between Henry Segerstrom and

Geographic spread of the nation's

JMB/Federated Realty Associates Ltd., Main Place is a 400,000-sq.-ft. retail complex anchored by Bullocks, Nordstrom and Robinson department stores.

More than 10,000 Santa Ana employers provide 130,000 jobs, with only 11 of the companies employing more than 1,000. The city is national or divisional headquarters for such companies as ITT, Canon, Cherry-Textron, Lear Siegler, Emerson Electric, Philips, Rockwell International and Xerox.

RANK **10**

Atlanta, Ga.

Hotlanta

($ in thousands)

1985 vital statistics

Population	2,471,700
Disposable income	$32,367,246

The one-line joke first appeared in a 1938 newspaper column as a comment on the enormous amount of train traffic through Atlanta. But that was before commercial aviation became a $1 billion-a-year industry in Atlanta. Now, everyone who has ever landed at Hartsfield International Airport knows: "If you die in the South, it doesn't make any difference whether you're going to heaven or hell—you have to change planes in Atlanta."

Behind the joke is the unassailable fact that Atlanta continues to grow as the transportation and communications hub of the Southeast.

Delta Air Lines has its headquarters in Atlanta and Eastern Airlines, which has been acquired by Texas Air, has a major hub and jet maintenance base here. Last year, 21.6 million passengers enplaned at Hartsfield, making the airport the second busiest in the world to Chicago's O'Hare. By the end of this year, Hartsfield expects to load 22.5 million.

Many of those passengers had come to Atlanta for conventions. In 1984, the city played host to 1.1 million conventioneers who spent an estimated $469.5 million. Last year, that grew to 1.5 million spending $634.5 million.

More than 35,000 people work at the airport. Delta is the largest non-government employer, followed by Lockheed-Georgia, General Motors Corp., Bell South/Southern Bell Telephone & Telegraph Co. and Rich's Inc.

The city has become a communications and technology hub. In addition to Ted Turner's Superstation WTBS, Cable News Network and CNN Headline News, Atlanta and suburban Gwinnett County are incubating a hi-tech community which includes Scientific Atlanta, maker of satellite systems, Hayes Microcomputer Products, a producer of modems, and Digital Communications Associates.

Atlanta, whose retail market grew 13.7% from 1984 to 1985, is ranked 10th in the country in total retail sales, notes a study by the New York-based Buying Power Data Service. Retail wage and salaried employment represent 18% of the city's work force.

Adding to the Atlanta retail growth is a full-scale invasion by Minneapolis-based Dayton-Hudson Corp. Since September, 1985, D-H has opened four Branden's housewares, linens and home accessories stores, five new Mervyn's apparel and soft goods home furnishings stores and four Lechmere electronics and appliance stores. Until last year, D-H's only presence in Atlanta had been 11 B. Dalton Bookseller stores—most in suburban malls.

The biggest growth area in Atlanta is commercial real estate. In July 1986, non-residential building permits were running at an annualized rate of $1.418 billion, up 4% from 1985. Atlanta's commercial building is nearly equal to all of the commercial construction in the states of Alabama, Louisiana and Mississippi combined.

As a result of Atlanta's commercial building boom, the major action in Atlanta's media has been in the business press. In September, 1985, *Georgia Trend*, owned by St. Petersburg, Fla.-based Times Publishing, began monthly publication. *Georgia Trend* challenged the established monthly *Business Atlanta*, published by Atlanta-based Communications Channels and the weekly tabloid *Atlanta Business Chronicle*, sold in November by Scripps Howard Newspaper Alliance to American Cities Business Journals. All three publications have had a banner year in 1986.

In Atlanta's static daily newspaper market, the *Atlanta Constitution*, published mornings, and the afternoon *Atlanta Journal*, are both owned by Atlanta-based Cox Enterprises and have continued for several years to hover at a combined daily circulation of about 400,000.

The tv market, however, is in ferment. In 1980, Cox-owned WSB-TV, which dominated the market since the day it signed on in 1948, changed network affiliation from NBC to ABC. Longtime ratings loser WXIA, which had been the ABC affiliate in Atlanta, was stuck with NBC. Now, the move doesn't look so good for WSB. ABC is in decline from the ratings summit, opening the door to both WXIA and CBS-affiliate WAGA. WXIA now claims it has more total daily viewers than either of the other two stations. A.C. Nielsen shows WAGA as No. 1 sign on to sign off during October with a 10 rating, 25 share while WXIA is No. 2, at 9/22, and WSB, at 9/21.

In the 6 p.m. news slot, there is a near dead heat with WAGA leading, followed closely by WSB, WXIA, well

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100 largest markets

100 leading markets

Rank	Market	Population	'85-'80 % chng
1	New York	8,465,800	2.3
2	Los Angeles-Long Beach, Cal.	8,108,700	8.4
3	Chicago	6,176,900	1.9
4	Philadelphia, Pa.-N.J.	4,784,200	1.4
5	Detroit	4,318,600	(3.8)
6	Washington D.C.-Md.-Va.	3,489,500	7.3
7	Houston	3,221,700	17.8
8	Boston	2,831,700	0.9
9	Nassau-Suffolk, N.Y.	2,644,700	1.5
10	Atlanta	2,471,700	15.6
11	St. Louis, Mo.-Ill.	2,412,400	1.5
12	Dallas	2,311,700	18.1
13	Minneapolis-St. Paul, Minn.-Wis.	2,262,400	5.9
14	Baltimore	2,252,800	2.4
15	Pittsburgh	2,142,700	(3.4)
16	San Diego	2,132,700	14.5
17	Anaheim-Santa Ana, Cal.	2,122,700	9.8
18	Oakland, Cal.	1,907,800	8.3
19	Riverside-San Bernardino, Cal.	1,906,700	22.4
20	Newark, N.J.	1,882,200	0.2
21	Tampa-St. Petersburg-Clearwater, Fla.	1,868,700	15.8
22	Cleveland	1,860,000	(2.0)
23	Phoenix, Ariz.	1,846,600	22.4
24	Miami-Hialeah, Fla.	1,753,100	7.8
25	Seattle	1,724,000	7.2
26	Denver	1,614,000	13.0
27	San Francisco	1,576,000	5.9
28	Kansas City, Mo.-Kan.	1,493,900	4.2
29	Cincinnati, O.-Ky.-Ind.	1,412,000	0.8
30	San Jose, Cal.	1,398,500	8.0
31	Milwaukee	1,378,600	(1.3)
32	New Orleans	1,324,400	5.4
33	Bergen-Passaic, N.J.	1,301,000	0.6
34	Norfolk-Virginia Beach-Newport News, Va.	1,289,500	11.1
35	Columbus, O.	1,287,600	3.5
36	Sacramento, Cal.	1,258,200	14.4
37	San Antonio, Tex.	1,235,700	15.3
38	Indianapolis	1,203,100	3.1
39	Fort Worth-Arlington, Tex.	1,199,900	23.3
40	Portland, Ore.	1,146,600	3.7
41	Ft Lauderdale-Hollywood-Pompano Beach, Fla.	1,125,200	10.5
42	Charlotte-Gastonia-Rock Hill, N.C.-S.C.	1,049,000	8.0
43	Salt Lake City-Ogden, Utah	1,024,800	12.6
44	Rochester, N.Y.	982,300	1.1
45	Oklahoma City	975,900	13.3
46	Buffalo	971,400	(4.3)
47	Louisville, Ky-Ind.	964,300	0.8
48	Memphis, Tenn.-Ark.-Miss.	944,700	3.4
49	Dayton-Springfield, O.	931,100	(1.2)
50	Middlesex-Somerset-Hunterdon, N.J.	930,400	5.0
51	Monmouth-Ocean, N.J.	918,000	8.1
52	Nashville, Tenn.	909,700	7.0
53	Birmingham, Ala.	903,800	2.2
54	Greensboro-Winston Salem-High Point, N.C.	892,500	4.8
55	Orlando, Fla.	866,400	23.8
56	Albany-Schenectady-Troy, N.Y.	841,400	0.7
57	Jacksonville, Fla.	823,500	14.0
58	Honolulu	814,600	6.8
59	Richmond-Petersburg, Va.	800,700	5.2
60	Tulsa, Okla.	733,100	11.6
61	Hartford, Conn.	732,100	2.3
62	Scranton-Wilkes Barre, Pa.	723,400	(0.7)
63	West Palm Beach-Boca Raton-Delray Beach, Fla.	723,100	25.4
64	Austin, Tex.	695,500	29.6
65	Syracuse, N.Y.	651,200	1.3
66	Allentown-Bethlehem, Pa.	650,000	2.3
67	Akron, O.	646,200	(2.1)
68	Grand Rapids, Mich.	634,900	5.5
69	Raleigh-Durham-Chapel Hill, N.C.	632,000	12.7
70	Providence, R.I.	630,400	1.9
71	Gary-Hammond, Ind.	621,500	(3.3)
72	Omaha, Neb. Iowa	611,600	4.5
73	Toledo, O.	608,100	(1.4)
74	Oxnard-Ventura, Cal.	600,000	13.4
75	Greenville-Spartanburg-Asheville, N.C.-S.C.	599,600	5.2
76	Knoxville, Tenn.	592,700	4.7
77	Tucson, Ariz.	585,900	10.2
78	Fresno, Cal.	580,000	12.7
79	Harrisburg-Lebanon-Carlisle, Pa.	572,900	3.6
80	Jersey City, N.J.	558,500	0.3
81	Las Vegas, Nev.	556,700	20.2
82	El Paso, Tex.	545,000	13.6
83	Wilmington, Del.-N.J.-Md.	544,200	4.0
84	Baton Rouge, La.	544,000	10.1
85	Tacoma, Wash.	523,500	7.8
86	Springfield, Mass.	517,100	0.4
87	Youngstown-Warren, O.	512,800	(3.5)
88	New Haven-Meriden, Conn.	510,100	1.9
89	Little Rock-North Little Rock, Ark.	498,500	5.1
90	Charleston, S.C.	481,700	11.9
91	Bakersfield, Cal.	480,900	19.3
92	Mobile, Ala.	469,100	5.8
93	Lake County, Ill.	465,300	5.7
94	Albuquerque, N.M.	464,300	10.5
95	Bridgeport-Milford, Conn.	444,100	1.3
96	Johnson City-Kingsport-Bristol, Tenn.-Va.	442,700	2.1
97	Columbia, S.C.	439,400	7.2
98	Wichita, Kan.	435,400	5.7
99	Flint, Mich.	433,900	(3.7)
100	Chattanooga, Tenn.-Ga.	425,600	(0.2)

Source: U.S Department of Commerce, Bureau of the Census

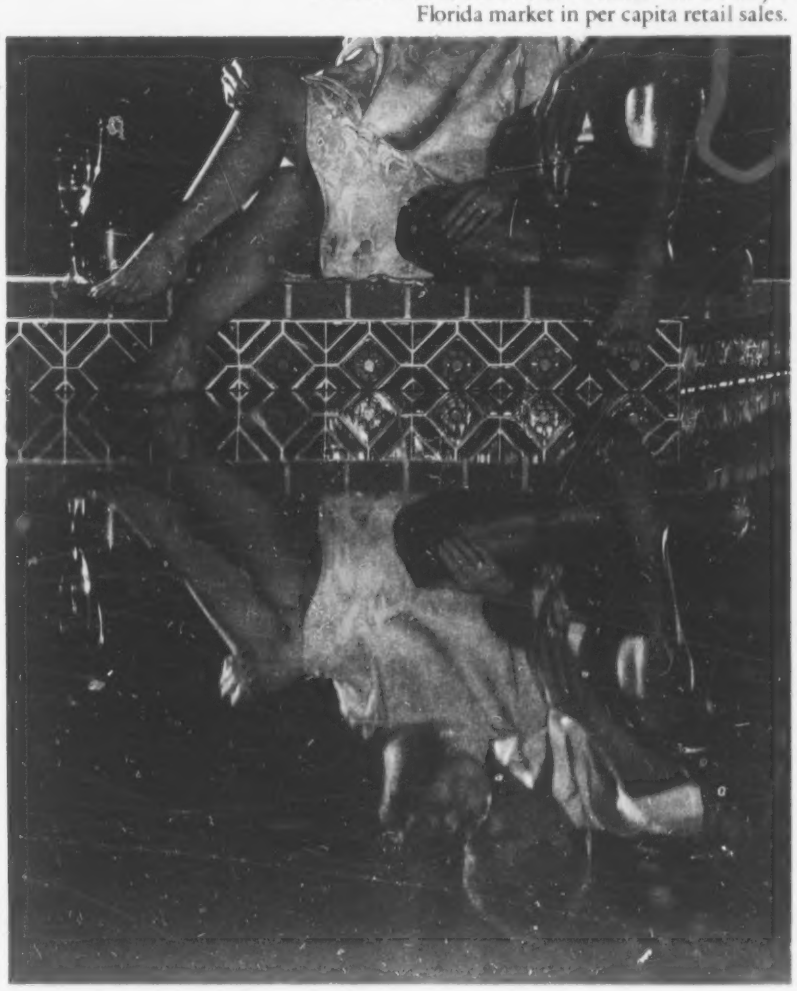
Population, unemployment and retail statistics by region

Region	Population 1985	Population 1982	Labor force 1985	Labor force 1982	Unemployed 1985	Unemployed 1982	Unemployment rate 1985	Unemployment rate 1982	Disposable income 1985	Disposable income 1982	Retail sales 1985	Retail sales 1982
New England	9,798	9,584	6,639	6,373	293	497	4.4	7.8	$114,073	$83,661	$53,057	$39,413
Middle Atlantic	28,764	28,348	17,680	17,131	1,204	1,611	6.8	9.4	395,758	305,038	163,212	127,422
East North Central	31,178	30,939	20,264	20,028	1,787	2,505	8.8	12.5	282,448	219,103	133,412	108,230
West North Central	13,064	12,845	8,860	8,509	549	663	6.1	7.8	95,161	61,738	46,777	31,453
South Atlantic	30,309	28,576	19,405	18,006	1,189	1,572	6.1	8.7	291,327	209,101	147,257	107,606
East South Central	11,154	10,856	6,864	6,577	616	793	9.0	12.1	54,379	42,779	29,866	23,734
West South Central	19,082	18,032	12,660	11,692	996	880	7.9	7.5	164,816	127,928	86,458	67,029
Mountain	9,214	8,578	6,211	5,730	424	501	6.8	8.7	74,837	53,275	40,261	29,304
Pacific	25,979	24,546	17,101	16,181	1,270	1,658	7.4	10.3	366,954	262,636	169,592	131,317
U.S. Total	178,206	172,271	115,461	110,204	8,312	10,678	7.2	9.7	2,825,238	2,163,759	1,377,866	1,075,679

NOTES: Population, labor force, unemployed in thousands, disposable income and retail sales in millions.
The states that comprise each region for the purposes of the Census follow. **New England:** Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Middle Atlantic:** New Jersey, New York, Pennsylvania. **East North Central:** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central:** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **South Atlantic:** Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. **East South Central:** Alabama, Kentucky, Mississippi, Tennessee. **West South Central:** Arkansas, Louisiana, Oklahoma, Texas. **Mountain:** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific:** Alaska, California, Hawaii, Oregon, Washington.
Source: U.S. Department of Labor, Bureau of Labor Statistics, except disposable income and retail sales from Marketing Economics Institute.

More about Florida's Money Market

Ft. Lauderdale/South Palm Beach is the #1 major Florida market in per capita retail sales.



The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

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100 Markets

(Continued from Page S-2)

A slowdown in the electronics industry nationwide has left 1,300 unemployed in Phoenix, pushing unemployment to 4.8% from a mere 2.8% in 1985. The 3.7% jobless in Minneapolis-St. Paul are largely laid off from Control Data and Honeywell. Boston has over 7,000 jobless electronic's workers that contribute to 4.3% unemployment statewide.

Most markets have developed or organized growth incentives. Wilmington, Del., lured Chase Manhattan, Citicorp, Manufacturers Hanover Trust and J.P. Morgan among 24 financial institutions because of legislation passed five years ago that offered tax breaks and relaxed rules on credit card interest rates. In the process, this created 8,200 more jobs, contributing to Wilmington's low 4.6% unemployment rate and the state's 3.9%.

Newcomer to the 100 list, Wichita, a market with blue-collar strength tied largely to airplane manufacturing, is expecting continued growth through its ability to offer tax exemptions for up to 10 years for certain businesses.

Broad-based growth is being pushed in rapidly developing Middlesex-Somerset-Hunterdon region of central New Jersey. Economists say jurisdictional oversight is needed to replace home rule to foster careful planning without choking off growth in the area, which is rapidly becoming more congested as the New York City sphere of influence fans out. An Indiana Legislature study recommended that the fragmented cities of northwest Indiana (Gary-Hammond area) be incorporated into a single city called Metrolake to enhance development.

The Fort Worth Corp., a private consortium of businessmen, was formed several years ago to help the city shake off its trail dust image. The group launched a $500,000 campaign in 1985 called "Fort Worth, Welcome Home." Columbia, S.C., through a $2.2 million, four-year economic development campaign, "Columbia In Motion," is saying Columbia is no longer a sleepy southern town that flies the Confederate colors. It is a hi-tech area—the 16th fastest employment growth center in nation, according to Chase Econometrics—with only 5% unemployment, and a cosmopolitan southern city that still flies the Johnny Reb above the Capitol.

Harrisburg, Pa., offers an enterprise zone to lure new business downtown. Akron is beckoning retailers downtown by offering $15,000 in matching startup grants under its Main Street Initiative Program. This former rubber capital has launched the Akron Plus Campaign to create 26,000 jobs by 1990, many of those in Polymer Valley between Akron and Cleveland.

Cleveland, speaking of churn, no longer seems the butt of jokes, a dubious distinction it assumed from Philadelphia. Is Houston its successor?#

out of the ratings race for years, is closing the gap.

Stan Petersen, vice president and Atlanta sales manager for A.C. Nielsen, says November is likely to be a three-way tie.

Radio has become as tightly bunched as tv.

Six fms in Atlanta lead the list, with the fight between WPCH, WKLS and WZXI, according to Arbitron's spring sweeps.

Although the Atlanta Flames gave up the distinction of being the only NHL hockey team south of the Mason-Dixon line when the team fled to Calgary, Canada, the Atlanta Braves baseball team and the NFL Atlanta Falcons, have struggled with losing seasons. Only the NBA Atlanta Hawks have made the playoffs in recent years.

RANK **14**

Baltimore, Md.

Charm City

($ in thousands)

1985 vital statistics

Population	2,252,800
Disposable income	$27,157,535

A trip through the Harbor Tunnel on I-95 for someone unfamiliar with Baltimore gives the impression that the city is little more than a decaying smokestack city. At best the appraisal would be only half right.

Baltimore was born a blue-collar town with a strong base in the shipping and steel industries. And as in other parts of the country, there are plant closings and layoffs. Shipping also has become an increasingly competitive industry, and for several years Baltimore took a beating from aggressive southern ports. But the port is very much alive, and getting in shape for a long battle.

A steady growth in the service industries has offset the decline of heavy manufacturing. Unemployment in the city has eased off to 6.4% as of August, and there is only 4.8% unemployment in the metropolitan area.

Last month, William Donald Schaefer ended his 15-year reign as mayor to move into the governor's mansion in Annapolis. During his City Hall tenure, Mayor Schaefer directed a metamorphosis of the downtown area that is held up as a textbook example of urban renewal and managed to have his name painted on virtually every piece of city property from park benches to garbage trucks.

While gentrification is occurring in Baltimore, the big money is still outside the city in horse country. The native Baltimorean still drives a sedan, and most people would rather get their hands dirty with a bushel of steamed crabs than stand at an upscale eatery in Harborplace—the Rouse Co. waterfront retail project built almost a decade ago and which has become the centerpiece of the skyline and ground zero for redevelopment. The Rouse Co. has begun work across the street from Harborplace on the Galleria—an office, 622-room hotel and upscale retail (Brooks Brothers) development.

Within five blocks of Harborplace is a host of other projects that will total some 1 million sq. ft. of office space. Downtown also is slated to get about 400,000 sq. ft. of retail space in the next year.

Some real estate experts began to make noises about overbuilding when the vacancy rate hit double digits earlier this year and kept rising. A recent survey of office space released by the Office Network listed Baltimore's vacancy rate at 16.7% compared with the national average of 18.3%. Area brokers maintain the 16% level was the peak, and the vacancy rate has since backed off to about 12%.

The convention center booked 117 major conventions in 1986, which brought 225,000 delegates to town. That added an estimated $148.6 million to the local economy.

As if a convention center weren't enough to draw people to town, the city also has gone along with several entertainment projects, which some complain are turning the Inner Harbor into another Disneyland.

The National Aquarium is set to expand onto the pier next door with a huge tank for live whale and porpoise shows. Six Flags renovated a former power plant for an indoor entertainment facility that flagged miserably in its first couple of years but may be there to stay after adding a disco to its line-up this summer.

Just as it was a mall that started downtown on its way, a new regional shopping mall has started another boom town northwest of the Baltimore Beltway. Also built by Rouse Co., the Owings Mills Mall provides 320,000 sq. ft. of retail space. Saks Fifth Avenue is the anchor tenant, which is the first time this city has been able to attract that kind of name. The mall is to be connected into the Baltimore subway line through an overland extension from its terminus at Reisterstown Plaza to the southeast. The subway is a sore point for many commuters who get bogged down in traffic on the main north-south artery, Jones Falls Expressway, because the subway cuts diagonally through basically noncommuter territory. Their consternation will be even more pointed as workmen soon descend on the expressway for a massive renovation.

After struggling for years, *News American* finally closed its doors in June, 1986. That made the *Sun* the only major metro daily. But just days after Hearst folded the *News American*, the owners of Baltimore Sunpapers (*Sun*) sold their newspapers, two tv stations and other holdings to Times Mirror Co.

Sunpapers recorded record circulation in September of 440,000 daily and 507,000 Sunday, compared with a 356,000 daily average and 417,000 Sunday for the six months ending Sept. 30, 1985. Local media buyers say that various ad rates have gone up in keeping with the increase in circulation, but there also is a belief that rates will jump substantially at yearend.

Keeping the *Sun* honest are the six-day *Daily Record*, primarily a legal newspaper, and *Baltimore Business Journal*, a local business newsweekly that was part of a six-paper chain recently purchased by American Cities, Kansas City, which also bought 11 Scripps Howard business journals. Plan is to syndicate national ads.

WJZ-TV (ABC) leads the tv charts with an 8.3 rating and 27 share from sign on to sign off, according to A.C. Nielsen's May reports. WBAL (CBS) is second at 7.4/24, and WMAR-TV (NBC), third at 6.9/22.

RANK **33**

Bergen-Passaic, N.J.

Retailers' Eden

($ in thousands)

1985 vital statistics

Population	1,301,000
Disposable income	$20,367,760

"There are two favorite pastimes in Bergen-Passaic—shopping and eating," says Frank Savino, vp-marketing for the *Record*, New Jersey's largest evening newspaper, whose circulation is concentrated in this northeast corner of the state.

And although natives react negatively to any reference to the region as "a rich New York suburb," the area is wealthy and does take a lot of its lifestyle cues from its neighbor across the Hudson River.

Bergen County's desirability to those seeking New York proximity yet a suburban locale has made it a particularly expensive place to live. According to Jim Hulsizer, supervising planner for the Bergen County Planning Board, "with single family homes at $150,000, and that a handyman's special, many younger families can't afford to buy in this area." The prices in Passaic County, which is older and more urbanized, are only slightly less expensive. The median age in the area is 34.8, somewhat higher than that for the state.

Although Bergen County occupies only 3% of the state's total land, it is the most populated county in New Jersey. However, the combination of high property costs and an aging population has resulted in a population decrease between 1970 and 1980, which is projected to reverse only slightly within the next few years.

Per capita income for Bergen residents in 1983 was $17,962, ranking first of all N.J. counties. Passaic, which has a higher percentage of minority groups, was 12th in rank, with $12,636.

That wealth is not necessarily evenly distributed. Bergen-Passaic counties had their fair share of locals on *Forbes* magazine's recently published list of the 400 richest people in America. One resident, Russell Berrie (estimated $290 million), whose Oakland, N.J., firm Russ Berrie & Co. markets novelty products, recently made an unsuccessful bid to buy the New Jersey Nets basketball team.

Also weighing in at an estimated $250 million was Malcolm Borg, chairman of Macromedia Inc., the parent company of the Bergen Record Corp., which publishes the *Record*; of Macromedia Publishing Inc., which publishes the *News Tribune* of Woodbridge; and of Gateway Communications Inc., which owns four tv stations.

The *Record's* territory is inundated with small, community "shopper" papers and surrounded by other newspapers eager for a piece of the attractive Bergen market. Mr. Savino claims his biggest competition is "two little papers across the river,"—the *New York Times* and the *New York Daily News*. Nevertheless, the *Record* is making a strong push into neighboring areas. In 1984, it opened a new Passaic County headquarters, in Wayne, bringing it head-to-head with the *North Jersey Herald-News*, a morning-evening publication with combined circulation of 108,650.

While Bergen-Passaic residents are fairly dependent on New York for radio and tv coverage, New Yorkers—although often loath to admit it—rely heavily on the plethora of shopping available across the river.

Nine major malls exist in the region, five in Paramus on the major Routes 4 and 17. With more than 700 stores, they account for some 7.6 million sq. ft. of space. Clientele is well heeled. Combined, the two counties are in the top 10 in the country in median household effective buying income (EBI).

Another mall is under way on Rte. 4, called Mall on IV; Federated Department Stores already has opened a 25,000 sq. ft. Filene's Basement off-price clothing store there. A second Filene's Basement is scheduled to open just a few miles away on Rte. 17 by the end of the year.

New Yorkers are not the only ones traveling to shop; even on the seventh day, few seem to rest. Because the blue laws prohibit Sunday openings in Bergen County, many residents head for the four malls in nearby Wayne in Passaic County.

The continued boom in wholesale/retail sales is partially responsible for a continued surge in employment, although such growth is often erratic, because of the seasonal nature of the retail business. Nonfarm employment in Bergen County rose sharply from July, 1985, through July, 1986, by some 17,000 jobs, or 3.9% compared to a 2.9% statewide gain, according to the New Jersey Department of Labor.

Building activity has been especially strong over the past two years. The New Jersey Department of Labor reports that July, 1986's construction industry job count of 19,200 in Bergen was the highest level posted since record keeping began in 1960.

Among the corporate giants that have their headquarters or large operations here are A&P, Becton Dickinson and CPC International. Companies with U.S. headquarters in the area include Sony U.S.A, Sharp Electronics, Grand Union and BMW.

Within the next two years, Marriott Corp. plans to have a full-service hotel at Overpeck Corp. Park in Ridgefield Park, with 254 rooms, health club facilities and two corporate meeting rooms, at an estimated cost of $21 million. JD Construction Corp. is building a 25-story hotel-office complex on the site of the former Ford Motor plant in Mahwah as part of a $300 million "International Crossroads" project.

RANK **8**

Boston

Beantown

($ in thousands)

1985 vital statistics

Population	2,831,700
Disposable income	$55,280,138

Boston is on a roll. The New England Patriots, which call suburban Foxboro home, made an unexpected trip to the Super Bowl in January following a late season surge. That the Patriots were ignominiously mauled by the Chicago Bears did little to dampen local enthusiasm.

The Boston Celtics won the National Basketball Championship last spring, and the long-suffering Boston Red Sox realized "the possible dream"—as expressed in the local media which had called the '67 Red Sox pennant winners the "impossible dream"—by taking the American League Pennant. Even though the Bosox failed to win the World Series against the most tantalizing matchup conceivable for Boston—the New York Mets—the difference in attitude reflects the positive

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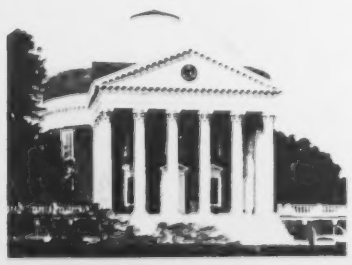

changes the city has undergone.

From a development standpoint a decade-long boom continues unabated. Depending upon the government official asked, anywhere from $1 billion to $3 billion in construction is under way or imminent, and more is already in the planning stages.

Development also has spilled over into the suburbs, particularly west of the city in the Framingham/Natick area, which grandly calls itself Metro West. Development has become so intense and traffic so congested in the area that plans for an expanded General Motors production facility in Framingham were scrapped when the local authorities, under pressure from the community, hesitated at providing the necessary permits and variances carte blanche.

People are beginning to question the wisdom of continued unrestrained development. In particular, the area's transportation network is severely strained. A $2.2 billion project to eliminate the most intractable bottleneck, the Central Artery and the harbor tunnels, by depressing the elevated highway and adding a third harbor tunnel to the airport, has bogged down in Congress over funding.

In downtown Boston, traffic congestion has reached crisis proportions. More than 2.2 million people enter downtown Boston every day over much the same road network laid out in 1630, and the numbers are increasing annually. A shortage of parking spaces compounds the problem.

Unable to wait for the Central Artery/Harbor Tunnel project, the city has embarked on its own plan to aid traffic flow within the infrastructure that exists now. Aggressive towing at traffic bottlenecks has helped. The city also is making an effort to increase parking by 5,000 to 10,000 spaces at peripheral downtown locations like South Station and North Station.

The city also is trying to steer some development away from downtown, although the effort is not motivated by traffic concerns. Mayor Raymond Flynn's plans to spread the development wealth by linking downtown development with development of depressed areas appears to be progressing although the formal linkage plan itself has been challenged in court and has suffered some setbacks.

Ironically, the first efforts at linkage are occuring at a time when a secessionist movement within the depressed minority communities of Boston is gaining some momentum. A nonbinding referendum on the November ballot asked residents if they favored the creation of a separate city consisting of minority neighborhoods comprising roughly 25% of the city (non-downtown areas)—and it lost. Supporters already have named the new city Mandela, in honor of the imprisoned South African leader.

The Boston area is packed with colleges and universities, and each fall students markedly increase the city's population. The main event in education this year is Harvard University's 350th birthday. The educational establishment in the greater Boston area brings about $4 billion in revenue into the local economy. Private schools contribute $3.5 billion of this money, and $585 million comes from state-supported institutions.

The state's electronics industry is struggling through a national slump, but despite 7,000 layoffs in the computer field over the past year, the state's 4% unemployment rate is one of the lowest in the country. Other technology industries, such as genetic engineering, are starting to take off. Paul Tortelani, commissioner of the Massachusetts Dept. of Commerce and Development, predicts bioengineering will grow 300% in the next three years.

Within the media community, five tv stations have changed hands since March. Most important, Rupert Murdoch purchased WXNE-TV from Continental Broadcasting Network as part of his fourth network effort—Fox Television Stations. As a result of the purchase, Mr. Murdoch will have to sell the *Boston Herald*, which still trails the *Boston Globe*, the powerful mainstay Boston newspaper, in circulation and advertising.

Westinghouse's WBZ-TV (NBC) edged out Hearst's WCVB (ABC) for top spot in the tv market with a 7.3 rating/21 share, according to A.C. Nielsen's May report.

RANK **46**

Buffalo, N.Y.

City of Good Neighbors

($ in thousands)

1985 vital statistics

Population	971,400
Disposable income	$11,110,408

Buffalo has been referred to by those who live here as a "well-kept secret." But while its qualities may be foreign to points south, it is not an unknown commodity to the north.

The metro area, New York State's second largest, is located on the banks of the Niagara River, bordered by Lake Erie. The Peace Bridge, which joins Buffalo to Fort Erie, Ont., is the most heavily traveled border crossing in the U.S.

The proximity of Canada unofficially widens the market area to include southern Ontario. Residents there rely on Buffalo radio and tv. Many Canadians cross the border daily to make use of Buffalo area shopping malls and discount stores.

But while Buffalo is a day's drive and an hour's commute by air to 62% of the Canadian buying power and 75% of the Canadian manufacturing capabilities, 50% of the U.S. buying power is within this same perimeter.

This self-proclaimed "City of Good Neighbors," whose suburban residential and commercial areas have been on an upswing for some time, has been going through heavy urban renewal itself, and not without certain hiccups.

The city has spent $500 million on an above and below ground light rail rapid transit system, yet the system has been plagued by poor planning and management and structural problems. The main problem is that the system's 6.2 miles are not in the populated areas, but cover the nonresidential downtown area. To make matters worse, only five of the system's 6.2 miles are functional.

A mile-long pedestrian mall, dubbed Buffalo Place, is being built downtown along the route of the rail system. The mall, scheduled to be finished in 1987, will connect the retail, office and entertainment district. City officials view the mall as crucial to the future success of the metro rail system.

An attitudinal transformation is what the Buffalo Area chamber was after in late November when it produced the first annual Winterfest, which included 22 athletic and cultural events. Sponsored by Gibraltar Steel, Goldome FSB, Marine Midland Banks and Anheuser-Busch among others, Winterfest's intent is to position the area as a winter wonderland.

Recreation is largely a function of the climate. There are 20 ski areas within a 90-mile radius, netting over $80 million annually, and area operators are eager for the 90-average inches of snow that fall annually.

The economic climate in Buffalo is improving. There has been a shift from blue collar to white collar jobs. Service-oriented jobs have climbed from 18.5% to 30% of the work force in the last 15 years. Disposable household income has increased in the process, from $19,000 to $24,000 in the past five years.

Financial services abound. Goldome, with assets of $11.5 billion, Marine Midland, $23 billion, and Empire of America FSB, $8.6 billion, all are headquartered in Buffalo. These institutions have helped turn Buffalo into a financial hub in the northeast, but also have stimulated the local economy through job growth, corporate sponsorship, contributions and ad dollars. This year, Empire which operates in 46 states, purchased controlling interest in Levy, King & White Advertising, Buffalo, which handles its $8 million account.

Unemployment is down from 12% in 1985 to 7%. Skilled labor, in significant supply as a result of recent steel industry and factory closings, provides employers with a strong talent pool.

Media have undergone tremendous change during the past two years. Buffalo, home to five commercial tv stations, a host of cable stations, and 11 am and 14 fm radio stations, placed 36th in recent ADI rankings.

In July of 1986, WKBW-TV, Buffalo's top-rated ABC affiliate with an 8.5 rating and 27 share in A.C. Nielsen's May report, was sold by Capital Cities/ABC after their merger to comply with FCC regulations limiting network-owned stations to five markets.

The station was bought for $65 million by a group of investors consisting of the Jackson Brothers musical group, former NFL football star O.J. Simpson, NBA star Julius Erving and Edward Lewis, ceo/publisher of *Essence* magazine. WKBW, the am station sold by Cap Cities/ABC to Price Communications, changed its call letters to WWKB. WGRZ-TV, the NBC affiliate rated third in Buffalo tv, was sold in March, 1986, by General Cinema to Acquisition Corp. Both stations are cleaning house to boost sagging ratings.

The *Buffalo News* continues to be the only daily, controling the market with its sunrise and evening editions. Its rates have gone up five times, an average of 8% each time, since the Courier Express closed down four years ago.

Construction of a $54.7 million sports stadium, dubbed Pilot Field, is currently under way in the downtown area. The stadium, which will be the new home of the Bisons, a Cleveland Indians' AAA farm team, is scheduled to open in 1988. Bisons' owner Bob Rich Jr., president of Rich Products Corp., would like to see major league baseball here in the near future.

RANK **42**

Charlotte-Gastonia-Rock Hill, N.C.-S.C.

Queen City

($ in thousands)

1985 vital statistics

Population	1,049,000
Disposable income	$12,117,559

Charlotte, largest city in the Carolinas, still bears the imprint of the Scotch-Irish Presbyterian farmers and traders who founded it in 1768—safe, solid, short on flash.

An ex-city council member characterized its present council, elected in a combined ward-at-large system, as "the Charlotte boys' and girls' choir. They're sitting there singing out of the same songbook. It's the most homogenous bunch [in spirit] I've ever seen." He's talking of a black mayor, Harvey Gantt, who was elected with almost 40% of the white vote; Jewish mayor pro tem Al Rousso, and a council with half of its members women.

There is no one industry or family—there are patricians—that dominates in Mecklenburg (Charlotte) County where unemployment is a low 4.3%. The Mecklenburg labor force has jumped almost one-third in the last 12 years, to 250,300 in August, 1986.

The largest employer is IBM, which has an ever-expanding work force of more than 5,000 who make computer printers and electronic banking equipment in modern quarters in the rolling hillsides of north Mecklenburg's University Research Park.

Forbes magazine listed two local retailing names in its October account of the country's 400 wealthiest: Leon Levine, chairman of Family Dollar Stores, with $260 million, and the Belk family, whose fortune of more than $350 million, *Forbes* said, was divided among 25 family members.

The city is a financial center, home to the Southeast's largest bank holding corporation, NCNB Corp., whose recent mergers have ballooned it to $24 billion in assets. Charlotte-based First Union Corp. has $21 billion, and First Wachovia Corp. of Winston-Salem, N.C., has a strong presence in the city.

Mecklenburg County, with an estimated population of 442,448, is at the center of a seven-county MSA of 1,070,350. And those one million have

Where Ad Age got its data

The 100 leading markets are the 100 most populous Metropolitan Statistical Areas (MSAs) as of July 1, 1985, in the U.S., as ranked July 30, 1986, by the U.S. Department of Commerce, Bureau of the Census, Washington.

Consolidated Metropolitan Statistical Areas (CMSAs) such as New York, were broken down into Primary Metropolitan Statistical Areas (PMSAs) such as New York, Nassau-Suffolk, N.Y., Newark, N.J., etc. Only PMSAs and MSAs were ranked.

Retail sales and disposable income figures for 1985 were supplied by Marketing Economics Institute, New York.

These figures were tabulated to correspond to MSAs as closely as possible. Sales and income data for 1982—the last time Advertising Age profiled 100 markets—also was supplied by MEI. Ad Age avoided making growth comparisons between 1982 and 1985 because geography of a few MSAs was redefined in the period.

Employment statistics were supplied by the U.S. Department of Labor, Bureau of Labor Statistics, Washington. Regional breakouts of this information conform to those of the Department of Labor.

A.C. Nielsen figures used in the profiles to rank the tv markets are for sign on to sign off from its May, 1986, reports. A rating is the percentage of total households in the market watching the channel.

A station's share is its percentage of only those households with their sets turned on.

Arbitron data for radio markets is for viewers 12 and over from the spring sweeps.

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Writers for this 100 leading U.S. markets report

For this issue, Ad Age relied on writers who live or once resided in the markets they covered. Space limitations held local color to a minimum. But that was unfortunate for the reader, because the writers, lacing the largely statistical analyses with good down-home character, had editors salivating over their discussion of blackened red fish at New Orleans' fine Prudhomme's, and the barbequed, chopped pork sandwich and slaw that sets apart Raleigh-Durham-Chapel Hill, at least in a culinary sense.

Then there are the nine family-style Basque restaurants that followed immigrant sheep herders from the Pyrenees to Fresno, the mouthwatering mostaccioli served up in abundance on the "Hill" in St. Louis and the ever-present steamed clam digs of Baltimore.

Contributing writers, and the markets they covered: Craig S. Lovelace, Akron; John L. Klucina, Albany-Schenectady-Troy; Ben Dunlap Jr., Allentown-Bethlehem; Chuck Wingis, Anaheim-Santa Ana, Oxnard-Ventura, Riverside-San Bernardino; Jerry Schwartz, Atlanta; Van Wallach, Austin, Nassau-Suffolk, New York, San Antonio; Bill Rintoul, Bakersfield; Alex Montague, Baltimore; Eileen B. Brill, Bergen-Passaic; Dean Barber, Birmingham; Alan Radding, Boston, Providence, Springfield; Judith A. Biltekoff, Buffalo; Merle D. Kellerhals, Charleston; Hannah Miller, Charlotte-Gastonia-Rock Hill; Edward Morris, Chattanooga, Johnson City-Kingsport-Bristol, Knoxville, Nashville; Sara Stern, Chicago; John Newberry, Cincinnati; Bonnie Schwartz, Cleveland; Fred Monk, Columbia, S.C.; Mike Seemuth, Columbus; Tom Bayer, Dallas; Bruce Dawson, Dayton-Springfield; Julie Truck, Denver; Norma Green, Detroit; Ken Flynn, El Paso; Susan Garland, Fort Worth-Arlington; Maureen Glabman, Ft. Lauderdale-Hollywood-Pompano Beach, Miami-Hialeah, West Palm Beach-Boca Raton-Delray Beach; Lynn M. Turner, Grand Rapids; Bradley Johnson, Greensboro-Winston-Salem-High Point; Greg Myers, Greenville-Spartanburg-Asheville; David F. Forward, Harrisburg-Lebanon-Carlisle; Allen M. Widem, Hartford; Mark Coleman, Honolulu; Jennifer Lawrence, Houston; S.L. Berry, Indianapolis; Mary Sweat, Jacksonville; Marian Courtney, Jersey City; Diane Stafford, Kansas City; Sally Saville Hodge, Lake County; Tom Dye, Las Vegas; Tom Honeycutt, Little Rock-North Little Rock; Elliot Blair Smith, Los Angeles; Jim St. Clair, Louisville; John B. Simpson, Memphis; Barbara Frankel, Middlesex-Somerset-Hunterdon; Kathryn Mann, Milwaukee; Bob Geiger, Minneapolis; R[illegible]cca L. Paul, Mobile; Stephen McCarthy, Monmouth-Ocean; Mark Bittman, New Haven-Meriden; Sallie Rose Hollis, New Orleans; Linda Cecere, Newark; Kurt C. Hoffman, Norfolk-Virginia Beach-Newport News, Richmond-Petersburg; Alice Cuneo, Oakland, San Francisco; Curt Autry, Oklahoma City, Tulsa; Jim Williams, Omaha; David Wilkening, Orlando; Belinda Hulin-Salkin, Philadelphia; Marie Spadoni, Phoenix, Tucson; Vince Gagetta, Pittsburgh; William H. MacKenzie, Portland; Debra Simon, Raleigh-Durham-Chapel Hill; Jerold M. Rosen, Rochester, Syracuse; Patricia Martin, Sacramento; Thomas R. Dowell, Salt Lake City-Ogden; Gordon Smith, San Diego; Steven B. Kaufman, San Jose; Jim Collins, Scranton-Wilkes Barre; Mike Parks, Seattle, Tacoma; Lori Kesler, St. Louis; Christopher Bubin, Tampa-St. Petersburg-Clearwater; Shelley Wolson, Toledo; Carol A. Anderson, Wichita; Ed Cohen, Wilmington; Mary Ellen Crowley, Youngstown-Warren.

plenty of money to spend. The median household income after taxes is $23,623, right in line with the U.S. average of $23,680 but higher than the North Carolina average of $20,362. Almost 60% of the Mecklenburg County households have more than $20,000 in income; and the 1980 census showed 64% own their own homes.

Charlotte is riding the wave of its biggest construction boom ever. Between September, 1985, and September, 1986, 2.1 million sq. ft. of office space was added, for a total of 15.9 million. In that period, 1.3 million sq. ft. was absorbed. Much of the new space is in two office towers under construction downtown: 23-story First Citizens Center and 42-story Two First Union Plaza. When their footage is subtracted from the over-all vacancy rate, vacancy is 16.3%.

Piedmont, considering the city a major hub, is planning a $90 million expansion of its facilities built only four years ago to add 106 daily flights to its already existing 194 by 1988.

Most local print advertising is through the *Charlotte Observer*, a Knight-Ridder newspaper with two Pulitzer prizes and the largest paper in the two Carolinas, and estimated annual ad revenues of $80 million. The *Observer* has felt competitive pressure in recent years as small newspapers nearby were bought and improved by other chains. It has responded by creating seven regional tabloids concentrating on news of individual regions and offering lower ad rates, inserted in the main paper several times a week. A full-page ad in the weekday York (S.C. county) *Observer* is $273 and contrasts to a full-page, full-run ad in the main paper at $4,895.

In April, American Cities Business Journals of Kansas City started the *Business Journal*, which agency people say has gained respect as a business-to-business vehicle. Publisher Robert Powell says its 5,000 paid circulation, plus 12,000 to 15,000 circulation-building freebies and vending sales, met its first-year goals.

In tv, WBTV (CBS) with a 9 rating, 31 share, according to A.C. Nielsen's May reports, and WSOC-TV (ABC), 7.3/25, get the bulk of most local buys, but WPCQ (NBC) has joined them since instituting local news shows in September.

In an area without strong mass transit and where a large number of women work, drive-time radio is a strong market. In Mecklenburg, Union and Gaston counties, 59.5% of women worked in 1980, in contrast to 49.6% nationally. In the seven-county Charlotte-centered area that Arbitron Ratings Co. ranks as the 40th largest market among 259, there is a morning drive-time audience estimated at 201,200. Arbitron's spring rankings put WSOC-FM on top in the mornings with 12.8% of the listeners, followed by WBT with 11.4% and WEZC-FM with 11.1%. A station tied for fifth, WROQ-FM, is being sold, along with its sister am station, WAYS, for $13 million to CRB Broadcasting of New York.

Charlotte's growth is tilted heavily toward the south and southeast, where daily traffic jams have city fathers frantically trying to get an east-west road widened and to direct growth northward. Busiest areas include the I-77 corridor south to the South Carolina line and Billy Graham Parkway, running off it to the airport, and I-85 West. Outside downtown, the largest concentration of office space, some 2.6 million sq. ft., is in the I-77 corridor.

RANK **3**

Chicago

Windy City

($ in thousands)

1985 vital statistics

Population	6,176,900
Disposable income	$83,299,720

It's not uncommon to turn on the tv or view a movie and see Chicago's skyline looming in the distance. Since the filming of "The Blues Brothers" here in 1978, Chicago has become the third most popular city to film.

Eleven films were shot in Chicago in 1986 (bringing in $36 million to the city in revenues as well as 20,000 jobs) and included "About Last Night," "Nothing in Common," "Running Scared," "Ferris Bueller's Day Off" and "The Color of Money." Tv shows "Jack & Mike" and "Crime Story" also take place here.

The nation's third largest metro area had a city population of 2.9 million in 1984, down from 3 million in 1980, according to the U.S. Census. Some 54% of the population are 47-plus in age, 20% are 35-47, 17% are 6-17, and 9% are under 6. Racially, the city is 48.2% white, 39.8% black and 14% Hispanic and other. The market is the fifth largest Hispanic market in the country.

Chicago's suburban population is the fourth largest in the nation with just over 3 million. Those folks have total buying power of over $47 billion, ranking second in the nation behind LA/Long Beach, Cal. One of the more important counties rimming Chicago's Cook County is DuPage, west of the city. There, the population grew to 732,900 in 1986, up 5.3% from the year earlier.

The metro area is a study of contrasts. East Chicago Heights, with per capita income of $4,178, is among 11 of the state's poorest suburbs clustered south of the city in an area devastated by steel mill cutbacks. Lakefront Kenilworth, 40 miles north, is Chicago's wealthiest with a per capita income of $40,000. City and suburban employment grew 4.6% last year, surpassing the nation's job growth of 3.4%. Dissecting unemployment statistics, blacks are 25% of the jobless, Hispanics, 13%, and whites, 7.3%.

Chicago, the nation's third largest media market, has seen a proliferation of broadcast outlets in recent years as suburban print media also expand. Signals from 12 tv stations reach the metropolitan area, and cable tv penetration is only 35%, still below the national average. But major portions of the city are being wired.

The increasing number of uhf indies has made the market more competitive for local ad dollars and syndicated programing despite a weakened advertising sales environment. Grant Broadcasting's WGBO-TV was one new entry on the uhf dial. WSNS-TV in the past year became a SIN affiliate in direct competition with another Spanish-language station, WCIU-TV. WFLD-TV was sold by Metromedia to Rupert Murdoch's Fox Broadcasting Co. Mr. Murdoch then had to sell the *Sun-Times* to meet FCC regulations against multiple ownership of media in the same market.

Network o&o stations have done an about-face in local ratings. Perennial leader, WBBM-TV, the CBS affiliate and talent conduit for New York headquarters operations, has been on a slide the past few years. It has dropped behind No. 1 WLS-TV (ABC), which had a 9.4 rating, 25 share from sign on to sign off, according to A.C. Nielsen 's May report, and No. 2. WMAQ-TV (NBC), 6.6/18. WBBM-TV, 5.8/16, is attempting to build its ratings with a "First Edition" news program launched in September.

In print, the *Chicago Tribune* (circulation, 744,969) continues to add new sections targeting specific demographic and geographic segments, zoning many to city and suburban regions. Publisher Robert Page and an investor group purchased the *Sun-Times* (circulation, 612,686). Mr. Page has toned down somewhat the sensational aspects of the tabloid begun under Mr. Murdoch, but the daily still retains its readership strength among commuters and blue-collar workers.

Chicago radio programing formats have diversified in recent months as listener tastes have changed. A year

ago, at least half a dozen stations offered the adult contemporary music format, then dominant among fm outlets. Now, several have changed owners, personalities and formats to create a less homogenous mix of radio stations. WGN leads the ratings pack even without the morning banter of Wally Phillips, long its morning drive anchor who recently moved to evening drive time slot. WGN's success is tied strongly to Chicago's clogged expressways—commuters spend just over an hour commuting to and from work for one of the more lengthy commutes in the nation—and its sports-crazed denizens who tune in to WGN's broadcasts of the Cubs, Bears, DePaul and Notre Dame basketball.

Chicago's retailers, at least in and around the upscale North Michigan Ave. Magnificent Mile, continue to brace for Bloomingdale's arrival in the next 18 months as anchor tenant in the mixed-use $450 million 900 N. Michigan Ave. development that will also include the city's second Four Seasons Hotel. Building developer, Urban Investment and Develpment Co., also designed Boston's Copley Place and Water Tower Place in Chicago.

The city's old-guard department stores, Marshall Field's and Carson Pirie Scott, are sharpening their images and updating their stores in anticipation of the competition. Field's kicked off its major fall and Christmas "Eagle and the Crown" promotion (featuring goods from Great Britain) with a visit from Prince Charles.

RANK **29**

Cincinnati, Ohio-Ky.-Ind.

Queen City

($ in thousands)

1985 vital statistics

Population	1,412,000
Disposable income	$16,759,590

Cincinnati approaches its 1988 bicentennial with a reputation as one of America's most livable cities, thanks in part to a diverse economy base and a hilly, riverside terrain that has withstood most inclinations toward monotonous urban sprawl.

The chamber of commerce launched a campaign to publicize Cincinnati as the "Blue Chip City" several years ago, but the idea hasn't caught on with the local populace, which still prefers the traditional "Queen City," despite its undesired modern connotation.

New office construction and the expanded second-level skywalk system have transformed the downtown area, but activity has practically come to a halt while developers wait to fill some 2 million sq. ft. of stubbornly empty space. Vacancy rates have hovered around 18% for months.

Five office towers ranging in size from 396,000 sq. ft. to 668,000 sq. ft. came on line in the first half of the decade, but no more major projects are expected until the 1990s.

The city's $200 million Fountain Square West project is scheduled for completion by 1992, although final development plans are still being worked out between the city and the developer. It will include a multi-level retail arcade, a luxury hotel and 500,000 plus sq. ft. of office space. The project is a result of a highly publicized bidding war between several national developers. The office tower, topping off at some 700 feet, will anchor the west side of Fountain Square in the heart of the city. To the east the square is framed by Procter & Gamble's newly opened international headquarters, humorously known as the "Dolly Parton" towers.

With the downtown office market saturated, focus has shifted to development of land along both the Ohio and Kentucky sides of the Ohio River and along the interstate corridors in the northern suburbs.

Much of the area's growth has been aided by the presence of General Electric's Aircraft Engine Business Group in nearby Evendale. General Electric, Greater Cincinnati's largest employer, has seen business and employment surge in recent years as a result of strong orders for both its military and commercial jet engines. Major employers after GE are Procter & Gamble, Kroger, the University of Cincinnati and the federal government. Together, they form the nucleus of a regional economy that's highly resistant to cyclical national swings.

However, the area's traditionally strong machine tool industry never really got back on its feet after the 1982 recession, in part because of increasing automation in manufacturing processes and also because of fierce price competition from foreign machine tool builders. Cincinnati Milacron remains a major employer because it is the dominant force in the industry and has invested heavily to refocus its operations away from basic machine tools.

The local media market has remained relatively stable in recent years, probably in part because of the dominance of two locally based media companies, Taft Broadcasting Co. and Scripps Howard.

Taft owns WKRC-TV, the local ABC affiliate, as well as WKRC and WKRQ-FM, two strong radio properties. Scripps Howard owns WCPO-TV, the traditionally dominant CBS affiliate, and *Cincinnati Post*, the city's afternoon daily.

Although Taft has put five of its tv stations on the market, possibly in response to takeover threats, none are local properties. Despite weak profits in recent quarters because of heavy debt load, Taft continues to operate its Electra 24-hour teletext news service which is broadcast nationally over WTBS's cable signal.

Taft figures the service will eventually generate advertising revenue and profit, but there are not yet enough sets on the market capable of decoding the teletext signal. Zenith began manufacturing digital sets with built-in decoders earlier this year, and efforts are under way to convince other manufacturers to do the same.

WIII-TV, a uhf indie, filed for Chapter 11 under the bankruptcy act in May and may be for sale pending a court decision on a recent reorganization plan. The station is a converted stv operation that has never built ratings comparable to the other indie, WXIX.

Another Cincinnati-based media company, Jacor Communications Corp., has acquired the two top-rated radio stations in the city in the past year. Jacor's Terry Jacobs enticed Frank Wood of WEBN-FM, the city's longtime advertising leader, with an offer to merge operations. Mr. Wood moved over to corporate headquarters as president-coo.

Several months later, Jacor announced an agreement to buy Republic Broadcasting Co., owner of WLW, the city's top-ranked am outlet. That agreement has prompted Republic to sell off its fm station, formerly WSKS-FM, after changing its format from album rock to country music.

The Gannett-owned *Cincinnati Enquirer* remains the dominant daily newspaper in both circulation and advertising sales. It operates in a JOA with the rival *Post*.

Cincinnati Business Courier, a 2-year-old business weekly, was sold to Kansas City-based American Cities Publications. The sale was part of a buyout of *Courier's* corporate parent, Indianapolis-based Business Journal Publications.

RANK **22**

Cleveland

Forest City

($ in thousands)

1985 vital statistics

Population	1,860,000
Disposable income	$25,249,560

Civic pride is on the upswing in

Harriet E. Miers, Attorney, Dallas, Texas

*Every morning in Dallas, often before the sun rises, people in business are already at work consulting the leader in the field. The Business section of The Dallas Morning News. Reporting late-breaking business news and providing in-depth analysis and forecasts. With a focus on different areas of special interest to Dallas business every day. For coverage beyond the boardroom and beyond the basics, no one does better business. Because keeping up with news and trends simply isn't good enough. Staying ahead is what business in Dallas is all about. The Dallas Morning News. Being the best advertising medium in Dallas has made us the nation's leader in total full-run advertising.**

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*Media Records, 1985. **ABC Publisher's Statement, March 31, 1986. Represented nationally by Crosthwaite Woodward O'Mara & Ormsbee, Inc.; Grant H. Webb & Co., Inc.; The Colin Turner Group; The Leonard Co.; Lenha Hawaii; Publications Representatives International, Inc.

Cleveland. The new boosterism replaces the self-deprecating attitude of just a few years ago when the city, facing such problems as bankruptcy and a river—the Cuyahoga—that caught fire, was often referred to as "the mistake on the lake."

In the new Cleveland—boosted by a campaign titled: "On America's North Coast"—the economy is stabilizing. The downtown landscape is dotted with new buildings including Standard Oil Co. of Ohio's massive $200 million headquarters on Public Square. An entertainment complex is housed in the restored theaters of Playhouse Square, and new recreation and residential areas are developing in the Flats and Warehouse Districts, former industrial areas adjacent to downtown.

More than $600 million is being invested in new construction in downtown Cleveland, while other local landmarks like Tower City and the Halle Building are being restored.

Added to this is a campaign to build a domed stadium and the city's recent selection as the site of the new Rock 'n Roll Hall of Fame. (The term "rock 'n roll" was coined by former Cleveland disc jockey Alan Freed and the city has long billed itself as "the rock 'n roll capital of the world.")

A few years ago the area's location in the country's "rust bowl" was being lamented. Many today are convinced that the city's position on "America's North Coast" will play an important role in its economic revival. Located on the southern shore of Lake Erie, Cleveland has the advantage of an enormous fresh water reserve: A fact city leaders say will draw new industry, from shipping to manufacturing.

The Cleveland area already is headquarters to 85 corporations with annual sales of more than $100 million each. The city ranks fourth in the number of *Fortune* industrial corporate headquarters and ninth in non-industrial headquarters. Cleveland recently got Harcourt Brace Jovanovich, the giant publishing company, which moved many of its publications from New York to a new facility in suburban Middleburg Heights.

Although much of the Cleveland's economy is becoming more service based, the area remains a leading industrial market. The seven-county CMSA area has 768 plants employing 100 or more and more than 2,000 plants with 20 to 99 workers.

Among the area's largest employers are the federal government, Ford Motor, Goodyear Tire & Rubber, Cuyahoga County agencies, LTV Steel, General Motors, the city of Cleveland, Ohio state agencies, the Cleveland Clinic Foundation and Ohio Bell.

Scripps Howard Broadcasting's ABC affiliate, WEWS, leads market rankings with an 8.8 rating, 28 share from sign on to sign off, according to A.C. Nielsen's May report. WJW (CBS), a Storer station owned by Kohlberg, Kravis, Roberts, ranked No. 2 at 7.3/23. WKYC, an NBC o&o station, trailed at 6.8/21. Cleveland has several independent uhf stations including WUAB, a strong indie at 2.7/9, and WCLQ, which recently began carrying the Home Shopping Network. The PBS station is WVIZ.

There also are 26 am and fm radio stations, although the fm dominate the pack with the first six rankings in the market. The end of October marks the debut of Cleveland's newest rock station, WNCX-FM. The station is replacing WGCL-FM, former rival to WMMS-FM, the heads-on leader in the market with nearly twice the listeners of its nearest competitor, according to Arbitron's spring sweeps.

Eight WMMS-FM staff members have left their jobs to join the new station, including radio personalities. The old WGCL-FM, ranked 6th in the market, and its sister station WERE-AM, No. 12, were recently acquired by Metropolis Broadcasting of Detroit. There are no plans to change WERE's all-talk format. The new station is aiming for a more adult market and will play rock 'n roll.

With the closing of the *Cleveland Press* more than four years ago, Cleveland became a one newspaper town. The *Plain Dealer*, a Newhouse publication, is published daily and Sunday with a daily circulation 452,000, up 11.6% from 405,000 before the *Press* folded in 1982. The big increase occurred in the *PD's* Sunday edition, where the circulation went from 448,000 in 1982 to 552,000 in 1986.

Roldo Bartimole, Cleveland's media watchdog and publisher of *point of view*—a local media-watching newsletter—says there has been "a loss to the public" since the *Press* closed. Stories that should get in the next day, sometimes get in a day or two later [without competition]," he says. Although there are other area publications like *Cleveland Magazine*, Mr. Bartimole says none of these can fill the gap.

Several outlying cities like Elyria and Lorain publish smaller dailies. There also is a number of weekly suburban papers including those published by Sun Newspaper chain.

Regional publications include *Crain's Cleveland Business, Cleveland Magazine, Northern Ohio Live, Western Reserve Magazine, New Cleveland Woman Journal* and *Scene*.

Cleveland has long been recognized for its outstanding cultural offerings such as the city's renowned orchestra and ballet company. University Circle boasts a number of world-class museums including the Cleveland Art Museum, the Western Reserve Historical Society and Natural History Museum.

RANK **35**

Columbus, O.

Buckeye Capital

($ in thousands)

1985 vital statistics

Population	1,287,600
Disposable income	$15,309,271

Most have heard of the "perfect 10," but Columbus boasts of a "perfect 20"—the four major industries of government, consumer services, business services, retail trade and manufacturing, each accounting for approximately 20% of Columbus-area employment.

This broad economic base helped Columbus emerge from the recession of the early 1980's with barely a bruise, and is now fueling growth in the capital city.

Thanks in part to a big government base, the area's average annual unemployment rate peaked at 9.3% during the worst years of the recession, well below the 12.5% high for Ohio. Now the unemployment rate in the seven-county metro area is down to 6%, well under Ohio and U.S. levels.

Sharp growth in the retail and service industries has lifted employment as well. New stores have been opened in recent years by general-merchandisers, Meijer's, Andersons, Wholesale Club, Warehouse Club and Golden Bear Home Centers. The only upscale department store in town is Lazarus, a unit of Federated Department Stores. But new competitors are in the wings—Marshall Field's of Chicago and L. S. Ayers of Indianapolis have expressed interest in entering the Columbus market.

One trend that is attracting the attention of retailers is Columbus' population growth. With approximately 900,000 residents within its city limits, Columbus has surpassed Cleveland as the most populous city in Ohio. Aggressive annexation by the city pulled fast-growing suburbs into the fold, offsetting a decline in population in the city's core neighborhoods.

A growing number of Columbus residents are buying and renovating older homes in urban neighborhoods. One such neighborhood, German Village—a collection of quaint brick homes, restaurants and specialty shops—has become a model for other neighborhoods surrounding the downtown area.

Many of the newer Columbus-based companies have set up headquarters in the northern suburbs. Wendy's International employs several hundred workers at its headquarters in Dublin.

But the biggest employers are public-sector organizations located in, or near, downtown Columbus. The top five are the state government (20,000 employes), Ohio State University (14,500), the federal government (11,000), Columbus public schools (8,500) and the Columbus city government (7,500).

A flurry of construction has added more than 3.5 million sq. ft. of new office space in the Columbus area since 1981. Among the most prominent additions to the city's skyline are the 31-story Huntington Center, opened in 1985, and the 26-story Capitol Square Office Tower, opened in 1984.

Vacancy rates of nearly 20% have slowed construction of suburban office space, but downtown office space is expanding at a swift pace. A new 26-story office building, One Columbus, recently was completed. Ground has been broken for 25-story and 31-story office buildings, which will be occupied by agencies of state government. And Nationwide Insurance Cos. has started construction of a 26-story office building that will house part of the Columbus-based company's administrative operations.

Several fast-food companies—including Wendy's, Bob Evans, Rax, White Castle and G.D. Ritzy's—started in Columbus and developed into national chains. The area has been a good testing ground for other retail products, too.

Financial services is another industry with a major presence: Banc One Corp. and Huntington Bancshares Inc., two regional bank holding companies, are located here; and there are more than 50 insurance companies.

Manufacturing hasn't been a fast-growing industry, but it isn't declining either. Some old-line manufacturing companies have made deep cuts in local payrolls. Owens-Corning Fiberglas Corp. of Toledo has announced the permanent layoff of 700 to 900 employes at its Columbus-area plant, which employs 2,000. Some new manufacturers have set up shop, especially automotive parts makers drawn to the Columbus area by a new Honda Motor Co. plant in Marysville, a 40-minute drive from downtown.

Faster growth is occurring in warehousing and distribution, largely because of Columbus' mideast location and accessibility. Retailers with major distribution centers in the Columbus area include Sears, Roebuck & Co., with a huge 4 million sq. ft. center, J.C. Penney, The Limited, Whirlpool and Kroger. Tiger International operates an 196,000-sq.-ft. air cargo terminal.

Tourism is big business, largely because of such annual events as the Columbus Ford Dealers 500 auto race, the Ohio State Fair (the nation's larg-

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100 leading markets by retail sales

Rank Pop.	Rank Re-tail	Market	Total sales	1985 retail sales by category: Food	Drug-store	Gen'l mdse	Apparel access.	Furniture home	Auto store	Gasoline station	Lumber hardware	Eating & drinking	Other
2	1	Los Angeles-Long Beach, Cal.	$49,883	$9,806	$1,926	$5,768	$2,718	$3,122	$11,181	$3,350	$1,890	$5,362	$4,760
1	2	New York	37,741	7,883	1,297	4,355	3,588	2,676	4,784	1,359	1,096	4,709	5,993
3	3	Chicago	36,500	6,429	1,678	4,488	2,756	2,051	7,354	2,408	1,377	3,797	4,160
4	4	Philadelphia, Pa.-N.J.	28,060	4,465	901	3,489	1,666	1,351	6,152	1,837	1,153	2,489	4,557
8	5	Boston	26,341	4,652	897	2,892	1,711	1,334	5,407	1,786	1,153	2,929	3,579
6	6	Washington D.C.-Md.-Va.	24,461	4,628	947	3,026	1,452	1,500	5,512	1,904	866	2,517	2,110
5	7	Detroit	24,041	4,456	1,103	2,866	1,489	1,251	5,945	1,975	1,044	2,292	1,620
9	8	Nassau-Suffolk, N.Y.	19,893	4,117	563	2,180	1,266	1,298	3,729	1,157	938	1,586	3,059
7	9	Houston	19,679	3,831	525	2,252	1,129	1,053	5,351	1,325	1,064	1,804	1,344
12	10	Dallas	18,452	3,296	458	2,045	1,044	1,041	5,073	1,344	785	1,774	1,591
10	11	Atlanta	16,858	3,043	509	2,162	802	813	4,012	1,399	1,022	1,713	1,383
13	12	Minneapolis-St. Paul, Minn.-Wis.	16,369	2,760	429	2,378	762	812	3,806	1,409	919	1,532	1,563
17	13	Anaheim-Santa Ana, Cal.	16,273	2,997	546	2,001	831	949	3,748	1,094	791	1,867	1,447
11	14	St. Louis, Mo.-Ill.	14,667	2,907	409	2,082	702	714	3,430	1,287	756	1,367	1,013
16	15	San Diego	13,755	2,572	484	1,814	634	841	3,198	923	609	1,497	1,184
14	16	Baltimore	13,353	2,697	466	1,596	674	662	2,910	1,028	566	1,324	1,429
18	17	Oakland, Cal.	12,684	2,597	602	1,607	556	711	2,784	869	569	1,206	1,184
23	18	Phoenix, Ariz.	12,681	2,623	482	1,368	496	794	3,133	867	667	1,257	993
21	19	Tampa-St. Petersburg-Clearwater, Fla.	11,999	2,647	399	1,384	426	702	2,912	856	597	1,206	870
25	20	Seattle	11,722	2,349	451	1,331	674	648	2,344	796	626	1,389	1,115
27	21	San Francisco	11,694	2,181	455	1,335	766	705	2,151	639	425	1,696	1,340
15	22	Pittsburgh	11,369	2,373	380	1,708	563	529	2,543	831	477	1,043	923
22	23	Cleveland	11,327	2,372	503	1,624	577	565	2,294	1,010	400	1,112	869
26	24	Denver	11,280	2,184	236	1,307	528	695	2,713	789	617	1,233	978
24	25	Miami-Hialeah, Fla.	11,105	1,887	455	1,283	877	662	2,853	741	386	1,031	929
20	26	Newark, N.J.	11,091	2,478	318	944	706	707	2,408	777	464	954	1,334
19	27	Riverside-San Bernardino, Cal.	10,859	2,440	402	1,300	415	508	2,330	915	695	1,080	774
30	28	San Jose, Cal.	10,056	1,858	418	1,349	491	663	2,275	695	440	1,020	848
33	29	Bergen-Passaic, N.J.	9,552	1,861	270	1,132	698	607	1,937	665	372	810	1,198
41	30	Ft. Lauderdale-Hollywood-Pompano Beach, Fla.	9,275	1,682	329	956	483	612	2,598	599	329	1,036	650
28	31	Kansas City, Mo.-Kan.	9,059	1,655	272	1,324	474	375	2,037	718	394	882	927
29	32	Cincinnati, O.-Ky.-Ind.	8,831	1,818	324	1,396	357	439	1,778	790	366	946	617
39	33	Fort Worth-Arlington, Tex.	8,500	1,674	197	1,041	423	389	2,379	540	434	766	659
36	34	Sacramento, Cal.	8,348	1,730	406	948	317	474	1,888	628	468	865	624
31	35	Milwaukee	8,341	1,697	259	1,103	354	435	1,798	675	332	876	811
35	36	Columbus, O.	8,272	1,636	243	1,091	331	440	1,923	783	339	872	613
37	37	San Antonio, Tex.	7,637	1,614	141	926	408	432	1,851	587	405	773	500
40	38	Portland, Ore.	7,454	1,262	116	1,378	363	389	1,603	503	284	802	755
38	39	Indianapolis	7,356	1,227	295	903	322	338	1,775	736	347	734	680
32	40	New Orleans	7,352	1,668	297	840	474	446	1,473	504	322	811	517
61	41	Hartford, Conn.	7,184	1,402	257	739	422	350	1,546	605	316	692	857
34	42	Norfolk-Virginia Beach-Newport News, Va.	7,136	1,348	188	863	391	480	1,673	506	331	678	678
42	43	Charlotte-Gastonia-Rock Hill, N.C.-S.C.	6,607	1,497	208	661	380	349	1,658	415	376	538	526
53	44	Orlando, Fla.	6,576	1,252	166	751	267	327	1,784	486	378	679	488
45	45	Oklahoma City	6,561	1,143	117	762	396	374	1,975	314	426	625	427
95	46	Bridgeport-Milford, Conn.	6,357	1,189	159	688	407	343	1,320	465	317	535	934
50	47	Middlesex-Somerset-Hunterdon, N.J.	6,300	1,368	161	707	403	444	1,195	517	284	505	718
51	48	Monmouth-Ocean, N.J.	6,268	1,382	172	622	298	282	1,604	453	307	569	579
52	49	Nashville, Tenn.	6,117	1,185	178	807	270	286	1,521	565	254	569	482
48	50	Memphis, Tenn.-Ark.-Miss.	5,789	1,147	193	751	325	310	1,438	559	213	447	406
63	51	West Palm Beach-Boca Raton-Delray Beach, Fla.	5,705	1,141	210	613	352	400	1,396	366	258	558	409
54	52	Greensboro-Winston Salem-High Point, N.C.	5,690	1,098	190	622	312	355	1,353	385	297	515	563
49	53	Dayton-Springfield, O.	5,634	1,179	162	806	235	288	1,211	528	216	570	438
44	54	Rochester, N.Y.	5,590	1,194	226	615	267	278	1,374	375	248	518	495
43	55	Salt Lake City-Ogden, Utah	5,526	1,123	130	699	275	358	1,337	397	327	435	444
64	56	Austin, Tex.	5,306	1,010	104	582	297	318	1,366	315	405	559	348
59	57	Richmond-Petersburg, Va.	5,195	1,087	202	703	252	244	1,147	452	214	427	466
46	58	Buffalo, N.Y.	5,067	1,239	235	588	314	253	1,045	319	177	522	375
57	59	Jacksonville, Fla.	5,033	930	191	511	224	232	1,381	421	241	469	433
70	60	Providence, R.I.	4,943	1,009	212	583	283	205	923	383	232	449	663
56	61	Albany-Schenectady-Troy, N.Y.	4,941	1,128	176	513	285	233	1,019	352	219	413	603
88	62	New Haven-Meriden, Conn.	4,895	1,036	141	590	296	239	964	351	218	454	606
53	63	Birmingham, Ala.	4,803	1,034	176	516	364	249	1,213	327	216	367	342
47	64	Louisville, Ky-Ind.	4,772	1,080	203	627	244	58	1,167	458	252	546	137
58	65	Honolulu	4,663	797	327	710	324	167	641	302	109	831	455
69	66	Raleigh-Durham-Chapel Hill, N.C.	4,491	905	158	566	244	266	1,036	279	234	417	386
60	67	Tulsa, Okla.	4,097	814	73	452	247	240	1,160	237	236	366	273
81	68	Las Vegas, Nev.	4,092	809	145	504	220	213	942	303	211	438	308
73	69	Toledo, O.	4,014	810	156	655	153	187	840	410	127	421	254
72	70	Omaha, Neb.-Ia.	3,963	732	124	506	181	270	917	346	233	399	254
62	71	Scranton-Wilkes Barre, Pa.	3,831	855	152	515	193	137	733	268	182	323	473
79	72	Harrisburg-Lebanon-Carlisle, Pa.	3,813	810	119	447	142	163	815	339	176	304	499
66	73	Allentown-Bethlehem, Pa.	3,790	789	111	467	169	156	834	295	153	308	507
67	74	Akron, O.	3,668	827	123	458	138	135	759	360	223	386	259
68	75	Grand Rapids, Mich.	3,634	558	82	602	207	225	890	263	190	321	296
74	76	Oxnard-Ventura, Cal.	3,612	773	147	467	141	157	927	252	171	301	275
76	77	Knoxville, Tenn.	3,570	731	106	422	175	178	790	303	201	384	280
77	78	Tucson, Ariz.	3,545	748	137	469	143	202	836	243	171	358	239
65	79	Syracuse, N.Y.	3,513	835	170	355	212	172	783	212	157	322	294
75	80	Greenville-Spartanburg-Asheville, N.C.-S.C.	3,383	747	113	391	177	180	711	287	216	278	283
78	81	Fresno, Cal.	3,369	698	188	399	151	187	785	236	165	291	268
86	82	Springfield, Mass.	3,336	698	111	388	177	147	653	255	176	318	414
93	83	Lake County, Ill.	3,220	492	129	286	170	157	1,102	237	154	260	233
89	84	Little Rock-North Little Rock, Ark.	3,159	568	71	428	198	153	879	227	166	237	234
83	85	Wilmington, Del.-N.J.-Md.	3,139	598	109	429	153	167	690	286	128	251	327
94	86	Albuquerque, N.M.	3,136	598	79	358	156	191	817	199	182	329	227
84	87	Baton Rouge, La.	3,087	682	95	433	140	192	703	192	216	252	182
71	88	Gary-Hammond, Ind.	3,014	651	148	360	139	128	602	318	128	316	224
87	89	Youngstown-Warren, O.	2,818	590	95	464	117	130	538	288	118	258	218
99	90	Flint, Mich.	2,743	449	107	485	124	136	700	204	127	260	150
98	91	Wichita, Kan.	2,719	479	59	393	133	140	694	182	197	250	193
85	92	Tacoma, Wash.	2,680	525	90	334	102	128	607	214	197	272	209
82	93	El Paso, Tex.	2,629	497	56	406	175	167	622	159	128	240	180
90	94	Charleston, S.C.	2,598	572	67	287	135	145	646	181	146	252	166
91	95	Bakersfield, Cal.	2,541	575	102	243	99	128	557	257	140	255	185
97	96	Columbia, S.C.	2,459	458	68	324	126	120	571	224	139	227	201
92	97	Mobile, Ala.	2,457	570	98	314	94	118	580	183	138	199	164
80	98	Jersey City, N.J.	2,392	632	82	114	224	125	392	178	82	189	373
100	99	Chattanooga, Tenn.-Ga.	2,358	542	62	287	114	115	541	229	101	184	182
96	100	Johnson City-Kingsport-Bristol, Tenn.-Va.	2,197	482	70	283	96	95	583	127	133	163	165

NOTES: Dollars in millions
Source: Marketing Economics Institute

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est state fair), Bank One Marathon, and Memorial Tournament, a golf tournament organized by Columbus native Jack Nicklaus.

With the death of Scripps Howard's *Citizen-Journal* at the end of 1985 when the JOA broke up between the city's two papers, the locally-owned *Dispatch* has increased daily circulation 18.5% to 248,121 and Sunday 2.7% to 371,489. The tv market is led by WBNS-TV (CBS), with an 8.5 rating, 28 share, but in hot pursuit is WCMH-TV (NBC), at 8.2/27. ABC affiliate, WTVN-TV, trails at 6.4/21. Rankings are from A.C. Nielsen's May report.

RANK **12**

Dallas

Big D

($ in thousands)

1985 vital statistics

Population	2,311,700
Disposable income	$33,429,648

Economic woes of the state's depressed oil industry have tested Dallas' success-oriented mindset and entrepreneurial spirit this year. And although some serious economic difficulties have touched the area, the economy and outlook remain buoyed by the area's diversity.

"Over the past six years, the Southwest and particularly Texas has been sort of an economic nirvana," says Howard Davis, president and ceo of Tracy-Locke advertising agency. "I think there was a perspective that we would continue forever unscathed by economic vagaries."

Not so in 1986. Dallas' real estate and banking industries suffered heavy losses during the year. Earnings of the area's largest bank holding companies plunged because of heavy losses in energy and real estate portfolios. The foreclosure rate skyrocketed. Office towers were left vacant; home values were depressed.

Bernard Weinstein, director of the Center for Enterprising at the Edwin L. Cox School of Business at SMU, says the area has experienced a "huge withdrawal of purchasing power" in the past year when per capita personal income grew 5.1%, less than the 7.2% rate of increase in 1985.

That, he says, is reflected in lower retail sales, which triggers a ripple effect for advertisers and agencies.

Dallas sales tax receipts fell by almost 6% in the first half of 1986, putting unexpected stresses on the city's budget, which, in turn, forced temporary cutbacks in some city services.

Residential real estate sales have been closing at an average of 22% below asking prices, three times the spread between asking and closing prices the year before, real estate sources report.

And perhaps reflecting an undercurrent of economic stresses among some groups, major crime in Dallas has risen steadily over the past two years, with an over-all 22% increase being registered for September, 1986, compared with the previous September.

During the same 12-month period, petitions for protection under the bankruptcy act rose 51%. In sharp contrast, the number of bankruptcy filings in the district in 1980 totaled 1,848. Nonetheless, the area's unemployment rate, projected by Mr. Weinstein to end the year with an average 5.1% for the fourth quarter, is the second lowest in the state, which was consistently recording unemployment rates of about 9%.

Despite a 2.6% growth rate in 1986, somewhat less than the 3% recorded in 1985, Dallas' population remained relatively young—still one of the area's major attractions for major national marketers. The area's median age in 1985 was 29.9, according to a Sales and Marketing Management survey that also reported the 18-34 age group to be 32.7% of the Dallas PMSA.

Dallas' two major daily newspapers saw the ripples appear in their ad linage figures, which have been soft for the year. By the end of the nine-month period ended Sept. 30, the sluggish economy in particular had taken its toll on the market's No. 2 newspaper, the *Dallas Times Herald*, which was purchased from Times Mirror Corp. by William Dean Singleton and his Media News Group. Media Records reflects that for that period the *News* had a 56.6% share of the market's total daily linage, up from 54.4% in the same period the year before. The *News*' total Sunday linage represented a 58.6% share, up from 57.1% in the comparable period of 1985. The figures include a 54.8% share of total retail for the *News*, and a 56.3% share of total general linage, both up from 52.6% and 54.7%, respectively.

Jeremy Halbreich, *Morning News* executive vp, attributes some of the softness to the psychological impact of reading about the state's over-all depressing economic situation spurred by the plunge in crude oil prices.

In tv, Times Mirror-owned KDFW-TV (CBS) led the charts with a 7.4 rating, 21 share, just edging out A.H. Belo's No. 2 WFAA (ABC) at 7.3/20. KXAS (NBC) was not far off at 7/19. The Dallas market has strong indies, led by KTVT, 3.6/10, and KTXA, 2.5/7. Figures are sign on to sign off from A.C. Nielsen's May report. KVIL-FM and KKDA-FM are the two lead radio stations in that order in a very competitive market.

Tracy-Locke's Mr. Davis says, "There has been a general tendency to say 'the sky is falling' when you read about Houston. We forget that [in Dallas] we've had many, many years of incredible vitality, and nothing lasts forever.' "

The Dallas agency outlook was particularly bright in contrast to the outlook in Houston where one Houston agency chief says under the cloak of anonymity that the competition to keep one's clients is so stiff that, "There are no [business] principles in Houston, now. Anything goes. Incumbents are doing all they can do to hold on. Any loss would be devastating."

The general outlook in Dallas, however, is far from bleak. The National Planning Assn. projects that between the years 1985 and 2000, Dallas will record the eighth largest increase in the number of new jobs to be created among larger cities.

Perceived as a problem by some and as an opportunity by others, the city's commercial building vacancy levels have remained high, reflecting in September a downtown office vacancy level of 20.4%, the fifth highest such rate in the nation.

RANK **49**

Dayton-Springfield, O.

Gem City

($ in thousands)

1985 vital statistics

Population	931,100
Disposable income	$10,797,022

Transportation has been a driving force in the Greater Dayton-Springfield area since the beginning of the century. The area gave the world the Wright Brothers, man's first powered flight, and the first man on the moon, Neil Armstrong, whose boyhood home is just 40 miles to the north.

Besides being the bread and butter of the work force of almost 500,000, transportation influences what tourist trade the area has. In addition to the National Air Force Museum, the oldest and largest military aviation museum in the world, the area boasts the Dayton International Air Show. This four-day event in late July is rivaled only by the Paris Air Show in attracting flying buffs and exhibitors.

October, 1986, saw the opening of I-675, the $715 million, 26-mile roadway connecting I-70 on the east with I-75 on the south. This interstate highway was proposed a quarter of a century ago as a north-south beltway around Dayton. The roadway opened just in time to coincide with the reopening of a 15-mile stretch of I-75 through downtown Dayton that had been under reconstruction for more than three years. Locals jokingly referred to Dayton as the orange construction barrel capital of the world, after the ubiquitous squat lane barriers.

The highway already is an economic catalyst for the area. This is borne out by more than $100 million in commercial-industry developments that already have sprung up along it.

The small suburban city of Fairborn, population 28,000, which sits between Dayton and Springfield and is trisected by I-675, I-70, and I-75, issued $25 million dollars of construction in the first nine months of 1986, adding to its economic base largely defined by Wright-Patterson Air Force Base, confined within its city limits. The base is the area's largest employer with civilian and military employment of 33,000. It also has attracted the large amount of hi-tech and aerospace businesses that have located along I-675.

Dayton-Springfield's rebound from the depressed conditions of the late '70s—its current 7.5% unemployment rate is half the levels reached during the height of the depressed period—also is traced to General Motors' reopening of its truck and diesel engine plant in south Dayton.

In Springfield, Navistar (formerly International Harvester) gave the area a shot in the arm by keeping its truck manufacturing plant there. Honda Motor Co., which has its large plant in Marysville outside of Columbus, added a huge distribution center on I-75. The first engine recently rolled off Honda's motor assembly plant near Anna, O., 20 miles up I-75.

While construction and development has been expanding, media has constricted. Cox Enterprises merged the *Dayton Daily News* and the *Journal Herald* in September. To appease irate readers, the two papers asked them to vote on which specific features from the morning *Journal* and the afternoon *Daily News* would be kept. But when all the votes were in and the merger complete, almost all features had been kept. All that had been accomplished was publishing one single edition in both the morning and afternoon, although the Saturday afternoon edition was dropped.

WHIO-TV (CBS) dominates the tv market with 9.4 rating, 31 share, and Dayton's other local vhf affiliate, WDIN-TV (ABC) is second at 6.4/21, according to A.C. Nielsen's May report covering sign on to sign off. The NBC affiliate, WKEF-TV, a uhf station, is third at 4.8/16.

Two uhf indies, WRGT: "The Wright One," and WXIX-TV, and PBS station WPTD, Oxford, the Miami University station, fill out the tv market. Three cable companies serve the area, promising to make things interesting after the first of the year when the deregulation of that industry goes into effect. In radio, WHIO-FM was far out in front of No. 2 WGTZ-FM in the Arbitron spring sweeps.

Springfield is served by one daily newspaper, the *News Sun*, also a Cox Enterprise paper, and two am and two fm radio stations. Springfield area residents receive all tv and radio stations from Dayton as well as from Columbus, 45 miles to the northeast.

Downtown Dayton is undergoing a city-backed rebuilding. The turn-of-the-century Arcade Square recently was turned into a below-ground food court topped by a four-story glass dome. Surrounding office buildings are under construction. Just across Third Street is Courthouse Square, the focal point of which is the restored Montgomery County Courthouse upon whose steps both Abraham Lincoln and John F. Kennedy pleaded their cases to Daytonians.

President Ronald Reagan borrowed a page out of the history books when he jetted into nearby Wright-Patterson Air Force Base, traveled by motorcade to Courthouse Square, spoke to Daytonians from the same steps, and then left by train to tour Ohio counties during his successful campaign in 1984.

RANK **26**

Denver

Mile High City

($ in thousands)

1985 vital statistics

Population	1,614,000
Disposable income	$23,730,731

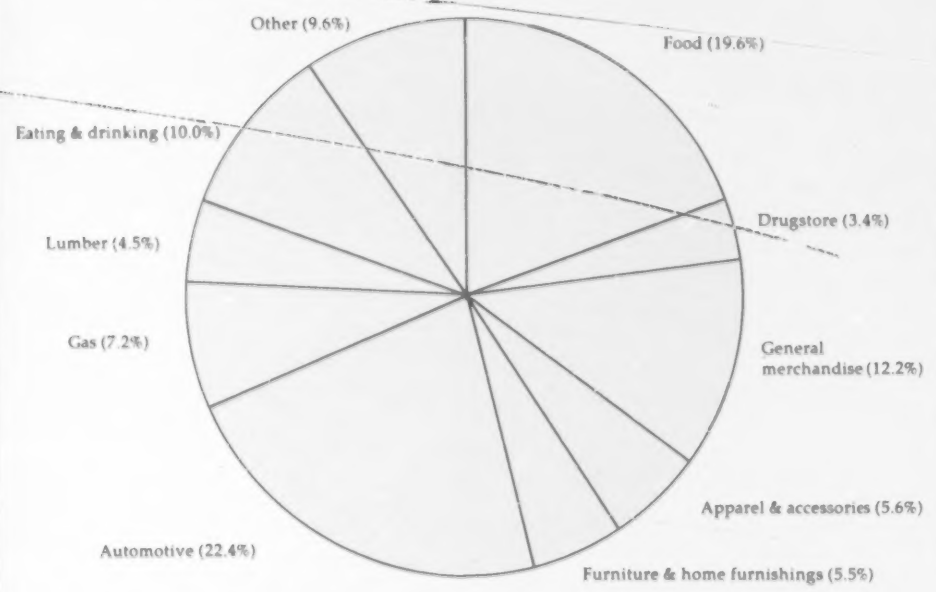
Denver, a petroleum center in a state that remains a net importer of oil, is not as strapped financially as cities like Dallas and Houston, which are reeling from the impact of the slump in oil prices. The city's diversified economy has further enabled Denver to escape much of the budget crunching forced upon other oil-producing areas.

Gains for Denver's growth are increasingly tied to the city's burgeoning service sector, particularly in such areas as tourism, high technology, public construction and retail trade. Manufacturing, mining and agriculture are troubled spots.

The state's normally sunny employment picture took a sharp dive this fall when the now-defunct Frontier Airlines laid off some 3,000 workers in the metro area. Unemployment in the state, which usually is below the national average, in the first nine months of this year rose to the national average of 7%, up from the 5.9% Colorado recorded in 1985.

Most of the strong job gains through mid-1986 centered on such service industries as amusements, lodging, business services and healthcare. For 1987

Total retail sales by category



Total retail sales in top 100 markets % U.S. sales

Category	Sales in top 100 markets 1985	1982	% chng	Total U.S. retail sales 1985	1982	% chng	Top 100 markets % U.S. 1985	1982	% chng
Food	$170,148	$152,559	11.5	$281,430	$252,802	11.3	60.5	60.3	0.2
Drugstores	29,873	22,414	33.3	47,371	35,849	32.1	63.1	62.5	0.9
General merchandise	105,895	88,396	19.8	160,558	131,282	22.3	66.0	67.3	(2.0)
Apparel & accessories	48,754	33,991	43.4	71,898	51,991	38.3	67.8	65.4	3.7
Furniture	47,907	29,816	60.7	70,596	46,513	51.8	67.9	64.1	5.9
Automotive stores	194,858	109,405	78.1	310,001	182,390	70.0	62.9	60.0	4.8
Gasoline stations	62,491	60,021	4.1	102,731	104,633	(1.8)	60.8	57.4	6.0
Lumber & hardware	39,461	31,516	25.2	72,948	48,975	49.0	54.1	64.4	(15.9)
Eating & drinking	86,758	70,494	23.1	130,334	107,357	21.4	66.6	65.7	1.4
Other	83,747	66,898	25.2	129,997	113,887	14.1	64.4	58.7	9.7
TOTAL	869,892	665,509	30.7	1,377,866	1,075,679	28.1	63.1	61.9	2.0

NOTE: Dollars in millions.
Source: Marketing Economics Institute.

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United Banks of Colorado Inc. is projecting an increase of about 3% in employment. Inflation, a byproduct of employment, is expected to remain below the national average as it has since 1984. For 1987, the bank holding company predicts inflation will average 3.4% in the Denver-Boulder area.

The Colorado ski industry purported its fourth consecutive record season in 1985-86 with 9.12 million skier visits, up 0.9% from the previous season. The state's some 30 resorts have also had to redouble their marketing and advertising efforts as the aging baby boom population tightens the market. More than $130 million was spent on ski area improvements in 1985-86.

Colorado's high technology companies, while battered by a low dollar and foreign competition, also are expected to fuel some of the growth in the coming year. Hi-tech, represented by some 1,100 companies statewide, comprises about 3.3% of employment.

Several large public construction projects are either being planned or seeking support. Among the projects, the most expensive and controversial is a new international airport to replace the aging Stapleton International Airport. Mayor Fredrico Pena's administration, which has lobbied hard for the $1.5 billion airport, estimates that the project can be completed by the mid-1990s if started in 1987. This coming spring, Denverites will vote to annex land for the new airport.

Construction contract has been awarded for a $110 million convention center but debate still rages in city council as the city searches for additional revenue sources for funding and revenue sharing. A section of the C-470 highway, which will connect the major north/south I-25 interstate to I-70, also is planned.

However, Denver's downtown office vacancy problem continues to worsen. A recent study by Coldwell Banker places the downtown office vacancy rate at 29.3%, the highest in the nation. Overbuilding and an exodus of many oil and gas firms have been blamed for much of the problem, which some experts predict will take at least five years to absorb.

Retail centers also are overbuilt, with a report by Frederick Ross & Co., placing the vacancy rate at an all-time high of 12.8%. To combat the retail glut, many developers have begun a scramble to locate and attract a strong national anchor. The upscale Cherry Creek shopping center, located in growing southeast Denver, will get a Saks Fifth Avenue store in 1987.

Denver-based Realties Inc., which is developing the Broadway Plaza project near I-25 and South Broadway, is bringing the Paris-based retailer Printemps in to anchor its International Collections retail center.

Retail sales growth, while remaining on a par with the nation in 1985, is expected to surge at least 5% in 1987, partly as a result of increased tourism.

But while Denver retailers continue to compete, the city's cultural institutions are experiencing their own financial woes as they struggle for a limited pool of funds. Save for a last-minute bailout by Mayor Pena in October, the Denver Symphony Orchestra would have played its last concert, as declining attendance and funds contributed to its near-bankruptcy.

Denver is served by two competing morning dailies, the *Rocky Mountain News* (daily circulation, 295,922) and the *Denver Post* (daily circulation, 203,755). The *Post*, however, claims a Sunday lead with circulation of 373,244 to the *News'* 330,258, according to Sept. 30, 1986, ABC FAS-FAX reports. In addition to the dailies, the Metro Denver area is served by eight tv stations. Ratings and market share for leading tv stations: KUSA, ABC, 7.6/23; in hot pursuit is KCNC, NBC, 7.2/22; and last is KMGH, CBS, 5.4/17. Figures are sign on to sign off from A.C. Nielsen's May report.

There are 30 radio stations, the first five rankings going to fm stations with KOSI-FM outdistancing the others for the top spot, according to the Arbitron spring sweeps. KOA and sister station, KOAQ-FM, were recently put up for sale by owner A.H. Belo Corp., Dallas. KOA is the closest am station to the top, ranking No. 6 in the sweeps.

Scripps Howard sold in September its *Rocky Mountain Business Journal*, a weekly business tabloid, to Kansas City-based American City Business Journals.

RANK **5**

Detroit

Motor City

($ in thousands)

1985 vital statistics

Population	4,318,600
Disposable income	$53,257,841

Syndicated columnist Bob Greene made headlines in Detroit when he "confessed" that his visits to Motor City had become a guilty pleasure. Among the favorite things about the southeastern Michigan city situated between Lakes Huron and Erie, Mr. Greene said he liked the dailies, the tv stations and Tiger Stadium.

Such comments were delicious pleasure to Detroiters in an era when it has become fashionable to knock the city usually by citing the high crime rate in the center core (actually Flint, Mich., to the north has a higher crime rate).

The local media Mr. Greene admires are going through several changes including ownership, divestiture and ongoing circulation wars.

The Gannett-owned *Detroit News* and the Knight-Ridder-owned *Detroit Free Press* are preparing for a JOA pending approval of the Justice Department. Gannett acquired the Evening News Assn. earlier this year in a transaction that ended ownership by the Scripps family dating back to 1873. The *Free Press* declared itself a failing newspaper in papers filed for the JOA.

Broadcasting properties are up for grabs. ABC-owned and operated WXYZ-TV, No. 2 in the market with a 9.1 rating, 24 share, was sold to Scripps Howard Broadcasting as part of the Capital Cities takeover of ABC. Capital Cities, which owned WJR/WHYT am, fm, also sold off ABC's WRIF-FM to Detroit-based Silver Star Communications to meet FCC multiple ownership requirements. WWJ/WJOI am, fm were put on the block as part of Gannett's purchase of the ENA and sold to a group of Detroit-area businessmen, including former RKO president Robert Williamson. WJBK-TV, the CBS affiliate owned by Storer, ranked No. 3 at 7.2/19. The top station is WDIV (NBC), at 10.2/27, according to A.C. Nielsen's May report for sign on to sign off.

Unlike some downtowns with commercial and residential use, Detroit tended to bedroom community concepts early on in its growth and the suburban sprawl continues with malls and stores that ring the central city. But, as the city recovers from the depression of the early '80s, retailers are starting to look at Detroit as a viable market for their expansion.

The new retail growth is just part of over-all redevelopment taking place. Chrysler, for example, has announced it will refurbish and redevelop its Jefferson Ave. plant, which employs nearly 5,000 of its 38,000 area workers. First phase construction, to include a paint facility for trucks, might be ready by January.

Much of the downtown development has come during the tenure of Democratic Mayor Coleman Young, a black who has forged a strong coalition of blacks and whites, the latter including such "royalty" as Henry Ford II, Ford Motor Co. chairman and driving force behind development of the Renaissance Center, industrialist Max Fisher (who struck his original fortune in the oil business) and Al Taubman, the real estate-shopping center tycoon who recently bought Sotheby's and made an unsuccessful bid to purchase Pulitzer Publishing Co. of St. Louis (*St. Louis Post-Dispatch*).

The typical Detroiter commutes 51.3 minutes between home and office on expressways clogged most mornings and evenings. The city ranks No. 3 in the nation in passenger car expenditures, well ahead of cities with larger populations (it is No. 5), according to SRDS. Contributing to this ranking is the city's lack of a people-moving system, although one is in the works.

The long drive time augurs well for the radio market and out-of-home advertising. Detroiters listen to radio an average of 24.6 hours a week, placing the market in a tie for ninth in radio listenership in the nation, according to Radio Advertising Bureau. Radio stations provide heavy sponsorship of programing breaks for commuters, from ad sponsorship of traffic reports, time checks, news and sports updates and the like. Competition in radio is heightened also by formats: There are seven adult contemporary stations, one classical and five black. WJR, an am station with a monopoly on sports in this sports-crazed time, is the overwhelming leader in the market, according to Arbitron's spring sweeps.

Top marketers in the area include the car companies: General Motors, Chrysler, Ford, American Motors, Volkswagen of America; the computer company, Burroughs; Domino's Pizza (in nearby Ann Arbor); the No. 2 U.S. retailer, K mart; the No. 3 brewer, Stroh Brewery, and industrial concerns including Ex-Cell-O, Budd Co., Fruehauf, Federal Mogul and Masco.

As white-collar employment continues to rise and Detroit diversifies with robotics and other hi-tech areas, the city has become less a slave to the cyclical nature of the auto industry, although a poor year in the industry still is felt throughout the Detroit economy, as when Chrysler nearly went under and other U.S. automakers struggled in the early 1980s.

Unemployment rate in the seven-county Detroit metro area stood at 7.6% in August, 1986, based on total employment of 1,979,000, compared with a 9.6% rate in August, 1985.

RANK **41**

Fort Lauderdale Hollywood-Pompano Beach

Venice East

($ in thousands)

1985 vital statistics

Population	1,125,200
Disposable income	$16,486,938

"How sweet it is," says Jackie Gleason, one of Fort Lauderdale's most celebrated citizens. And he should know. About one in four residents of the county he lives in is 65 and older, which should make Mr. Gleason, 70, feel right at home. Another 57% of the area's population falls between the ages of 18-64 and 20% is under 17.

Besides Mr. Gleason, Fort Lauderdale is most known for Spring Break, which draws 400,000 college students from February-April. With those numbers, it is not surprising the area supports at least 3,091 restaurants and 583 hotels and motels with far more opening or planning to open.

Fort Lauderdale, considered a Miami stepchild, is a burgeoning dichotomy, with large pockets of elderly ex-Northerners on the one hand running the condominiums with their powerful voting blocks, and the yuppies on the other, many of whom live in new communities such as Weston or Coral Springs to the west.

Of all U.S. cities, Fort Lauderdale has one of the lowest number of single family homes, 49%, which owes to the fact that the area is second in the nation in number of condos, 32%. Fort Lauderdale is also third in the country for having the fewest number of homes built before 1949. An average home costs $92,100.

Geographically, the city boasts so many canals off the Intracoastal Waterway, it is frequently referred to as "Venice East." One of the largest boating shows in the world is held here in November, when the rest of the country is warming up for winter.

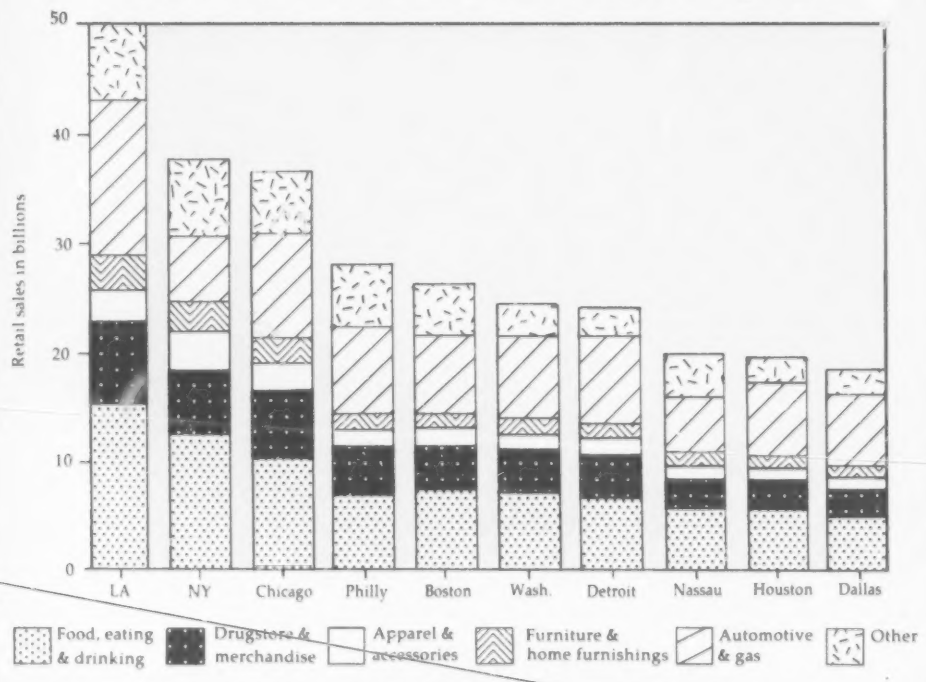
Perhaps the largest business development is the continuing expansion of the Fort Lauderdale-Hollywood International Airport and its close proximity to burgeoning and also expanding Port Everglades. One of the busiest air traffic routes in the country is Fort Lauderdale-New York, because of its heavy flock of snowbirds.

Real estate is an enormous industry with new shopping centers and housing communities opening nearly every weekend. At least two ad agencies in the county specialize in real estate, and the Saturday edition of the *Fort Lauderdale News & Sun-Sentinel* boasts the largest real estate section in the country. The morning *Sun-Sentinel* (circulation 125,259) and the evening *Fort Lauderdale News* (66,785), are both owned by Tribune Co., Chicago. The two link up for the Saturday real estate prize, with total circulation of 185,576, according to ABC FAS-FAX reports for Sept. 30, 1986.

The *Miami Herald* has heavily eaten away at the paper's market by publishing a separate Broward edition. *Herald* circulation in Broward County is 101,550. Scripps Howard daily, *Hollywood Sun-Tattler*, (circulation, 34,095), also is supported by locals. Miami/Fort Lauderdale lies in the same 14th ADI, and all the network affiliates have begun Broward bureaus or have Broward news teams.

Fort Lauderdale has a growing skyline with the addition of a new museum of art, a new library, sleek new office towers such as Two Financial Plaza, the Barnett Bank Plaza and First Fort Lauderdale Place. And it continues to grow. By the end of the decade, the city will have a $33 million

Top 10 retail sales markets by category



Top 10 markets in 1985 by retail sales

Rank	Market	Total sales	'85-'82 % chng	Eating/ drinking	Drugs/ mdse	Apparel/ access.	Furniture	Auto/ gas	Other
1	Los Angeles-Long Beach	$49,883	26.3	$15,168	$7,694	$2,718	$3,122	$14,531	$6,650
2	New York	37,741	30.0	12,592	5,653	3,588	2,676	6,143	7,089
3	Chicago	36,500	24.0	10,227	6,166	2,756	2,051	9,761	5,538
4	Philadelphia, Pa.-N.J.	28,060	31.8	6,953	4,390	1,666	1,351	7,989	5,710
5	Boston	26,341	31.9	7,581	3,790	1,711	1,334	7,193	4,732
6	Washington D.C.-Md.-Va.	24,461	37.2	7,144	3,973	1,452	1,500	7,416	2,976
7	Detroit	24,041	22.6	6,748	3,969	1,489	1,251	7,920	2,664
8	Nassau-Suffolk, N.Y.	19,893	24.8	5,703	2,743	1,266	1,298	4,886	3,997
9	Houston	19,679	3.3	5,635	2,777	1,129	1,053	6,676	2,409
10	Dallas	18,452	52.4	5,070	2,502	1,044	1,041	6,417	2,376

NOTE: Dollars in millions.
Source: Marketing Economics Institute.

MEI

Performing Arts Center. But as with most cities, downtown parking is a continuing problem.

The county spends an estimated $900,000 a year on economic development through its private Committee of 100, an affiliate of the Broward Economic Development Board.

Gold Coast Graphics moved from Dade to Broward earlier this year, taking 300 jobs and a $5 million annual payroll because of Dade's refusal to grant the printer tax free revenue bonds. Other companies, such as Racal-Milgo Inc. and Hector Turf Inc. also abandoned Dade for Broward.

Broward's largest public companies are Pantry Pride of Florida, Development Corp. of America and Atlantic Federal Savings Bank. The top employers are Broward County School Board, 12,488; Broward County government, 6,600; and Winn Dixie, 3,400. Major corporations such as Westinghouse, Gould and American Express built plants west of Fort Lauderdale when land was dirt cheap, regulation was nonexistent and family-oriented communities could be developed to attract employes.

Though sandwiched between two cities known for high crime, Miami and West Palm Beach, Fort Lauderdale has managed to escape the serious criminal element. Residents seem most disturbed by deaths of spring breakers who fall from hotel balconies. Last year, because of the deaths and other activities police relate to alcohol consumption, the city toughened up its drinking and public lewdness laws and built a wall around the Fort Lauderdale "Strip." Many students rebelled by driving 45 minutes south to Miami Beach. Still, locals know better than to even attempt a trip to the beach during what they call "the enemy invasion."

Broward is the second most expensive Florida county to live behind the Florida Keys (Monroe County), according to the Governor's Office of Planning and Budget. An average annual income for a resident of Fort Lauderdale is $36,655. The area's population grew an estimated 10.5% from 1980-85, to 1.1 million.

RANK **39**

Fort Worth-Arlington, Tex.

Cow Town

($ in thousands)

1985 vital statistics

Population	1,199,900
Disposable income	$16,804,151

Fort Worth-Arlington in north central Texas is one of the nation's prime growth areas. Population has increased 23.3% in five years. For the five year period, 1983-88, the metro area is ranked as the third fastest growth area of the top 50 metropolitan areas, according to *Sales & Marketing Management's*, "1988 Metro Market Projections."

Fort Worth has weathered the oil crisis better than most. Texas is wrestling with a $3.5 billion revenue shortfall and record unemployment. Mayor Bob Bolen boasted in October that despite proposed fiscal 1987 spending increase of 7.1%, Fort Worth will be the only major city in Texas not to increase property taxes this year. In the first quarter, employment in Fort Worth stood at 6.8%, up from 6% recorded one year earlier, but still below state and national rates.

The city's labor force is still growing, but not all displaced workers have found jobs. Hometown companies like Gearhart Industries and Western Co. of North America are shrinking. Kendavis Industries, a huge privately-owned oil service company, is in involuntary bankruptcy.

Within the last two years, Fort Worth has attracted new industries employing 2,100, while American Airlines and other hometown employers are together hiring 5,350 new workers. There is plenty of office space. Downtown vacancy still languishes at 22%.

Fort Worth's economy is diversifying into aerospace manufacturing, livestock marketing, food production and electronics. The area's largest employers: General Dynamics-Fort Worth Division, 23,500 employed locally; American Airlines, 9,000; Bell Helicopter, 7,600; Tandy Corp., 6,500; General Motors CPC Arlington Plant, 3,000; Gearhart Industries, 900.

In its heyday, Fort Worth was a mustering point for Chisholm Trail cattle drives to Kansas. It was Cowtown, repleat with saloons, brothels, gambling dens, Butch Cassidy and Wyatt Earp, not exactly a modern-day image. To shake off this trail dust, Fort Worth Corp., a business consortium formed in the early 1980s, launched a $500,000 nationwide publicity campaign last fall themed "Fort Worth, Welcome Home."

Though Fort Worth never was a boomtown, it is ironically succeeding now. Streets aren't crowded nor city services strained. Land prices, while rising, are reasonable.

The North Side is getting a $50 million facelift, including the restoration of the Cowtown Coliseum. Downtown includes a rebricked Main St. and the recently renovated shops and galleries known as Sundance Square.

Fort Worth has no income tax, corporate tax, estate or inheritance taxes. More than 40% of the population is 20 to 44-year-olds and 74.8% white. The city is served by one daily newspaper, the *Fort Worth Star-Telegram*, and spillover from the two Dallas dailies.

The area, included with Dallas as the 9th ranked DMA by A.C. Nielsen, has the NBC affiliate, KXAS-TV, and two indies, KTVT and KTXA, the latter two wresting a very high 6.1 rating, 17 share from the total market, according to Nielsen's May report.

Arlington, halfway between Dallas and Fort Worth, was just a sleepy little town until General Motors opened its plant there in 1952. Today, Arlington is at the heart of the nine-county area known as the Metroplex.

It is the third largest city in north central Texas. Population is expected to hit 291,000 in 1990, up 14%. Unemployment is 4.6%. It is served by one daily, *Arlington Daily News*.

Although enhanced by proximity to Dallas, Fort Worth and the D/FW International Airport, the city has a solid economic foundation of its own. Tourism is one of city's most important industries—it hosted more than 4 million visitors last year, most coming to theme park, Six Flags Over Texas, the state's No. 1 man-made tourist spot.

The city opened its convention center in 1985; new hotels followed. During 1986, four new hotels added 756 rooms, giving the market 5,000 rooms.

Within the city limits is a General Motors assembly plant and the Great Southwest Industrial District, a 14,000-acre tract encompassing 350 companies employing 12,000 people.

Arlington has some of the lowest taxes in the country, and has no corporate or personal income tax. Average age is 29.7; population is 92.8% white.

In October, the city became a first, not by choice but out of necessity, when it began insuring itself for liability through the sale of $9 million in taxable bonds. Arlington's program makes it the first such self-insurance program in the country.

RANK **7**

Houston

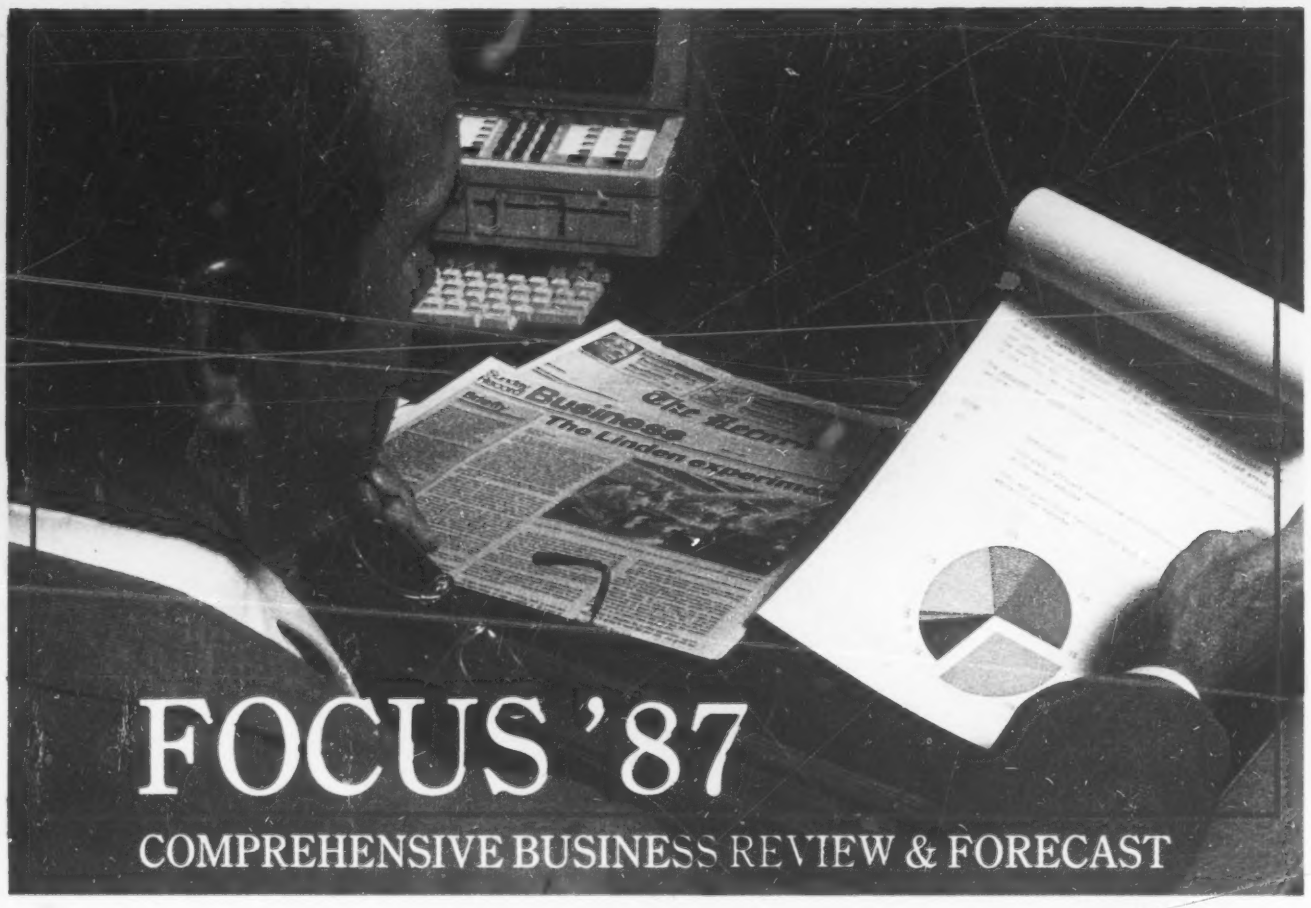
Bayou City

($ in thousands)

1985 vital statistics

Population	3,221,700
Disposable income	$42,900,795

we are a big city and you don't shut a big city down," proclaims Don



FOCUS '87

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Sources: S&MM Survey of Buying Power, 1986
The Scarborough Report, 1986

SUNDAY, JANUARY 25, 1987

Brown, president of local ad agency Taylor Brown & Barnhill. Mr. Brown along with many other local executives view Houston's economic woes as part of the normal growing pains of a young city that achieved success perhaps too soon and too easily.

Now the ripple effect of depressed crude oil prices, covered extensively by the national media, cannot be denied by even the most ardent Houston boosters. But the city is fighting back on nearly all fronts.

From the Houston Astros to the local committee determined to sell the city as the perfect site for the 1988 Democratic Convention, efforts are being made to market the positive side of a troubled economy.

A citywide ad campaign called "Houston Proud" was instigated by Mr. Brown's agency last February as a means to urge Houstonians to take pride in their city. Largely a volunteer effort and backed by the Houston Economic Development Council, the campaign has generated enthusiasm locally but some snickers nationally for its questionable grammar and marketing value.

The *Dallas Morning News* gave front page coverage of comedian Gary Somberg's "Houston Poor" takeoff of the "Proud" campaign. Mr. Somberg is selling a "Houston Poor" starter kit for $16, which warns, "If you can afford this kit, you may not qualify."

It is difficult, however, for this city that is celebrating its 150th birthday to find humor in a high unemployment rate of 10.5%, record foreclosures, depressed retail sales, widespread layoffs and sizable office, apartment and hotel vacancy rates.

Economic indicators are not encouraging—particularly because of record growth the city experienced from 1974 to 1982 that makes slight gains seem instead like failure. The boom of the '70s has made the bust of the '80s seem even worse.

Houston still remains a relatively affluent market. According to *Sales & Marketing Management*, 1985 average household income after taxes was 15% greater in the Houston Metropolitan area than the country as a whole.

Further, Houston is still a young city with a 1985 median age of 29.2 years compared with the U.S. median age of 31.9 years.

What characterizes Houston now is how the market is adjusting to a major financial crisis spawned by the energy recession.

For some, like long-time retailer Sakowitz here, it has meant filing for Chapter 11 bankruptcy protection. Local advertisers, ad agencies and media are naturally feeling the pinch.

Retail ad budgets understandably are flat to down while industrial accounts are by and large inactive, according to local sources. Businesses that go beyond the Texas market are faring better than those with purely local reach. In virtually all areas there is belt-tightening.

Young & Rubicam pulled out of this market last summer when it sold its Houston agency Rives, Smith, Baldwin & Carlberg/Y&R to Chuck Carlberg and a group of local investors. D'Arcy Masius Benton & Bowles will leave the market by yearend.

Ad revenues and linage at competing dailies, *Houston Chronicle* and *Houston Post*, are down. The *Chronicle* leads in a total average paid weekday circulation of 425,434 compared with the *Post's* weekday plus Saturday circulation of 316,209, according to each paper's publisher's statements for the six months ending March 31, 1986.

The local magazine scene is in what one local ad exec calls a "shambles." The chamber in October gave up its 50-year-old business monthly, *Houston Magazine*, citing poor ad revenues. Similarly, the short-lived *Houstonian Magazine*, formerly *Houston Style*, ceased publishing after two years of targeting an upscale market. Southwest Media Corp., Dallas, is negotiating the sale of *Houston City Magazine* to the magazine's publisher, Lute Harmon.

Houston Home & Garden, owned by Communications International, N.Y., in partnership with Meredith Publishing, projects 1986 ad pages will fall about 14% from 1985.

Capital Cities/ABC's o&o station, KTRK-TV, continues to be the dominant station in a market in which indies claim a combined 10.3 rating, 26 share from sign on to sign off, according to A.C. Nielsen's May report.

Houston's moderate climate promotes an almost year-round outdoor lifestyle. "There are a lot of parks and open spaces," observes Richard Jaffe, president of Telesurveys of Texas, a social/market research company. "The outdoor aspect means that people are not locked up with the tube in the winter. And people have more time to spend with their children here because they can live near their workplace."

While Houston's population growth has slowed compared to the '70s, the Hispanic market is expected to be the fastest growing ethnic market for the next two to three decades, according to Mr. Jaffe. Its Hispanic market is 7th largest nationally, with 700,000 people according to the 1985 U.S. Census.

RANK
38

Indianapolis

Crossroads of America

($ in thousands)

1985 vital statistics

Population	1,203,100
Disposable income	$14,262,143

Native son Kurt Vonnegut Jr. once described Indianapolis as "the world's largest city not on a navigable waterway." However, a lack of ports didn't prevent the city from developing into a shipping hub. During the heyday of the railway system Indianapolis became the crossroads of America, a position it retains today during the heyday of the interstate highway system. The convergent point of four interstates, Indianapolis is within a day's drive for two-thirds of the nation's population.

More people have been coming in recent years, and more have been staying. Between 1980 and 1984, the population of the eight-county MSA increased by 3.1% to 1,203,100, and employment rose by 18.7%. During that same period the median household income rose to $12,997 from $10,050 in 1980; more than 20,000 new housing units were built; and 1,000 new businesses opened.

The mood of the city is upbeat: That's especially apparent in the downtown area known as the Mile Square. Over the past decade $1 billion has been spent on downtown development, with another $800 million worth of projects scheduled for completion by 1990. In the past year alone construction has started on six major downtown structures.

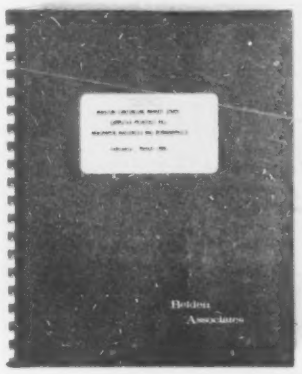
All of this activity translates into an unemployment rate of only 6.3%. Although the closing of Western Electric in 1985 and the recent curtailment of RCA's videodisc production have dealt the blue collar sector unwelcome blows, the environment for enterprising entrepreneurs is healthy. Author John Naisbitt lists Indianapolis among the 10 best places in the country to start a new business.

Except for a newspaper. The Pulliam family dominates the dailies, owning both the Indianapolis morning *Star* and evening *News*. For decades these have been the only dailies in town. The upshot of this lack of competition is a lack of the sort of excitement generated by media friction found in other markets. Though ostensibly there's competition for circulation (the *Star* boasts a daily lead of some 100,000 copies), the papers share building space and ad rates, reducing the competition to numbers signifying nothing.

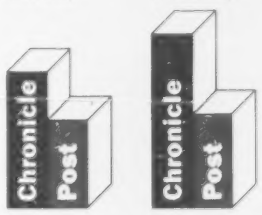
In the publication field the more interesting story is the on-going battle for circulation figures and advertising dol-

WHAT DO THREE BRAND NEW STUDIES SAY ABOUT THE CHRONICLE'S LEAD IN HOUSTON?

OVERWHELMING.

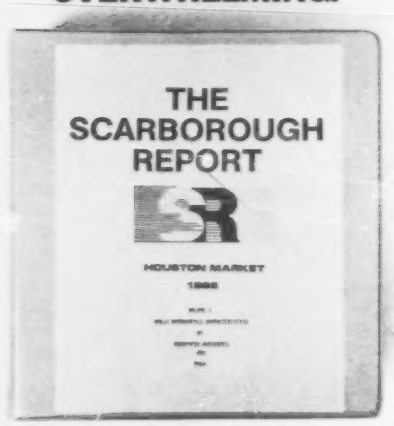


The Chronicle leads by:
28% Daily 47% Sunday

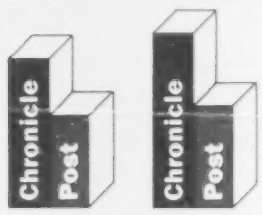


1986 Belden Study
Conducted February–March, 1986

OVERWHELMING.

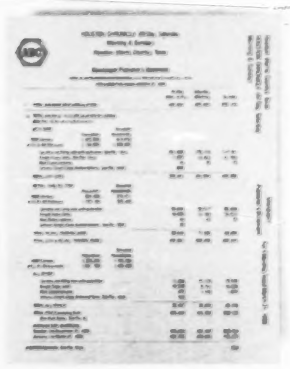


The Chronicle leads by:
32% Daily 42% Sunday

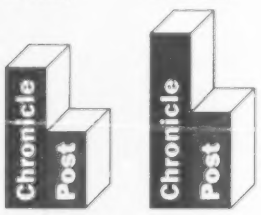


1986 Scarborough Report
Conducted April–July, 1986

OVERWHELMING.



The Chronicle leads by:
37% Daily 45% Sunday



Publisher's Statements
March 31, 1986

How far ahead *is* The Chronicle?

According to the newest Belden study, conducted February thru March, 1986, The Chronicle's lead is 28% daily, 47% Sunday.

But what does the Scarborough Report say? Conducted April thru July, 1986, it puts The Chronicle lead at 32% daily, 42% Sunday.

And how about the Publisher's Statements? Dated March 31, 1986, they show The Chronicle is ahead 37% daily and 45% Sunday.

So it's not a question of whether The Chronicle is leading in Houston. We are–no if's, and's or but's. It's only a matter of *how much* the lead is.

And according to three different studies, The Chronicle leads by an average of 32% daily, and 45% Sunday.

By comparison, when our competitor boasts of being Houston's best-read newspaper, did you know their data is two years old? It's true. They're quoting figures from a Simmons-Scarborough study whose data was gathered in 1984, and released in 1985.

But what really counts is how the numbers add up *this year*, in 1986. And you can look at three different studies, all reflecting the same, single fact: The Chronicle has an overwhelming lead over the competition.

For more information on why The Chronicle is Houston's most powerful, cost-efficient buy, phone Joycelyn Marek, Research Manager, collect at (713) 220-7401.

Houston Chronicle
Houston's primary advertising investment

SOURCES: 1986 Belden Continuing Market Study, Houston P.M.S.A. The 1986 Scarborough Report, Houston Market. Calculations computed by The Chronicle from the March 31, 1986 Publisher's Statements for The Houston Chronicle and The Houston Post (City and RTZ). Represented by Sawyer Ferguson Walker.

lars between the two city magazines—*Indianapolis Monthly* and *Indianapolis Magazine*. Both claim a monthly circulation of 20,000 plus, with the *Monthly* often holding a slight edge.

Activity among the tv stations has been less dramatic. The three network affiliates are tightly bunched between 6.6 and 6.0 ratings and 22 and 20 shares. Drama, if any, followed the two indies. WTTV-TV was sold to Lorimar-Telepictures, and WXIN-TV (formerly WPDS-TV) was sold to Outlet Communications.

The radio market hasn't been much more dynamic, though the sale of public station WIAN-FM, owned and operated by the Indianapolis Public School System, raised some eyebrows when public tv outlet WFYI's bid of $100,000 won out over Butler University's $1 million offer. The official explanation had to do with preserving the public interest. Butler already operates a non-commercial station, WAJC-FM, seemed to be the gist. Reverberations from the sale were heard in the press for weeks.

Among commercial stations, Detroit-based Booth American Co. purchased WZPL-FM from Midwestern Communications Ltd. for $13 million. That follows the sale earlier this year of WIRE/WXTZ am/fm by Mid-America Radio Inc., to WIN Communications Inc. of Indiana.

With an average daily commute of 47 minutes, the morning and evening drive time slots are important. And because public transportation is limited to 230 Metro buses, a large percentage of the nearly 676,000 registered cars clog the freeways during peak hours. That translates into ad gold for WIBC-AM and WFBQ-FM, top stations in Arbitron's spring sweeps.

The advertising event in the city—and one of the most important in the country—is the Indianapolis 500. All local media offer race packages to advertisers. With coverage of the 500 starting in early May and lasting through Memorial Day, it's an event that offers plenty of exposure.

However, 1987 will offer another, potentially larger, ad opportunity, albeit a one-time deal: The Pan American Games, to be staged in Indianapolis Aug. 7-23, and nationally telecasted by CBS. So far corporate sponsors such as Eli Lilly & Co., Mayflower Corp., Marsh Supermarkets, Merchants National Bank, and Indianapolis Newspapers Inc. (the *Star* and the *News*) have pledged between $500,000 and $2 million each to be involved.

The games will mark another peak in the city's effort to be recognized as an amateur sports capital. But sports are not the only game in town—there is also a substantial effort being made to attract more convention business to Indianapolis. The $80 million Hoosier Dome is the link between the sports world and the convention business, serving as both a 61,000-seat venue for spectator events and a huge exhibition hall for conventions.

RANK **28**

Kansas City, Mo.-Kan.

Heart of America

($ in thousands)

1985 vital statistics

Population	1,493,900
Disposable income	$19,406,472

When speaking of Kansas City in a national forum, one must debunk some myths. For one, Kansas City is not just in Kansas. The posher bedroom communities are on the Kansas side, but the bigger city is in Missouri. The nation's 28th largest metro area, variously defined by federal and local agencies, covers seven to 10 counties and is about evenly divided on both sides of the state line. It is a sprawling, straddling piece of geography at the center of the U.S.

Kansas City is not flat and dusty, but hilly with tree-lined streets. The dust in the area is kicked up from the record $1.2 billion worth of commercial and residential construction sites that blossomed during the first three quarters this year.

Despite the sour agricultural economy, the city that sits at the center of the nation's breadbasket has seen about $6 billion worth of commercial construction in the last three years. The construction boom—most noticeable in a reviving downtown office tower boomlet and burgeoning suburban office parks—appears to be tapering off this year, but residential unit starts are at record pace—the most since "F.W. Dodge Reports" began monitoring the scene in 1978.

A strong service economy is coupled with big-employer production of automobiles and trucks (two General Motors assembly plants and one of Ford's) and greeting cards (thanks to home-based Hallmark Cards, the city's civic-minded corporate giant).

Top 10 markets in 1985 by index of retail sales to disposable income

Rank	Market	Retail sales	Disposable income	Index
1	Las Vegas, Nev.	$4,092	$6,417	131
2	Knoxville, Tenn.	3,570	5,756	127
3	El Paso, Tex.	2,629	4,320	125
4	Orlando, Fla.	6,576	10,870	124
5	Albuquerque, N.M.	3,136	5,252	122
(t)	San Antonio, Tex.	7,637	12,819	122
7	Chattanooga, Tenn.	2,348	3,996	121
8	Memphis, Tenn.-Ark.-Miss.	5,789	9,905	120
(t)	Little Rock-North Little Rock, Ark.	3,159	3,401	120
10	Charleston, S.C.	2,598	4,501	118

NOTE: Dollars in millions. Index determined by dividing market's percentage of U.S. retail sales by its percentage of U.S income.
Source: Marketing Economics Institute. MEI

An unemployment rate of about 4.8% earlier this year—consistently at least two points under the national average—helps keep the Kansas City consumer in the malls. Additionally, total personal income is rising at a 4-5.5% rate this year with expectations of a 5.2% annual growth rate in 1987, according to the Mid-America Regional Council.

Belden Associates market surveys for the *Kansas City Star* show that 77% of the seven-county metro area households have annual incomes of $15,000 or more. The $50,000 and above household income segment, which accounts for 12% of the market, is the fastest growing; it jumped 37% between the 1983 and 1985 Belden surveys.

The city has a per capita effective buying income of $12,581 and an average household EBI of $33,302. The workforce is 44% white collar. Forty-eight per cent attended or graduated from college; another 37% are high school graduates. Nearly 85% of the population is white; 13% black and 2% "other," primarily Hispanic.

Vast underground limestone caves, dry and temperate year-round, cement the area's reputation as a distribution center by providing the nation's largest underground storage facilities.

Kansas City International Airport, home to Trans World Airlines' maintenance and overhaul base, has never come close to capacity in terms of passenger traffic. Last year it handled 7.2 million passengers and nearly 33 tons of air cargo, with more than 400 daily airline operations. KCI's largest gate user, Eastern Air Lines, which has KCI's only flight hub operations, this year scaled back expansion plans that would have included a new reservations center, because of financial woes.

Thirty-nine per cent of the workforce hold jobs outside their county of residence, with 62,000 Kansans working in Missouri and 33,000 Missourians commuting to Kansas. Government (the city is a federal regional center) is the area's largest employer. The biggest private-sector employers, each with a payroll of 5,000 or more, are Allied Bendix Aerospace, GM, Hallmark, TWA, the University of Kansas Medical Center, and Yellow Freight System Inc.

The much-ballyhooed quality of life gets its reputation from the Nelson-Atkins Museum of Art, the State Ballet of Missouri, the Lyric Opera and 35 live theater groups. The biggest regional drawing cards on the sports circuit are Kansas City Royals baseball, which attracts more than 2 million fans a year despite the club being in the smallest market of any major league team, and Kansas City Chiefs football. Worlds of Fun and Oceans of Fun, two theme parks north of downtown, draw family vacationers in the summer.

Year-round, the big regional draws are the city's suburban shopping malls and the upscale Country Club Plaza, a Spanish-style shopping and entertainment district in midtown Kansas City that decorates itself with miles of outdoor lights each Christmas season.

Kansas City is served by three vhf network tv affiliates and four uhf stations (two indies, one PBS and one Christian). KMBC-TV (ABC) leads the rankings with a 7.1 rating and 26 share, according to A.C. Nielsen's May reports. Most of the metro area has cable tv access. There are 13 am and 17 fm stations, the top nine of which are tightly bunched behind leader KMBZ-AM. Dominant dailies are the morning *Kansas City Times* and evening *Star*, both owned by Capital Cities/ABC. There are three suburban dailies; one biweekly; four weeklies (two of them minority) and many neighborhood papers.

RANK **2**

Los Angeles-Long Beach, Cal.

City of Angels

($ in thousands)

1985 vital statistics

Population	8,108,700
Disposable income	$105,842,422

"Economically speaking, it can be said that the sun is now rising in the west," observes California Governor George Deukmejian. Support for such a statement lies oceanward: U.S. trade with its Pacific neighbors, spearheaded by the adjoining Los Angeles and Long Beach ports, surpassed trade with its traditional European allies in 1982; by the year 2000, California will rank as the world's fourth largest economic power in its own right.

The Los Angeles-Long Beach metropolitan statistical area, the nation's second largest, consists of 8.1 million residents who have an average household income of $38,200, or more buying power than anyone but the most well-heeled New Yorkers.

Arriving to attend to their whims and contest with the likes of Bank of America, Security Pacific and the nation's largest savings and loans for this country's second-largest consumer deposit base, are 173 non-California banks, 126 of them foreign-based.

Just a few blocks from the Pacific Stock Exchange's gleaming new trading floor in downtown Los Angeles rises the city's most recent, and in some ways most powerful, addition to an increasingly impressive skyline, the 41-story Citicorp Center. Even old money brokerages from Wall Street like First Boston and Morgan Stanley & Co. are flocking to the coast.

What makes the tilt West particularly significant is that it will grow more pronounced with time.

Sixty per cent of the world's population now lives in the Pacific region. And while the first Japanese arrived here in the 1880s to build the West's railways, Japan's three largest automakers Toyota, Nissan and Honda, have since established U.S. headquarters within a few miles of each other in a coastal plain where Japanese farmers operated plant nurseries before World War II.

Because foreign travelers spend over $3.5 billion a year in California, and with a 27-story, 550,000-sq.-ft. World Trade Center under construction in Long Beach, the sense of globalism is growing.

California's international trade surged from $2.6 billion in 1960 to in excess of $94 billion in 1985, over 80% of which was with Pacific Rim nations. The Los Angeles Customs District is growing rapidly as intermodalism, the combination of ships, trains and trucks to transport heavy goods, transforms San Pedro Bay from a regional harbor into an international gateway.

With plans by 2020 to add 2,600 acres of fill to the bay at a cost of $4 billion, the congestion problem that arrived in tandem with increased trade should ease, enabling the Port of Los Angeles to build upon its position as the nation's most profitable port, and the Port of Long Beach as the nation's busiest.

Yet if international commerce is Southern California's future, it by no means dominates the present. Five major retailers-May Department Stores, Carter Hawley Hale, Associated Dry Goods, Federated Department Stores and Nordstrom vie for the nation's second-largest retail market, a lap of riches that support over 610,000 retail employes in all.

Aerospace giants such as Hughes

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Aircraft, Northrop Corp., Rockwell International and TRW power the Pentagon while employing another 305,000 Angelenos. In addition, most of the largest oil companies have drilling or refinery operations nearby.

Southern California is best known as the nation's entertainment capital. But with so many changes in the last year among its film barons and media magnates, there are wires crossed from Beverly Hills to Hollywood and back.

Ted Turner now owns MGM/UA, or at least what used to be before Kirk Kerkorian bought back parts of United Artists. Lorimar has merged with Telepictures, changing its name to Lorimar-Telepictures but not many of the faces.

And then there are many new faces at Columbia, Fox, Paramount and Walt Disney Productions.

Press lord, Rupert Murdoch, once thought to be a potential successor to the Hearsts at the Los Angeles *Herald-Examiner*, has since declared he's giving up newspaper acquisitions to establish a fourth television network, centering on indie KTTV-TV in Los Angeles, acquired from Metromedia Inc.

Similarly, Jack Kent Cooke came home from Washington D.C., to acquire the Los Angeles *Daily News*, a suburban daily, from Tribune Co., Chicago, which has decided it wants to establish its own fourth network, beginning with Los Angeles indie KTLA-TV. The markets seven indies make it tough on the affiliates, siphoning off a composite 15.1 rating points and a 41 share, according to A.C. Nielsen's May reports. KNBC-TV and KABC-TV are in a virtual dead heat for the top spot with 7.1 and 7.0 ratings, respectively, and 19 shares.

Adding spice to the variety of life is the fight of some Hispanic interests to retain control of KMEX-TV, the Spanish-language station in Los Angeles that SIN Television Network was forced to divest under an FCC ruling.

Hispanics now constitute over 20% of California's population. Los Angeles is considered home to more Mexicans than anywhere but Mexico City while Asians are about 8% of the population total and blacks about 7.5%.

RANK **47**

Louisville, Ky-Ind.

Derby Town

($ in thousands)

1985 vital statistics

Population	954,300
Disposable income	$10,525,008

For a while this year, Louisville was "Dallas." Or so it seemed, at least, as the story of the rich and powerful Binghams and their intra-family rivalry had its run on network tv news, "60 Minutes" and "Donahue," on National Public Radio and in newspapers and magazines of every ilk everywhere.

That drama is now over and the dissolution of the local communications conglomerate complete. The jewel among the media properties, the daily newspapers, the *Courier-Journal* and *Louisville Times*, went to Gannett for an estimated $300 million.

The former Bingham tv and radio properties are market leaders. WHAS-TV, a CBS affiliate sold to Providence Journal Co. for $85.8 million, is virtually tied with WAVE-TV (NBC) for the top tv spot in the market, with 30 share points each, according to A.C. Nielsen's May reports.

WHAS-AM and WAMZ-FM sister stations, sold to Clear Channel Communications of San Antonio for $20.1 million, dominate as No. 1 and 2, respectively, in the radio market, according to Arbitron's spring sweeps.

While the operations and much of the management of these companies have remained basically intact since the sales, change is inevitable. Even before Barry Bingham Sr. put the properties on the market, the newspapers had undergone a significant change when the two separate news staffs were combined for economic reasons. The betting is that Gannett will make an even greater economic move by folding the afternoon *Times*.

Metro Louisville, with a population approaching one million, knows all too well the story of economic moves, especially when told by manufacturers. In early 1970s, for example, manufacturing jobs accounted for nearly 40% of the area's work force. That percentage is down to about 24%. Production workers here still churn out appliances at the General Electric plant, the area's largest employer, Ford trucks, Philip Morris cigarets and liquor products at Brown-Forman, but the heyday is over.

Yet, the area's unemployment picture is not all that gloomy. In July of this year, in fact, it stood at 6.8%, the lowest since March, 1980. The gains, naturally, have been in the service and trade areas. For the MSA, which consists of four counties in Kentucky (Jefferson, Bullitt, Oldham and Shelby) and three in Southern Indiana (Floyd, Clark and Harrison), service jobs in the 1974-1986 period have increased 57% to 91,700. Retail/wholesale trade employment during the period rose to 103,900, up 27.6%. However, as a Metro Louisville United Way study notes, the jobs being created have lower wage scales than the jobs that have been lost. That perhaps explains why the area's per capita and average household effective buying incomes (EBIs) are lower than the national averages. For metro Louisville, the per capita EBI is $10,516 while the U.S. average is $10,813; the Louisville household EBI is $28,827 and the national average, $29,640.

Besides the fundamental change in the work force composition, other national trends, such as a graying population, more working women and more single-parent families, are evident in the United Way study. For example, in 1970 nearly 30% of the area's population was in the 14-and-under category with 9% in the over 65 age range; by 1985, the younger group had declined to 22.6% while the over-65 increased to 11.1%.

The number of women in the metro Louisville work force grew by 17.7% while male employment dropped 3.8% from 1970 to 1982 (the latest data available). In addition, the number of female-headed households with children increased 86.5% in the same period. Children in single-parent families, in stepfamilies or living with other relatives account for 55.3% of all children in the metro Louisville area.

When the terms healthcare and Louisville are linked, the name Humana generally pops to mind. Now a diversified healthcare giant with annual revenues approaching $3 billion, Humana owns and operates 86 hospitals in 21 states and three foreign countries. It is Louisville's fifth largest employer with 5,000 employes.

The face of Main Street is due for another change soon with construction of two office towers by the Webb-Silliman Development Co. on property that has been cleared for development and is vacant except for two older buildings.

A recent study by Louisville Central Area, a non-profit planning group, indicates that the downtown will be ready for additional office space. The study says that in the past two years, more than 1 million sq. ft. of office space has been built or created through renovation and another 1 million sq. ft. is under construction or renovation.

While much of the building and restoration of downtown Louisville in recent years have been on the southern edge, the area nearest the river—the northern fringe of the downtown—is starting to get attention. Phase one of the so-called "Broadway Renaissance" has been completed there, with subsequent phases consisting of a residential complex and additional commercial and retail space.

THE ONLY CHART SHOWING SAN JOSE BELOW SAN FRANCISCO.

Three charts showing it higher:

% of ADI Population[1]	
Santa Clara County	25%
San Francisco County	12%

% of $35M + Incomes[2]	
Santa Clara County	27%
San Francisco County	11%

Santa Clara County Sunday Newspaper Readership[3]	
Mercury News	62%
San Francisco Chronicle/Examiner	11%

Santa Clara County is obviously the best buy in the Bay Area. And the best way to buy it is the San Jose Mercury News. It's the leading newspaper in the market. It's five times more popular than the San Francisco papers. It's even more popular than television. It's simply that good.

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The Bay Area's Best Buy.

Represented by Knight Ridder Newspaper Sales, Inc.

[1] Sales & Marketing Management, 1985 [2] San Jose Continuing Market Study, Belden Assoc., 1985

Memphis, Tenn. Ark.-Miss.

RANK 48

Bluff City

($ in thousands)

1985 vital statistics

Population	944,700
Disposable income	$9,904,773

During the 1970s Memphis suffered a lack of cooperation between business and government, lingering division between the races, absence of an over-all plan for community growth, and a series of obsolete plant closings in manufacturing industries, such as Firestone and International Harvester. Economic news was consistently dismal.

That has changed. The turnaround began in 1979 when Tennessee Gov. Lamar Alexander conceived and organized the Memphis Jobs Conference, a community forum for economic study, planning and action. During the pivotal years of jobs conference activity (1980-81) specific goals for growth were defined and adopted, racial issues addressed, and the nucleus for a business-government partnership formed.

According to a recent economic report, titled "Memphis: Tennessee's New Growth City," released by First Tennessee Bank, the state's largest, since 1983, Memphis' employment growth of 10.1% has passed the 9.1% of both Tennessee and the nation. Unemployment has remained at a stable 6.6% over the past year.

Memphis is the 10th largest distribution center in the nation. Distribution industries, centered on homegrown Federal Express, are booming, creating almost 5,000 new jobs in 1985. During a 30-day period in 1986, seven national firms announced a move of major distribution facilities to the city, including Music Corp. of America (MCA), GTE/Sylvania, Wearever-Proctor-Silex, Munsingwear and Bucyrus-Erie.

Memphis International Airport has become America's 16th busiest, moving into the "large hub" category reserved for those airports which enplane at least 1% of the total domestic air travelers in the nation (5.5 million in the year ending in July, 1986). A large expansion of the airport is under way to accommodate a new wave of traffic generated by the merger of Northwest Orient and Republic airlines and to satisfy the continued growth needs of Federal Express. This includes facilities to accommodate Northwest's wide-bodied aircraft.

The city's telecommunications plant is one of the largest in the nation because of its central location, the sophisticated networks of Federal Express, Holiday Corp. and others. More 800-number calls go in and out of Memphis than any city in the south.

Medical industries now account for 9% of Memphis' total employment. And as a result of recent city, county, state and corporate commitments, more than $200 million will be poured into medical research and teaching facilities over the next five years. Included are such institutions as St. Jude Children's Research Hospital and the University of Tennessee, Memphis.

Memphis ranks within the top 10 cities in the south having corporate offices of companies with sales in excess of $1 billion, and 200 of the Fortune 500 now have operating facilities in the city. The most recent coup, International Paper's operating headquarters from New York, was won over 18 other competing cities.

Tourism, through such attractions as Elvis Presley's Graceland mansion, the annual Memphis in May International Festival, Mud Island and Beale St. where the blues began, has become big business. Tourism revenues hit $850 million in 1985, a 14% increase over the previous year. The Convention and Visitors Bureau's "Start Something Great in Memphis" campaign is paying off. The bureau has an annual budget of $1.5 million.

The vacancy rate for all multi-family housing in Memphis/Shelby County is estimated at 7.1%, up from a rate of 4.8% last year. There is an abundance of choice office space available because of low interest rates and tax advantages for downtown developers.

Memphis is served by only one daily newspaper, the *Commercial Appeal*, a Scripps Howard property. But Memphians in increasing numbers depend on *USA Today* for a broader coverage of national news. Numerous weeklies service the area.

The weekly *Memphis Business Journal* is considered by many to be a second newspaper. With a circulation of 10,000, the *MBJ* had a 50% increase in ad revenues in the past year.

The city magazine, *Memphis*, with a circulation of 25,000, has had a 20% increase in ad revenues since May, 1985, when it was rescued from threatened bankruptcy by a group of investors headed by the publisher of the *MBJ*.

The market is served by 26 radio stations. The top five are fm, with WHRK-FM far out in front as No. 1, according to Arbitron's spring sweeps. Tv is represented by all three networks with WMC-TV (NBC) with a 9.4 rating and 28 share, and WREG-TV (CBS), 8.9/26, dominating the ratings, according to A.C. Nielsen's May reports. There are two indies and a PBS station. A full-service cable system also serves the area.

Retail sales for the year ending in July were up 6.9% over the previous year, attributed to rising employment and aggressive marketing by retailers, with complete stocks to meet consumer demand. The slogan of Schawb's Dry Goods Store, a Beale St. merchant offering everything from voodoo potions to clerical collars, sums it up: "If you can't find it here, you're better off without it."

Highest unemployment rates among 100 leading markets

Rank	Market	Unemployment rate Sept. '86	Aug. '86	Sept. '85
1	El Paso, Tex.	13.5	11.6	10.5
2	Gary-Hammond, Ind.	13.2	13.3	10.6
3	Flint, Mich.	12.0	10.6	12.2
4	Bakersfield, Cal.	10.9	11.2	11.5
5	New Orleans	10.8	10.6	11.0
6	Houston	10.5	10.6	8.0
7	Youngstown-Warren, O.	10.5	10.9	11.0
8	Baton Rouge, La.	10.1	10.2	10.8
9	Toledo, O.	8.7	8.8	8.0
10	Birmingham, Ala.	8.6	9.0	6.6

Source: U.S. Department of Labor, Bureau of Labor Statistics

Miami-Hialeah, Fla.

RANK 24

Magic City

($ in thousands)

1985 vital statistics

Population	1,753,100
Disposable income	$20,916,317

"Entering Miami often feels like leaving the country, or about as close to leaving the country as you can get while still being able to drink the water and watch David Letterman," says Jane Wallace, a reporter for CBS' "West 57th Street."

Miami was a sleepy resort town built around a railroad until the 1960s when Fidel Castro came to power and much of the Cuban middle class headed north across the Florida Straits. Entrepreneurial Cubans, and others, continue to transform the major source of revenue, tourism, into international business by linking the city with the whole of Latin America. Miami is already the biggest banking capital outside New York.

There are three cultures in Miami: Latin American, based in Little Havana; European-American and Jewish, based in Miami Beach; and black American, based in Overtown.

Of the 1.7 million Miami metro population, Latins make up 41%, non-Hispanic whites 40% and blacks 19%. After Los Angeles and New York, Miami is the third largest Hispanic area of the country. Cubans constitute a majority of Hispanics and represent the wealthiest Hispanic group in the U.S.

There are 25,000 Latin-owned businesses in the county, from mom-and-pop groceries to huge New York Stock Exchange companies. In certain communities, such as Hialeah, Hispanics outnumber Anglos 3-1.

In addition to Cubans, exiles from virtually every country in Central and South America live in Miami. There is a 60,000-plus Haitian contingent, which has given way to a Northeast Miami community called Little Haiti.

When Castro emptied Cuban prisons at the Port of Mariel and sent detainees to Miami in 1980, Miami's crime rate soared. Still the city has tried—but has not very well succeeded—to shed its image as a dangerous place to live. The city is considered the second-most dangerous metropolitan area in the country, beaten out only by New York.

Many wealthy Latin Americans and northern snowbirds maintain winter residences in Miami, so it is not surprising that Miami, at 50%, is ranked among cities with the lowest percentage of single-family homes. An average home costs $86,900. However, the city is seventh in the nation in number of condominiums, 14%, and fifth in the nation in most apartments, 30%. Apartment rentals average $375 per month, with prices brought down by elderly Miami Beach apartment dwellers on fixed incomes.

Because of the transient nature of the city, Miami has one of the 10 busiest airports in the country, with one of the busiest routes: New York-Miami. Earlier this year, the city opened Metromover, a 1.9-mile above-ground subway that runs from Dadeland, one of the busiest shopping malls in the Southeast, to Hialeah, for a $1 fare. Miami has tried to upgrade its bus system; nevertheless, most residents drive to work using major thoroughfares I-96 and Palmetto Expressway. The average commuting time is 52 minutes.

Miami is a giant banking and commerce center. Some 350 international banks and multinational corporations have offices in the city. More than 125 of the Fortune 500 companies have branches or main offices here, including Knight-Ridder and International Business Machines. About 2.5 million sq. ft. of new office space, most of it occupied by financial institutions dealing with Central and South America, have been constructed in downtown Miami since 1984.

The largest employer in the county is Dade County schools with 30,000 employes, followed by Metro-Dade County government with 23,000 employes.

Miami supports the morning *Miami Herald*, 442,560 circulation, considered one of the best newspapers in the country; the Spanish daily, *Diario Las Americas*, 68,800 circulation; the evening *Miami News*, 60,137 circulation; and the *South Dade News Leader*, 11,614 circulation. The *Miami Herald* publishes a section called "El Herald" that is included in newspapers in certain Hispanic Zip code areas.

While the *Miami News* covers only Dade County, the *Herald* tries to cover the tri-county South Florida area and has separate Broward and Palm Beach news bureaus and sections. The *Herald* competes heavily with the *Fort Lauderdale News* and *Sun-Sentinel* on Dade's northern border. The advertising and circulation wars between the two papers are legendary.

The city hosts three network affiliates, two Spanish language stations and countless cable stations. The CBS affiliate, WTVJ-TV, No. 3 in the market, changed hands in 1984, and a deal to sell the station again fell through in October, 1986, leaving the once-popular station internally unsettled. No. 1 station is WSVN-TV (NBC) with a 7.4 rating, 20 share, according to A.C. Nielsen's May report. Both Spanish stations are for sale. There are 32 English and seven Spanish-language radio stations in the Dade-Broward county area and many trade employes and deejays.

Middlesex-Somerset-Hunterdon, N.J.

RANK 50

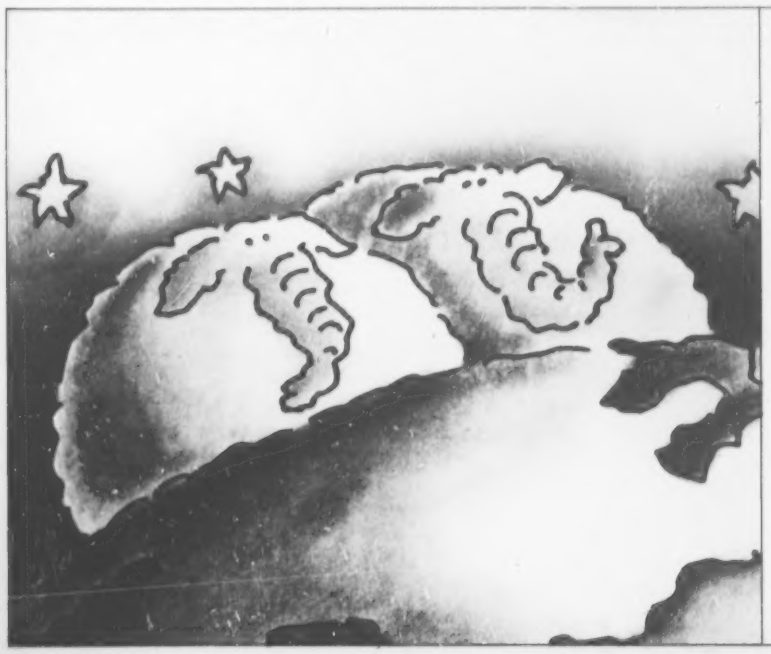
Central, N.J.

($ in thousands)

1985 vital statistics

Population	930,400
Disposable income	$14,713,524

The recent completion of Route 78 in Hunterdon County means Christine Whitman's husband comes home 45 minutes earlier each night. For the first time in recent memory, commuters along that route aren't sitting bumper



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But will this traffic break last? Mr. Whitman, director of the Somerset County Board of Chosen Freeholders, and others involved in planning the growth of the region highly doubt it. They expect at least five more years of the explosive growth which has transformed New Jersey's waistline Middlesex-Somerset-Hunterdon region in recent years from an area dominated by farms, quiet suburbs and undeveloped tracts to a hub of corporate activity, shopping malls, hotel-conference centers and political battles over land use.

Middlesex County, once the home of aging industries such as the Chevron Oil Co. refinery in Perth Amboy and the N.L. Industries titanium dioxide plant in Sayreville, has felt the brunt of the change, leaving some old-time residents baffled.

Somerset and Hunterdon counties, although less developed, are beginning to face many of the same problems—waste disposal, burgeoning school systems, lack of housing for the poor—as growth accelerates.

Demographic experts such as George Sternlieb, director of the Rutgers University Center for Urban Policy Research, attribute the region's phenomenal growth to location—between major highways such as the New Jersey Turnpike, Garden State Parkway and Routes 1 and 287 and proximity to Newark International Airport. The region also houses corporate magnets, such as Johnson & Johnson in New Brunswick, Merrill Lynch & Co. in Plainsboro and Exxon Corp. research and engineering offices in Clinton, along with Rutgers University in New Brunswick.

But the mass exodus of people and jobs to this region also illustrates the increasing desire to work near the home and a change, for many young families, in discovering the suburbs may have more attractions than the cities.

The nature of the area's population has changed almost as much as the landscape.

Middlesex County has recorded the largest population increase in the state, with 9,400 new residents added July 1, 1984-85, according to the most recent state department of labor figures. The greatest increases have occurred along the Route 1 corridor between New Brunswick and Trenton and in the key areas of Edison, East Brunswick, Old Bridge and Monroe-South Brunswick.

The heaviest growth in Somerset County has been in the Watchung-Raritan area and in the most developed municipality—Franklin Township. In Hunterdon County, the Clinton area has been mushrooming in growth, regional officials say, and the completion of Route 78 should spur further development.

For the three counties, a 3.8% jump in employment in the past year is because of an increase in service jobs and the phenomenal growth of the retail industry.

Residential growth has been just as astounding and property values have zoomed. In all three counties, property has gone up approximately 23% in the past year, according to a state treasurer's study, making the area one of the hottest real estate markets in the country.

Once the home of commuters and farmers, the region now is the fourth richest in the U.S., with a median effective buying income of $35,302, according to the *Sales & Marketing Management's* "Survey of Buying Power," in 1986. The median population age of 33 years, the youngest of any region in New Jersey, means more families with needs for municipal services and the retail trade.

The newspaper market has become competitive as the region has grown. The area is served by the *Central New Jersey Home News* in New Brunswick (daily circulation 58,994), the *Star-Ledger* in Newark (460,330 daily), the *Courier-News* in Bridgewater (49,779 daily), and many smaller dailies and weeklies. Circulation figures are from ABC's FAS-FAX Sept. 30, 1986.

The area gets its tv from New York, Philadelphia, and locally from WOR-TV. The area is heavily cabled with Storer Cable TV and TKR Cablevision, the primary operators. Cable also is a strong ad medium locally.

The key question for economists, local officials and residents is whether the region can sustain, and indeed wants to sustain, further growth. Rutgers' Mr. Sternlieb believes the expansion will continue for another half dozen years, but Joseph Seneca, chairman of the Governor's Economic Policy Council, worries that the shift from manufacturing companies to service industries may leave the region without a significant base.

One solution he sees is a change in the jurisdictional system now dominated by home rule to allow more broad-based planning. James Gilbert, chairman of the new state Planning Commission, says the state intends to take a more active role in determining the need for planning without choking off growth.

"Major growth," says Mr. Seneca, "should not become the goose that lays the golden egg—it should not change the region from an attractive place to work and live."

RANK
31

Milwaukee, Wis.

Beer Capital

($ in thousands)

1985 vital statistics

Population	1,378,600
Disposable income	$17,584,887

More than twice the number of furniture ads air annually on Milwaukee tv than in the average U.S. market. It's not because Milwaukeeans wear out their furniture faster than most, but because 75% of people here live in single-family homes or duplexes.

That trend, traced to a conservative, family-oriented culture, is changing. Permits for multi-family housing construction are up 72% this year, mostly on the northwest side in Oak Creek, Germantown, Menomonee Falls and Brown Deer.

Milwaukee's downtown area also is experiencing the first investment in downtown housing since the 1960s with the construction of Yankee Hill, a $30.8 million apartment and townhouse project, and a former Blatz Brewer, being quartered into apartments at a cost of $20 million. Both projects, to be completed in early 1987, will be for the more affluent Milwaukeeans.

The construction of downtown housing units is a small part of major redevelopment in the central city. Work has begun on the $100 million theater district, which will include three theaters, two cinemas, an office tower, retail space and a Windham Hotel. Construction is under way on the $40 million, 20,000-seat Bradley Center Sports Arena. Completion of both is set for early 1988. What was once a giant Schlitz Beer Brewery is being converted into offices, retail space and restaurants.

One big attraction to office space developers is the low vacancy rate downtown, estimated at 12%, well below the national average of 15.6%. Rents for prime space have escalated 25% during the past five years, however. If more development projects don't get off the ground soon, rents will begin to increase at a much higher rate by 1988, says a major realty exec.

To Milwaukeeans, one of the more exciting additions to downtown this year is the new Marshall Field's, the first upscale department store to land in Milwaukee. It has replaced the old Gimbels Store at the Grand Avenue Mall. Field's also has replaced Gimbels at the Northridge Shopping Center in northwest Milwaukee, and at the Southridge Shopping Center in Green-

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*Tucson Newspaper Audience Study, Belden Associates, 1985

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dale. Its Mayfair Mall store, in Wauwatosa, has been open since 1959.

According to a Field's exec, the success of the Wauwatosa store, and the lack of any other specialty department stores in Milwaukee were important reasons behind Fields' decision. The growth in household income was another factor. In 1980, median household income measured $11,272. This year, the median household earns $30,847. But Milwaukeeans aren't rushing out to spend their money. Despite the rise in income, the city has slipped in its national ranking for total sales. "If you can sell it in Milwaukee, you can sell anywhere," says the manager of the Northridge Shopping Center. He quickly adds that the market here is changing. "People are becoming more fashion conscious. They're buying more items based on wants rather than just needs. That means sales of luxury items are increasing." Northridge, Bayshore Mall in Glendale and the downtown Grand Avenue Mall are bringing in trendier, pricier stores such as Laura Ashley.

The increasing number of chic establishments, along with the revitalization of downtown is helping this city overcome a serious inferiority complex. The 1980 recession was a serious blow; there was a corporate exodus from Milwaukee for several years. Now, more companies are moving in than out, and the economy is showing signs of steady growth. Residents are feeling better about their city.

The self-image problem here is made worse by what is commonly a distorted perception of Milwaukee by outsiders. Many still think that this is where most domestic beer is made. While Pabst, Miller and Heileman do have breweries here, they are no longer the major employers. Manufacturing does remain an important sector of this economy. Manufacturing is 27% of the metro area, and services and finance, 53%.

Sports is a big item, and Milwaukee expects to get a boost from its NBA basketball team, the Milwaukee Bucks, this season. They are being billed as a title contender. The Greater Milwaukee Open officials are looking for a major sponsor for their golf tournament in 1987, and expect to strike a deal in January. They also are negotiation with a tv network interested in airing the tournament throughout the Midwest next summer.

The employe-owned Journal Co. dominates the city's media, owning the major newspaper, tv and am and fm stations. The evening *Milwaukee Journal* carries a daily circulation of 293,384, while the morning *Milwaukee Sentinel* circulates to 196,068, according to ABC FAS-FAX figure for Sept. 30, 1986. A.C. Nielsen ranks the city the 30th DMA. The NBC affiliate, WTMJ-TV, leads the nets with a 7.8 rating, 27 share, with WISN-TV (ABC) pulling a 6.7/23 for No. 2, according to Nielsen's May report. The am station, No. 1 WTMJ, outdistances its sister fm station, No. 2 WKTI-FM, in the radio market, according to Arbitron s spring sweeps.

RANK **13**

Minneapolis-St. Paul, Minn.-Wis.

Twin Cities

($ in thousands)

1985 vital statistics

Population	2,282,400
Disposable income	$32,052,975

The upscale Twin Cities area, famous for its lakes, icy winters and heated downtown skyways, has recently witnessed mild setbacks for hi-tech firms, a major airline merger, a development boom and increased media competition.

Layoffs at locally based Control Data Corp. and Honeywell shocked the Twin Cities, a metro expanse that is home to 2.26 million, as did Northwest Orient Airline's $884 million purchase of Republic Airlines in February —two locally based airlines.

Expanding retail sales and a building boom balanced the hi-tech slump. Retail activity increased 5.4% in the fourth quarter of 1985 from 1984, the most recent data available.

The skyline of Minneapolis, nicknamed the "Minneapple," has filled out noticeably. The latest planned additions include the 57-story Norwest Corp. tower and an adjacent 50-story skyscraper built by BCE Development and IDS Financial Services. Downtown Minneapolis office space has doubled since 1970 to 17.8 million sq. ft.—three times the size of downtown St. Paul's 5.9 million sq. ft. office market, located 10 miles to the east.

St. Paul's flagship Galtier Plaza development ran into financing problems after one 46-story tower was built, halting work on an adjacent 36-story scraper. Another major St. Paul project, the 37-story World Trade Center, is only 30% leased midway through construction.

Twin Cities population increased substantially in the green, hilly second-tier suburb cities of Apple Valley, Blaine, Brooklyn Park, Burnsville, Eden Prairie, Maple Grove, Plymouth and Shoreview. According to the Minnesota Planning Agency, the median 1984 family income in the 10-county metro area was $30,093, a 37% increase from 1979.

Unemployment in 1985 was 5.3% in a work force of 1.3 million people in the Twin Cities. Of that total, 116,000 work for the top 10 employers, headed by Honeywell with 21,700 employees. 3M Co., 18,617, and Control Data, 17,550, are close behind.

The city's corporate activities extend into its cultural life, supporting such fine arts institutions as Tyrone Guthrie Theater, the Minnesota Orchestra and St. Paul Chamber Orchestra.

Retail centers have sprung up around the Twin Cities, with Woodbury Center, an estimated 1.2 million sq. ft. retail mall east of St. Paul, the most recently announced project. Far larger than any other shopping center is the Mall of America, a giant 9.5 million sq. ft. development including retail, office, convention, restaurant and entertainment space, due to break ground in May, 1987.

In October, competition intensified between the *Minneapolis Star & Tribune* and the *St. Paul Pioneer Press & Dispatch* when the *Star & Tribune* opened a 12-employe bureau in downtown St. Paul. The dominant *Star & Tribune* (daily circulation 383,000) views the area as a single entity. Its new bureau will help it increase readership in the northeast, east and southeast Twin Cities area with bolstered community sections and more St. Paul news.

The *Pioneer Press & Dispatch* (daily circulation 190,000), takes a single-city approach, selling a few thousand copies each day in Minneapolis news stands. The *Star & Tribune* has a circulation of 35,000 in St. Paul territory.

Competition between business publications has pepped up, with MCP Inc., buying four business magazines from Edina, Minn.-based Dorn Communications for $4 million. MCP subsequently spiked one publication, the *Minnesota Business Journal*, and announced plans to publish its bi-weekly *CityBusiness Minneapolis-St.Paul* on a weekly basis within 18 months.

Machelek Publishing, Minneapolis, will debut in January the *Business Journal of Minnesota*, a "how-to" monthly magazine aimed at small and medium-size businesses. The *Minnesota Real Estate Journal* beat *CityBusiness* to the punch, becoming the first weekly business publication.

The Minnesota Legislature, after years of budget deficits and personal income tax surcharges in the early 1980s, cut corporate and personal income taxes $1.4 billion in the last two years.

Cable tv continued to struggle in Minneapolis, with Rogers Cablesystems wiring far fewer city households than it projected and, finally, asking the city for financial help. Continental Cablevision is wiring St. Paul.

The Twin Cities is served by five vhf and five uhf tv stations, with the CBS affiliate, WCCO-TV, leading the pack with a 6.8 rating, 27 share. United Television's indie, KMSP-TV, is one of the stronger uhfs in any market, at 3.1/12, according to A.C. Nielsen's May report. In radio ratings, WCCO-AM far outdistances other members of that market, which includes 15 am and 17 fm stations.

RANK **9**

Nassau-Suffolk, N.Y.

Little Plum

($ in thousands)

1985 vital statistics

Population	2,644,700
Disposable income	$42,926,596

The numbers tell in brief what

Little Rock, Arkansas
A market profile.

		Little Rock Metro	% Gazette Coverage Daily	Sunday
TOTAL ADULTS		350,200	41%	53%
SEX	Male	163,700	41	55
	Female	186,600	40	51
AGE	18-24	56,700	36	51
	25-34	92,300	40	53
	35-44	67,600	38	47
	45-54	43,700	42	57
	55-64	40,700	46	62
	65 & Over	49,300	45	52
HOUSEHOLD INCOME	$20,000-$24,999	49,600	40	54
	$25,000-$34,999	76,600	39	58
	$35,000 & Over	84,200	58	66
	$50,000 & Over	39,800	63	68
EDUCATION	High School Graduate	130,200	37	48
	Part College	76,200	49	62
	College Graduate	48,500	64	73
MARITAL STATUS	Married	225,800	43	54
	Single	56,100	41	59
	Other	68,400	33	45
OCCUPATION	White Collar	145,600	51	61
	Blue Collar	61,700	27	45
	Other Employed	25,200	36	50
RACE	White	286,400	40	53
	Non-White	63,900	42	54
TENURE	Own	240,800	42	55
	Rent	109,500	37	49
TYPE OF DWELLING	Single Family Unit	257,500	42	55
	Multi-Family Unit	46,800	44	53

Source Simmons-Scarborough 1985 Newspaper Ratings Study
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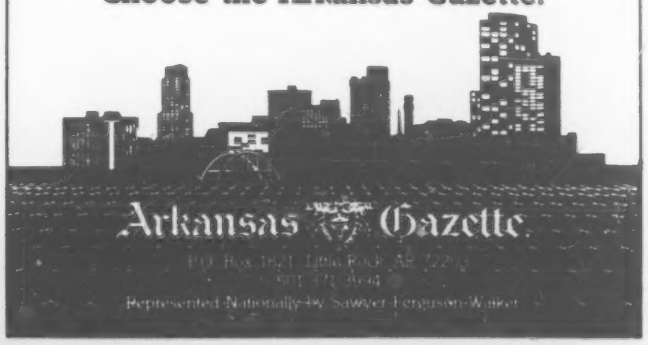

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makes Long Island's Nassau-Suffolk metro area a desirable place for marketers: No. 1 in the nation in media household effective buying income with about a $2,000 lead over a nearby rival in Connecticut; by Zip codes the nation's two wealthiest enclaves are Nassau County's Great Neck and Roslyn with after-tax incomes of $74,552 and $70,338, respectively.

But reaching the affluent and others of Long Island is tricky. The media scene in Nassau-Suffolk is heavily influenced by New York City print and electronic media. Times Mirror Co.'s *Newsday* has been the only daily based on Long Island. Skip Ackerman, president of Ackerman Advertising in Glen Head, says *Newsday* has 60% household penetration. That provides one buy for the market "but everybody else is in it. It's a daily catalog and it suffers from clutter."

The electronic side lacks such clarity. Long Island has 15-20 radio stations serving fragmented markets. On the other hand, it has no vhf stations, only public station WLIW-TV and a small uhf commercial station, WLIG-TV.

Nassau contains 64 incorporated villages and 68 unincorporated areas in three towns; Suffolk has 29 incorporated villages in nine towns. In the shadow of New York, they lack a common history or perspective.

Non-islanders also grope for a handle on the place. A survey by Elaine Sherman, professor at Hofstra University's School of Business, revealed that business people around the nation know more about Nassau-Suffolk's housing and traffic woes than its cultural and environmental attributes.

Those are, however, legitimate concerns. A spokeswoman for *Long Island Business*, a weekly publication which compiles the "Long Island Almanac," says traffic, taxes, utility rates and water supply are worrisome: "Companies have left because of electric rates and the lack of unskilled labor."

The economic scene in Nassau-Suffolk has developed a sort of Silicon Suburb of 2,000 hi-tech companies. A survey found the Island will add 17,000 engineering jobs by 1990, a 9.1% growth rate. Defense work done by companies like Grumman, Sperry, Fairchild and Republic account for 30% of the Island economic activity. The over-all unemployment rate in November, 1985, was 4%, down from 1983's 6.4%. The rate for fiscal 1986 was projected at 3.6% by the state department of labor.

Grumman Corp., Bethpage, an aerospace company, has the largest number of employes, 22,000. Next is the Roman Catholic Diocese of Rockville Centre, 12,500. New York Telephone, Sperry Corp. and Long Island Lighting Co. (LILCO) rounded out the top five, according to a survey by "LIA" Business' Research Bureau. The largest retailer, with 10 stores, was TSS-Seedmans.

According to Cushman & Wakefield of Long Island, in Garden City, the area had 2.1 million sq. ft. of new office space construction entering the market in 1985. The rental rate averaged $20.50 per sq. ft., with a 10% vacancy rate. Suffolk, the larger and less developed county, is experiencing the bulk of industrial project development. Figures from *Long Island Business* show that the eight largest projects under construction last year were all in Suffolk county, as were 41 of the top 50.

The area also has undergone a hotel boom. *Long Island Business* counted 15 proposals for expansions or new constructions last January, which it interprets as businesses looking for quality accommodations close to their locations.

The ethnic composition as of 1980 was 91.7% white, 6.2% black and 3.9% Hispanic. The Island is greying, as few families can afford housing there. That results in a lower school population. The state educaton department put actual public school enrollment at 432,400 for 1984-1985, falling to 391,700 for 1990-1991.

The Long Island lifestyle differs considerably from New York City's. Mr. Ackerman notes, "It's a lot more home oriented, with more home entertaining and activities." The typical home may have four or five tv sets, for example.

Out of the home, islanders have plenty of outdoors activities. The south shore of the island boasts Fire Island and other playgrounds of the rich and famous. The two counties have 20 state parks with 25,000 acres of space. Jones Beach and Robert Moses State Park and other beaches provide room for fun in the sun for islanders and city residents. Nassau-Suffolk have 1,600 miles of shoreline.

Mitchel Field in Uniondale has been developed as a culture and entertainment center for Nassau County, with the 18,000-seat Nassau Veterans Memorial Coliseum (home of the National Hockey League's Islanders) and its 60,000-sq. ft. exhibition hall. A 391-room Marriott hotel at the site is planning a 200-room expansion. The area also includes Nassau Community College and Hofstra University. To the north is Roosevelt Field, a major shopping center.

RANK
32

New Orleans, La.

Crescent City

($ in thousands)

1985 vital statistics

Population	1,324,400
Disposable income	$14,118,527

In 1986 Cajun cuisine was sweeping the nation, and everyone dreamed of crawfish and blackened red fish. Yet the city of New Orleans was preoccupied with a quagmire of a different sort: The Crescent City was bogged down in a stagnant economic environment stemming largely from continued recession in the oil and gas sector.

New Orleans laid off 1,200 city workers through October. The work week for the remaining 5,800 was reduced to four days at a 20% wage reduction for several months. City workers were to return to a five-day work week this month.

The city earlier this year slashed services and passed more than $6.5 million in new taxes to try to offset a $30 million deficit in the 1986 budget. Unemployment of 11.1% in the first quarter ranked fourth highest among the nation's 50 largest cities; in September it stood at 10.8%.

New Orleans' plight is part of a larger statewide problem. Having depended too much on the now-capped oil and gas gusher, Louisiana has led the nation in unemployment for some time. In June, the jobless rate in the Pelican State hit 13.8% for one of its highest counts, but slipped back to 12.5% by September. Such widespread economic woes have translated into reduced state aid for New Orleans.

The economic dilemma of the city got national attention with the bankrupt 1984 World's Fair, which collapsed with over $100 million in losses. Yet it has been said that New Orleans accepts disaster with equanimity. Indeed, the story of its present monetary misery is almost a tale of two cities: The financially crippled Crescent City is pressing forward through pivate investors, embarking on a citywide revitalization effort.

The Rouse Corp.'s Riverwalk, a $58 million festival marketplace, opened in August on a half-mile of riverfront in the International Pavilion of the World's Fair. The complex has 114 specialty shops and restaurants (half local, half national) with 35,000 sq. ft. of glass to showcase the Mississippi.

Less than half a mile away is another such marketplace, The Jackson Brewery, which doubled in size this fall to 140,000 sq. ft. with its Millhouse expansion. A drawing card is its French Quarter location—the historic brew-

house of Jax Beer, built in 1891 and now restored by the Jackson Brewery Development Corp.

Between these two is Canal Place, a Houston-style mall open since 1984; neighboring Jefferson Parish boasts two other large, new complexes—the Esplanade Mall, which welcomed Macy's this fall, and Galleria, a mixed-use development with phased openings over the next seven years.

The question is: Can New Orleans's sluggish economy support such intense expansion? Industry experts elsewhere predicted a bloodbath, but city economists say a strong tourism promotion could supply enough buyers to support the centers. Studies that showed 70% of the trade would come from tourism are proving accurate, but Riverwalk officials say repeat local business is picking up and tourists appear to be making the entire mall circuit. Tourism is New Orleans' No. 2 industry, with 1,073 conventions in 1985 and 768,753 delegates. Jackson Brewery reported 5 million visitors last year.

McGraw-Hill's "F.W. Dodge Reports" indicate construction activity topped $1 billion in 1985, up from $882 million in 1984. Nonresidential made up $578 million of the tally.

Other construction focuses on improving transportation, important to a metropolitan area that now faces very heavy freeway traffic with an average daily commute of 55.9 minutes. A second parallel span to the Greater New Orleans Bridge is to be completed by 1988, with an eventual 10 lanes instead of the present four. A riverfront streetcar line also is planned.

Meanwhile, the city's second black mayor in history, Sidney Barthelemy, continues to battle the financial crunch. Voters in September rejected by 61% a property tax that would have charged landowners $195 per lot. The city is considering another controversial tax that would assess 1.5% on earnings above $5,000 for all New Orleans workers, regardless of whether or not they live in the city.

The metropolitan statistical area of the New Orleans region actually consists of six parishes (counties): Orleans, Jefferson, St. Tammany, St. Bernard, St. Charles and St. John. The Economic Development Council also includes Plaquemines and St. James parishes in its over-all River Region picture. Population movement in recent years has been to outlying bedroom communities with St. Tammany Parish, for example, posting a 111.8% increase from 1970-84. Better quality of life and lower crime rates are cited as influencing factors.

The region's oil and gas industry—at $969 million—accounts for 3% of the nation's entire mining sector. Port-related activities are also strong, with the lower Mississippi River amassing 9% of the nation's total water transportation sector. Top private employer is Avondale Shipyards.

New Orleans is served by one daily newspaper, 12 am and 12 fm radio stations, seven tv stations and one cable company. WWL-TV (CBS), regarded as having the strongest local news slot, pulled a 10.8 rating, 32 share to lead nearest competitor, WDSU-TV (NBC), 7.5/22, according to A.C. Nielsen May reports. Arbitron gives radio station WYLD-FM a 15.5 share, outdistancing WEZB-FM with 10.1.

RANK **1**

New York

Big Apple

($ in thousands)

1985 vital statistics

Population	8,465,800
Disposable income	$116,792,146

The celebration last July of the Statue of Liberty's centennial was a typical New York City extravaganza—huge, hype-heavy, by turns solemn and silly, bold and crowded. The symbol in the harbor drew the attention of the nation to its largest city, as if it needed the scrutiny. News happenings in New York often have strong national repercussions because so many leading corporations call the Big Apple home.

It's big in every sense. New York ranks at the top in nine ADI categories, finishing second in passenger cars to Los Angeles. New York's households equal 7.7% of the U.S. total. Estimated population in 1985 was 8.5 million, up 2.3% from the 1980 census.

In that environment, national stories are often local events. The boardroom wars of the Big Three networks became a local story because ABC, CBS and NBC all have their headquarters within blocks of each other on Manhattan's West Side. WNBC leads the o&o stations in the rankings with 7.2 rating, 20 share, slightly ahead of WABC, 7/19, according to A.C. Nielsen's May report.

The turmoil of changing ownership affecting the networks—ABC bought by Capital Cities, NBC (RCA) by General Electric, and CBS falling to the control of Loews Corp.'s Laurence Tisch—also hit independent stations. Metromedia sold WNEW-TV to Rupert Murdoch's News America Publishing, which changed the call letters to WNYW-TV. Mr. Murdoch won a two-year waiver of FCC cross-ownership rules to give him time to find a buyer for the ailing *New York Post*. In May, News America sold the weekly *Village Voice* to Leonard Stern, head of Hartz Mountain Corp.

The action extended to the city's radio market. Capital Cities/ABC Inc.

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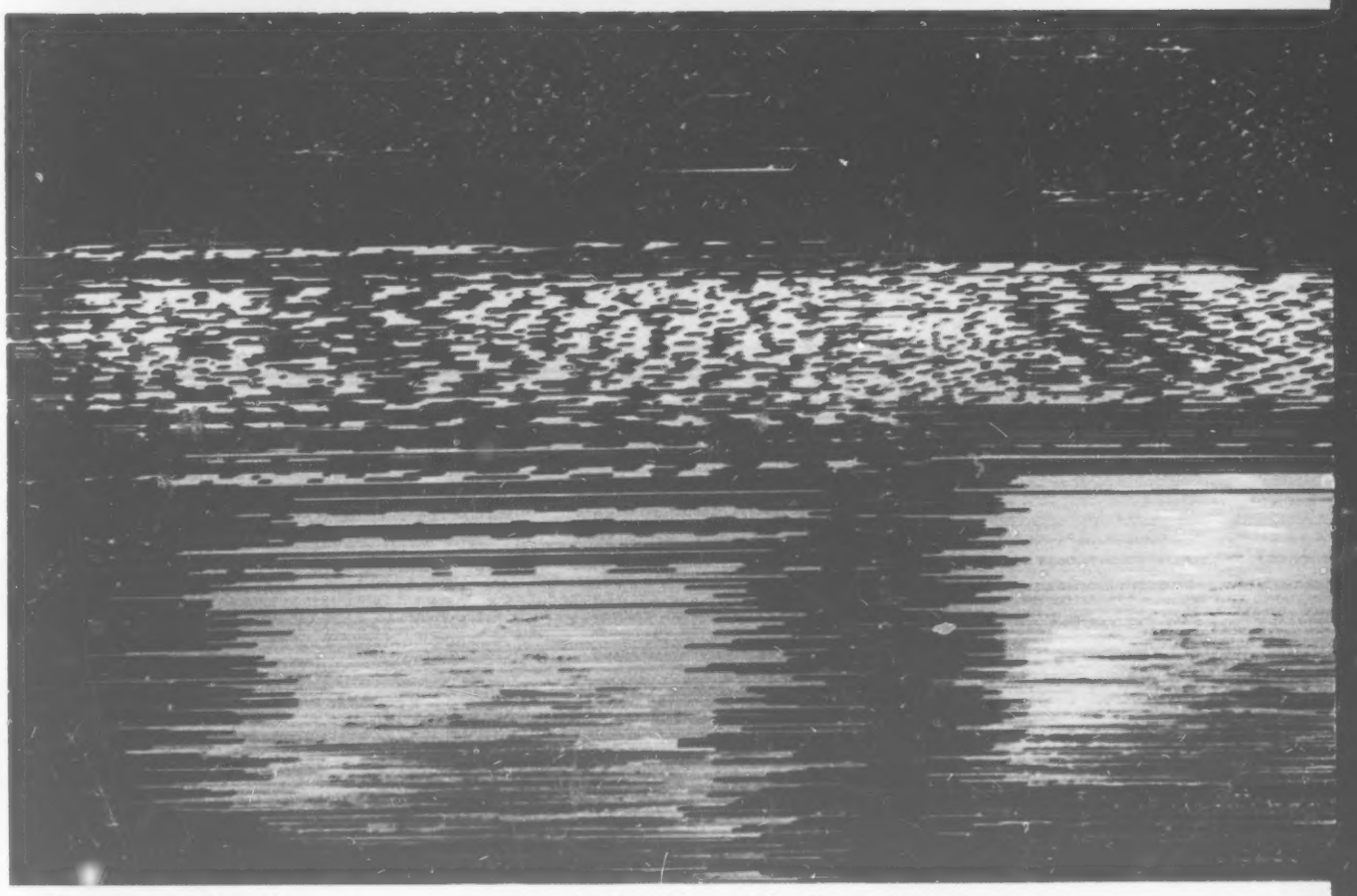

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DATAFILES:
MEDIA

Top 35 prime time shows by networks' 30-second price

Rank	Show	30-sec. price	Network	Rating	Share
1	Cosby Show	$380,000	NBC	35.2	53
2	Family Ties	300,000	NBC	33.3	49
3	Cheers	230,000	NBC	29.6	42
4	Moonlighting	215,000	ABC	23.8	36
5	Who's the Boss	215,000	ABC	22.0	34
6	Night Court	206,000	NBC	25.2	38
7	Growing Pains	205,000	ABC	22.7	34
8	Miami Vice	195,000	NBC	17.4	28
9	Dynasty	185,000	ABC	17.4	27
10	Golden Girls	175,000	NBC	26.0	44
11	60 Minutes	161,000	CBS	23.6	37
12	Murder, She Wrote	156,000	CBS	26.1	38
13	Newhart	151,000	CBS	20.0	29
14	Designing Women	150,000	CBS	17.4	25
15	Hill Street Blues	148,000	NBC	16.9	29
16	Dallas	145,000	CBS	22.4	36
17	NBC Monday Night at the Movies	145,000	NBC	19.3	30
18	L.A. Law	139,000	NBC	15.6	27
19	NFL Monday Night Football	135,000	ABC	17.8	30
20	NBC Sunday Night at the Movies	134,000	NBC	18.4	30
21	Knots Landing	132,000	CBS	16.1	24
22	Valerie	132,000	NBC	15.5	23
23	ABC Sunday Night Movies	131,000	ABC	16.5	25
24	Amen	131,000	NBC	20.6	35
25	Hotel	130,000	ABC	15.2	26
26	Highway to Heaven	128,000	NBC	17.9	28
27	Jack & Mike	125,000	ABC	14.6	25
28	St. Elsewhere	125,000	NBC	14.3	25
29	Kate & Allie	122,000	CBS	18.5	28
30	227	120,000	NBC	19.4	33
31	Cagney & Lacey	120,000	CBS	16.0	26
32	CBS Sunday Night Movie	118,000	CBS	18.3	29
33	Amazing Stories	117,000	NBC	14.0	21
34	Perfect Strangers	116,000	ABC	16.3	26
35	Matlock	115,000	NBC	17.9	27

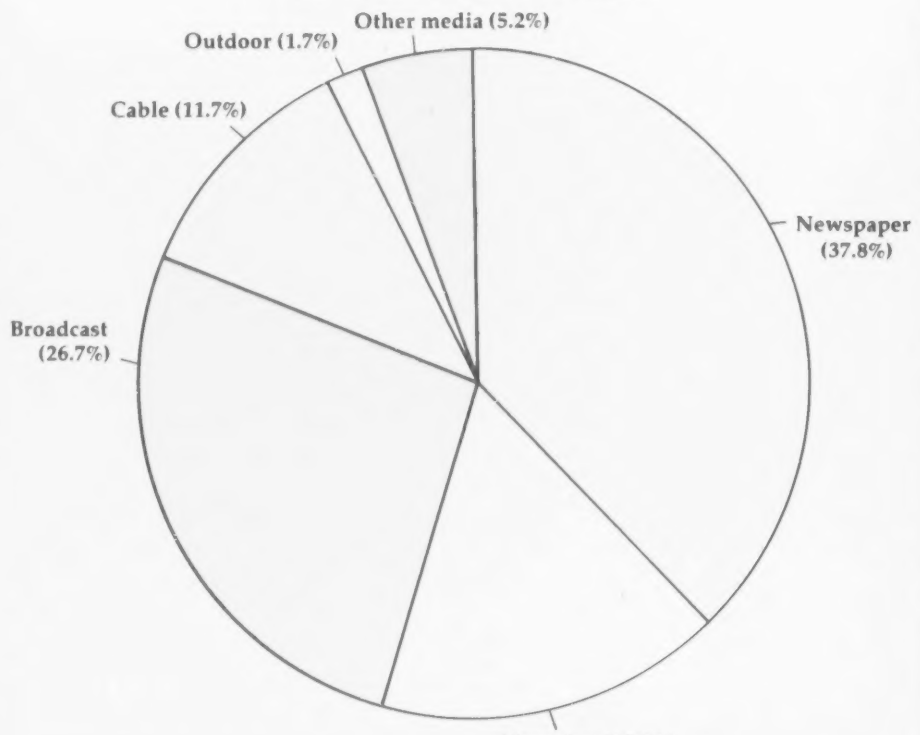
NOTE: Rating is % of all tv households watching the program; share is % of all viewing tv households. Figures given are season-to-date, Sept. 22 to Nov. 23.
Sources: 30-sec. prices from Advertising Age, Sept. 29, 1986; rating and share from A.C. Nielsen Co.

100 media cos. revenues

Media	Total revenues 1985	Total revenues 1984	% chng	Cos. with revenue 1985	Cos. with revenue 1984
Newspaper	$19,909	$18,110	9.9	52	51
Magazine	8,920	8,158	9.3	43	43
Broadcast	14,060	13,228	6.3	55	52
Cable	6,148	5,377	14.4	37	38
Outdoor	895	702	27.5	8	6
Other	2,736	2,210	23.8	10	10
Total	52,668	48,097	9.5	100	100

NOTE: Dollars in millions

Revenues by media as % of $52.7 billion



Leading print properties

Top 10 newspapers by daily circulation

Rank	Newspaper	Daily circulation	Parent company	Newspaper revenues
1	*Wall Street Journal*	1,952,283	Dow Jones & Co.	$844
2	*New York Daily News*	1,270,926	Tribune Co.	1,357
3	*USA Today*	1,179,052	Gannett Co.	1,680
4	*Los Angeles Times*	1,086,383	Times Mirror Co.	1,620
5	*New York Times*	1,001,694	New York Times Co.	1,109
6	*New York Post*	731,668	News America Corp.	435
7	*Washington Post*	748,019	Washington Post Co.	556
8	*Chicago Tribune*	744,969	Tribune Co.	1,357
9	*Detroit News*	680,800	Gannett Co.	1,680
10	*Detroit Free Press*	656,477	Knight-Ridder Newspapers	1,534

Top 10 magazines by circulation

Rank	Magazine	Frequency	Circulation	Revenues	Parent company	Mag. revs.
1	*Reader's Digest*	12X	17,300,101	$111	The Reader's Digest Assn.	$197
2	*Modern Maturity*	6X	13,597,330	26	Maturity Magazines Group	N/A
3	*National Geographic*	12X	10,690,714	32	National Geographic Society	220
4	*TV Guide*	weekly	8,685,907	314	Triangle Publications	648
5	*Better Homes & Gardens*	12X	8,012,035	123	Meredith Corp.	228
6	*Family Circle*	17X	6,553,883	146	New York Times Co.	217
7	*Woman's Day*	17X	5,631,835	107	CBS Inc.	385
8	*McCall's*	12X	5,275,428	81	McCall Publishing Co.	153
9	*Good Housekeeping*	12X	5,141,693	142	Hearst Corp.	569
10	*Time*	weekly	4,832,395	347	Time Inc.	1,482

NOTE: Newspaper and magazine revenues in millions.
Sources: Newspaper circulation from Audit Bureau of Circulations FAS-FAX averages for six months ended Sept. 30, 1986; magazine circulation from Audit Bureau of Circulations FAS-FAX averages for six months ended June 30, 1986. Individual 1985 magazine revenues are from Publishers Information Bureau. Parent company estimated revenues for total 1985 newspaper and magazine holdings taken from Advertising Age 100 leading media companies, June 30, 1986.

THE AVERAGE ANNUAL FAMILY INCOME OF DIARIO LAS AMERICAS READERS IS $28,050.

When it comes to reaching the people who buy what you're selling, Diario Las Américas readers have what it takes. A whopping 60.5% own their own home. More than 92% have one or more cars. They spend an average of $102.60 per week in the supermarket. And 77.8% have and use credit cards.

For complete information about the upscale Diario Las Américas audience, call Enrique J. Pérez, Advertising Director, and ask for your free copy of Diario's Reader Profile, conducted by Strategy Research Corporation.

Diario Las Américas

The Spanish-language Daily Newspaper
Founded July 4, 1953

Diario Las Américas
2900 N.W. 39th Street
Miami, Florida 33142 USA
(305) 633-3341

Represented nationally by
Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWOAO)

DATAFILES: AGENCIES

Top 10 agencies in magazine billings

Rank	Agency	Mag. billings 1985	Mag. billings 1984	U.S. billings 1985	U.S. billings 1984
1	Ogilvy Group	$368.8	$276.1	$1,694.5	$1,497.9
2	Doyle Dane Bernbach Group	300.4	233.3	1,099.4	981.7
3	Young & Rubicam	284.5	315.5	1,656.4	1,632.3
4	Bozell, Jacobs, Kenyon & Eckhardt	220.0	NA	1,100.0	935.2
5	Grey Advertising	207.7	175.9	1,221.9	1,034.6
6	J. Walter Thompson Co.	203.8	182.4	1,604.2	1,387.3
7	Foote, Cone & Belding	197.5	156.3	1,323.0	1,214.0
8	Leo Burnett Co.	190.5	181.3	1,269.9	1,132.9
9	BBDO International	180.1	221.5	1,296.1	1,109.7
10	N W Ayer	144.1	122.0	652.0	652.5

Top 10 agencies in newspaper billings

Rank	Agency	Newsp. billings 1985	Newsp. billings 1984	U.S. billings 1985	U.S. billings 1984
1	Foote, Cone & Belding	$213.2	$239.7	$1,323.0	$1,214.0
2	Bozell, Jacobs, Kenyon & Eckhardt	147.4	NA	1,100.0	935.2
3	Ogilvy Group	145.5	97.4	1,694.5	1,497.9
4	Young & Rubicam	133.1	138.0	1,656.4	1,632.3
5	J. Walter Thompson Co.	129.1	137.8	1,604.2	1,387.3
6	Doremus & Co.	121.3	119.1	173.2	152.7
7	Doyle Dane Bernbach Group	101.8	86.8	1,099.4	981.7
8	Grey Advertising	97.8	82.8	1,221.9	1,034.6
9	Leo Burnett Co.	88.9	90.6	1,269.9	1,132.9
10	Wells, Rich, Greene	76.1	80.3	633.8	618.0

Top 10 agencies in network tv billings

Rank	Agency	Net tv billings 1985	Net tv billings 1984	U.S. billings 1985	U.S. billings 1984
1	Ogilvy Group	$772.4	$880.5	$1,694.5	$1,497.9
2	Young & Rubicam	735.0	845.4	1,656.4	1,632.3
3	Leo Burnett Co.	647.7	555.1	1,269.9	1,132.9
4	Grey Advertising	623.2	496.6	1,221.9	1,034.6
5	D'Arcy Masius Benton & Bowles	570.5	624.8	1,202.6	1,359.8
6	J. Walter Thompson Co.	564.5	473.7	1,604.2	1,387.3
7	BBDO International	450.4	396.5	1,296.1	1,109.7
8	Ted Bates Worldwide	443.8	369.7	785.1	672.7
9	Foote, Cone & Belding	443.6	414.5	1,323.0	1,214.0
10	Dancer Fitzgerald Sample	307.7	280.6	861.9	750.2

Top 10 agencies in spot tv billings

Rank	Agency	Spot tv billings 1985	Spot tv billings 1984	U.S. billings 1985	U.S. billings 1984
1	Young & Rubicam	$478.8	$456.9	$1,656.4	$1,632.3
2	Foote, Cone & Belding	357.7	307.3	1,323.0	1,214.0
3	J. Walter Thompson Co.	343.6	297.0	1,604.2	1,387.3
4	D'Arcy Masius Benton & Bowles	316.3	383.4	1,202.6	1,359.8
5	Dancer Fitzgerald Sample	299.1	267.8	861.9	750.2
6	Ogilvy Group	280.7	241.8	1,694.5	1,497.9
7	Bozell, Jacobs, Kenyon & Eckhardt	275.0	NA	1,100.0	935.2
8	BBDO International	265.0	216.0	1,296.1	1,109.7
9	Doyle Dane Bernbach Group	226.5	197.5	1,099.4	981.7
10	Grey Advertising	213.8	206.9	1,221.9	1,034.6

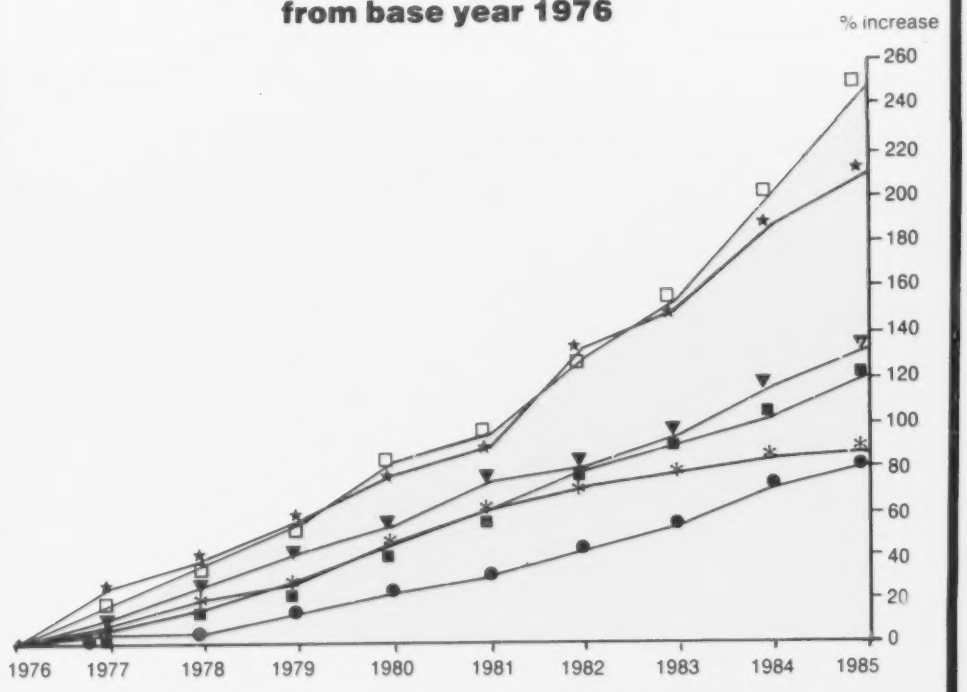
NOTE: Dollars in millions. Ranking taken from 92 of the top 100 agencies as published in Advertising Age, March 27, 1986. Billings of subsidiaries listed in that issue are not included in parent company totals here.

Top 10 U.S. agency super groups

Rank	Super group	Billings in 1985 Worldwide	Billings in 1985 U.S.
1	Saatchi & Saatchi Co. plc* (including Bates)	$7,632.4	$4,652.1
2	Omnicom**	5,016.9	3,743.1
3	Interpublic Group of Cos.***	4,827.9	2,351.9
4	JWT Group	3,817.4	2,365.8
5	Young & Rubicam †	3,575.3	2,272.0
6	Ogilvy Group	3,398.7	2,128.9
7	Foote, Cone & Belding Communications ††	2,191.6	1,721.6
8	D'Arcy Masius Benton & Bowles	2,181.3	1,333.1
9	Leo Burnett Co.	1,868.5	1,269.9
10	Grey Advertising	1,729.5	1,221.9

NOTE: Billings in millions. Super groups include agencies and agency holding companies, but the latter only if the primary business is advertising. Totals represent figures reported by agencies in the Agency Income Report, Advertising Age, March 27, 1986.
* Includes Saatchi & Saatchi Co. plc as comprised in 1985, Ted Bates Worldwide (including Kobe & Brady), Backer & Spielvogel and Dancer Fitzgerald Sample.
** Includes Ingalls & Associates bought by BBDO, (now Ingalls, Quinn & Johnson), but excludes Rubin Postner & Associates, the former Needham Los Angeles shop.
*** Includes Sieber McIntyre bought by McCann-Erickson, an IGC agency.
† Includes Fallon McElligott Rice (now Fallon McElligott) bought by Scali, McCabe, Sloves, an Ogilvy subsidiary.
†† Includes Leber Katz Partners.

Advertising Age 500 index from base year 1976



Top agencies' media billings as % of Ad Age 500

Media	Top 25 agencies U.S. billings 1985	Top 25 agencies U.S. billings 1984	Top 25 agencies % chng.	Top 25 agencies $ as % of top 500 U.S. billings 1985	Top 25 agencies $ as % of top 500 U.S. billings 1984	Top 100 agencies U.S. billings 1985	Top 100 agencies U.S. billings 1984	Top 100 agencies % chng.	Top 100 agencies $ as % of top 500 U.S. billings 1985	Top 100 agencies $ as % of top 500 U.S. billings 1984	Top 500 agencies U.S. billings 1985	Top 500 agencies U.S. billings 1984	Top 500 agencies % chng.
Newspapers	$1,659.2	$1,529.0	8.5	48.1	50.9	$2,243.7	$2,067.4	8.5	65.0	68.8	$3,451.8	$3,006.7	14.8
Business papers	225.6	210.2	7.3	24.8	26.1	336.8	306.7	9.8	37.1	38.2	908.2	804.0	13.0
Medical journals	131.9	87.1	51.4	32.2	28.0	136.0	87.1	56.1	33.2	28.0	409.5	311.6	31.4
Magazines	3,257.5	2,836.9	14.8	56.2	58.2	4,321.8	3,700.0	16.8	74.6	75.9	5,794.7	4,877.2	18.8
Supplements	132.5	96.2	37.8	59.8	52.3	161.7	128.0	26.3	72.9	69.6	221.7	183.9	20.6
Farm publications	66.0	64.6	2.1	40.9	41.0	71.2	66.8	6.6	44.1	42.3	161.5	157.8	2.3
Radio	1,193.9	948.5	25.9	46.4	46.9	1,641.2	1,294.7	26.8	63.8	64.0	2,572.2	2,022.6	27.2
Network tv	7,485.6	7,025.2	6.6	79.3	82.1	8,720.6	8,001.7	9.0	92.4	93.6	9,439.0	8,551.8	10.4
Spot tv	4,397.5	3,701.5	18.8	57.0	58.7	5,825.0	4,898.7	18.9	75.5	77.7	7,710.2	6,301.2	22.4
Cable tv	270.3	181.8	48.7	65.2	68.5	344.2	223.8	53.8	83.0	84.4	414.8	265.3	56.4
Transit advertising	8.0	12.0	(32.9)	12.4	20.8	35.2	39.6	(11.1)	54.4	68.8	64.7	57.5	12.5
Outdoor	443.1	464.9	(4.7)	56.6	62.4	584.2	600.7	(2.8)	74.6	80.6	783.3	745.7	5.0
Direct response*	825.9	507.0	62.9	39.6	38.3	1,197.7	734.5	63.1	57.5	55.5	2,084.3	1,323.3	57.5
Point of sale	57.8	26.7	116.8	31.8	19.8	81.7	58.7	39.1	45.0	43.6	181.5	134.6	34.8
Other	738.0	511.7	44.2	59.0	53.7	816.2	617.1	32.3	65.2	64.8	1,251.8	952.5	31.4
TOTALS	20,892.7	18,203.2	14.8	58.9	61.3	26,517.3	22,825.6	16.2	74.8	76.9	35,449.1	29,695.7	19.4

NOTE: Dollars in millions. *Direct response includes Yellow Pages, direct mail, catalogs, direct response tv, direct response radio, direct response newspaper, direct response magazine, telemarketing and freestanding inserts.

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

December

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Art & antiques —				
Art & Antiques	51.2	37.3	568.8	343.1
Southwest Art	85.7	92.7	892.9	1,031.3
Total Group	136.9	129.9	1,461.7	1,374.4
% change		+5.3%		+6.3%
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	150.5	127.5	1,631.1	1,576.4
Car & Driver	77.1	89.7	—	—
Car Collector & Car Classics	22.8	15.5	208.7	217.0
Car Craft	57.4	69.0	875.8	907.8
Circle Track	48.3	45.3	716.9	626.3
Cycle	28.2	37.4	—	—
Cycle Guide (11X)	28.6	30.3	436.0	430.1
Cycle World	29.1	31.5	—	—
Dirt Rider	48.5	62.1	470.2	421.1
Dune Buggies & Hot VWs	75.3	95.3	1,028.4	1,130.6
Family Motor Coaching	129.3	121.4	1,716.0	1,723.8
4 Wheel & Off-Road	76.3	89.2	1,027.6	976.3
Hot Rod	39.4	50.6	728.7	747.2
Motorcyclist	16.5	16.0	496.4	426.1
Motor Trend	80.9	76.2	804.0	894.9
Motorhome	77.5	76.8	1,073.0	1,118.9
Rider	29.1	39.5	546.5	618.9
Road & Track	114.7	116.9	—	—
3 Wheeling	49.6	80.8	657.4	748.6
Trailer Life	86.3	91.3	1,300.4	1,418.1
Total Group	1,265.4	1,362.3	13,747.1	13,952.1
% change		−7.1%		−1.7%
— Boating & yachting —				
Boating	118.1	104.0	—	—
Chesapeake Bay	27.5	22.1	464.3	392.9
Cruising World	91.8	89.5	1,535.5	1,632.3
Lakeland Boating (10X)	57.0	54.0	686.1	645.0
Motor Boating & Sailing	119.7	117.0	1,961.3	1,930.3
Sail	69.3	79.0	1,310.1	1,499.2
Small Boat Journal(6X)	38.7	39.2	287.9	273.1
Trailer Boats(11X)	23.1	24.4	446.9	370.2
Western Boatman(6X)	31.0	33.1	226.3	266.9
Yachting	106.4	125.8	1,659.3	1,942.3
Total Group	682.5	688.0	8,577.7	8,952.2
% change		−0.8%		−4.2%
— Canadian —				
L'Actualite	94.4	100.8	1,027.0	857.1
Chatelaine				
English Edition A.	74.6	110.3	1,095.4	1,155.0
French Edition	72.5	96.8	947.6	952.2
City & Country Home(8X)	68.6	87.7	619.2	473.5
Flare A.	58.9	69.7	964.4	841.2
Harrowsmith-Canada	44.0	23.0	239.0	194.0
Macleans (52X) A.	98.4	151.4	1,563.2	1,547.2
Moneywise	47.4	33.9	438.3	420.1
Reader's Digest				
Canadian-English A.	65.8	77.3	812.1	896.3
Canadian-French A.	47.5	68.5	669.9	693.7
Total Group	672.1	819.4	8,376.1	8,030.3
% change		−18.0%		+4.3%
— Civic/fraternal —				
American Legion	17.1	14.6	290.8	300.4
Elks (10X)	—	—	187.9	194.2
Kiwanis	—	—	181.3	172.8
Lion (10X)	—	—	—	—
Rotarian	13.3	9.9	177.5	132.8
V.F.W. (11X)	19.8	15.2	304.8	294.8
Total Group	50.2	39.7	1,142.3	1,095.0
% change		+26.4%		+4.3%
— Comics —				
DC Comics	7.0	9.0	65.5	85.0
Marvel Comics Group	8.0	6.0	92.0	83.5
Total Group	15.0	15.0	157.5	168.5
% change		+0.0%		−6.5%
— General —				
American Health (10X)	48.7	56.2	614.4	559.0
American West (6X)	33.0	47.6	234.5	223.0
The Atlantic A.	34.3	55.5	458.8	578.9
Audubon Magazine (6X)	—	—	—	—
Bon Appetit A.	129.4	107.0	1,058.9	1,102.9
Changing Times	44.1	42.4	626.6	491.0
Connoisseur	72.7	87.2	881.7	838.2
Consumers Digest (8x)	23.3	13.8	173.2	216.0
Ebony	100.6	95.0	1,125.4	1,200.0
Fifty Plus	29.6	28.4	431.9	396.5
Food & Wine	89.2	77.2	688.3	630.7
Games	17.0	24.4	187.1	249.3
Gourmet	121.5	122.7	1,168.8	1,144.1
Harper's A.	21.4	20.9	268.8	300.8
Harrowsmith (6X)	45.9	—	245.2	—
Home Entertainment (8X)	—	—	—	—
Let's Live	42.0	36.0	587.0	489.0
Life	52.2	74.2	787.6	778.5
Modern Maturity (6X)	41.5	45.6	270.0	275.3
Money	145.2	126.8	1,490.0	1,459.8
Mother Earth News (6X)	53.3	38.0	312.6	267.7
Mother Jones (9X)	19.2	17.3	218.4	117.0
National Geographic	26.5	26.2	277.0	301.1
Natural History	34.8	36.3	484.8	511.8
Prevention	53.9	51.6	736.2	714.1
Psychology Today	25.9	24.6	342.3	304.6
Reader's Digest A.	121.4	109.6	1,178.6	982.4
Saturday Evening Post (9X)	29.5	39.9	336.2	333.5
Signature	71.8	50.8	863.5	681.7
Smithsonian	74.4	80.5	963.0	1,082.2
Sylvia Porter's Personal Finance (10X)	46.0	48.3	418.4	251.0
Town & Country	161.1	158.2	1,625.7	1,745.7
Travel-Holiday	40.5	24.0	513.4	507.5
Travel & Leisure	115.0	80.9	1,264.9	1,268.6
Vanity Fair	—	—	—	—
Writer's Digest	22.7	22.4	301.6	284.0
Yankee	72.7	65.5	931.7	959.1
Total Group	2,060.3	1,934.8	22,066.2	21,214.6
% change		+6.5%		+4.0%
— Home —				
Americana (6X)	—	—	—	—
Architectural Digest A.	139.2	117.5	1,559.1	1,571.7
Better Homes & Gardens	118.3	126.3	1,330.7	1,351.1
Colonial Homes (6X)	69.4	51.5	390.7	365.9
Columbus Monthly-Homes(4X)	—	—	105.4	47.1
Country Home (6X)	63.3	31.7	298.6	195.4
Country Journal	67.6	55.6	882.8	835.4
Dallas/Ft. Worth Home & Garden	72.2	89.6	918.7	1,010.5
Family Handyman (10X) A.	41.4	43.3	569.2	641.9
Flower & Garden (6X)	38.0	42.6	228.6	248.0
Home Mechanics	37.7	51.3	—	—
The Homeowner (10X)	18.1	16.9	300.3	282.4
Horticulture	33.4	34.7	432.5	403.0
House Beautiful	51.1	47.3	844.5	960.7
Houston Home & Garden	61.3	112.0	883.9	1,143.5
Metropolitan Home	46.2	54.9	679.1	770.5
1,001 Home Ideas	33.9	29.0	545.6	586.0
Phoenix Home/Garden	58.0	68.3	819.5	813.5
Practical Homeowner	—	—	467.7	498.3
Rodale's Organic Gardening	42.5	60.4	647.3	659.5
South Florida Home/Garden	30.8	30.0	381.1	462.4
Southern Accents (6X)	—	—	596.7	536.0
Southern Living	125.2	129.2	1,671.0	1,631.9
Sunset Magazine A.	116.9	127.9	1,620.6	1,747.8
Texas Homes	49.9	72.9	703.6	950.7
Workbench (6X)	—	56.0	279.6	320.7
The Workbasket	—	44.2	350.1	385.6
Total Group	1,314.4	1,493.2	17,506.8	18,419.5
% change		−12.0%		−5.0%
— Inflight & other passenger —				
Aboard Group (7)(6X)	—	—	—	—
Alaska Airlines	45.5	53.0	689.3	601.1
America West Airlines	51.6	—	347.1	—
American Way (24X)	77.8	74.9	1,220.1	1,245.3
East/West Network:				
Eastern Review	76.7	86.3	1,152.2	1,143.0
Northwest	34.5	40.2	547.7	510.5
PSA Magazine	79.2	77.7	1,105.1	1,024.5
Pan Am Clipper	38.7	51.2	523.2	727.2
Spirit	94.5	78.0	1,151.1	1,148.0
TWA Ambassador	56.5	—	165.0	—
United	84.8	72.7	1,142.8	1,124.6
Western's World	45.5	61.7	705.2	677.8
Halsey Publications:				
Air Cal	44.7	41.7	615.7	582.1
Delta Sky	61.3	65.2	897.8	884.3
US Air	41.5	39.5	552.2	614.7
Hawaii (6X)	25.7	20.8	328.5	275.5
Pace	64.9	79.8	982.3	857.3
Presidential Airways (6X)	6.8	—	52.0	—
Spirit of Aloha (6X)	26.4	20.3	328.4	272.5
Total Group	956.5	863.0	12,505.5	11,688.4
% change		+10.8%		+7.0%
— Men's —				
Esquire A.	156.3	220.3	1,247.2	1,400.7
Firehouse Magazine (13X)	40.2	46.7	542.1	589.3
Gentlemen's Quarterly A.	167.2	175.7	1,917.8	1,865.6
M Magazine	81.2	65.3	777.5	673.3
Penthouse A.	55.7	54.5	460.9	489.8
Playboy A.	72.5	103.6	732.2	894.3
Salute	25.8	—	142.4	—
Total Group	598.7	666.1	5,820.0	5,912.8
% change		−10.1%		−1.6%
— Metropolitan —				
Atlanta	72.5	97.7	659.6	709.0
Baltimore	118.2	121.4	1,000.3	1,024.6
Boston	216.7	216.6	1,961.8	1,949.5
California	69.9	93.8	825.6	855.0
Chicago	154.2	185.7	1,640.1	1,719.7
Chicago's North Shore	129.1	129.1	1,057.3	1,019.8
Cincinnati	67.7	789.2	61.1	745.2
Cleveland	101.6	107.4	884.9	991.0
Coast (39X)	61.4	63.3	2,453.1	2,680.6
Columbus Monthly	87.1	81.2	866.2	894.4
Connecticut	101.5	104.2	1,137.4	1,085.3
D/Magazine, Dallas/Ft. Worth	151.4	161.2	1,492.9	1,660.9
Denver	52.5	58.0	443.6	435.0
Detroit Monthly	94.1	137.4	985.8	935.2
Grand Rapids	36.8	38.9	513.4	597.0
Honolulu	69.7	80.6	792.7	782.1
Houston City	—	—	—	—
Louisiana Life (6X)	—	—	248.9	350.9
Madison	77.0	55.0	780.0	722.6
Metropolitan Detroit	91.0	70.3	932.5	873.0
Miami Mensual	47.8	60.0	542.5	497.2
Miami/South Florida	81.0	126.3	793.3	1,143.8
Mid Atlantic Country	—	—	—	—
Milwaukee	92.0	104.8	825.6	834.2
Minneapolis/St. Paul	123.1	132.8	1,228.9	1,263.9
Nashville	56.0	50.0	495.0	492.0
New England Monthly	59.4	40.4	500.8	423.9
New Jersey Monthly	76.6	64.8	960.8	753.3
New Mexico	—	—	—	—
Ohio	41.5	45.3	684.6	783.0
Oregon	—	—	—	—
Orlando	79.7	94.8	1,160.9	1,182.7
Palm Beach Life	107.3	120.8	768.3	892.0
Palm Springs Life	124.5	114.9	1,378.8	1,341.4
Philadelphia	175.2	172.8	1,667.5	1,641.2
Phoenix	97.3	113.9	1,162.3	1,188.5
Pittsburgh	75.2	62.0	821.7	781.9
St. Louis	79.3	72.0	638.6	679.8
San Diego	173.4	159.3	1,673.4	1,864.6
San Francisco (6X)	—	—	—	—
San Francisco Focus	121.2	129.6	1,181.0	1,150.2
Texas Monthly	146.8	149.8	1,496.5	1,562.6
Twin Cities	75.3	86.6	693.6	762.3
Ultra	—	—	—	—
The Virginian	—	—	367.8	324.0
Washington (7X)	40.0	58.0	475.5	252.5
Washington Dossier (11X)	—	—	—	—
The Washingtonian	164.0	188.5	1,867.9	1,979.8
Total Group	3,788.9	4,738.4	40,122.5	41,826.3
% change		−20.0%		−4.1%
— Movie/romance/radio/tv —				
Macfadden's Women's Group:				
Modern Romances	19.8	17.3	262.7	229.9
Secrets	19.8	17.3	262.7	229.9
True Confessions	19.8	17.3	262.7	229.9
True Experience	19.8	17.3	262.7	229.9
True Love	19.8	17.3	262.7	229.9
True Romance	19.8	17.3	262.7	229.9
Sterling Women's Group:				
Daytime TV	25.5	23.5	306.2	332.0
Modern Screen	14.5	15.5	93.7	89.3
Movie Mirror (6X)	14.5	10.0	33.0	97.0
Soap Opera Stars	14.5	16.5	93.1	110.1
TV Movie Screen (6X)	7.3	8.3	50.1	43.6
TV Picture Life (6X)	—	7.0	14.2	40.0
TV Game Show	—	—	—	—
Total Group	195.2	184.3	2,166.3	2,091.3
% change		+5.9%		+3.6%
— Music/entertainment —				
Audio	89.7	75.9	—	—
Dance Magazine	59.4	58.5	624.6	661.9
Musician	70.7	58.7	690.5	710.3
Playbill	55.0	65.8	560.3	616.5
Stereo Review	114.2	75.4	—	—
Video Magazine	111.5	115.0	951.1	932.4
Video Review	69.5	71.2	—	—
Total Group	570.0	520.4	2,826.6	2,921.1
% change		+9.5%		−3.2%
— National Sunday magazines —				
Parade (52X)	42.1	63.9	637.2	660.1
Total Group	42.1	63.9	637.2	660.1
% change		−34.1%		−3.5%
— Outdoor & sport —				
Alaska	46.0	49.4	526.1	532.2
The American Handgunner (6X)	48.0	36.0	229.0	221.0
American Hunter	17.6	11.6	254.1	241.2
American Rifleman	18.4	20.0	294.6	316.0
Backpacker (6X)	—	—	—	—
Bass Master (9X) A.	33.5	42.0	497.5	506.7
Bicycling (9X)	—	—	686.9	819.2
Ducks Unlimited (6X)	—	—	210.6	210.0
Field & Stream	57.0	77.0	1,061.5	1,052.0
Fins & Feathers A.	24.3	36.7	386.1	366.8
Florida Sportsman	93.8	99.1	1,249.5	1,159.8
Flying	40.4	37.3	481.9	548.7
Golf Digest	90.7	83.6	1,104.4	1,065.8
Golf Magazine	46.9	51.1	765.6	736.3
Guns	33.0	37.0	383.0	314.0
Guns & Ammo	48.7	39.6	608.1	552.7
In-Fisherman (6X)	66.5	41.0	474.5	488.0
Muscle & Fitness	115.3	110.0	1,326.4	1,282.7
Outdoor Life	48.8	62.0	902.1	846.5
Outside Magazine	52.4	50.6	592.6	531.0
Petersen's Hunting	51.2	43.9	650.1	573.5
Runner	30.5	29.2	356.7	428.7
Runner's World (13X)	29.0	28.1	368.4	448.5
Salt Water Sportsman	53.9	67.5	978.4	946.5
Sierra	—	—	—	—
Shooting Times	28.5	29.5	442.3	421.9
Ski (8X) A.	167.1	129.6	864.1	783.5
Skiing (7X) A.	150.0	170.1	893.6	959.2
Skin Diver	90.2	77.3	1,104.2	965.4

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. * All affiliated with Sunday Mag/Net. except Los Angeles Times Magazine and New York Times Magazine.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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December

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
Southern Outdoors (9X)	—	—	386.7	322.7
Sport	—	—	—	—
Sports Afield	55.4	82.3	840.2	1,035.7
Tennis	56.3	52.9	838.9	958.6
Waterski (8X)	—	—	—	—
Western Outdoors (10X)	—	—	434.7	425.1
Total Group	**1,593.3**	**1,594.3**	**20,192.9**	**20,059.9**
% change		−0.1%		+0.7%
— Photography —				
American Photographer	40.5	57.2	467.9	510.7
Petersen's Photographic	31.5	33.7	315.6	353.2
Popular Photography	84.1	79.5	—	—
Total Group	**156.1**	**170.4**	**783.5**	**863.9**
% change		−8.4%		−9.3%
— Religious —				
Charisma	47.7	55.8	756.5	715.1
Christian Herald (11X)	25.5	28.7	306.37	347.2
Christian Life	32.8	—	258.7	—
Inside (4X)	85.0	78.3	363.8	329.8
Ministries Today (6X)	43.8	51.3	256.5	182.4
Moody Monthly (11X)	33.2	54.2	463.1	596.2
Total Group	**268.0**	**268.4**	**2,098.5**	**2,170.7**
% change		−0.1%		−3.3%
— Science/electronic/mechanic —				
Discover	49.3	34.0	434.9	417.2
Family Computing	89.5	55.4	591.4	489.2
Info World (52X)	156.0	98.0	1,712.0	1,616.0
Omni	76.3	75.5	726.8	728.1
Personal Computing	136.9	179.1	1,454.3	1,791.6
Popular Mechanics	74.8	90.2	1,085.7	1,155.9
Popular Science	53.8	70.8	794.7	793.4
Scientific American	44.8	43.2	436.4	566.6
Spectrum	69.9	83.5	983.5	1,242.4
Total Group	**751.2**	**729.8**	**8,219.6**	**8,800.5**
% change		+2.9%		−6.6%
— Woman/fashion/service —				
Bride's Magazine (6X) A.	304.4	246.1	2,095.3	1,819.6
Cosmopolitan A.	170.6	185.5	2,445.4	2,457.0
Essence	74.6	76.0	965.4	945.7
Family Circle (17X) A.	199.7	245.3	1,792.3	1,853.1
Family Magazine	53.6	37.2	743.8	476.8
Good Housekeeping A.	193.8	245.5	1,973.9	2,052.1
Harper's Bazaar	113.8	104.8	1,711.5	1,736.9
Health	32.9	36.2	479.5	471.4
Ladies' Home Journal	116.7	133.8	1,350.0	1,369.0
McCall's	115.9	121.5	1,148.7	1,155.5
Military Lifestyle	69.2	32.2	576.9	335.3
Modern Bride (6X)	242.5	233.8	1,794.2	1,711.6
New Woman	70.5	76.4	678.9	887.0
Parents Magazine A.	123.8	113.9	1,228.1	1,130.8
Redbook	116.7	129.1	1,193.3	1,166.5
Seventeen	81.0	77.0	1,376.5	1,437.7
Shape	68.6	65.6	860.5	753.4
Soap Opera Digest (26X)	22.6	30.0	243.2	326.7
'Teen Magazine	50.5	32.4	627.2	579.5
True Story A.	44.0	52.5	573.9	611.3
W Magazine	64.2	61.9	1,382.2	1,349.7
Weight Watchers	25.4	21.2	398.2	332.7
Working Mother	108.0	88.9	942.7	936.6
Working Woman	90.6	95.6	1,298.4	1,240.0
Total Group	**2,553.5**	**2,542.4**	**27,880.0**	**27,135.7**
% change		+0.4%		+2.7%
— Youth —				
Boys' Life	17.9	11.2	198.1	209.0
Campus Life (10X)	48.8	47.0	445.5	521.7
Total Group	**66.7**	**58.2**	**643.6**	**730.7**
% change		+14.6%		−11.9%

November

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Business/national —				
Barron's	221.8	237.1	2,101.0	2,113.5
Black Enterprise	63.2	49.5	792.2	749.2
Business Week (52X) A.	458.9	396.3	3,530.2	3,818.7
Dun's Business Month	49.9	62.2	514.3	550.1
Financial World (26X)	58.3	63.0	682.6	543.8
Forbes (26X)	340.9	374.2	3,048.9	3,315.5
Fortune (26X)	322.1	295.8	2,629.4	3,008.9
Frequent Flyer	67.2	75.9	672.6	706.9
Futures	46.2	48.5	551.5	562.5
High Technology	18.4	33.6	210.6	328.6
Inc. Magazine A.	103.1	129.6	937.2	1,037.7
Income Opportunities	74.6	51.9	610.1	481.4
Industry Week (25X) A.	141.4	113.3	1,090.1	1,016.1
Nation's Business A.	40.7	41.8	382.0	377.1
Savvy	51.3	32.3	375.7	352.6
Venture	86.4	92.9	782.6	814.9
Total Group	**2,144.3**	**2,097.7**	**18,910.8**	**19,777.4**
% change		+2.2%		−4.4%
— Business/regional —				
Advantage-Nashville's Bus. Monthly	80.0	68.0	710.0	565.0
Arizona Bus. Gazette (52X)	40.0	43.0	364.8	330.7
Austin Bus. Journal (52X)	25.7	58.2	451.5	644.3
Baltimore Bus. Journal	90.5	86.7	815.7	749.9
Boston Bus. Journal (52X)	135.4	153.7	1,469.4	1,577.5
Business Atlanta	63.1	70.2	751.7	751.3
Business First of Buffalo	55.7	57.7	637.8	713.0
Business First of Columbus	154.5	82.8	980.7	745.6
Business Journal-Milwaukee	168.1	157.8	1,225.2	1,260.1
Business Journal-Sacramento	55.0	36.0	519.0	492.0
Cincinnati Business Courier	94.5	72.4	898.6	722.1
Corporate Report Kansas City	26.5	39.8	301.8	496.7
Crain's Chicago Bus. (52X)	181.7	203.0	1,818.0	1,789.0
Crain's Cleveland Bus. (52X)	61.1	82.7	709.9	838.7
Crain's New York Bus. (52X)	35.4	44.6	394.4	237.2
Florida Trend (13X)	98.2	99.4	922.7	1,029.1
Georgia Trend	69.5	50.2	616.2	155.2
Grand Rapids Bus. Journal	36.2	27.7	393.4	212.9
Hawaii Business	49.6	46.0	519.9	541.8
Indianapolis Bus. Journal(52X)	147.8	131.3	1,654.9	1,369.1
Intercorp-Connecticut (26X)	81.0	68.0	937.0	643.0
Kansas City Bus. Journal	148.2	151.0	1,398.1	1,634.2
Los Angeles Bus. Journal	47.4	71.9	422.3	561.4
Manhattan Inc.	106.8	94.3	811.8	537.2
New England Bus. (20X) A.	133.9	101.8	945.2	1,032.5
Pacific Bus. News (52X)	121.9	118.4	1,294.6	1,237.8
Philadelphia Bus. Journal(52X)	168.4	111.7	1,365.5	1,099.6
Pittsburgh Bus. Times (52X)	98.9	69.7	1,096.8	863.3
Regardie's/Washington	136.8	126.6	1,529.7	1,377.9
San Diego Bus. Journal	50.3	43.3	402.0	376.0
South Florida Bus. Journal	98.1	109.2	1,182.3	1,016.4
St. Louis Bus. Journal (52X)	157.5	158.1	1,553.3	1,597.4
Texas Business	59.8	65.1	632.9	792.0
Total Group	**3,077.2**	**2,900.2**	**29,727.1**	**27,989.7**
% change		+6.1%		+6.2%
— National Sunday magazines —				
Parade (52X)	67.4	58.8	595.1	596.2
USA Weekend (52X)	58.4	81.9	555.9	616.4
Total Group	**125.8**	**140.7**	**1,151.0**	**1,212.6**
% change		−10.6%		−5.1%
— Newspaper Sunday magazines —				
Boston Globe	324.9	330.9	2,454.6	2,269.0
Chicago Tribune	142.9	193.1	1,037.0	1,380.2
Cleveland Plain Dealer	108.2	73.4	644.0	552.6
Columbus Dispatch	29.3	53.4	461.7	533.0
Detroit News	134.0	108.0	979.0	973.0
L.A. Times	79.0	135.2	756.4	884.5
Louisville Courier-Journal	78.9	132.1	713.8	849.2
Miami Herald	67.7	52.8	581.7	479.5
New York Times Magazine	492.2	441.7	3,778.9	4,068.3
Philadelphia Inquirer	252.8	250.8	940.8	712.7
San Francisco Image	134.3	124.1	808.8	961.6
Seattle Times	113.0	91.0	695.0	571.0
Toledo Blade Magazine	50.6	67.0	420.2	496.3
Washington Post	170.9	140.6	1,431.1	1,281.1
Total Group	**2,178.7**	**2,194.1**	**15,672.9**	**16,012.0**
% change		−0.7%		−2.1%
— Weeklies/bi-weeklies —				
The Advocate (26X)	132.0	142.2	1,471.6	1,176.4
Army Times Military Group:				
Air Force Times (52X)	219.7	195.7	2,012.0	1,777.0
Army Times (52X)	213.7	190.0	1,868.6	1,739.4
Navy Times (52X)	222.2	204.2	2,064.9	1,877.2
The Blood-Horse (52X)	461.8	636.0	4,138.7	4,819.9
Capper's Weekly (17X)	31.6	26.9	305.7	293.9
Commonweal (22X)	10.5	14.2	80.1	76.8
Golf World (43X)	42.5	46.9	866.2	784.4
Grit (52X) A.	35.9	21.6	282.6	222.9
National Journal (50X)	55.0	47.0	628.5	516.0
National Review (25X)	36.2	58.2	336.5	291.1
New Republic (48X)	49.5	47.4	401.2	359.8
New York Magazine (50X)	280.7	313.7	2,725.9	2,708.8
New Yorker	354.8	395.1	2,391.7	2,653.8
Newsweek (52X) A.	285.9	281.2	2,266.6	2,434.2
People (52X)	407.9	438.6	3,319.0	3,367.1
Rolling Stone (25X)	157.7	116.6	1,268.1	1,015.1
Sporting News (52X)	47.0	44.4	565.9	486.6
Sports Illustrated (52X) A.	286.1	289.6	2,451.4	2,535.4
Time (52X) A.	278.3	301.5	2,314.2	2,400.2
Travelhost (52X) C.	3,086.0	3,125.0	35,286.0	35,406.0
TV Guide (52X) A.	454.8	451.9	3,323.5	3,426.5
TV Update (52X) C.	2,795.0	2,636.0	26,165.0	25,495.0
Us Magazine (26X)	50.4	66.0	484.7	418.5
U.S. News & World Report (52X) A.	180.6	200.8	1,427.9	1,558.5
Total Group	**10,175.7**	**10,290.7**	**98,446.3**	**97,840.5**
% change		−1.1%		+0.6%
— Foreign —				
Business Week Int'l (52X)	150.4	243.4	1,454.6	1,507.6
De Armas Publications:				
Geomundo:				
Central America	7.0	9.0	47.0	59.5
Chile	7.0	6.0	52.0	58.5
Colombia	17.5	12.0	100.3	106.5
Ecuador	7.0	8.0	43.0	48.0
Mexico	22.5	19.5	110.7	103.5
Peru	4.0	5.0	34.0	53.5
Puerto Rico	4.0	5.0	32.5	34.0
U.S.	6.7	9.7	55.0	70.7
Venezuela	20.5	22.5	147.0	108.5
Hombre De Mundo:				
Central America	5.0	9.0	54.3	47.5
Chile	5.0	6.0	54.3	51.5
Colombia	20.7	25.5	162.7	113.0
Ecuador	4.0	7.0	46.3	47.0
Mexico	29.7	26.7	191.3	153.2
Peru	2.0	5.0	31.3	36.5
Puerto Rico	4.0	8.0	44.3	73.0
U.S.	11.7	11.7	110.3	100.0
Venezuela	45.5	40.8	226.3	243.8
Ideas Para Su Hogar:				
Chile	1.0	—	1.0	—
Colombia	31.0	26.5	144.2	178.2
Ecuador	6.0	6.0	27.0	59.0
Mexico	23.2	24.2	109.0	138.2
Peru	3.0	5.5	29.0	27.0
Puerto Rico	—	—	0.2	10.5
U.S.	4.0	8.0	47.0	65.0
Venezuela	13.8	41.5	100.5	204.8
Mecanica Popular:				
Argentina	5.0	1.7	52.3	18.0
Central America	13.5	10.5	101.8	103.8
Chile	6.3	4.3	51.7	35.8
Colombia	20.7	20.3	136.5	144.2
Mexico	22.7	20.0	146.7	174.2
Peru	14.2	11.5	115.8	121.7
Puerto Rico	10.5	10.0	78.0	99.3
U.S.	7.3	9.0	65.0	80.5
Venezuela	20.3	16.7	136.5	144.2
Vanidades Continental:				
Central America	47.3	33.8	219.7	115.8
Chile	9.7	4.3	50.3	34.7
Colombia	155.2	137.2	954.5	840.2
Ecuador	26.8	32.3	214.0	242.8
Mexico	154.2	172.7	930.2	1,051.2
Peru	32.7	26.7	152.5	191.0
Puerto Rico	35.2	52.8	353.0	399.5
U.S.	46.0	56.0	487.0	447.0
Venezuela	89.2	99.8	473.2	604.2
Hearst International Publications:				
Buenhogar:				
Central America	3.0	3.0	16.0	10.0
Chile	4.0	1.0	17.0	10.0
Colombia	53.8	53.7	378.2	374.7
Ecuador	17.0	17.0	128.0	178.0
Mexico	56.3	89.7	391.3	556.2
Peru	21.0	15.0	96.5	123.0
Puerto Rico	6.5	6.0	99.0	97.5
U.S.	13.7	22.3	213.8	195.3
Venezuela	41.3	47.2	252.3	380.3
Cosmopolitan en Espanol:				
Central America	13.3	5.3	60.0	19.2
Colombia	42.8	24.5	204.2	164.2
Ecuador	1.0	1.0	3.0	5.0
Mexico	76.8	87.7	487.5	561.8
Peru	1.0	2.0	2.0	27.0
Puerto Rico	16.3	35.5	120.7	244.0
U.S.(Spanish language)	18.0	26.8	266.7	206.2
Venezuela	34.3	53.3	181.3	283.0
Cosmopolitan Foreign Editions:				
Australia	114.9	107.4	775.2	767.4
Brazil	136.3	71.4	650.1	513.1
China	70.5	55.2	380.1	350.4
France	143.5	117.7	933.8	1,079.7
Germany	184.0	158.7	1,251.9	1,121.0
Great Britain	182.0	179.0	1,230.7	1,337.0
Greece	60.0	48.0	589.4	567.4
Holland	125.0	102.0	819.3	746.3
Italy	89.5	91.5	639.5	559.6
Japan	57.7	57.3	403.8	407.3
South Africa	120.0	110.0	974.0	970.0
Good Housekeeping Foreign Editions:				
Australia	65.4	47.4	371.5	590.6
Great Britain	203.8	204.4	1,451.5	1,469.5
Johnston International:				
Alam Attijarat	58.8	57.0	391.2	512.7
Far East Business	43.1	64.3	427.6	361.0
Modern Africa (6X)	13.0	25.3	115.7	88.8
Latin America Finance (6X)	18.8	18.3	112.0	70.0
Newsweek International A.:				
Atlantic (52X)	125.0	131.1	919.5	983.3
Latin America (52X)	65.8	79.9	637.0	699.8
Pacific (52X)	33.9	40.3	329.0	318.0
Progreso (9X)	11.6	6.3	83.2	103.3
Reader's Digest:				
Arabic	7.5	10.5	75.0	112.0
Asian	184.0	262.0	2,283.8	2,349.5
Australian	61.3	70.5	599.1	624.5
Belgian-Flemish	146.0	151.5	816.9	913.5
Belgian-French	80.0	85.0	489.6	565.0
British	65.2	62.0	530.9	513.3
Chinese B.	85.5	120.0	1,096.8	1,369.0
Danish	24.3	32.3	332.6	349.1
Dutch	45.0	51.5	426.4	442.5
Finnish	61.8	30.0	445.9	462.7
French	25.5	31.9	173.6	440.4
German	100.5	99.5	709.2	725.7
Iberian	3.0	4.5	20.0	37.5
Indian-English	86.0	112.5	865.0	992.0
Indian-Hindi	15.5	15.5	115.0	124.0
Italian	52.5	56.0	440.5	375.0
Korean	25.0	39.3	310.5	282.8
Latin American:				
Argentina	19.0	8.5	152.5	189.5
Brazil	—	4.5	20.0	48.5
Central American	6.0	5.5	72.0	94.0
Chile	8.0	13.0	114.0	118.0
Colombia	41.0	37.5	278.5	304.0
Ecuador	6.0	5.5	67.0	92.0
Mexico	77.7	63.5	657.3	537.7
Peru	6.0	8.5	78.0	105.5
Puerto Rico	4.0	1.5	49.5	50.5
U.P.B.	9.0	5.5	71.0	78.5
U.S. Spanish	9.5	14.5	169.0	110.5
Venezuela	4.0	7.0	104.5	111.0
New Zealand	63.5	85.0	591.8	636.5
Norwegian	13.0	13.0	86.0	198.8
Portugal	49.9	56.5	400.2	414.6
South African	95.5	112.0	881.5	1,009.5
Swedish	24.0	28.5	173.5	201.5
Swiss-French	41.0	39.0	241.0	288.6
Swiss-German	46.0	48.0	312.8	398.1
Time International:				
Time-Asia	82.0	106.4	760.7	941.8
Time-Atlantic	142.1	146.6	1,066.9	1,168.0
Time-Canada	246.8	325.5	1,963.1	1,985.4
Time-Latin America	47.1	63.8	474.0	511.7
Time-South Pacific	146.9	168.7	1,053.2	1,299.3
Visao (52X)	189.3	184.8	1,598.0	1,539.9
Vision/Latin America(24X) A.	39.7	36.2	313.4	301.4
Total Group	**6,001.2**	**6,398.2**	**46,057.2**	**49,011.5**
% change		−6.2%		−6.0%

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December 29, 1986

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Sectio

'Big Bang' conflicts balk Grey, help WRG

By CLAIRE WILSON and STEWART ALTER

Client-conflict concerns stemming from agency mega-mergers continued to shape the news into the last weeks of 1986—scuttling one linkup deal and leading to the consolidation of a $60 million ad account.

Grey Advertising's Levine, Huntley, Schmidt & Beaver subsidiary called off talks of a linkup with Belier, the second-largest agency in France, because of fears that Grey clients Procter & Gamble Co. and Mars Inc. might disapprove.

"If the environment was not as it is following Saatchi & Saatchi [acquisition of Ted Bates Worldwide], we would have consummated the deal already," said Bob Schmidt, LHS&B president. "But in general everything has been put on hold."

But if Saatchi/Bates was an indirect influence in killing that deal, it was a direct factor in Cadbury Schweppes USA's sending a $60 million Christmas ad package to Wells, Rich, Greene, New York.

"Internal account conflicts at DFS Dorland forced our reluctant exit from DFS," said James Schadt, ceo of the Stamford, Conn.-based marketer in a prepared statement. "This in turn caused us to review our entire agency lineup with the objective of consolidation."

Mars, a larger client in the Saatchi orbit, has pushed for the resignation of all other confectionery accounts at all Saatchi agencies, including Cadbury at DFS. Cadbury Schweppes this year also emerged as a bigger factor in the soft-drink market, acquiring the Canada Dry and Sunkist lines from RJR Nabisco and becoming a minority investor in Dr Pepper Co. with Hicks & Haas, a Dallas investment group that also acquired Seven-Up

(Continued on Page 28)

Illustration by Robert Charles Howe

Last Minute News

Race for Reebok narrows to 2 agencies

AVON, MASS.—Reebok USA has trimmed the finalist list for its $15 million account to Ammirati & Puris, New York, and Hill, Holliday, Connors, Cosmopulos, Boston, sources say. It has eliminated Ally Gargano/MCA Advertising, Chiat/Day and DDB Needham Worldwide. The winner will succeed Maslow, Gold & Rothschild, Boston.

Hearst buys Murdoch syndicate

NEW YORK—Rupert Murdoch's News Corp. last week sold its News America Syndicate division to Hearst Corp.'s wholly owned North America Syndicate, as expected (AA, Oct. 20). The News America Syndicate includes comics strips such as "Andy Capp," "B.C.," "Dennis the Menace" and "The Wizard

(Continued on Page 8)

NEWSPAPER

A global review

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Adman of the Year

Coca-Cola's Roberto Goizueta engineers startling comeback

By NANCY GIGES

Roberto Crispulo Goizueta, who turned a potentially disastrous decision into a soft-drink marketing coup while staying the course of Coca-Cola Co.'s other businesses, is ADVERTISING AGE's 1986 Adman of the Year.

A year after American consumers "revolted" against a new taste for the company's flagship beverage, Mr. Goizueta, 55, nevertheless capped its centennial year with the best results in perhaps two decades. Whether the yardstick is market share, earnings or stock price, the Atlanta-based soft-drink marketer stands tall.

The company's corporate share is at an alltime high—more than 39% in the U.S.—and the gap between Coca-Cola and Pepsi-Cola Co., Purchase, N.Y., is wider than ever. In 1986, net in-

(Continued on Page 26)

FORECAST 1986 1987 REVIEW

Top ten events, categories and newsmakers begin on Pages 2 and 3.

TEN EVENTS THAT MOVED THE MARKET IN '86

- AIDS
- Tax reform
- Auto finance rates
- Statue of Liberty
- Anti-drug campaigns
- Terrorism
- Tobacco ad ban try
- Insider trading
- Disinflation
- Pornography

Top events ran gamut—AIDS to Lady Liberty

Separating **AIDS** fact from fiction was a task common to both human resources and marketing executives at agencies and advertisers in 1986.

As the deadly Acquired Immune Deficiency Syndrome virus spread to what the federal Centers for Disease Control estimated as 1.5 million Americans (as carriers, not necessarily as victims), employers began a closer examination of the necessity of formulating guidelines for dealing with AIDS cases.

As a result, many companies like Quaker Oats Co. and Foote, Cone & Belding—whose client Levi Strauss & Co. has sponsored an educational video with all proceeds going to the AIDS Foundation—now include AIDS under their life-threatening disease or catastrophic illness policies.

Others, such as the Squibb Corp., partly due to the fear of AIDS, are considering developing policies addressing communicable diseases. For some companies, that may mean eventually testing prospective employes for AIDS. Frito-Lay so far has refrained from testing job applicants for AIDS but said it will "reevaluate our policy should further research on the transmission of AIDS be made available."

But even as advertisers and agencies grappled with the impact of AIDS in their own backyard, many also were bringing the subject before the general public either through public service campaigns or products that capitalize on the fears AIDS has raised.

Peter Rogers Associates created the "To care is to cure" AIDS campaign for the fashion, cosmetics and entertainment industries, which donated funds to the American Foundation for AIDS Research (AMFAR).

As part of the campaign, shoe designer Kenneth Cole donated a $250,000 ad budget for a print effort entitled "For the future of our children."

Ads featured models Christie Brinkley, Kelly Emberg and Julianne Philips Springsteen.

Campaigns took other forms elsewhere. The Southern California Co-operative AIDS Risk-Reduction Education Campaign spent $500,000 on a multi-media effort to "Fight the fear with the facts."

In Australia, the New South Wales health department began a $500,000 campaign talking about condom awareness, while the New Zealand AIDS Foundation and New Zealand department of health continued a $600,000 campaign discussing "New rules for safe sex."

In the U.S., such open discussion proved a little harder to do. The Mentor Corp. introduced a new condom marketed to women using an ad titled "I never thought I'd buy a condom." It noted "the list of sexually transmited diseases is

(Continued on Page 29)

Among '87's thrills: The Aussie assault

FORECAST 1986 1987 REVIEW

It's about the land size of the U.S., but with a population of only 16 million, and it is taking Americans by storm.

Australia blasted forth this year in a major way. The rough-and-tumble, get-out-of-my-way-mate image so clearly matched the mood of the U.S. that a record number of Americans watched Aussies in commercials, in the movies or in person by touring Down Under.

The leading personality in all this was the ubiquitous Paul Hogan, a bridge rigger-turned-comedian who has come to epitomize the typical Australian.

Next year, Mr. Hogan will continue to appear in commercials for Foster's Lager, Australia's leading beer. One of this year's spots shows him fishing he-man style with a baseball bat. He also stars in the current hit movie "Crocodile Dundee."

The film, which he wrote, is about a lovesick Aussie who follows his sweetheart to the U.S. It grossed $76 million in its first eight weeks in the U.S., after earning millions in Australia.

But it is Mr. Hogan's remarkable tourism campaigns for the Australian Tourist Commission that exposed his appeal here.

Those commercials, via Mojo/MDA, Sydney, are expected to draw a record number of U.S. tourists to Australia next year, up from 1.3 million this year and 1 million in 1984.

The latest round of ATC commercials, also featuring Mr. Hogan, will air in January in major U.S. cities, and show "the human face of Australia," according to Don Morris, an agency principal.

Mojo/MDA itself made a major move into the U.S., by acquiring San Francisco-based Allen & Dorward, California's fifth-largest independent agency.

But Australia's luster goes beyond advertising. Australian clothes are expected to continue as hot products in the U.S., with retailers marketing lines with an Australian "look."

The influence of Australia in 1987 will be further aided by media coverage of the America's Cup races.

The races will feature U.S. attempts to regain the race and trophy lost to Australia in 1983.

A key Aussie promises to be Alan Bond, the Perth-based businessman who owns 50% of the Bond Group, which controls beer, real estate and media companies. He is also the owner of the Australia II yacht that won the Cup.

Mr. Bond aims to establish his Swan Premium beer in the U.S. next year, and sources say he would use another victory in the America's Cup races to help a marketing drive here.

And the rough-and-tumble Australian media barons, beyond ex-Aussie Rupert Murdoch, are making their marks in the U.S.

This month, Kerry Packer, chairman of Consolidated Press Holdings, purchased Valassis Communications, a major U.S. producer of freestanding inserts for newspapers. Mr. Packer and others, such as entrepreneur Robert Holmes a'Court, are in the market for U.S. properties.

The **Constitution's 200th anniversary** may not lend itself as easily to flashy tv spectaculars and promotional tie-ins as the Statue of Liberty's 100th did in 1986, but that's not stopping a number of companies and organizations from trying.

Already, the Big 3 tv networks are at work on prime time fare to mark the Constitution's bicentennial, ranging from a 90-minute NBC News tv special to CBS' package of one-minute "We the People" featurettes to ABC's "Miracle at Philadelphia" miniseries.

Walt Disney World, Orlando, included a star-studded bicentennial salute in its own 15th anniversary bash, shown in November on ABC. In syndication, Media Concepts, Richmond Hill, N.Y., was first out of the gate with "The Constitutional Minute," followed by Boston's WNEV-TV and Syndicast Services, New York, with a package of multi-daypart "We the People" specials, briefs and documentaries that began last summer and will run throughout 1987.

The CBS-owned WCAU-TV, Philadelphia, has become a co-venturer in that package, with American Cyanamid and Church & Dwight's Arm & Hammer division among the tv sponsors spending $1 million each.

Another advertiser, CPC International, last fall ran a freestanding insert for Skippy, Smucker's and Hellmann's products, headlined "Win a class trip to the capital and celebrate the Constitution's bicentennial." More such promotional linkups are likely in the year to come.

Adding to the excitement is the possibility that "Constitution Day," Sept. 17, the actual anniversary, will be a onetime national holiday.

Getting off to a relatively slow start, at least nationally, was We the People 200 in Philadelphia, site of the 1787 Constitutional Convention.

The organization is now picking up speed with a series of announcements, such as the naming of Smith-Hemion Productions, Los Angeles, to produce various tv and cable specials on numerous "Celebrate America" events from May through Sept. 17, and also the signing of Marketing/Trademark Consultants, New York, as licensing/merchandising agent.

M/TC so far has booked Franklin Mint and four others for its red-white-and-blue logo, with others pending. Smith-Hemion, best known as the producer of variety tv series and specials, worked with David Wolper, ABC's "Liberty Weekend" exec producer, on Miss Liberty's opening ceremonies last July.

Meanwhile, in Washington, the Commission for the Bicentennial of the U.S. Constitution, headed by former Chief Justice Warren Burger, is working through the Advertising Council with Scali, McCabe, Sloves, New York, on ad plans aimed at getting people, especially youngsters, involved in the serious aspects of the document's celebrations.

Hoping to generate coverage ideas and "challenge the communications industry to work more responsibly for all young people," Action for Children's Television, Cambridge, Mass., distributed a 106-page guide, "Television, Children & the Constitutional Bicentennial."

Dianne Semingson, We the People 200's president, and Smith-Hemion will be talking with tv networks, Home Box Office, Public Broadcasting Service and others as they complete their tv plans for the Philly festivities. More than 200 events, they said, will be concentrated between early May and Sept. 17.

The nonprofit group, having al-

(Continued on Page 10)

TEN CATEGORIES THAT WILL MAKE NEWS IN '87

- Australia
- Baldness treatments
- Fast cuisine
- Contraceptive ads
- Desktop publishing
- Muffins and baked goods
- Pickup trucks
- U.S. Constitution
- Products that "talk"
- Shopping at home

Highlights

Still the season for conflict concerns 1

Client-conflict concerns stemming from agency megamergers continued to shape the news into the last weeks of 1986—Grey Advertising's Levine, Huntley, Schmidt & Beaver subsidiary called off talks of a linkup with Belier, the second-largest agency in France, because of fears that Grey clients Procter & Gamble Co. and Mars Inc. might disapprove. And Saatchi & Saatchi/Bates was a direct factor in Cadbury Schweppes USA sending a $60 million Christmas ad package to Wells, Rich, Greene.

OTHER NEWS

Unit volume in 470 product categories tracked by SAMI/Burke in food stores had risen a scant 0.8% in 1986 over the corresponding period in 1985. Although the over-all trend line is quite flat, there were a number of significant changes in the product mix. Page 4.

Avis is aiming for the No. 1 spot in the $750 million quick-lube, car-service business. Page 25.

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SAMI charts slight food-store gains in '86

By ALAN B. MILLER JR.

For 52 weeks ending Nov. 7, 1986, unit volume in all 470 product categories tracked by SAMI/Burke in food stores had risen a scant 0.8% over the corresponding period in 1985. The rate of gain exceeded 1% in only one product department—refrigerated foods—where sales rose 4.7% on a unit measurement basis of 7.0% in poundage.

In dollars, 263 or 56% of the categories monitored by SAMI/Burke showed annual rates of gain, whereas 207 trended downward in spite of inflationary pressures in some instances.

Although the over-all product movement trend line is quite flat, there were a number of significant changes in the product mix. For example, tonnage growth rates above 25% were registered among shelf-stable juice and juice drink concentrates, fruit rolls bars, frozen sandwiches, refrigerated bread dough and lipcare products.

The new ibuprofen analgesics grew at the rate of 85% and now account for volume of more than $100 million in food stores alone, but the internal analgesics category, in which new brands such as Advil, Nuprin, Haltran and Medipren appear, shows an annual unit growth rate of just 2.4%.

In some instances a single new product can account for sales vitality, such as the volume contributed by Ocean Spray (shelf-stable) juice concentrate—one of the winners in the 1986 new-product derby.

Many of the growth patterns can be traced to the influence of one or more of three buzzwords characteristic of marketing in the mid-'80's: Convenience, health and quality. Under convenience are such mini-catchwords as microwavability, disposable, squeezable, portion pack, time saving and ease. Health connotations include low or light in sodium, sugar, fat or cholesterol, high fiber or calcium, decaffeination, natural or reduced calories. Under a quality banner would be products with premium pricing with gourmet attributes, or other added values, for such items as paper products and health & beauty aids.

Dry grocery: Food

The SAMI category with the second-highest growth rate (after the aforementioned juice drink concentrates) was fruit rolls and bars. This category has undergone evolution in its growth, with fruits in rollup form giving way to fruit bars and in 1986 bite-size entries by Sunkist (Lipton) and General Mills' Fruit Corners Fruit Wrinkles.

The bottled-water category continues onward and upward and, as 1986 was drawing to a close, annual volumes in pints were 35% ahead of the corresponding year-earlier period. Because of the transportation expense of shipping water, there are no national brands. The leading brand in the category appears in only three markets.

The 10% increase in pints of single-strength juice drinks in 1986 translates to $172 million in added sales. Convenience portion-pack, aseptic products were important factors behind this growth in addition to the sales vitality of Gatorade, which falls under the health banner.

The increased popularity of dry toaster items may well be a ruboff of the focus of new frozen pastries and muffins, which are heated in the toaster.

The product classes that have shown exceptional strength in 1986 include rice cakes (+124%), microwave popcorn (+82%), regular catsup in a plastic bottle (+100%), wet cat food ultra gourmet (+52%) and tea bags-black decaffeinated (+52%).

Dry grocery: Nonfood

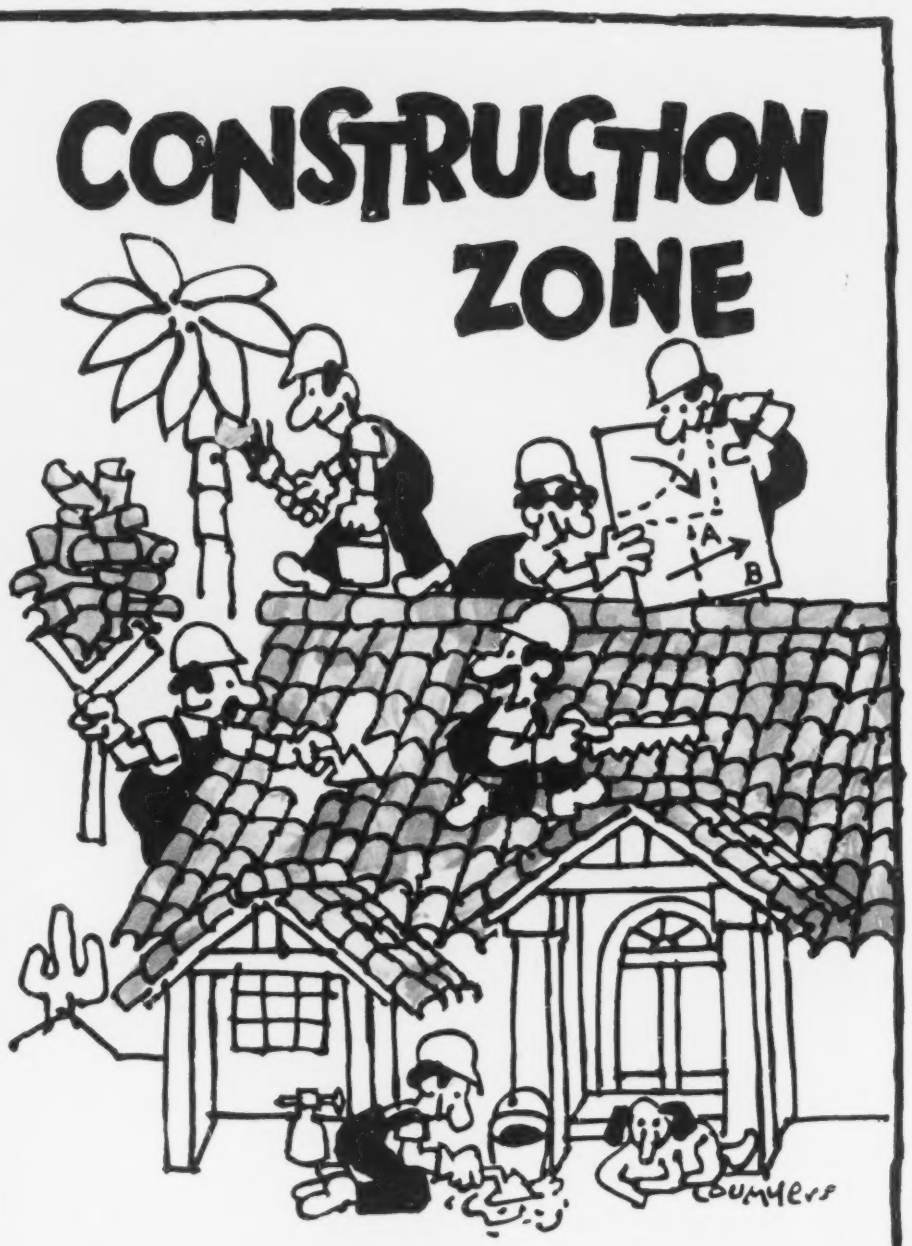
As was noted in 1985, again there have not been as many innovative new products this year to help swell category volume in this sector. The highest category tonnage

(Continued on Page 6)

High-flying product categories, 1986

For 52 weeks to Nov. 7, 1986. *Source: SAMI.*

Category	Annual food store retail sales ($ millions)	Annual tonnage gain (%)
DRY GROCERY: FOOD		
Shelf-stable juice drinks & juice concentrates	30.4	+57
Fruit rolls & bars	189.1	+35
Bottled water	273.0	+14
Dessert & ice cream toppings	99.5	+12
Freezer bars	30.5	+12
Dried prunes	92.4	+11
Low/reduced calorie salad dressings	142.6	+11
Canned peaches	293.5	+11
Canned peas	253.6	+10
Single-strength juice drinks	1,341.1	+10
Dry toaster items	189.1	+10
DRY GROCERY: NON-FOOD		
Soap; bubble bath for children	28.9	+17
Mildew removers	34.4	+11
Car care products	28.1	+9
Paper & plastic plates	452.6	+9
Plastic flatware	39.4	+8
FROZEN FOOD		
Sandwiches	101.5	+43
Breakfasts	140.3	+27
Corn dogs	38.7	+26
French toast & pancakes	62.5	+18
Prepared vegetables without sauce	89.5	+15
Deluxe vegetables	86.6	+13
Mexican dishes	194.2	+10
Dinner bread & rolls	282.8	+8
REFRIGERATED FOOD		
Miscellaneous juices	48.9	+64
Yogurt	835.3	+21
Orange juice	1,278.2	+21
Butter/margarine blends	79.7	+16
Puddings	41.2	+16
Salad dressings & sauce	79.0	+9
Cream cheese	418.3	+9
HEALTH & BEAUTY AIDS		
Lip care products	30.0	+26
Hair setting needs	102.1	+17
Appetite suppressants	59.4	+10
Stick deodorant & pads	28.2	+7



Phoenix is building up fast. Last year, the metro area ranked fourth in the nation for new home starts. But before these homeowners nail down all their plans, 65% of them make a decision based on what they find out from us. So, if you need to hammer out some more sales, give us a call. We can help you build momentum.

The Arizona Republic/The Phoenix Gazette

Million Market Newspapers/Times Mirror National Marketing
Sources: 1986 Scarborough Phoenix Market Study. Bureau of Census. N.A.H.B. Forecasting Service.

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SAMI

(Continued from Page 4)

growth rate was 17% for soaps and bubble bath for children. Much of the gain was the result of the national distribution of Sesame Street Bubble Bath by Minnetonka.

Some product classes that grew far faster than the categories in which they are found include liquid dishwasher detergents (New Palmolive is *the* product class at present), oil soap (+35%), insecticide foggers (+24%) and heavy-duty liquid detergents (+20%).

Frozen foods

As a general rule, frozen foods are under the convenience mantle to start off with and in 1986 a number of growth situations involved health considerations and premium quality as well.

The category with the highest growth rate was sandwiches. Much of the gain in this category can be credited to the introductions of frozen White Castle hamburgers and Jimmy Dean Chicken Biscuits and the national rollout of Hot Pockets by Chef America.

The growth of frozen french toast and pancakes can be traced to the consumer acceptance of Pillsbury Microwave Oven Pancakes (convenience). Among frozen vegetables, the highest growth rates were found among prepared vegetables without sauce—especially the new Green Giant Special Additions line and in the deluxe vegetable category (premium quality).

Weight Watchers (health convenience and high quality) entered the Mexican entree category and helped build volume in this increasingly popular ethnic-food category. New Sara Lee muffins and bagels are responsible for some of the gain enjoyed in the frozen dinner bread-and-roll category.

At the product class level of measurement, some of the growth areas recorded in 1986 were: Breakfast sandwiches (+86%), boneless turkey (+53%), pretzels (+54%), orange juice with pulp (+32%) and turkey entrees (+24%).

Refrigerated foods

The refrigerated section of the store has been a focus of attention among food marketers of late.

Some of the growth in the yogurt category is a result of Dannon going from store delivery to warehousing, but a number of other brands in this health-oriented category have exhibited double-digit growth rates in 1986.

Refrigerated orange-juice products have been showing consistent growth since the last Florida freeze. The theory is that in times of scarcity, price increases are less detectable in the case of refrigerated containers of reconstituted products than is true with frozen concentrates.

Health & beauty aids

The list of fast-growing health & beauty aids growth categories is shorter than usual in 1986, since there were fewer innovative new products to expand category volume. Much of the gain for lip-care products can be traced to sales of Vaseline Lip Therapy items.

The growth rate for hair-setting needs has decelerated due to the arrival of the maturity phase among hair styling mousse products. During the year, Schering Corp. rolled Fibre Trim national in the appetite-suppressant category and Thompson Medical launched Fiberfull, also taking advantage of media coverage of the importance of high-fiber diets.

Some classes of health & beauty aids that have responded to consumer acceptance have been: Ibuprofen analgesics (+85%), hard gas permeable eye-care products (+47%), hay fever medication (+35%) and soft contact lens solutions. Much of the focus among dentifrices and mouthwash has been on formulas which relate to tartar control.

These are some of the 1986 highlights that have been observed. These trends are being followed in greater detail by the many manufacturers who subscribe to our Category Size and Trend/Where The Action Is or Million Dollar Brand corporate development services.#

Mr. Miller is vp-sales service of SAMI (Sales Areas-Marketing Inc.), New York.

"If you think Washington is still a one-newspaper town, you're living in the past."

– Arnaud de Borchgrave, Editor-in-Chief, The Washington Times

"When I was asked to run The Washington Times, more than a few people thought I was 'nuts' to take the job. No one can compete with The Washington Post, they said. You'll never be able to do it.

"They were wrong.

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"But what readers won't find in The Washington Times is your advertising if you labor under the erroneous assumption that Washington only has one major metro paper. If you don't buy The Washington Times, your Washington buy just isn't complete."

The Washington Times
We hit what The Post misses.

CORRECTIONS & CLARIFICATIONS

- The daily newspaper *Washington Times* is the property of New World Communications, a holding company owned by members and officials of the Unification Church. As a secular corporation, New World Communications pays taxes. A reference to the newspaper incorrectly stated the newspaper is "owned by the Rev. Sun Moon's World Unification Church." The same article said the newspaper has "less than 100,000 circulation" (AA, Dec. 8, P. S-42). Its circulation is 104,186 daily.
- *TV Guide* should be ranked No. 2 in the chart "Leading print properties, Top 10 magazines by circulation," (AA, Dec. 22, P. 21). *TV Guide* has a weekly circulation of 16,874,477 according to Audit Bureau of Circulations FAS-FAX averages for six months ended June 30, 1986.#

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January 5, 1987

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Moffitt sells Esquire

Year's 'best deal'?

By STUART J. ELLIOTT

NEW YORK—Phillip Moffitt hopes to remain "a permanent member of the magazine community in some way" after last week's lucrative sale of his Esquire Magazine Group Inc.

The long-expected sale of EMGI to Hearst Corp., American Express Publishing Corp. and Whittle Communications (AA, Dec. 15, *et seq.*), closed Dec. 30. It has made millionaires of Mr. Moffitt, EMGI's president/ceo/editor-in-chief, and his close associates, such as Wilma Jordan, EMGI's chief operating officer. One industry observer called the sale "maybe the best deal anybody has made in a long time."

Bruce Wasserstein, co-head of First Boston Corp.'s investment banking department here—called by *New York* one of Wall Street's "powers that will be"—handled the sale of EMGI for perhaps as much as a stunning $100 million. Estimates are necessary because the parties involved are not discussing figures, other than Mr. Moffitt's statement that shareholders got "a great price."

As expected, Hearst bought *Es-*

(Continued on Page 66)

Forecast

AA reporters spot '87's hits

In the columns below, some of the senior ADVERTISING AGE *reporters who cover advertisers, agencies and media go on record with predictions of stories they expect to cover during the year:*

Marketers: Yet more mergers

1. Mergermania will continue, with family-owned or family-dominated companies like Noxell, Block Drug, Campbell and S.C. Johnson & Son under increasing pressure to sell out for their valuable brand names.
2. Brand loyalty will continue to decline as consumers seek more narrowly targeted products and as regional and local marketing encourages more promotion at the expense of advertising.
3. The pharmaceutical industry's r&d breakthroughs include baldness treatments and anti-cholesterol aids. Lecithin and fish oils are emerging as the next hot health-oriented supplements.
4. With Jell-O joining the brand names on lines of clothing, Oreos, Life Savers, Chiquita and others will seek licensees as well.
5. Procter & Gamble will solidify its claim as the nation's leading pharmaceutical company when it hits paydirt with sucrose polyester and a plaque-fighting mouthwash.
6. The next wave of specialty food retailers will appeal to muffin, popcorn and coffee aficionados.
7. Food companies will see their experiments with aquaculture and hydroponics begin to yield new food processes for fresh seafood, vegetables and fruits year-round.
8. A backlash against the Yuppies' syndrome will find marketers appealing more to their family orientation and simple life styles.

—Nancy Giges

Agencies: Burnett-Ayer link?

1. Leo Burnett Co. and N W Ayer will merge, forming a "heartland" powerhouse agency.
2. Saatchi & Saatchi Co., as it begins to consolidate agencies, specifically Ted Bates Worldwide and Backer & Spielvogel, will face an unfriendly takeover attempt as a corporate raider, lured in

(Continued on Page 64)

Is '87 marketers's

NEWSPAPER

CONGELI AA 870199 99 YHA
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014
*****5-DIGIT 20014

High-tech toys signal plusher ad budgets

By SARA E. STERN

The $12 billion toy industry's move toward high technology will lessen its dependency on animated tv series as a prime marketing vehicle while increasing its media advertising spending.

The success of Teddy Ruxpin, the first talking plush toy introduced in 1985, and the zooful of competitors on toy shelves in 1986, have created a $500 million market for interactive toys. Even more sophisticated products are about to be introduced this year, including a talking Cabbage Patch Kid from

(Continued on Page 62)

Tonka's SuperNatural line of holographic action figures, available in March, features characters with dual personalities.

Retailers remain faithful to holiday hype tactics

By SARAH E. MORAN

Many retailers are pledging allegiance for 1987 to purchase-with-purchase and gift-with-purchase plans despite less than glowing reviews from analysts about their 1986 performance.

"We attributed a big part of our success to our 'Jingle Bear' purchase-with-purchase promotion," said a spokesman for the 42-store Broadway unit of Carter Hawley Hale Stores, Los Angeles. "We sold 400,000 bears between Nov. 14 and Dec. 11 and plan to continue the program in some way, possibly even bigger than what we did in 1986."

Many big retailers began promoting stuffed bears, reindeer and dogs; cameras; Christmas records, and other come-ons as early as October. The promotions offered shoppers either a free item or a crack at buying something exclusive to that retailer if they made a minimum purchase at the store.

Preliminary sales results, however, indicated the promotions merely had shifted sales to earlier in the season rather than generating additional sales volume (AA, Dec. 22).

Woodward & Lothrop, Washington, sold more than 500,000 "Kringle" bears by the second week of December. "We would definitely do this again next year," a spokesman said. "Once Kringle was gone, however, daily sales took a dive until a few days before Christmas when they picked up again."

Minneapolis-based Dayton Hudson Corp., which ignited the purchase-with-purchase craze a year ago

(Continued on Page 61)

Last Minute News

Last Minute News begins on page 8 this week.

Highlights

Moffitt parts with Esquire 1
Phillip Moffitt hopes to remain "a permanent member of the magazine community in some way" after last week's lucrative sale of his Esquire Magazine Group Inc. to Hearst Corp., American Express Publishing Corp. and Whittle Communications.

High Life's comeback 3
Miller Brewing Co. is moving into second gear with one of 1986's unlikeliest success stories: The regeneration of its High Life brand.

Ad growth slow through '80s 4
Slower growth is in store for ad agencies and ad-supported media for the rest of the decade, according to predictions by Veronis, Suhler & Associates, an investment banking company involved in communications company mergers and acquisitions.

Cohen pops for independence 12
When creative director Howie Cohen blew up the Jack in the Box clown in the 1980 commercials for the fast-food chain, he did so from the security of a well established agency with New York credentials, Wells, Rich, Greene. Today, he's still trying to create a sales explosion for Jack in the Box, but this time from the insecurity of his own agency, 18-month-old Cohen/Johnson.

Children's clothes with flavor 22
General Foods is setting up a line of Jell-O children's clothes in bright colors that imitate the gelatin's flavors. The company has signed Garan Inc., marketer of Garanimals sportswear, to create the line for fall, 1987, in time for back-to-school shopping.

Sniffing out lemon detergents 49
Colgate-Palmolive Co. is hurrying to beat Lever Bros. to store shelves nationally with a lemon-scented liquid automatic-dishwashing detergent.

Vying for videotape lead 54
The market for blank videotape is so volatile that the top six marketers exchange places almost every quarter, with the leaders in the $1 billion category separated by only two or three percentage points, at most.

B-Cal's direct-mail flight 59
British Caledonian Airways this month starts a major direct-marketing program, aimed at consumers, intended to boost revenues from its five U.S. gateways by 10% within one year. B-Cal will spend more than $2 million annually to reach consumers aged 35 to 55 with household incomes exceeding $55,000.

INTERNATIONAL

Global Brazil campaign on hold 43
The global advertising plans of Varig Airlines, Brazil's national airline, have ground to a halt due to conflicts within the company over whether to spend for advertising or new planes.

Hurdles for Saatchi 43
In making the buy-up of consulting companies its "focal point for the rest of the decade," Saatchi & Saatchi Co., London, has picked a field, like advertising, which has had feverish merger and acquisition activity in the past two years. Some observers are skeptical about whether the consulting business will be as responsive to Saatchi overtures as the ad agency field has been.

OTHER NEWS

Mergermania will continue, predict Advertising Age senior reporters in their overview of what's in store for 1987. Page 1.

Many retailers are pledging allegiance for 1987 to purchase-with-purchase and gift-with-purchase plans despite less than glowing reviews from analysts about 1986 performance. Page 1.

In preparing for midseason prime time schedule changes, the networks' availability of replacement series follows the same order as the ratings: NBC, CBS, ABC. CBS probably needs its backups most, as it tries to narrow the gap with NBC by season's end in April. Page 3.

The list of top 10 most-recalled ads has been affected by everything from skirmishes in the cola industry to little old ladies touting hamburgers. But November marks the first time a group of doo-wopping raisins has captured top honors in Advertising Age's adWatch survey. Page 3.

The days of depicting consumers over the age of 50 as individuals in their "golden years" are over. A new survey reveals that 98% of major advertisers surveyed believe mature consumers prefer to be depicted as healthy, physically active adults. Page 6.

The videogame, long considered down and out, is rising from the ashes. Particularly hot this Christmas were the more expensive videogame consoles. But while videogames are thriving, videocassette recorder-based games are faltering. Page 12.

Kraft Inc.'s buyout of Shelby's Original Texas Chili is forcing competing regional brands to spice up their advertising and distribution plans. The fledgling gourmet chili mix category is expected to get hot as these marketers move into the East Coast and Midwest. Page 50.

CBS Sports president Neal Pilson flat out guarantees that the network will cover the $166 million rights fee nut for the NCAA Basketball Tournament. He further predicts CBS will make a profit well over the 10% profit margin other CBS executives were quoted as predicting. Page 55.

NOTICE

Due to late cancelation of an insert, Pages 31 to 34 of this issue are missing.

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Ayer makes final bid to retain Army

By JANET MEYERS

Washington—As the Army reviews "best and final" financial offers from five agencies seeking its $100 million recruitment advertising account, N W Ayer is making a last-ditch effort to regain the business it held virtually unchallenged for 19 years.

Six agencies, including Ayer, bid for the account in September, but incumbent Ayer was disqualified in November as the Army barred it from new government contracts after raising questions about Ayer's handling of the account (AA, Dec. 1, *et. seq.*).

An outside attorney representing Ayer said last week Army lawyers had indicated to him that Ayer may yet have a shot at winning the new Army ad contract if the agency's suspension from seeking government work is lifted before another agency is selected.

However, an Army spokesman contended Ayer is out of the current competition. The agency, if it is promptly cleared to again seek government work, may ask the Army to reconsider the results of the competition, the spokesman said. It may also ask the Army to compensate Ayer for its expenses in seeking the account, he added.

The finalists—BBDO, DFS Dorland Worldwide, SSC&B, Young & Rubicam, all of New York, and Ogilvy & Mather, Chicago—were asked to submit their best and final offers to the Army Jan. 5. A decision on a winner is expected in two to three weeks. Ayer's contract with the Army expired Dec. 31.

Ayer last week was hoping it could still salvage the review if it could convince the U.S. attorney in New York to close his 3-year-old investigation of the agency.

Ayer also has considered court action to delay selection of a new agency until the Army rules on Ayer's suspension appeal, said Steve Lawrence, partner at Pep-

(Continued on Page 66)

AA, Eurocom hit by hoax

New York—Advertising Age published a bogus report in its "For the Record" column of Dec. 22.

The item stated that Eurocom president-ceo Bernard Brochand would be replaced in April by "Kris Ericsson," described as a Eurocom majority stockholder who had been on leave in protest against "Eurocom's 1985 nationalization by the French government."

Although the news release displayed the heading, "Eurocom Group, Paris," the published story came as a complete surprise in Paris to Mr. Brochand, who termed it "totally groundless," and added, "It sounds very much to us as if you had been the victims of a hoax."

The identity of "Kris Ericsson" is "completely unknown" to the Havas or Eurocom companies, Mr. Brochand said.

Mr. Brochand pointed out that the denationalization of Havas—the parent company of Eurocom and a Eurocom minority shareholder—"will have no impact on the management of Eurocom," which continues as an independent company.

Mr. Brochand, who continues as Eurocom president-ceo, also added, "We are delighted to be able to report that Eurocom had a very successful 1986 and hope that 1987 will be another good year."#

West Coast News

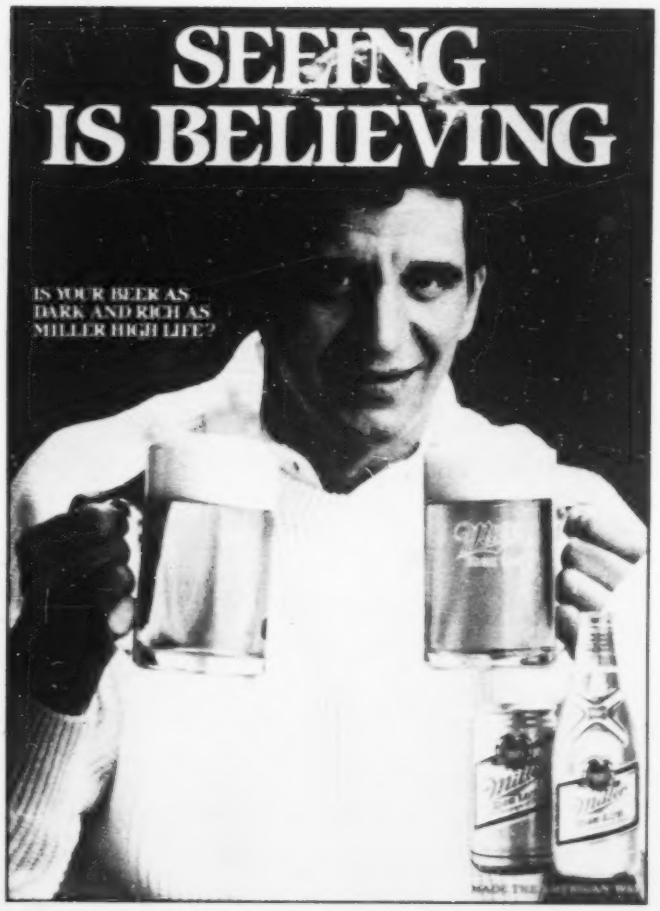
Craftmart taps Gardner as its first agency

Menlo Park, Cal.—Craftmart, an eight-unit Bay Area craft and hobby retail chain, has hired Gardner Communications, San Francisco, as its first agency. Its ad budget will hit $1.5 million in 1987 with plans to enter Southern California.

Livingston, Cal.—**Foster Farms** is aiming upscale in a magazine campaign that broke Jan. 4 for Select Servings, a new line of boneless, skinless fresh chicken. Ads on three consecutive pages in northern California editions of magazines will use artistic, theatrical and literary themes. The campaign, to expand throughout Foster Farms' western marketing territory by midyear, is the first work for the company from its newly named agency, Chiat/Day, Los Angeles. McCann-Erickson, San Francisco, previously handled.

Los Angeles—**General Motors'** Chevrolet division this week starts a West Coast-only tv campaign for the Nova. The effort features a futuristic auction in which the vehicle is called a classic example of Japanese design with American workmanship. Vic Olesen & Partners handles.

Los Angeles—**The Dodgers** have linked with Spanish-language KWKW radio here to broadcast the 1987 baseball season throughout Southern and central California. The arrangement involves five additional local stations in a so-called Dodger Spanish Radio Network. KWKW previously carried the Dodgers from 1958 to 1973.#



Miller sees hope for its High Life

By SCOTT HUME

Miller Brewing Co. is moving into second gear with one of 1986's unlikeliest success stories: The regeneration of its High Life brand.

Asserting that the brand's steady, five-year sales erosion has been stemmed by the combination of the "Made the American way" campaign from J. Walter Thompson USA, New York, and the success of the High Life Genuine Draft brand extension, Miller is confident it has defied the widely held brewing industry adage that beer brands cannot be rescued once they start declining.

The No. 2 brewer now faces the equally difficult task of again increasing High Life sales, which analysts say dropped below 12 million bbls. in 1986 after peaking in '81 at more than 23 million bbls. With sales of Genuine Draft added, however, the High Life brand ended 1986 at about 1985's approximately 12.5 million-bbl. sales level, keeping it the nation's No. 3 brand.

Miller executives definitely see the two High Life brands working in tandem rather than at odds with one another.

"We look at Miller High Life as a franchise, and we're determined to strengthen it," said Miller group product director Jerry Schmutte. "The High Life franchise had been declining for several years, but since February, 1985 [when JWT's 'Made the American way' campaign began], we have significantly reduced the rate of decline.

> "The High Life franchise had been declining for several years, but since February, 1985, we have significantly reduced the rate of decline."
>
> ***—Jerry Schmutte***

"And the addition of High Life Genuine Draft has energized all the equity we have in the Miller name, which was one of the goals.

"While we haven't quite turned around original High Life yet, we know we've done the fundamentals and strengthened the Miller name" to the point where a turnaround can begin, he said.

Actor and former National Football League star

(Continued on Page 65)

Actor Ed Marinaro serves as spokesman for the second phase of Miller Brewing's "Made the American way" ad effort as it tries to turn around its premium High Life brand.

Networks dip into midseason stash

By JAMES P. FORKAN

NEW YORK—In preparing for midseason prime time schedule changes, the networks' availability of replacement series follows the same order as the ratings: NBC, CBS, ABC.

Of the three, CBS probably needs its backups most, as it tries to narrow the gap with NBC by season's end in April. Many agency executives fear the latest CBS management reorganization (AA, Dec. 15) increases the pressure on B. Donald Grant by leaving the CBS Entertainment president "on his own," either to "take the total blame" for failing to close in on NBC or the credit if CBS gains appreciably.

Mr. Grant already has called up three of his backups: "The Cavanaughs," "Outlaws" and "The Shell Game."

"The Shell Game" is due Jan. 8 against NBC's "Cosby Show" and "Family Ties," after CBS last week re-revised its Thursday lineup, placing "Designing Women" on reserve and canceling "The Twilight Zone."

ABC, having now slotted "Dads," "Gung Ho" and "Ohara," saw its bench material dwindle to "Harry," starring Alan Arkin.

Brandon Stoddard, ABC Entertainment president, seems to be focusing on the longer-term, spring tests for "Mariah State Prison" and "Max Headroom" and early commitments for several fall, 1987, series.

ABC's Monday movie package replaced football on Dec. 29 with the rerun "Love Thy Neighbor"; the first new title will be "On Fire," starring John Forsythe, on Jan. 5.

Also, ABC has renewed the low-rating "Starman" for a full season but ordered only five more episodes of "Jack & Mike," indicating a change is probable at 10 p.m. (ET) Tuesday.

CBS now has five contenders left, led by "Houston Knights," which may air at 8 p.m. or 9 p.m. Saturday. The others are "Spies" with George Hamilton, "Hard Copy," "The Popcorn Kid" and "Late Bloomer."

"Late Bloomer," as a "Kate & Allie" spin-

(Continued on Page 65)

FTC stands firm on ruling limiting fat claims for milk

By JANET MEYERS

WASHINGTON—Dairy food promoters got sour news late last month when the Federal Trade Commission rejected an American Dairy Assn. bid to overturn an FTC order banning it from advertising milk as "96% fat-free."

The ADA, which is the marketing arm of the United Dairy Industry Assn., Chicago, may ask the FTC to reconsider, an ADA attorney said.

The association said milk had been singled out arbitrarily by the 1973 FTC order because no other beverages or foods were banned from making claims about their fat contents.

Making the fat-free claim has become particularly important to the ADA, which, together with the National Dairy Promotion & Research Board, Arlington, Va., has sought ways to promote dairy foods as healthy and nutritious.

Nutritionists often single out dairy products as containing high amounts of fat and cholesterol.

Current advertising, via D'Arcy Masius Benton & Bowles, Chicago, describes milk as "America's health kick," while other campaigns point out dairy foods' high calcium content. McCann-Erickson, San Francisco, handles the calcium ads.

The FTC first imposed the ban because of a radio campaign by then ADA agency Leo Burnett USA, Chicago, that talked about milk being "96% fat-free." The inference, said an FTC staffer, was that fat had been removed from the milk.

Whole milk contains less than 4% fat by weight, but most of its weight is in noncaloric water. Actually, 48% of the calories in milk come from saturated butterfat.#

World News Roundup

GENEVA—International Institute on Multinationals, set up with Nestle's financial backing in the 1970s to improve the public perception of multinational companies, will close its doors "because the public now sees multinationals in a much more favorable light than it did a decade ago."

MONTREAL—The Quebec government split its $4.5 million tourism account for advertising outside the Canadian province between Scali, McCabe, Sloves and Groupe Morrow. The account previously was split between Vickers & Benson and Publicite Martin.

SANTIAGO—British American Tobacco, known here as Compania Chilena de Tabacos, this year will launch a low-tar cigaret called "Colombia Ultra Lights," sources say. The account is handled by Leo Burnett Co.

AMSTERDAM—Ricoh Electronics picked N W Ayer for its European account, estimated at $10 million over three years. The first cam-

(Continued on Page 43)

ADWATCH

Clay crooners raisin' interest

By JULIE FRANZ

The list of top 10 most-recalled ads has been affected by everything from skirmishes in the cola industry to little old ladies touting hamburgers. But November marks the first time a group of doo-wopping raisins has captured top honors in ADVERTISING AGE's adWatch survey.

AdWatch measures monthly awareness of advertising both over-all and in a variety of product categories.

In November, ads for the California Raisin Advisory Board, Fresno, were mentioned most often when consumers were asked to name the ad that first came to mind of all advertising seen, heard or read in the past 30 days.

The raisin spots garnered 3.1% of first mentions among all advertising seen during the month. That spot is most often held by Coca-Cola or McDonald's, whose recall score is as much a function of media weight as it is advertising creativity.

The two raisin commercials featured animated clay raisins in oh-so-cool sunglasses and white gloves strutting their stuff to Marvin Gaye's "I Heard It Through the Grapevine."

In the first spot, a chorus line of raisins high-steps across a living-room table, snubbing other less nutritious snacks. The

(Continued on Page 65)

Newspaper Advertising SAU Inches in the MRCS

October 1986 vs. October 1985

AKRON, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Beacon Journal (E)	111 344		119 199	
Beacon Journal (S)	54 106		59 464	
Grand Total	165 450		178 663	

NOTE: Part run figures not available

ALLENTOWN, PA

Call (M)	73 316	14 250	75 713	13 470
Call (S)	46 780	10 [illegible]	50 [illegible]	9 [illegible]
Grand Total	120 096	24 [illegible]	126 [illegible]	23 [illegible]

NOTE: [illegible]

ATLANTA, GA

Journal (M)	116 [illegible]	31 [illegible]	79 [illegible]	13 [illegible]
Journal (E)	111 [illegible]	[illegible]	97 [illegible]	14 [illegible]
Journal & Constitution (S)	174 [illegible]	[illegible]	187 [illegible]	44 [illegible]
Journal & Constitution (Sat)	87 [illegible]	[illegible]	82 [illegible]	[illegible]
Grand Total	478 [illegible]	141 [illegible]	445 [illegible]	146 [illegible]

NOTE: [illegible]

BALTIMORE, MD

News (M)	151 [illegible]	31 [illegible]	138 [illegible]	31 [illegible]
Sun (M)	205 [illegible]	38 [illegible]	195 [illegible]	37 [illegible]
Evening (E)	138 [illegible]	26 [illegible]	135 [illegible]	24 [illegible]
Grand Total	495 [illegible]	95 [illegible]	468 [illegible]	92 [illegible]

NOTE: [illegible]

BERGEN COUNTY, NJ

Record (M)	151 [illegible]	31 [illegible]	141 [illegible]	30 [illegible]
Record (S)	94 [illegible]	18 [illegible]	93 [illegible]	18 [illegible]
Grand Total	245 [illegible]	49 [illegible]	234 [illegible]	48 [illegible]

NOTE: [illegible]

BOSTON, MA

Herald (M)	116 [illegible]	20 [illegible]	109 [illegible]	19 [illegible]
Herald (E)	71 [illegible]	16 [illegible]	70 [illegible]	14 [illegible]
Globe (M)	114 [illegible]	24 [illegible]	108 [illegible]	21 [illegible]
Globe (S)	108 [illegible]	24 [illegible]	110 [illegible]	20 [illegible]
Grand Total	409 [illegible]	84 [illegible]	397 [illegible]	74 [illegible]

NOTE: [illegible]

BUFFALO, NY

News (M)	134 [illegible]	36 [illegible]	129 [illegible]	33 [illegible]
News (S)	73 [illegible]	18 [illegible]	70 [illegible]	21 [illegible]
Grand Total	207 [illegible]	54 [illegible]	199 [illegible]	54 [illegible]

CAMDEN, NJ

Courier Post (E)	145 [illegible]	29 [illegible]	146 [illegible]	29 [illegible]
Courier Post (S)	86 [illegible]	17 [illegible]	87 [illegible]	17 [illegible]
Grand Total	231 [illegible]	47 [illegible]	233 [illegible]	46 [illegible]

CHARLOTTE, NC

News (E)	[illegible]	[illegible]	[illegible]	[illegible]
Observer (M)	135 [illegible]	25 [illegible]	128 [illegible]	23 [illegible]
Observer (S)	78 [illegible]	15 [illegible]	69 [illegible]	14 [illegible]
Grand Total	[illegible]	[illegible]	[illegible]	[illegible]

NOTE: [illegible]

CHICAGO, IL

Sun-Times (M)	158 [illegible]	120 [illegible]	145 [illegible]	108 [illegible]
Sun-Times (S)	88 [illegible]	68 [illegible]	83 [illegible]	64 [illegible]
Tribune (M)	158 [illegible]	273 [illegible]	142 [illegible]	244 [illegible]
Tribune (S)	160 [illegible]	106 [illegible]	130 [illegible]	98 [illegible]
Grand Total	397 [illegible]	526 [illegible]	361 [illegible]	481 [illegible]

NOTE: Tribune figures supplied by publisher to Media Records

CINCINNATI, OH

Enquirer (M)	179 [illegible]	37 [illegible]	161 [illegible]	6 431
Enquirer (S)	108 [illegible]	31 [illegible]	125 [illegible]	13 [illegible]
Post (E)	89 [illegible]	27 [illegible]	90 [illegible]	17 [illegible]
Grand Total	407 [illegible]	93 [illegible]	402 [illegible]	31 [illegible]

CLEVELAND, OH

Plain Dealer (M)	155 332	36 341	153 906	31 071
Plain Dealer (S)	124 705	10 023	117 715	6 894
Grand Total	280 037	46 364	271 621	37 965

DALLAS, TX

News (M)	298 452	15 874	317 005	21 127
News (S)	152 486	12 267	183 066	15 698
Times Herald (AD)	229 123	45 521	261 111	30 236
Times Herald (S)	108 229	21 774	132 841	12 495
Grand Total	788 290	95 436	894 023	79 516

DENVER, CO

Rocky Mt. News (M)	289 698	6 816	295 369	4 517
Rocky Mt. News (S)	92 842	2 050	97 125	3 308
Post (M)	211 123	12 994	197 041	4 315
Post (S)	111 196	1 132	117 009	3 685
Grand Total	704 859	22 992	706 544	15 825

DETROIT, MI

Free Press (M)	107 767	57 742	106 956	46 468
Free Press (S)	46 493	40 951	55 859	23 739
News (AD)	170 487	48 555	165 871	42 115
News (S)	94 517	26 299	87 445	29 007
Grand Total	419 264	173 547	416 131	141 329

ESCONDIDO, CA

Times Advocate (E)	150 880	4 279	———	———
Times Advocate (S)	13 973	35	———	———
Grand Total	153 853	4 254	———	———

NOTE: 1985 figures not available

FORT LAUDERDALE, FL

News & Sun Sentinel (M)	111 [illegible]	———	116 284	———
Sun Sentinel (M)	78 [illegible]	———	60 [illegible]	———
Grand Total	189 [illegible]	———	176 [illegible]	———

NOTE: [illegible]

FORT WAYNE, IN

Journal Gazette (M)	66 [illegible]	———	63 [illegible]	———
Journal Gazette (S)	35 [illegible]	———	38 [illegible]	———
News Sentinel (E)	47 [illegible]	———	48 [illegible]	———
Grand Total	150 [illegible]	———	150 [illegible]	———

NOTE: [illegible]

GREENWICH STAMFORD, CT

News (M)	97 [illegible]	1 [illegible]	80 [illegible]	1 [illegible]
News (S)	54 [illegible]	———	58 [illegible]	———
Advocate (M)	116 [illegible]	16 [illegible]	124 [illegible]	6 [illegible]
Advocate (S)	67 [illegible]	14 [illegible]	67 [illegible]	———
Grand Total	334 [illegible]	31 [illegible]	329 [illegible]	4 762

HARTFORD, CT

Courant (M)	171 [illegible]	47 [illegible]	165 [illegible]	36 [illegible]
Courant (S)	104 [illegible]	26 [illegible]	92 [illegible]	24 [illegible]
Times (M)	116 [illegible]	16 [illegible]	124 [illegible]	6 [illegible]
Times (S)	95 [illegible]	14 [illegible]	87 [illegible]	———
Grand Total	486 [illegible]	103 [illegible]	468 [illegible]	66 [illegible]

HONOLULU, HI

Advertiser (M)	116 [illegible]	———	110 [illegible]	———
Star-Bulletin (E)	116 [illegible]	———	118 [illegible]	———
Star-Bulletin & Advertiser (S)	74 [illegible]	———	71 [illegible]	———
Grand Total	307 [illegible]	———	299 [illegible]	———

HOUSTON, TX

Chronicle (M)	170 [illegible]	43 [illegible]	172 [illegible]	48 [illegible]
Chronicle (S)	98 [illegible]	26 [illegible]	103 [illegible]	27 [illegible]
Post (M)	141 [illegible]	36 [illegible]	150 [illegible]	43 [illegible]
Post (S)	76 [illegible]	20 [illegible]	91 [illegible]	27 [illegible]
Grand Total	484 [illegible]	142 [illegible]	516 [illegible]	145 [illegible]

LONG BEACH, CA

Press Telegram (M)	119 [illegible]	30 [illegible]	112 [illegible]	———
Press Telegram (S)	66 [illegible]	12 [illegible]	52 [illegible]	———
Grand Total	185 [illegible]	42 [illegible]	164 [illegible]	———

NOTE: 1985 Part run figures not available

LONG ISLAND, NY

Newsday (E)	146 [illegible]	123 [illegible]	150 [illegible]	44 [illegible]
Newsday (S)	108 [illegible]	83 [illegible]	111 [illegible]	87 [illegible]
Grand Total	255 [illegible]	206 [illegible]	264 [illegible]	133 [illegible]

LOS ANGELES, CA

Times (M)	379 [illegible]	304 [illegible]	395 [illegible]	301 [illegible]
Times (S)	264 [illegible]	93 [illegible]	171 [illegible]	99 [illegible]
Herald Examiner (M)	66 [illegible]	2 [illegible]	82 [illegible]	10 [illegible]
Herald Examiner (S)	35 [illegible]	9 [illegible]	14 [illegible]	7 [illegible]
Grand Total	566 [illegible]	415 [illegible]	594 [illegible]	418 [illegible]

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	191 [illegible]	54 [illegible]	231 [illegible]	33 [illegible]
News (S)	86 [illegible]	1 [illegible]	80 [illegible]	3 [illegible]
Grand Total	278 [illegible]	56 [illegible]	311 [illegible]	37 [illegible]

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	220 484	———	224 374	———
Grand Total	220 484	———	224 374	———

NOTE: Figures supplied by publisher to Media Records

*LOUISVILLE, KY

Courier Journal (M)	103 360	65 202	100 397	66 362
Courier Journal (S)	62 741	60 451	63 647	62 111
Times (E)	100 590	102 120	108 264	87 101
Grand Total	266 691	227 773	272 308	215 574

NOTE: Figures supplied by publisher to Media Records

*MEMPHIS, TN

Commercial Appeal (M)	139 928	113 728	141 211	109 186
Commercial Appeal (S)	95 934	8 001	87 423	10 020
Grand Total	235 862	121 729	228 634	119 206

NOTE: Figures supplied by publisher to Media Records

MIAMI, FL

Herald (M)	172 273	———	174 829	———
Herald (S)	84 003	———	102 830	———
News (E)	67 989	———	63 060	———
Grand Total	323 265	———	340 719	———

NOTE: Part run figures not available

MINNEAPOLIS, MN

Star & Tribune (AD)	128 494	25 554	129 212	21 993
Star & Tribune (S)	139 160	6 098	134 594	6 193
Star & Tribune (Sat)	25 679	———	24 019	———
Grand Total	293 333	31 852	287 825	28 186

*NASHVILLE, TN

Banner (E)	121 595	———	124 981	———
Tennessean (M)	123 120	———	123 723	———
Tennessean (S)	89 024	———	91 408	———
Grand Total	333 739	———	340 112	———

NOTE: Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

Home News (E)	105 420	2 354	100 531	75
Home News (S)	75 787	8 878	70 656	904
Grand Total	180 707	11 232	171 187	979

NEW YORK, NY

Times (M)	212 059	56 159	188 666	15 369
Times (S)	205 095	124 758	210 925	129 507
News (M)	69 217	108 039	70 574	121 659
News (S)	43 806	83 532	40 486	93 108
Post (AD)	62 894	7 192	65 737	7 188
Grand Total	593 171	379 680	576 388	366 827

NEWARK, NJ

Star Ledger (M)	131 [illegible]	6 [illegible]	139 [illegible]	6 [illegible]
Star Ledger (S)	198 [illegible]	33 [illegible]	198 [illegible]	33 [illegible]
Grand Total	329 [illegible]	39 [illegible]	338 [illegible]	40 [illegible]

OAKLAND, CA

Tribune (M)	90 [illegible]	86 [illegible]	96 [illegible]	74 [illegible]
Tribune (S)	47 [illegible]	41 [illegible]	49 [illegible]	37 [illegible]
Grand Total	137 [illegible]	127 [illegible]	145 [illegible]	111 [illegible]

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade Tribune (E)	112 [illegible]	6 [illegible]	93 [illegible]	4 [illegible]
Blade Tribune (S)	86 [illegible]	———	89 [illegible]	———
Grand Total	199 [illegible]	6 [illegible]	182 [illegible]	4 [illegible]

NOTE: Blade Tribune Evening published five days a week only

ORANGE COUNTY, CA

Register (AD)	140 [illegible]	37 [illegible]	146 [illegible]	35 [illegible]
Register (S)	126 [illegible]	6 [illegible]	126 [illegible]	8 [illegible]
Grand Total	267 [illegible]	44 [illegible]	273 [illegible]	44 [illegible]

PHILADELPHIA, PA

Inquirer (M)	126 [illegible]	36 [illegible]	125 [illegible]	9 754
Inquirer (S)	131 [illegible]	13 [illegible]	122 [illegible]	822
News (E)	97 [illegible]	6 [illegible]	79 [illegible]	837
Grand Total	355 [illegible]	176 [illegible]	326 [illegible]	11 413

*PHOENIX, AZ

Arizona Republic (M)	247 [illegible]	13 [illegible]	233 [illegible]	10 [illegible]
Arizona Republic (S)	138 [illegible]	———	153 [illegible]	———
Gazette (E)	238 [illegible]	13 [illegible]	236 [illegible]	11 [illegible]
Grand Total	624 [illegible]	27 [illegible]	622 [illegible]	22 [illegible]

NOTE: Figures supplied by publisher to Media Records

*RIVERSIDE, CA

Press Enterprise (M & S)	268 085	21 852	282 459	16 540
Grand Total	268 085	21 852	282 459	16 540

NOTE: Figures supplied by publisher to Media Records

*ST. LOUIS, MO

Globe Democrat (M)	114 444	37 431	111 161	38 529
Globe Democrat (W)	125 313	284	127 846	———
Grand Total	239 757	37 715	239 027	38 529

NOTE: Figures supplied by publisher to Media Records

ST. PAUL, MN

Pioneer Press Dispatch (AD)	107 879	———	105 219	———
Pioneer Press Dispatch (S)	109 450	———	104 597	———
Grand Total	217 329	———	209 816	———

NOTE: Part run figures not available

SAN ANTONIO, TX

Express-News (AD)	131 891	40 885	151 010	32 824
Express-News (S)	74 417	35 164	82 238	32 590
Express-News (Sat)	34 211	———	39 238	———
Light (AD)	150 369	23 871	133 589	37 452
Light (S)	94 158	4 838	72 390	36 208
Light (Sat)	30 347	1 743	31 785	———
Grand Total	515 893	106 501	510 250	139 074

NOTE: Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

Union (M)	228 899	44 734	247 235	23 107
Union (S)	130 134	———	131 836	———
Tribune (E)	243 897	45 735	259 908	21 961
Grand Total	602 930	90 469	638 979	45 068

SAN FRANCISCO, CA

Chronicle (M)	139 060	84 871	140 812	77 434
Examiner & Chronicle (S)	79 599	38 731	77 023	41 574
Grand Total	218 659	123 602	217 835	119 008

SAN JOSE, CA

Mercury News (AD)	301 804	29 686	308 644	38 076
Mercury News (S)	142 412	———	150 317	———
Grand Total	444 216	29 686	458 961	38 076

SHREVEPORT, LA

Journal (E)	97 825	4 007	94 871	11 066
Times (M)	106 343	13 903	116 444	18 159
Times (S)	58 497	11 314	67 350	5 692
Grand Total	262 665	29 224	278 665	34 857

*STATE COLLEGE, PA

Centre Times (E)	89 512	9 886	84 362	7 182
Centre Times (S)	42 118	279	33 944	2 483
Grand Total	131 630	9 865	118 306	10 665

NOTE: Figures supplied by publisher to Media Records

SYRACUSE, NY

Herald Journal (E)	96 329	57 957	108 685	51 038
Herald American (S)	53 845	96 998	51 860	88 656
Post Standard (M)	80 [illegible]	53 [illegible]	83 [illegible]	37 [illegible]
Grand Total	223 [illegible]	187 [illegible]	243 [illegible]	114 [illegible]

*TAMPA, FL

Tribune (AD&S)	284 [illegible]	89 [illegible]	325 [illegible]	116 [illegible]
Grand Total	284 [illegible]	89 [illegible]	325 [illegible]	116 [illegible]

NOTE: Figures supplied by publisher to Media Records

*TOLEDO, OH

Blade (E)	109 [illegible]	———	112 [illegible]	———
Blade (S)	101 [illegible]	———	99 [illegible]	———
Grand Total	211 [illegible]	———	211 [illegible]	———

NOTE: Figures supplied by publisher to Media Records

WASHINGTON, DC

Post (M)	360 [illegible]	53 [illegible]	351 [illegible]	58 [illegible]
Post (S)	157 [illegible]	44 [illegible]	150 [illegible]	38 [illegible]
Grand Total	460 [illegible]	98 [illegible]	441 [illegible]	97 [illegible]

WASHINGTON, DC SUBURBAN GROUP

Alexandria Journal (M)	80 [illegible]	———	79 [illegible]	———
Prince George's Journal (M)	76 [illegible]	———	64 [illegible]	263
Montgomery Journal (M)	76 [illegible]	———	66 [illegible]	182
Fairfax Journal (M)	93 [illegible]	[illegible]	79 [illegible]	548
Arlington Journal (M)	90 [illegible]	———	77 [illegible]	———
Grand Total	416 [illegible]	2 [illegible]	347 [illegible]	2 993

NOTE: Alexandria Journal Morning, Prince George's Journal Morning, Montgomery Journal Morning, Fairfax Journal Morning and Arlington Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	105 [illegible]	23 [illegible]	97 [illegible]	16 541
Reporter Dispatch (S)	86 [illegible]	27 [illegible]	88 [illegible]	10 123
Grand Total	192 [illegible]	50 [illegible]	186 [illegible]	26 664

WICHITA, KS

Eagle Beacon (M)	122 455	———	117 348	———
Eagle Beacon (S)	79 410	———	76 [illegible]	———
Grand Total	202 865	———	193 [illegible]	———

NOTE: Part run figures not available

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service. Total Advertising data shown has been supplied by the publisher to Media Records and included on this compilation. All publisher supplied figures are converted to MRCS SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

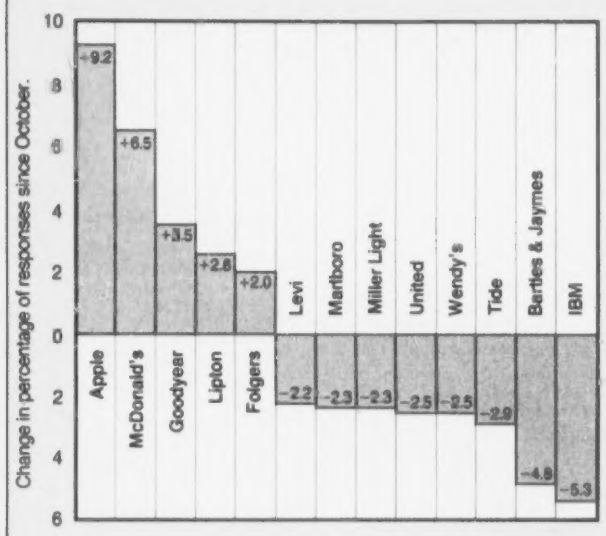
The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

SAU* is the registered trademark of the American Newspaper Publishers Association.

November winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? *Source: SRI Research Center Inc., Lincoln, Neb.*



adWatch

(Continued from Page 3)

second spot broke in mid-November with those dancin' raisins headlining in a construction workers' lunch box.

What makes the little critters so popular?

"God knows," said David Altschul, producer and general manager at Portland, Ore.-based Will Vinton Productions, which produced the spots (AA, Oct. 20). Foote, Cone & Belding, San Francisco, handles the raisin board.

"You can work intimately with a production, but the truth is that you never know until the box office opens or the commercial hits the airwaves if it's really a hit," Mr. Altschul said.

As for the raisin commercials, he emphasizes their "really good characters coupled with really good filmmaking and an extraordinary level of design. The characters are important, though, not the [Claymation] process."

Claymation, already used in spots for Kentucky Fried Chicken and Domino's Pizza, is "easy to put on tv and catch the eye of the viewer," Mr. Altschul said. "The trick is to develop the process enough not to distract the viewer from the message but become an integral part of the spot."

The raisins have taken on a life of their own, he said, adding, "Each raisin has its own personality, taking bits of the real people who created them.

"They're definitely cool."

Rounding out the top 10 are McDonald's, Coca-Cola, Pepsi-Cola, General Motors' Chevrolet, political advertising, Budweiser/Bud Light (Anheuser-Busch), Miller/Miller Lite, Ford and GM.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the past 30 days. Consumers are queried on the first ad they remember over-all as well as in a variety of product areas. During November, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers can be attributed to more than sample variation.

Among other significant ad awareness changes in November:

- In the **fast-food** category, McDonald's Corp. survived attacks on its McD.L.T. from Burger King Corp. and Wendy's International to gain 6.5 percentage points in advertising awareness to gather 47.7% of first mentions, its highest score in 12 months. Burger King has 16.6% of first mentions and Wendy's had 6.9%.
- Apple Computer's shift to a softer approach to selling **computers** netted the company 9.2 additional percentage points of advertising awareness, for a score of 30.4%, the company's highest share of first mentions for the year.

IBM Corp. lost 5.3 percentage points of ad recall, the largest drop in November, for a score of 16.3%. Radio Shack was No. 3 with 3.8%.#

For additional information or data, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Networks

(Continued from Page 3)

off starring Lindsay Wagner, may get the compatible Monday 8:30 p.m. slot come March, some speculated, with "Designing Women" perhaps regaining its old slot an hour later.

Paul Schulman, president of the Paul Schulman Co. subsidiary of Advanswers Media Programming, praised "Houston Knights" but added, "The bottom line in the ratings race is not going to change. It's still an NBC runaway, with CBS second and ABC winning only Tuesday 8 p.m. to 10 p.m."

NBC Entertainment president Brandon Tartikoff has at least seven prospects: "Stingray," "Bronx Zoo" with Ed Asner and the sitcoms "The Days & Nights of Molly Dodd," "The Tortellis," "Sweet Surrender," "Rags to Riches" and "Me & Mrs. C."

"Remington Steele," ordered as six hours, now is being slated as three two-hour movies, the first due at 8 p.m. Jan. 5.

Among the back-up series CBS is counting on to narrow the gap with NBC is "The Cavanaughs," a comedy about an Irish Catholic family in Boston.

As most agency buyers had bet, "Stingray" will be the 8 p.m. Friday replacement for "The A-Team," as of Jan. 9, joining "Miami Vice" and "Crime Story" to offer what Mr. Schulman dubbed "a men's night of hard action" that could work for NBC like CBS' Wednesday.

Although "1986" makes its finale Dec. 30, NBC plans news specials in its 10 p.m. Tuesday slot at least through Jan. 13. "Hill Street Blues" may yet get the spot vacated by "1986," with "Bronx Zoo" a contender for 9 p.m. versus ABC's "Moonlighting."

According to some scenarios, NBC may move "Family Ties" to 8 p.m. Monday, leading into "ALF," a combination that recently drew high ratings. That would allow Lisa Bonet's spin-off sitcom a hefty sampling behind the parent "Cosby Show."

Another spinoff that could benefit from being coupled with its parent is "The Tortellis," behind "Cheers." But a few buyers, including Mr. Schulman, believe "Tortellis" may instead go to 9:30 p.m. Wednesday, to plug the hole left by the just-canceled "You Again?"

NBC has decided to introduce "The Tortellis" behind its parent series "Cheers" on Jan. 22. It then will appear Wednesdays at 9:30 p.m. behind "Gimme a Break," replacing the canceled "You Again?" This was expected by Mr. Schulman a week before the announcement.

"Rags to Riches" and "Me & Mrs. C" probably will be held for March, others added.#

Agencies

(Continued from Page 4)

terms of 1985 revenue growth. They are holding their own in a down market for advertising expenditures."

In some results for the other ad-supported media segments:

- **Broadcasting.** Cash flow growth slowed dramatically in 1985 to 6.5%, the lowest growth rate for the five-year period and substantially below the 14.3% compound annual growth rate. Cash flow margin, however, rose to a record 21.2%, and cash flow return on assets also stood at 21.2%.
- **Newspapers.** "Newspaper cash flow and profit margins have shown greater movement over the five years than all but one other segment in the ad-supported sector," Mr. Suhler said. "The newspaper segment's profit margins ranged from 13.6% in 1982 to 19% in 1985. Its cash flow margins, reflecting the impact of depreciation, moved in a 4.7% range for those same years. Only business magazines' cash flow margin displayed a greater, 5.2% percentage point movement."
- **Business and consumer magazines.** "Next to newspapers, no other segment in the communications industry uses assets as efficiently as the two magazine segments combined," said Mr. Suhler, explaining that this means that their asset base "generates both more revenue and income than the others do."

But there are differences between business and consumer magazines.

"Operating income return on assets for business magazines in 1985 was 26.2%—noticeably higher than 22.6% for consumer magazines and underscoring that the two segments indeed perform differently," Mr. Suhler observed.

"Consumer magazines' assets produce enough revenue to equal themselves once every five months, while it takes close to once every six months for business magazines."#

Miller

(Continued from Page 3)

Ed Marinaro has been enlisted to lead the expected sales upturn. Mr. Marinaro later this month becomes the featured spokesman in Miller's revamped "Made the American way" High Life campaign (AA, Dec. 29), which will be combined with a major price-reduction promotion.

The original "American way" turnaround campaign, which has aired for nearly two years (AA, Feb. 4, '85), positioned High Life as a brand with a long American heritage and "honest" quality (symbolized by several handshaking scenes).

Miller, believing that image has been conveyed successfully, now is altering the campaign to counter the perception (fostered by its clear bottle) that High Life is lighter tasting than St. Louis-based Anheuser-Busch's Budweiser, the nation's leading premium beer.

New tv commercials, themed "Seeing is believing," show Mr. Marinaro in Miller's Milwaukee brewery talking about High Life's brewing process, with special emphasis given the use of roasted malt to create a "dark and rich" beer.

Mr. Marinaro was chosen because he "is believable and straightforward," said High Life brand manager Robert Tyley.

The "Seeing is believing" message will be carried on network and spot tv, radio, print and outdoor.

Also, Miller will start a two-month national point-of-purchase promotion for High Life offering a $2-per-case refund.

The similarity between Miller's use of Mr. Marinaro and Golden, Colo.-based Adolph Coors Co.'s use of Mark Harmon as spokesman is ironic as well as obvious. Sources say Coors and its agency, Foote, Cone & Belding, Chicago, considered Mr. Marinaro for the "Coors is the one" campaign before finally tapping Mr. Harmon.#

Salada rolls tea bags

Little Falls, N.Y.—Salada Foods is introducing Salada Sweetened Tea, which it says is the first tea bag presweetened with NutraSweet, into the mid-Atlantic, Midwest and Northeast. Leo Burnett USA, Chicago, handles.

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...g. In Two Sections, Section 1.

A-B stirs on waterfront

Will introduce Zeltzer Seltzer

By SCOTT HUME

Anheuser-Busch, having upped its share of the slow-growth beer market to 38% in 1986, this year has set its sights on the $1.5 billion bottled-water market, the beverage industry's fastest-growing segment.

Spearheading its drive to become the dominant company in that market will be a line of flavored seltzer waters marketed under the Zeltzer Seltzer brand name, industry sources said.

That product line is expected to be introduced during the first quarter and accelerate an already frenzied dash by marketers to grab a piece of the bottled water market, where sales have been growing by 15% annually.

Oakland, Cal.-based Clorox Co. last week made its second acquisition in the field, buying Deer Park Spring Water Co., Lodi, N.J. *(see related story on Page 58).*

Sources said the A-B seltzer assignment was the main "carrot" it used last year to lure Hal Riney & Partners away from the $20 million account of G. Heileman Brewing Co. (AA, March 24, *et seq.*). If true, that would indicate plans for a major ad budget backing the Zeltzer launch.

A spokesman for St. Louis-based A-B had no comment on the report and said Bloom Agency, Dallas, is the brewer's agency for water products. But sources said Riney has been working on tv, radio and print advertising for Zeltzer Seltzer since joining the A-B roster of agencies.

Bloom does handle the two regional mineral-water companies A-B purchased last year: Santa Rosa, Cal.-based Sante and Saratoga Springs Co., Saratoga Springs, N.Y. The brewer said its third entry, Ballygowan Sparkling Irish Spring Water, which it recently agreed to import from Ireland, is unassigned.

"Flavored seltzer is not a bad place for

(Continued on Page 58)

Sanka going natural; decaf war perks up

By PATRICIA WINTERS

General Foods, facing competitive ads that have rekindled an old controversy about coffee decaffeinated with chemicals, is switching leader Sanka to a naturally decaffeinated process, supported by a $20 million-plus ad campaign addressing the issue.

GF's campaign, representing the highest spending levels ever for Sanka, responds indirectly to Nestle Foods' recent ads for Taster's Choice decaffeinated that bring up the issue of chemical decaffeination. Taster's Choice receives an estimated $8 million in ad spending annually.

But the decaf battle is only beginning with GF's ads. The Rye Brook, N.Y.-based marketer reportedly has complained about the Taster's Choice ads to the networks and the National Advertising Division, Council of Better Business Bureaus.

In a separate issue, GF reportedly also has filed a challenge to Procter & Gamble's new ads for Folgers Crystals that make a taste comparison with a leading decaffeinated coffee. Cunningham & Walsh, New York, handles Folgers. P&G stood by its ad, which doesn't name a competitor.

All this underscores the all-out market war emerging in the decaffeinated arena. The decaf segment, which was growing rapidly in the early 1980s, has leveled off and

(Continued on Page 56)

A Shepherd tending her beef

Cybill Shepherd confides a craving for hamburgers in this spot, part of the Beef Industry Council's $30 million campaign breaking today on network tv. The star of ABC-TV's "Moonlighting" and actor James Garner appear separately in spots, with Mr. Garner making shish kebabs (AA, Oct. 20). Ketchum Advertising/San Francisco handles the effort, including network radio and print.

Last Minute News

Grace & Rothschild wins J&B

FORT LEE, N.J.—Paddington Corp. has moved its estimated $11 million J&B scotch account to Grace & Rothschild from Backer & Spielvogel, both New York. J&B is the largest account yet for the $25 million G&R agency, which was formed last year.

Ayer counterattacks Army in court

WASHINGTON—N W Ayer, New York, will file papers in court today, making good on its threat to sue the U.S. Army to delay selection of a new agency for its $100 million recruiting account (AA, Dec. 1, *et seq.*). Ayer's suit follows the Army's refusal late last week to lift its suspension of Ayer from government work. The Army is expected to pick a new agency this week from among several contenders.

(Continued on Page 8)

What's on the doorstep at BK? It's Burger Bundles

By PATRICIA WINTERS

Burger King today opens an unusual 522-store test of a mini-burger product called Burger Bundles and at the same time begins phasing out its "This is a Burger King Town" ad theme.

The new campaign theme, "The best food for fast times," breaks in 13 markets in the Midwest, Southeast and West where BK is introducing Burger Bundles, 1-oz. burgers in $1.19 three-packs and $2.38 six-pack cartons with or without cheese and a pickle. A 12-pack is under consideration, sources say.

In a separate but similarly convenience-related action, Burger King confirmed that it has reduced the size of its flagship Whopper to 4 ozs. from 4.2 ozs. (AA, Oct. 13). The chain in 1985 spent $30 million on celebrity-studded advertising touting the burger patty increase from 3.6 ozs. (AA, May 13, '85, *et seq.*).

The Burger Bundle test is the most extensive ever by Burger King and could move to 1,300 restaurants by March. The new slogan eventually will completely replace "Burger King Town" whether or not the mini-burger is successful, according to BK director of public relations Joyce Myers.

In other markets, current BK commercials promoting toppings will continue.

"Obviously this gives Burger King some real product news at a time when there's little of that in the marketplace, and that could help them," said a BK competitor. "But I wonder whether

(Continued on Page 56)

Highlights

Anheuser-Busch adds fizz 1
Anheuser-Busch this year has set its sights on the $1.5 billion bottled-water market, the beverage industry's fastest-growing segment. Spearheading its drive will be a line of flavored seltzer waters marketed under the Zeltzer Seltzer name.

Sanka tries natural process 1
General Foods, facing competitive ads that have rekindled an old controversy about coffee decaffeinated with chemicals, is switching leader Sanka to a naturally decaffeinated process, supported by a $20 million-plus ad campaign addressing the issue.

Chevy finds a pulse 3
The striking, risk-taking "Heartbeat of America" campaign that General Motors Corp.'s Chevrolet division broke this fall couldn't have happened without Chevy first tackling its identity crisis.

BATF's battle of the budget 4
The Reagan administration's fiscal 1988 budget would take its biggest bite out of the agency that oversees alcoholic beverage advertising and labeling.

McCann's promotion plunge 6
McCann-Erickson last week joined the growing list of ad agencies adding sales promotion to their services. Benjamin Colarossi, formerly president-ceo at Cato-Johnson, was named managing director of McCann-Erickson Promotion Group.

Hardee's pushes patties 12
Hardee's Food Systems is introducing a "tougher, back-to-basics" pitch in the face of widespread price cutting by fast-food competitors. The No. 4 burger chain last week began airing new tv advertising telling consumers "We're out to win you over" with what it claims are thicker and juicier hamburgers.

Frito cookies lay an egg 14
Frito-Lay is expected to renew its emphasis on profits in 1987 by scrapping Grandma's cookies and some of the company's newest snacks in the wake of parent PepsiCo's reorganization.

AT&T calling cuts 55
AT&T may eliminate completely the longtime marketing edge of rivals MCI Communications and US Sprint Communications with an 11% cut in long-distance rates, being touted in an aggressive new print advertising campaign. The move marks AT&T's strongest marketing response yet to the price-discounting claims of its challengers since the breakup of Ma Bell three years ago. Ads promote the steady erosion of the rivals' cost advantages over AT&T, and the carrier's 30% rate cut since divestiture.

INTERNATIONAL

TBWA looks at Asia 46
TBWA Advertising, the agency founded by principals in four different countries, is exploring linkages with agencies in Hong Kong, Japan and Korea, countries in which TBWA has no equity or nonequity affiliations.

Curtis' overseas growth 46
Helene Curtis Industries, Chicago, expects overseas sales to increase to 25% of all revenues within the next five years, from 15% now. No countries were specified for expansion, but the U.K. and Germany are the only two countries in the top 10 h&ba markets where Curtis does not have a presence.

OTHER NEWS

The National Football League's Super Bowl XXI is attracting global interest, and in some countries tv stations are competing for rights to broadcast the game. The Jan. 25 matchup is expected to be aired in 60 countries, compared with 59 countries last year and 17 in 1980. Page 3.

Hearst Corp. hopes its centennial present to itself, the purchase of *Esquire*, will be the first in a string of additional acquisitions. Since December, 1978, when Hearst bought the Arbor House book publishing company, it has spent "more than $1 billion" on media acquisitions, including three tv stations, eight daily newspapers, *Redbook* and Diversion Publications. Page 22.

Toy marketers are finding it easier to reach children worldwide as satellite tv and children's programing come of age. U.S. toy marketers say a satellite-to-cable children's network that increased Italian children's programing and a Canadian court decision that knocked down restrictions offer added promotional opportunities and could encourage governments to ease restrictions. Page 46.

BBDO, faced with rising overhead and flat revenues, last week let go about 50 employes, or 5% of its staff. "It's the same thing the whole industry is facing," said Tom Clark, president-ceo of BBDO Inc., the $600 million flagship unit of BBDO Worldwide that includes the New York, Detroit and Minneapolis offices. Revenue increases in 1987 are not expected to better the 6% boost recorded in 1986, he said. Page 60.

SPECIAL REPORT

With the direct-marketing pool in the U.S. getting crowded, some agencies are taking on the world. Several of them foresee at least as much growth potential outside the U.S. as within it.

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Isuzu's liar zaps 'mom'; CBS winces

By CLEVELAND HORTON

Vaporizing even "liar" Joe Isuzu's mother on screen apparently is too much for CBS.

In storyboards for a new commercial from American Isuzu Motors, Joe appears on screen with his "mother" and declares to the heavens: "May lightning strike my mother" if he is lying. The spot ends with a lightning bolt.

CBS objected to the commercial, scheduled to air in February. CBS vp-programing practices George Dessart said the network objected to the "violent dispatch of a mother," and advised Isuzu to handle the lightning bolt "humorously."

Neither NBC nor ABC objected to the storyboard, according to Isuzu national marketing services manager Leon Rosen.

Isuzu since has submitted a revised storyboard to CBS and was awaiting word from the network. In the new version, mom reappears after the lightning bolt. Della Femina, Travisano & Partners, Los Angeles and New York, handles.

Executives at Whittier, Cal.-based Isuzu, who feared the

(Continued on Page 57)

Coke, Paramount may bid for LBS

By WAYNE WALLEY

LOS ANGELES—A year after Coca-Cola Television first offered to acquire LBS Communications from Grey Advertising, the deal is said to be alive again with Paramount Pictures Corp. and a partial public stock offering added to the mix.

LBS chairman-president Henry Siegel is said to be considering an offer in which he, Paramount and Coca-Cola Tv would each have 25% interests, with the remaining 25% as the public offering.

No reliable price was revealed, though Grey chairman Edward Meyer reportedly had wanted $80 million for the nation's largest barter-syndication company.

Syndication sources estimated New York-based LBS had some $200 million in 1986 sales, or a 25%-to-33% share of the barter-syndication business.

The usually accessible Mr. Siegel, who was here last week attending the Assn. of Independent Television Stations programing convention, remained unavailable for comment.

Frank Biondi, Coca-Cola Tv chairman-ceo, and Mel Harris, president of Paramount Television, the two other executives who reportedly worked out the deal with Mr. Siegel, also remained unavailable for comment.

Grey had no comment, though one source said that Mr. Meyer was not interested in selling LBS and that no offer had been officially presented to Grey.

However, in a March 21, 1986, proxy statement, Grey stated that "as a result of LBS' growth and the attention the investment commu-

(Continued on Page 56)

West Coast News

Scali lands $2M in Altos Computer business

SAN JOSE—Altos Computer Systems awarded its $2 million account to Scali, McCabe, Sloves, Los Angeles, following a review including nine West Coast agencies. Rice & Woolward, San Francisco, earlier resigned the account.

LOS ANGELES—**Columbia Pictures** is believed close to hiring McCann-Erickson to handle Hispanic advertising, previously at the agency's Spanish-language unit, La Agencia de McCann-Erickson. La Agencia earlier was spun off as an independent agency (AA, Sept. 8).

SACRAMENTO—**California State Lottery** selected Dailey & Associates and incumbent Rubin Postaer & Associates, both Los Angeles, and J. Walter Thompson USA, San Francisco, as finalists for its $25 million general account. A winner will be named in early February.

SAN FRANCISCO—**J. Walter Thompson USA** hired Steve Darland, former senior vp-management supervisor/director of human resources, Evans/-Kraft, to the new post of deputy manager-director of client services.

LOS ANGELES—**Burger King Corp.** starts a four-week radio and tv drive in Southern California today offering a 50% rebate to buyers of Chicken Tenders. If customers aren't satisfied with Tenders, they may use the rebate toward purchases of McDonald's McNuggets. Admarketing is handling the regional drive for the Miami-based company.#

Colarossi heads McCann sales promotion

By PAUL L. EDWARDS

NEW YORK—McCann-Erickson last week joined the growing list of ad agencies adding sales promotion to their list of services.

B. Colarossi

The agency has hired Benjamin Colarossi, who recently left the president-ceo post at Cato-Johnson, one of Young & Rubicam's two sales-promotion units. He becomes managing director of McCann-Erickson Promotion Group.

McCann has had a sales-promotion department for several years, under the direction of Simon Marlow, primarily to service R.J. Reynolds Tobacco. Mr. Marlow now becomes deputy managing director of the new independent group.

"Our existing people were good," said John Dooner, exec vp-general manager of the New York ad agency. "But they were at an adolescent level, and we didn't want to wait for them to grow up. We needed someone like Ben to infuse expertise now."

Mr. Dooner said McCann felt compelled to act now for two reasons. "The altruistic reason is that we should be able to provide these services to our clients.

"The second and selfish reason is that the advertising business has been in a real state of flux over the past year. Many people have been let go, partly because of the mega-mergers, but also because even though marketing expenditures by clients have been growing, they are shifting funds from advertising to sales promotion. Selfishly, we want to recapture some of that lost revenue."

Mr. Colarossi conceded recapturing those dollars will be a considerable challenge.

"Much of the promotional spending that's done today is handled in-house by marketers," he said. "Agencies have to gain the clients' respect, and that won't be done in two months. We must come up with new ideas. Sales promotion is an entrepreneurial business."

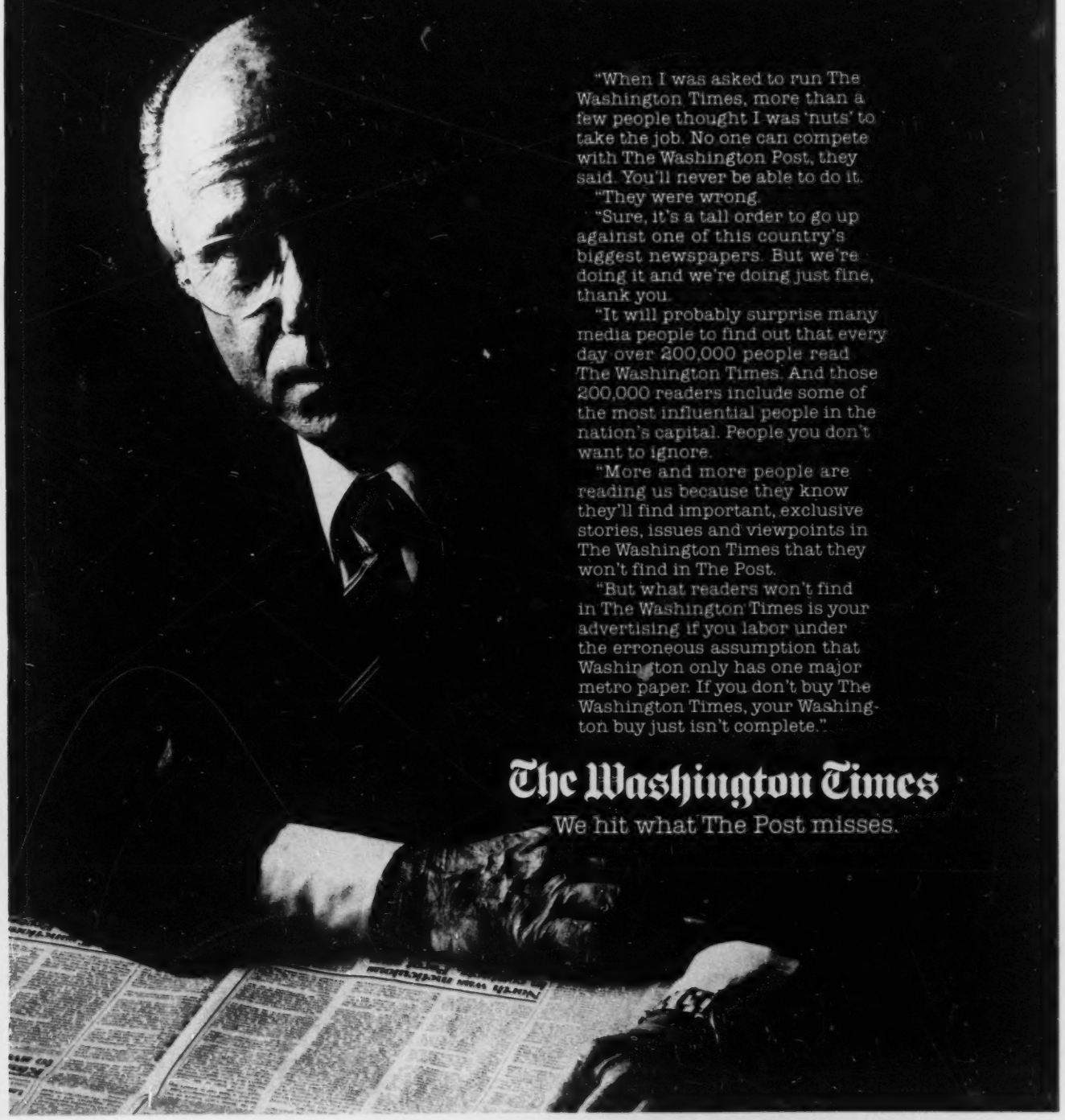
He cited freestanding inserts as an example. "Most marketers handle insert advertising themselves. Agencies don't get a commission on the media and have shown little interest in them. But there's a tremendous amount of clutter now, and I think that an agency can help the client make inserts far more effective and efficient."

Mr. Colarossi began his advertising career in the early 1950s, working on the Revlon account at the old Norman, Craig & Kummel agency. While there, he met Charles Revson, "who knew sales promotion intuitively," said Mr. Colarossi. When Revlon moved its lipstick account to Warwick Advertising, Mr. Colarossi moved with it.

In the mid-'60s, he moved to Ted Bates & Co. as art director working on the Anacin account. In 1970, together with Donald Creamer, Mr. Colarossi opened up Creamer/Colarossi. Nine years later, he left to form Colarossi/Griswold-Eshleman as a New York subsidiary of Cleveland-based Griswold-Eshleman, since acquired by Ross Roy Inc. He joined Cato-Johnson last year.#

"If you think Washington is still a one-newspaper town, you're living in the past."

— Arnaud de Borchgrave, Editor-in-Chief, The Washington Times



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Agencies' response date set

CHICAGO—Deadline is Jan. 19 for the return of completed Agency Income Questionnaires distributed by ADVERTISING AGE.

The latest Agency Income Questionnaire, to be used for AA's 43rd annual report on agency billings and income, further tightens qualifying requirements. "Agencies qualify for AA's leading agency listing only if their gross income figures are confirmed—audited or unaudited—by outside accountants," said Fred Danzig, AA editor.

Agencies that do not already have the questionnaire packet can obtain one by contacting Craig Endicott, special issues editor, ADVERTISING AGE, 740 Rush St., 60611.

The 1986 instruction sheet and form are accompanied by a sample letter that can be used by accounting companies to confirm the agency gross income figures shown on the AA form.

All agencies on the "AD AGE 500" list, to be published March 26, will have submitted confirmed figures. Cutoff for the "500" published last year (AA, March 27) was $1.05 million in gross income, the equivalent to about $7.8 million in billings.

A total of 690 agencies' figures were accepted for publication last year, but only figures for the top 500 were included in the agency index composite.#

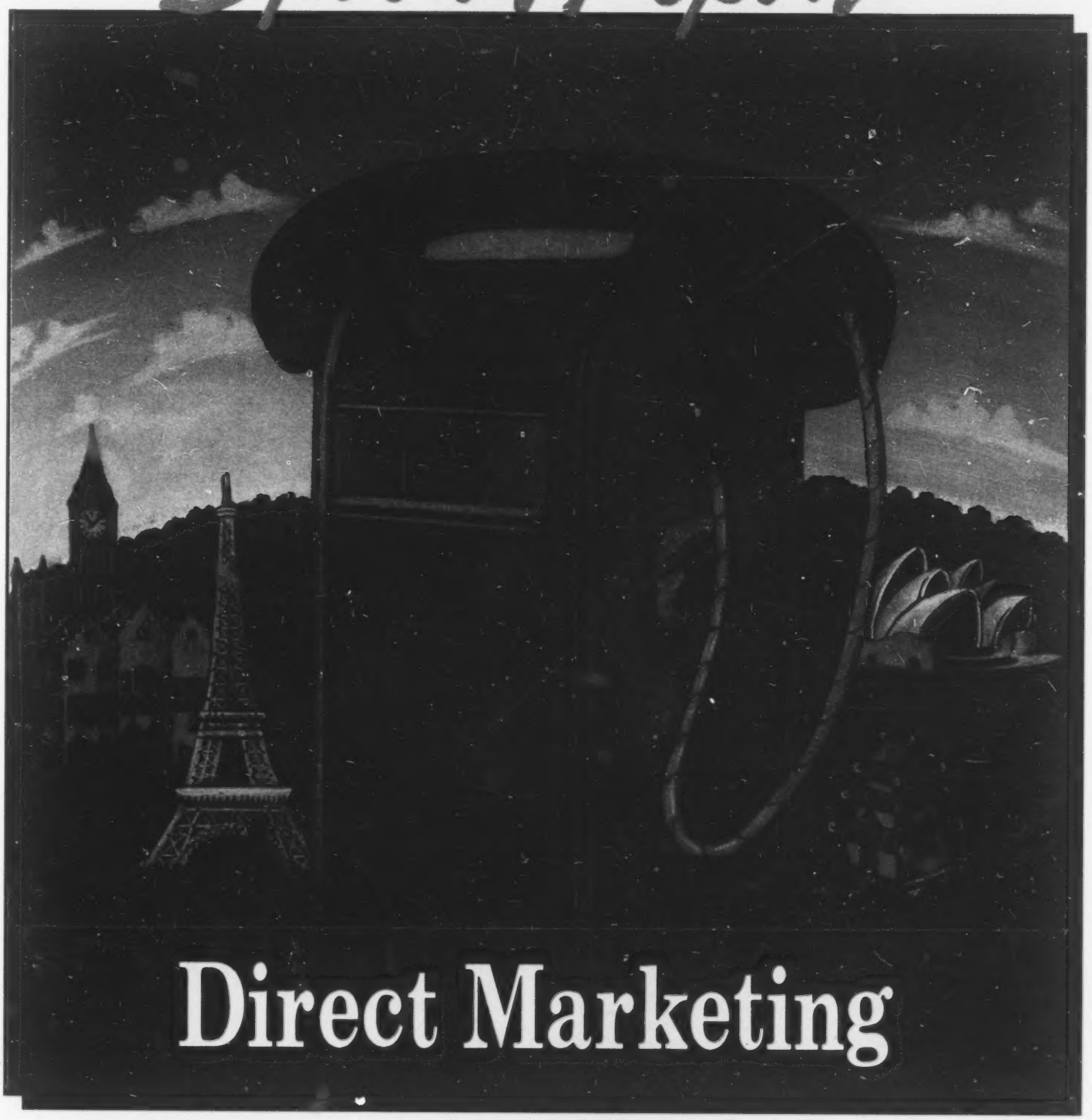
CORRECTIONS & CLARIFICATIONS

- A sequence of December Consumer Magazine Ad Linage chart figures was incorrectly attributed. Listed as those of *Country Journal*, they actually were provided by *Country Living* (AA, Dec. 22, P. 23).
- Advertising pages were reported incorrectly for *New Woman* in the December Consumer Magazine Linage Report (AA, Dec. 22, P. 24). The correct numbers are 76.4 pages for December, 1986, and 70.5 pages for December, 1985.
- To complete the December Consumer Magazine Linage Report (AA, Dec. 22, P. 23 and 24), the following totals should be included (all Conde Nast titles):

Glamour 1986 yearend total—2,173.2; 1985 total—2,143.0. *House & Garden* 1986 total—1,159.7; 1985 total—1,163.9. *Mademoiselle* 1986 total—1,639.0; 1985 total—1,503.9. *Self* 1986 total—1,167.3; 1985 total—1,182.5. *Vanity Fair* 1986 total—595.8; 1985 total—429.4. *Vogue* 1986 total—3,193.9; 1985 total—3,247.9.

- If egg producers approve a proposed $23 million marketing program in 1987, advertising and research would be handled not by the United Egg Producers, but by a separate group to be formed upon the program's approval (AA, Dec. 1, P. 12).#

Special Report



Christy Ellis

Direct Marketing

U.S. agencies stake claims around the globe

By Lori Kesler

Direct marketing has proceeded swimmingly in this country for nearly a decade. But with the pool here getting a little crowded, some major direct marketing agencies are testing newer waters and taking on the world.

Only a handful of domestic agencies have ventured into the international market, and at this point their non-U.S. billings don't make a huge dent in the industry's total financial picture. However, several direct marketing agencies foresee at least as much growth potential outside the U.S. as within it.

Lori Kesler, ADVERTISING AGE's St. Louis correspondent, who profiled Omaha Steaks International in the October, 1985, Direct Marketing Special Report.

For example, Wunderman Worldwide, New York, a direct marketing subsidiary of Young & Rubicam, doubled its non-U.S. billings from $50 million in 1985 to $100 million in 1986, while domestic billings during that time rose 14.3%, from $175 to $200 million. (Wunderman, Ricotta & Kline recently changed its name to Wunderman Worldwide.)

"In our agency, the non-U.S. part of our business is growing faster than the domestic side," says Steven Dapper, Wunderman Worldwide president and chief executive officer. He concedes that much of the international billings boost came from the opening of new offices in Europe and Japan, whereas domestic increases reflected client growth. But, he says, the company will continue to step up activities abroad because "the world is catching on to direct marketing."

Wunderman, the first major American direct marketing agency to go international, set up shop in Germany, the United Kingdom and France in the 1960s and now has 23 offices in Australia, Brazil, Canada, Europe, Japan and South Africa.

(Continued on Page S-2)

U.S./European mail order spending

Country	Avg. annual mail order dollars per capita*
United States	$642
West Germany	124
Switzerland	82
United Kingdom	67
France	53
Finland	50
Denmark	40
Netherlands	33
Norway	22
Belgium	20
Italy	9
Spain	4

*Based on 1984 and 1985 data
Sources: European Marketing Data & Statistics 1986-87, 1984 International Fact Book on DM, DMA.

U.S. agencies stake claims

(Continued from Page S-1)

Officials of Chicago-based Kobs & Brady Advertising, a subsidiary of Ted Bates Worldwide, have been scouting the European market in hopes of starting their first offices there this year.

Daniel Ginsburg, Kobs & Brady's senior vp, says direct marketing in the U.S. is expanding at a slower rate than in the past, so it's harder for agencies to attract new business. "We used to have people walking in the door and asking for our help," Mr. Ginsburg says. "We practically had to beat them away. Now, everything's much more competitive."

But Mr. Ginsburg says much of Europe "is just starting to take off. It reminds me of the U.S. in the late 1970s," he says. "In another five years, direct marketing will be booming around the world and everybody will rush into it with the same crowd mentality we saw here a few years ago."

Right now, he says, "there's still a need for good agency talent and some real opportunities for client companies, too."

The world's largest direct marketing agency, New York-based Ogilvy & Mather Direct, grew at about the same rate inside and outside the U.S. last year. Jerome Pickholz, O&M Direct's chairman and ceo, says this is because the same technological forces driving direct marketing in the U.S.—such as computer databases, credit card systems and toll-free phone numbers—are propelling it worldwide. And he says certain lifestyle changes—such as more working women with less shopping time—also are spreading across the globe.

O&M Direct, with 38 non-U.S. offices from Argentina to Singapore, reports $210 million in domestic billings and $220 million in non-U.S. billings for 1986, up from $175 million and $185 million, respectively, in 1985. It handles American Express, seen by competitors as the industry's most important international account.

The company opened offices in the U.K. and Germany during the mid-'70s, and rolled worldwide between 1980 and 1985, acquiring agencies in Spain and Australia and starting the rest of its branches "from scratch," Mr. Pickholz says.

Stan Rapp, chairman of Rapp & Collins Worldwide, New York, which is part of Omnicom Group's Diversified Agency Services, reports his agency's European branches grew by 30% during 1986 to a total of $85 million. Japan and Australia added another $15 million, bringing the agency's non-U.S. total to $100 million, while U.S. revenues, in contrast, added up to $75 million.

Rapp & Collins started putting its international network together five years ago with the purchase of McKorkle Sideaway & Wright in London. Since then, it has acquired three more direct marketing agencies and started five.

Fully half of the BBDO Worldwide direct marketing network's $200 million in billings last year came from outside the U.S., says Ian MacKelden, president of the New York office of the newly formed Marcoa DR Group. "That's clearly the fastest-growing part of our business," he says.

The network is part of Omnicom Group's Diversified Agency Services. It includes the Marcoa DR Group—which combined BBDO Direct, DR Group and Marcoa Direct—along with other BBDO direct marketing agencies. The network now has offices in Australia, Europe, Japan and South America, and it plans to open in the Middle East this year.

Grey Advertising's Grey Direct International, New York, ventured into Sweden in 1982 after Grey clients there began asking for direct marketing services. Now with 15 offices in Canada, Europe, South Africa and Australia, Grey Direct reports non-U.S. billings of $37.5 million for 1986, more than double the $16 million billings of the previous year. Domestic billings rose from $81 million in 1985 to $107 million in 1986.

George Wiedemann, chairman, Grey Direct International, says his agency will continue its expansion into markets where the parent Grey agency already has a presence, "but we'll go prudently," he says. "We prefer to wait until we can see some clear opportunities from an established client base before we go in. We don't try to create a market. We're driven more by client need."

Agency leaders say direct marketing's future development is likely to follow strikingly similar patterns around the globe. Most agree that the industry's long-term growth worldwide will come from such "new wave" direct marketers as package goods companies, travel and financial services, auto makers and business equipment manufacturers.

And they'll use the medium not to sell direct, but to generate leads, build traffic or pinpoint target customers for retail sales.

"Mail order is direct marketing's past," says Mr. Rapp. "Customer database marketing is its future, both in the U.S. and abroad."

Meanwhile, direct marketing in Europe may be moving along faster than most people realize, says Wunderman's Mr. Dapper. "Three years ago, the industry there was 15 years behind this country," he says. "Two years ago, they'd narrowed the gap to five years. Next year, it'll be three months."

In fact, the experts say they've watched some extremely sophisticated direct marketing campaigns unfold in Europe. A supermarket chain in the Netherlands, for example, sends catalogs by mail, takes food orders by phone and delivers the groceries to customers' doors within 24 hours, says Mr. MacKelden. And Mr. Rapp says European auto makers—AB Volvo, Volkswagen AG and Bavarian Motor Works, AG (BMW)—are doing more innovative database marketing than most of their U.S. counterparts.

While Europe does have a lower penetration of direct marketing, says Mr. Rapp, "in the state of the art, they're not behind the U.S. at all."

And in creativity and graphics, "they may be a little ahead," says Mr. Dapper. "They're not afraid to take a chance, to work with a little more panache."

In fact, the experts say one good reason for developing an international network is to facilitate the exchange of ideas. "We do not hold all the secrets of the business here in the U.S.," Mr. Dapper says. "When we go international, we're not just exporting our expertise. It's a two-way street of exporting and importing ideas."

Having an international network in place also gives agencies a shot at bagging some global or multinational clients. But agency leaders admit that most direct marketing accounts are neither global nor multinational.

They are, in fact, national accounts—coming either from native or U.S. companies—because direct marketing programs tend to be designed specifically for one country or region.

"In the direct response business, we've seen very little development that's truly global," says Mr. MacKelden. "But that's a challenge for the whole industry." He says multinational clients represent the greatest potential for major direct marketing agencies, and he'd like to see more clients start moving toward global direct marketing.

He says in direct marketing, as in general advertising, agencies can handle the linguistic and cultural variances of each country without losing sight of global strategies. "It can be done," he says, "in the same way general advertising must be adapted when it's taken from New York to Malaysia."

Not that it's easy. Postal regulations vary from country to country. So do legal restrictions, media patterns, buying habits and lifestyles. "In parts of the Middle East," says Mr. MacKelden, "the streets have no names and the houses have no numbers. Women are not allowed to receive mail unless it's approved by their husbands first."

But this just goes to show in the direct marketing industry "we see all kinds of problems and we overcome them," he says. "We are even working out ways to use direct mail in the Middle East."

Wunderman's Mr. Dapper says global direct marketing can work for a product whose basic positioning and strategy remain the same worldwide. He says many direct marketing programs are offer-oriented "and you can frequently take the same offer and play it across the world. The creative execution might look different from place to place, but the concept would be the same."

Other agency leaders aren't so sure global direct marketing is a workable idea for most clients. "We believed in the myth of the world account when we started expanding internationally," says Mr. Rapp. But he says he has since discovered that "the concept of global marketing—which comes from general advertising—almost never applies to direct marketing."

Grey Direct's Mr. Wiedemann also finds very little evidence of a trend toward globalization. He says a handful of American companies are moving in that direction, but others are doing just as well by "cherry picking" the best agencies in each locale.

"I expect 80% of our growth to come from local business within each country and 20%—maybe less—from multinational advertisers. The truth is, it's going to take agencies and marketers a very long time to get this global idea to gel," says Mr. Wiedemann.

Even O&M Direct, whose extensive global network is the envy of the industry, has very few worldwide clients. It

(Continued on Page S-4)

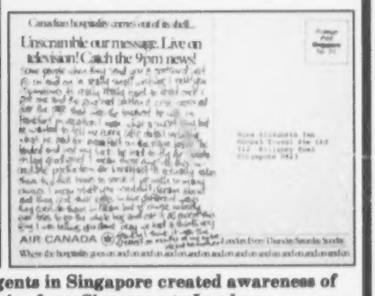
Agency execs eye new lands

The United States and Europe may have put direct marketing on the map, but the major U.S. agencies aren't stopping at the borders of familiar territory. They're marching into more exotic markets every year.

When agency leaders were asked about the hottest spots for the future, they pointed in several directions, from Sao Paulo to Peking.

Some see Australia as a dynamic market right now, especially for direct response tv. In Europe, they're eyeing Spain and Scandinavia, where direct marketing still is in its early stages.

Others are setting up shop in Latin America. Steven Dapper, New York-based Wunderman Worldwide president and chief executive officer, says if the economy there improves, direct marketing growth in the next decade will mirror Europe's in this decade.



Air Canada's direct mailing to travel agents in Singapore created awareness of the airline's thrice-weekly service from Singapore to London.

But Rapp & Collins Worldwide, which opened an office in Mexico City in 1984, pulled out last year because of the country's rampant inflation. "If the bedrock of direct marketing is mail order," says agency chairman Stan Rapp, "countries with inflation rates of 100% become very difficult."

Mr. Rapp likes Japan's potential. His agency entered that market three years ago, and he has high hopes, even though he admits "just about everything about Japan is wrong for direct marketing."

He says Japan's postal rates "are the highest in the world, addresses are hard to find, credit card penetration is relatively low, and very few women are employed outside the home.

"Even the size of the residences works against you. Because the Japanese live in such cramped quarters they can't acquire many products," he says.

Mr. Rapp projects slow development for direct marketing in Japan, but maintains that the country offers good potential in the business-to-business, financial services and credit card sectors because the Japanese so readily adopt workable ideas from the West.

"Like everyone else, we're also looking at the Pacific rim—Hong Kong, Korea, Singapore and Taiwan," says Mr. Rapp. "As their economies strengthen, everyone will begin thinking about them."

And perhaps sometime in the future, he adds, direct marketing will take the high road to China. Mass marketing there has been so limited that one-on-one marketing makes a lot of sense, he says. "We may see direct marketing leapfrogging the kind of ad-supported mass marketing we've had here."

Jerome Pickholz, chairman and chief executive officer, New York-based Ogilvy & Mather Direct, says his agency is definitely looking at China. In fact, O&M already has a general ad agency office in Peking.

"South America is emerging, and we see opportunities in the Pacific basin, but nothing equals the enormous potential of China's 300 million to 400 million households," Mr. Pickholz says. He adds that the Chinese people are in "an acquiring mode right now. There's so much they need to buy; they're prime prospects for just about any product you could imagine."

And then, he pauses to contemplate the enormity of it all. "Wouldn't we love," he says, "to come up with a list of one billion names?"

—Lori Kesler

Chase mailer chases new business accounts

By Claire Wilson

Popular in retail banking for years, direct marketing is just beginning to make an appearance in the wholesale divisions of major banks around the world.

The Chase Manhattan Bank, N.A. in Europe, one of the first large financial institutions to use the discipline, is aiming its very first wholesale direct marketing campaign at some pretty demanding customers: International bankers needing highly specialized currency exchange services.

The sophisticated three-part campaign earned its agency, Paris-based Messages, a 1986 Gold Echo award in the business-to-business category from the U.S. Direct Marketing Assn., as well as a 1986 Silver award from the British Direct Marketing Assn. But another prize Chase Europe is bringing home may be even better—a 14% response rate, thus far, that promises to continue its upward climb.

"I'd mentally prepared myself for a much lower response rate," notes a pleasantly surprised Peter James, London-based European-area payments product manager, Chase.

"Figures that are the industry standard made me expect around 5%," he says.

The campaign, created to generate business for the bank's foreign currency clearing operations, had to be top-notch to appeal to the bank presidents it targeted, many of whom already had established relationships with other banks. While the bankers did share some commonalities, they were from institutions as dissimilar as large banks in the American Midwest to small, private banks in Singapore. Each had different banking needs.

"It's a difficult service to sell. The larger the bank, the more likely it is to already have a long-established history with another institution, either political or financial," notes Mr. James.

"The institution may be younger, and more willing to switch. We had to appeal to all kinds of prospects."

The campaign was originally created exclusively for Chase in France, but when the bank's European directors saw it, they knew it easily could cross international borders. Using tastefully executed, $50-per-unit mailings, the campaign promoted the idea that Chase was serious and efficient, and that it wasn't an impersonal, too-American megabank important only to large customers.

"It was crucial to successfully blend the ideas of quality and technical excellence in the overall presentation," says Mr. James.

Chase developed a highly specialized list of 3,500 names. Its targets were bankers in markets all around the world, except Africa and South America, who use foreign currency clearing services in five European currencies: French francs, ECUs (European currency units), German marks, British pounds and Swiss francs.

The first contact with each prospect was a personal telex informing him that he would receive a special packet within the next few days. Telexes were sent early in the week; the information packet arrived at the end of the week.

The packet, which contained a number of elements, came in a 9-by-12 in. white box tied with string, the ends of which were affixed to the box with sealing wax. Besides a letter from an area manager, an accompanying 16-page brochure explained Chase's state-of-the-art, electronic, international clearing service and what it could mean to the prospect's business.

The entire program was written in English, the international language of banking.

The four-color taupe brochure was peppered with blocks of primary colors, evoking the style of artist Piet Mondrian. The copy crisply conveyed Chase's efficiency in handling international clearing transactions, but did so around a series of four whimsical paintings by French artist Anies d'Andon, who had been commissioned for the project.

Chase Manhattan is a well-known corporate art collector, and the bank executives thought

Claire Wilson is an Advertising Age correspondent based in Paris. She profiled the French direct marketing industry in the October, 1985, Direct Marketing Special Report.

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Agencies

(Continued from Page S-2)

handles American Express, Shell Oil and Unilever throughout most of the world, but chairman Mr. Pickholz says a typical O&M office gets about 75% of its business from within its own country.

"There aren't many global clients in this industry," says Mr. Pickholz, "because most of them see direct marketing as a matter of local tactics, not global strate-

the art would complement the institution's image.

"Using art as a theme conveys a more personalized feeling," says Yvon LeMen, Messages' director.

"Plus [the banking world], is in some ways traditional, and the message had to be of a particular quality, which art stands for in those circles."

The brochure also held separate inserts in its back cover explaining Chase's operations in the respective European capitals.

The item that created the most stir, however, was a specially designed floppy disk that illustrated Chase's services.

The packet's final element, a hand addressed, sealed envelope marked "confidential," contained an offer for a free, limited-edition lithograph by French artist Pierre Fix-Masseau, whose work is part of New York's Museum of Modern Art's permanent collection.

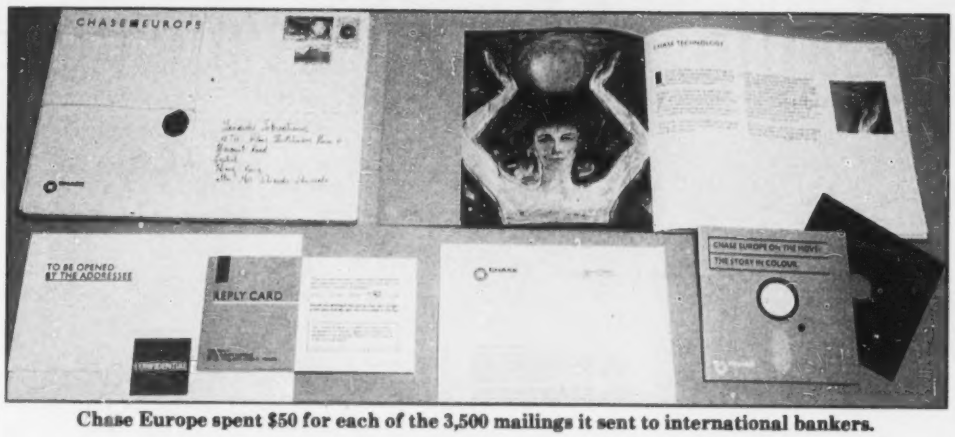
Prospects could order the specially-commissioned lithograph by inserting their business card into a reply envelope, or by sending their order via telex or Swift, the electronic interbank communications system. Prospects were advised to order quickly.

Each lithograph was personally inscribed by Mr. Fix-Masseau and hand-delivered by a local Chase representative as the campaign's final phase. The representative then personally explained Chase's services to the prospect.

Reaction to the campaign went far beyond the high response rate.

"We even received letters from prospects saying they'd never seen anything so beautiful before," says Mr. LeMen, whose agency also won a U.S. Direct Marketing Assn. award the previous year for its Orient Express campaign.

The $50 cost per mailing was high by industry standards but, according to Mr. James, reasonable when the potential results were calculated. The bank did consider a conventional advertising program via international publications, but deemed the direct marketing approach far more cost effective, he says.



Chase Europe spent $50 for each of the 3,500 mailings it sent to international bankers.

It was crucial to produce a product that would convey an image, and not look like junk mail to the prospects, Mr. James adds. Such sophisticated mailings, he says, naturally cost a bit more. Mr. James explains that Chase Europe decided to experiment with the direct marketing campaign because of changes in the European financial marketplace, including deregulation in West Germany, privatization moves in France and London's "Big Bang," which opened up the London Stock Exchange to increased trading volume.

Mr. Jones adds that there probably will be other such initiatives in the future, both from Chase and its competitors.

While Mr. James says Chase Europe has no concrete plans for other campaigns at the moment, if this first effort is judged profitable for the bank, "there will more than likely be others."

gies."

Even global clients want their direct response packages tailored to each local market, he says.

"We make a point of exchanging information around the world. Everyone in the agency knows what has worked in other countries.

"But rarely does a client say, 'I want one campaign mailed in 30 countries at the same time,'" Mr. Pickholz says. "Decisions are, by and large, localized."

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87AA

Direct marketing makes international waves

Direct marketing overseas has been described as "booming after six years in the desert," a "Cinderella" about to blossom and "the key to marketing success." Despite the variety of prose, all assessments point in one direction: Upward.

The discipline has made significant strides over the past few years, and is poised for greater expansion, experts say. In many countries, databases are becoming more refined, and marketers are using them with greater sophistication. Agencies from South America to South Africa are increasingly realizing direct marketing's importance and effectiveness, and clients are fueling the industry's growth in their search for more cost effective marketing strategies.

The following profiles on the state of direct marketing in 10 countries will serve as a guide to what marketers and agencies can expect to run up against when venturing into international waters. Readers will learn about restrictions—both regulatory and mechanical—against direct marketing, its penetration level, consumer acceptance, list development, database sophistication and more.

The prevailing message from reports filed by Advertising Age*'s international correspondents, however, is one of justifiable optimism.*

Sweden

If a direct marketer's paradise exists, it might be found in Sweden.

"We are the envy of others in the world," says Staffan Elinder, director, Blomquist Direct Marketing, Stockholm, one of Sweden's leading agencies in the field.

With a population of 8.3 million, Sweden boasts an efficient postal and telephone service and only minor restrictions on direct marketing. But, just as important, direct marketers have access to perhaps the most extensive computerized personal data system in the world.

The government has compiled a vast amount of computer data about its citizenry, coded by individual 10-digit numbers assigned to every Swede. The number is required on most official and commercial documents.

Sweden's relatively lax privacy laws enable the government, through its Computer Center for Administrative Data Transactions, to offer basic information about the population to corporate clients for a fee.

The service, called Coordinated Person and Address Register (SPAR), provides a person's name, address, ID number, marital status, birthplace, citizenship, income and number of children.

"It makes it extremely easy to pinpoint target groups," says Mr. Elinder. "For example, using SPAR I can get a list of all females over 35 with two children who make more than $20,000 a year."

Two other official registers—of home and car owners—are also available. These are supplemented by still other data banks. The Swedish Post Office has encouraged the growth of direct marketing to boost its revenues, and operates a 30-year-old service that provides information on businesses and occupational groups. Several private companies, primarily Stockholm-based Esselte, a diversified corporation with a strong base in information services, also provide detailed mailing lists.

"The easy availability of accurate mailing lists and the country's small population have made direct marketing effective and cost efficient for those seeking specific marketing segments," says Peter Linden, Stockholm-based account exec for Ervaco, a pan-Scandinavian advertising agency.

Direct marketing, in fact, is Sweden's fastest growing marketing tool, with an average annual growth rate in expenditures of 20%. Its role is major, accounting for an estimated $450 million of the $2.1 billion spent on advertising and promotion, including production costs, in Sweden in 1985, according to a study by the Information and Mass Media Group at Gothenburg University.

Its development has been aided by some uniquely Swedish factors. Because advertising on tv or radio is not yet permitted, direct marketing—using mail order, direct mail, and telemarketing—has become the only viable alternative to traditional print advertising.

Sweden has the highest employment ratio in the Western industrialized world. Two-income households are common, resulting in reduced shopping

(Continued on Page S-12)

Contributing to this report are Advertising Age *correspondents Jack Burton in Stockholm, Des Kilalea in Johannesburg, David Kilburn in Tokyo, Geoffrey Lee Martin in Sydney, Michelle McCarter in Rome, Julia Michaels in Sao Paulo, Sean Milmo in London, Paul Montgomery in Brussels, John Parry in Geneva and Claire Wilson in Paris.*

BEWARE OF TURKEYS!

The strategic plan for your direct marketing venture may look like a swan—but expert analysis may reveal it to be a turkey in disguise. The time to check the genus is now, before it gobbles up huge chunks of time, energy and money.

It's natural for you and your management to be enthusiastic about your strategic plan for starting, acquiring, or building a direct marketing venture, or expanding into a new area.

But how reliable are your key assumptions? Does direct marketing have a meaningful, compatible role in your organization? Is there a potential conflict with your present distribution system? Are your financial assumptions reasonable? Have you planned adequate systems and databases? In short, are you about to give birth to a swan—or a turkey?

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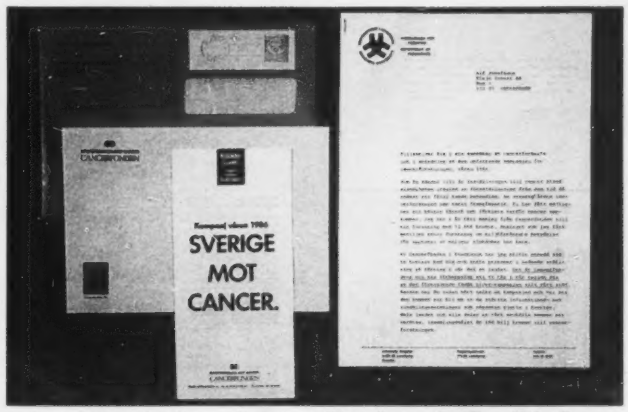

A business-to-business direct mailing from the Swedish Cancer Society generated a 13.6% response rate.

(Continued from Page S-10)

time. The heavy emphasis on office computerization also has made data-based direct marketing an increasingly accessible and affordable marketing tool.

The roots of direct marketing can be traced to the catalog houses that sprung up after World War II, most of them located in Borås, the country's mail order capital in central Sweden.

Mail order accounted for an estimated 6.4%, or $757 million, of Sweden's total retail sales, excluding food, in 1985, according to the Retail Research Institute, Stockholm. The industry is dominated by several Borås-based companies: Ellos, Josefssons, Halens (owned by Britain's Great United Stores) and H&M Rowells (owned by Sweden's largest retail clothing chain, Hennes & Mauritz).

Mail orders have doubled in the last decade, and some of Sweden's major retail chains have entered the business, including ICA and KF as well as more specialized companies such as AB Volvo, which offers auto parts through the mail.

Direct mail, however, has been the fastest growth sector of direct marketing during the 1980s, with the principal users being book clubs, insurance and finance companies and business-to-business marketers. American Express, for example, has quintupled its number of card holders in Sweden to 200,000 through an addressed direct mail campaign.

Telemarketing, which plays a minor role, is the latest phase of direct marketing in Sweden, having appeared in only the last several years.

The growing direct marketing industry has attracted both home-grown, specialized agencies, such as Helsingborg-based Blechert Direct Marketing and Blomquist as well as international agencies with direct marketing experience, including Stockholm-based Ted Bates AB, Grey Svenska, Ogilvy & Mather Direct and Young & Rubicam's Wunderman Worldwide, its direct marketing subsidiary.

One key obstacle to expanding agency activity in Sweden is the shortage of trained personnel. "The number of people with direct marketing experience is very small," notes Mr. Elinder. "That is proving to be a serious handicap." There are few university-level marketing courses; to fill the gap, mail order houses now offer private training.

Continued growth for direct marketing in Sweden appears certain, however. Some predict it will have the highest percentage of direct marketing spending in Europe, surpassing Denmark within the next decade.

But one key question surrounding its future is what effect the introduction of tv advertising will have on the industry. Commercial tv is expected by the end of the decade. Marianne Johansson, information director, Swedish Direct Marketing Assn., Stockholm, is optimistic about the development. "We believe that tv advertising doesn't represent a threat, but could be used as a complementary medium with direct marketing, with the use of toll-free numbers, for example," she says.

Others are less sure. "With commercial tv, direct marketing growth will presumably decrease," says Lars Nabseth, chairman, Swedish Industrial Assn., Stockholm. "It's natural that some advertising now handled by direct marketing would move over to television."

—Jack Burton

Leading U.K. companies are learning that direct marketing involves more than just sending out mailings and making cold telephone calls.

"They are starting to realize that it is a marketing process rather than a medium," says Peter Rosenwald, chairman of the recently formed Saatchi & Saatchi Direct, London, Saatchi's first direct marketing arm outside the U.S.

"They are becoming aware that direct marketing is personal, and allows them to establish continuous contact with an individual in order to build up brand loyalty," he says.

The biggest attitudinal change toward direct marketing has come from consumer product companies who view it as a means of getting more value from their promotional budgets.

"Manufacturers are finding mass market advertising increasingly difficult as consumers become more choosy and markets begin to fragment," says

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There are a lot of companies and agencies you won't find on this list. Companies like Lever Brothers, Christian Dior, Revlon, Chrysler, McDonald's, Sears & Roebuck and hundreds more. And agencies like Grey Direct, Young & Rubicam, McCann Erickson and hundreds more.
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Brian Thomas, managing director, Ogilvy & Mather Direct, London.

"Consumers do not just want a Coke, but five different flavors of it. So companies are getting much more interested in finding out who their customers are and in talking to them directly about their needs," he adds.

Direct mail in the U.K.—which includes mail order, according to the British Direct Marketing Assn.'s statistics—accounts for the vast majority of direct marketing expenditures. It is the country's third largest medium in terms of expenditures, behind print and tv, and is currently the fastest growing.

The BDMA estimates that 1985 direct mail expenditures increased by 37.3% to $639 million in 1985, making up 9.1% of total marketing/promotional expenditures. Much of the rise in spending, however, was caused by a big increase in costs. Average postal unit costs went up 16% and production unit costs soared 44%, largely because of a trend toward heavier, more visually attractive packages, according to the British Post.

Guardian Royal Exchange's mailing had an 8.6% response.

In the U.K., mail order has by far the largest share of the country's direct mail pie in volume terms—26.7% in 1985, an increase of just under one percentage point from 1984. According to the U.K.'s Business Statistics Office, mail order sales for 1984 (the most recent figures available) accounted for 3.3%—or $3.9 billion at the current rate of exchange—of total U.K. retail sales.

The most active companies in direct mail tend to rely less on outside mailing lists and more on those they generate in-house.

"There's been a big switch toward database marketing," says Elene Coles, BDMA's assistant director. "Information collected about customers is becoming much more marketing oriented, so that companies can be more precise in targeting their direct marketing campaigns."

Financial institutions—banks, insurance companies and mortgage companies—have been extensively using information from their customer databases for direct mail campaigns. In 1985, financial institutions were second in direct mail usage (in number of items sent) of all those using the medium.

London-based Trustee Savings Bank is one of the biggest direct mail spenders among financial institutions. The bank sends finely targeted information about TSB services to customers in their monthly bank statements.

"It has been absorbing a growing proportion of our promotional budget," says TSB advertising director Roger Lynn.

Mail order companies and retail stores also are creating large customer databases to more precisely target direct marketing efforts. In the past two years, retail chains have been capitalizing on their credit card accounts to boost sales through direct mail.

The British department store chain Debenhams, for example, sells a wide range of products and services through monthly statements sent to its 900,000 credit card holders.

"We should soon be in a position to segment our market and offer certain types of products to specific customers based on their purchasing history," explains Stephen Wright, sales

(Continued on Page S-14)

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(Continued from Page S-13)
development controller, The Burton Group, London, owners of Debenhams.

"If, for example, someone bought a piece of luggage, we might send them a mail shot about swim wear. [More finely targeted marketing information] will also open up possibilities for selling third-party goods to our customers, and for creating mail order catalogs for particular types of purchasers," adds Mr. Wright.

Telemarketing has grown rapidly in the U.K. over the last two years, but expenditures remain relatively low compared with those for direct mail. Much of the increase has been in the business-to-business sector. However, British Telecom, the U.K. telecommunications company, recently set up an inbound telemarketing service, Telecom Tan, with the capacity to handle 8 million calls yearly, mainly from callers responding to direct response advertisements.

O&M Direct estimates that in 1985, spending on outbound calls (excluding those from in-house operations) amounted to $44.7 million, a 55% increase from 1984. Spending on incoming calls is estimated at $8 million, a 60% increase over 1984.

Outbound telemarketing, however, has yet to win friends among U.K. consumers who consider it an invasion of privacy. To reduce hostility, the BDMA has a code of practice that outlaws selling disguised as research and computerized dialing. Members who flagrantly abuse the code are asked to resign from the association.

"Outbound calls have to be handled much more carefully here than in the U.S. People are much more sensitive about them," says Mr. Rosenwald. "The major growth area could be in inbound calls."

Despite some doubts about its effectiveness in selling consumer products and services, telemarketing is nonetheless thought likely to be the direct marketing medium which will expand most rapidly in the next few years.

—Sean Milmo

"Back to the Future" is probably the best way to describe direct marketing in Brazil, Latin America's largest consumer market. Direct marketing specialists agree that the country is probably decades behind the times in this area. But advertising executives here can draw on the experience of more developed markets like the U.S.

Hindsight has become foresight for three pioneering agencies, all of them subsidiaries of U.S. agencies: Standard, Ogilvy & Mather with its Ogilvy & Mather Direct; Fischer, Justus, Young & Rubicam with its Wunderman Marketing Direto, and Lage Stabel/BBDO's direct marketing branch BBDO/Sistema, all located in Sao Paulo. None of the large local agencies —six of which rank among the top ten agencies here—have entered the ball game.

Brazil is virgin territory; there are no government restrictions on direct marketing activities. Advertisers, who often complain

(Continued on Page S-16)

European media usage

Per cent of companies using each advertising medium

Consumer	1986*	(1985)	Business-to-business	1986*	(1985)
Newspaper	69%	(70%)	Dir. mail: addressed	61%	(60%)
Magazine	53%	(54%)	Magazine	50%	(51%)
Dir. mail: addressed	45%	(45%)	Newspaper	40%	(40%)
Outdoor	38%	(40%)	Trade/directories	39%	(41%)
Trade/directories	34%	(34%)	Newspaper Supplements	20%	(20%)
Tv	29%	(29%)	Outdoor	13%	(14%)
Newspaper Supplements	28%	(28%)	Tv	8%	(8%)
Radio	24%	(24%)	Radio	5%	(4%)
Dir. mail: unaddressed	24%	(24%)	Dir. mail: unaddr.	6%	(7%)
Cinema	10%	(10%)	Cinema	2%	(2%)

*estimate
Source: Services Postaux Europeen survey that examined direct mail usage of 200 European companies and consumer receptivity to direct mail.

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(Continued from Page S-14)
about the high cost of traditional methods, are beginning to discover the advantages of this alternative marketing tool.

Department stores don't have large retail networks in rural areas where consumer income is on the rise and good tv coverage creates a ready market for sales. And the recent end to high inflation has, for the moment at least, spurred consumer spending and interest in catalog sales.

There are little reliable data on the state of direct marketing in Brazil. But the Brazilian Direct Marketing Assn., Sao Paulo, says that catalog and subscription sales came to $370 million in 1985, while sales from March to October, 1986, tripled compared with the same period in 1985.

Business-to-business direct marketing is one of the industry's fastest growing sectors. There's also much growth in direct reponse, says Silvio Lefevre, BDMA president. For example, 80% of all ads in *Exame*, a leading business magazine, carry a phone number or a coupon. "This is a new phenomenon," says Mr. Lefevre. "Lead generation has had fantastic growth in the last two years."

Direct marketing has grown despite some very large obstacles. A postal workers' strike at the end of 1986 dashed catalog marketers' hopes for what might have been their strongest Christmas selling season. Direct marketing executives had been expecting catalog and subscription sales totaling $500 million in 1986, but instead saw a sharp reduction because of the distribution glitch.

Creating a mailing list also is much harder in Brazil than in the U.S. "First to make a list, you have to convince a client to spend money on traditional media," says Karol Sapiro, future partner and director, BBDO/Sistema. For example, to to identify prospects for a local typewriter company, BBDO/Sistema placed a print ad that carried a coupon and offered professional secretaries an opportunity to win free foreign language instruction.

Where lists do exist, screening is often poor, leading to multiple mailings to the same individual, higher mailing and production costs and poor response.

In addition to the mechanical obstacles, inflation could return to haunt direct marketers. Rapidly increasing prices make catalog sales almost impossible, for example.

Direct marketing specialists say their biggest challenge is to educate agencies and clients. Milton Longobardi, general manager, Wunderman Marketing Direto, Sao Paulo, says his part of Y&R's agency presentation is different from the rest of the agency's managers. "I'm the only one who has to explain what it is we do," he says. "It's like trying to sell ballpoint pens in a market where you only have fountain pens."

Still, Wunderman has made a list of 40,000 electronics salesmen for its client, Sao Paulo-based Ford-Philco, and is working on a newsletter to help educate the electronic sales force about the company's products.

Another problem, says Mr. Longobardi, is the state of Brazilian technology. Because Brazil is trying to develop its own computer industry, which is government-regulated, agencies can't import state-of-the-art software or mail printing equipment. "These things put us in the Stone Age," he complains.

Telemarketing, also in its early stages, represents another example of poor understanding on the part of agencies and clients. Tv ads don't show phone numbers long enough for consumers to write them down. And sometimes, direct response advertising omits vital information.

A recent Xerox magazine ad titled "Direct Dial Xerox," for example, featured long-winded copy directing the reader to call the company's technical service office. It even described how each caller can be linked to the company's service database.

But there were no phone numbers listed, and Brazilian telephone directories are notoriously hard to use because legal, listed company names often differ from the names they're commonly known by. Also, telephone numbers change hands frequently.

Agencies rarely suggest that their clients use direct marketing, says Mr. Lefevre, whose consulting company, Lefevre

Addressed direct mail items per household

Country	1981	1982	1983	1984	1985
Belgium	87	96	114	125	132
Denmark	62	64	67	71	74*
Finland	86	87	95	111	119
France	72	77	79	86	93*
Ireland	10	12	12	13	18
Netherlands	102	103	103	135	171
Portugal	NA	24	16	16	17
Sweden	110	113	119	128	116
Switzerland	126	134	144	147	152
United Kingdom	49	52	52	60	62
West Germany	119	118	119	126	123*

*estimate
Source: Services Postaux Europeens

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Consultores Associados, often comes to their rescue. "They call me up and say, 'The client wants to do a direct mailing, can you help us?' "

Agencies often belittle what direct marketing can do for their clients, partly because they earn big fees for placing traditional tv, print and radio ads, he says. He adds that clients often have to insist on direct marketing to overcome agency reluctance.

Brazil is still a bit of an advertising paradise for agencies, which thrive on creating glitzy, prominent campaigns. But because marketers are beginning to discover direct mail, which is inherently less flashy than the country's tv campaigns, Mr. Lefevre says "The turning point is now. The big agencies have to offer all services, including direct marketing, or they can lose accounts."

—Julia Michaels

This month, the Australian Direct Marketing Assn. is putting its money where its mouth is.

"We've had a problem educating the consumer," says Terry Murphy, national director, ADMA, Sydney. "There are a lot of Australians who don't understand, or who distrust, direct marketing. So we've launched 'Operation Integrity,' a print and electronic media campaign aimed directly at consumers."

Financed by the larger association members as well as by Australia Post and Telecom, the national campaign, valued at $350,000 (U.S.), is backed up by an invitation to consumers to either write or phone a toll-free 008 number for an educational booklet on home shopping. The campaign also identifies a "Seal of Integrity," which any ADMA member can place on its advertising.

While direct marketing in Australia is growing steadily, it is being hampered by unsatisfactory list development. Lists are often duplicated, resulting in customers receiving the same mailings several times. Some companies find it more expedient and economical to blanket the market with existing lists, rather than bringing them up to more sophisticated standards.

Specialist companies in the field are tackling the problem, as is Australia Post, which actively promotes direct mail through bulk mail rates and publishes a "List of Lists" that catalogs available mailing lists.

Direct marketing's image also hasn't been helped by the mailing practices of some of the biggest companies in the field, including American Express International. These companies are having difficulty shaking off a "junk mail" reputation because they solicit prospects too frequently—in some cases every two weeks with the same mailing—highlighting Australia's lack of list sophistication.

"It's giving direct marketing a bad name," says Alan Smith, director, Merchant & Partners Direct, Sydney.

"I think American Express is going over the top," he says. "They're sending mailings, on average, to half a million names for every solicitation, which is a large figure for Australia. And because the files they're using aren't very good, they're getting a lot of name duplications. It's a big problem, but they obviously feel it's still a positive thing for them to do."

Another problem is the shortage of trained direct marketing personnel within agencies. "It has become a salary war," Mr. Smith says. "It's like musical chairs, with experienced people moving from job to job."

To overcome the paucity of direct marketing professionals, ADMA has put emphasis on training young people in the field. The association holds workshops and has instituted a direct marketing curriculum at a Sydney university.

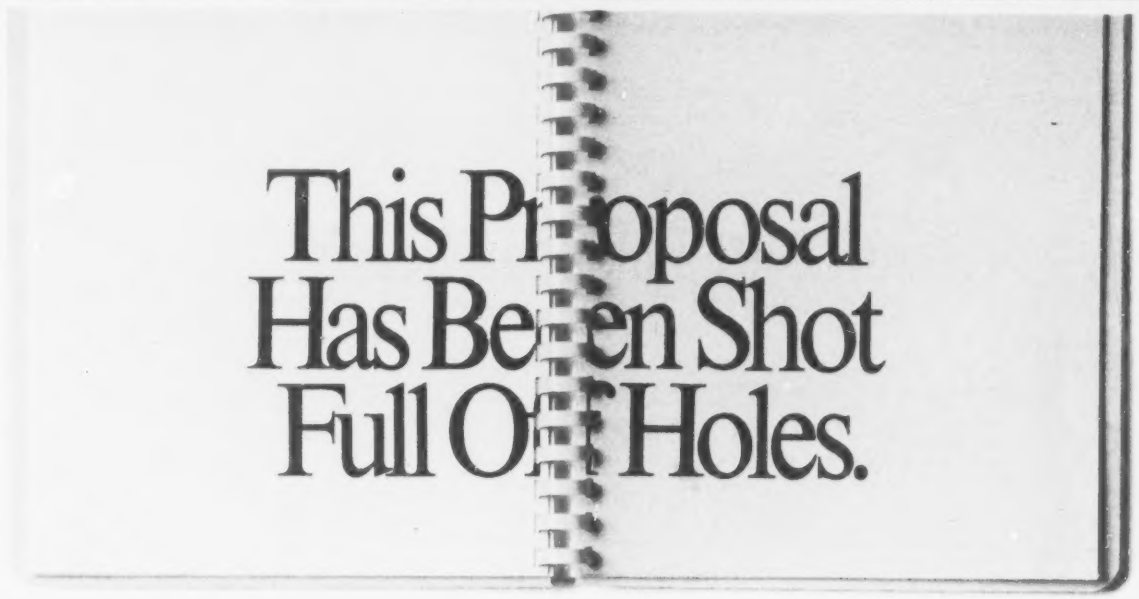
"We are also cooperating with the Government's Consumer Affairs Dept.," says ADMA's Mr. Murphy. "They now refer all complaints from the public to ADMA before taking any action themselves, which gives us a chance to talk to the offending companies and see what the problem is. We started off investigating around 130 complaints a fortnight. In a year, that number has dropped to about 20."

The growth areas in Australian direct marketing, according to Lynne de Weaver, associate director with Christian Brann, a Sydney-based direct marketing agency, are financial institutions, insurance companies and business-to-business campaigns. "They're booming, are very profitable, and are going to grow much more in the next 18 months," she says.

Reflecting the state of the industry, ADMA is itself short on statistics, although Mr. Murphy says that empirical research from 1984 is being built upon.

"Simple surveys of our membership indicate that direct marketing's growth is about 25% a year," he says. "Direct mail is, by

(Continued on Page S-18)



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(Continued from Page S-17)

far, the most-used medium, and consumer goods—books, clothing, records, do-it-yourself items, jewelry—the most advertised."

Direct marketing's 1986 expenditures, says Mr. Murphy, were around $230 million, generating about $1.65 billion in revenues. Of these totals, direct mail made up 38.4% of the expenditures, 53% of the year's revenues.

Most magazine and newspaper direct marketing in Australia, which accounted for 23.7% and 9.2% of expenditures respectively, is by coupon rather than an 008 number.

Television, with an 008 or direct number, is a relatively new direct marketing medium, amounting to 7.4% of 1986 expenditures. Radio makes up only 0.4% of expenditures.

NatWest Australia Bank's direct mailing to affluent consumers fetched a 40% response.

"From a tv ad, we can expect that between 65% to 70% of those who phone in will buy," says Don Fox, joint managing director, Total Media, Sydney. "Radio is a disaster. We can generate response, but we can't get people to buy. It's as though there are a lot of lonely hearts out there, people who want to phone in just to talk to other people."

Despite the problems, some companies are happy with direct marketing. "Direct marketing has added a 13th month to our marketing year," says Kitty Holloway, Sydney-based direct marketing manager for Australian Guarantee, one of the country's larger financial institutions. "We have a vast customer base, and have been selling more products to the same customers. In 1985, direct marketing represented around 10% of our total marketing budget. In 1986, it was more like 20% to 25%."

There are no major government restrictions on direct marketing, although the Federal Trade Practices Act prohibits false representation, bait advertising and inertia selling, the sending of and billing for unsolicited goods. There are also "grace" provisions enabling dissatisfied customers to return goods and get their money back.

Furthering its efforts to promote Australian direct marketing, the ADMA strongly advocates self-regulation among its members. "We are all conscious of the need to watch our behavior," says Mr. Smith.

The state of direct marketing in Australia is improving each year, but until it matures, the industry is expected to continue experiencing some growing pains.

—Geoffrey Lee Martin

Italy

While direct marketing in Italy is still relatively small-scale, the industry flowered last year.

Agency sources point to a surge in Italian mail order sales, and a sudden expansion of direct mail usage. And the National Direct Marketing Assn., Milan, says its November, 1986 convention attracted more than 3,000 participants, double last year's number.

For two years, Italian mail order sales, which amounted to $850 million in 1985, have outpaced department store sales in annual growth. Many mail-order businesses are getting ahead by concentrating on clothing.

"We are making clothing a top priority," says Italo Pratizzoli, general manager of Italy's largest mail order company, Postalmarket S.p.A., Milan.

Mr. Pratizzoli cites higher profit margins from clothing than from appliances and furniture, which had been the company's standbys. Apparel accounted for more than 65% of Postalmarket's sales in the first half of 1986, up more than 50% from 1979.

Postalmarket doubled its line of clothing by designer names such as Krizia, Biagiotti and Cerruti in its 1986-1987 winter catalog, and its rival, Vestro S.p.A., Milan, added designer Trussardi to its line. Vestro's chairman, Graziano Fiorelli, says, "The Italian passion for style makes fashion by mail a sector with good growth potential."

Direct mail, too, is taking new directions and attracting new players. "Up until last year, most direct sellers in Italy were subsidiaries of foreign publishers, such as the U.S. Book of the Month Club," says Ugo Castellano, president, Young & Rubicam Italia, Milan. "Now, others are discovering this method," adds Mr. Castellano.

Italo De Mars, general manager of direct marketing agency Wunderman Tender Direct, Milan, says that Barilla, a Parma-based food company which has the corner on Italy's pasta market, "has discovered direct mail as a means of increasing

Terry C. Gillette On Catalog Marketing

by Terry C. Gillette, President and Founder of The Company Store

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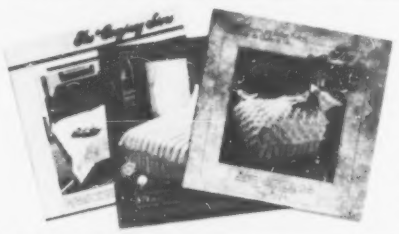

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client fidelity."

Mr. De Mars sees direct mail working well in Italy "for business-to-business. Most of our clients are in the industrial products or services sectors and they need to reach other businesses," he says.

He points to International Business Machines' Italian subsidiary, IBM Italia, Rome, using direct mail to sell accessories and software, and to Barilla, which sends a newsletter to some 2 million retail buyers offering their stores free trials of new products.

Although a very new medium on the Italian direct marketing scene, telemarketing is beginning to attract more companies, particularly for business-to-business efforts.

"In Italy, with so much of the population spread out among small towns and hard-to-reach villages, telemarketing becomes a very convenient means of reaching shopkeepers without using salesmen," explains Mr. De Mars.

Though long on the Italian scene, door-to-door marketing is also treading new paths. Mutual funds salesmen are showing up on the doorsteps of homes and offices.

"Mutual funds, a relatively new investment instrument in Italy, are often dismissed out of ignorance," comments a spokesman from Primegest, an Italian mutual fund.

"If we can get the time—perhaps over a cup of coffee—to explain what they are and how they work, we might win a client who we'd never have won through a lifetime of ads," he adds.

In a country where acquaintances are not made casually, door-to-door networks depend on established relationships such as family, friends and neighbors. The close relationships, aside from [illegible]ing persuasion power, helps some products gain consideration by consumers.

An executive from Tupperware Italia, Milan, says the "friends of friends" system is a success in Italy, where "pressuring" a mere stranger is frowned upon. Tupperware Italia has 3.5 million customers and reports 1986 sales revenues of $50.3 million, a 10% sales increase from 1985.

In general, industry observers say that last year's boom is nothing compared with what lies ahead. Mr. De Mars is convinced that toll-free numbers (*numeri verdi*)—available by the spring of 1987, according to the Italian Telephone company SIP—will cause rapid growth in direct marketing techniques and applications in Italy.

Despite recent inroads, however, Italy lags far behind the U.S. and some European countries in direct marketing. With still only 1% of Italian retail sales coming from direct marketing, not everyone is sure that it will ever account for a substantial part of the market or reach the heights of the U.S. business.

As Y&R's Mr. Castellano says, direct marketing in Italy "is a child, and we don't know if the child is going to grow up."

—Michelle McCarter

South Africa

Direct marketing in South Africa can aptly be termed the Cinderella of marketing. The industry still doesn't get the recognition it deserves, but by all accounts, is expected to blossom fully when recognition finally comes.

Many companies aren't yet tuned into direct methods of selling, and consumers aren't comfortable with them either. Nevertheless, direct marketers and agencies are projecting that growth will easily outpace that of general advertising within the next five years.

According to Barry Cowden, chairman of the 147-member Direct Marketing Assn., Johannesburg, the current, generally accepted figure for direct marketing expenditures in South Africa is around $75 million to $80 million, compared with $360 million to $383 milllion for conventional advertising. But if Mr. Cowden is correct, direct marketing eventually could account for about 40% of the nation's total

(Continued on Page S-20)

Marketers keen on direct mail

Proportion of European advertising budgets devoted to each medium

Medium	1984	1985	1986*
Tv and radio	25%	22%	21%
Newspaper and magazine	44	46	46
Direct mail: unaddressed	25	24	15
Direct mail: addressed	26	25	26
All other media	39	39	37

*estimated
Source: Services Postaux Europeens

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(Continued from Page S-19)
marketing expenditures.

"There is increasing awareness of direct marketing's viability," he says. "The market is growing, but only by around 15% to 20% per year. The potential is for much more than that."

So far, direct marketing's growth has been hampered by a lack of agency and consumer sophistication.

"Direct marketing is only really coming of age in South Africa," says Jock Falkson, chairman of leading direct mail agency Effective Letters, Johannesburg. "Agencies are suddenly finding they need direct response units, and they claim to have established them. But they are often unprofessional. Unless the client insists, the spending goes into traditional space buying—the area where agencies have expertise."

Brian Hopkins, managing director of FCB Response, Johannesburg, the country's largest and oldest full-line direct marketing agency, agrees. "Many agencies are only paying lip service to direct marketing. They wheel out the direct guys when the client visits, and then they wheel them back. Part of the trouble is that general advertising agencies find it difficult to move into the direct field. There is a big difference between the two areas."

Besides being "short on heavyweights," says Mr. Falkson, direct marketing is also stymied by certain technical problems. While there are no legal restrictions against the discipline, the postal service is unable to keep pace with marketers' needs. Not all areas in South Africa are served by door-to-door letter delivery, and nowhere in the country are parcels delivered to the door. Instead, they must be picked up at the post. In addition, says Mr. Falkson, South African general mail services are "not particularly cheap" for response mailers.

"We only have one class of mail here and that's first class," he says. There's no third-class service at reduced postage and, while discounts of 12.5% and 25% are offered, the latter requires the mailer to presort into postal codes. "If you make one mistake, you don't get the reduction. That makes spending the money on presorting a very high risk."

Kodak's S. African mailing for its 940 Instant Cameras moved 400 cameras in two months.

Telemarketers, too, are hampered by service inadequacy. Postal and telephone services are run by the South African Post Office, which does not offer toll-free dialing. "Telemarketing is in its infancy, and is growing very slowly because we suffer a lack of toll-free numbers," Mr. Cowden says. "When toll-free services are available, there will be a big expansion in direct response advertising on radio and tv. But the post's progress is painfully slow."

Catalog companies also are critical of the South African Post. Marco Von Embden, managing director, African Wholesalers, Cape Town, the country's largest and oldest catalog company, bemoans the lack of door-to-door mail delivery, which makes mail-order buying less convenient for customers.

Consumers, too, are to blame for direct marketing's slow start. South Africans, particularly whites, tend not to buy from catalogs, although a few, such as Barclays Bank's *Barclaycard Magazine*, are successful.

Mr. Von Embden explains: "Certain sectors of the South African population [whites] have been spoiled because transportation is so easy, so the convenience of catalogs is undermined." The vast majority of African Wholesalers' sales are to blacks and Asians, who traditionally buy more from catalogs because they have farther to commute to retail areas.

Blacks, in fact, will be largely responsible for direct marketings' future growth. They are becoming an increasingly important part of South Africa's buying public. At present, spending by blacks accounts for around 40% of total consumer spending; this is projected to run well over 50% by the early 1990s.

There are major difficulties in targeting them, however. Estimates suggest 40% of South Africa's multi-ethnic population is illiterate. Many blacks are "nameless and addressless" simply because apartheid has confined them to rural areas.

As yet, there's a lack of quality lists, says Mr. Falkson, but the situation is improving. "In the past three years we have acquired 75 customer lists," he explains. "In the previous 23 years, we had obtained only a few."

With recession and black-consumer boycotts against white-owned businesses hammering away at corporate profits, most feel that mailing lists will improve even faster. "If customers find it difficult or expensive to get to conventional stores, then the merchandise has to be brought into their homes by catalog," says one leading retailer. This will encourage fast development and availability of lists.

Despite these roadblocks, some users of direct marketing are highly successful. *Reader's Digest* is one, as is the Edgars Ltd. retail group, a Johannesburg-based national chain of upscale clothing and accessory stores. According to one industry observer, Edgars "knows that each mailing will mean up to $900,000 in additional sales."

Marketing director Carol Grolman will not divulge Edgars' response rate, nor the sales conversion rate. "Let's just say it's very significant, otherwise we wouldn't continue doing it," she says.

Ms. Grolman says that in an average year, Edgars dispatches "240 mailings, which is about 150 million pieces—in English and Afrikaans. Most of our mailings are to existing customers [charge card holders], though we do sometimes mail to outside lists." However, with a customer mailing list rumored to include about 80% of all white households in South Africa, Edgars' use of outside lists would be minimal.

The growth areas in South Africa's direct marketing are financial services and business-to-

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business marketing. Financial service, says Mr. Hopkins, "is by far the biggest growth area" with increasing sophistication in computer manipulation of mailing lists. Banks and financial institutions are beginning to use their existing databases more efficiently to cross-sell, and are making their lists available to other users.

In the business-to-business sector, selling costs are increasing at a faster rate than prices.

"We are seeing far more use of direct marketing in this area purely because of the narrowing [profit] margins available to marketers," Mr. Hopkins says.

—Des Kilalea

Belgium

After years of predicting a takeoff for direct marketing in Belgium, industry executives agree that 1986 was the year it finally happened.

"This is the year that the big advertisers started walking into [direct marketing] agencies asking, 'What can you do for me?'" says Irene Allanson, managing director, Ogilvy & Mather Direct, Brussels. "I've been in it since 1979, and I really feel a boom after what you might call six years in the desert," she says.

A mail shot inviting prospects to a dinner brought a Belgian home for the disabled $14,500.

Among companies in Belgium now listening to direct marketing pitches, after years of saying they weren't interested, are Master Foods, Procter & Gamble and Unilever, sources say. Traditional users like banks, magazines, computer, publishing and credit card companies also are increasing their direct marketing budgets.

If this isn't evidence enough of direct marketing's growth in Belgium, there is also a boom in the creation of direct marketing subsidiaries by major agencies. Just about every big agency that didn't have a Belgian subsidiary in January, 1986, has one now. McCann-Erickson, one of the last holdouts, is currently planning its direct marketing shop.

Attendance at The Montreux Symposium and Exhibition, the yearly European direct marketing conference in Montreux, Switzerland, also indicates Belgian interest in direct marketing is on the rise. Last year there were 30 participants from Belgium; this year 80 attended. Seminars on anything related to direct response advertising generally are overbooked shortly after they're announced. In November more than 80 people paid $650 each for a one-day conference organized by the year-old Flemish Direct Marketing Union.

If growth is the keynote of direct marketing in Belgium, the magic word here—as elsewhere—is database. The computerized refinement of mailing and telephone lists to provide more finely targeted audiences is the discipline's fastest growing area.

While the industry is short on statistics, the Groupement de la Vente par Correspondance, Brussels, the country's direct mail association, estimates that direct response accounted for 0.8%, or $48 million, of the country's $6 billion 1985 retail sales. This year, according to Guy Olivier, GVC secretary general, the figure might reach 1%.

Erik Van Vooren, president, Flemish Direct Marketing Union, Kalmthout, says that industry estimates put the direct marketing sector of Belgium's total marketing expenditures at 17% to 20%, but he thinks this is an understatement. He says he thinks a better comparison is neighboring Holland, where direct marketing has gone from 30% of marketing expenditures in 1985 to about 39% in 1986.

Direct marketing, with its database-assisted approach, would appear to be a natural for Belgium, whose small but affluent population is divided nearly in half by the Flemish-French language barrier.

Direct mail and coupon advertising (there is no commercial tv in Belgium) are still probably the major sectors of direct marketing. But telemarketing, despite a lack of toll-free dialing, is coming up fast. Guido Thys, head of Direct Contact Telemarketing, Antwerp, says his young company has been swamped with inquiries for training and surveys on the medium's effectiveness.

(Continued on Page S-22)

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(Continued from Page S-21)

Herman Van Hove, managing director of Antwerp-based Biblo, a newsletter publisher, has noticed that coupon ads are being priced out of the market. With publications that are highly specialized by language and subject, most of a potential audience is reached after two or three insertions, leading to high costs-per-thousand.

There are no laws in Belgium governing telemarketing or direct mail. The government recently withdrew a proposal for an extremely strict control of databases that would have required those on mailing lists be informed as to how their names would be used. But some sort of right-of-privacy regulation appears imminent. The direct marketing industry hopes to head off rigorous controls by lobbying and self-regulation.

Meanwhile, optimism prevails. "Things are looking better and better," says Mr. Van Vooren, who is also director of BBDO/Direct, Brussels. "It's the nature of direct marketing that the more often something like a mailing list is used, the better it becomes."

—Paul Montgomery

Japan

Retail sales in Japan may be nearly static, but direct marketing is on the rise.

The Japan Direct Marketing Assn. says the industry is growing about 10% a year; it projects similar growth to 1990. Japanese consumers are particularly receptive to direct mail. A 1984 Fair Trade Commission survey found that 58% of all women interviewed had purchased products via direct mail during the previous 10 months.

Japan's fiscal 1985 (ending March 31, 1986) direct marketing sales of $4.75 billion made up only 1% of the country's total retail volume, compared with 17% in the U.S. JADMA projects that figure will rise to 3% by 2000.

Some industry professionals, however, expect a slightly higher increase. "We foresee direct marketing growing to about 3.5% of retail by 1999," says Thomas Ainlay Jr., manager, McCann Direct, an independent direct marketing department of McCann-Erickson Hakuhodo, Tokyo. "There will be a couple of boom years after the Ministry of Posts and Telecommunications lowers postal rates for commercial mailings," which some observers expect will happen within the next three years.

Postal rates are the major issue with Japan's direct marketers. Because Japan still has no bulk mailing system, direct mail goes first class. Third class, designed for magazines, can be used for catalogs provided they have 50% magazine-style editorial copy and publish monthly, forcing catalogers that don't fall within this category to use private delivery companies.

"A piece must work three to five times better here than in the U.S., simply due to postal costs," says Michael Golding, president, Franklin Mint Ltd, Tokyo, a wholly-owned subsidiary of The Franklin Mint, Franklin Center, Pa.

A Tokai-district food-of-the-month club publishes its offerings in a mail order catalog.

The underutilized Japanese Post is expected to lose $270

Japan's top 10 direct marketers

Company	1985 sales (in millions)	Operations
1. Fuji Sankei Living Service	$355	Catalogs, tv shopping, sales fairs
2. Senshukai Co.	271	Catalogs (apparel, hobby/home goods)
3. Cecil Co.	228*	Catalogs (lingerie)
4. Mutou Co.	199	Catalogs, sales fairs
5. Takashimaya	194	Department store
6. Niko Tsuhan Co.	166*	Mail order (health, beauty, liesure)
7. Nissen Co.	157*	Catalogs (women's wear, home goods)
8. High Sense Co.	125*	Catalogs (women's goods)
9. Nihon Bunka Centre	113	Tv shopping, catalogs, print
10. CBS Sony Family Club	112	Mail order (records, tapes, imports)

*1984 figures
Source: McCann Direct/Nihon Keizai Shimbun

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million for fiscal 1986, according to the MPT's Postal Business Bureau. Only 137 pieces of mail per capita were sent in Japan in 1985, compared with 560 per capita in the U.S. Boosting postal revenues through increased utilization is a logical alternative to hiking rates, and Mr. Golding, who is also a director of JADMA, is the key mover in this arena.

"We're trying to get the MPT to understand bulk mail rates," he says, "and to persuade them that by introducing a new mail tier for [marketing] materials, they will open a new revenue source."

Franklin Mint Ltd., which sells consumer goods such as jewelry, porcelain and books, opened its Japanese doors in 1972 and was one of the country's direct marketing pioneers. The Japanese subsidiary's annual sales are approximately $35 million, and its direct mail and other media expenditures come to some $11 million a year, according to Mr. Golding, who is also corporate vice president responsible for all of Franklin Mint's Pacific locations.

Joint direct marketing ventures between U.S. and Japanese agencies started in 1985, when Dentsu Wunderman Direct and Dai Ichi Kikaku/Rapp & Collins opened shop in Tokyo. More recently, the in-house units of McCann-Erickson Hakuhodo and J. Walter Thompson Japan have started direct marketing operations, and Tokyo-based Grey-Daiko Advertising is studying a similar move. Total billings of these four shops are small, roughly less than $12.5 million. DIK/R&C estimates total direct marketing expenditures at 35% of sales. The agencies' major competitors are the in-house operations of major clients.

"The industry is in its infancy," says Richard Capponi, vp, DWD. "When we arrived, it was like the U.S. in the '50s. Now, it's the early '60s."

Also handicapping direct marketing are restrictions on sweepstake premiums stating that the value of the premium must be no more than 10% of the item's retail cost, with a ceiling of $312.

Lists in Japan also are a problem. Says Isao Nakazawa, exec vp, DIK/R&C, "About 100 million names are on lists, but very few are available for rental or swapping, and many are manual."

Many companies consider lists proprietary and strictly for their own use; those interested in similar lists would often be direct competitors. Also, the language makes computerizing lists difficult. People usually write their names using Chinese ideograms, or *kanji*. Lists, on the other hand, are generally recorded using one of two native Japanese phonetic syllabaries, or *kana*. Because Japanese is rich in homonyms, converting *kanji* to *kana* is highly error-prone, and the technology for doing so is new. McCann Direct's Mr. Ainlay estimates that only 40% to 50% of lists are computerized.

"It's dismal," says Mr. Capponi. "We've uncovered maybe 200 lists we'd be comfortable recommending to clients. In America there are 50,000."

To combat the list shortage, many direct marketers develop their own through advertising. "At DWD," says Mr. Capponi, "we rely more heavily on print media than we would in the U.S. We do a lot of two-steps where we place a print ad requesting people to ask for information. Then we mail."

Japan does have toll-free dialing, but no discount is given to direct marketers on inbound calls. "We've had clients find that even the increased response from a toll-free number isn't enough to pay for the service, so they've stopped using it," says Mr. Capponi.

Inbound telemarketing without toll-free dialing is widely used. Outbound, however, is considered highly offensive once it steps outside the realm of customer service.

Most agree that Japan's most powerful marketing medium is the newspaper. "Very expensive and worth it," says Mr. Capponi. But when a good list is available, says Mr. Nakazawa, "direct mail is the most cost effective, followed by magazines, tv and newspapers."

Unfortunately, direct marketing's reputation is sometimes stymied when problems crop up with direct selling, as was the case with fraudulent sales of land and gold. Direct selling in Japan is an enormous business and is largely unregulated. Med-

(Continued on Page S-24)

What do European consumers think of direct mail?

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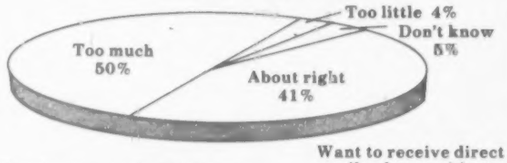

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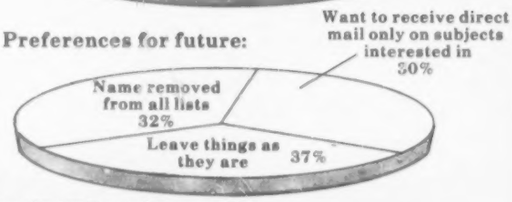
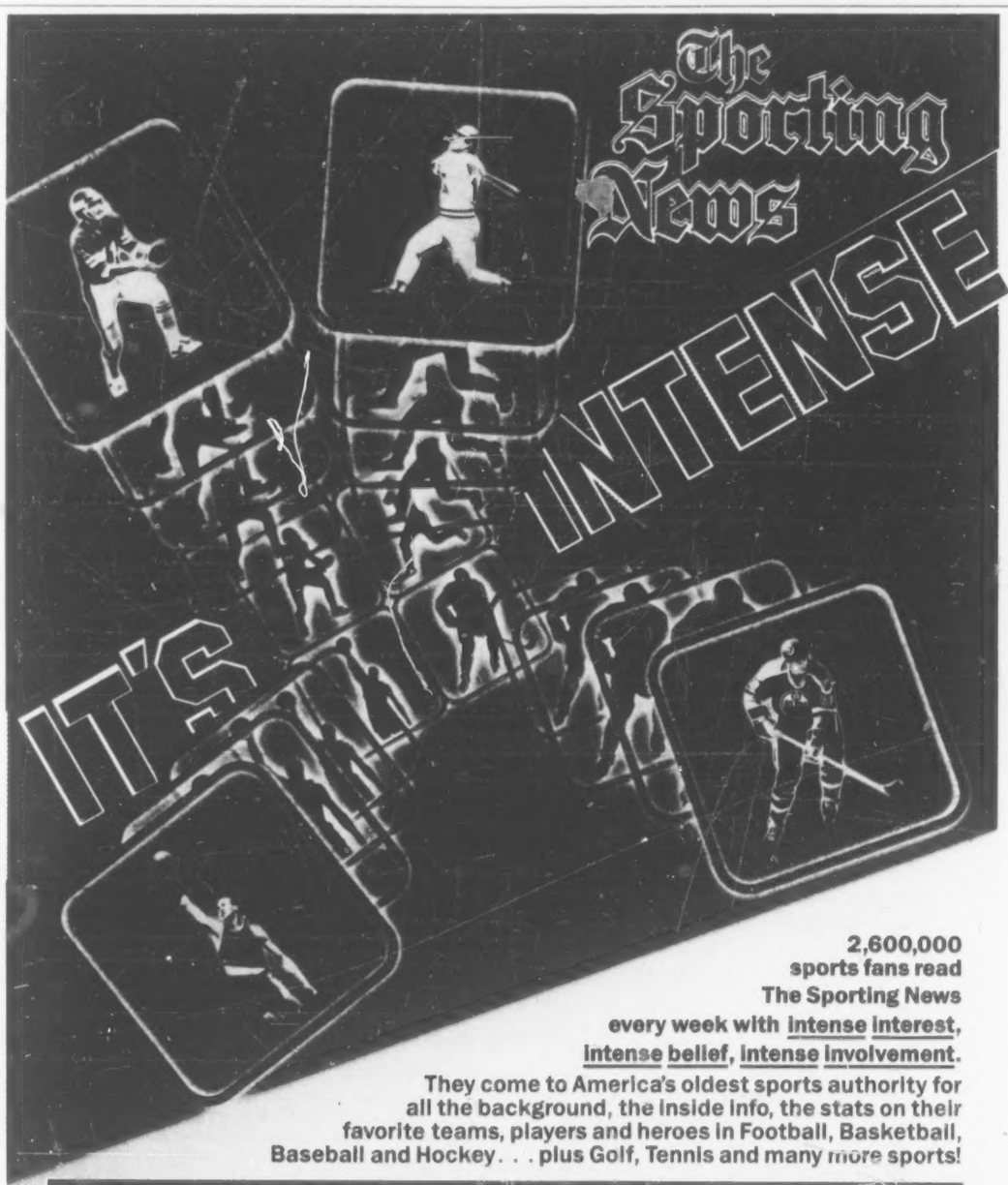


Source: Services Postaux Europeens survey



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(Continued from Page S-23)

icines, newspapers, bamboo poles, securities, banking services and automobiles are all sold door to door. In 1984, direct selling accounted for an estimated 80% of all domestic Toyota sales, according to sources. And the sales force of Dai Ichi Kangyo, Japan's largest bank, typically call on 100 Tokyo homes a day soliciting deposits.

For the future, privacy is a growing issue that will affect list use. A mail preference system that gives consumers the option to have their names deleted from lists when they are made available to third parties is being discussed, and some in the industry, like Franklin Mint's Mr. Golding, advocate more regulation—provided it be done by the industry itself.)

—David Kilburn

France

By some accounts, directing marketing in France may have been slow to develop, but some of its greatest proponents maintain that the market is making up for lost time.

Direct marketing currently represents about 25% of France's $7.5 billion marketing expenditures, and is said to be growing at the rate of 25% per year, according to Denis Bonnet, director of France's largest direct marketing agency, Ogilvy Defrenois Direct, Paris.

Direct marketers are quick to catch on to changes in laws regulating the industry, and such changes are coming along faster than before. Cortal, for example, a three-year-old financial service institution that relies entirely on direct marketing to sell its services, recently ran a two-minute tv spot using a toll-free number, which was permitted on tv for the first time in France with the advent of private, commercial tv in February, 1986. Account manager Jean Michel Braun says the response rate was confidential, but "satisfactory."

His is one of many companies now using using the toll-free "green number," the French equivalent of the 800 number, which was instituted at the beginning of 1984. Currently, there are 6,000 subscribers to the green number, up about 30% from last year, according to a spokesman for Opus-Hintzy, the Paris-based institutional advertising agency that launched the number. While high subscription costs continue to keep toll-free numbers primarily in the business-to-business sector, most observers predict the green numbers will move into the realm of consumer marketing, now that they have been allowed a broader reach via tv.

A leading indicator of the French market's sophistication is the unparalled success of the Minitel videotext, which was a failure in many other countries, notably the U.S. and the U.K. Minitel currently has two million units in operation and will add an estimated 1.5 million to 2 million more per year. In five years, that means 10 million units for France's 21 million households, according to Mr. Bonnet.

Thierry Dequeroy, who markets Minitel throughout the country for the government-owned telecommunications system PTT, says the system gives consumers access to 2,500 list-

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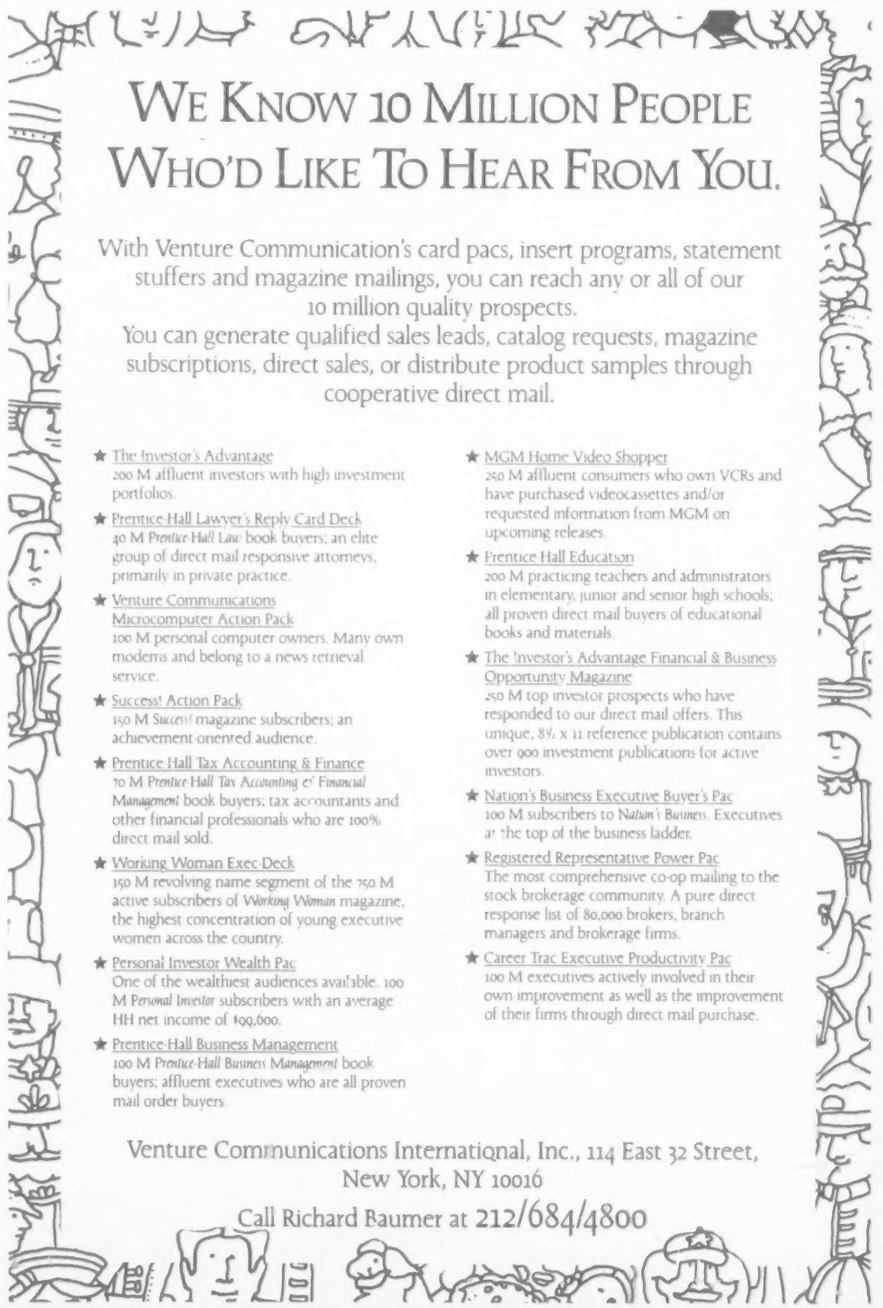

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ings by tapping in a four-digit number. Those listings vary from telephone directory assistance, transit information and electronic banking to more imaginative uses. On Paris' Left Bank, for example, a four-digit number calls up the daily menu of a local take-out restaurant, allowing consumers to place an order and have it delivered. Minitel purchases can be charged on Carte Bleue, the French Visa card that can even be used to buy subway tickets.

Mail order houses, specialized retailers, wholesalers and hypermarketers—French high-volume discounters—use Minitel to take orders for merchandise 24 hours a day. According to Mr. Bonnet, La Redoute, one of France's most successful catalog merchants, takes 100,000 orders daily, 45% of them by mail, 52% by phone and 3% by Minitel. Despite its convenience, experts predict that merchandise sales by videotext will never exceed 10% of a retailer's total sales.

Mail order sales account for only 2.5% of all retail sales, a figure equal in market share to department store sales in France, which is traditionally a nation of specialty shops, says Jean-Marc Gely, marketing director, Au Printemps, the major Paris-based department store chain. Neither department stores Au Printemps nor Galleries Lafayette does mail, phone or catalog sales, although both use their credit card lists for purposes other than selling direct.

Mr. Gely says that may change. He notes that department store retail sales dropped in the fall of 1986, following a string of fatal terrorist bombings in Paris, some of them in retail stores, while mail order sales were up by some 25%.

"It's a new phenomenon, but there's certainly a link between our bottom line figures and the success of mail order," Mr. Gely says. "Mail order houses are also trading up and getting more competitive with us."

Catalogs La Redoute and Trois Suisses recently underwent massive tradeups and began selling more expensive merchandise, illustrating the trend towards higher caliber products targeted to a more affluent audience.

According to Bernard Siouffi, Paris-based director of the French direct marketing and mail order associations, books and other published materials make up 24% of all mail order, but the remainder is shifting up, with an emphasis on catalogs skewed to affluent males.

"Major mail order houses and small vendors are looking for high income males, and there seems to be a growing market for things like executive gifts," he says.

In addition to allowing toll-free numbers on tv, other regulatory changes in France allow direct marketers to refer to previous purchases when approaching a customer by direct mail and use third class rates when previously only first class was permitted. Mr. Siouffi says his association is working with the PTT on commercializing and personalizing the telephone list, which direct marketers have had access to only since February, 1985.

"Lists have been one of the biggest blocks to direct marketing in France to date," says Mr. Siouffi. "The big brokers are not well-organized, and in order to develop databases, we need better suppliers, more trained personnel and more up-to-date general files." He adds that direct marketers have no access to French census information, auto registration rolls, electric and gas utility customers' names or the social security rolls.

Ogilvy Defrenois' Mr. Bonnet explains that France's first direct marketing agency was founded in 1970, so the discipline is by no means new. He says it has seen better than average growth and only one major obstacle blocks its future: The fact that many traditional marketers don't understand it.

Mr. Bonnett adds that direct marketing's success stories could be the industry's best advertising, but they aren't often talked about. Both clients and agencies are discreet about their results.

—Claire Wilson

Switzerland

Direct marketing in Switzerland accounted for approximately one-third of the country's total marketing expenditures in 1985, according to a survey by the Swiss Post Office.

The survey also revealed that direct marketing sales have grown 25% from 1979 to 1985, and that 55% of all book sales and 45% of all package tours were achieved via direct marketing in 1985.

But this, say industry professionals, is only the tip of the iceberg. "Given the difficulties of working in three languages—German, French and Italian—and the limitations placed on how much time is available for tv commercials, I would say that direct marketing is the key to marketing success in this country," says Brian Wright, managing director, CCC/Grey, Geneva, an arm of Grey Advertising. A maximum of 24 minutes of daily commercial time is permitted on any one Swiss tv channel.

To reach a mass audience in Switzerland, marketers must create campaigns in three languages, adding significantly to

(Continued on Page S-26)

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(Continued from Page S-25)

production costs. Direct marketing, particularly direct mail, is often an attractive option because of its relative cost efficiency, says Mr. Wright. He adds that Grey Advertising recently opened a direct marketing subsidiary, Grey Direct, in Geneva to handle the agency's growing business.

The industry, however, particularly the direct mail sector, isn't without its problems. The direct mail response rate has declined considerably, falling to 1% last year from 7% to 10% a decade ago, says Peter Linsin, managing director, Data Direct Marketing, Zurich, a subsidiary of the international GGK group. He attributes the decline to the sheer volume of direct mail in Switzerland's mailboxes, most of it unsolicited and untargeted.

"Switzerland is a small country and we've got to adapt our direct marketing techniques to that fact," he says. "In the States, or in a big European country like France or Germany, you can send out mass mailings of several million pieces and still get an acceptable return. But given Switzerland's size and linguistic divisions, it's not enough to send out scattershot mailings and hope somebody tunes in."

Recent research conducted by the Swiss Post Office reveals that every household receives roughly 3.3 personally addressed and 8.2 "occupant" addressed or hand-delivered pieces of mail each week, a high volume by European standards.

Some in the industry question whether that level of saturation might be counterproductive. To fend off criticism, the Swiss Direct Marketing Assn. has established a "Robinson List," currently consisting of some 10,000 names of individuals who have requested they be taken off lists for personally-addressed, unsolicited direct mail.

The list is circulated to SDMA members, who are obliged to remove the names from their lists. However, as Ursula Spliess, coordinator of The Montreux Symposium and Exhibition (Europe's annual direct marketing conference) points out, the Robinson list cannot control "occupant" addressed, unsolicited mailings, the mailings of companies based in other countries, or those that aren't SDMA members. "It's a beginning, but that's all," she says.

Consumers also may obtain labels from the Post that read: "Mailman: Please do not put any unsolicited publicity in this mailbox." Government mail carriers oblige, but at least 50% of Switzerland's unsolicited direct mail is delivered by private carriers who don't honor the request.

Unit costs for standard direct mailings average 80 cents, according to Mr. Linsin, despite preferential rates from the Post, which derives considerable revenue from the industry. The Swiss Post Office offers reduced rates for mail weighing less than 50 grams.

There are no legal restrictions against direct marketing in Switzerland. The SDMA stresses a code of conduct for its 10,000 members, but it is nonbinding.

Even telephone marketing is unregulated, although regulation is expected in due time, according to Michael Sutherland, president, Geneva-based Mardev, a leading list broker. Under the current system, for example, nothing prevents direct marketers from calling prospective clients at midnight.

In practice, this doesn't happen. But Mr. Sutherland says if telemarketing progresses beyond its current stage—it's largely confined to subscription solicitations—the public will call for some form of official control. Consumer protection groups, particularly in the French-speaking, western part of the country, already have begun agitating against "cold calls."

Still, direct marketing is popular with many businesses. Fortuna, a Zurich-based insurance company, promotes itself solely through direct response print and tv ads. Its switchboard stays open until 9 p.m., a relatively late hour, to field calls generated by prime time tv commercials.

Certain banks find it useful as well. Bank Aufina, a subsidiary of the powerful Union Bank of Switzerland, is using direct marketing extensively to attract new customers. Banque Rohner, however, a mid-sized bank headquartered in St. Gallen, used to blanket Switzerland with mail shots offering its loan facilities at least twice a year, but has since stopped, according to industry sources, after deciding the return was insufficient.

Radio advertising in Switzerland is still unsophisticated. The state-run network doesn't permit advertising, and commercial stations were licensed only three years ago. There are now some 30 of these, all but one of which carry commercials. The day of the direct response radio commercial is coming, however, according to Roger Schawinski, owner of Zurich station "Radio 24" and a pioneer in the commercial radio field.

"The statistics show that direct mail takes 85% of all direct marketing budgets," he says. "Tv picks up about 7%—a very small sum because of the limits on the amount of commercial time available." He adds that other media, like local radio, are hoping to soon capture some of the [remaining 8%.] "This will happen as people become accustomed to buying through radio commercials."

—John Parry

1986 Swiss media usage
Percentage of companies using each medium*

Medium	Cons.	Bus.
Tv	34%	8%
Radio	38	8
Newspaper	84	49
Magazine	62	82
News/magazine supplements	24	22
Dir. mail: unaddressed	32	10
Dir. mail addressed	64	88
Outdoor	36	16
Cinema	28	4
Trade directories	32	47
In-store promos	72	45

*estimates
Source: Services Postaux Europeens survey

Associate editor Denise Frenner coordinated this report on Direct Marketing.

Coming

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Ad pages in farm publications for 12 months, 1986-85

Fourth-quarter and year-to-date figures for U.S. and Canadian publications reporting to Advertising Age

	Pages			
	Oct Jan 1986	Oct Jan 1985	Jan Dec 1986	Jan Dec 1985
— Canadian —				
Country Guide	—	—	—	—
Eastern Edition	85.2	95.8	440.5	477.4
National Edition	118.1	137.9	706.5	879.2
Western Edition	86.7	104.8	506.2	601.7
Le Bulletin des Agriculteurs	—	—	—	—
Total Group	**290.0**	**338.5**	**1,653.2**	**1,958.3**
% change		**-14.3%**		**-15.6%**
— Dairy & livestock —				
Beef Extra	25.1	38.4	101.9	101.9
Beef Magazine A	83.2	142.7	459.7	672.9
Beefweek	127.8	162.9	519.1	650.4
The Cattleman	216.4	275.4	992.8	1,229.0
Dairy	—	—	—	—
Dairy Extra	36.6	34.4	176.7	101.9
Dairy Herd Management	35.1	39.0	152.2	236.7
Drovers Journal (52X) A	163.7	217.7	727.1	940.3
Feedlot Management	31.7	64.4	130.6	227.2
Florida Cattleman	—	—	—	—
Hoards Dairyman (23X) A	104.3	139.4	523.4	674.7
Hog Extra	51.4	35.0	162.8	94.6
Hog Farm Management	40.6	31.8	136.6	145.7
National Hog Farmer	169.9	203.8	642.2	648.4
Pork '86	127.4	109.9	447.2	398.9
The Hog Producer	20.9	11.4	89.4	58.7
S. Beef	71.8	53.3	152.5	154.1
Southern Beef Producer (8X)	42.6	38.7	195.1	192.8
Total Group	**1,348.4**	**1,598.2**	**5,609.2**	**6,525.2**
% change		**-15.6%**		**-14.0%**
— Fruit & vegetable —				
American Fruit Grower	88.3	80.0	465.6	489.7
American Vegetable Grower	130.2	140.6	592.3	616.7
Citrus & Vegetable	132.3	136.1	570.8	578.5
The Grower	65.3	42.1	255.9	274.8
Total Group	**416.1**	**398.8**	**1,884.6**	**1,959.7**
% change		**+4.3%**		**-3.8%**
— General farm publications —				
American Agriculturalist	44.4	59.4	232.3	284.6
California Farmer (21X) A	—	—	—	—
Colorado Rancher & Farmer	44.9	49.0	288.6	299.1
Farm Futures	—	—	—	—
Farm Industry News (10X)	—	—	—	—
Farm Journal Inc:				
Farm Journal (14X)	103.2	111.5	535.2	605.0
Top Producer	32.3	41.7	161.4	169.7
Farmer-Stockman Unit:				
Oklahoma Farmer-Stockman (12X)	36.4	12.9	181.1	154.5
Texas Farmer-Stockman(12X)	34.8	12.5	169.0	125.7
Florida Grower & Rancher	72.5	62.5	317.1	291.3
Harvest Publishing Unit:				
Kansas Farmer (16X)	59.0	64.2	432.6	492.5
Michigan Farmer (16X)	64.2	92.2	426.9	560.5
Missouri Ruralist (16X)	61.0	89.5	476.0	589.5
Ohio Farmer (16X)	72.8	118.7	515.3	724.9
Pennsylvania Farmer (16X)	46.4	78.7	354.0	472.6
High Plains Journal:				
Eastern Kansas (52X)	378.5	413.5	1,776.2	2,000.7
Colorado	385.9	416.1	1,812.5	1,971.3
Nebraska	362.7	400.0	1,719.6	1,918.0
Oklahoma-Texas	392.6	425.5	1,795.2	2,029.7
Western Kansas	437.3	473.3	1,983.2	2,188.5
Irrigation Age (10X) A	29.1	51.8	149.4	654.2
Kentucky Farmer	37.3	42.7	241.7	261.7
Lancaster Farming (52X)	1,555.5	1,244.1	6,684.2	5,622.0
Midwest Unit:				
The Farmer (24X)	118.3	132.0	730.6	869.6
Nebraska Farmer (24X)	147.5	175.7	909.4	1,099.2
Prairie Farmer (24X) A Indiana Edition (24X)	129.0	166.5	801.5	1,061.4
	124.4	164.8	767.8	1,043.1
Wallaces Farmer (24X) A	101.6	129.8	646.8	874.9
Wisconsin Agriculturalist (24X)	85.8	109.3	491.8	621.3
Pecan South (6X)	6.2	14.5	70.7	79.0
Progressive Farmer A	—	—	—	—
Specialized Agricultural Publications:				
Coastal Plains Farmer	6.4	10.5	92.8	90.8
Flue Cured Tobacco Farmer	12.2	12.4	88.9	88.5
Peanut Farmer (8X)	—	—	94.6	85.9
Successful Farming A	102.8	139.5	547.7	622.7
Tennessee Farmer	20.3	20.2	131.8	142.0
Western Unit Farm Magazines:				
Colorado Rancher & Farmer(14X)	—	—	—	—
Western Farmer-Stockman Magazines:				
Ariz. Farmer-Stockman(12X)	40.5	55.6	212.1	243.9
Idaho Farmer-Stockman(20X)	61.1	73.2	418.5	460.9
Mont Farmer-Stockman(20X)	88.6	119.5	572.9	727.1
Ore. Farmer-Stockman(20X)	50.5	61.7	324.2	378.8
Utah Farmer-Stockman(20X)	49.5	51.0	262.2	344.6
Wash. Farmer-Stockman(20X)	49.2	64.3	341.3	401.0
Total Group	**5,444.7**	**5,760.2**	**27,757.1**	**30,650.7**
% change		**-5.5%**		**-9.4%**
— Poultry —				
Broiler Industry	149.7	157.8	571.6	572.0
Poultry Digest	81.7	59.7	253.7	211.1
Poultry Tribune	46.3	46.9	217.0	207.1
Poultry & Egg News	—	—	—	—
Poultry Times	—	—	—	—
Northeast/Midwest	—	—	—	—
Pacific Edition	—	—	—	—
Southeast Edition	—	—	—	—
Southwest Edition	—	—	—	—
Poultry & Egg Marketing	—	—	—	—
Total Group	**277.7**	**264.4**	**1,042.3**	**990.2**
% change		**+5.0%**		**+5.3%**

(X) Represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

worries that the campaign would be compromised were eased when Ms. Colliver moved to Chevrolet from GM's AC Delco division, where she had steered development of the brand strategy campaign using spokesman Chuck Yeager.

"It required somebody like Danielle who could come in from outside and say, 'Yes, that's Chevrolet,' " Mr. Fitzpatrick said.

"I came in with a deep belief that Chevrolet needed a focused campaign, a singular identity," Ms. Colliver said.

C-E went through about 100 different songs before settling on the one being used. Lyrics were developed by a group of C-E creatives that included Mr. Fitzpatrick, Mr. Plansker, Mr. Burton, Kathy Speck, Denise Sidlow, Bill Ludwig, Patrick O'Leary and Larry Rau.

The music was developed and produced by Crushing Enterprises, New York. Crushing's president, Joey Levine, headed Crushing's efforts, with Thai Jason working as production manager. The music was written by Robin Batteau, who also sings the male lead in most of the spots and who did the arrangements with Jeff Southworth and Kenny White.

Billy Alessi synthesized the heartbeat sounds, and Rachelle Capelli sang the female solo on the generic "Heartbeat" tv and radio spots.

C-E's Ms. Sidlow worked directly with Crushing in producing the variations of the original spot being used in follow-up commercials.

Mr. Fitzpatrick landed directors who usually rejected car commercials "because it always ends up that the client wants a seven-eighths front view. They brought strong personalities to the work, and sometimes we had horrifying fights."

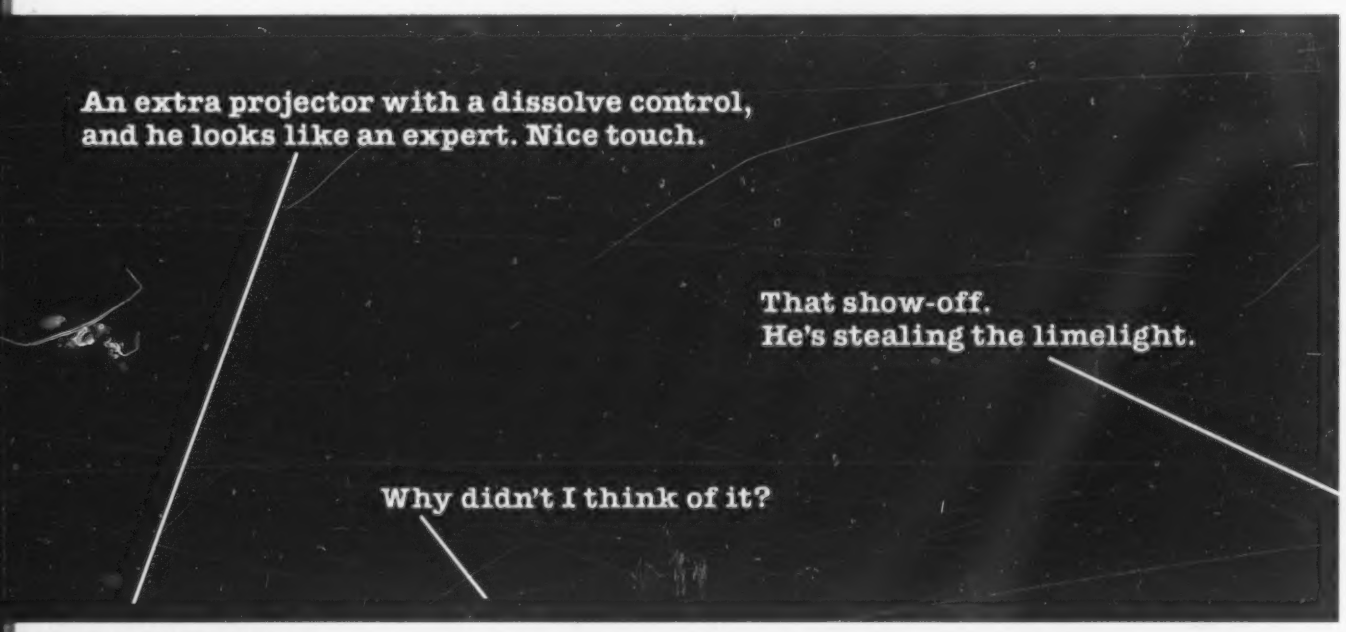
Directors were Bruce Dowad (three theme spots), Peter Smillie (Celebrity, Camaro, Cavalier and Corvette spots) and Peter Heath with N. Lee Lacy (Nova, Spectrum and Sprint spots).

The campaign notably includes women in an unpatronizing way. Chevy's stated marketing goal is to attract more first-time buyers and more women, who already make up 45% of the principal buyers of Chevrolet products.

Kudos are coming from all directions. Consumers want to know where they can buy the music, and a record release may be part of the merchandising plans under development.

The creative director at a competing car agency called to say he was embarrassed because his own kids were singing the "Heartbeat" theme.

"The campaign has captured the imagination of a great number of people," Mr. Fitzpatrick said, "and that's the first objective."#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Advertising Age

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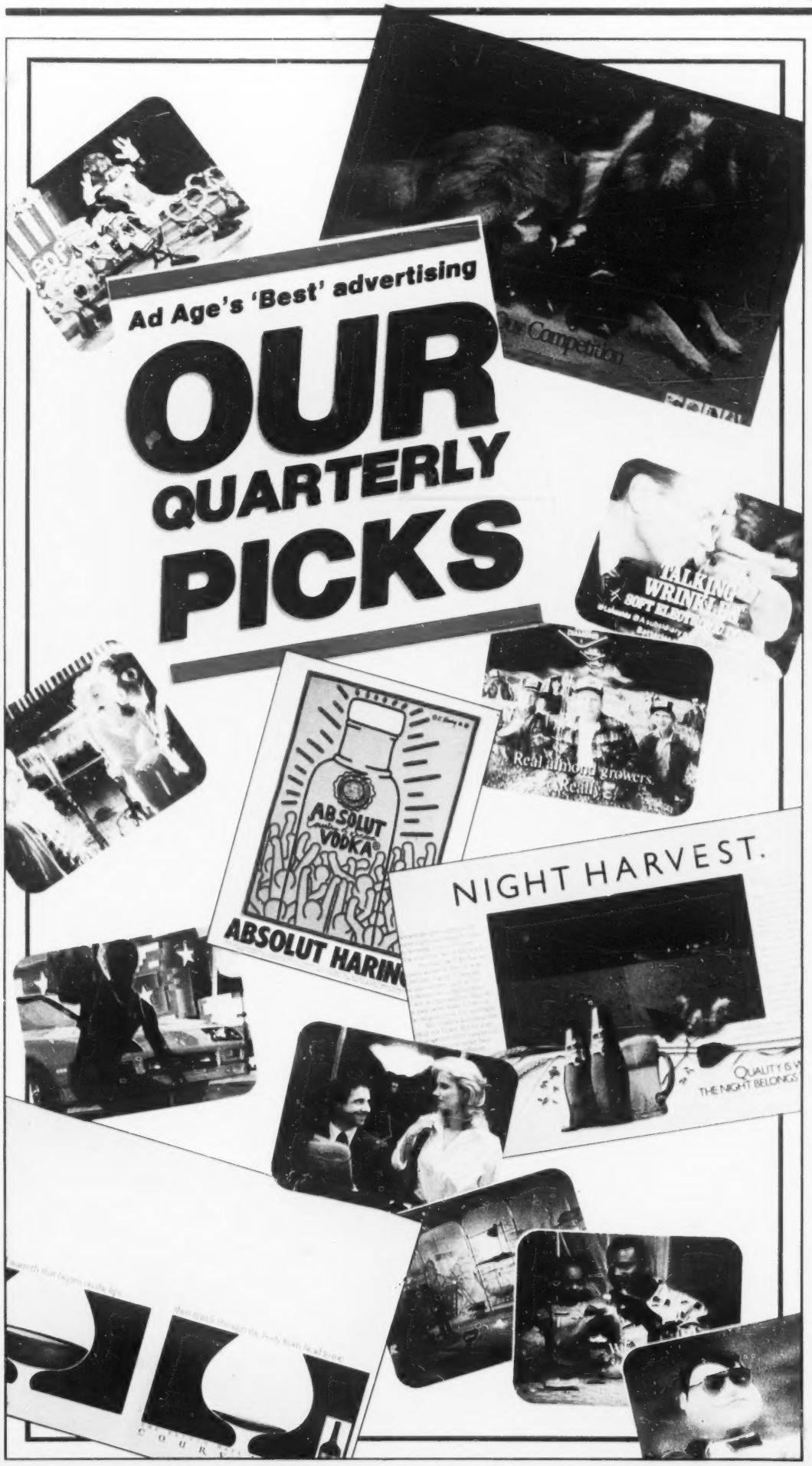

More conflict woes; Bates dropping Cyanamid

— Page 1

McDonald's plays up nutrition in new ads

— Page 2

Admen rally against ABA plan to ban tobacco ads

—Page 3

Syndicators gamble with new sitcoms at NATPE

— Page S-1 — S-30, 68 — 71

Highlights

Lifting Continental's image 1
Texas Air Corp. this week begins a drastic repositioning of its airlines' marketing as chairman Frank Lorenzo moves to fill a creative void in the industry's stagnant, price-oriented advertising. The Houston-based company breaks the opening element in Mr. Lorenzo's new strategy today with the first corporate image tv spots for Continental Airlines.

Bates bites the bullet 1
Procter & Gamble's strict conflict policy is forcing Ted Bates Worldwide to drop most of its American Cyanamid Co. accounts, sources say. The lost business is estimated at $25 million.

ABA's burning issue 3
The advertising industry is battling to defeat a proposed resolution that would put the American Bar Assn. on record favoring congressional action to ban tobacco advertising and promotion.

Tyson's marketing punch 4
Mike Tyson, the youngest heavyweight champion, is the first boxer to hire a marketing agency. The 20-year-old champ of the World Boxing Council has retained Ohlmeyer Communications Co., a major player in sports tv and sports event marketing.

Bleak barter picture 6
The barter tv industry, a year ago the fastest-growing segment in media, now is caught between an over-all decline in network tv ad spending and weak ratings for what had been some of its reliable shows and genres.

Vital move for Sassoon 60

Vidal Sassoon Inc. next month starts an estimated $10 million national tv and women's fashion magazine campaign restaging its 10-year-old salon formula haircare line. Several new salon-linked haircare introductions are expected this year. Vidal Sassoon again will serve as spokesman for the revamped shampoo and conditioner, and copy for the campaign positions the brand as a haircare breakthrough from the person who understands today's styling needs.

Catalina nurtures Cub 72
Catalina Marketing has begun installing its in-store coupon distribution system throughout the Cub Foods supermarket chain in Chicago. Catalina, which earlier moved into Chicago-area stores of Dominick's Finer Foods, now has about 230 stores wired and predicts units in 700 stores will be operating by yearend.

Perfume Taylor made for Saatchi 85
Liz Taylor has entered into a licensing deal with Parfums International, the upscale fragrance group at Chesebrough-Pond's Prince Matchabelli division. William Esty Co., the Saatchi & Saatchi agency that handles Matchabelli, will handle.

INTERNATIONAL

Air France competition 50
Hoping to compete better when European Community skies are deregulated sometime in the future, Air France puts its $3.5 million international corporate image account up for review. Five agencies are in the running.

Black eyes U.S. media 59
Financier Conrad Black joins the list of Canadian corporate raiders who have set their sights on U.S. media properties. Through Hollinger Inc., which he controls, Mr. Black last month bought 21 small-town newspapers in Illinois, Indiana, New York, Ohio and Pennsylvania for about $76 million.

OTHER NEWS

When the marketplace cries for new products, Quaker Oats Co. churns them out. When the corporate raiders are on the warpath, Quaker protects itself by acquiring companies with familiar old brands in solid market leadership positions. Quaker's forte has been adapting to changing conditions, and that's largely because of its chairman, William Smithburg. Page 3.

The departure of legendary editor William Shawn could help *The New Yorker* in grappling with its business-side problems. The appointment of Robert Gottlieb as his successor last week was welcomed by many in the advertising, marketing and media communities who are convinced *The New Yorker*, as it nears its 62nd anniversary, is badly in need of change. Page 3.

As the Magazine Publishers Assn. honored Gilbert Maurer as "publisher of the year," the Hearst Magazines president paid tribute to the readers and editors who made it all possible. Page 85.

A new, high-flying Diet Pepsi spot will make history in March when it lands on Paramount Pictures Corp.'s home-video release of "Top Gun." The commercial, inspired by the hit movie starring Tom Cruise and Kelly McGillis, will be added to the start of each "Top Gun" cassette in a precedent-setting promotion between Paramount and Pepsi-Cola Co. Page 92.

SPECIAL REPORT

This week Special Report focuses on issues tv syndicators will face in the coming year as the 24th annual National Assn. of Television Producers convention prepares for its Jan. 21 opening in New Orleans.

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ADVERTISING PAGES IN JANUARY CONSUMER PUBLICATIONS 83

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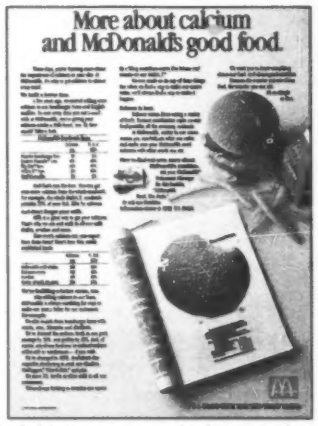

McDonald's is running a series of eight two-page ads (successive rights) in 15 consumer magazines, three professional journals and newspaper Sunday supplements as part of its $10 million-to-$12 million campaign stressing the nutritional value of its food. A goal is to "neutralize" junk food misconceptions about McDonald's good food.

McDonald's heavy in print for nutrition

By SCOTT HUME

McDonald's Corp. strikes a humble pose in the most extensive print advertising effort in its 31-year history.

The estimated $10 million-to-$12 million, yearlong campaign (AA, Oct. 20), which began Jan. 18 in *Parade* and Sunday magazine inserts in the *Chicago Tribune*, *Los Angeles Times* and *San Francisco Examiner*, positions McDonald's as a company responsive to customers' concerns about nutrition.

While staking claim to a leadership role on nutrition as it and several competitors scurry to add packaged salads to their menus, McDonald's also is using the campaign to respond to and, it hopes, undercut, some of its critics.

According to materials sent by the company to its franchise operators, the campaign's strategy is to "get the facts out and to neutralize the junk-food miconceptions about McDonald's good food."

First insertions for this major

(Continued on Page 90)

Atlanta agencies hail RJR Nabisco

By WILLIAM F. GLOEDE

When the nation's third-biggest advertiser comes to a town where the advertising business has been on the ropes, euphoria sweeps adland.

So it was last week when executives in the beleaguered Atlanta agency community learned of RJR Nabisco's plans to move its corporate headquarters from Winston-Salem, N.C., to a site on the city's northern border in September. The new corporate resident instantly will become the city's largest, eclipsing Atlanta's current No. 1, the Coca-Cola Co., in terms of sales.

Ever since the demise of McDonald & Little in 1985, Atlanta's agency community has been searching for reasons why Atlanta has not become a creative hot spot like Dallas or Minneapolis. While the short-term impact on the agency community here is not expected to be significant, agency executives are hoping their work

(Continued on Page 88)

West Coast News

Stater supermarkets part with W.B. Doner

COLTON, CAL.—Stater Bros., a 94-outlet supermarket chain, will end its five-year relationship with W.B. Doner, Los Angeles, on March 24, vp-advertising Jerry Bee confirmed. The split follows Doner's addition of the Compton-based Ralphs Grocery Co. Giant division, a $6 million account.

SAN DIEGO—**Franklin & Associates** acquired the Phillips Organisation, creating a $24 million shop. Franklin, house agency for Great American First Savings Bank, claims it becomes the city's second largest shop trailing Phillips-Ramsey, which has $52 million in billings. Phillips Organisation president Bob Phillips becomes exec vp-client services.

SAN FRANCISCO—**Gardner Communications** is gaining an additional $1 million in billings from longtime client Kransco International, which last month purchased the "Roller Racer sit skate" from Nashville Diversified Corp. First ads break in the spring.#

BEST OF PRESS

AT&T IS IN THE PALM OF YOUR HAND.
BOSS, CLARK, WE'VE GOT TO GET BACK TO THE OFFICE AND CALL LONDON BEFORE THE MARKET'S OVER!
WHILE LOIS HAILS A CAB I'LL USE THAT PHONE BOOTH.
AND UNLEASH MY SPECIAL POWERS!
THIS AT&T CARD?
IN A FEW SECONDS MY CALL WILL BE COMPLETED!
BOOM...
YOU ALWAYS DISAPPEAR IN AN EMERGENCY!
'TIS OK. EVERYTHINGS TAKEN CARE OF, LOIS!
AT&T
The right choice.

McCann-Erickson, New York, used a mainstay of the newspaper medium, the comics format, and a well known strip, "Superman," to illustrate the phone service offered by AT&T business long distance. It works especially well with the double-truck size and comics colors. Art director: Milt Marcus; copywriter: George Adels; illustration: Joe Orlando and Dick Giordano at DC Comics.

I wonder if Grant could tell what came of that new Virginia Gentleman Gin.
Introducing Virginia Gentleman Gin. If it had been around 120 years ago, its extra crisp taste might have changed the course of history.
VIRGINIA GENTLEMAN GIN

First he tells me to take Petersburg, then to burn Richmond. Next thing you know, he'll want a case of that new Virginia Gentleman Gin.
Introducing Virginia Gentleman Gin. If it had been around 120 years ago, its extra crisp taste might have changed the course of history.
VIRGINIA GENTLEMAN GIN

This campaign for A. Smith Bowman Distillery, Sunset Hills, Va., via the Martin Agency, Richmond, effectively uses old photos from the Matthew Brady Collection and other sources to catch readers' interest and draw them into the ads, which were intended to run on separate pages. Art director: Wayne Gibson; copywriter: Anne Moss Rogers.

Best of Press selections are made by a committee of three: Hank Simons, vp-creative director of the Newspaper Advertising Bureau; James Dunaway, vp-information at the bureau, and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review. Submissions should be sent to Mr. Gloede in AA's New York bureau.

This rotogravure ad for the Portland Art Museum, via Borders, Perrin & Norrander, Portland, Ore., uses a simple copy line and an incomparable illustration to drive home the point that most folks never see art firsthand. Creative director: Bill Borders; art director: Terry Schneider; copywriter: Pamela Sullivan; photography: Gary Nolton; illustration: Auguste Renoir.

FLASH REPORT: Newspaper advertising investment for October

October 1986	IN 100 THOUSANDS / IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1986	1985	ACTUAL $ G OR L	% G OR L
Amusements	1986	$33,300,822	$24,819,093	+8,481,729	+34.2
	1985				
Computer stores & supplies	1986	4,728,783	4,999,838	-271,055	-5.4
	1985				
Department stores	1986	104,470,214	93,513,208	+10,957,006	+11.7
	1985				
Food stores	1986	37,717,976	30,839,408	+6,878,568	+22.3
	1985				
Radio, tv, phonographs, records	1986	22,270,062	18,140,426	+4,129,636	+22.8
	1985				
General merchandise stores	1986	47,996,749	39,687,126	+8,309,623	+20.9
	1985				
Alcoholic beverages	1986	2,717,972	2,675,694	157,722	5.5
	1985				
Cameras, photo supplies & services	1986	187,103	604,885	-417,782	-69.1
	1985				
Computers, equipment & services	1986	2,063,269	2,698,830	-635,561	-23.5
	1985				
Public service utilities & communications	1986	6,556,034	7,354,372	-798,338	-10.9
	1985				
Publishing & media	1986	18,520,928	13,631,291	+4,889,637	+35.9
	1985				
Cigarettes	1986	3,536,493	8,136,395	-4,599,902	-56.5
	1985				
Airlines	1986	17,829,852	19,100,335	-1,270,483	-6.7
	1985				
Passenger cars-new	1986	22,056,946	15,291,377	+6,765,569	+44.2
	1985				
Banks & trust companies	1986	10,893,538	9,233,997	+1,659,541	+18.0
	1985				
Stock, bond & investment houses	1986	2,394,136	2,494,500	-100,464	-4.0
	1985				

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Half up, half down in spending

New York—Advertiser spending in major metro newspapers during October in the 16 categories measured by Media Records Inc. for the Advertising Age Flash Report increased 13.8% from the same month last year, to $337.2 million.

Eight categories posted decreases, but they were more than offset by increases in the other eight categories.

There were strong gains in department stores, up 11.7% to $104.5 million; general-merchandise stores, up 20.9% to $48 million; food stores, up 22.3% to $37.7 million; amusements, up 34.2% to $33.3 million; new passenger cars, up 44.2% to $22.1 million, and publishing and media, up 35.9% to $18.5 million. Other gaining categories were radio-tv-phonograph-records dealers, up 22.8% to $22.3 million, and banks and trust companies, up 18% to $10.9 million.

Big losers were cigarets, down 56.5% to $3.5 million; computers, equipment and services, down 23.5% to $2.1 milllion, and cameras, photo supplies and services, down 69.1% to $187,103.

Other categories posting losses were airlines, down 6.7% to $17.8 million; public service utilities and commissions, down 10.9% to $6.6 million; computer stores and supplies, down 5.4% to $4.7 million; alcoholic beverages, down 5.5% to $2.7 million, and stock, bond and investment houses, down 4% to $2.4 million.

The Flash Report is based on SAU inch measurements in 29 daily and 23 Sunday newspapers in major markets.#

This ad for the Planned Parenthood Federation of America in New York, via the Public Media Center, San Francisco, used the shock value of a headline—the likes of which is not normally seen in newspapers—and a strong graphic to draw readers into this long-copy ad. Creative director: Jerry Mander; copywriters: Jerry Mander, Jonathan Polansky and Herbert Chao Gunther; art director: Jessie Bunn; photographer: Ed Kashi.

This ad for the *San Francisco Examiner* from Goodby, Berlin & Silverstein caused a fire storm of controversy in the media, though at least one San Francisco tv station found the humor in the ad. That was precisely what the agency was trying to do, says one of its principals, Rich Silverstein. Art director: Rich Silverstein; copywriter: Andy Berlin; photographer: Hank Benson.

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

January

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
American Artist	—	—	—	—
Antiques	—	—	—	—
Art & Antiques	45.8	43.7	45.8	43.7
Art in America	—	—	—	—
Southwest Art	54.9	55.2	54.9	55.2
Total Group	100.8	98.8	100.8	98.8
% change		+2.0%		+2.0%
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	112.0	140.7	112.0	140.7
Car & Driver	79.9	91.8	79.9	91.8
Car Collector & Car Classics	16.0	14.3	16.0	14.3
Car Craft	49.9	47.0	49.9	47.0
Circle Track	44.1	39.7	44.1	39.7
Cycle	24.3	28.7	24.3	28.7
Cycle Guide (11X)	28.6	21.3	28.6	21.3
Cycle World	25.1	37.7	25.1	37.7
Dirt Rider	32.1	35.0	32.1	35.0
Dune Buggies & Hot VWs	77.0	92.1	77.0	92.1
Family Motor Coaching	168.0	177.7	168.0	177.7
4 Wheel & Off-Road	60.0	66.2	60.0	66.2
Four Wheeler	60.5	74.5	60.5	74.5
Hot Rod	43.4	37.7	43.4	37.7
Motorcyclist	14.2	25.2	14.2	25.2
Motor Trend	54.0	54.3	54.0	54.3
Motorhome	76.3	84.9	76.3	84.9
Rider	25.8	29.2	25.8	29.2
Road & Track	72.4	78.4	72.4	78.4
3 Wheeling	40.0	64.9	40.0	64.9
Trailer Life	87.3	101.5	87.3	101.5
Total Group	1,191.0	1,342.7	1,191.0	1,342.7
% change		-11.3%		-11.3%
— Boating & yachting —				
Boating	191.0	162.0	191.0	162.0
Chesapeake Bay	35.8	30.0	35.8	30.0
Cruising World	100.7	111.5	100.7	111.5
Lakeland Boating (10X)	79.5	59.5	79.5	59.5
Motor Boating & Sailing	223.5	232.9	223.5	232.9
Sail	95.4	103.8	95.4	103.8
Small Boat Journal (6X)	—	—	—	—
Trailer Boats (11X)	60.3	40.7	60.3	40.7
Western Boatman (6X)	44.1	54.7	44.1	54.7
Yachting	197.9	190.9	197.9	190.9
Total Group	1,028.2	986.0	1,028.2	986.0
% change		+4.3%		+4.3%
— Canadian —				
L'Actualite	37.2	51.3	37.2	51.3
Chatelaine				
English Edition A.	43.1	61.4	43.1	61.4
French Edition	40.4	51.1	40.4	51.1
City & Country Home (8X)	—	—	—	—
City Woman	—	—	—	—
Equinox (6X)	—	—	—	—
Flare A.	33.4	27.5	33.4	27.5
Harrowsmith-Canada	36.0	32.0	36.0	32.0
Maclean's (52X) A.	93.3	113.1	93.3	113.1
Moneywise	27.9	31.1	27.9	31.1
Montreal Calendar	15.3	22.0	15.3	22.0
Montreal Ce Mois Ci	14.6	23.0	14.6	23.0
Reader's Digest				
Canadian-English A.	43.8	77.3	43.8	77.3
Canadian-French A.	35.2	68.5	35.2	68.5
Toronto Life	64.2	61.6	64.2	61.6
Vancouver	—	—	—	—
Total Group	484.4	619.9	484.4	619.9
% change		-21.9%		-21.9%
— Civic/fraternal —				
American Legion	40.2	28.8	40.2	28.8
Elks (10X)	25.8	20.1	25.8	20.1
Kiwanis	15.7	16.9	15.7	16.9
Lion (10X)	7.3	7.3	7.3	7.3
Rotarian	10.5	11.0	10.5	11.0
V.F.W. (11X)	33.3	30.1	33.3	30.1
Total Group	132.8	114.2	132.8	114.2
% change		+16.3%		+16.3%
— Comics —				
DC Comics	8.0	7.0	8.0	7.0
Marvel Comics Group	9.0	9.0	9.0	9.0
Total Group	17.0	16.0	17.0	16.0
% change		+6.3%		+6.3%
— General —				
American Health (10X)	64.2	55.6	64.2	55.6
American West (6X)	29.3	50.5	29.3	50.5
The Atlantic A.	28.5	39.3	28.5	39.3
Audubon Magazine (6X)	29.5	29.6	29.5	29.6
Bon Appetit A.	54.0	57.0	54.0	57.0
Changing Times	66.0	50.1	66.0	50.1
Connoisseur	37.8	45.3	37.8	45.3
Consumers Digest (8x)	27.5	25.3	27.5	25.3
Ebony	71.8	70.5	71.8	70.5
Fifty Plus	—	—	—	—
Food & Wine	35.1	30.9	35.1	30.9
Games	13.5	22.5	13.5	22.5
Gourmet	56.6	54.0	56.6	54.0
Harper's A.	29.0	23.5	29.0	23.5
Harrowsmith (6X)	54.4	53.5	54.4	53.5
Home Entertainment (8X)	—	—	—	—
Let's Live	45.0	43.0	45.0	43.0
Life	52.5	68.5	52.5	68.5
Modern Maturity (6X)	—	—	—	—
Money	90.0	98.2	90.0	98.2
Moneyworth	13.1	10.0	13.1	10.0
Mother Earth News (6X)	—	—	—	—
Mother Jones (9X)	20.2	22.2	20.2	22.2
National Geographic	12.1	19.3	12.1	19.3
Natural History	40.1	51.0	40.1	51.0
Prevention	66.5	59.6	66.5	59.6
Psychology Today	32.0	21.2	32.0	21.2
Reader's Digest A.	66.0	71.7	66.0	71.7
Saturday Evening Post (9X)	42.9	37.7	42.9	37.7
Signature	87.0	52.0	87.0	52.0
Smithsonian	59.7	85.8	59.7	85.8
Sylvia Porter's Personal Finance (10X)	64.7	54.2	64.7	54.2
Town & Country	82.1	86.5	82.1	86.5
Travel-Holiday	24.3	34.5	24.3	34.5
Travel & Leisure	65.2	86.7	65.2	86.7
Vanity Fair	24.5	37.0	24.5	37.0
Writer's Digest	26.9	19.6	26.9	19.6
Yankee	70.6	74.4	70.6	74.4
Total Group	1,582.4	1,640.6	1,582.5	1,640.7
% change		-3.5%		-3.5%
— Home —				
Americana (6X)	—	—	—	—
Architectural Digest A.	79.8	103.5	79.8	103.5
Better Homes & Gardens	52.3	63.3	52.3	63.3
Colonial Homes (6X)	44.0	52.4	44.0	52.4
Columbus Monthly-Homes (4X)	22.6	21.9	22.6	21.9
Country Home (6X)	36.2	38.5	36.2	38.5
Country Journal	—	—	—	—
Country Living	58.4	61.9	58.4	61.9
Dallas/Ft. Worth Home & Garden	53.0	82.3	53.0	82.3
Family Handyman (10X) A.	46.7	60.2	46.7	60.2
Flower & Garden (6X)	—	—	—	—
Home	32.4	37.7	32.4	37.7
Home & Garden	37.7	30.8	37.7	30.8
Home Mechanics	40.8	58.1	40.8	58.1
The Homeowner (10X)	40.5	35.2	40.5	35.2
Horticulture	40.4	47.4	40.4	47.4
House Beautiful	43.0	55.2	43.0	55.2
House & Garden	51.8	61.1	51.8	61.1
Houston Home & Garden	42.3	54.0	42.3	54.0
Metropolitan Home	33.9	32.2	33.9	32.2
1,001 Home Ideas	36.4	43.6	36.4	43.6
Phoenix Home/Garden	59.8	56.0	59.8	56.0
Practical Homeowner	38.9	43.5	38.9	43.5
Rodale's Organic Gardening	55.8	76.7	55.8	76.7
Rx Being Well	27.0	22.0	27.0	22.0
San Diego Home/Garden	—	—	—	—
South Florida Home/Garden	37.7	30.8	37.7	30.8
Southern Accents (6X)	84.1	107.8	84.1	107.8
Southern Living	73.1	95.4	73.1	95.4
Sunset Magazine A.	61.6	96.0	61.6	96.0
Texas Homes	49.0	84.0	49.0	84.0
Workbench (6X)	49.4	51.2	49.4	51.2
The Workbasket	27.7	41.8	27.7	41.8
Total Group	1,356.2	1,644.3	1,356.2	1,644.3
% change		-17.5%		-17.5%
— In-flight & other passenger —				
Aboard Group (7)(6X)	—	—	—	—
Alaska Airlines	52.1	58.3	52.1	58.3
America West Airlines	42.6	—	42.6	—
American Way (24X)	84.0	88.6	84.0	88.6
East/West Network:				
Eastern Review	77.8	89.8	77.8	89.8
Northwest	39.0	45.2	39.0	45.2
PSA Magazine	65.3	88.5	65.3	88.5
Pan Am Clipper	43.2	50.2	43.2	50.2
Spirit	57.3	85.3	57.3	85.5
TWA Ambassador	42.5	—	42.5	—
United	53.2	85.6	53.2	85.6
Western's World	41.0	63.8	41.0	63.8
Halsey Publications:				
Air Cal	43.5	42.3	43.5	42.3
Delta Sky	69.7	62.3	69.7	62.3
US Air	41.5	34.8	41.5	34.8
Pace	73.4	59.8	73.4	59.8
Presidential Airways (6X)	6.8	—	52.0	—
Spirit of Aloha (6X)	34.0	30.8	34.0	30.8
Total Group	866.9	885.3	912.0	885.5
% change		-2.1%		+3.0%
— Men's —				
Esquire A.	44.5	44.0	44.5	44.0
Firehouse Magazine	47.0	42.0	47.0	42.0
Gentlemen's Quarterly A.	54.8	56.7	54.8	56.7
M Magazine	35.3	26.3	35.3	26.3
Penthouse A.	44.4	46.3	44.4	46.3
Playboy A.	60.6	72.5	60.6	72.5
Salute	—	—	—	—
Total Group	286.6	287.8	286.6	287.8
% change		-0.4%		-0.4%
— Metropolitan —				
Aloha (6X)	28.9	23.0	28.9	23.0
Atlanta	51.9	46.5	51.9	46.5
Baltimore	58.5	56.5	58.5	56.5
Boston	134.0	131.7	134.0	131.7
California	37.3	47.1	37.3	47.1
Chicago	78.9	82.8	78.9	82.8
Chicago's North Shore	78.8	77.8	78.8	77.8
Cincinnati	45.3	52.9	45.3	52.9
Cleveland	52.4	60.3	52.4	60.3
Coast (39X)	60.0	—	60.0	—
Columbus Monthly	60.5	50.5	60.5	50.5
Connecticut	83.2	83.7	83.2	83.7
D/Magazine, Dallas/Ft. Worth	90.6	112.0	90.6	112.0
Denver	21.8	32.2	21.8	32.2
Detroit Monthly	95.9	144.6	95.9	144.6
Grand Rapids	29.7	34.2	29.7	34.2
Gulfshore Life (10X)	—	—	—	—
Honolulu	56.1	57.9	56.1	57.9
Houston City	—	—	—	—
Louisiana Life (6X)	28.8	40.5	28.8	40.5
Madison	64.0	66.0	64.0	66.0
Metropolitan Detroit	44.3	49.0	44.3	49.0
Miami Mensual	42.5	51.8	42.5	51.8
Miami/South Florida	53.9	89.1	53.9	89.1
Mid Atlantic Country	21.8	26.5	21.8	26.5
Milwaukee	32.0	47.3	32.0	47.3
Minneapolis/St. Paul	61.3	64.8	61.3	64.8
Nashville	44.0	45.0	44.0	45.0
New England Monthly	31.6	43.2	31.6	43.2
New Jersey Monthly	70.2	62.9	70.2	62.9
New Mexico	—	—	—	—
Ohio	67.8	60.5	67.8	60.5
Oregon	—	—	—	—
Orlando	85.0	97.5	85.0	97.5
Palm Beach Life	93.2	94.7	93.2	94.7
Palm Springs Life	130.8	136.5	130.8	136.5
Philadelphia	131.9	113.3	131.9	113.3
Phoenix	65.6	103.4	65.6	103.4
Pittsburgh	50.2	38.2	50.2	38.2
St. Louis	34.0	25.9	34.0	25.9
San Diego	110.5	126.4	110.5	126.4
San Francisco	37.3	51.0	37.3	51.0
San Francisco Focus	79.8	91.9	79.8	91.9
Texas Monthly	78.1	194.5	78.1	194.5
Twin Cities	34.6	39.9	34.6	39.9
The Virginian	52.1	48.7	52.1	48.7
Washington (7X)	—	—	—	—
Washington Dossier (11X)	—	—	—	—
The Washingtonian	117.7	111.7	117.7	111.7
Total Group	2,716.7	3,013.7	2,716.7	3,013.8
% change		-9.9%		-9.9%
— Movie/romance/radio/tv —				
Macfadden's Women's Group:				
Modern Romances	18.6	11.8	18.6	11.8
Secrets	18.6	11.8	18.6	11.8
True Confessions	18.6	11.8	18.6	11.8
True Experience	18.6	11.8	18.6	11.8
True Love	18.6	11.8	18.6	11.8
True Romance	18.6	11.8	18.6	11.8
Sterling Women's Group:				
Daytime TV	24.2	23.8	24.2	23.8
TV Game Show	21.5	—	21.5	—
Total Group	157.3	94.6	157.3	94.6
% change		+66.3%		+66.3%
— Music/entertainment —				
Audio	65.5	95.6	65.5	95.6
Dance Magazine	57.8	56.9	57.8	56.9
Musician	47.2	54.8	47.2	54.8
Playbill	33.6	38.5	33.6	38.5
Stereo Review	100.4	58.6	100.4	58.6
Video Magazine	86.3	86.3	86.3	86.3
Total Group	390.8	390.7	390.8	390.7
% change		+0.0%		+0.0%
— National Sunday magazines —				
Parade (52X)	48.7	46.8	48.7	46.8
Total Group	48.7	46.8	48.7	46.8
% change		+4.0%		+4.0%
— Outdoor & sport —				
Alaska	23.8	33.3	23.8	33.3
The American Handgunner(6X)	41.0	35.0	41.0	35.0
American Hunter	20.9	22.1	20.9	22.1
American Rifleman	28.6	28.1	28.6	28.1
Backpacker (6X)	26.9	23.1	26.9	23.1
Bass Master (10X) A.	62.8	50.4	62.8	50.4
Bicycling (9X)	69.6	60.1	69.6	60.1
Ducks Unlimited (6X)	17.3	28.5	17.3	28.5
Field & Stream	75.2	60.1	75.2	60.1
Fins & Feathers A.	33.5	31.8	33.5	31.8
Fishing World	40.3	33.1	40.3	33.1
Florida Sportsman	149.6	110.0	149.6	110.0
Flying	38.5	34.2	38.5	34.2
Golf Digest	100.3	99.1	100.3	99.1
Golf Magazine	118.7	135.3	118.2	135.3
Gun Dog (6X)	33.5	25.5	33.5	25.5
Guns	29.0	29.0	29.0	29.0
Guns & Ammo	34.9	58.6	34.9	58.6
Muscle & Fitness	114.0	108.0	114.0	108.0
Outdoor Life	70.3	62.5	70.3	62.5
Outside Magazine	32.3	32.3	32.3	32.3
Petersen's Hunting	38.2	58.4	38.2	58.4
Runner	16.6	25.8	16.6	25.8

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. * All affiliated with Sunday Mag/Net. except Los Angeles Times Magazine and New York Times Magazine.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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January

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Runner's World (13X)	22.1	28.2	22.1	28.2
Salt Water Sportsman	183.5	161.4	183.5	161.4
Shooting Times	32.7	53.5	32.7	53.5
Ski (8X) A.	83.4	115.8	83.4	115.8
Skiing (7X) A	94.9	84.7	94.9	84.7
Skin Diver	99.0	92.3	99.0	92.3
Southern Outdoors (9X)	45.1	39.0	45.1	39.0
Sports Afield	133.0	73.2	133.0	73.2
Tennis	44.3	40.5	44.3	40.5
Western Outdoors (10X)	30.0	35.3	30.0	35.3
Wing & Shot	12.4	—	12.4	—
Total Group	**1,996.1**	**1,908.0**	**1,996.6**	**1,908.0**
% change		+4.6%		+4.6%
— Photography —				
American Photographer	24.1	34.3	24.1	34.3
Petersen's Photographic	22.0	19.9	22.0	19.9
Popular Photography	67.0	65.1	67.0	65.1
Total Group	**113.1**	**119.3**	**113.1**	**119.3**
% change		-5.2%		-5.2%
— Religious —				
Charisma	47.5	48.0	47.5	48.0
Christian Herald (11X)	25.5	29.8	25.5	29.8
Christianity Today (18X)	32.5	46.0	32.5	46.0
Moody Monthly (11X)	31.8	47.7	31.8	47.7
Today's Christian Woman (6X)	31.4	29.0	31.4	29.0
Total Group	**168.6**	**200.5**	**168.6**	**200.5**
% change		-15.9%		-15.9%
— Science/electronic/mechanic —				
Discover	48.8	33.3	48.8	33.3
Family Computing	55.1	55.9	55.1	55.9
Omni	47.5	45.1	47.5	45.1
Personal Computing	127.0	111.4	127.0	111.4
Popular Mechanics	73.7	81.5	73.7	81.5
Popular Science	59.1	68.3	59.1	68.3
Scientific American	30.3	33.4	30.3	33.4
Spectrum	75.3	106.2	75.3	106.2
Total Group	**516.9**	**535.0**	**516.9**	**535.1**
% change		-3.4%		-3.4%
— Woman/fashion/service —				
Cosmopolitan A.	152.9	154.6	152.9	154.6
Essence	55.4	67.2	55.4	67.2
Family Circle (17X) A.	75.9	101.5	75.9	101.5
Glamour	119.4	103.6	119.4	103.6
Good Housekeeping A.	74.7	92.5	74.7	92.5
Harper's Bazaar	74.0	57.7	74.0	57.7
Health	36.7	41.5	36.7	41.5
Ladies' Home Journal	65.2	85.4	65.2	85.4
Mademoiselle	77.5	51.8	77.5	51.8
McCall's	55.4	59.8	55.4	59.8
Military Lifestyle	44.2	57.5	44.2	57.5
Ms	47.1	39.7	47.1	39.7
New Woman	56.8	47.7	56.8	47.7
Parents Magazine A.	63.8	64.5	63.8	64.5
Redbook	71.0	71.3	71.0	71.3
Self	57.5	57.0	57.5	57.0
Seventeen	75.3	61.9	75.3	61.9
Shape	51.5	60.0	51.5	60.0
Soap Opera Digest (26X)	11.6	22.9	11.6	22.9
'Teen Magazine	32.6	25.9	32.6	25.9
True Story A.	32.5	34.6	32.5	34.6
Vogue	118.7	126.7	118.7	126.7
W Magazine	71.4	63.0	71.4	63.0
Weight Watchers	33.3	30.7	33.3	30.7
Working Mother	63.4	52.6	63.4	52.6
Working Woman	82.3	83.3	82.3	83.3
Total Group	**1,700.0**	**1,714.9**	**1,700.0**	**1,714.9**
% change		-0.9%		-0.9%
— Youth —				
Boys' Life	12.6	14.3	12.6	14.3
Campus Life (10X)	41.1	56.8	41.1	56.8
Total Group	**53.7**	**71.1**	**53.7**	**71.1**
% change		-24.4%		-24.4%

December

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Business/national —				
Barron's	199.2	193.6	2,300.3	2,307.1
Black Enterprise	69.1	57.6	861.1	806.8
Business Week (52X) A.	364.8	396.3	3,893.7	4,214.5
Financial World (26X)	54.7	42.0	737.3	585.8
Forbes (26X)	369.2	395.7	3,418.1	3,711.2
Fortune (26X)	276.2	263.6	2,907.9	3,272.5
Frequent Flyer	50.7	56.2	723.3	763.1
Futures	43.1	44.5	594.6	607.0
High Technology	19.2	17.2	229.8	345.8
Inc. Magazine A.	92.1	112.4	1,029.2	1,150.0
Income Opportunities	63.7	56.1	673.8	537.4
Industry Week (25X) A.	56.8	61.0	1,147.9	1,077.1
Nation's Business A.	27.6	45.2	409.6	422.3
Savvy	35.9	23.8	412.4	376.5
Venture	67.1	87.5	849.6	900.6
Total Group	**1,789.3**	**1,852.6**	**20,188.8**	**21,077.7**
% change		-3.4%		-4.2%
— Business/regional —				
Advantage-Nashville's Bus. Monthly	55.0	48.0	765.0	613.0
Arizona Bus. Gazette (52X)	49.8	37.8	413.4	368.5
Baltimore Bus. Journal	105.8	160.5	921.5	910.4
Boston Bus. Journal (52X)	143.5	159.0	1,612.9	1,736.5
Business Atlanta	93.0	90.0	844.4	841.4
Business First of Buffalo	56.0	50.1	710.3	777.4
Business First of Columbus	81.1	73.9	1,061.7	819.5
Business North Carolina	61.2	50.8	547.9	448.2
Cincinnati Business Courier	72.2	66.8	970.9	788.9
Corporate Report Kansas City	25.6	50.9	327.4	547.6
Crain's Chicago Bus. (52X)	166.0	155.0	1,984.0	1,944.0
Crain's Cleveland Bus. (52X)	71.7	57.1	781.5	895.8
Crain's New York Bus. (52X)	28.1	28.4	265.6	422.5
Florida Trend (13X)	66.5	62.7	989.2	1,091.7
Georgia Trend	43.6	26.5	659.8	181.7
Grand Rapids Bus. Journal	43.2	20.6	436.6	233.5
Hawaii Business	35.7	53.4	555.6	595.2
Indianapolis Bus. Journal (52X)	154.7	102.3	1,809.6	1,471.4
Intercorp-Connecticut (26X)	73.5	82.8	1,010.5	695.8
Kansas City Bus. Journal	159.8	137.6	1,557.9	1,771.8
Los Angeles Bus. Journal	111.0	34.9	533.3	596.3
Manhattan Inc.	100.5	66.9	912.3	604.1
New England Bus. (20X) A.	77.0	40.8	1,022.0	1,073.3
Pacific Bus. News (52X)	133.1	127.8	1,458.7	1,365.6
Philadelphia Bus. Journal(52X)	205.3	113.6	1,570.8	1,213.2
Pittsburgh Bus. Times (52X)	144.9	111.4	1,241.6	973.5
Regardie's/Washington	126.6	136.8	1,530.0	1,368.0
San Diego Bus. Journal (52X)	39.6	28.6	441.5	404.6
South Florida Bus. Journal	125.3	105.8	1,304.4	1,122.2
St. Louis Bus. Journal (52X)	173.9	150.1	1,727.3	1,747.4
Texas Business	45.8	56.8	678.7	848.8
Total Group	**2,868.9**	**2,457.6**	**30,646.4**	**28,471.7**
% change		+16.7%		+7.6%
— National Sunday magazines —				
Parade (52X)	42.1	63.9	637.2	660.1
USA Weekend (52X)	36.7	67.0	592.7	683.4
Total Group	**78.8**	**130.9**	**1,229.9**	**1,343.5**
% change		-39.8%		-8.5%
— Newspaper Sunday magazines —				
Boston Globe	175.7	246.6	2,600.3	2,515.6
Chicago Tribune	115.7	138.7	1,152.6	1,518.9
Cleveland Plain Dealer	75.0	66.2	719.0	618.8
Detroit News	62.0	69.0	1,041.0	1,042.0
L.A. Times	81.6	124.2	839.0	1,008.8
Louisville Courier-Journal	95.7	103.5	809.6	952.7
Miami Herald	44.5	80.3	626.2	559.8
New York Times Magazine	347.7	375.9	4,126.6	4,345.3
Philadelphia Inquirer	124.6	124.9	1,035.8	837.6
San Francisco Image	67.9	165.7	876.7	1,127.3
Seattle Times	82.0	85.0	777.0	656.0
Toledo Blade Magazine	42.2	74.8	462.4	571.1
Washington Post	142.0	90.0	1,574.0	1,257.0
Total Group	**1,456.6**	**1,744.8**	**16,640.1**	**17,010.9**
% change		-16.5%		-2.2%
— Weeklies/bi-weeklies —				
The Advocate (26X)	128.0	68.6	1,599.6	1,245.0
Army Times Military Group:				
Air Force Times (52X)	172.6	184.2	2,184.6	1,961.2
Army Times (52X)	171.8	177.7	2,040.4	1,917.1
Navy Times (52X)	184.7	189.5	2,249.6	2,066.7
The Blood-Horse (52X)	1,474.6	1,796.6	5,613.3	6,616.4
Capper's Weekly (17X)	12.2	13.1	317.9	307.0
Commonweal (22X)	6.0	1.5	86.1	78.3
Golf World (43X)	51.3	51.1	947.5	835.5
Grit (52X) A.	11.2	13.3	293.7	136.2
National Journal (50X)	39.0	39.0	667.5	555.0
National Review (25X)	37.2	35.2	373.7	336.5
New Republic (48X)	42.7	43.6	443.8	418.0
New York Magazine (50X)	401.1	412.5	3,127.0	3,121.3
New Yorker	281.5	336.8	2,671.9	2,990.3
Newsweek (52X) A.	274.7	282.1	2,543.9	2,716.5
People (52X)	443.0	496.7	3,762.0	3,863.8
Rolling Stone (25X)	188.6	159.6	1,456.7	1,174.8
Sporting News (52X)	46.7	31.2	612.6	517.8
Sports Illustrated (52X) A.	258.6	250.2	2,709.3	2,785.0
Time (52X) A.	259.8	295.4	2,575.0	2,695.6
Travelhost (52X) C.	3,070.0	2,885.5	38,356.0	38,118.0
TV Guide (52X) A.	242.5	243.4	3,566.1	3,669.9
TV Update (52X) C.	2,206.0	2,071.0	28,371.0	27,566.0
Us Magazine (26X)	98.8	97.8	583.4	516.3
U.S. News & World Report (52X) A.	175.5	217.6	1,603.4	1,776.1
Total Group	**10,278.2**	**10,393.2**	**108,726.2**	**107,984.3**
% change		-1.1%		+0.7%
— Foreign —				
Business Week Int'l (52X)	162.1	178.2	1,616.6	1,685.8
De Armas Publications:				
Geomundo:				
Central America	9.0	9.0	56.0	68.5
Chile	8.0	6.0	60.0	64.5
Colombia	20.5	16.0	120.8	122.5
Ecuador	8.0	6.0	51.0	54.0
Mexico	15.7	15.5	126.3	119.0
Peru	5.0	5.0	39.0	58.5
Puerto Rico	5.0	3.0	37.5	37.0
U.S.	4.7	8.7	59.7	79.3
Venezuela	26.0	10.0	173.0	118.5
Hombre De Mundo:				
Central America	7.0	12.0	61.3	59.5
Chile	6.0	8.0	60.3	59.5
Colombia	25.2	31.3	187.8	144.3
Ecuador	5.0	9.0	51.3	56.0
Mexico	33.2	31.2	224.5	184.3
Peru	3.0	6.0	34.3	42.5
Puerto Rico	10.0	11.0	54.3	84.0
U.S.	11.7	10.7	122.0	110.7
Venezuela	39.0	45.5	265.3	289.3
Ideas Para Su Hogar:				
Chile	—	—	1.0	—
Colombia	25.2	27.2	169.3	205.3
Ecuador	3.0	2.0	30.0	61.0
Mexico	22.0	31.7	131.0	169.8
Peru	7.0	2.5	36.0	29.5
Puerto Rico	—	1.0	0.2	11.5
U.S.	4.0	5.0	51.0	70.0
Venezuela	9.0	23.0	109.5	227.8
Mecanica Popular:				
Argentina	6.5	7.2	63.5	25.2
Central America	15.8	12.0	117.7	115.8
Chile	9.5	6.3	61.2	42.2
Colombia	22.5	27.8	194.5	188.5
Mexico	27.5	22.7	174.2	196.8
Peru	12.0	10.8	127.8	132.5
Puerto Rico	11.2	9.5	89.2	108.8
U.S.	4.8	10.0	69.8	90.5
Venezuela	19.7	21.0	156.2	165.2
Vanidades Continental:				
Central America	36.3	26.5	256.0	142.3
Chile	9.2	5.3	59.5	40.0
Colombia	122.7	131.7	1,077.2	971.8
Ecuador	32.5	22.7	247.5	265.5
Mexico	117.0	163.3	1,047.2	1,214.2
Peru	52.0	18.8	204.5	209.8
Puerto Rico	56.2	45.5	409.2	445.0
U.S.	58.0	57.2	545.0	504.2
Venezuela	102.8	110.3	576.0	714.5
Hearst International Publications:				
Buenhogar:				
Central America	4.0	3.0	20.0	13.0
Chile	4.0	1.0	21.0	11.0
Colombia	58.7	63.0	436.8	437.7
Ecuador	17.0	18.0	145.0	196.0
Mexico	54.0	84.7	445.3	640.8
Peru	26.5	17.5	123.0	140.5
Puerto Rico	6.5	6.5	105.5	104.0
U.S.	30.3	32.2	244.2	227.5
Venezuela	55.8	55.2	308.2	435.5
Cosmopolitan en Espanol:				
Central America	12.3	7.3	72.3	26.5
Colombia	36.3	34.5	240.5	198.7
Ecuador	2.0	3.0	5.0	8.0
Mexico	73.5	92.8	561.0	654.7
Peru	1.0	6.0	3.0	33.0
Puerto Rico	35.2	40.0	155.8	284.0
U.S.(Spanish language)	35.0	35.2	301.7	241.3
Venezuela	48.3	44.8	229.7	327.8
Cosmopolitan Foreign Editions:				
Australia	101.4	107.7	876.6	875.1
Brazil	140.0	94.5	276.3	607.6
China	83.3	53.5	392.7	403.9
France	107.7	99.5	1,041.5	1,179.2
Germany	155.8	127.7	1,407.7	1,248.7
Great Britain	133.0	155.0	1,363.7	1,492.0
Greece	62.3	55.0	651.6	622.4
Holland	106.0	107.0	925.3	853.3
Italy	77.5	67.3	717.0	626.9
Japan	58.6	58.6	404.7	465.9
South Africa	126.0	81.0	980.0	1,051.0
Good Housekeeping Foreign Editions:				
Australia	76.4	33.9	447.5	623.7
Great Britain	160.0	155.5	1,407.7	1,624.5
Johnston International:				
Alam Attijarat	41.8	51.7	433.0	564.4
Far East Business	47.7	45.1	475.3	406.1
Modern Africa (6X)	13.0	25.3	115.7	88.8
Latin America Finance (6X)	—	—	112.5	70.0
Newsweek International A.:				
Atlantic (52X)	77.6	94.6	997.1	1,078.5
Latin America (52X)	23.4	33.0	352.4	351.0
Pacific (52X)	54.7	79.3	691.7	779.1
Progreso (9X)	7.4	10.5	121.3	113.8
Reader's Digest:				
Arabic	8.5	10.5	83.5	122.5
Asian	183.5	288.0	2,467.3	2,637.5
Australian	67.0	51.0	666.1	675.5
Belgian-Flemish	69.5	77.0	886.4	990.5
Belgian-French	38.0	46.0	527.6	611.0
British	42.9	51.9	573.8	565.2
Chinese B.	144.3	222.0	1,241.1	1,591.0
Danish	19.5	16.3	352.1	365.4
Dutch	48.0	48.5	474.4	491.0
Finnish	38.8	16.5	484.7	479.2
French	10.0	16.0	183.6	456.4
German	62.6	70.6	771.8	796.3
Iberian	—	0.5	20.0	38.0
Indian-English	78.5	103.0	943.5	1,095.0
Indian-Hindi	15.0	8.5	130.0	132.5
Italian	55.0	36.0	495.5	411.0
Korean	27.5	32.8	338.0	315.6
Latin American:				
Argentina	21.5	24.0	174.0	213.5
Brazil	—	5.0	20.0	53.5
Central American	5.0	10.0	77.0	104.0
Chile	10.0	33.8	124.0	151.8
Colombia	42.0	48.0	320.5	352.0
Ecuador	4.0	11.5	71.0	103.5
Mexico	68.7	73.7	726.0	611.4
Peru	5.0	12.5	83.0	118.0
Puerto Rico	5.0	5.5	54.5	56.0
U.P.B.	6.0	12.5	77.0	91.0
U.S. Spanish	8.5	14.5	177.5	125.0
Venezuela	5.0	10.5	109.5	121.5
New Zealand	57.0	56.5	648.8	693.0
Norwegian	10.0	12.5	96.0	211.3
Portugal	1.5	7.5	401.7	493.1
South African	49.5	56.0	931.0	1,065.5
Swedish	12.5	22.5	186.0	224.0
Swiss-French	20.0	28.0	261.0	316.6
Swiss-German	22.0	39.0	334.8	437.1
Time International:				
Time-Asia	65.2	118.0	825.8	1,061.2
Time-Atlantic	104.2	119.0	1,171.2	1,287.0
Time-Canada	191.8	210.6	2,154.9	2,197.8
Time-Latin America	37.8	63.3	511.8	574.8
Time-South Pacific	110.7	102.0	1,164.0	1,401.2
Visao (52X)	240.9	187.8	1,838.9	1,727.4
Vision/Latin America (24X) A.	35.2	31.5	348.6	332.9
Total Group	**5,391.9**	**5,765.2**	**80,842.3**	**84,788.9**
% change		-6.5%		-7.8%

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January 26, 1987

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

Special Report: *Newspapers*

How big spenders are changing the American press

Now get ready for the *real* Super Bowl

— Page 1

W-L casts its vote for advertising over promos

— Page 1

Esprit skirts department stores for own outlets

—Page 12

Will scandal jar Guinness marketing strategy?

— Page 56

Highlights

Warner-Lambert true to advertising 1

Warner-Lambert Co. has put itself squarely in the ranks of marketers bucking the trend toward spending more marketing dollars on promotion and less on advertising. W-L president-ceo Melvin Goodes last week said the company will increase worldwide ad spending by 13% this year, to $730 million.

Tv shopping narrows 1

Tv home shopping, one of the nation's hottest new industries, is facing fallout and consolidation. The industry was jolted last week when its two biggest players, Clearwater, Fla.-based Home Shopping Network and Minneapolis-based Close-Out Merchandise Buyers, said they were discussing a possible merger.

Johnson gets Check-Up 4

Minnetonka Inc. and Henkel Corp. pulled out of the $1 billion toothpaste category last week by agreeing to sell their joint interests in Check-Up to S.C. Johnson & Son and Japan's Lion Corp.

Pizza Hut consolidates marketing 71

Pizza Hut today begins the second phase of its centralized marketing strategy by announcing the 4,500-unit chain's first national promotional event.

CORPORATE CLOSEUP

Rags to riches 12

Esprit de Corp. is shifting its attention to building a network of franchised and company-owned retail stores. Founded in 1979 as a ragtag collection of a half-dozen ventures, the worldwide company now has annual sales exceeding $800 million.

FEATURES

Judging a book's cover 51

For photographer Bob Osonitsch, romance means work. Since about 1960, he has shot young couples, cynical cops and tempestuous family clans as prototypes for the covers of supermarket paperbacks, including mysteries, science-fiction novels and Harlequin Romances. From the photographs, illustrators paint covers. Though models get only half pay for book work, they enjoy it because of the acting. When they pose for the covers, they caress, smile and writhe.

INTERNATIONAL

Guinness in turmoil 56

The commotion surrounding the British government's investigation of Guinness PLC's takeover practices is raising questions about the future of the brewer's ambitious worldwide marketing plans. Guinness had been trying to position itself as an international spirits and beer giant, but that was before the firing of Ernest Saunders, chairman and ceo.

Indian market research 57

In India, market research long was considered a Western business device irrelevant to a developing economy, but now executives are starting to change their minds. For the first time, thousands of Indian women are being asked to name their favorite brands. And hundreds of families soon will switch on a tv meter.

OTHER NEWS

Mikey, the lovable child who for 15 years appeared as spokesman for Quaker Oats' Life cereal, as an adult has sparked the brand's advertising recall. Life's ad awareness score increased 3.4 percentage points from October to December, capturing 5.6% of first mentions in the breakfast foods category in the December adWatch survey. Page 3.

At a critical juncture, a key strategist has been dismissed as head of the coalition formed by three major advertising industry associations to monitor and spearhead local legislative and regulatory skirmishes. The dismissal of William Sutherland as director of the State Legislative Alert & Action Coalition comes on the eve of a scheduled public hearing in Florida. Page 3.

The Massachusetts state bar association last week became the nation's third attorney group to endorse a resolution calling on the American Bar Assn. to support a ban of all tobacco advertising. Massachusetts follows Maryland and New York, where state bar associations already have endorsed the proposal, originated by White Plains, N.Y., attorney Henry Miller. Page 12.

Consumer electronics marketers that missed the boat on compact disc players are eager to market digital audiotape machines ahead of huge conglomerates such as Panasonic, Sony, Technics and Toshiba. But all digital marketers are stymied by proposed legislation and industry pressure to postpone introduction until cd sales have stabilized in the lucrative $3 billion U.S. audio-component market. Page 54.

Officials at the U.S. Mint, predicting multi-million-dollar annual ad spending to push commemorative coins, are seeking an agency for the U.S. Constitution Bicentennial coin, which goes on sale in June. Page 66.

Alberto-Culver chairman Leonard Lavin cast another vote in favor of 15-second commercials at the company's shareholder meeting last week. Page 74.

SPECIAL REPORT

Figures for 1986 are likely to show that chain control of newspapers approached 80%. Publicly held companies are having trouble justifying to shareholders the heavy investments in news gathering that top dailies once took for granted.

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ABP MPA RED TAG ABC AMPA

Two papers plan to drop 'Weekend'

By WILLIAM F. GLOEDE

USA Weekend is in danger of losing two key markets and a sizable chunk of its circulation.

The *Chicago Tribune*, which carries the weekend newspaper magazine on Fridays, and the *Houston Post*, which carries it on Sundays, have notified Gannett Co. they intend to cancel *USA Weekend* in September. If both stick by their decisions to exercise a cancelation option in their contracts, *USA Weekend* will lose two top 10 markets and about 1 million of its total 14.3 million circulation.

Rosslyn, Va.-based Gannett created *USA Weekend* from *Family Weekly*, which it bought from CBS Magazines in 1985. It has worked hard at getting *USA Weekend* accepted by newspaper publishers, many of whom were skeptical of the supplement because of its similarities to Gannett's *USA Today*.

Ray Gaulke, president, *USA*

(Continued on Page 72)

Affidavit spurred Army-Ayer battle

By JANET MEYERS

WASHINGTON—The Army fired N W Ayer as its agency 48 hours after receiving an affidavit from the president of a commercial film production company describing an alleged bid-rigging system he said had been in place for three years, government court papers revealed last week.

The affidavit, filed last Nov. 21, was followed on Nov. 23 by the Army's decision to suspend Ayer, its agency for 19 years, from all government contracting. The Army, which had been investigating Ayer's handling of the Army assignment since 1983, said at the time of the agency's dismissal that they had acted on the basis of "new information."

Ayer, which is challenging the Army's action, last week lost a second bid for a court order that would block the Army from naming a new agency. The Army is expected to name a new agency for its $100 million account this week. Vying for the contract are BBDO, DFS Dorland Worldwide, SSC&B, Young & Rubicam, all of New York, and Ogilvy & Mather, Chicago.

The affidavit, according to court papers filed by the Army, charged that the bid rigging "began at the request of Ayer management in the public relations department."

Summarizing the affidavit, the court papers said the president of the commercial film production company alleged that Ayer executives "obtained higher bids from 'friendly' competitors which were submitted to Ayer along with its bid to satisfy the contract require-

(Continued on Page 72)

Ashley leaves post at Riney & Partners

SAN FRANCISCO—Hal Riney & Partners general manager Don Ashley ended his 3½-year association with the agency a few months after a reorganization involving senior account management (AA, Aug. 25).

Agency officials at the time denied rumors Mr. Ashley would be leaving the agency, which spun off as an independent from Ogilvy & Mather more than a year ago. Riney management declined to comment on possible successors, but sources suggest director of client services John Yost is a likely candidate. Mr. Yost is a former general manager of Chiat/Day, San Francisco. Mr. Ashley said he is leaning toward a return to marketing research.

* * *

Diet Center, Rexburg, Ida., has drawn up a list of 10 agencies, including incumbent J. Walter Thompson/West, San Francisco, to compete for its estimated $6 million account. The weight-loss chain, with 2,200 outlets in the U.S. and Canada, will chose finalists in mid-February.

Corvus Systems, San Jose, Cal., marketer of personal computer network products, will select about five northern California agencies to pitch its $1.5 million account, now unassigned.

West Coast News

Centram Systems West, Berkeley, Cal., marketer of personal computer networking products, put its agency review on hold following an acquisition bid by 3Com Corp., Santa Clara. Four Bay Area agencies were competing for the $1.5 million account. Humpal, Leftwich & Sinn, Mountain View, previously handled projects for Centram. 3Com's agency is Winkler McManus, Santa Clara.

Pizza Hut spots hit the highway

Alabama deputy sheriffs detain comedian Rich Hall and the Mobile Institute of Pizza Studies in one of 30 commercials already shot for Pizza Hut's "On the road" campaign. The chain will spend at least $50 million and perhaps as much as $80 million on the campaign. Chiat/Day, Los Angeles, handles. *(See story on Page 71.)*

IRI says data can now link ads to sales

By GARY LEVIN

CHICAGO—Information Resources Inc. has developed a new method for linking tv ad exposures to product sales that marketing executives say could force drastic changes in media planning and buying.

The direct correlation of commercial viewing on specific programs to unit sales volume provides the first major alternative to buying tv shows based on broad demographic categories.

It also could hasten the demand for accountability of product advertising.

According to a sample study on a major household-cleaning product, for example, consumers exposed to 47 commercials were no more likely to buy a product than those who saw only one commercial.

The downside risk of this development for agencies and the media, IRI officials warn, is that major marketers may use the information to justify ad-spending cutbacks or increased promotional spending.

The new service, a customized extension of IRI's BehaviorScan test-marketing program, involves the linkage of tv program viewing data from 10,000 BehaviorScan households in 10 markets to product purchase patterns obtained through supermarket scanners.

The electronically wired households' meters measure tv viewing in five-second increments to determine whether a particular tv spot was viewed. The data then enable IRI to measure the optimum frequency of ad exposures that produce additional sales, factoring in variables such as promotion activity, brand loyalty and competitive information in a given

(Continued on Page 74)

Ad groups' watchdog chief ousted

Sutherland leaves as Fla. tax looms

By STEVEN W. COLFORD

WASHINGTON—At a critical juncture, a key strategist has been dismissed as head of the coalition formed by three major advertising industry associations to monitor and spearhead local legislative and regulatory skirmishes.

The dismissal of William Sutherland as director of the State Legislative Alert & Action Coalition comes on the eve of a scheduled public hearing in Florida. That state is considering levying a sales tax against advertising.

Mr. Sutherland apparently was fired by Wallace Snyder, senior vp-government relations of the American Advertising Federation, although the official version is that Mr. Sutherland resigned.

Mr. Sutherland was selective in his comments, but he and other sources indicated there had been intramural bickering and differing agendas among individual advertisers and the three associations—besides AAF, the Assn. of National Advertisers and the American Assn. of Advertising Agencies.

However, other ad industry officials suggested Mr. Sutherland was in over his head, could not keep up with simultaneous developments in Florida and other states and, as a newcomer to advertising, did not have an adequate feel for the ad business.

A successor to Mr. Sutherland was not immediately named.

"If you have three national trade associations, then you have three opinions on how things should run," said Washington-based Mr. Sutherland. "There was some encroachment by association officers on the banks of the Hudson," he said.

"This does come at a critical time," acknowledged Mr. Snyder, referring to the scheduled Feb. 2 hearing when advertisers, agencies and the media will plead their case to a state revenue commission. "But the commitment from each of the trade associations remains at

(Continued on Page 72)

World News Roundup

SYDNEY—Rupert Murdoch's $10-a-share bid for the Herald & Weekly Times media group received support from the group's board, which rejected John Fairfax & Sons' $10.67-a-share bid. Mr. Murdoch's News Ltd.'s proposed takeover will be reviewed by the Australian Broadcast Tribunal to determine its effect on HWT's Channel Seven tv licenses in Adelaide and Melbourne (AA, Jan. 19).

LONDON—The tobacco industry and the U.K. government agreed to limit industry sponsorship of sporting events to 1985 levels, $12.3 million. Also, health warnings on outdoor boards must cover 15% of the space, up from 10%.

TORONTO—Canadian Home Shopping Network made its debut this month, with a potential audience of 2.3 million households, or one-third of the country. *(See story on Page 1.)*

LONDON—Superchannel, the first direct competitor to Sky Channel, the pan-European general-entertainment satellite tv channel, goes on air Jan. 30. Initially, 5.8 million European homes will receive the channel.

WASHINGTON—French wine and cognac marketers will be represented by JWT Group's Hill & Knowlton subsidiary in a lobbying effort against the proposed 200% tariff increase planned for some imported products.

MADRID—Collett Dickenson Pearce, the U.K. agency 40% owned by Young & Rubicam, bought a minority share of hot creative shop Grupo Barro.

OTTAWA—Tv commercials produced outside the country no longer will be screened for content by the Canadian Radio-television & Telecommunications Commission.

MILAN—Silvio Berlusconi will retain some control over his third tv channel, Rete Quattro, when he sells it this year to comply with a

(Continued on Page 56)

Older Mikey pumps 'Life' into brand

By JULIE FRANZ

ADWATCH

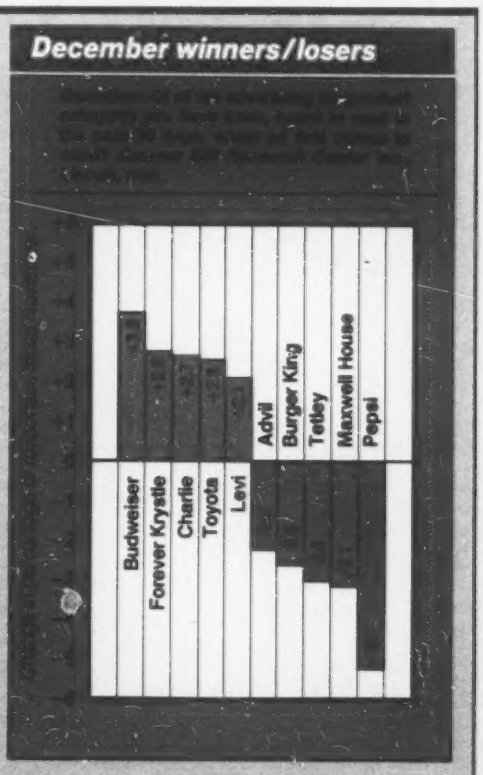
Mikey, the lovable child who for 15 years appeared as spokesman for Quaker Oats' Life cereal, has as an adult sparked the brand's advertising recall.

Life's ad awareness score increased 3.4 percentage points from October to December, capturing 5.6% of first mentions in the breakfast foods category in the December adWatch survey.

After years of running the same spot of Mikey as a child, Quaker last fall caught up with the grown Mikey, played by actor John Gilchrist (now a college freshman). Two spots, designed to appeal to teens, followed a sweepstakes that challenged consumers to "Guess who's Mikey?" from a teen-age group pictured on Life cereal boxes.

The Mikey promotion was created by BBDO, Chicago. BBDO has since lost the account to Jor-

(Continued on Page 73)



Dangling new lures

But no car financing war. . .yet

By RAYMOND SERAFIN

DETROIT—Domestic auto makers continue to dance around another all-out war on financing incentives while looking for other consumer lures to rev up a slow market.

General Motors last week took a decidedly long-term step toward reviving flagging consumer confidence in its products by upping the ante on warranty protection to six years or 60,000 miles on powertrains and 100,000 miles on corrosion, thus putting more heat on Chrysler's heavily promoted five-year/50,000 mile warranty.

Officials at GM car divisions said they expected the bulk of advertising for the new warranty program to come from a corporate campaign, though tag lines are likely to appear in both divisional and dealer ad group campaigns. N W Ayer handles GM corporate advertising.

Separately, Chrysler Corp., Highland Park, extended financing incentives and cash rebates on a limited range of small cars and trucks but was careful not to cross a line that would necessitate a dramatic response by its competitors.

Dearborn-based Ford Motor Co., coming off a strong sales and profit year in 1986, had no immediate response, but some industry observers speculate that Ford might be planning to drop the next auto marketing bombshell.

"Ford is in position to aggressively go for more market share," said Thomas O'Grady, president of Integrated Automotive Re-

(Continued on Page 70)

Chase becomes AA exec editor

NEW YORK—Dennis Chase has been named executive editor of ADVERTISING AGE.

Rance Crain, president and editor-in-chief of Crain Communications Inc., Chicago, said the promotion will "build more strength into our day-to-day operations" and continue AA's momentum "into this year and beyond."

Mr. Chase, AA's international editor since September, 1980, will report to AA editor Fred Danzig.

In his new post, Mr. Chase will be in charge of day-to-day editorial operations, work under the editor's over-all direction and be responsible for gathering and presenting AA's editorial package in the most effective way for its readers.

D. Chase

L. Collins

Before joining AA in 1980, Mr. Chase served as Chicago bureau chief for McGraw-Hill World News and also as London correspondent for McGraw-Hill.

He was a Walter Bagehot Fellow in economic and business reporting at Columbia University and earlier in his career was a general-assignment reporter for the *Ann Arbor News* and *Grand Rapids Press* in Michigan and also for *Chicago Today*.

By having bureau chiefs and department heads report daily to Mr. Chase, Mr. Danzig will have more time to deal with broader aspects of AA's editorial coverage and forward planning.

In Chicago, deputy editor Larry Doherty will continue to report to Mr. Danzig and deal with a broad range of editorial, production and administrative functions.

AA's international department will be supervised for the immediate future by assistant international editor Mark Rosati.

In other recent staff moves:

Larry G. Collins has been added

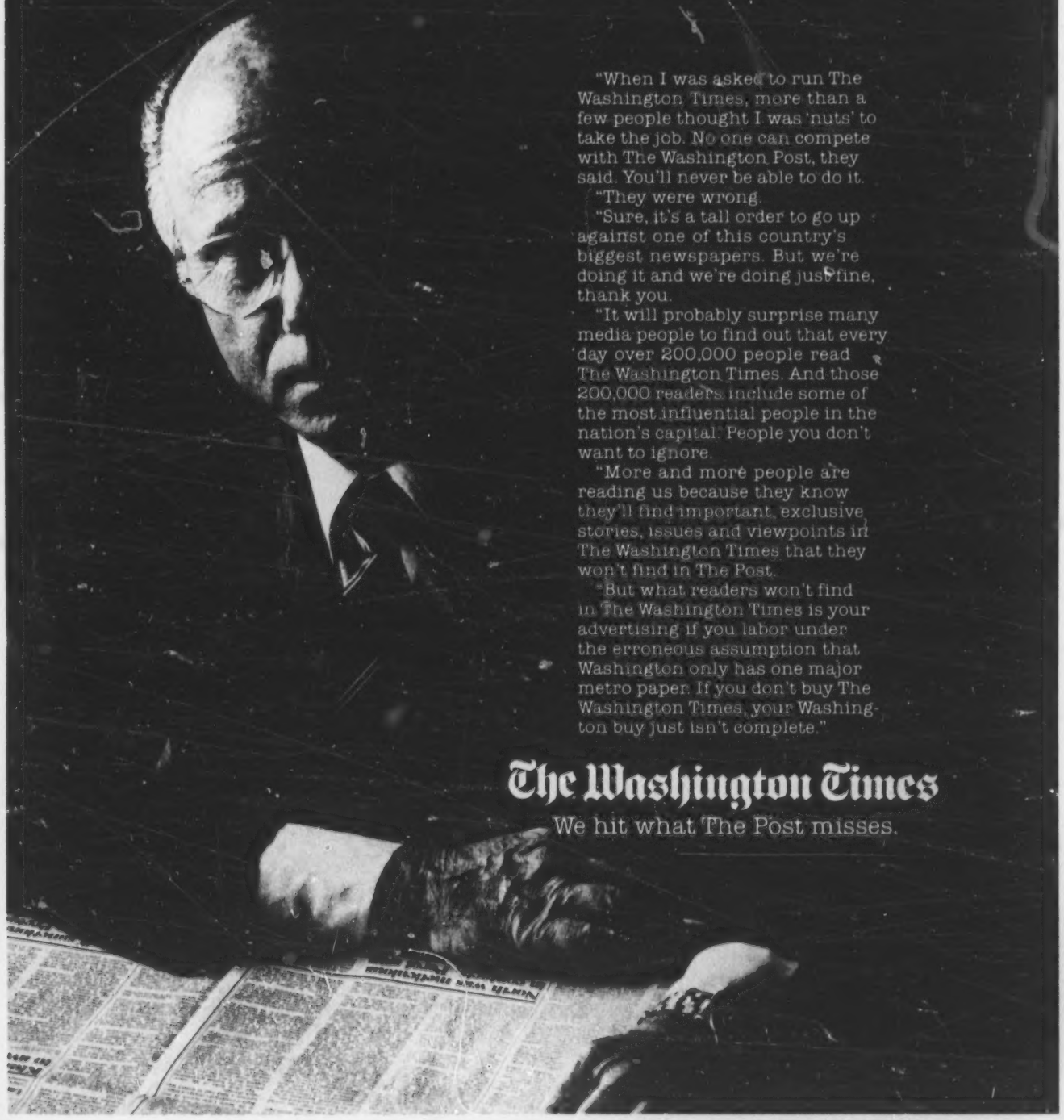
(Continued on Page 70)

CORRECTIONS & CLARIFICATIONS

- In the ADVERTISING AGE Quarterly Best (AA, Jan. 19, P. 46), the name of Carol DeMelio was misspelled. She was art director for Nikon's eight-page "Great pictures" insert, via Scali, McCabe, Sloves, New York. The copywriter was Brian Belefant, not John Lovering. Also in the Quarterly Best, creative credits for Apple Computer's "Nightmare" tv commercial were listed incorrectly. Correct credits at BBDO Worldwide, New York, are: Charlie Miesmer, senior creative director; John Greenberger, creative director and copywriter; Jimmy Siegel, copywriter; Tony LaMonte and Phil Triolo, art directors; Barbara Mullins, Katie O'Brien and Andrew Chinich, producers. Steve Horn directed the spot (AA, Jan. 19, P. 41).
- For the January Consumer Linage Report (AA, Jan. 19, P. 84), *Barron's* has supplied a corrected figure of 2,317.8 pages for its 1986 yearend total.#

"If you think Washington is still a one-newspaper town, you're living in the past."

— Arnaud de Borchgrave, Editor-in-Chief, The Washington Times



"When I was asked to run The Washington Times, more than a few people thought I was 'nuts' to take the job. No one can compete with The Washington Post, they said. You'll never be able to do it.

"They were wrong.

"Sure, it's a tall order to go up against one of this country's biggest newspapers. But we're doing it and we're doing just fine, thank you.

"It will probably surprise many media people to find out that every day over 200,000 people read The Washington Times. And those 200,000 readers include some of the most influential people in the nation's capital. People you don't want to ignore.

"More and more people are reading us because they know they'll find important, exclusive stories, issues and viewpoints in The Washington Times that they won't find in The Post.

"But what readers won't find in The Washington Times is your advertising if you labor under the erroneous assumption that Washington only has one major metro paper. If you don't buy The Washington Times, your Washington buy just isn't complete."

The Washington Times

We hit what The Post misses.

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The SuperFight
Hagler vs. Leonard

April 6, 1987

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Special Report

Byron Gin

Big spenders up the ante in ownership game

By William F. Gloede

For better or worse, the era of the corporate press has arrived.

Whether a press controlled by a relatively few big companies is good for America has been debated ad infinitum. But while the debate raged, the big media companies were out shopping. And they bought.

Between 1970 and 1985, chain control of the nation's daily newspapers increased from 50% of the papers and 63% of daily circulation to 71% of the papers and 77% of the circulation, according to Lynch, Jones & Ryan, Washington-based securities analysts. When the 1986 numbers are tallied, those numbers are likely to show chain control of circulation pushing the 80% mark.

In recent years, most of the big chains have run their newspapers in much the same way they'd always been run. There traditionally has been an almost visible iron curtain separating the editorial department from the paper's business departments. And while newspaper groups, especially publicly held companies, squeeze more profit from their papers than the former family ownership, they have not, in most cases, touched the news-gathering operation.

That may be changing, and it has observers both inside and outside the news business worried.

In a cost-conscious business climate, it is becoming more difficult for publicly held newspaper companies to justify to shareholders the heavy investments in news gathering that top dailies used to take for granted. Even in the privately held groups, pressures to deliver more profit with less expense are immense.

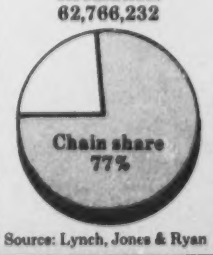
"I see danger down the line, not in the first generation that we're seeing now or even perhaps

(Continued on Page S-2)

Unless otherwise indicated, all circulation figures used in this Special Report are daily circulation averages provided to Audit Bureau of Circulations' FAS-FAX for the six months ending Sept. 30, 1986.

Chain power

1985 average U.S. daily newspaper circulation: 62,766,232



Total number of U.S. daily newspapers: 1,676

Source: Lynch, Jones & Ryan

Ownership

(Continued from Page S-1)

in the second generation," says Daryl Moen, a professor of journalism at the University of Missouri School of Journalism, Columbia, Mo.

"But down the line, I think there's a very good chance that the new [chief executive officers] of these companies will have a vastly different background—a completely different vision of what a communications company can be or should be—than the chain founders, the Gannetts, the Al Neuharths, the John Knights.

"When that happens, I think it's going to have a negative impact," Mr. Moen says.

Norman Isaacs, the former executive editor of the *Courier-Journal* and *Louisville Times*, former associate dean of the Columbia University Graduate School of Journalism, New York, and author of "Untended Gates: The Mismanaged Press" (Columbia University Press, 1986), is more worried than Mr. Moen.

"I'm unhappy about it, because I think the record is that once you have a publicly held company . . . the management has to run like hell to keep the stockholders happy," Mr. Isaacs says. "The proposition of the financial markets places the whole thrust on quarterly performance."

Mr. Isaacs concedes that he's a "throwback" to another generation, but he insists that the rudiments of good journalism today are the same as they always were. As always, it is expensive to produce a quality news product.

"I probably was one of the last editors to run, for years, without a budget," Mr. Isaacs says. "That's what made the *Courier-Journal* and the *Times* so well-known. We operated in a big-league fashion; that's what Barry Bingham Sr. wanted, and that's what I gave him."

Mr. Isaacs fears that tight-fisted management could keep editors from pursuing major news stories for the sake of the budget. And that, he believes, violates the public trust that the First Amendment protects.

Ben H. Bagdikian, dean of the Graduate School of Journalism at the University of California at Berkeley, also believes the financial pressures of public ownership do not foeter good journalism.

"What has happened in most [public] chains is that because Wall Street investors are interested in the short term . . . outside the showcase papers of the country there has been a decrease in reinvestment in real journalistic quality. They go in for things that are relatively inexpensive and quick, like graphics. But they quietly cut down on local reporting, on the amount of hard news space.

"And because 98% of our newspapers are in monopoly markets, you have enormous flexibility in reducing quality and maximizing prices."

Predictably, securities analysts disagree with journalists, although perhaps not as strongly as might be expected.

"There's no question that with the press being held by the public that there's pressure to maintain healthy earnings increases and run the paper more as a business," says Peter Kent, president of Henry Ansbacher Associates, a New York firm specializing in media mergers and acquisitions. "That doesn't necessarily mean that the quality of the newspaper decreases as a result. But some companies can take it too far."

Over-all, Mr. Kent believes that financially driven media companies can produce newspapers just as well as the media barons and family managers of the past. What professional management does, he says, is improve margins by consolidating business functions and reaping the benefits of economies of scale. "It's just better business," Mr. Kent says.

"There's probably more emphasis on profit margins than ever before" at companies like Knight-Ridder, says Bruce Thorp, a newspaper analyst with Lynch, Jones & Ryan.

"Knight-Ridder in the past has had a reputation for putting out some of the best newspapers in the country," he says. "It has not had a reputation among investors as one of the best newspaper stocks to own." The company, he believes, now is trying to bring its Wall Street reputation up to the same level as its reputation among members of the Pulitzer Prize jury, which gave the company's papers an unprecedented seven awards last year.

In Mr. Thorp's view, there is no inherent conflict between journalistic quality and strong financial performance.

"Quality journalism and profitability go hand in hand," he says. "We've seen time after time that when papers are locked in competition, the quality paper survived. An investor should take a long-term view that greater profit today could mean losses tomorrow, even the loss of the newspaper."

To many, however, concentration of press ownership is more worrisome than bottom-line management of the news business. With fewer newspaper properties available, chains are turning even to small dailies and community weeklies as growth prospects.

"I think it poses real problems," Mr. Bagdikian says. "A few large corporations are coming to dominate most of the business, and those few are getting fewer all the time. I think that's just too much power over something that's critical to public affairs and a democratic political system—even if they were all sterling publishers, which they are not."

Mr. Isaacs points to American John McGoff and his Panax Corp. as an example of what can be done with a concentration of ownership.

Mr. McGoff, a registered agent of the South African government, in the late 1970s used money supplied by that government to buy newspapers in the U.S.—in exchange for the promise that he would use those newspapers to bring the South African government's views to an American audience.

"McGoff was a case in point of what can happen when you own a string of newspapers and all orders come out of headquarters about what to publish and what not to publish," Mr. Isaacs says.

The debate may be moot. The chains already dominate the newspaper business, and they'll likely increase that domination.

"As a practical political matter, I don't think anything can be done about it now," Mr. Bagdikian says. He worries, however, that the chains could start exercising their heretofore untested political power.

"Media power means political power," he says. "The head of any of the leading chains can see the President of the U.S. any time he wants. The head of a local paper can't."

Ansbacher's Mr. Kent disagrees. He does not believe there's any danger of the big companies creating a monopoly of thought or editorial opinion or exercising great political power.

"There's still a great deal of diversity in newspeper holdings in this country, and I think that will continue," he says. "I don't think you'll ever see strict domination of the press by three or four companies." ■

Hearsts established chain concept

Although the growth of chain and group newspaper ownership in the U.S. has accelerated in the last two decades, the concept took root nearly a century ago, primarily through the efforts of the original William Randolph Hearst.

Mr. Hearst (1863-1951) was the son of a California tycoon who had made his fortune in copper, silver and gold mining. The elder Hearst, George, bought the *San Francisco Examiner* in 1880. When he entered the U.S. Senate seven years later, control of the paper went to young Will, and a newspaper empire was born.

Elaborate promotions, the hiring of top-flight reporters and the purchase of modern mechanical equipment allowed Will Hearst to double the *Examiner's* circulation to 40,000 in his first year at the helm.

But San Francisco wasn't enough for the young publisher, who in 1895 bought the *New York Journal*. By 1905, his string of papers had grown to six, with the addition of the *New York American, Chicago American, Chicago Examiner* and *Boston American*. And he was just beginning.

Mr. Hearst wasn't the only early builder of newspaper chains—Scripps Howard being another notable example—but he and his Hearst Corp. were the most ambitious. At its peak in the 1930s, the Hearst chain consisted of 26 daily and 17 Sunday newspapers published in 19 cities and accounting for 13.6% of total daily circulation and a staggering 24.2% of total Sunday circulation in the U.S., according to the journalism textbook "The Press and America," by Edwin Emery and Henry Ladd Smith.

Cities with Hearst papers eventually included Albany, Atlanta, Baltimore, Boston, Chicago, Detroit, Fort Worth, Los Angeles, Milwaukee, New York, Omaha, Pittsburgh, San Antonio, San Francisco, Seattle and Washington. With a major market presence rivaled by no other chain, Mr. Hearst became arguably the most powerful newspaper owner this country has ever produced, as well as the most controversial.

William Randolph Hearst III is stirring up controversy with *San Francisco Examiner* ads.

His papers were fiercely competitive and combative with the kind of lively, colorful writing and splashy makeup that caused them to be labeled "yellow journalism" and "scandal sheets," particularly by their competitors. And the Hearst papers in the years between the world wars were truly *chain* papers. By and large, they looked alike; most of them had an American eagle in their nameplate, and many had *American* in their name, reflecting their owner's strong sense of patriotism.

The papers also shared most columns, comics and features and some editorials. Today, Hearst's King Features Syndicate, now including News America Syndicate, is estimated to be the industry's largest supplier of newspaper features and comics.

The Hearst chain, as constructed by its founder, began to dissolve in the late 1930s, as financial troubles mounted and many of the papers were sold, folded or consolidated, and the U.S. moved inexorably toward one-newspaper or single-ownership cities.

Although no longer one of the largest newspaper groups either in total circulation or number of papers, the privately held Hearst Corp., celebrating its centennial this year, remains an impressive media powerhouse. It ranks 11th among U.S. companies in media revenues (AA, June 30, 1986).

In addition to more than a dozen daily papers, among them the *San Francisco Examiner* and *Los Angeles Herald Examiner*, the company owns tv and radio stations, cable channels and systems, book publishing operations and magazines, including *Good Housekeeping, Harper's Bazaar, Cosmopolitan, Redbook, Popular Mechanics*, and the recently purchased *Esquire*.

Under William Randolph Hearst III, grandson of the company founder, the 145,000-circulation *San Francisco Examiner* aggressively has sought new readers and advertisers. And once again a Hearst paper is stirring up controversy. The *Examiner* currently is running a multimedia ad campaign, via Goodby, Berlin & Silverstein, San Francisco, that attacks tv's ability to comprehensively and intelligently present the news.

—Robert G. Goldsborough

Leading U.S. newspaper chains

Chain	Headquarters	1985 media revenues (millions)	1985 newspaper revenues (millions)	Total daily circulation (millions)	No. of newspapers (daily and nondaily)	Largest newspaper	Daily circulation
Gannett Co.	Roslyn, Va.	$2153	$1680	5.7	93	*USA Today*	1,179,052
Times Mirror Co.	Los Angeles	2171	1620	2.7	8	*L.A. Times*	1,086,383
Knight-Ridder	Miami	1679	1534	3.7	34	*Detroit Free Press*	656,477
Tribune Co.	Chicago	1684	1357	2.6	7	*N.Y. Daily News*	1,270,926
Advance Publications	New York	2030	1350	3	25	*Newark Star-Ledger*	460,330
New York Times Co.	New York	1394	1109	1.7	33	*New York Times*	1,001,694
Dow Jones & Co.	New York	975	844	2.5	23	*Wall Street Journal*	1,952,283
Hearst Corp.	New York	1540	740	1	15	*L.A. Herald-Examiner*	241,454
Scripps Howard	Cincinnati	900	702	1.3	66	*Rocky Mountain News*	327,357
Washington Post Co.	Washington	1037	556	0.8	2	*Washington Post*	748,019

Circulation and ownership figures as of 1986. Chainwide circulation includes daily newspapers only.
Source: Advertising Age and Audit Bureau of Circulations' FAS-FAX weekday circulation averages for six months ended September 30, 1986.

Chains lead efforts to boost national advertising

By Gary Levin
and William F. Gloede

In an attempt to improve their declining share of national advertising, newspapers have taken unprecedented steps to coordinate marketing efforts through chain-initiated combination buys, network sales organizations and new technological developments.

The latest venture, a group of negotiated discount rates for national package goods advertisers developed by Young & Rubicam (AA, Dec. 15), is only one in a series of recent moves designed to recapture national ad dollars lost from tobacco companies and others that have reduced overall spending or channeled it elsewhere.

Chains have played a major role in changing the way newspaper space is sold. Beginning in 1982, several large media companies began bypassing independent rep firms in favor of their own internal sales efforts. Gannett National Media Sales, Knight-Ridder Newspaper Sales and Times Mirror National Marketing were just three such ventures, whose success mainly depended on which markets were included and how the packages were sold. Smaller papers and smaller chains, meanwhile, continued to rely on independent reps to sell whatever national advertising they could command.

More recently, individual dailies woke up to the fact that advertisers—not newspapers—select their combination buys. In response, they began forming ad hoc networks, tailoring group discounts and other incentives to advertisers' media plans.

"From the point of view of agencies and advertisers, it makes more sense to take a group of similarly sized markets and create packages of what [advertisers] want to buy rather than what we want to sell them," says Kingsley Anthony, president of Million Markets Newspapers/Times Mirror National Marketing, New York, formed from the 1986 merger of a chain-owned sales organization and an independent rep firm.

"One thing that has been somewhat missing in the way newspapers have been sold is that we haven't been able to speak with a unified voice," he says.

The Y&R plan may be one solution, capping similar efforts by the Newspaper Advertising Bureau's Future of Advertising project and the American Assn. of Advertising Agencies. It promises varied discounts, averaging 30%, to food and other package-goods advertisers,

> ***"One thing missing is that we haven't been able to speak with a unified voice."***
>
> **Kingsley Anthony**
> **Million Markets Newspapers/-Times Mirror National Marketing**

but excludes the dominant newspaper spenders: Airline, tobacco and liquor marketers.

On a more limited scale, the *Chicago Tribune, Los Angeles Times* and *New York Times* are planning a joint sales effort, including category discounts for combination buys in the top three markets. And Chicago-based Tribune Co. is considering single-price combination buys for ads in the *Tribune* and its New York *Daily News* and on the Tribune-owned tv outlets in those markets, WGN-TV and WPIX-TV.

Sales and technological expertise are being shared on a national basis as well, although newspaper chains carefully avoid pricing collusion, a violation of federal antitrust laws.

Gannett Co.'s New York-based Four Color Newspaper Network was formed in 1985 to help sell color ads in papers committed to the superior reproduction pioneered by the company's nationally circulated *USA Today*.

The network now numbers 250 Gannett-owned and independent dailies with a combined circulation of 17 million. In 1986, advertisers bought 300 pages in Four Color Network papers, representing $1.2 million in ad spending, according to Gannett vp William Shannon.

National marketers including Apple Computer, Delta Air Lines, Ford Motor Co. and Kraft have bought color space through the network. Nearly all these ads were new to member newspapers.

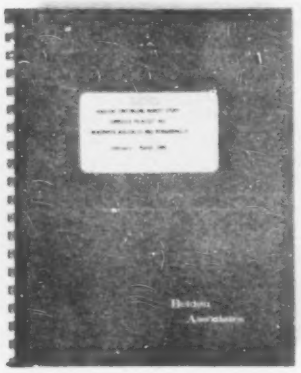
AD/SAT, an independently owned company that transmits ad facsimiles via satellite to 80 newspapers, began operations last fall to offer advertisers the convenience of a single insertion order and invoice for multiple-newspaper buys.

The New York-based operation, which reaches papers with a combined daily circulation of

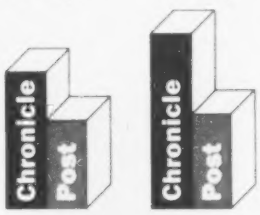
(Continued on Page S-6)

WHAT DO THREE BRAND NEW STUDIES SAY ABOUT THE CHRONICLE'S LEAD IN HOUSTON?

OVERWHELMING.

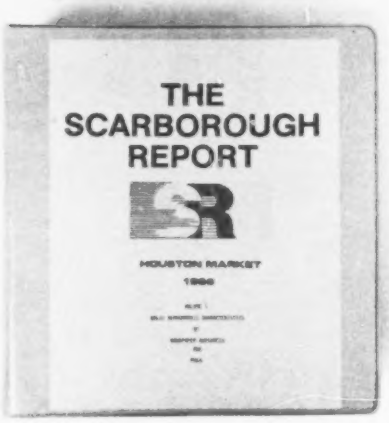


The Chronicle leads by:
28% Daily 47% Sunday

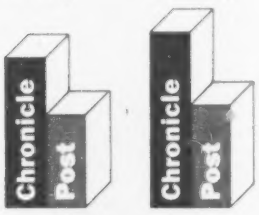


1986 Belden Study
Conducted February-March, 1986

OVERWHELMING.

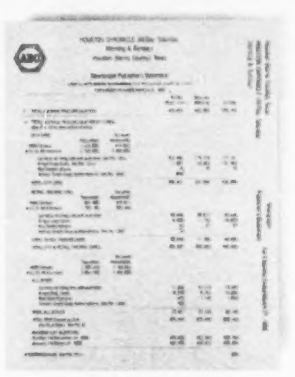


The Chronicle leads by:
32% Daily 42% Sunday

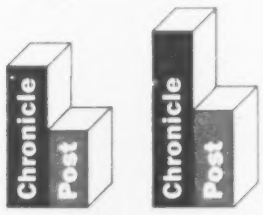


1986 Scarborough Report
Conducted April-July, 1986

OVERWHELMING.



The Chronicle leads by:
37% Daily 45% Sunday



Publisher's Statements
March 31, 1986

How far ahead *is* The Chronicle?

According to the newest Belden study, conducted February thru March, 1986, The Chronicle's lead is 28% daily, 47% Sunday.

But what does the Scarborough Report say? Conducted April thru July, 1986, it puts The Chronicle lead at 32% daily, 42% Sunday.

And how about the Publisher's Statements? Dated March 31, 1986, they show The Chronicle is ahead 37% daily and 45% Sunday.

So it's not a question of whether The Chronicle is leading in Houston. We are–no if's, and's or but's. It's only a matter of *how much* the lead is.

And according to three different studies, The Chronicle leads by an average of 32% daily, and 45% Sunday.

By comparison, when our competitor boasts of being Houston's best-read newspaper, did you know their data is two years old? It's true. They're quoting figures from a Simmons-Scarborough study whose data was gathered in 1984, and released in 1985.

But what really counts is how the numbers add up *this year*, in 1986. And you can look at three different studies, all reflecting the same, single fact: The Chronicle has an overwhelming lead over the competition.

For more information on why The Chronicle is Houston's most powerful, cost-efficient buy, phone Joycelyn Marek, Research Manager, collect at (713) 220-7401.

Houston Chronicle
Houston's primary advertising investment

SOURCES: 1986 Belden Continuing Market Study, Houston P.M.S.A. The 1986 Scarborough Report, Houston Market. Calculations computed by The Chronicle from the March 31, 1986 Publisher's Statements for The Houston Chronicle and The Houston Post (City and RTZ). Represented by Sawyer Ferguson Walker. SFW

Top U.S. daily newspapers (by circulation)

Newspaper	Daily circulation	Owner
1. *Wall Street Journal*	1,952,283	Dow Jones & Co., New York
2. New York *Daily News*	1,270,926	Tribune Co., Chicago
3. *USA Today*	1,179,052	Gannett Co., Roslyn, Va.
4. *Los Angeles Times*	1,086,383	Times Mirror Co., Los Angeles
5. *New York Times*	1,001,694	New York Times Co., New York
6. *Washington Post*	748,019	Washington Post Co., Wash.
7. *Chicago Tribune*	744,969	Tribune Co., Chicago
8. *New York Post*	731,668	News America Publishing, New York
9. *Detroit News*	680,800	Gannett Co., Roslyn, Va.
10. *Detroit Free Press*	656,477	Knight-Ridder, Miami
11. *Chicago Sun-Times*	612,686	Sun-Times Co., Chicago

Source: Audit Bureau of Circulations' FAS-FAX averages for the six months ended Sept. 30, 1986.

National sales efforts

(Continued from Page S-4)

22 million, expects to include all of the top 100 markets by yearend. It also plans an interactive message system to link agencies and newspapers with its central transmission center.

All of this new-found cooperation between individual papers and chains is not lost on the independent newspaper reps, whose biggest strength is among smaller dailies outside the top 30 markets.

"I've never seen anything like this happen in the newspaper business," says Owen Landon, president of New York-based Landon Associates, the industry's largest rep firm. Mr. Landon says the new "commitment and intensity" toward networking comes from the "customer-driven" nature of the medium, only lately addressed by publishers.

Other independent sales reps point again to the decline of national newspaper spending by airlines, tobacco and distilled spirits marketers as the primary incentive for this kind of cooperation.

The general softness in ad spending, coupled with inroads by media chains, have spelled doom for some of these independent sales reps. Million Markets merged with Times Mirror National Marketing when the former lost the *Detroit News* account following its 1986 purchase by Gannett. Story Kelly Smith was acquired by Cresmer, Woodward, O'Mara & Ormsbee (CWO&O), New York, in April.

"From our point of view, having a national rep is not as critical as it would be in a bigger market," says Tip Lifvendahl, president-publisher-chief executive officer at Tribune Co.'s *Orlando* (Fla.) *Sentinel*, which serves the nation's 47th largest market. His paper receives 10% to 15% of its ad revenues from national marketers.

> ***The "customer-driven" nature of the medium is behind the new commitment toward networking.***
>
> **Owen Landon**
> **Landon Associates**

Yet he and others believe a half-dozen or so independent sales organizations "will always have a voice in the ad community" because of the fragmented nature of the newspaper industry.

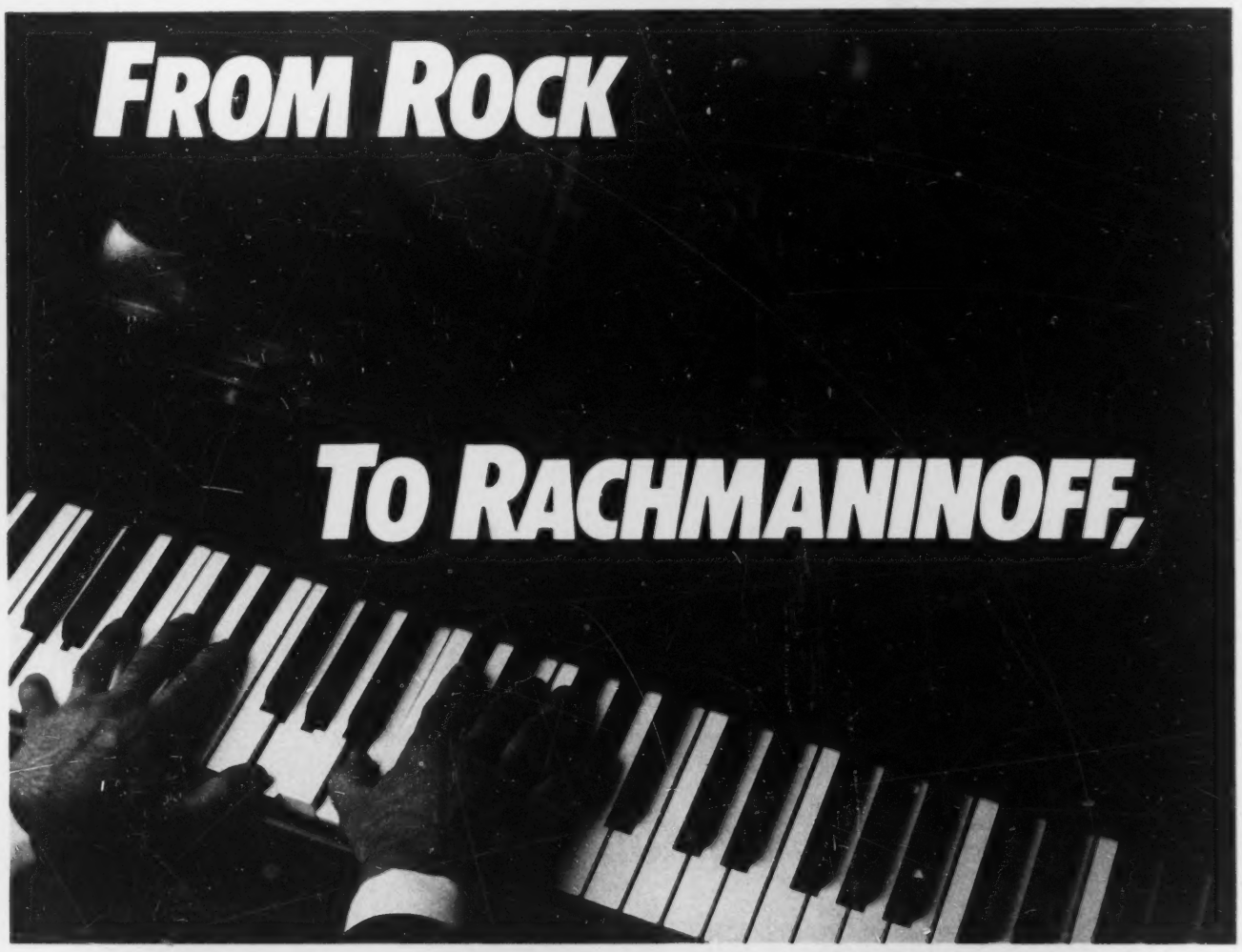
For despite the recent emphasis on networks, newspapers always have been and will continue to be a predominantly local medium supported mainly by local advertising.

Some dailies have tried to supplement declining local spending with innovative sales packages aimed outside their market, however. Knight-Ridder's *Wichita* (Kan.) *Eagle-Beacon*, for example, in February, 1985, introduced a "Laboratory/Wichita" program offering all national advertisers a reduced retail rate if they bought a contract for full-page insertions in six editions. The program promoted Wichita as a test market, highlighting its heavy cable penetration as a competitive advantage to the newspaper; broadcast buys theoretically would be more fragmented and less efficient as a result.

Eagle-Beacon ad director William Poitevint says three advertisers—Redken Laboratories, Southwestern Bell and Philip Morris Cos.' Virginia Slims—bought contracts, but the program's limited success, combined with the declining popularity of full-run ad pages, led the paper to expand the program to half and quarter-pages this year.

Mr. Poitevint says the Y&R program and similar efforts by his and other newspaper companies will, in the long run, help the medium by encouraging advertisers to reconsider newspapers lacking rate biases against national advertisers.

"The sooner we get to rate parity as an industry, the better off we'll be," he says.



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The Simmons-Scarborough Report National Newspaper Audience Study, 1985

Middle-market giants perfect growth strategies

By Janice Steinberg

The names aren't as well-known, but chains such as Donrey, Park and Freedom have as strong a grip on the newspaper industry as do Gannett Co., Knight-Ridder and Times Mirror Co.—albeit at a different level.

Janice Steinberg, a frequent contributor to Special Report, investigated feature and lifestyle sections in the July 28, 1986, Newspapers Special Report.

At present, 10 of these middle-market chains control nearly 500 dailies and nondailies, primarily with circulations less than 100,000—and in many cases, less than 20,000. *(See chart.)*

Ownership of papers such as the 6,800-circulation *Lincoln* (Ill.) *Courier*, the 10,976-circulation *Orange* (Tex.) *Leader* and the 16,639-circulation *Norman* (Okla.) *Transcript* has proved profitable for the Copley, Cox and Donrey chains. It's been profitable enough for these chains and their peers to continue buying smaller market dailies—paralleling the rapid acquisition of metropolitan newspapers by industry giants such as Gannett and Times Mirror.

The middle-market chains have several things in common. First, says John Morton, newspaper analyst with Washington's Lynch, Jones & Ryan, "Most of these middle-size companies are growing very rapidly. They've been very active in acquiring more newspaper properties and in some cases broadcast properties as well. These are middle-size companies getting bigger."

In 1986, Topeka, Kan.-based Stauffer Communications purchased two Wyoming tv stations and two newspapers, the Oak Ridge, Tenn., *Oak Ridger* and the Lake Wales, Fla., *Highlander*.

"We've been growing at a rate of better than 20% a year since day one," says Roy H. Park, founder and chief executive officer of 25-year-old Park Communications, Ithaca, N.Y. His company bought five newspapers in just the third quarter of 1986, bringing to 89 its total of newspapers and shoppers; it also owns seven tv and eight radio stations.

These two companies, Stauffer and Park, illustrate another trend among the middle-market chains: Diversification into other media, including tv, radio and cable tv systems.

Says Richard Gottlieb, president of Lee Enterprises, Davenport, Ia., which owns five tv and four radio stations, "We feel as though we're a communications corporation. One arm is newspapers and one arm is broadcast."

> ***"These companies have been very active in acquiring more newspaper and broadcast properties."***
>
> **John Morton**
> **Lynch, Jones & Ryan**

Atlanta-based Cox Communications is the fifth-largest multiple system cable operator in the U.S., according to the Cabletelevision Advertising Bureau; Cox derived 31.7% of its 1985 sales from its cable operations. Copley Newspapers, Donrey Media Group, Howard Publications, Landmark Communications and Stauffer also have cable holdings.

Mr. Morton sees the interest in cable tv as both "a defensive move and an entrepreneurial move, because there probably are going to be some relationships between the information-gathering capability of newspapers and cable television's need for information to distribute. Cable has some unique relationships with newspapers."

Although diversification tends to center on media properties, several companies have ventured farther afield. Copley, La Jolla, Cal., owns a resort hotel. In addition to a chain of computer stores, Stauffer operates insurance and travel services associated with one of its magazines, *Capper's Weekly*. Fort Smith, Ark.-based Donrey took advantage of the geothermal springs at president Donald Reynolds' Duckwater, Nev., property to start a catfish farm.

Besides investing in new properties, most of the middle-market chains have been energetically adding and upgrading newspaper production facilities.

In 1985, Freedom Newspapers' hometown flagship paper, the *Orange County Register*, Santa Ana, Cal., installed a color pagination system, said to be the first of its kind in the world.

David Easterly, president of Cox's newspaper division, predicts that within the next 10 years, Cox and its peers will make significant production advances. He says while previous upgrades were responses to increased circulation, future technological advances will be driven primarily by cost and quality concerns.

But despite similar objectives, significant differences also exist among the middle-market newspaper chains. Major problems and challenges vary not only from chain to chain, but also from market to market within a given chain.

Richard Newell, vp-administration for Howard Publications, Oceanside, Cal., says competition for advertising dollars is his company's greatest challenge. "With not only television, radio, and the other broadcast media, but also some of the third-class direct mailers, the competition for that advertising dollar is much more intense today than it was 10 or 15 years ago."

Mr. Easterly also cites competition as the issue for Cox newspapers in West Florida and Arizona. For the company's papers in Texas, however, the problem is the post-oil boom economy.

Ailing local economies are also a problem for Stauffer; "We're looking for markets that aren't so agriculturally dominated," vp Kenneth Bronson says.

However, Mr. Bronson says Stauffer's problems also stem from the way the company has operated in the past. "Our No. 1 issue is the fact that our price-to-earnings ratio has always been low in the industry," he says. "This goes back to the founding of our company and

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*ABC Publishers Interim Statement three months ending 12/31/86

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the way Oscar S. Stauffer wanted to operate his newspapers; that is, that each individual newspaper would be autonomous. Consequently, it has been a group of newspapers rather than a chain." Stauffer recently began centralizing some functions and plans to begin serious strategic planning this year.

Where these companies seem to differ most is in management style.

In spite of Stauffer's moves toward centralization, Mr. Bronson says the papers will maintain editorial autonomy. On the other hand, Freedom's 32 newspapers each reflect the company's libertarian philosophy, says Michael Maloney, assistant to the president.

Executives of Donrey, Lee, Howard and Cox say their papers operate with complete editorial independence. Cox's two Atlanta newspapers even split on their presidential endorsements in the 1984 election. "We operate a very decentralized business," Mr. Easterly says.

Copley and Park handle the autonomy question differently. Copley is the only middle-market chain with a single editor-in-chief, Herb Klein, for all of its newspapers.

In practice, Mr. Klein says, "I don't get involved with the daily news operation of the papers outside of San Diego. My involvement is to work with them on upgrading the product, spend time with the editors, work on their relationships with our bureaus to ensure we're doing a good job for them. When they're making major changes we have discussions." In San Diego, Mr. Klein, who also is a company vp, sits on the editorial board of the flagship *Union*, as does ceo Helen Copley.

Park newspapers, most of them afternoon publications with circulations less than 30,000, include several common elements: On the left side of Page One, each paper runs a column of breaking news stories and each offers photographs of 125 to 150 local people daily.

A few chains say they are considering offering group sales to national advertisers. Park already employs a national sales representative; if an advertiser takes an ad in every Park paper where his company is represented, he receives a discount.

Although growth has been the byword for most of the middle-market companies, how big can they get and remain manageable —and profitable?

In March, 1986, Harte-Hanks Communications, San Antonio, Tex., announced it would add 19 newspapers to its group of 23 dailies and more than 100 nondailies; but at the end of the year it was divesting many of its smaller newspapers and shoppers.

Copley, for one, believes smaller is better. In terms of number of properties, it is the smallest of these chains. Although Mr. Klein says the company is seeking additional newspapers, he says there are advantages to its current 13-newspaper size. "It stays very personal."

Most of the middle-market chains, however, plan to continue seeking new properties.

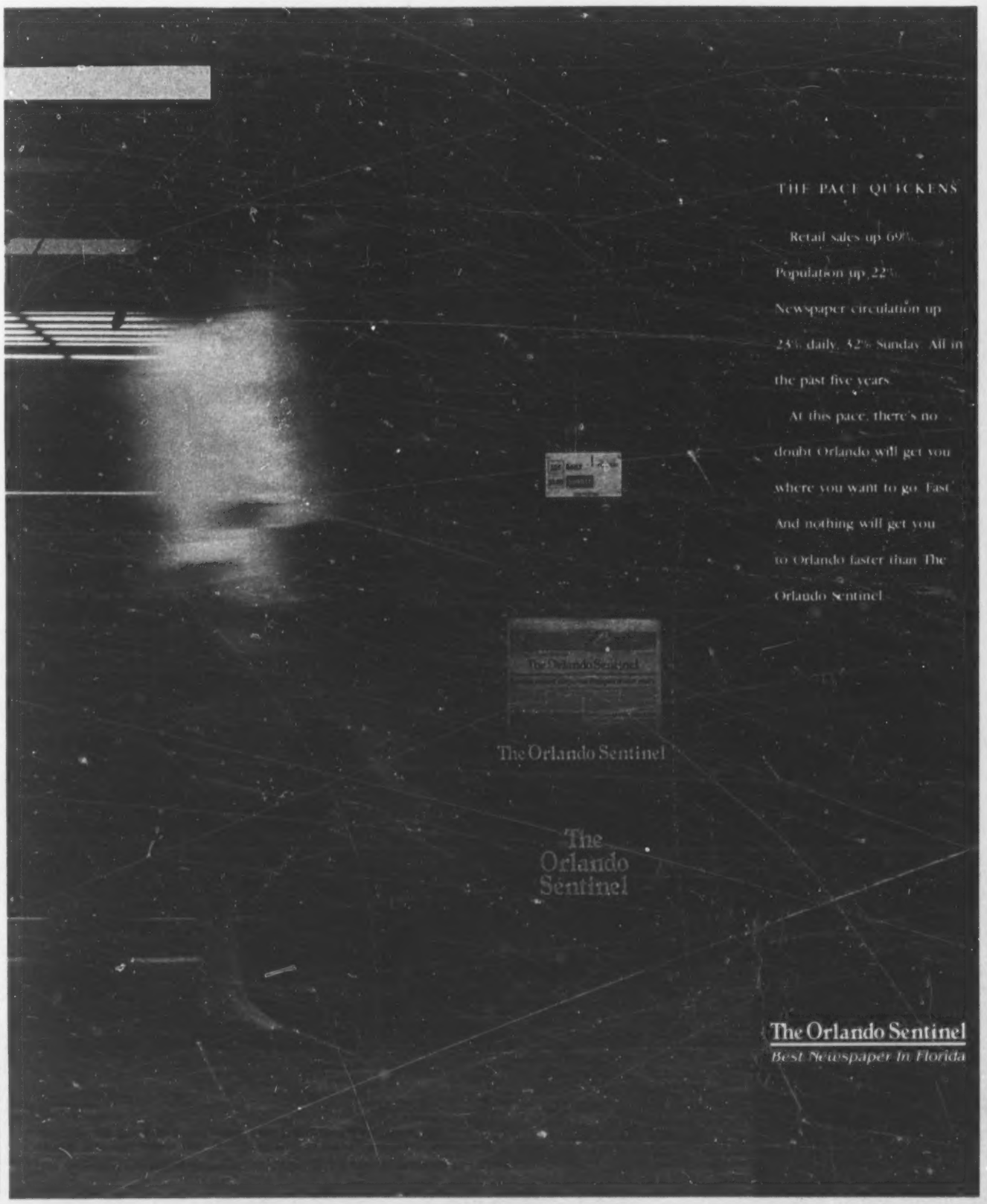
"We've been very attentive to the newspapers that have come on the market," Cox's Mr. Easterly says.

Likewise, Mr. Park says, "We are always watching for newspapers to come on the market, and if we learn about them or they come our way, we follow through with some vim and vigor and try to make a deal if we can."

Secondary-market powerhouses

Company	Dailies	Nondailies	Total daily circulation	Largest paper (circulation)
Copley Newspapers	12	1	727,500	*San Diego Union* (243,158)
Cox Communications	21	21	1,304,572	*Atlanta Journal-Constitution* (455,819)
Donrey Media Group	55	73	766,959	*Las Vegas Review-Journal* (108,544)
Freedom Newspapers	29	3	935,000	*Orange County Register*, Santa Ana, Cal. (311,956)
Howard Publications	17	0	450,000	*Hammond* (Ind.) *Times* (64,682)
Landmark Communications	8	23(26*)	713,264	*Virginian Pilot*, Norfolk, Va. (141,586)
Lee Enterprises	18	0	617,576	*Wisconsin State Journal*, Madison (108,460)
Park Communications	33	25(33*)	812,000	*Union-Sun and Journal*, Lockport, N.Y. (18,200)
Stauffer Communications	20	0	191,064	*Topeka* (Kan.) *Capital-Journal* (66,724)

*shoppers
Source: Audit Bureau of Circulations, company figures



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Guinness woes

Takeover scandal may crimp marketing

By LAUREL WENTZ

LONDON—The turmoil surrounding the government's investigation of Guinness PLC's takeover practices is raising questions about the future of the brewer's ambitious worldwide marketing plans.

Guinness had been trying to establish itself as an international spirits and beer giant. But that was before the ouster of Ernest Saunders, its marketing-minded chairman and ceo, and the continuing investigation into the company's takeover last year of Distillers Co. Ltd.

Mr. Saunders was fired amid widespread publicity about the U.K. Department of Trade & Industry's inquiry into whether Guinness executives led a campaign to drive up the price of Guinness stock through heavy outside buying during the $3.7 billion battle for Distillers last spring.

Since Guinness' bid was mainly in stock—which rose in value 25% during the period of heavy buying—it topped a rival offer from the Argyll Group, a large supermarket conglomerate.

On Jan. 16, Guinness acknowledged that some members of its management engaged in illicit deals in connection with the takeover.

Under Mr. Saunders, Guinness Brewing Worldwide was set up to promote Guinness as an international beer brand, and Ogilvy & Mather was appointed its global ad agency.

A review started last fall of all the marketing and advertising activities of the group's spirits brands—one of the first steps in the reorganization of Distillers—is continuing, said a company spokesman.

The $105 million in advertising, now divided among 30 ad agencies, is being reviewed by Guinness Beverage Group managing director Victor Steel and other senior Guinness executives with the help of Frank Lowe, chairman of Lowe Howard-Spink Marschalk, the agency handling Guinness' corporate account.

One account, for Gordon's gin, already has been reassigned from Foote, Cone & Belding to Lowe (AA, Oct. 27).

Last year, Guinness reported 30% growth in its key development markets—the U.S. and Western Europe—and launched Kaliber, an alcohol-free beer the company hopes has international potential, in the U.S. and the U.K.

Mr. Saunders masterminded the acquisition of Perth, Scotland-based whisky producer Arthur Bell & Sons in 1985 in addition to leading the acrimonious takeover battle for Distillers. Bell markets White Horse, the No. 1 U.K. brand, and Distillers produces Dewar's, the best-selling Scotch whisky brand in the U.S.

It was revealed in mid-January that Guinness last November sold the Dewar's trademark rights to its U.S. distributor, Schenley Industries, for a nominal amount. In another move, Schenley also bought the U.S. distributor of Gordon's gin and vodka, another Distillers' brand.

Schenley bought about $90 million of Guinness stock during the takeover battle for Distillers, giving the U.S. company more than 5% of Guinness' stock and helping to boost the Guinness stock price to make its offer to Distillers more attractive. Schenley, a unit of Rapid-American Corp., since has admitted to violating U.K. law by failing to disclose acquisition of more than 5% of a company's stock.

"Hopefully, the Saunders' plan is all still there and in

(Continued on Page 57)

GUINNESS
FOR A STRONGER SCOTCH
JUST ADD GUINNESS.
Scotch whisky is one of our leading exports. Over 16,000 jobs depend on it.
Johnnie Walker & Co. must be made stronger if they are to win the fight for overseas sales.
There is opposition from the Far East, America and Canada.
Each has its own thriving whisky brands. And powerful international corporations to market them.
Scotch whisky needs a similar champion. And our merger with Distillers would create one.
Time and time again Britain has failed to wake early enough to the challenge from overseas.
The alarm bells are now ringing on the world whisky market.
Help us respond. Support the Guinness Distillers bid.
GUINNESS PLC
Guinness and Distillers. A strike of genius.

One of a series of page newspaper ads run by Guinness last year in support of its takeover bid for Distillers.

Illustration by David Krainik

Cuba:

'Sunshine Channel' tells tourists about virtues of Cuban consumer products

By STEPHEN DOWNER

Editor's note: ADVERTISING AGE's Mexico City correspondent visited Cuba recently to report on the state of marketing and commerce in the communist nation. In the first of a two-part series, he looks at advertising in Cuba.

HAVANA—Commercial advertising is alive in Cuba, but does not exist as far as the average Cuban is concerned.

Tourists can see it by turning the dial of their invariably Japanese color tv sets in their hotel rooms to El Canal Del Sol (The Sunshine Channel).

Cuba's tourism institute launched the channel three years ago. It gives comprehensive information on the attractions and products available to tourists on the crocodile-shaped island in the Caribbean.

Commercials advertising tourist attractions are in Spanish, French and English. Most consumer products are advertised in English only.

"We offer duty-free shopping to meet every budget," blurts out a turbaned cartoon character, the mascot of Cuba's INTUR stores, which sell exclusively to tourists.

"Behind every woman there is always more than one perfume" is the message on a commercial for a variety of Cuban and imported perfumes sold by the same chain.

Another, for the Cuban cigar industry, shows a young woman dining with her escort and being bothered by his cigaret smoke. Suddenly she is distracted by the sight of a second bourgeois type happily smoking a Cuban cigar.

A woman's naked back is used in a spot for Cuba's Suchel toiletries and lotions. Black and White whisky, Chivas Regal, Havana Club rum and Cinzano all get a mention in commercials. Hola ground coffee ($6 for one kilo), restaurants, night spots, electrical appliances and Cuban handicrafts are all featured as well.

The Sunshine Channel employs female announcers and broadcasts news, pop videos and films such as "Quest for Fire" and "Lady Chatterly's Lover" late into the night.

Outside the hotels, commercial advertising is nonexistent. However, a giant poster near the resort of Varadero reminds

(Continued on Page 57)

World News Roundup

(Continued from Page 3)

new law limiting private tv ownership to two per person, sources say.

BRASILIA—An AIDS education campaign, the first funded by the Brazilian government, will break in March. Denison Propaganda and two regional agencies handle.

DUESSELDORF—Sonnen-Bassermann, a prepared foods marketer, chose HCM for its estimated $3.5 million account. Sportive Werbeproduktion previously handled.

TORONTO—RJR-Macdonald consolidated its $5.1 million tobacco products account at J. Walter Thompson Co., moving $2.9 million in billings from McCann-Erickson Canada.

FRANKFURT—Seagram Deutschland moved its estimated $2.7 million sparkling wine account to J. Walter Thompson Co. from Doyle Dane Bernbach.

BARCELONA—Cinzano moved its estimated $2.3 million vermouth and bitters account to Tiempo/BBDO from J. Walter Thompson Co.

HONG KONG—Schering-Plough chose McCann-Erickson to handle its Coppertone and Maybelline accounts, formerly with DMB&B.

TOKYO—A bulk-mail rate, long requested by U.S. direct marketers here, will be introduced this fall (AA, Aug. 11).

MANILA—Agency billings dropped 6% in 1986 from 1985 levels.

HONG KONG—Christian Dior fired J. Walter Thompson Co. Saatchi & Saatchi Wong Lam is expected to win the account.

Agency openings and acquisitions: Publicis, Paris, opened a Copenhagen office, called Publicis Daark. . .**The Ball Partnership**, Sydney, acquired Dow McIntosh & Kelly, Melbourne.

AA survey deadline

CHICAGO—The annual international survey of foreign advertising agency billings and gross income will be published by ADVERTISING AGE this spring.

By now, all agencies should have received questionnaires by mail in which they were asked to list their total billings and gross income for 1985 and 1986.

If your agency has not yet received a questionnaire, you should contact ADVERTISING AGE and request a copy as soon as possible.

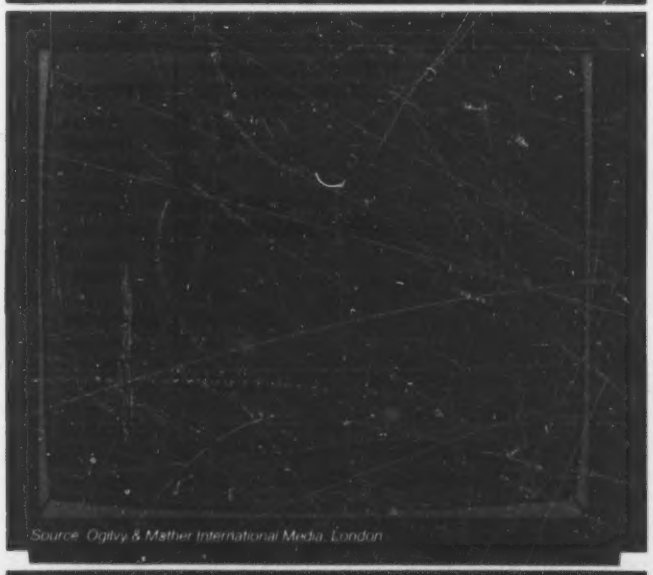
To get a questionnaire, please do one of the following:

- Write to Ilse Cermak, Foreign Agency Income Editor, International Department, ADVERTISING AGE, 740 Rush St., Chicago, Ill. 60611, USA.
- Send a telex to 687-1231 CRAIN UW or a telefax to (312) 649-5331.

A reminder: Completed forms are due in Chicago no later than Feb. 27. Early filing of the responses would, of course, be appreciated.

Thank you for your cooperation.

VCR penetration in Europe (1986)



Source: Ogilvy & Mather International Media, London

Rodney-like aliens invade Lite spot

By MARCY MAGIERA

CULVER CITY, CAL.—It's a close encounter of the disrespectful kind when Bob Uecker, Mickey Spillane and 19 other Miller Lite "all-stars" meet an alien spaceship full of pop-eyed Rodney Dangerfield look-alikes in Miller Brewing's 11th annual "reunion" commercial.

The tv spot, filmed here this month and expected to break in February, reunites 22 celebrities previously featured in Lite advertising for a barbecue at the fictional ranch of rodeo champion Jim Shoulders. As the participants banter over a few Lite beers, a huge spaceship descends on the party. The frightened crowd agrees the aliens probably want the Miller Lite beer, but splits over the reason. The argument ends with the cast, minus one, fleeing when the spaceship opens to reveal hundreds of wise-cracking Dangerfields. The "aliens" scoop up the real Mr. Dangerfield and return to space.

Bob Giraldi once again directed the annual reunion spot for Miller Lite agency of record Backer & Spielvogel, New York.

Miller this year will add a separate Spanish-language execution to the 11-year reunion campaign. In a spot created by Mendoza, Dillon y Asociados, Newport Beach, Cal., athletes Alexis Arguello, Efren Herrera (also seen in the general-audience commercial) and Luis Tiant, entertainers Olga Breeskin, Willie Colon and Eulalio Gonzalez and sportscaster Jorge Berry quarrel over which Spanish dialect—Cuban, Mexican or Puerto Rican—is superior.#

WATCH
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ROBERT KLEIN
TV SHOW
USA NETWORK
JANUARY 25 & 31
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212-265-1652

Streibert dies; 1st USIA chief

SYOSSET, N.Y.—Theodore Streibert, 87, first director of the U.S. Information Agency and a founder and chairman of the Mutual Broadcasting System, died Jan. 18 at his home here of cancer.

Mr. Streibert began his widely diversified career with the Harvard graduate school of business administration before going into films and radio. He joined WOR, New York, in 1933 and became president of the radio station by 1945.

He served as chairman of Mutual from 1949 to 1951.

His work for the government started with the Eisenhower administration as a public affairs consultant in West Germany. In 1953, he became head of the new USIA and kept that post until 1957.

Later he returned to the private sector, first as vp of Time-Life Broadcasting and then as president of the Radio Free Europe Fund.#

AdWatch

(Continued from Page 3)

dan, Manning, Case, Taylor & McGrath, New York, because of account conflicts that developed when BBDO combined with Doyle Dane Bernbach and Needham Harper Worldwide to form the Omnicom group.

General Mills' Cheerios grabbed the top spot in the breakfast food category with 7.2% of first mentions, while Big G's Wheaties dropped to third spot with 5%.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb. Consumers are queried on the first ad they remember over-all from the last 30 days as well as those in a variety of product areas. During December, 1,000 consumers were polled by telephone.

Advertising showing the dancing raisins from the California Raisin Advisory Board (via Foote, Cone & Belding, San Francisco) once again was the most frequently recalled (unaided). The raisins' recall remained at 3.1% in December, the same level achieved in November (AA, Jan. 5).

Following the raisin board, the top 10 in descending order were Coca-Cola, Miller/Miller Lite, Budweiser/Bud Light, McDonald's, Chevrolet, Pepsi, Ford, Levi and Bartles & Jaymes.

Advertising for Anheuser-Busch's Budweiser brand gained 3.8 points, getting 15.7% of first mentions among beer advertisers.

Coors ranked second with 11% of first mentions, while Miller Lite garnered 9%.

Traditionally heavy pre-Christmas ad spending in the cosmetics and fragrance fields boosted ad recall scores for two colognes: Charlie and Forever Krystle.

Charlie added 2.7 points to its awareness level, raising its score to 3.7% of first mentions. Revlon introduced new creative for the brand that features 14 self-assured young women, replacing the single "Charlie girl." The effort is the first from new agency Hill, Holliday, Connors, Cosmopulos, New York.

Forever Krystle continued ads featuring "Dynasty" stars Linda Evans and John Forsythe. Its advertising came to mind first for 3.4% of the sample, up 2.8 points. Rosenfeld, Sirowitz & Lawson, New York, handles.

Maybelline still topped the category, garnering 4% of first mentions last month.

The following are the top three advertisers in other product categories for December:

- **Airlines:** United (14.7% of first mentions); TWA (8.8%); American (8.4%).
- **Apparel:** Levi (10.6%, includes 501 Blues); J.C. Penney (4.0%); Sears, Roebuck & Co. (3.6%).
- **Bread:** Wonder (16.9%); Holsum (3.3%); Colonial (2.5%).
- **Cameras:** Kodak (19.8%, includes Kodak Disc); Canon (11.8%); Minolta (10.2%).
- **Cars & trucks:** Ford (18.6%); Chevrolet (14.4%); Toyota (9.7%).
- **Coffee:** Folger's (23.1%); Maxwell House (20.8%); Sanka 4.6%).
- **Computers:** Apple (27.9%); IBM (17.3%); Radio Shack (3.8%).
- **Credit cards:** Visa (29.6%); MasterCard (21.2); American Express (10.9%).
- **Home electronics:** General Electric (3.6%); Black & Decker (3.1%); RCA (3.1%).
- **Financial institutions:** Merrill Lynch (6.6%); Dean Witter (3.6%, includes Sears); E.F. Hutton (2.8%).
- **Fast food:** McDonald's (45.4%); Burger King (14.0%); Wendy's (6.5%).
- **Frozen food:** Bird's Eye (8.5%); Swanson (5.8%); Stouffer (4.6%).
- **Laundry products:** Tide (24.5%); Cheer (4.4%); All (3.9%).
- **Liquor:** Seagram's (2.8%); Jack Daniel's (2.5%); Bacardi (1.2%).
- **Medicine & drugs:** Tylenol (23.5%); Advil (6.1%); Bayer (5.6%).
- **Pet food:** Alpo (11.7%); Purina (10.5%); Kibbles'n Bits (2.9%).
- **Soap & shampoo:** Ivory (8.7%); Head & Shoulders (5.0%); Prell (5.0%).
- **Soft drinks:** Coke (32.8%); Pepsi (26.2%); 7UP (3.4%).
- **Tea:** Lipton (34.4%); Tetley (3.5%); Nestea (2.4%).
- **Tires:** Goodyear (20.9%); Michelin (15.7%); Firestone (6.8%).
- **Tobacco:** Marlboro (7.0%); Winston (4.6%); Skoal (2.8%).
- **Wine:** Bartles & Jaymes (9.6%); Gallo (9.4%); Riunite (7.9%).#

For additional information or data, contact Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

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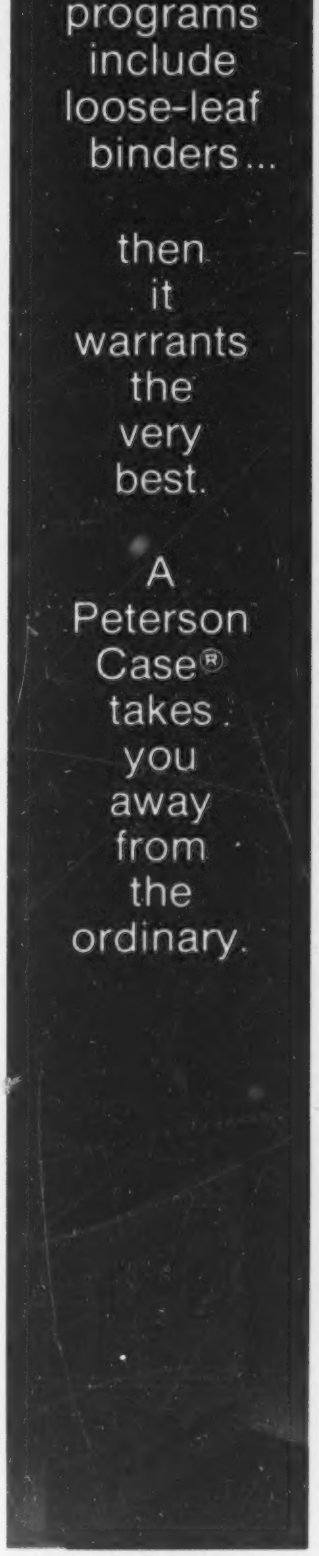

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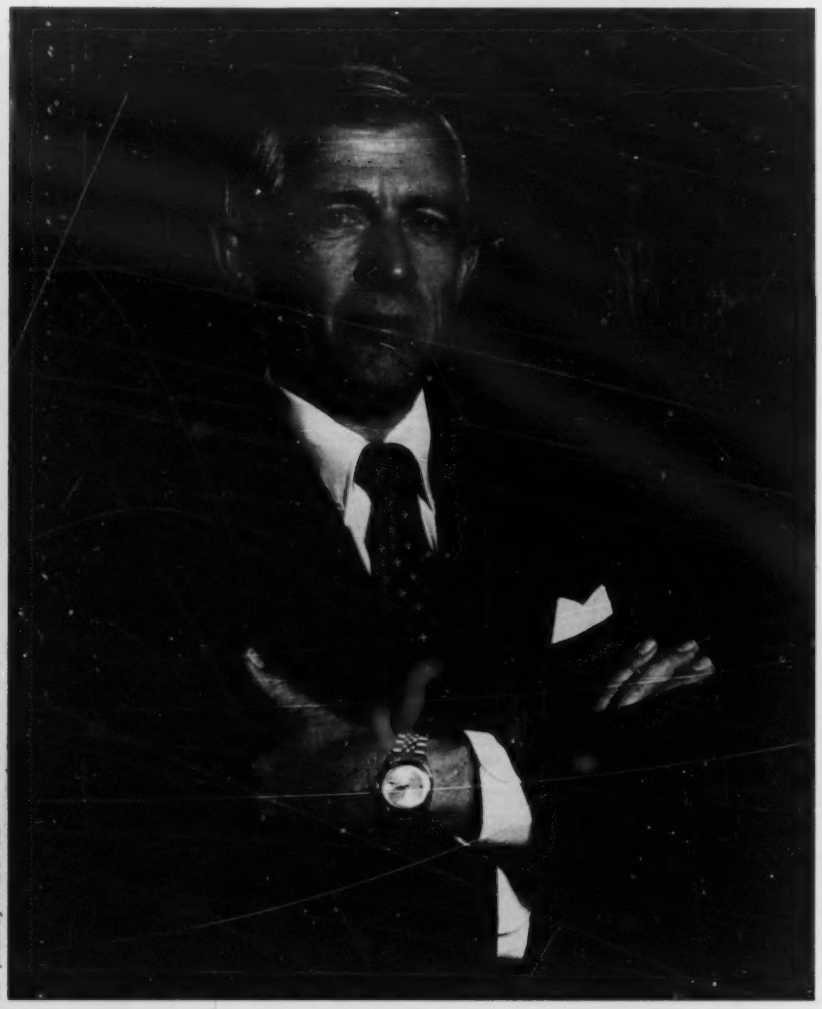
Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

J. Walter Tumult



Staff photo by Arnold Adler

Johnston's reign questioned after O'Donnell ousted

By STEWART ALTER

NEW YORK—The crisis confronting J. Walter Thompson Co. is bringing to the forefront questions about the leadership and financial management of parent JWT Group.

Ironically, the swiftness with which JWT Group chairman-ceo Don Johnston acted last week in putting down what he saw as an attempted palace coup, by dismissing his hand-picked successor Joseph O'Donnell and taking the ceo title, is focusing attention on Mr. Johnston's own management of the agency group.

The people are gone but the issues remain: Why does JWT seem to run into crises every few years? And why does it do such a poor job of making money?

These old questions suddenly seem new and critical, especially since the dramatic events have filled Wall Street with the scent of a highly undervalued public company in distress.

And the handling of the events raises the question of whether Mr. Johnston did not overreact and inadvertently put JWT into play.

JWT's dilemma underscores the paradox of public ownership of agencies. Is the agency's com-

(Continued on Page 74)

Don Johnston has assumed control of the J. Walter Thompson Co. agency after firing Joseph O'Donnell, a move that brought little cheer to Wall Street.

Johnston's crises—P. 74
O'Donnell profile—P. 75
JWT profit chart—P. 75

Y&R uses Ayer's theme as Army's new agency

By JANET MEYERS

WASHINGTON—Young & Rubicam, the U.S. Army's first new ad agency in 19 years, plans to retain the 7-year-old "Be all that you can be" theme created by N W Ayer, the agency that was fired from the account.

The winner of the controversy-riddled Army shootout isn't likely to give the Army's advertising a new look any time soon, said Louis DiJoseph, Y&R exec vp-group creative director. The Army campaign will undergo a "gradual evolution" into new executions, he explained.

The Army recruiting account "is too big a piece of business to change anything suddenly. It's very complex," Mr. DiJoseph said.

He should know. As Ayer's group creative director from 1979 to 1980, he selected the "Be all that you can be" line from 16 suggestions pinned to a wall at the agency's New York office. That line, he said, was written by former Ayer copywriter Earl Carter.

Mr. DiJoseph, who began his career with Y&R, returned to the agency in 1981.

The Army assignment, he said, is a "terrific challenge. It sounds corny, but you're asking somebody to give up a few years of their life, not trying to talk them into buying a box of soap flakes. It's serious, not trivial. Everybody working on the account feels it."

The account, at about $100 million, also is the largest single piece of an estimated $650 million in new business that Y&R has picked up in the past 13 months *(see chart on Page 73)*.

At Ayer, the mood is a mixture of anger, disappointment and relief. "The government has been playing footsie for their own purposes," said Ayer chairman Louis Hagopian. In his first interview since Thanksgiving, he charged the government with political maneuvering to oust his agency from the account.

"I'm relieved it's over," Mr. Hagopian said. "I'm delighted to be rid of them."

He said his bitterness stems from the Army's insistence on "going back to some old malarkey" in sus-

(Continued on Page 73)

Last Minute News

Fisher-Price debuts $150 camcorder

EAST AURORA, N.Y.—Fisher-Price is introducing a children's camcorder that records b&w images on standard audiocassettes instead of videocassettes and retails for less than $150, says *Crain's Chicago Business*, a sister publication of ADVERTISING AGE. F-P will unveil the PXL 2000 next week at the American International Toy Fair in New York *(see related story on Page 33)*. Units are expected in stores by early fall. J. Walter Thompson USA, Chicago, handles.

Bates wins $40 million Dole account

SAN FRANCISCO—Castle & Cooke has moved its $40 million Dole Food Co. account to Ted Bates Advertising/New York. Sister Saatchi agency William Esty Co. had held the account since last April.

Ogilvy profits drop 13.9% for quarter

NEW YORK—Ogilvy Group reports net income fell 13.9% to $12.3 million in the fourth quarter of 1986, though revenues were up 12.2% to $168.5 million. For the year, net income dropped 10.8% to $27 million, as revenues rose 14.2% to $560.1 million.

Grape ad spending increases by a bunch

FRESNO, CAL.—The California Table Grape Commission, expecting unusually large grape crops this year, will boost its ad and promo-

(Continued on Page 8)

Highlights

Y&R won't shoot down Ayer theme 1
Young & Rubicam, the U.S. Army's first new ad agency in 19 years, plans to retain the 7-year-old "Be all that you can be" theme created by N W Ayer, the agency fired from the account. The Army campaign will undergo a "gradual evolution" into new executions, said Louis DiJoseph, Y&R exec vp-group creative.

Juicy new market 3
The Food & Drug Administration's recent approval of aspartame for juices and related categories is likely to bring another spurt in ad spending, as a half-dozen major marketers plan new low-calorie drinks and frozen novelties using the noncaloric sweetener.

Airing condom ads 4
The nation's three leading condom marketers are racing to air tv spots as the number of stations willing to accept an anti-AIDS marketing approach increases daily.

Hormel unpacks microwave entrees 6
In a bold departure from its meat-packing base, Geo. A. Hormel & Co. is entering and expanding the microwave entree category. The Austin, Minn.-based company this week begins testing a line of shelf-stable microwave dinners under the Top Shelf name, which will pit it against package-foods giant General Foods.

Tv viewers play along 12
Mattel Inc. and its MTS Entertainment tv syndication arm hope to blast children's programing into a new era in September with new "interactive" toys and tv series. Along with Axlon Inc.'s MotoMonsters & the Tech Force, Mattel's Captain Power & the Soldiers of the Future may be this year's biggest innovations in the blossoming high-tech segment of the toy business. The syndicated tv shows allow viewers at home to play along.

DIRECT MARKETING

Food chains expand into direct mail 24
Rising costs for media advertising, coupled with the increasing media dominance by a handful of national competitors, are convincing many smaller restaurant chains to explore direct marketing. The shift is good news for Communicorp, a marketing agency specializing in direct mail for restaurants.

FEATURES

Fingerprints of a fine ad 41
Al Hampel, a longtime champion of print advertising who now heads Hampel Creative, a New York-based consultancy, rates some of this year's print ads. Gaining the reader's attention is really very simple, he says. All you have to do is make your ad as interesting as the editorial surrounding it.

INTERNATIONAL

Classifieds under Cuba's covers 46
In the second of his two-part series on marketing and commerce in Cuba, Advertising Age's Mexico City correspondent Stephen Downer reports Cuba will allow the reintroduction of classified advertising in at least one magazine within a few months.

A yen to stop ad sales tax 48
Some Japanese advertising industry leaders are urging changes in the government's proposed sales tax, fearing the new levy could cost the industry as much as $1 billion a year when it takes effect Jan. 1.

OTHER NEWS

Chrysler Corp. may have pulled out of the 14½-hour ABC miniseries "Amerika," but it could still have to pay the network as much as $6 million for the time it had ordered. Chrysler's announcement last week that it was withdrawing its support for the controversial "Amerika" has created an unusual and potentially explosive standoff between the nation's 22nd-largest advertiser and ABC. Page 3.

Some major toy marketers are proceeding with plans to introduce new action figures and fantasy dolls despite strong consumer interest in high-tech toys during the 1986 Christmas selling season. The industry's new-product strategies go on display next week at the 84th annual American International Toy Fair in New York. Page 33.

American Motors Corp. is adopting a comparative ad strategy as it tries to convince consumers to consider new, larger and more expensive Renault models. Its subcompact models squeezed by stiff competition, AMC is moving up to the compact segment with its new Medallion line and backing the model with an estimated $10 million media launch that begins March 1. Page 60.

Weyerhaeuser Co., the nation's leading supplier of private-label disposable diapers, is taking on Procter & Gamble and Kimberly-Clark with its first branded entry, First Choice diapers, priced 10% below the leaders. Page 78.

SPECIAL REPORT

The 12.5 million 18-to-24-year-olds in the collegiate market account for half of discretionary purchasing in the U.S. Many marketing strategists see collegiate advertising as a good investment because they predict that brand loyalty patterns will continue.

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Giveaway
Continental has ticket to notoriety

By BRIAN MORAN

New York—Continental Airlines expects last week's court-ordered grounding of an admittedly "preposterous" ticket giveaway promotion will still pay big consumer awareness dividends.

National media attention surrounded New York City's refusal to permit Continental to pass out as many as 1 million free tickets. But the media eye immediately lifted the profile of an alternative promotion hatched by Continental and its new sister carrier, Eastern Air Lines.

Following the collapse of the ticket giveaway stunt, Continental and Eastern within hours introduced MaxSavers, a joint fare-slashing program designed to undercut competitors' super-saver prices.

In their first joint marketing effort as members of Frank Lorenzo's Texas Air Corp. empire, Continental and Eastern until May 20 will promote fares to all domestic destinations at up to 40% less than super-saver fares.

The promotion also reduces the advance booking requirement for discounted tickets to two days, down from 30 days on competitors' super-saver tickets.

The Continental-Eastern move touches off a new round of industry fare wars.

American, United and Trans World Airlines said they would match the MaxSavers fares on competitive routes. Delta and Northwest said they were considering similar moves.

MaxSaver tickets will be nonrefundable, an industry first and a potential pitfall in the marketing plan.

Houston-based Continental breaks tv commercials today in the top 15 markets supporting the promotion. The spots show a super-saver ticket being ripped apart and continue the new "Up where you belong" ad theme from N W Ayer here.

Miami-based Eastern is promoting the fares with newspaper spreads themed "Cut out America" that feature a map of U.S. destinations.

Eastern also is running radio spots; no tv is planned. Campbell-Ewald, Warren, Michigan, handles.

Continental, which recently broke its first-ever corporate image tv commercials, calling attention to its Feb. 1 takeover of People Express Airlines and New York Air (AA, Jan. 19), wanted to celebrate the event with a ticket giveway Feb. 1 at Madison Square Garden. But city officials, citing safety problems with an expected crowd of at least 250,000, sued Continental.

When a judge ruled in favor of the city, Continental made an 11th-hour bid to the Meadowlands sports complex in New Jersey, site of a celebration last week for the Super Bowl champion New York Giants.

Meadowlands executives were willing to listen to the airline's idea but were not willing to give a quick enough "yes" to hold the event Feb. 1, according to Continental marketing services vp James O'Donnell.

Continental said it worked with the city for six weeks on logistics for security at the Garden. Mr. O'Donnell said the airline conducted time-and-motion studies

(Continued on Page 76)

West Coast News

Marineland goes belly up, leaving JWT out $2M

Los Angeles—J. Walter Thompson/West will lose $2 million in billings following the planned March 1 closing of Harcourt Brace Jovanovich's Marineland tourist attraction. The Palos Verdes Peninsula aquatic park anticipated it would lose $2 million this year unless it made $8 million in improvements.

Los Angeles—**James Spero**, a 16-year veteran of Doyle Dane Bernbach, will join Bozell, Jacobs, Kenyon & Eckhardt/Pacific as senior vp-media director, replacing Nelda Chambers, who is leaving the agency. Also leaving DDB is associate creative director Mas Yamashita, who will join Chiat/Day in a similar capacity. Mr. Yamashita succeeds Jeff Roll, who is moving to a senior creative position at Keye/Donna/Pearlstein, Los Angeles.

Encino, Cal.—**Arden-Mayfair** division Gelson's Markets hired Scott Lancaster Mills Atha, Los Angeles, as its first agency. The 30-year-old upscale supermarket chain with seven units will spend about $2 million annually. First ads are slated for March.

Los Angeles—**Merle Norman Cosmetics** named four agencies to compete against incumbent Della Femina, Travisano & Partners, New York, for its estimated $3 million-to-$5 million account. They are Asher/Gould, BBDO/West, Ogilvy & Mather and Ramey Communications. Presentations will be Feb. 11 to 13.

Los Alamitos, Cal.—**Button Industries**, licensor of Slim 'n Trim dairy products, is acquiring Glendale-based Johnston's Foods Co. from French owner Bonn Grain/Columbo. The acquisition will boost Slim 'n Trim's ad budget 30% to about $3 million. The Slim 'n Trim account, unassigned since Dec. 1, previously was handled by Keller-Crescent Co., Evansville, Ind.; Johnston's also is unassigned. The company is contacting agencies.

Hayward, Cal.—**Mervyn's**, a Dayton Hudson Corp. division, has narrowed the review for its $17 million broadcast account to Foote, Cone & Belding and Hal Riney & Partners, both San Francisco. Ads are currently in-house.#

Newspaper Advertising SAU Inches in the MRCS

November 1986 vs. November 1985

AKRON, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Beacon Journal (E)	118 169		113 313	
Beacon Journal (S)	107 253		76 225	
Grand Total	225 422		189 538	

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	190 661			
Call (S)	129 727			
Grand Total	320 388			

NOTE: Part run figures and 1985 figures not available.

ATLANTA, GA

Constitution (M)	152 267	14 796	176 435	16 329
Journal (E)	183 324	30 190	203 148	23 523
Journal & Constitution (Su)	150 334	174 174	174 315	48 331
Journal & Constitution (Sat)	56 941		57 396	
Grand Total	546 116	791 [illegible]	614 294	198 183

NOTE: Combined Morning and Journal Evening publication rate does not apply.

BALTIMORE, MD

Sun (M)	161 624	13 780	149 558	10 [illegible]
Sun (E)	197 329	28 [illegible]	181 [illegible]	2 [illegible]
Sun (S)	111 [illegible]	10 [illegible]	141 [illegible]	9 [illegible]
Grand Total	470 [illegible]	51 [illegible]	441 [illegible]	21 [illegible]

BERGEN COUNTY, NJ

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTE: [illegible] Part run figures not available.

BOSTON, MA

Herald (M)	108 763	3 [illegible]	86 864	1 [illegible]
Herald (S)	67 641	16 [illegible]	75 [illegible]	10 [illegible]
Globe (M)	240 [illegible]	35 [illegible]	264 [illegible]	30 [illegible]
Globe (S)	314 [illegible]	37 [illegible]	174 [illegible]	26 [illegible]
Grand Total	731 [illegible]	146 [illegible]	601 [illegible]	69 [illegible]

BUFFALO, NY

News (AD)	129 [illegible]	11 [illegible]	132 [illegible]	11 [illegible]
News (S)	100 [illegible]	14 [illegible]	74 [illegible]	10 [illegible]
Grand Total	230 [illegible]	26 [illegible]	207 [illegible]	21 [illegible]

CAMDEN, NJ

Courier-Post (E)	145 [illegible]	19 [illegible]	126 [illegible]	19 [illegible]
Courier-Post (S)	84 [illegible]	16 [illegible]	69 [illegible]	11 [illegible]
Grand Total	229 [illegible]	41 [illegible]	196 [illegible]	31 [illegible]

CHARLOTTE, NC

Observer (M)	149 945	10 [illegible]	141 [illegible]	16 [illegible]
Observer (S)	103 210	16 [illegible]	72 [illegible]	15 [illegible]
Grand Total	253 155	39 [illegible]	220 [illegible]	63 [illegible]

CHICAGO, IL

Sun-Times (M)	141 702	19 [illegible]	136 [illegible]	19 [illegible]
Sun-Times (S)	85 [illegible]	61 [illegible]	71 [illegible]	42 [illegible]
*Tribune (M)	145 [illegible]	288 [illegible]	150 [illegible]	271 [illegible]
*Tribune (S)	136 [illegible]	111 [illegible]	142 [illegible]	99 [illegible]
Grand Total	511 [illegible]	561 [illegible]	501 [illegible]	511 [illegible]

NOTE: *Tribune figures supplied by publisher to Media Records. 1986 figures represent advertising for 10/27/86 to 11/23/86.

CINCINNATI, OH

Enquirer (M)	195 365	17 869	202 670	8 047
Enquirer (S)	196 538	15 547	145 705	13 603
Post (E)	110 763	33 792	103 684	22 835
Grand Total	502 666	67 208	452 009	44 485

CLEVELAND, OH

Plain Dealer (M)	164 556	34 313	164 272	35 167
Plain Dealer (S)	157 570	18 852	121 042	6 526
Grand Total	322 126	53 165	285 314	41 693

DALLAS, TX

News (M)	314 698	12 613	342 649	10 953
News (S)	201 103	26 640	185 567	23 235
Times-Herald (AD)	242 830	30 518	289 380	21 461
Times-Herald (S)	158 117	29 920	143 439	21 589
Grand Total	916 748	99 691	961 035	77 238

DENVER, CO

Rocky Mt. News (M)	297 633	4 445	304 507	854
Rocky Mt. News (S)	136 318	564	114 538	558
Post (M)	207 910	19 705	216 006	5 211
Post (S)	162 383	1 643	135 971	2 737
Grand Total	804 244	26 357	771 022	9 360

DETROIT, MI

Free Press (M)	106 076	64 699	107 360	54 149
Free Press (S)	64 693	77 109	59 957	30 164
News (AD)	158 448	62 641	161 246	55 734
News (S)	126 256	68 535	96 729	48 613
Grand Total	455 473	272 984	425 292	188 660

ESCONDIDO, CA

Times Advocate (E)	170 [illegible]	5 444	——	——
Times Advocate (S)	7 [illegible]	——	——	——
Grand Total	178 581	5 444	——	——

NOTE: 1985 figures not available.

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	158 [illegible]	——	122 [illegible]	——
Sun-Sentinel (M)	312 [illegible]	——	313 [illegible]	——
Grand Total	471 [illegible]	——	440 [illegible]	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	89 [illegible]		86 [illegible]	
Journal Gazette (S)	165 [illegible]		69 [illegible]	
News Sentinel (E)	99 [illegible]		98 [illegible]	
Grand Total	354 [illegible]		254 [illegible]	

NOTE: Part run figures not available.

GREENWICH STAMFORD, CT

Time (E)	90 [illegible]	2 [illegible]	88 [illegible]	2 [illegible]
Time (Su)	95 [illegible]	369	72 [illegible]	——
Advocate (E)	172 [illegible]	20 [illegible]	176 [illegible]	3 [illegible]
Advo (Su)	90 [illegible]	177	75 [illegible]	——
Grand Total	380 [illegible]	21 [illegible]	367 [illegible]	11 [illegible]

HARTFORD, CT

Courant (M)	179 [illegible]	21 [illegible]	133 [illegible]	22 [illegible]
Courant (S)	114 [illegible]	164 [illegible]	83 [illegible]	141 [illegible]
Grand Total	293 [illegible]	185 [illegible]	216 [illegible]	163 [illegible]

HONOLULU, HI

Advertiser (M)	112 [illegible]		130 [illegible]	
Star-Bulletin (E)	97 [illegible]		53 [illegible]	
Star-Bulletin (Sa)				
Advertiser (Su)	100 [illegible]		80 [illegible]	
Grand Total	309 [illegible]		263 [illegible]	

HOUSTON, TX

Chronicle (AD)	199 [illegible]	37 [illegible]	202 [illegible]	33 [illegible]
Chronicle (S)	134 [illegible]	69 [illegible]	137 [illegible]	41 [illegible]
Post (M)	197 [illegible]	31 [illegible]	192 [illegible]	46 [illegible]
Post (S)	107 [illegible]	34 [illegible]	80 [illegible]	34 [illegible]
Grand Total	610 [illegible]	122 [illegible]	611 [illegible]	154 [illegible]

LONG BEACH, CA

Press Telegram (M)	120 [illegible]	55 [illegible]	126 [illegible]	
Press Telegram (S)	80 [illegible]	4 [illegible]	59 [illegible]	
Grand Total	200 [illegible]	59 [illegible]	186 [illegible]	

NOTE: 1985 Part run figures not available.

LONG ISLAND, NY

Newsday (E)	130 [illegible]	130 [illegible]	142 [illegible]	27 [illegible]
Newsday (S)	124 [illegible]	173 [illegible]	110 [illegible]	107 [illegible]
Grand Total	254 [illegible]	304 [illegible]	253 [illegible]	135 [illegible]

LOS ANGELES, CA

Times (M)	329 [illegible]	325 [illegible]	331 [illegible]	332 [illegible]
Times (S)	214 [illegible]	138 [illegible]	178 [illegible]	108 [illegible]
Herald Examiner (M)	71 617	12 [illegible]	86 [illegible]	12 [illegible]
Herald Examiner (S)	19 870	10 [illegible]	14 [illegible]	6 [illegible]
Grand Total	626 [illegible]	478 [illegible]	611 [illegible]	471 [illegible]

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	148 800	53 [illegible]	217 [illegible]	35 [illegible]
News (S)	113 898	3 [illegible]	91 504	2 [illegible]
Grand Total	312 698	57 [illegible]	329 313	37 [illegible]

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	264 655	——	242 432	——
Grand Total	264 655	——	242 432	——

NOTE: Figures supplied by publisher to Media Records.

*LOUISVILLE, KY

Courier-Journal (M)	117 210	71 685	122 961	78 989
Courier-Journal (S)	82 849	117 038	74 583	68 863
Times (E)	88 487	62 050	107 317	68 681
Grand Total	288 546	250 773	304 859	216 533

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	156 298	137 298	159 060	122 298
Commercial Appeal (S)	137 457	16 566	95 987	12 197
Grand Total	293 755	153 774	255 047	134 495

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	186 446	——	205 308	——
Herald (S)	148 177	——	111 179	——
News (E)	65 848	——	73 096	——
Grand Total	400 471	——	389 583	——

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	123 068	28 928	130 953	22 324
Star & Tribune (S)	181 690	13 035	145 875	4 092
Star & Tribune (Sat)	30 245	——	26 446	——
Grand Total	335 003	41 963	303 274	26 416

*NASHVILLE, TN

Banner (E)	132 681		113 [illegible]	
Tennessean (M)	133 [illegible]		106 [illegible]	
Tennessean (S)	133 [illegible]		91 [illegible]	
Grand Total	400 [illegible]		311 [illegible]	

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	103 [illegible]	5 [illegible]	108 [illegible]	179
Home News (S)	106 [illegible]	13 [illegible]	83 [illegible]	1 [illegible]
Grand Total	209 [illegible]	18 [illegible]	191 [illegible]	2 [illegible]

NEW YORK, NY

Times (M)	167 [illegible]	15 [illegible]	190 [illegible]	17 [illegible]
Times (S)	194 [illegible]	164 [illegible]	176 [illegible]	137 [illegible]
News (M)	63 [illegible]	109 [illegible]	69 [illegible]	111 [illegible]
News (S)	56 [illegible]	140 [illegible]	33 [illegible]	167 [illegible]
Post (AD)	47 [illegible]	1 [illegible]	47 [illegible]	1 [illegible]
Grand Total	632 [illegible]	430 [illegible]	543 [illegible]	433 [illegible]

NEWARK, NJ

Star-Ledger (M)	319 [illegible]	6 [illegible]	195 [illegible]	5 [illegible]
Star-Ledger (S)	154 [illegible]	38 [illegible]	140 [illegible]	31 [illegible]
Grand Total	473 [illegible]	44 [illegible]	335 [illegible]	36 [illegible]

OAKLAND, CA

Tribune (M)	96 [illegible]	36 [illegible]	101 [illegible]	33 [illegible]
Tribune (S)	49 [illegible]	63 [illegible]	33 [illegible]	36 [illegible]
Grand Total	145 [illegible]	100 [illegible]	134 [illegible]	69 [illegible]

OCEANSIDE, CA
SAN DIEGO COASTAL NORTH COUNTY

Blade Tribune (E)	111 [illegible]	6 [illegible]	105 [illegible]	5 [illegible]
Blade Tribune (S)	65 [illegible]		41 [illegible]	
Grand Total	176 [illegible]	6 [illegible]	146 [illegible]	5 [illegible]

NOTE: Blade Tribune combined publication rate does not apply.

ORANGE COUNTY, CA

Reg (M-AD)	329 [illegible]	111 [illegible]	341 [illegible]	86 [illegible]
Reg (S)	187 [illegible]	30 [illegible]	139 [illegible]	3 [illegible]
Grand Total	516 [illegible]	118 [illegible]	386 [illegible]	89 [illegible]

PHILADELPHIA, PA

Inquirer (M)	179 [illegible]	46 [illegible]	190 [illegible]	50 [illegible]
Inquirer (S)	154 [illegible]	98 [illegible]	148 [illegible]	79 [illegible]
News (E)	95 [illegible]	3 [illegible]	102 [illegible]	1 [illegible]
Grand Total	863 [illegible]	198 [illegible]	448 [illegible]	131 [illegible]

*PHOENIX, AZ

Arizona Republic (M)	321 364	17 [illegible]	293 [illegible]	29 [illegible]
Arizona Republic (Su)	156 [illegible]		159 [illegible]	
Gazette (E)	200 [illegible]	17 [illegible]	214 [illegible]	29 [illegible]
Grand Total	678 [illegible]	25 [illegible]	644 [illegible]	58 [illegible]

NOTE: Figures supplied by publisher to Media Records.

*RIVERSIDE, CA

Press Enterprise (M & S)	312 [illegible]	21 [illegible]	294 [illegible]	19 [illegible]
Grand Total	312 [illegible]	21 [illegible]	294 [illegible]	19 [illegible]

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	135 [illegible]	44 [illegible]	131 [illegible]	36 [illegible]
Post Dispatch (S)	179 [illegible]	1 [illegible]	134 [illegible]	
Grand Total	314 [illegible]	45 [illegible]	265 [illegible]	36 [illegible]

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	105 [illegible]		113 [illegible]	
Pioneer Press Dispatch (S)	148 [illegible]		107 [illegible]	
Grand Total	254 [illegible]	——	221 [illegible]	

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	124 770	46 008	161 051	35 284
Express-News (S)	97 835	55 518	84 720	40 081
Express-News (Sat)	40 541	——	50 736	
Light (AD)	144 144	27 435	152 201	42 649
Light (S)	122 553	15 195	86 594	21 906
Light (Sat)	33 967	2 234	42 990	627
Grand Total	563 910	146 390	578 292	150 547

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	223 307	56 527	253 687	34 696
Union (S)	167 036	——	129 222	——
Tribune (E)	225 933	53 030	258 711	34 846
Grand Total	616 276	109 557	641 670	69 542

SAN FRANCISCO, CA

Chronicle (M)	136 338	95 001	152 429	90 499
Examiner & Chronicle (S)	98 038	62 127	83 810	44 050
Grand Total	234 376	157 128	236 239	134 549

SAN JOSE, CA

Mercury News (AD)	302 618	19 929	327 455	32 696
Mercury News (S)	201 588	——	158 722	——
Grand Total	504 206	19 929	486 177	32 696

SHREVEPORT, LA

Journal (E)	101 [illegible]	4 [illegible]	93 [illegible]	3 [illegible]
Times (M)	113 [illegible]	16 [illegible]	107 [illegible]	19 [illegible]
Times (S)	80 [illegible]	25 [illegible]	77 [illegible]	19 [illegible]
Grand Total	296 [illegible]	53 [illegible]	283 [illegible]	39 [illegible]

*STATE COLLEGE, PA

Centre Times (E)	87 668	5 [illegible]	94 [illegible]	8 [illegible]
Centre Times (Su)	59 [illegible]	1 [illegible]	32 [illegible]	1 [illegible]
Grand Total	147 [illegible]	6 [illegible]	126 [illegible]	10 [illegible]

NOTE: Figures supplied by publisher to Media Records.

SYRACUSE, NY

Herald Journal (E)	85 [illegible]	10 [illegible]	100 [illegible]	5 [illegible]
Herald American (S)	69 [illegible]	10 [illegible]	71 [illegible]	11 [illegible]
Post Standard (M)	89 [illegible]	10 [illegible]	80 [illegible]	3 [illegible]
Grand Total	244 [illegible]	30 [illegible]	251 [illegible]	19 [illegible]

*TAMPA, FL

Tribune (AD&S)	183 [illegible]	177 [illegible]	196 [illegible]	90 [illegible]
Grand Total	183 [illegible]	177 [illegible]	196 [illegible]	90 [illegible]

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (M)	108 [illegible]		110 [illegible]	
Blade (S)	77 [illegible]		102 [illegible]	
Grand Total	185 [illegible]		212 [illegible]	

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	197 [illegible]	36 [illegible]	204 [illegible]	37 [illegible]
Post (S)	138 [illegible]	34 [illegible]	99 [illegible]	37 [illegible]
Grand Total	335 [illegible]	70 [illegible]	303 [illegible]	74 [illegible]

WASHINGTON, DC SUBURBAN GROUP

Journal Newspapers (M)	71 [illegible]	7 [illegible]	75 [illegible]	5 [illegible]
Montgomery Journal (M)	70 [illegible]	7 [illegible]	66 [illegible]	7 [illegible]
Gazette Newspapers (M)	76 [illegible]	1 [illegible]	66 [illegible]	1 [illegible]
Montgomery Journal (M)	73 [illegible]	24 [illegible]	66 [illegible]	3 [illegible]
Gazette Newspapers (M)	90 [illegible]	1 [illegible]	72 [illegible]	1 [illegible]
Arlington Journal (M)	40 [illegible]		32 [illegible]	2 [illegible]
Grand Total	420 [illegible]	41 [illegible]	381 [illegible]	19 [illegible]

NOTE: Abbreviations: Journal Newspapers (Montgomery Journal, Montgomery Journal Potomac Edition, Montgomery Journal Bethesda Edition); Gazette Newspapers (Montgomery Gazette, Montgomery Gazette Potomac Edition, Montgomery Gazette Bethesda Edition). Part run figures were only published in Montgomery Journal and Montgomery Gazette.

WESTCHESTER/ROCKLAND, NY

Reporter Dispatch (M)	96 [illegible]	26 [illegible]	106 [illegible]	9 [illegible]
Reporter Dispatch (S)	117 [illegible]	61 [illegible]	96 [illegible]	14 [illegible]
Grand Total	213 [illegible]	87 [illegible]	196 [illegible]	23 [illegible]

WICHITA, KS

Eagle Beacon (M)	131 [illegible]		136 [illegible]	
Eagle Beacon (S)	107 [illegible]		78 [illegible]	
Grand Total	238 [illegible]		214 [illegible]	

NOTE: Part run figures not available.

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service, total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

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Illustration by David Krank

Bonuses out, ads back in as Cuban economy worsens

By STEPHEN DOWNER

Editor's note: In the second of his two reports on marketing and commerce in Cuba, Advertising Age *Mexico City correspondent Stephen Downer examines the state of the Cuban consumer economy.*

Havana—Cuba will allow the reintroduction of classified advertising in at least one magazine within a few months, according to the Cuban Journalists' Union.

"There will be a magazine with classified ads, but there will be much greater control over it than before," said union president Julio Garcia.

Mr. Garcia said classified advertising will reappear in general-interest magazine *Opina*, which printed the ads for several years before the government outlawed them a year ago.

"People were using them to promote illegal businesses," said Mr. Garcia.

Another magazine, *Tribuna*, published classified ads for several months before the government clamp-down.

The projected lifting of the ban is an indication that Marxist-dominated Cuba's experiment with capitalist practices is not entirely finished as it struggles to overcome its economic crisis. But whatever steps it takes in that direction apparently will be small.

In a speech closing the third Cuban Communist Party Congress in early December, President Fidel Castro explained why the party had abandoned capitalist-style bonus systems in factories, despite the need for greater efficiency.

"Our man disguised as a capitalist produced whatever he felt like," said Mr. Castro. "He didn't care about quality. . .companies began to sell at high prices, to overcharge in order to turn a profit by year's end."

Mr. Castro argued: "A Communist consciousness and spirit, a revolutionary vocation and willingness were, are and always will be a thousand times more powerful than money."

The morning after the speech, Channel 6, one of two national tv networks, presented a discussion between a government official and a journalist on the merits of a small piece of Cuban-produced cable.

"The quality leaves a lot to be desired," the government official said. "This is something that could be exported. But how can you export it when it looks like this," he complained, referring to the plastic wrapping.

Mr. Castro said Cuba experienced a 40% decline in foreign earnings in 1986 because of one of the worst droughts of the century, a drop in the price of oil Cuba gets from the Soviet Union and the high price of imports from the West, sparked by a decline in the value of the U.S. dollar.

"Serious difficulties have been created," Mr. Castro said, adding that imports from countries such as Canada, Japan and Spain, Cuba's main Western trading partners, would be reduced from $1.2 billion in 1986 to $600 million in 1987.

Jose Luis Rodriguez, deputy director of the Cuban World Economic Study Center, said productivity is not a problem in Cuba. "The problem is international prices for raw materials and agricultural products," he said.

In 1974, he said, sugar was sold on the open market for 29¢ a pound. In 1985, the price was 4¢ a pound. "In 1981," he said, "Cuba earned $866 million from sugar sales on the open market. In 1985 it earned $171 million."

Mr. Rodriguez said Cuba would try to ride out the crisis by eliminating purchases of new technology and making better use of existing resources,

(Continued on Page 48)

Spirited debate

Tariffs threaten $30M in advertising

An Advertising Age roundup

The Reagan administration's plan to impose 200% tariffs on $400 million in goods imported from Common Market countries could devastate some distilled spirit and wine importers, imperil more than $30 million in advertising and force a trade war, observers warn.

Among European products targeted are French brandy and cognac (a $165 million category in the U.S.) and English gin ($72 million).

The tariff is in retaliation for U.S. grain sales lost when Portugal and Spain joined the European Community (EC), thereby adopting the group's higher import duties.

Industry officials say a 200% duty on imported brandy, cognac and gin would sharply reduce U.S. marketing of those products, which represent about $30 million to $35 million in advertising annually.

"If I'm going to lose 50% of my sales, which is not inconceivable, I'm certainly not going to continue spending $7 million a year on advertising," said Richard Shriner, senior vp-marketing for Kobrand, New York, marketer of Beefeater gin.

Kobrand's Beefeater and Tanqueray, which is marketed by Distillers Somerset, New York, are the leading imported gins in the U.S. Tanqueray depleted 1.17 million cases in 1985; Beefeater depleted 1.12 million. AC&R, New York, handles Beefeater; Smith/Greenland, New York, handles Tanqueray.

Mr. Shriner says the tariff would almost double gin's retail price, pushing the price of a bottle of Beefeater to $18.75 from about $10.50. That could cost James Burrough PLC, London, which makes Beefeater gin, as much as two-thirds, or $10 million, of U.S. sales.

Marketers say the lower retail prices would give Soviet imports a marketing edge. "If someone goes into the store and is looking for a prestigious drink and has the choice between Russian vodka at $11 or an English gin at $18, what are they going to go for?" said Don Gregory, Burrough's export director. Bartle Bogle Hegarty, London, handles Beefeater.

Villa Banfi, which makes Riunite Lambrusco, stands to lose much of its $96 million in U.S. white wine imports. Managing director Izio Rivella said the company "will have to work very hard to maintain our position in the U.S. market."

The Cognac Information Bureau, New York, estimated the average 750ml bottle of French cognac would jump from $18 to $38, causing sales to drop as much as 80%.

The brunt of the trade issue falls on six U.S. companies, "which is grossly unfair to us," Kobrand's Mr. Shriner said.

Besides gin marketers Kobrand and Distillers Somerset, they are cognac sellers Remy Martin, New York; W.A. Taylor & Co. (Courvoisier), Miami; Schieffelin & Co. (Hennessy), New York, and J. & F. Martell, New York.

The U.S. is the No. 1 overseas market for French cognac.

"The idea of building the brand through advertising and public relations would be too expensive," said Evan Galbraith, chairman of Moet-Hennessy U.S. "It would end the market in the U.S."

He predicted an all-out trade war if the controversy is not resolved. The EC already has proposed increasing the duty on U.S. corn gluten and rice, which affects about $402 million in U.S. exports, an EC spokeswoman said.

Sources in Washington say the U.S. has prepared a "hit list" of European imports, targeting German autos and Scotch whisky, for higher import duties.

As of last week, the EC and the Reagan administration had only agreed that they had to reach a settlement of the issues by Jan. 30. Whether that meant agreeing to a trade war or agreeing to drop all "unreasonable" tariffs remained to be seen.

Contributing to this story were Julie Franz, Chicago; Michelle McCarter, Rome; Sean Milmo, London; Claire Wilson, Paris, and Patricia Winters, New York.

World News Roundup

(Continued from Page 3)

similar move in the U.K.

London—Blue Bell Inc. moved its $1.5 million Wrangler jeans account to BBDO from Collett Dickenson Pearce.

Moscow—Verlag Aenne Burda German publishing house will launch a Russian edition of its *Burda Moden* fashion magazine March 3.

London—Elizabeth Arden picked Ted Bates Ltd. for its $1.5 million U.K. account. Simon Hall Associates Ltd. previously handled.

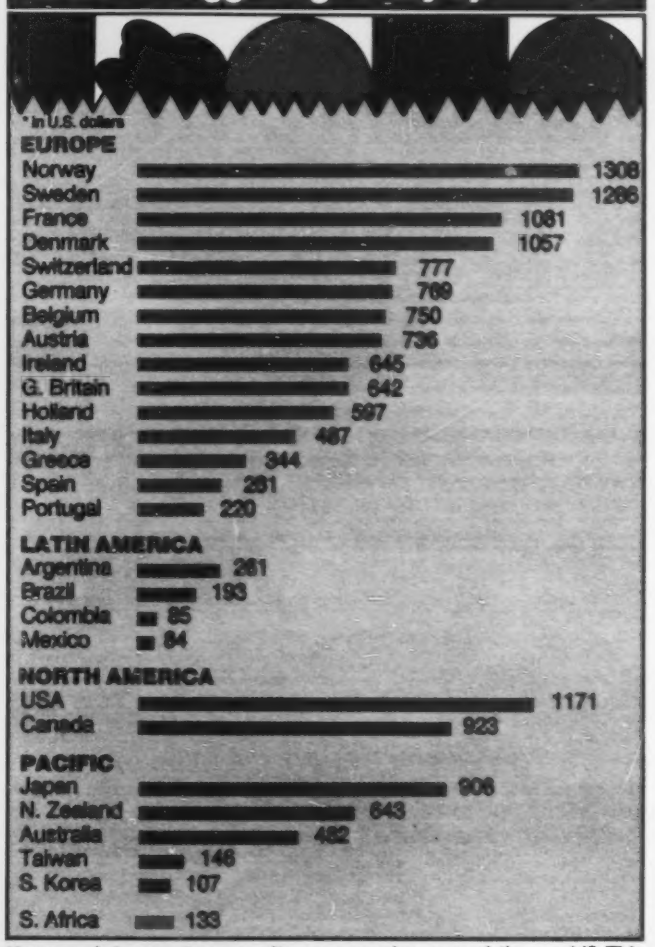
Frankfurt—McCain Foods Ltd. moved its estimated $1.1 million Complete Dinner frozen food account to TBWA from former agency Saatchi & Saatchi Compton.

Mexico City—Bacardi y Compania moved its estimated $500,000 prepared cocktails account to J. Walter Thompson Co. from Noble & Asociados.

Tokyo—Fuji Photo Film Co. launched a new print campaign, via Dentsu, featuring Julian Lennon.

Agency acquisitions and openings: **Feldman, Calleux, Associes**, Paris, acquired a minority share of El Viso, Madrid. . .**Ayer Barker**, London, acquired Chuter Morgenthau Partnership, London. . .**Alliance International**, Brussels, bought HVR Advertising, Amsterdam, and is merging ASL and Lane Advertising & Marketing, both of London.

World's biggest grocery spenders



How much is spent per capita on groceries around the world? This chart gives figures, in U.S. dollars, for 27 countries in Europe, Latin America, North America, South Africa and the Pacific. The information represents calendar year 1984, the latest year for which figures were available. Source: A.C. Nielsen Co.

NEWSPAPER

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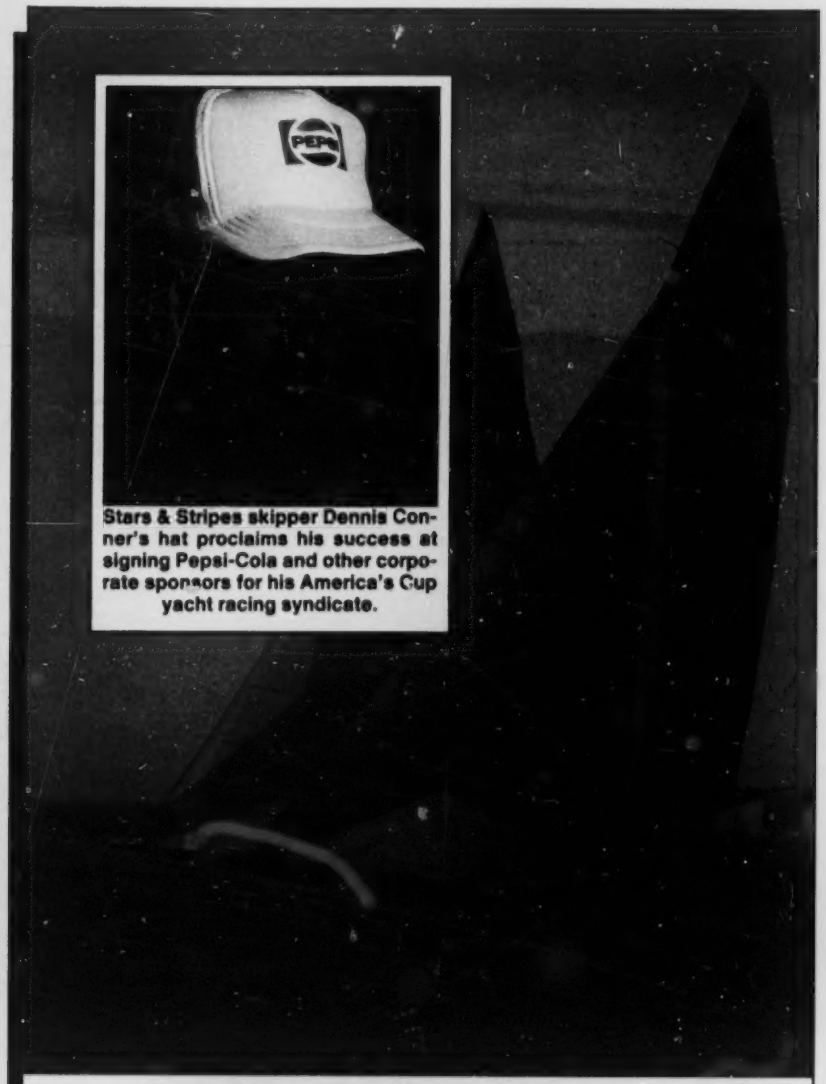


Stars & Stripes skipper Dennis Conner's hat proclaims his success at signing Pepsi-Cola and other corporate sponsors for his America's Cup yacht racing syndicate.

Sell on

Conner says g'day to Philip Morris, Pepsi

By ROBERT RAISSMAN

The America's Cup may be safely tucked away in the San Diego Yacht Club, but the race to enlist new corporate sponsors for both the yacht, Stars & Stripes, and its skipper, Dennis Conner, continues at a breakneck pace.

Representatives of the San Diego Yacht Club's Sail America syndicate, with Mr. Conner himself making the corporate contacts, have received $10 million in new commitments from sponsors.

The money will be used to pay off debt from the current Stars & Stripes campaign and to finance the defense of the cup in 1990 or 1991.

Mr. Conner last week avenged his historic 1983 loss to Australia by skippering Stars & Stripes to a 4-0 sweep of Kookaburra III in Freemantle, Australia, to regain the cup.

He thus became the first American ever to win, lose and then regain the yachting championship. (Mr. Conner first won the America's Cup in 1980 as skipper of Freedom, then lost the title in 1983 with Liberty.)

Sources said Philip Morris USA is

(Continued on Page 72)

Competitors face Big Mac promo attack

By SCOTT HUME and PATRICIA WINTERS

McDonald's Corp., the nation's No. 1 fast-food chain, is preparing a nationwide promotional-marketing event, and this time Big Mac is upping the ante.

A scratch-card game involving up to $65 million in prizes—including free food and cash—and tied to Parker Brothers' popular board game Monopoly reportedly will be launched April 3, according to industry sources.

As with its previous games, prizes include free food—$20 million worth, say these sources. But McDonald's plans to give away anywhere from $30 million to $45 million in cash during the six-to-eight-week promotion, according to source estimates.

TV advertising support, from Leo Burnett USA, Chicago, could top $25 million.

Simon Marketing, Los Angeles, and Frankel & Co., Chicago, are coordinating creation of the promotion.

Oak Brook, Ill.-based McDonald's, which recently announced global sales of more than $12 billion for 1986, declined to confirm the promotional plans.

That kind of massive national marketing effort, anchored by heavy network TV buys, runs counter to a shift toward local marketing and promotion many chains are making to combat flat sales and increased competition.

While declining to discuss its local/national marketing spending strategy, Burger King Corp. President Charles Olcott said in a

(Continued on Page 74)

Miller in huge buy for '88 Olympics

By VERNE GAY

New York—Miller Brewing Co. is close to signing a spectacular multimillion-dollar 1988 Olympics advertising deal with NBC-TV and ABC-TV.

The huge deal, believed to be worth more than $25 million on NBC alone, represents the largest advertising commitment to date for the 1988 Summer Olympics in Seoul, South Korea, and the 1988 Winter Olympics in Calgary, Alberta.

NBC, which will telecast the Summer Games beginning September 1988, has reportedly sold up to 50% of all inventory to a number of other major advertisers, including Eastman Kodak Co., Coca-Cola and Federal Express Corp.

As part of the Summer Olympics deal, Miller also becomes NBC's exclusive beer sponsor on its Saturday Major League Baseball broadcasts for the next three years.

The Milwaukee-based brewery has also agreed to what amounts to one of the most unusual media deals of the decade with ABC. According to sources, the Winter Olympics package also includes a three-year partial beer sponsorship of ABC's "Monday Night Football." That deal, however, is contingent on ABC re-signing with the National Football League for the games.

The current NFL network TV contracts have expired, and negotiations on a new broadcast package begin this month. The Miller deal could have a major impact on the outcome of those talks.

Sources said the Miller deals do not amount to a preemptive strike against archrival Anheuser-Busch. Both brewers have shared "MNF" for several years. A-B probably will agree to a continuation of the beer category split on "MNF" and is expected to pick up the other half of the beer category on the Summer Olympics.

Miller's NBC deal will apparently be for one-half of the total Summer Olympics beer sponsorship.

Details on rates paid by Miller remain scant, although industry observers said the brewer secured lower-than-average rates on

(Continued on Page 74)

Last Minute News

VW enters 'Amerika'

Troy, Mich.—Volkswagen U.S. has purchased "at a lucrative discount" 12 30-second units in ABC-TV's controversial miniseries, "Amerika." The time previously was held by Chrysler, which on Jan. 27 pulled 37 units, worth more than $5 million, from the program. ABC could lose as much as $3 million on "re-expressing" Chrysler's "Amerika" time in other programming. Chrysler now will pay the ABC per-unit rate for the new shows, which will generally be less than the $142,000 ABC sources say Chrysler paid for "Amerika." Any advertiser transferring into "Amerika" from another ABC show will still pay

(Continued on Page 8)

Highlights

McDonald's lands on Boardwalk 1
McDonald's Corp., the nation's No. 1 fast-food chain, is preparing another of its nationwide promotional-marketing events, according to industry sources. A scratch-card game tied to Parker Brothers' board game Monopoly reportedly will begin April 3.

GF's regional pitch 3
General Foods Corp. is taking its first major step toward localized marketing through a test program in Denver. The regional operation will coordinate local advertising, promotion, trade liaisons and product tie-ins, said Philip Smith, GF president-ceo.

On Ehrlich's wings 6
The architect of Trans World Airlines' plan to shift airplanes on its major routes has helped fuel a dramatic financial turnaround in TWA's domestic-route system. Morton Ehrlich, TWA exec VP-planning and government affairs, last summer shifted airplanes to transcontinental routes from trans-Atlantic routes and this winter rerouted the planes to Florida and the Caribbean.

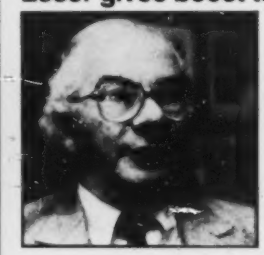
P&G smells opportunity 4
Observers who watch Procter & Gamble Co. to see where other consumer-goods marketers will be moving should note that the marketer soon will introduce an unscented version of its Liquid Tide laundry detergent. P&G has been offering an increasing number of unscented versions of its flagship products.

Cereals soak older market 22
Ready-to-eat cereal makers are shifting their new-product focus and advertising dollars to teens and adults, who are not inclined to eat breakfast with cartoon characters.

Fighting Florida ad tax 51
The president of a Florida ad agency minced no words last week telling a state commission what Florida's proposed 5% tax on advertising would do to his seven-employe, $1.6 million shop. "This tax is going to kill us," said Robert Pace III, president of Burdette Advertising, Fort Myers.

FEATURES

Leser gives boost to Conde Nast 44



In his 27 years at Conde Nast Publications, Australian Bernard Leser has founded two foreign editions of *Vogue*, set up the company's Australian publishing operation and reorganized the U.K. unit. He is known for introducing successful new publications and spotting a winning element in a struggling magazine. In March, he moves to New York as Conde Nast president.

INTERNATIONAL

Client needs spawn legal assistance 48
In a world full of megamergers, deregulation and global advertising, legal questions are becoming increasingly common, and lawyers employed by advertisers, agencies and law firms are expected to keep up.

Philippines lays down law 60
The approval of a new constitution last week in the Philippines will force J. Walter Thompson Co. and McCann-Erickson Worldwide, now owning 100% of their Manila offices, to reduce their equity to 30%.

OTHER NEWS

Colgate-Palmolive has shifted the major new-product focus of its domestic company out of the traditional operating unit to a separate group under Cyrill Siewert, VP-new business development and planning. Page 12.

"The Cosby Show," already one of the most successful shows in the history of TV syndication, intends to become one of most expensive barter programs for advertisers as well. Page 61.

One feels a certain heart tug for the folks at Ketchum Advertising in San Francisco. Here they have a modest industry-association client that suddenly burgeons into a $30 million account, and the product has to be red meat. If Ketchum doesn't somehow turn beef's image around, you can be sure the steer barons will exact their pound of flesh. Page 63.

Zale Corp. unveils its first advertising under new ownership in a Valentine's Day effort for its Zales Jewelers division. A 30-second network TV spot showing a romantic couple playing a word game will run Feb. 11 to 13. The $2.3 million effort, via the Bloom agency, includes network radio, spot TV and newspaper ads. Page 69.

The black boycott of Revlon products has the beauty marketer scrambling on the public relations front. The boycott campaign, promoted by the Rev. Jesse Jackson's Operation PUSH, has disrupted "business as usual" at Revlon Group, if not actual sales. Page 71.

SPECIAL REPORT

The jump in household income, not the rate of population growth, is the most surprising fact about the hispanic market. Hispanic marketers and media want to erase the stereotype of the impoverished hispanic from the mind of corporate America.

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JWT alarms Wall Street with losses

By STEWART ALTER

JWT Group last week said it will post a $5 million-plus fourth-quarter 1986 loss, which Wall Street analysts are calling "serious" and "scary."

These analysts, who point out that the fourth quarter traditionally is a profitable one for ad agencies, left unimpressed from their first meeting with JWT Group Chairman-ceo Don Johnston since he ousted Joseph O'Donnell from JWT (AA, Feb. 2).

Agency execs discuss public vs. private. See Page 70.
Do JWT's problems make mega-mergers look good? See Page 48.

According to reports of the meeting, Mr. Johnston read from a prepared text and disclosed two previously unreported facts about the fateful Jan. 20 meeting at which Mr. O'Donnell, who held the title of chairman-ceo at J. Walter Thompson Co., first presented his proposals to restructure JWT Group and have Mr. Johnston step down as JWT Group ceo.

First, it was Mr. O'Donnell who requested the presence of JWT General Counsel Stephen Salorio and, second, ousted JWT President-Chief Operating Officer John Peters also was at the meeting.

Although seemingly minor, the fact that Messrs. Salorio and Peters were present tends to support a growing belief that Mr. O'Donnell

(Continued on Page 73)

Saatchi shares rebound

By LAUREL WENTZ

LONDON—Saatchi & Saatchi Co.'s stock price is recovering from the turmoil surrounding last year's acquisition of Ted Bates Worldwide.

In the past month, the stock price here has soared by 17% and market analysts expect the climb to continue.

U.S. buyers are accounting for a large share of the increased demand for the group's stock, analysts said.

"There is serious buying of [Saatchi] shares because they are fundamentally undervalued," said Mark Shepperd, an advertising industry analyst at Philips & Drew, Saatchi's stockbroker here.

"I think there was a certain amount of hysterical reaction to the bad press the company received last summer and autumn when it was in the process of losing some accounts at Bates to client conflict, and the share price reacted downward," he added. "When you don't get

(Continued on Page 73)

Gibbons exits DDB Needham

SAN FRANCISCO—Jerry L. Gibbons, president of DDB Needham Worldwide's office here, has resigned, citing philosophical differences with management. "We are operating under different mandates, and I feel it is best for me to look for a change," Mr. Gibbons said in a statement.

When asked to elaborate, he mentioned "bottom-line pressures" and "more involvement out of L.A.," as reasons for his departure. Senior VP-Director of Account Service Roger Lavery will take on Mr. Gibbons' responsibilities as exec VP-general manager. Mr. Lavery joined the office here in 1984 after four years in Los Angeles.

* * *

California, Los Angeles, is searching for a successor to Editor Harold Hayes, who left following differences with owner Alan Bennett over the publication's direction. Publisher Perry Grayson said Mr. Bennett wishes to broaden *California's* appeal by expanding editorial coverage beyond the arts. Mr. Hayes, an *Esquire* editor from 1963 to 1973, is researching a book in Africa.

Dayton Hudson Corp.'s Mervyn's division, San Francisco, selected Foote, Cone & Belding to handle its $17 million account previously in-house. Hal Riney & Partners also competed.

Mojo MDA-Allen & Dorward by midyear will open a Los Angeles office with the Australia Tourist Commission and Victoria Tourist Commission accounts as its pegs. The Sydney-based agency, which acquired San Francisco-based Allen & Dorward in November (AA, Nov. 17), is looking to acquire a New York shop by year end.

Doremus Porter Novelli, San Francisco, has acquired Russom & Co., a $1.3 million public relations shop, following the Feb. 2 death of President Jerry Russom. Doremus Porter Novelli is the new name.

West Coast News

Special Report

Steve Musgrave

Buying power bursts poverty-stricken image

By Ed Fitch

A *pinata* promises players a shower of treats, typically candy, fruit and pocket change. Those involved in selling the hispanic market make a similar promise to interested advertisers—except they promise more than small-change results.

To attract more players, hispanic marketers and media want to clear corporate America's vision of the segment's purchasing power and erase the stereotype of the impoverished hispanic.

Market watchers are amazed by the segment's population growth, from about 14.6 million in 1980 to 18.9 million this year. Although astounding, this oft-repeated figure is not news and obscures new wrinkles in the market's complexion. "The most dramatic finding of our ["1987 U.S. Hispanic Market Study"] study was the jump in household income, not the rate of population growth," says Richard Tobin, president, Miami-based Strategy Research.

Growth in hispanics' median income kept pace with that of the total U.S., rising 15.1% from $19,900 in 1985 to $22,900 in 1987. The total U.S. figure increased 15.5% to $32,800 during the same time period.

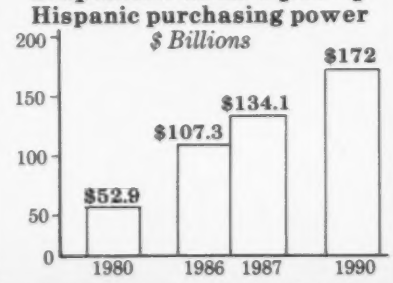
The hispanic market's aggregate household income rose 27.9% from $123.4 billion in 1985 to $157.8 billion this year, representing $134.1 billion in purchasing power, according to Strategy Research. During the same time period, the hispanic population rose 7.5%.

"The bottom line income of hispanics is growing at a faster rate than that of whites or blacks," says Robert Hitchens, VP-marketing, Univision/Spanish International Network, New York. From 1980 to 1984, after-tax income per U.S. household increased 8.7% annually, as hispanics' grew 12.5% annually, he says.

"Hispanics, of course, are starting at a lower base," he says.

(Continued on Page S-2)

Disposable dollars pile up
Hispanic purchasing power
$ Billions



Sources: U.S. Bureau of Census, *Hispanic Business*, Strategy Research Corp.

Asians share certain hispanic values

Marketers who find targeting hispanics intimidating shouldn't bother reading this story. They won't be comfortable with the following: Another immigrant group is on the rise, one that will make forays into the hispanic market seem like a picnic.

"The U.S. Asian market is much more complex," says Ruben Lopez, marketing director for special projects, Metropolitan Life Insurance Co., New York. "There are more languages, more cultures, more subtleties to deal with."

In addition to this marketing conundrum, Asians probably never will exceed hispanics in sheer numbers. Although the Washington-based Population Reference Bureau estimates the U.S. Asian population will double to 10 million by 2000, that figure falls far short of the 27 million to 30 million U.S. hispanics forecast by century's end. Asian immigrants bring some tempting gifts to the party, however. They generally are better educated and have more disposable income than recently arrived hispanics, Mr. Lopez says.

Met Life marketers have found targeting the U.S. Asian market even more inscrutable than the hispanic segment.

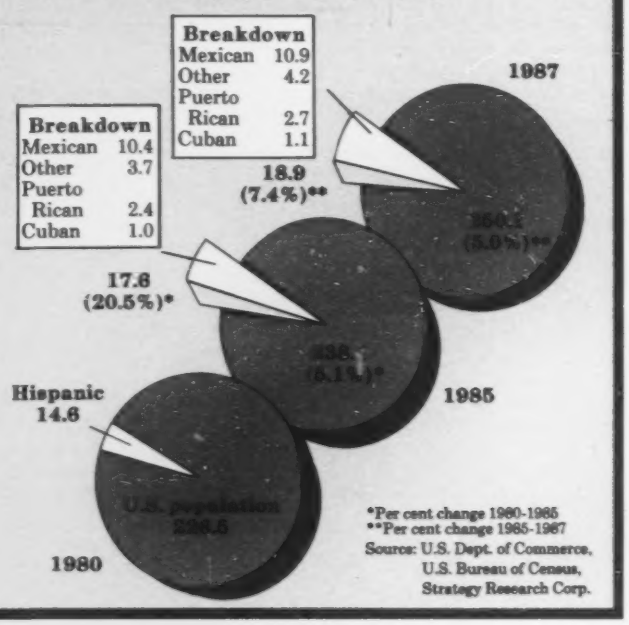
In fact, U.S. Asians had a 1980 median family income of $23,000 compared with a total U.S. figure of $20,000. And some 32% of Asian adults are college educated compared with 17% of white adults.

Enough similarities exist between the hispanic and Asian immigrant groups that Mr. Lopez has been placed in charge of Met Life's attempts to reach both. His description of the Asian market sounds like an attitudinal profile of a typical U.S. hispanic. "They are conservative, traditional and

(Continued on Page S-6)

Redefining the "population bomb"

Total population (000,000)



Buying power

(Continued from Page S-1)

couraging."

Because average weekly household grocery expenditures have increased from only $99 in 1984 to $102 in 1987, the "increased household income is going to other products," Mr. Tobin says, particularly more high-ticket goods.

"Hispanics no longer are being looked at simply as people who have headaches, sinus trouble and eat," says Mr. Hitchens. "They are being recognized as targets for financial services and computers. That should put the change in perspective."

Many assumed all hispanics were on welfare, says Alicia Conill, who heads Conill Advertising, a New York-based hispanic market ad agency. "That's never been true, but the realization it's not true is just coming out in the marketplace. A lot more hispanic women are working, which is having an effect on the increase in disposable income."

The latest employment figures show 49% of hispanic women work vs. 53% for the general market, says Dale Dauten, president, Research Resources, Westlake Village, Calif. "And more than half the nation's hispanics own their own homes. In fact, if you count income and non-cash benefits, only 11.4% of hispanics are living below the poverty line."

Despite this, many companies that sell premium items, regardless of their price, don't target hispanics, he says. "Even those selling premium soap won't consider their products appropriate."

Hispanics select products from a smaller universe because fewer brands are distributed and advertised to them. "This not only shrinks the brand pool, it shrinks it in favor of premium brands because they view these as a guarantee they will like the product. To them, premium price is a guarantee of quality," Mr. Dauten says.

Premium quality also will fetch premium sales, says Carlos Rossi, Conill's president and ceo. "If a product's quality matches its premium price, they'll buy it; they buy products on a cost-value relationship. Companies' perception that big ticket products are priced out of hispanics' reach is not realistic."

In 19 markets, automobile sales to hispanics jumped 36%, while general market auto purchases went up 23%. "Now that's a pretty lusty increase in sales of a big-ticket item," Mr. Hitchens says.

In 1986 companies asked Univision to produce hispanic product consumption studies for categories like candy, footwear, analgesics, cereals, tires and cosmetics—nothing too surprising. But, he says, marketers also requested usage information on photography equipment, large appliances and life insurance, highlighting the market's migration into higher price-tag product categories.

"We've always had the food and household care products," says John Pero, Univision's VP, national sales manager. "But we're branching out as new categories become interested. More companies are looking at the market because its income level is moving into their realm."

The trend will snowball as hispanic consumption evolves into new areas. "For example, now that automotive marketers are targeting the market, after-market advertisers will follow naturally," he says.

The most natural pull for advertisers, however, will be the magnetic attraction of consumer dollars. "With a $134 billion potential, the market has become very attractive to Eastern," says Rob de-Cespedes, manager-international advertising at Miami-based Eastern Air Lines. "Travel, for example, has come within the reach of a greater number of hispanics."

The income of hispanics who have lived in the U.S. for 10 or more years—and this segment's numbers swell daily—equals or exceeds that of non-hispanics, says Ruben Lopez, marketing director-special projects, Metropolitan Life, New York. "It is a natural evolution." The longer they are in the U.S., the higher their incomes and education, he says.

"The hispanic that is attracted to Met Life's product earns $25,000, $30,000 or more," Mr. Lopez says. "In that regard, they don't differ too much from Met Life's non-hispanic customer."

This raises great speculation over future targeting methodology. As their income grows, hispanics theoretically will become more like the general market and could then be targeted increasingly in terms of income level rather than by nationality. Met Life already segments the market along income lines, Mr. Lopez says.

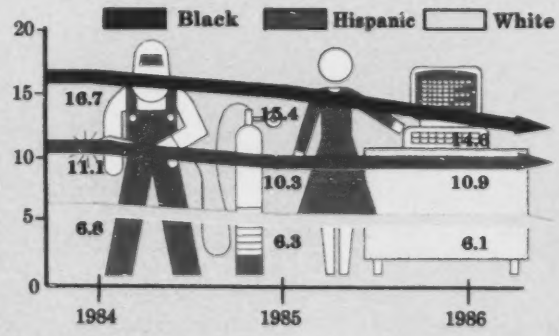
"This is the first time the market is segmenting more on income lines," says Arturo Villar, publisher of *Vista*, a Coral Gables, Fla.-based, English-language, hispanic-oriented newspaper insert. Income analysis has been performed on a market-by-market basis, he says. "For example, Miami is richer, so that's the place to sell upscale." This approach is simplistic, Mr. Villar says, because "even in Miami there is income stratification."

Current targeting factors like cultural composition will diminish in relevance as the market continues its upscale odyssey, he says. "As income rises, there are less differences and more commonalities among hispanics, whether they have a

(Continued on Page S-8)

Working over the welfare myth

Percentage of people unemployed



Per cent unemployed, first qtr., 1986	
Puerto Rican	16.6%
Mexican	12.3%
Other	11.7%
Cuban	7.3%

Source: Bureau of Labor Statistics

Amnesty impact borders on dramatic

In describing the U.S.-Mexican border, a word like "sieve" invariably comes to mind. In recognizing the border's porousness and attempting to seal it, Congress passed the ominous-sounding Immigration Reform & Control Act of 1986, which took effect last Nov. 6.

The law holds stiff penalties over employers' heads—up to $10,000 per illegal employee and six months in jail—who hire illegal aliens. It also offers an amnesty program for those undocumented aliens who can prove continuous, illegal U.S. residency since January 1982.

The latter provision could have a significant effect on both the size of the hispanic market and its demographic profile. Currently, the U.S. Census Bureau adds a 200,000-person fudge factor into its official tally to account for undocumented aliens, says Richard Tobin, president, Strategy Research, Miami.

"But 1.8 million illegals were turned back at the border in 1986 alone," he says. "And the Immigration and Naturalization Service estimates that the ratio of attempted crossings to successful crossings is either 1-to-1, 1-to-2 or 1-to-3." That translates into 1.8 million to 5.4 million undocumented hispanics entering the U.S. last year alone.

Census Bureau analysts take a less extreme view, estimating the total group of hispanics eligible for the amnesty program will total 2.5 million to 4 million, says Edward Fernandez, special assistant at the Census' Suitland, Md.-based Population Division. "I don't think the numbers will be radically affected by the amnesty program because I feel a good portion did report in the 1980 Census."

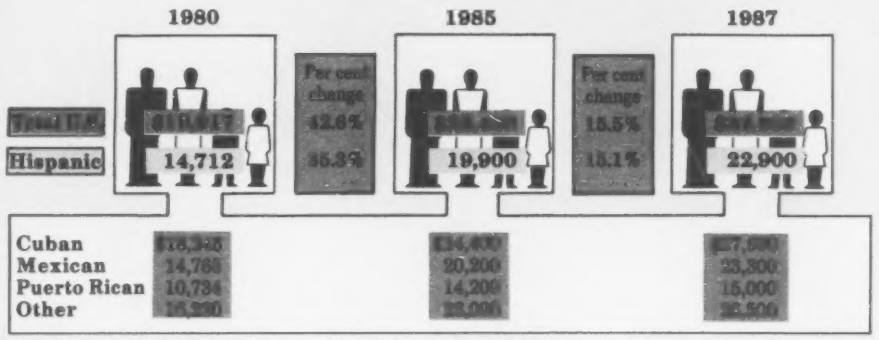
He credits talk of an amnesty program back then—"by taking part in the Census, they could prove residency"—and a major push for hispanic participation with boosting 1980 involvement. "This helps explain the phenomenal 61% growth from the 1970 to 1980 Census," he says.

He admits the official Census figures are almost comical. "In 1980 the Census reported there were 17,000 people of hispanic

(Continued on Page S-6)

Keeping pace with the nation's dollar power

Median family income



Sources: U.S. Dept. of Commerce, U.S. Bureau of Census, Strategy Research Corp.

Amnesty

(Continued from Page S-2)

origin in Washington, D.C.," Mr. Fernandez says. "The figure is a total absurdity. Hispanics were laughing at it."

Some say the program will cause a substantial blip in the population growth curve. Eduardo Caballero, president of New York-based Caballero Spanish Media says the result will be a 20% increase over 1990 Census projections.

Dale Dauten, who heads Westlake Village, Cal.-based Research Resources, says that although he feels a 2 million to 5 million increase is pretty realistic, the program also may make some 8 million to 12 million relatives currently residing in other countries eligible for citizenship. "The program's main effect will be to close off the illegal flow and open up the legal flow."

Visions of a torrent of legal crossings has some marketers flying high. "It is inevitable the immigration law will increase our business," says Rob deCespedes, manager-international advertising at Miami-based Eastern Air Lines. Instead of wading the Rio Grande to visit family or their homeland, the newly documented will fly and walk through customs.

Between 1.8 million and 5.4 million undocumented hispanics may have entered the U.S. last year.

Hispanic media and agencies pushing much less glamorous products also will benefit from larger numbers, says Alicia Conill, head of the New York-based agency that bears her name. "We know the undocumented are out there, and we know they buy Campbell's soup and Dial soap. But now they will be an official part of the market and their contribution to it will be counted."

Although the program invariably will boost the market's numbers, it may cause it to stumble in its quest for upward mobility. Those who become legal under the amnesty offer, says Mr. Fernandez, "will be the lowest strata of hispanic society." Their income, educational and acculturation levels will be at or near the bottom of the segment, he says.

The program also may fail miserably in achieving its main goal of tightening up the border. "The undocumented are in a state of desperation to escape a life they cannot continue living; they will leave at any cost," he says. "They are not tourists."

—Ed Fitch

In South Florida, nearly a million people think in Spanish, do business in Spanish, make love in Spanish and you're advertising to them in English.

They won't buy that.

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WLTV. Channel 23. America's highest rated Spanish TV station.
A Spanish International Communications Corporation station
An affiliate of the Univision Spanish International Network

Asians

(Continued from Page S-2)

maintain their native language. They are family oriented and feel a strong need to improve their education. "In fact," he says, "these tendencies are more accentuated in the Asian market."

These similarities give companies that have come to grips with the hispanic segment a distinct advantage in pursuing the Asian market. "We use the hispanic market as a prototype for our efforts in the Asian market," he says. "A lot of what we learned in the hispanic market can be applied to the Asian market."

—Ed Fitch

Moms-and-pops out of TV ownership picture

By Marie Spadoni

In the wake of a booming hispanic market, the Spanish-language TV industry suddenly is hotter than a *chile*. The business is on the verge of a new era, rife with ownership changes and increased competition.

The reason for the upsurge is that the Spanish-language TV business is speaking a language any company understands. Last year, advertisers spent nearly $400 million on Spanish-language media, a 19.9% increase from $333.5 million in 1985. Although this is a fraction of general media expenditures, the business is on an established growth track. Ad expenditures totaled $224.4 million in 1983 and $284.5 million in 1984, according to *Hispanic Business*, Santa Barbara, Calif. Growth from 1983 to 1986 stands at 78.3%.

A more sophisticated management style may be the primary result of the ownership changes and consolidation. "There will be no effect other than Spanish-language TV might get that much more sophisticated with the presence of true U.S. business savvy," says Sharon Armbrust, analyst with Paul Kagan & Associates, Carmel, Calif.

The business has outgrown its humble beginnings, says an industry source. "It was not benefitting the industry to be in the hands of people who didn't know where to take it from here. What hispanic media needs is true broadcast management."

"Those days of mom-and-pop ownership have slowly disappeared as the market has matured," says Daniel Villanueva, president of KMEX-TV in Los Angeles. "As with banks and airlines, hispanic media is going the way of American business."

That maturation process—more than two decades of slowly built groundwork—accelerated last year with the Federal Communications Commission-mandated sale of 10 stations owned by Spanish International Communications Corp.

Pending FCC approval, the stations will be purchased for $301.5 million by Kansas City, Mo.-based Hallmark Cards and First Capital Corp. of Chicago.

In addition, a new Spanish-language network, New York-based Telemundo Group, was recently organized to challenge the long-running domination of Univision/Spanish International Network.

Univision, the New York-based satellite programming service and sales representative organization, currently reaches a possible 82% of U.S. hispanic households through its more than 400 affiliates.

Telemundo Group—formed by Saul Goldberg's Reliance Capital Group, New York—unites NetSpan and BlairSpan, two hispanic programming and sales representative services, and controls four owned-and-operated, Spanish-language stations.

"Our intention is to purchase additional stations in the top 10 markets, and to work with affiliates in smaller markets," says Henry Silverman, Reliance's ceo.

Although it's off to a good start—its four stations serve Los Angeles, Miami, New York and San Juan, Puerto Rico—Telemundo has substantial ground to cover before its clout and coverage mirror Univision's.

In 1985, when it was still called SIN Television Network, Univision controlled an estimated 85.4% of all hispanic TV ad dollars, according to *Hispanic Business*.

"For 25 years, SIN had a monopoly in Spanish TV," says Mr. Silverman. "For the first time, there is competition. Now viewers have a choice." The new network's first national broadcast, a news program, aired Jan. 12.

More programming than the nightly news will be affected by increased competition. For example, Telemundo will begin producing in the U.S. this year; with the exception of news, most Spanish-language programming is currently produced outside the U.S. "We think U.S. hispanics would rather see *novellas* that are more relevant to their life here in the U.S.," says Mr. Silverman, whose company is earmarking $20 million for 1987 programming.

Perhaps in response to Telemundo's efforts, Univision has beefed up its news program for 1987. "We are not resting on our laurels," says Robert Hitchens, vp-marketing for Univision.

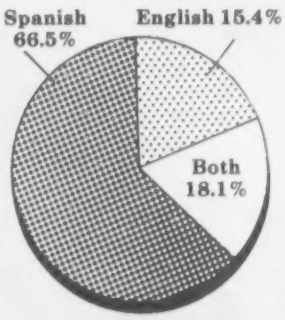
"Viewers will see some things they have not seen before," says Mr. Villanueva. Spanish-language TV had been criticized by some for offering programming its managers and owners be-

(Continued on Page S-12)

Marie Spadoni is Advertising Age's Phoenix, Ariz.-based correspondent.

Native tongue translates into favored language

Language most comfortable speaking



Age breakdown

	18-34	35-54	over 55
Spanish	61.1%	71.5%	73.1%
English	19.1	12.9	9.2
Both	19.8	15.6	17.7

Country of origin

	Cuba	Mexico	Puerto Rico	Other
Spanish	82.0%	65.7%	56.1%	72.0%
English	4.3	17.9	19.9	7.8
Both	13.7	16.4	24.0	20.2

Source: Strategy Research Corp.

Power

(Continued from Page S-2)

Cuban, Mexican or Puerto Rican background. There are more differences, including cultural, among Mexican-Americans living in Los Angeles at varying social, income and educational levels than there are among those living at the same level regardless of their heritage or where they live," Mr. Villar says.

In the past, where hispanics lived provided a convenient clue to their nationality. Although the Southwest remains mainly Mexican-American and the Northeast predominantly Puerto Rican, the geodemographic guidelines now are increasingly fuzzy.

"The wisdom is that a Puerto Rican appproach will work in New York," says Mr. Hitchens. "But 46% of the hispanic population is non-Puerto Rican, so you can't approach it simply as a Puerto Rican market."

This transcultural blending only will intensify, says Edward Fernandez, special assistant, Population Division, U.S. Census Bureau, Suitland, Md. "The 1990 Census should show that the traditional migration patterns to the metro areas are not as well-defined." More Mexicans are moving into the Northeast and Puerto Ricans are branching out of New York, he says.

Mr. Fernandez, however, cautions against using income as the common ground between hispanic segments. "[Major metro hispanic markets] may appear to become more homogeneous, but in reality they will be very heterogeneous. This cannot be emphasized enough."

Marketers will have to look at each individual group and try to walk a middle road, he says. "They will need a lot of sociologists in hispanic marketing."

Extreme differences in other demographic factors, such as age, education, gender and family size, will be more important than similarities in income; cultural factors will outweigh income considerations, he says. "In a simplistic description, it's true that hispanics become more similar as they become more affluent, but there are still vast cultural differences."

Stratifying the market by income is a long way off, Mr. Fernandez says. The continuing effects of immigration will reinforce cultural patterns and prevent homogenization of the hispanic populace, he says.

Mrs. Conill agrees. "Recent studies showed that although income is rising, the bonds to culture are getting stronger."

And with a median household income of $22,900 compared with the nation's $32,800, hispanics will not be thought of as an affluent group. "The hispanics who drive Mercedes are not representative of the entire market in terms of volume," says Ken Ocepek, Univision's midwest sales manager.

"But the people who make up that volume have the same mentality as the general market in the mid-1950s—one of optimism, opportunity."

That's a great mindset for companies willing to take a poke at the market's *pinata*.

CHICAGO'S SPANISH RADIO

When you are the Chicago station that has grown up with a community that is young, *75% under 35*; that works hard, *66% of Hispanic households have dual incomes*, and that prospers, *average household income of $23,300*, you become part of the community.

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Moms-and-pops fade out

(Continued from Page S-8)
lieved the audience wanted to see. Future programming decisions now will be based more on audience research, sources say.

"The viewer is definitely going to benefit," says Paula Tuchman, former hispanic programming director at KSCI-TV, Los Angeles. "The agencies and clients are going to benefit also. Both companies [Reliance and Hallmark] are very serious and are coming into this with huge dollars," she says.

Many look to increased financial backing as a means to generate more sophisticated research. "The biggest hindrance in the industry is lack of research," says Laura Marella, media director, Casanova, Pedrill Publicidad, Los Angeles. "When you want true respect of national advertisers, you have to speak their language and we cannot do that now."

Although industry observers maintain the changes will bring a new level of sophistication to hispanic media, a sensitive issue has been the industry's obvious shift to non-hispanic ownership.

"As with any growth industry in the U.S., Spanish-language TV became too important for major corporations not to pay attention," says Gary Berman, VP, Strategy Research, Miami. When word of the Hallmark purchase got out, there was industrywide speculation as to whether the company would maintain a hispanic format.

Although Hallmark has seriously targeted products to hispanics since 1982, the market segment was not the attraction, says Charles Hucker, Hallmark spokesman. Entering the TV industry was the draw, he says.

Nevertheless, Hallmark stands behind the hispanic market's validity and will maintain the stations' current format, Mr. Hucker says. The decision is reinforced by a contractual agreement with SICC that forces Hallmark to carry hispanic programming for at least two years. (See related story below.)

Despite such assurances, watching hispanic ownership shift into corporate America's hands is a bitter pill hispanic media must swallow.

"The hispanic broadcast industry worked hard and long to develop its craft," Mr. Berman says. "It must be difficult to give it up."

Mr. Villanueva agrees that letting go is not easy: "It is a highly emotional situation because we gave birth to this thing. We cannot believe we are giving up our baby."

Hispanic and general-market media are becoming closer, he says. "It is the wave of the future. I am not sure it is good news, but it is a reality."

The two TV worlds are inherently different, however. Hispanic TV is by definition a targeted medium and therefore a more risk-oriented business, says Ms. Armbrust.

In the future, however, general market independent stations may turn to the increasingly lucrative hispanic market and make a pitch for hispanic-targeted ad dollars, she says, through Spanish-language programming or bilingual broadcasts. "Not all hispanic dollars have to stay in Spanish-language TV."

A current unknown is whether traditional general market media will sell their ability to deliver a segment of the hispanic audience. Some clients, Golden, Colo.-based Adolph Coors Co., for example, already are combining English-language and Spanish-language placements in hispanic media plans, insisting younger hispanics watch English-language TV.

Spanish-language stations currently are in the best position to continue commanding the lion's share of hispanic-targeted TV ad budgets. According to Strategy Research, 66.5% of the nation's hispanics say they feel most comfortable speaking Spanish, and only 15.4% prefer to speak in English.

A wild card exists in the under-18 age group, which represents a whopping 37.3% of the total hispanic market. Language preference figures are not available for this group, but current thought suggests they will be increasingly comfortable with English as a result of being schooled in the language.

However, it has been recognized that hispanics will retain their native tongue, says Maura Donohue, sales manager, WOJO-FM in Chicago. "A cultural understanding, rather than knowing the language, is key to hispanic media."

The tailored programming anticipated from increased competition may be Spanish-language TV's best defense against English-language inroads. "I am very sanguine about the prospect of two forces in Spanish TV," says Charles Curran, national sales manager for New York-based BlairSpan. "There is room for both of us to provide a service—and make a lot of money."

But an increased Anglo interest, whether through programming or ownership, in Spanish-language TV probably will continue. As Mario Lazo, vp-media director for Mendoza, Dillon & Asociados, Newport Beach, Calif., says: "Money does not have a nationality."

We have an 'el' of an audience.

We deliver the most affluent Hispanic market in the United States. Miami.

For the rest of the story call Cesar Pizarro, Advertising Manager, El Miami Herald (305) 376-2724.

el MIAMI Herald en español

'Yelling and screaming' attends SICC purchase

It seems only fitting that in these times of corporate raiding even congenial sales create their share of grief for buyers and sellers. Such is the case with Kansas City, Mo.-based Hallmark Cards' and First Capital Investment Corp. of Chicago's purchase of 10 TV stations formerly owned by Spanish International Communications Corp.

SICC felt it had covered its bases pretty well in meeting a Federal Communications Commission mandate to somehow resolve a question of foreign control. "Everyone knew that when the stations were put on the block that if they didn't stay hispanic, there would be yelling and screaming," says a lawyer involved in the purchase who requested anonymity.

SICC shareholders included in the purchase agreement a clause that forced any buyer to continue employing station management for a period of one to three years, depending on how long they had worked at the station. "This was a very practical incentive for the buyer to stay in Spanish," the lawyer says.

The shareholders also insisted any buyer be contractually obligated to broadcast in Spanish for two years. "Although it may very well be that these stations could operate more profitably as Spanish-language stations, somebody could look at them and see them as the nucleus of an English-language network. "That's what Fox did, that's what Telepictures is doing," the lawyer says. A number of program providers looked at the stations in this light, he says.

"We thought the contract stipulations would diffuse the outcry, but they haven't." Nine different groups were petitioning the FCC against the sale to Anglos at presstime.

"What's funny is that nobody did this when Anglo Saul Steinberg bought WNJU," a major Spanish-language station serving the New York metro area. "He's Mr. Bottom Line, and nobody said a word about his intentions." The SICC sale, he says, simply was under more scrutiny.

"It's ironic that the people who started this business—and stood through it when nobody in their right mind would have stuck with Spanish TV—are taking all the grief."

—*Ed Fitch*

Ayer pays $25M for C&W Group

Price called conservative

By STEWART ALTER

N W Ayer is paying $25 million to Mickelberry Corp. to acquire C&W Group, parent of Cunningham & Walsh (AA, Nov. 24, *et seq.*). That figure is in the lower range of expectations in this era of megadeals and megamergers, when many advertising agencies go for huge sums seemingly equal to their annual revenues.

The $25 million price tag was figured as a combination of book value plus $10 million, as described in a recent filing with the Securities & Exchange Commission. By comparison, C&W's revenues for 1985, the last year for which Mickelberry has released data, were $39 million.

The setting of the $25 million price involved Mickelberry first lowering C&W's book value through such steps as removing $1.5 million to $2 million in excess cash from C&W's retained earnings.

In a separate development, C&W sued the federal government last month to collect $500,000 in employment taxes it says were illegally and erroneously collected from it. The suit was brought "in order to get [federal officials] to focus on the issue," said C&W President Horace Malfa.

As for Ayer buying C&W, using a formula of book value plus a percentage of gross income is "not uncommon" in selling agencies, said Don Ambuhl, senior VP at the American Association of Advertising Agencies. He noted that the percentage employed can vary from 30% to 60% of one year's gross income, depending on earnings.

Based on that formula, the $10 million added to C&W's book value would come in slightly below 30% of gross income. Thus, C&W was sold at the lower range of what agencies sell for, said Mr. Ambuhl.

The filing with the SEC, called an 8-K, did not include information about C&W's revenues or earnings.

The sale was structured to make sure C&W was sold before the tax laws changed Dec. 31. The day before, Dec. 30, a stock purchase agreement was signed transferring 49% of the shares of C&W Group to Ayer.

The sale, agreed upon in principle Dec. 19 and approved by both the Ayer and Mickelberry boards Dec. 22, is slated to be concluded by Feb. 17.

The actual book value of C&W Group before the sale was $18.4 million, but Mickelberry was to make a "reasonable effort" to reduce that figure to $15 million.

Three steps taken to reduce the book value: removing the Chicago-based BBDM/C&W, with book value of $800,000 to $1.6 million, from the sale; removing $1.5 million to $2 million in excess cash from C&W's retained earnings "while still leaving adequate working capital remaining," and reflecting "normal income tax liabilities" of these Mickelberry subsidiaries.

C&W was originally sold to Mickelberry on March 22, 1982, for $17.4 million. For the previous year, its book value was $10.4 million, its total operating income $33 million and its net income $2.2 million.#

Mac attack

(Continued from Page 1)

phone interview that the Miami-based company has grown more sensitive to the demand for a regional approach. He noted that local offices of the No. 2 chain's agency, J. Walter Thompson USA, New York, are working "more closely" with the regions to respond to individual needs.

"A single homogenized national strategy is not as sensitive to regional needs as one with more local influence," Mr. Olcott said. "Our advertising strategy is more sensitive to local needs. ... We're giving more power to regions to make local decisions."

It was apparently this attitude that led Burger King at franchisees' requests—to appoint Admarketing, Los Angeles, last year as the company's first local agency for the Los Angeles area. While Wendy's and McDonald's both use a stable of local agencies to address regional needs, BK uses JWT for all advertising. The local assignment in Los Angeles could be the start of a local-agency network for Burger King, but Mr. Olcott would only say that BK is closely watching the southern California arrangement.

Burger King raised upfront spending 25% to $50 million for the 1986-87 season. BK's total budget is about $200 million (AA, July 14).

Some chains say they now are shifting spending in the face of McDonald's advertising onslaught.

"We can't compete with that," said Lawrence Krueger, senior VP-marketing for Atlanta-based Arby's, referring to McDonald's network TV presence. As a result, Arby's last year halved its network TV budget to about $2.5 million and increased spot TV buying to about $25 million, which it has found to be a more effective strategy.

Unfortunately, the second phase of its "Taste the difference at Arby's" campaign via Backer & Spielvogel is planned for April, when the mammoth McDonald's push arrives. Arby's ads, introducing a Chicken Club sandwich and featuring the chain's first (as yet undisclosed) spokesman since it used Will Geer of "The Waltons" in the mid-'70s, will run predominantly locally.

"Our [operators] believe in network TV, but they're saying, 'Hey, I'm in a dogfight out here in Denver, or wherever, give me more control of my marketing money so I can compete,' " says Mr. Krueger. Arby's has responded by building up operator co-op groups and expanding field marketing staff to increase local marketing efforts such as event sponsorship.

"You want to try to outspend McDonald's [on TV]? Good luck to you," says Allan Zuckerman, president of Montgomery, Zuckerman, Davis, Indianapolis, which handles field marketing for Chi-Chi's and has done the same for Pizza Hut, Burger Chef and others.

"The restaurant industry is flat and doesn't promise to change soon," Mr. Zuckerman says. "I think a lot of executives are looking at their budgets and specifically at network TV and asking 'Is this doing anything for me and do I have the guts to get out?'

"There's definitely a trend, and that is to get closer to your customers. There are terrific differences between markets. ... National, umbrella advertising campaigns can't address those differences."

Hardee's Food Systems, a regional chain that in the past used a singular ad strategy in all markets, implemented a local-regional approach last year. The Rocky Mount, N.C.-based company now uses a common positioning theme—"We're out to win you over"—but changes specifics in the ad message market by market.

In 1985, Hardee's tried putting one-third of its TV budget into "regional network" (selling off coverage in markets where it has no stores). But last year it returned more heavily to local buys. It may again dabble in the networks, but probably not until the second half of this year. Ogilvy & Mather, New York, handles.

"Technology has evolved to the point where you can achieve efficiencies in being able to recognize that just like no two people are alike, no two geographies are alike," said Gary Langstaff, senior VP-marketing.

Mr. Langstaff said the strategy has not only been successful, but he views it as the wave of the future: "I don't think a lot of us truly recognize the opportunities in a more segmented approach—in this case it's geography, but longer term it will be according to demographics and psychographics."

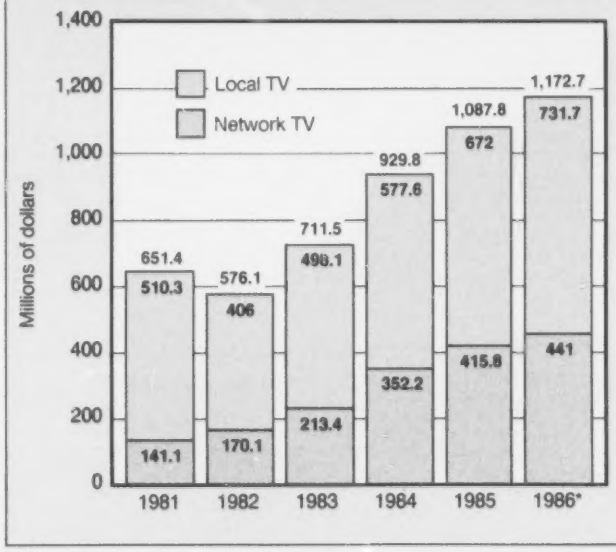
But some chains are maintaining a single, national strategy. Red Lobster Restaurants, Orlando, Fla., invests the majority of its ad dollars in network TV. "We feel if we advertise our high-quality food and good service [in all markets] that will motivate people to come into our restaurants," said Dick Monroe, Red Lobster's PR director.

McDonald's Corp. remains the one company that can have it all. With more than 7,200 U.S. stores covering every major market and more than $600 million last year to fund domestic advertising and promotion programs, Big Mac spends enough to command the best network TV slots (such as during the coveted first half of the Super Bowl) while still outspending its rivals on spot TV and local-market community projects.

Admitted one competitor, "We don't compete with McDonald's. We try to work around them."#

Restaurant ad spending on TV

Network tv ad spending by restaurants increased from 21.7% of the total in 1981 to 38.2% in 1985. But that trend showed signs of slowing in 1986, and industry execs expect the share of ad budgets given to network TV to begin shrinking in 1987. *Projected from first nine months' data. *Source: Television Bureau of Advertising from Broadcast Advertisers Reports data.*



Thrill of corduroy, agony of pleats: ABC presses deal for sports clothes

By PAT SLOAN

New York—ABC Sports has licensed its name to Entertainment Properties for sports clothes carrying the ABC logo, a line expected to be backed by a $10 million ad budget.

Neither ABC nor Entertainment Properties would comment on the apparel deal. However, sources said the two companies were brought together by George Lois, whose agency, Lois Pitts Gershon Pon/GGK, last fall took over ABC Sports print and radio advertising from McCaffrey & McCall.

Since Mr. Lois initiated the deal, he is expected to have the inside track on the account. However, Lois Pitts is also the agency of record for Murjani International's Tommy Hilfiger clothes.

"We are semi-involved with the licensing, but nothing's been formalized yet," said Mr. Lois.

ABC's other agencies include Grey Advertising for prime time and Grey Entertainment Media for daytime.

Fisher, Jackson, Levy, Flaxman is the agency of record for Entertainment Properties.

Entertainment Properties was formed by Chuck Sullivan, whose family owns the New England Patriots, and is run by Warren Hirsh, president. The company's other clothing venture is the Michael Jackson apparel line introduced last year with $3 million in ad support.

The ABC Sports/Entertainment Properties agreement is patterned after the deals struck between a score of brand name and apparel marketers in the last two years, involving such brands as Coca-Cola, Pepsi-Cola, Jell-O, Winnebago, Miller Lite beer and, most recently, Budweiser.

Part of the reason for the growth is that apparel is the fastest-growing segment of the $50 billion licensing market, accounting for 40% of the total market, according to the Licensing Industry's Merchandisers Association.#

Miller

(Continued from Page 1)

the Olympics by securing long-term deals on the other sports properties.

The networks would presumably agree to lower Olympic commercial rates for Miller because it assumed a long-term risk in the baseball and football telecasts. The long-term buy would also help the networks because, by preselling some of the commercial inventory in the future telecasts, rates in general would be firmed up.

NBC officials vigorously denied any "discount," however. "Miller will pay the full rate card price on the Olympics," according to one executive.

However, if Miller paid rate card for the Olympics, it purchased NBC's baseball package at a bargain price. In 1984, Miller spent $26 million for half-exclusivity in ABC's Summer Olympics, and that deal did not include any other sports.

NBC, which is not offering audience guarantees in the Olympics, has projected a 21 prime-time rating for its coverage of the Summer Games. NBC reportedly is seeking a $14 household cost-per-thousand rate, or between $260,000 and $300,000 per 30-second prime-time spot (AA, April 21, 1986).

Backer & Spielvogel, Miller's agency of record for network TV buying, declined comment.

Steve Leff, exec VP-director of media services at B&S, has secured other highly innovative deals for Miller in the past. He was the first network TV negotiator to develop "category exclusivity" for a sponsor. By securing a large amount of time in a sports telecast, competing sponsors were effectively blocked from buying time in the event.

A Miller spokesman said, "We are in negotiations on a number of packages with different networks that may or may not lead" to an Olympics buy. He said the brewer would not make an announcement until all deals are completed.#

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Chesebrough shakeup

O&M, McCann winners

By PAT SLOAN

Chesebrough-Pond's has completed a worldwide agency review that will consolidate nearly all its domestic brands at Ogilvy & Mather, a key agency of Unilever. The U.K.-Dutch consumer products giant last week made final its acquisition of Greenwich, Conn.-based Chesebrough.

The reassignments, valued around $70 million, transfer about $55 million in business to O&M, while McCann-Erickson, another major Unilever agency, picks up the Vaseline line, which receives about $14 million in support. Waring & LaRosa retains Ragu and Adolph's food products, valued at approximately $19 million

Also, McCann and Ogilvy came away the big winners in a separate international review, begun before Chesebrough was sold. At the time, a Chesebrough executive said the review would not affect domestic assignments (AA, Sept. 1).

Vaseline, one of the key brands involved in the $50 million international review, will be assigned to McCann, a company spokesman said. Pond's, another key brand, will go to O&M. Pond's is now handled by O&M in several international markets.

The losing agencies on the domestic side are Waring & LaRosa, which says goodbye to Aziza makeup and Cutex nailcare and makeup; William Esty Co., agency for fragrances and only last month named to handle the new Elizabeth Taylor's Passion fragrance; and Lowe Marschalk, the Q-tip agency. These brands shift to Ogilvy.

In addition to fragrances, Esty loses Vaseline to McCann and Pond's creams and lotions to O&M.

W&L will lose more than $13 million in billings, and Esty stands to lose more than $20 million. Q-tips, at Lowe Marschalk, receives about $8 million in ad spending.

O&M's new assignments, according to the latest full year estimates, break down as follows: $17 million in fragrance billings, $13 million from Cutex and Aziza, $6.5 million from Pond's, $8 million from Cutex, $250,000 from Erno Laslo skin care products and $9 million from haircare products.

Chesebrough divisional executives apparently were stunned by word of the re-

(Continued on Page 80)

Secondary role spurred O'Donnell

By STEWART ALTER

New York—The issues that triggered Joseph O'Donnell's sudden ouster as chairman-ceo of J. Walter Thompson Co. involved his frustrations with the agency's secondary role to the parent JWT Group.

But the ammunitior he attempted to use against his boss, Don Johnston, chairman-ceo of JWT Group, backfired.

As more becomes known about the environment at JWT Group in the period before the confrontation between Mr. Johnston and Mr. O'Donnell, the picture emerges of an agency head who felt he could not control his agency's destiny as long as the parent actually was running the show.

"Clearly one of his top motivations was to control the destiny of the advertising agency," one source said of Mr. O'Donnell. He was said to have felt that although Thompson accounted for the bulk of JWT Group's revenues, Thompson could not exert the influence it needed in the Group setup. Mr. O'Donnell also was concerned lest the agency suffer from the rub-off effect of problems that were really the parent's.

New information about the events that led to Mr. O'Donnell's fateful Jan. 23 showdown with Mr. Johnston contains glimpses of issues that apparently were used to justify a demand that Mr. Johnston surrender the ceo post to Mr. O'Donnell and take the lesser title

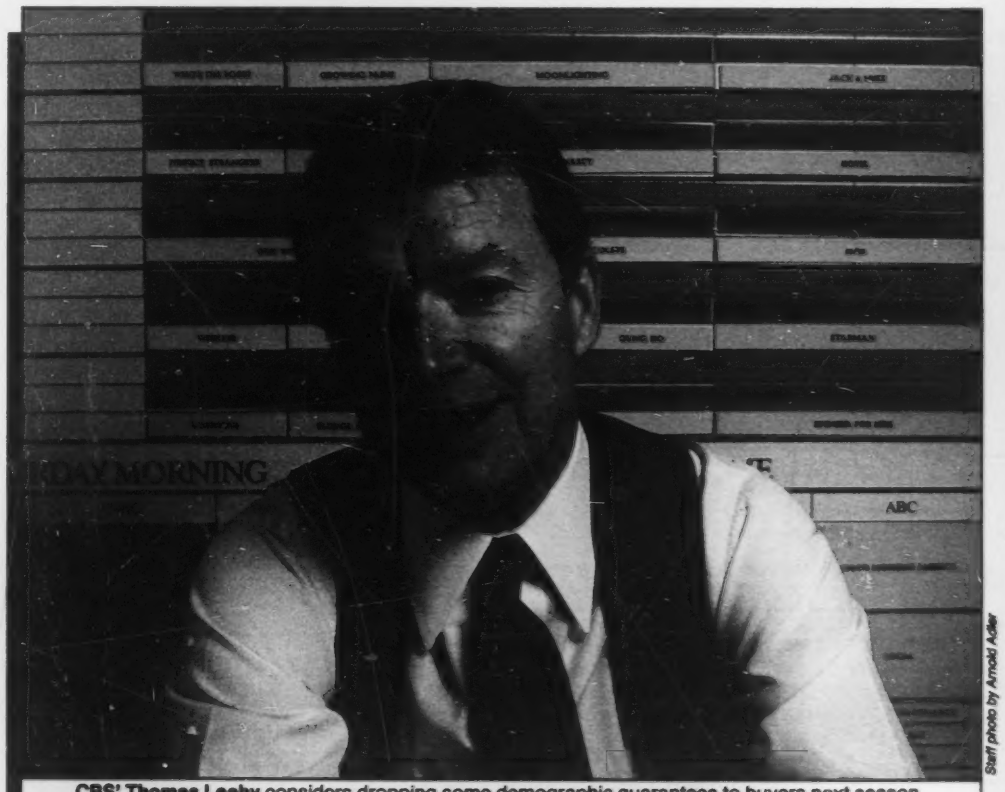
(Continued on Page 78)

Last Minute News

Mars is sweet to Saatchi

Hackettstown, N.J.—Mars Inc., satisfied that Saatchi & Saatchi Co. has cleared its decks of client conflicts, has awarded a secret, $30 million confectionery product to a second Saatchi agency, Backer & Spielvogel, New York. Although not condoning the agency holding-company concept, Mars is further indicating by the assignment it is willing to do substantial business with affiliated agencies once their loyalties are established. Earlier, it awarded new business to Saatchi & Saatchi, London (AA, Dec. 15, *et seq.*), after forcing DFS Dorland Worldwide to resign an estimated $30 million in Cadbury USA billings and the parent company to resign $14.6 million in Carnation and Rowntree Mackintosh billings. Mars would not comment on the nature of the confection but noted it will not roll out this year. Sources said Mars considers a confection any sweet-based product.

(Continued on Page 8)



Staff photo by Arnold Adler

CBS' Thomas Leahy considers dropping some demographic guarantees to buyers next season.

CBS' challenge

Seeks new way to sell TV

By VERNE GAY

New York—CBS Television Network is ready to change the nature of TV ad time buying.

The network wants to lay off some risk it assumes when it guarantees advertisers an audience size by instead "selling" TV time on its ability to move products or services. This also would get around anticipated audience shortfalls under the new people meter system.

In an interview last week, CBS-TV Network President Thomas Leahy said CBS next season will drop audience delivery guarantees for certain "small" demographic clusters, although he admitted he was being purposefully vague about which ones. CBS currently does not guarantee some demographic subcategories, such as women aged 25 to 34.

Mr. Leahy said that audience guarantees, which eliminate any semblance of risk for ad-

(Continued on Page 80)

Highlights

Consolidation under way at Chesebrough 1
After a worldwide agency review, Chesebrough-Pond's has transfered about $55 million in U.S. business to Ogilvy & Mather, a key agency of Unilever, which last week completed its acquisition of Chesebrough. McCann-Erickson, another major Unilever agency, has picked up the $14 million Vaseline line account in the U.S., which receives about $14 million in ad support.

CBS proposes new way of doing business 1
CBS Television Network is ready to change the nature of TV ad time buying. CBS' plan involves positioning network TV on its effectiveness in selling products rather than its cost efficiency.

Pet sheds origins 4
Pet Inc. finally has gained control of its destiny. In the nine years since Pet was acquired by Chicago-based IC Industries, the company has shed completely its origins as a commodities-based company subject to the whims of the market.

Ayer's exposure 6
The crucial evidence that led the Army to fire N W Ayer last year apparently was supplied by a single witness, the same New York production company executive who earlier helped expose a kickback scheme involving an Ayer VP working on the Army account.

Illinois ponders ad tax 24
The threat of possible state taxes on advertising and media services has spread to Illinois, where the ad community is bracing for a fight with Republican Gov. James Thompson. In what has been described as an informal proposal, the governor has suggested expanding the state's sales tax to include professional and other services.

FCC's heir apparent 28
After the Reagan administration's impressive record of deregulation at the Federal Communications Commission, its choice for the next FCC chairman, Dennis Patrick, faces a harsher political climate. The Senate and House, controlled by Democrats, are expected to be less enthused about further deregulation.

Nutrition for 'Self' 34
Self is reshaping itself editorially to focus more on health and nutrition in a refinement also expected to have advertising and marketing implications.

Networks reject condom ads 79
The Big 3 networks bent slightly but didn't break last week under congressional pressure to revise their policies against airing condom ads. Executives from ABC, CBS and NBC said their networks will continue to reject ads for condoms, because of the moral implications associated with all contraceptive advertising. But the nets left the door open for future policy changes.

INTERNATIONAL

Superchannel takes on Sky 54
Superchannel, the Pan-European satellite TV channel launched last month, is the first head-to-head competitor to Rupert Murdoch's Sky Channel. The channels' common goal is to increase the size of the tiny Pan-European TV advertising market.

O&M Stockholm reorganizes 54
Ogilvy & Mather's Stockholm office is experiencing a major upheaval and has dismissed most of its employees. A younger team of copywriters and art directors has been brought in to start a new agency, called O&M2.

OTHER NEWS

In an unusual link, Davis, Johnson, Mogul & Colombatto next month will join forces with Mexico's largest ad agency, Publicidad Ferrer, in a joint venture called Ferrer Ad America. Page 3.

VLI Corp. was one of six advertisers that modified or discontinued claims after a review last month by the National Advertising Division of the Council of Better Business Bureaus. Page 12.

Selected video stores soon will offer advertiser-sponsored videocassettes for at-home viewing. Video rental customers will be allowed to take home the advertiser tapes at no charge through a service called FreeVees by Video Information Network, Redmond, Wash. Page 22.

Prevention is stepping up efforts to boost advertising and circulation under its new publisher. "We want to demonstrate to everyone *Prevention* is a very strong factor in the health market," said Sanford Beldon, who last July became publisher of the Rodale Press monthly. Page 34.

Consumer promotions, effective in building short-term market share, may not have the long-term negative effects that worry some critics. Page 39.

Michael Ball, largely credited with building Ogilvy & Mather into the largest agency network in the Asia-Pacific region, is moving on. Last week Mr. Ball, who was chairman of the Ball Partnership, a second agency network spun off from O&M, announced he was joining the U.K.'s fast-growing WCRS Group. Page 77.

SPECIAL REPORT

The alcoholic beverage industry advanced 1.1% during the first half of 1986, thanks in large part to a 71.1% growth in the cooler category. The slight gain points to a new era in alcoholic beverage marketing.

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Pepsi-Jackson 'spectacular' set for spring

By NANCY GIGES

Pepsi-Cola USA is delaying the long-awaited debut of Pepsi TV spots with Michael Jackson until after the singer's new album is released sometime this spring.

The spots were set to air Feb. 24 on CBS' telecast of the Grammy Awards. Sources say the company and star mutually agreed it would be best to let Mr. Jackson reintroduce himself to the public via his new album, and not pre-empt his emergence with the TV spots.

> "We have some of the most spectacular advertising ever produced, and timing is critical. We are taking a hard look at that, and we will make an announcement Feb. 23."
> —*A Pepsi official*

The singer has not been very visible to the public for a number of months.

Purchase, N.Y.-based Pepsi calls the new spots the "most spectacular" ever created. BBDO Worldwide, New York, is the agency. When the spots do break, they are expected to account for a major portion of the $150 million Pepsi spends annually in advertising.

A Pepsi official would neither confirm nor deny the report of the new introductory plans. He said, "We have some of the most spectacular advertising ever produced, and timing is critical. We are taking a hard look at that, and we will make an announcement on Feb. 23."

Pepsi still plans to fill the five minutes of commercial time it bought on the Grammy Awards with new commercials for Pepsi and Diet Pepsi plus a 45-second teaser/preview spot for the new Jackson spots.

The Pepsi/Jackson spots mark a number of firsts. For one, the song that Pepsi expects to be the album's biggest hit is featured in one Pepsi spot. It is unusual to buy the rights for a TV commercial before the song has proved itself on the charts. Pepsi bought the rights as part of the $10 million deal it made with the entertainer.

The postponement also allows the expected hit song to be introduced as entertainment, rather than in the Pepsi spot. The Columbia/Epic album was to have come out this month or next, but has been postponed.

Another first: The two Jackson commercials cost a record $2 million-plus to produce, double the amount Pepsi spent in its earlier Jackson commercials.

According to sources close to the project, the singer is much more visible in these two spots than in his 1984 Pepsi deal when he limited the time his face was on camera to a few seconds.

In the second new spot, described as a lavish fantasy sequence, Mr. Jackson, chased by crowds, escapes in miraculous ways. In one scene he is chased into a museum, where he becomes

(Continued on Page 80)

Vons searching to replace Grey

EL MONTE, CALIF.—Vons Grocery Co., is reviewing its $10 million-to-$15 million broadcast account following a split with Grey Advertising, Los Angeles.

The supermarket chain initially is contacting eight to 10 Los Angeles agencies, but intends to pare the list to three or four soon. Early contenders are believed to be Admarketing, Chiat/Day, DDB Needham Worldwide, Keye/Donna/-Pearlstein, McCann-Erickson, Ogilvy & Mather, J. Walter Thompson/West and Della Femina, Travisano & Partners, Los Angeles. Another likely entrant is Cochrane Chase, Livingston & Co., Irvine, which last week lost the $10 million-to-$12 million Lucky Stores' Southern Food division (AA, Feb. 9).

About a year ago Vons reviewed its account (AA, March 24), but ultimately opted to keep its business at Grey. Two months ago, Von's named K/D/P agency for its Pavilions superstore grocery account, (AA, Dec. 8).

The moves precede Vons' pending merger with Detroit-based Allied Supermarkets and the arrival of VP-Advertising Larry Davis, a former executive with Lucky Stores. Vons officials were not available for comment.

Sega of America, South San Francisco, Calif., is moving what was to be a $20 million account at J. Walter Thompson/West, San Francisco, in-house. The split severs a 6-month relationship. The U.S. marketing arm of the Japanese videogame marketer will halve its U.S. ad budget in 1987 because of cuts in profits.

Giorgio Parfums, Beverly Hills, Calif., is contacting ad agencies concerning its $2.5 million women's and men's fragrance account now at Eisaman, Johns & Laws, Los Angeles. Among those battling the incumbent are BBDO/West and Ogilvy & Mather, Los Angeles.#

West Coast News

Special Report

Industry's successes help ease fear of a cloudy future

By Denise Frenner

Attempting to get a handle on evolving consumer taste preferences in an era of declining alcohol consumption is like trying to predict the weather. But producers can boast more than a few success stories, which at least partially clear the storm clouds looming on the industry's horizon.

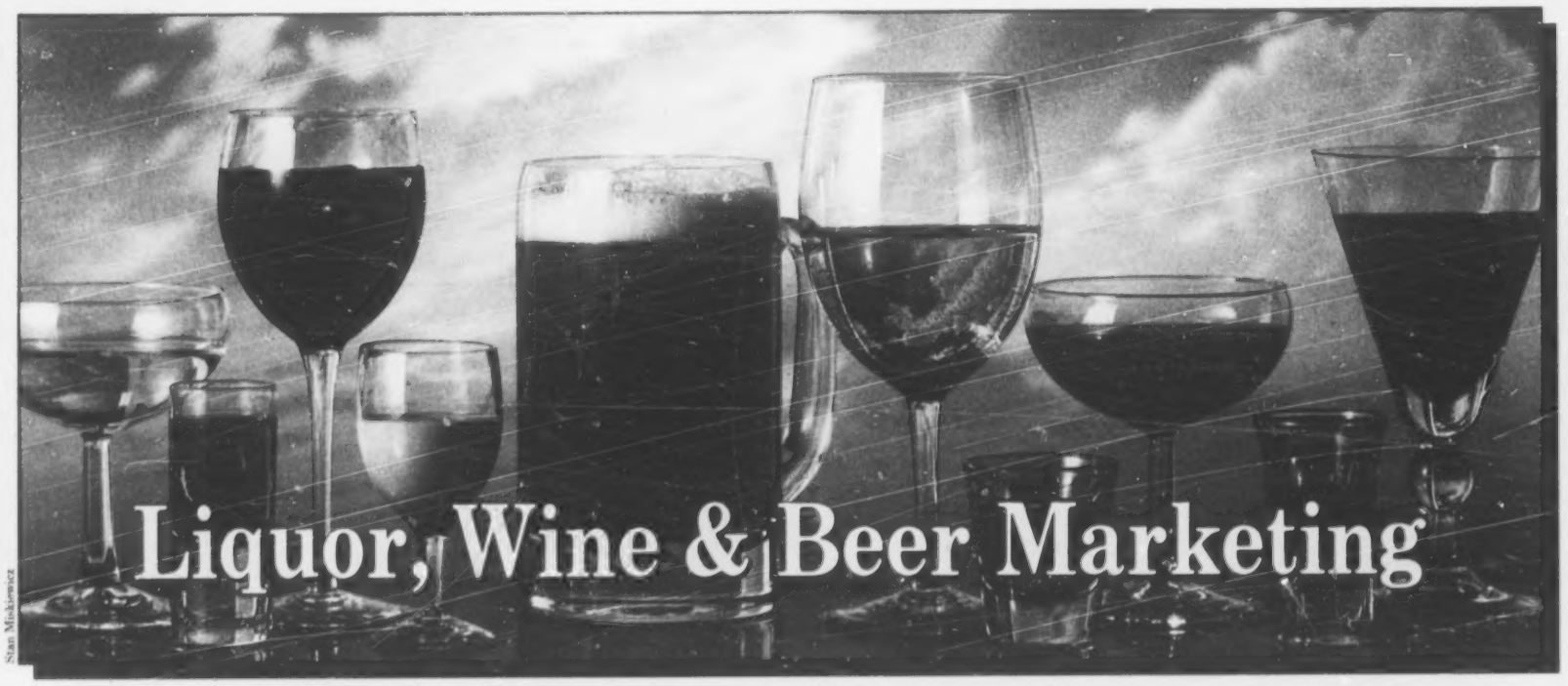
It already has been established that, for the moment, today's health-conscious consumers are looking for lighter, sweeter, lower-calorie and lower-proof products, preferably with some inherent snob appeal.

In response, alcoholic beverage marketers seeking new growth opportunities have marched out a bevy of new products, creating new categories, bolstering existing ones and blurring the lines between others. In many cases, their entries have been right on target.

Last year wasn't exactly a year to write home about. But the industry, buoyed by the cooler category's 71.7% growth, advanced 1.1%—approximately 37 million gallons—during the first half of 1986 compared with the same period in 1985, according to *Impact*, a New York-based industry newsletter. While the gain thus far is slight, it's a definite improvement over 1985, when the industry posted a 0.4% increase after a 0.2% dip in 1984.

Charting the future is probably best left in the hands of time. As Nicolas Furlotte, editorial director of the Jobson Liquor Group, New York, comments in the analysis below on the industry's future: "We are embarking on a new era of alcoholic beverage products and marketing ... Some brands that don't yet exist will likely find enormous success within the next 15 years."

One way to determine where consumer tastes might be heading, however, is to look at where they are today. Particular insight can be gleaned by examining products and categories that are registering gains or showing promise. This Special Report salutes a few that fit these criteria.



Stan Mickiewicz

Drinking in the future: New styles, new tastes

By Nicolas Furlotte

A top executive from one of the country's largest distillers recently told me he had noticed an increase in martini sales in bars and restaurants. He wanted to know if I had observed the same thing and did I think the martini, and other "traditional" cocktails, would make a comeback.

This is really part of a larger and frequently asked question about the alcoholic beverage industry: Is the business cyclical? Does consumption increase and decrease in any kind of historical or discernible pattern?

I can probably count on one hand the number of bars and restaurants that are serving a significantly greater number of martinis today than a year ago. It is unlikely that these drinks will come back into fashion to a degree great enough to influence overall spirits consumption.

There is no such thing as a comeback in the alcoholic beverage industry. There have been a few successful product reformulations and repositioning efforts, but, almost without exception, once a brand has gone into decline, it has never been successfully revived.

The same is true with the various categories of distilled spirits. Once a category has gone into a serious decline, it has never been brought back.

In terms of overall distilled spirits consumption, we are now drinking about as much as we were, on a per capita basis, in 1968. According to *Jobson's Liquor Handbook*, annual per capita consumption of spirits peaked at 2.04 gallons in 1979. Consumption has dropped about 1 quart per person since then. And it is not hard to imagine consumption dropping another quart per person within the next seven or eight years, if not sooner. That would put us at about 1.5 gallons per capita, roughly the same level as in 1965.

Nicolas Furlotte is editorial director of the Jobson Liquor Group, which includes Liquor Store *and* Stateways *magazines,* Jobson's Liquor Handbook, Jobson's Wine Marketing Handbook, Jobson's Liquor Industry Marketing, *and* Jobson's Liquor Handbook Advance.

Commentary

Are we really headed back to the future? In terms of consumption, probably yes. But in terms of what we drink, wishful martini thinking aside, probably not. Without sounding too grandiose, we are embarking on a new era of alcoholic beverage products and marketing.

The trends we have seen during the past decade, and more recently, will continue for the next five to 10 years, perhaps even longer. That doesn't necessarily mean, however, that by combining current taste preferences, a successful new product can be created—an imported, peach-flavored, low-proof, sparkling vodka, for example. On the other hand, some brands that don't yet exist will likely find enormous success within the next 15 years.

Prepared cocktails and cordials (the distinction becomes blurred at times) may hold the most potential for the distilled spirits business in the next 10 to 20 years.

Because taste preferences are evolutionary rather then cyclical, each generation claims a certain type of drink as its own. There was a time when the drink was bourbon. Later it was vodka, then white wine, and now, perhaps, bottled water.

But, of all the demographic groups influencing the alcoholic beverage business today, none is having a greater effect than the generation brought up on the sweet, fizzy taste of soda pop.

The alcoholic beverage industry might take a cue from the soda business where brands such as Slice, with real fruit juice as a prominently promoted ingredient, are the latest success. If I were in new product development, I'd be working on a carbonated cordial/prepared cocktail that featured, and heavily promoted, real fruit juice and would be marketed in four-packs or single-serve bottles.

That tastes are changing is a given, but because they're still evolving, neither the new generation of consumers nor the marketers trying to appeal to them knows exactly what it is they want. Joseph E. Seagram & Sons is making a determined effort with its spirits-based cooler line. James B. Beam Distilling has its line of Zzzingers and its promising Fletcher & Oakes (a schnapps-based cooler). Heublein Inc. has Tropic Freezer, a sort of cherry slush for adults.

(Continued on Page S-2)

Drinking trends
Per capita consumption by beverage
(gallons)

Beverage	1968	1978	1985
Beer	17.3	23.1	23.8
Wine	1.1	2.1	2.4
Distilled spirits	1.7	2.0	1.7

Source: *Beverage Industry*

New flavors spice up vodka category

By Patricia Winters

What do you get when you mix a cayenne pepper, a bottle of vodka and a yuppie? A whole new trend in the liquor industry.

For a decade, consumer demand in liquor has been for sweet, light, low-alcohol drinks. Witness the peach schnapps explosion, the popularity a few years ago of cream liqueurs or the continuing popularity of wine coolers.

But then young, upscale professionals discovered the Bloody Mary brunch and the Cajun martini dinner, and suddenly the trend has taken a 180-degree turn, spawning a shelf full of flavored vodkas ranging from basic pepper—such as Absolut Peppar—to the more exotic Stolichnaya's Zubrowka, a musky-tasting vodka flavored with northern European buffalo grass.

What happened?

"People like to try products that are new and different," says Peter Bordeaux, president of the Sazerac Co., New Orleans, which markets Chef Paul Prudhomme's Original K-Paul's Cajun Martini. "And Americans like spicy food."

While import giants Absolut and Stoli have only recently entered the flavored vodka arena, the category isn't really new. Flavored vodkas have been retailing in the U.S. since the repeal of Prohibition, and despite occasional marketing efforts, the drink never quite caught on.

The new generation of flavored vodkas is an outgrowth of three factors: A trend toward spicy food, a demand for full-tasting drinks and the recent popularity of imported vodka.

Imported vodka is growing rapidly, showing a 35% volume increase from January to November 1986, compared to the same period in 1985, according to the National Association of Beverage Importers, Washington. These gains are even more impressive in light of the fact that total white goods declined 7.6% during the first half of 1986, reports New-York based industry newsletter *Impact*.

Leading the flavored-vodka parade are Carillon Importers,

(Continued on Page S-4)

Distilled spirits growth rate

Type	1975-1980	1980-1985	1985-1990*
Whiskey	**−2.9%**	**−3.7%**	**−4.2%**
Bourbon	−2.6	−5.6	−6.5
Blends	−6.7	−5.2	−7.1
Scotch	−3.6	−3.2	−2.5
Canadian	0.9	−0.9	−2.0
White goods	**2.9%**	**—**	**−0.5%**
Gin	−1.1	−2.3	−2.6
Vodka	2.1	—	−0.5
Rum	10.2	2.9	—
Tequila	—	5.9	—
Specialties	**5.9%**	**2.7%**	**2.9%**
Brandy	5.9	2.4	2.1
Liqueurs	4.2	4.6	1.0
Cocktails	14.9	−5.6	14.9
Total spirits	**0.2%**	**−1.2%**	**−1.3%**

*estimate
Source: Impact Databank

The future

(Continued from Page S-1)

Schieffelin & Co. has Petite Liqueur, a wine-based cordial, and Kobrand Corp. is marketing Alize, a cognac and passion fruit mixture.

Convenience has been the traditional appeal of prepared cocktails, and the category has never been much more than the lazy man's answer to a Bloody Mary. But the most recent entries are a new breed of drink.

These and future new drinks may do for prepared cocktails and cordials what Lean Cuisine has done for TV dinners.

What else lies ahead for the alcoholic beverage industry?

- Cooler sales will continue to grow through 1990, but the enormous percentage gains of the past few years are over. The battle is now for market share and profitability. By 2000, coolers will be about as important as Boone's Farm is today. Today's cooler consumer will tire of the product.

In 20 years we may well look back upon coolers not so much as a sales phenomenon of the 1980s, but as a transitional product to a new style of beverages.

- The over-50 age group will become increasingly important and alcoholic beverage marketers who can reach this segment (it will be a richer, better educated and more sophisticated group than ever) will have struck gold.

But this group won't be attracted by non-alcoholic wine or beer. They will go for low-proof spirits, new drinks, and super-premium wines and cognacs.

- In general, high-priced, premium and super premium distilled spirits, wines and beers will continue to grow for the next three to five years. But there are limits to everything—prices can only go so high so fast. There are absolutes to the amount of money people will spend.
- The U.S. will never be a wine-drinking country, but it will become more sophisticated: Sales of premium and super premium varietal wines will grow over the next 15 years.
- Brand loyalty will erode as marketers increase their rebate/discount/coupon programs.
- Advertising strategies seem cyclical. Bottle and glass shots have given way to lifestyle and image advertising. Over the next three years, head-to-head comparative advertising—"our brand is better than yours"—will become increasingly prevalent as suppliers fight over a smaller pie. In 10 years, the creative director of a hot new ad agency will rediscover bottle and glass shots.
- Imported beers will grow for at least 10 more years.
- Domestic specialty/regional breweries and micro-breweries and their counterparts in the wine business will prosper in the next decade. The huge domestic brewers will continue to dominate the U.S. beer scene, but consumption will erode.
- Wines from non-wine states —Texas, for example—will gain favor, but never great sales.
- In 10 years, Australia will be this country's fourth largest source of wine imports.
- In 20 years, the last of the serious martini drinkers will have vanished from the face of the earth and the drink will never be heard of again.

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Flavors spice up vodkas

(Continued from Page S-2)

Teaneck, N.J.-based marketer of imported vodka leader Absolut from Sweden, and Monsieur Henri, White Plains, N.Y., marketer of No. 2 Stolichnaya Russian vodka. They are followed by smaller companies like Adamba Imports, Maspeth, N.Y., marketer of Luksusowa Polish potato vodka, and Sazerac Co.

A trend toward spicy food, a demand for full-tasting drinks and imported vodka's recent popularity all gave rise to flavored vodkas.

The product introductions started with pepper-flavored vodkas rolled out by Monsieur Henri and Carillon. Carillon decided to move ahead with its pepper-flavored vodka after noting the increasing number of trend-setting restaurants and bars that were marinating pepper in vodka for drinks like the Bloody Mary.

"We saw something happening where we felt we could provide a convenient product for restaurant and bar owners," explains Ernie Capria, Carillon director of marketing services.

Carillon introduced Absolut Peppar in September 1986, and has marketed heavily to on-premise establishments, gaining accounts in such trendy restaurants as the Hard Rock Cafe in New York.

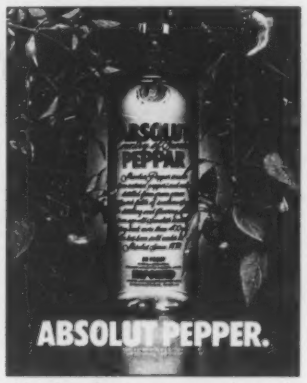
Absolut Peppar magazine ads, via TBWA Advertising, New York, use a lush product shot of the Absolut bottle in a jungle of peppers hanging from vines. The single copy line plays off the product name: "Absolut Pepper," and also off Absolut's long-running advertising approach of basing creative around the brand name.

Monsieur Henri, on the other hand, says a larger movement prompted marketers to introduce the new flavored vodkas. "With the trend toward tasteful drinks, we feel flavored vodkas are a natural line extension for Stolichnaya," says Larry Soll, Monsieur Henri VP.

MH introduced Pertsovka pepper-flavored vodka two years ago. Capitalizing on the growing Cajun rage, MH began advertising the brand and expanding distribution nationwide in the summer of 1986 via Calet, Hirsch & Spector, New York. Pertsovka case depletions increased 25% from 1984 to 1985, to a total of 10,000 cases, according to *Market Watch*, a New York-based industry magazine.

The company also started national distribution in 1986 of Okhotnichya, a vodka spiced with ginger, cloves, juniper, anise and lemon peel, among other ingredients. Last December it introduced Limonnaya, a lemon-flavored vodka, in New York, New Jersey, Boston, Chicago and Los Angeles. National roll-out is planned later this year. Monsieur Henri also plans to introduce Zubrowka later in the year. All are under the Stoli label.

So far, MH has only advertised Stolichnaya Pertsovka in New York and Los Angeles—two key trend-setting markets.

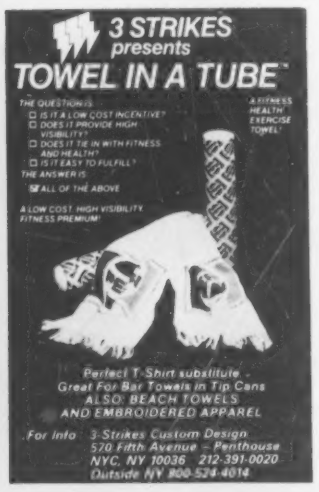


Absolut Peppar magazine ads display the product in a jungle of pepper-laden vines.

Ads, via CH&S, team regular Stoli ads with Stolichnaya Pertsovka. The first ad, showing an iced bottle of Stoli under a headline that says "Stoli. The Vodka" is contrasted with an ad showing reddish-colored Pertsovka, surrounded by red mist, under a headline that reads "Pepper Stoli. The Hot Vodka."

The company says it will team Stoli Limonnaya and Pertsovka in new ads this spring, via CH&S. Both Carillon and MH declined to disclose ad budgets.

No one thinks flavored vodka will sweep the country as the drink of choice, but many industry observers believe it will represent a long-term niche in the lucrative imported vodka segment. They say the flavored vodka market could reach 1 million to 2 million cases during the next few years.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But there's some disagreement about who is drinking flavored vodka. MH and Carillon view the market as an upscale phenomenon, with particular appeal among 25-to-50-year-old, metropolitan-area consumers.

The pepper-flavored vodkas, because of their strong flavor, are skewed slightly toward men. But Sazerac's Mr. Bordeaux believes pepper-flavored vodka, while attracting upscale professionals, also has strong appeal among minimum-age drinkers who down the stuff in shot glasses at nightclubs.

Vodka marketers "don't want to admit that people are doing shots any more than the cognac marketers advertise that a lot of people drink cognac with Coke because it's looked to be down-scale," says Mr. Bordeaux.

Sazerac hopes to attract this segment, as well as the more sophisticated drinkers, by pricing its Chef Paul's Cajun Martini at about $7.50 a bottle, some 40% less than the average price of Stoli or Absolut. An authentic cayenne pepper is attached to the bottle's neck, an interesting package detail that has a reason: Mr. Bordeaux says consumers can make their vodka spicier by marinating it further.

Despite initial positive response to the new breed of flavored vodkas, many are still watching the market cautiously. Says Jack Shea, spokesman for Farmington, Conn.-based Heublein Inc., marketer of Smirnoff, the world's largest-selling vodka: "Heublein's attitude is that there is just not enough evidence yet to know whether this is a fad or a long-term phenomenon. And we are not going to risk the reputation of the world's No. 1 vodka on a fad."

Ads for Stolichnaya Pertsovka broke in the summer of 1986.

But even those who question the longevity of flavored vodka in the market are capitalizing on the trend in promotion and marketing. Heublein, Mr. Shea says, is "encouraged by the phenomenon" and is taking advantage of the new interest in flavored vodka by promoting "The Smirnoff Guide to Flavoring Vodka," a booklet distributed in retail outlets that explains how consumers can flavor their vodka at home. Heublein also has lime-flavored and cherry-flavored vodkas under its largely unsupported Arrow line of cordials.

Mr. Shea notes that the brands exist to give people a choice, and while they aren't very big sellers, they have pockets of popularity in the Midwest, particularly in Wisconsin, Illinois and Ohio.

Adamba Imports, a small marketer of Polish goods, is certain flavored vodka is a fad, says Christina Gutt, marketing director. But increased interest in well-established imported vodkas is not, she says. This is why Adamba, which markets Starka, vodka distilled from rye, and Jarzebiak, a tart, berry-flavored vodka, will promote Zubrowka via local print and outdoor campaigns later this year.

> ***"Heublein's attitude is that there is just not enough evidence yet to know whether [flavored vodka] is a fad or a long-term phenomenon."***
> **Jack Shea**
> **Heublein Inc.**

Zubrowka has an established following among vodka connoisseurs and Europeans. And in Russia, Stoli Pertsovka is a favorite. Flavored vodkas, in fact, have actually been around for centuries. Okhotnichya, known as "hunter's vodka," was traditionally enjoyed by nobles in czarist Russia to celebrate a successful hunt.

America, which often starts worldwide trends, was a bit late on this one.

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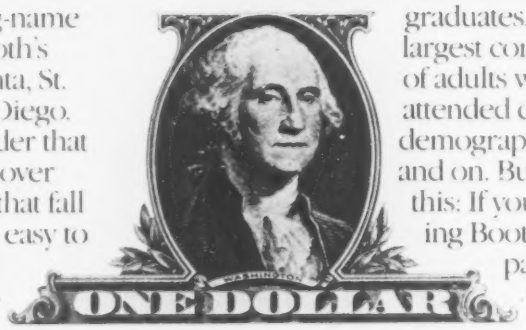

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Blush wines still blooming, but may soon turn pale

By Len Strazewski

When blush wines hit the racks in the late 1970s, one of the greatest wine industry innovations in recent history had arrived. It reached new consumer categories, pumped financial life into small wineries and rescued a once-popular grape from near extinction.

But now, some industry observers are saying the blush may soon be off the blush wine boom. Conditions are ripe for a shakeout, they say, and the business needs another product or marketing trick to keep growing.

"The boom is definitely over," says Nicolas Furlotte, editorial director of the Jobson Liquor Group, New York, publisher of *Jobson's Wine Marketing Handbook*. "There's a curve up and down to these things. The blush wines will do well this summer, but that's probably it."

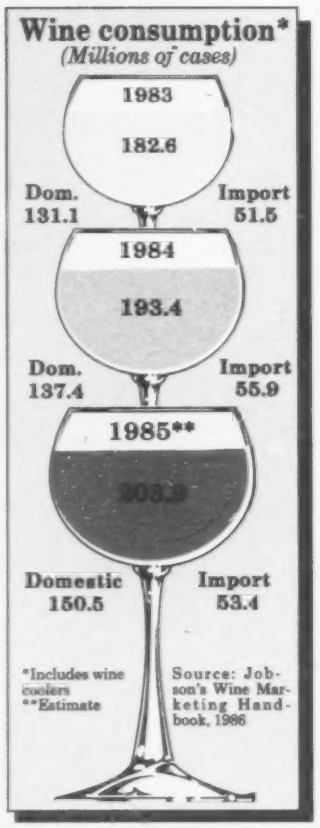
Wine marketers might argue that point. While there are no industry statistics on blush sales, production of the wines has been steadily rising. Industry sources estimate that some 3 million cases of White Zinfandel —which represents 90% of the blush market, according to sources—were produced last year. Indicative of the category's growth, Sutter Home Winery, St. Helena, Calif., sold half that amount in 1986, up substantially from its 25,000 cases in 1980.

It's because of the meteoric growth rate, however, and the sheer volume of contenders in the marketplace, that Mr. Furlotte predicts the blush category will soon top out.

"Mass producers are making a lot of it," he adds. "Some is of better quality, some of lesser quality." He forsees an industry shakeout, with some of the more mediocre products falling by the wayside.

David Pursglove, president of Wine Industry News, a Washington-based industry consulting company, predicts a collapse in the blush boom. Wine Industry News polls 2,500 "trend setters"—affluent East and West Coast consumers—and "trend emulators" about their tastes, and the latest survey says that trend setters never really liked the fruity, light pink wines that make up the blush category, which, besides White Zinfandel, includes White Cabernet and White Beaujolais, among others.

"Barely over 20% ever had any interest in the product at all," Mr. Pursglove says. "And without the interest of the real trend setters, the popularity can't be sustained. This summer will be the last of it."



Market leaders in the blush wine field, however, say the business is growing with little signs of collapse. Some agree it may eventually level off, and that a shakeout is likely. But for now, they maintain, blushes are still shepherding new customers into the wine-drinking fold.

Blush wines, a category of pink or rose-colored wines usually made from grapes pre-

Len Strazewski is a free-lance writer and former Special Report associate editor. He reported on wine coolers for the October 1986 Wine and Beer Marketing Special Report.

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viously reserved for stronger, more concentrated red wines, began bringing a touch of color to an otherwise drab wine industry in the late 1970s. By 1984, the whole industry was going pink, with everyone from mass jug-wine marketers such as Sebastiani Vineyards, Sonoma, Calif., and Almaden Vineyards, San Jose, Calif., to tiny mom-and-pop-owned wineries making the products.

Sutter Home Winery was one of the first to make White Zinfandel. A small, family-owned specialty winery previously known for a highly concentrated Red Zinfandel that had fallen out of fashion, Sutter Home began making a White Zinfandel to deal with an oversupply of zinfandel grapes.

In 1979 Sutter Home made a few thousand cases for on-winery sales. In 1980, the winery increased its White Zinfandel output to 25,000 cases and expanded its distribution to West Coast wine retailers—who bought every drop immediately.

Last year, Sutter Home, whose total output had been less than 100,000 cases during the 1970s, made 1.5 million cases of White Zinfandel. The winery estimates 1987 production at 2.25 million cases and sees no slackening in orders.

Sutter Home President Louis "Bob" Trinchero says he expects White Zinfandel's growth eventually will taper off, but that the category is not likely to collapse as Mr. Pursglove predicts. However, he does foresee a shakeout, as more than 100 wineries now make a blush wine product.

The next largest blush producer, with about a quarter of the White Zinfandel market, is Beringer Vineyards, St. Helena, Calif., which also started making the product in the late 1970s. Group product director Janelle Thompson doesn't see the blush business fading. With marketing savvy from its parent company, Nestle Foods, Beringer has taken its White Zinfandel into national distribution and has seen a steadily upward sales curve.

"White Zinfandel is a product that has touched the taste of the American consumer, and the taste shows no signs of changing," she says.

Beringer is the only winery to nationally advertise White Zinfandel to a mass market. Radio spots by Allen & Dorward, San Francisco, run on network and spot radio around the country. Ms. Thompson will not reveal the budget.

Cecil De Loach, president, De Loach Vineyards, Santa Rosa, Calif., has held his production stable at about 25,000 cases for the past five years, but not because he feared a bust.

"We just want to make some other wines," he explains. "We consistently sell out of the White Zinfandel and have requests for several thousand cases over our production run. And there's no reason to believe the demand is going to let up.

"In the beginning, nobody thought there was any sense at all to making the product," he continues. "But we tried it as an experiment and what we discovered was that we had finally cornered the taste the American public was after."

De Loach does a small amount of print advertising in publications including *The Wine Spectator*, but notes that White Zinfandels have been so popular that little marketing is needed to build demand. Mary Tanner, Sebastopol, Calif., handles a $40,000 annual ad budget.

Outside of White Zinfandel, other blush wines are continuing to do well. Sebastiani, which sells White Cabernet, White Beaujolais, White Zinfandel and Pinot Noir Blanc, reports all of the products doing well, up to expectations. Sebastiani's 1986 blush wine output was half a million cases.

And Almaden, which markets a White Zinfandel and a new "Blush Chablis" blend, says the market will continue to grow.

"We still expect it to grow, filling the niche that Chablis used to fill," says advertising manager Bob Delsol. "People want a light drinking wine that can be had with food or as a cocktail. The blush wines offer a little more choice and flavor."

Almaden's advertising is handled by Ciociola & Co. Advertising, New York, and the budget for 1987 is undetermined, pending approval of new parent Heublein Inc., which bought the winery late last year.

Among smaller blush wine producers, the attitude is also positive. Simi Winery, Healdsburg, Calif., has been making a Rose of Cabernet since 1974 and has seen no lack of interest. The winery prices its blush a bit higher than most at $7 a bottle, but sells out every year, says Michael Dixon, president, who also forsees a shakeout.

"I expect demand will steady out for blush wines and some of the bad ones may disappear, but the lighter, fruitier wines are here to stay, alongside the fine traditional reds and whites."

If the blush wine boom does wane, wineries probably won't be crushed. Jobson's Mr. Furlotte predicts continued growth in a line extension—Sparkling White Zinfandel. Both Sutter Home and Almaden made the product at a caseload of 100,000 each in 1986.

Sutter Home, the White Zinfandel specialist, is already using its new-found cash flow to diversify its offerings to include Cabernet Sauvignon, Chenin Blanc and Muscat d'Alexandria, as well as its Red Zinfandel.

And if blush wines pave the way for a return to traditional reds, as Mr. Pursglove and his trend surveys indicate, Sutter Home won't be embarrassed. The winery will be back in the same business it was in before anyone ever heard of a White Zinfandel.

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Genuine Draft pours new life into Miller sales

By Scott Hume

They said it couldn't be done. Miller Brewing has refused to believe them, and may yet prove them wrong.

"They" are the majority of brewing industry executives who long have clung to the principle that once a beer brand begins to decline in sales, rescue efforts are fruitless. But Miller is confident it will disprove that axiom by reversing the steady sales slide its once-powerful High Life brand has suffered during the past five years.

If Miller succeeds, much of the credit will belong to High Life Genuine Draft, a "flanker" brand Miller began testing in late 1985 before introducing nationally last spring. Genuine Draft's success—sales of more than 1.5 million barrels in 1986, according to industry analysts' estimates—has helped modernize and repopularize a brand name Miller Brewing was determined wouldn't fail.

Some observers are skeptical of Miller's chances, however. Manny Goldman, beverage analyst at Montgomery Securities, San Francisco, has called the High Life rescue mission "as great a challenge as [Miller parent] Philip Morris has ever had."

Brewing industry history supports the doubters, who point to Ballantine, one of the country's top sellers in the years after World War II, and Schlitz. Both brands went into tailspins from which they never recovered.

During the past several years, it has appeared that High Life might be inexorably marching along the same downward course taken by these and other has-been beers.

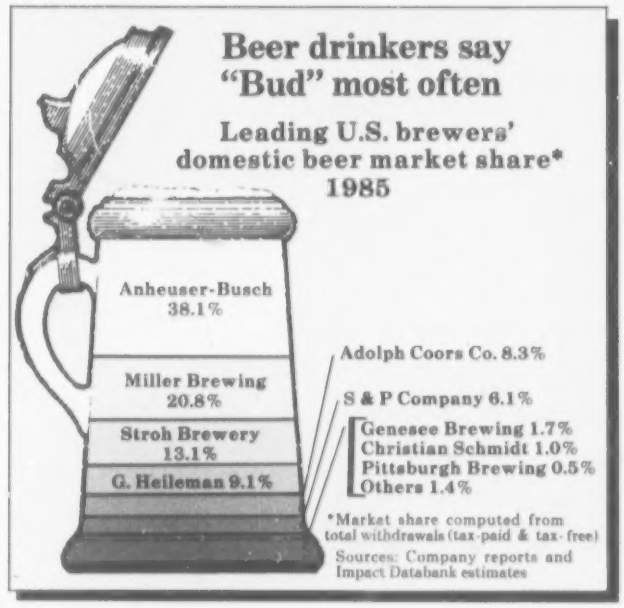
After Philip Morris acquired Milwaukee-based Miller Brewing in 1970 and pumped millions of dollars into the company's brewing and marketing capabilities, High Life's sales and share rose. According to analysts' estimates, High Life sales peaked in 1979 at 23.3 million barrels, second only to Anheuser-Busch's Budweiser at 31.4 million.

It's been downhill since then. By 1982 High Life was down to 20.3 million barrels; by 1984 it had plummeted to 14.1 million. Last year it fell below 12 million barrels, analysts estimate, although it remains the nation's third most popular brand.

Miller execs say that they have met the challenge, that High Life's sales erosion slowed in 1986 and that they now are beginning the process of building original High Life's sales.

Despite its unflagging confidence that High Life eventually would turn around, Miller made two important strategic moves in 1984, as High Life sales were plummeting: It opened for review the $50 million High Life advertising account then held by Backer & Spielvogel, New York, and it began more aggressively testing new beer brands to bolster its market presence, especially in the premium-price category. Both actions have produced results aiding recovery.

After 20 months of deliberation, Miller in August 1985 awarded J. Walter Thompson USA, New York, the High Life assignment. Its "Made the American way" campaign, replacing B&S' "Welcome to Miller time" positioning, helped give High Life a tougher image that has broadened its appeal, Miller execs say.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Others 1.4%
*Market share computed from total withdrawals (tax-paid & tax-free)
Sources: Company reports and Impact Databank estimates

The parade of new-product tests has included popular-price Meister Brau Light and low-alcohol Sharps L.A. in August 1984; premium-price, draft-style Plank Road Original Draught in October 1984; premium-price Gettelman Lager in July 1986; and premium-price "wheat beer" Dakota in September 1986. Of these brands, Meister Brau Light is currently available nationally, Sharps is in limited markets, Gettelman has been discontinued, Plank Road is being retooled, and Dakota is still in the test phase.

The most intriguing of the premium-price test products was Plank Road Original Draught. Hamish Maxwell, chairman of Philip Morris, for some time had been suggesting that Miller consider the draft-beer niche.

"With his international experience and perspective, [Mr. Maxwell] asked us to look into packaged draft beer," says Miller group product manager Jerry Schmutte. "It represents one-third of Japanese volume, but its U.S. penetration has been inconsequential."

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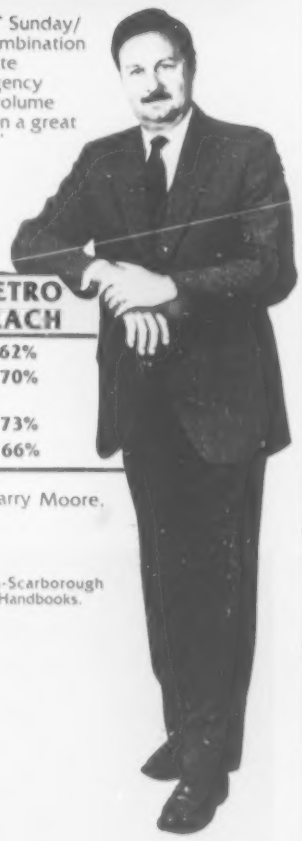

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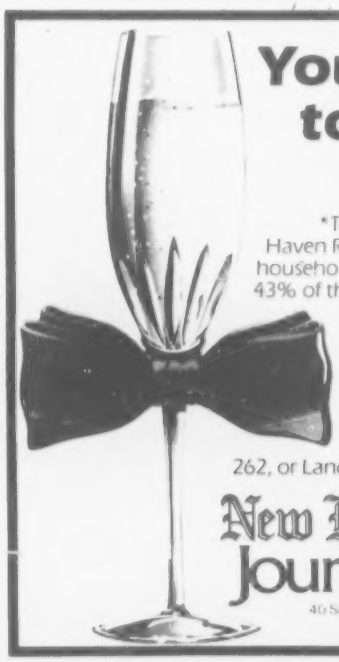

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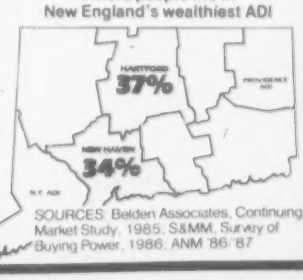

SOURCES: Belden Associates, Continuing Market Study, 1985; S&MM, Survey of Buying Power, 1986; ANM '86-'87

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Mr. Schmutte says it was "a concern but not a worry" that by selling its own draft beer, Miller might aid the sales of Coors, also an unpasteurized, or "draft" beer. "I don't think the average consumer immediately thinks of Coors as a draft beer. They haven't pushed [that attribute] that hard," Mr. Schmutte says. "But our draft process is different. We went to Sapporo Brewery in Japan and imported their technology for using ceramic filters to remove impurities. It's different than the process Coors uses."

There was only one problem: Plank Road test results "did not set the world on fire," he says. "Plank Road was a strong test, but probably not the optimal one.

"But we knew there was something there. We had too much research that said consumers prefer draft beer. So we decided to try again with it as a line extension, and we hit the second time around."

That second try, of course, was High Life Genuine Draft, an assignment this time given to Backer & Spielvogel, Miller's agency of record and creator of the classic "Lite All-Stars" advertising series.

Where Plank Road had been received with a yawn, "distributors, retailers and consumers sparked to Genuine Draft from the start." It captured the 1%-plus market share the brewer looks for from test products, Mr. Schmutte says. After testing in 24 markets for less than six months, Genuine Draft was rolled nationally last spring.

Why did Genuine Draft succeed where Plank Road failed? Mr. Schmutte points to three important factors: Name, packaging and advertising.

"There's no question the Miller High Life name was a boost," he says. "There have been few successful launches of beers with free-standing brand names. They don't have the value of heritage and tradition, and the consumer wants to think there's some substance, some history to a brand."

While the High Life name helped Genuine Draft, the reverse also has proved true. Miller was concerned about "diluting" the High Life brand with a flanker brand, but "the addition of Genuine Draft has energized all the equity we have in the Miller name."

Landor Design, San Francisco, developed Genuine Draft's packaging. While keeping the basic elements of original High Life's look, including the clear glass bottle, Landor also managed to set Genuine Draft apart with a black foil label that Mr. Schmutte says gives it "a more masculine image."

"Package design can be the most important element, especially for a new beer," says Mort Libby, a principal in Libby Perszyk Kathman, Cincinnati, which has done design work for Coors, Schoenling Brewing and others. "Like food products, beer is sold on taste, but you can't use photos to increase appetite appeal like you can with cake packaging. So you have to design a label that has emotional appeal."

Says partner Ray Perszyk: "Personality drives beer marketing, and packaging has to convey the personality you want a beer to embody."

In place of the manufactured history and re-creations of old-time breweries used in Plank Road advertising (from Chiat/Day, New York), the Genuine Draft campaign has been purposely straightforward and simple. Executions in all media play off that research-based belief that consumers prefer draft beer; they share the theme line, "Beer at its best."

In 1986, Miller spent approximately $30 million on media advertising for Genuine Draft, compared with nearly $60 million for original High Life. This year, however, sources say Miller is reversing that ratio, budgeting $75 million for the draft version and $30 million for the regular brand. Miller execs would not confirm that report.

Print ads share the "Beer at its best" theme with other media.

Print ads show a spiggot-equipped Genuine Draft bottle and the no-nonsense headline, "Look guys, no keg." Fifteen-second TV commercials say simply, "When you want the rich, smooth, fresh taste of real draft beer in a bottle [or can], ask for Miller Genuine Draft. The Miller with the black label." Thirty-second spots say Genuine Draft "will remind you of the best beer you ever had."

Some industry observers project Miller Brewing's total production for 1986 up nearly 4% to 38.5 million barrels, with Genuine Draft's success a major contributing factor. For the first time in years, Miller is able to suggest convincingly that the worst of High Life's troubles are behind it.

"We consider Genuine Draft a success," Mr. Schmutte says. "We know that it has captured people's imagination, and it has exceeded our initial goals.

"We look at Miller High Life as a franchise, and we're determined to strengthen it. Original High Life is still the No. 3 brand [behind Budweiser and Miller Lite], so any talk of Genuine Draft dethroning it or threatening it is preposterous. The two are moving together to turn around that franchise. We've reduced the rate of decline and strengthened the Miller brand name.

"It's all going in the right direction." AA

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Sources: Readership—Belden CMS, March-December 1985. Liquor Rank—Liquor Handbook, 1986

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MAXWELL'S MARKET SHARES

Excise tax hike hurts liquor sales

By JOHN C. MAXWELL JR.

In 1986 the liquor industry experienced approximately a 5%-to-6% volume decline, due primarily to the impact of the federal excise tax increase in October 1985. Domestic cordials, imported brandy, tequila and imported vodka were the only exceptions.

Tequila's impressive 5% gain (relative to the industry decline) is largely attributable to Heublein's Jose Cuervo, up 20%. This increase may be an effect of the growing popularity of Mexican food and drinks (witness the amazing jump of Corona to the No. 2 position in imported beers). Cordials were up almost 0.5% due to domestic growth, probably from flavored schnapps. An impressive increase was the 36% rise of imported vodka, with particularly strong gains made by Absolut, up 47.1%.

The outlook for 1987 is another year of volume decline in spirits with the exception of specific imports such as vodka and brandy.

Of the top 10 brands, almost all showed declines. The one exception was Heublein's Popov vodka, which increased 4% and moved from sixth to fourth position. Of the 1985 leading brands (those that sell over 1 million cases) only three brands showed volume gains. Aside from the increase of Popov, Peachtree schnapps, which was introduced in 1984, doubled its volume and rose from the 24th to the 12th top-selling brand. Another share increase was seen by Heublein's Jose Cuervo tequila, which rose to 25th from the 34th position. The only newcomer to this list was Absolut vodka.

As a result of the success of National Distiller's Dekuyper's Peachtree schnapps, the Dekupyer line overall maintains its position for the second consecutive year as No. 1 in the cordial area.

This extraordinary growth seems to illustrate the acceleration of a new drink trend with great potential. With the over 60 varieties, peach being the most popular, schnapps drinkers have a tremendous selection to choose from. Furthermore, the low alcohol content, approximately 45%, not only appeals to those who are health-conscious, young and female, but also provides a compromise to the deadly mixture of drinking and driving. We feel that this type of drink not only has more o[illegible] aspects which attract consun[illegible]s to wine coolers, but can appeal to an even greater audience on the basis of its variety and versatility. We believe that while the wine cooler trend wll continue, the impact of schnapps will minimize future wine cooler growth while accelerating the trend toward lower-proof, "healthier" alcoholic drinks.

Another area trend that has shown continued good growth is imported vodka. Despite the decline of total vodka, about in line with the industry, imported vodkas are up approximately 36%. As mentioned earlier, Absolut increased 47.1%, while Stolichnaya increased 17% and Finlandia increased 12%. It appears that drinking vodka on the rocks is becoming more popular, explaining the increased demand for higher quality imports. Ths growth appears to be occurring at the expense of domestic vodkas and possibly scotch.

One new product which does not follow the general trend is Elijah Craig, introduced in September 1986 by Heaven Hill. In the face of a declining bourbon category, Elijah Craig is a 12-year-old, 94-proof bourbon positioned to compete against fine wines, scotches and cognacs. As this is such a recent introduction, we cannot yet determine the outcome of this new entry.

For the first nine months of 1986, advertising expenditures were down approximately 10% from the year earlier. This is a continuation of the decline that has occurred over the past few years. Increasingly the industry has tried to assuage its opponents' criticisms; for instance, one company solicited an advertising campaign promoting the "designated driver" idea. Aside from having its altruistic tones, the ad is a good selling campaign in that it reminds drinkers that as long as they have a designated driver they can stop worrying about driving and drink as much as they like. This appears to have been well-received by consumers.

Overall, it appears as though alcohol consumption will continue to decline with greater consumer health consciousness and the desire to lower alcohol intake. Excluding any new tax increases, we expect the liquor industry to decline in the area of 2% to 3% per year in unit volume.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Top-selling liquor brands

Brands selling more than one million cases. *Estimate. *Source: John C. Maxwell Jr., Laidlaw Ansbacher, New York.*

Rank '85	Rank '86	Brand	Company	Nine-liter cases (000) 1985	1986*	Change
1	1	Bacardi	Bacardi	8,509	7,927	−6.8
2	2	Smirnoff	Heublein(RJR)	7,665	7,662	—
3	3	7Crown	Seagram	5,100	4,600	−9.8
6	4	Popov	Heublein (RJR)	4,024	4,183	+4.0
4	5	Canadian Mist	Brown-Forman	4,326	3,975	−8.1
5	6	Jim Beam	James Beam (AB)	4,045	3,800	−6.1
9	7	V.O.	Seagram	3,620	3,455	−4.6
7	8	Windsor Supreme	National	3,795	3,415	−10.0
8	9	Jack Daniel's	Brown-Forman	3,643	3,225	−11.5
11	10	Canadian Club	Walker (HWR)	3,235	3,100	+4.2
20	11	Seagram's Gin	Seagram	3,250	3,065	−5.7
24	12	Peachtree Schnapps	National	1,500	3,000	+100.0
12	13	Gordon's Gin	Schenley (RA)	2,585	2,455	−5.0
13	14	Dewar's	Schenley (RA)	2,370	2,370	—
15	15	Kamchatka	National	2,323	2,160	−7.0
14	16	Gilbey's Gin	National	2,350	2,115	−10.0
16	17	J&B Rare	Grand Metro	2,230	2,100	−5.8
17	18	Black Velvet	Heublein (RJR)	2,151	2,082	−3.2
18	19	Gordon's Vodka	Schenley (RA)	2,125	2,020	−4.9
19	20	Gilbey's Vodka	National	1,945	1,845	−5.1
20	21	Kahlua	Walker (HWR)	1,750	1,750	—
22	22	Christian Brothers	Fromm & Sichel	1,830	1,740	−4.9
23	23	Ancient Age	Ancient Age	1,650	1,600	−3.0
21	24	Early Times	Brown-Forman	1,797	1,525	−15.1
34	25	Jose Cuervo	Heublein (RJR)	1,152	1,384	+20.1
25	26	Johnnie Walker Red	Somerset (D)	1,450	1,375	−5.2
29	27	Tanqueray	Somerset (D)	1,325	1,310	−1.1
26	28	Crown Royal	Seagram	1,375	1,280	−6.9
31	29	Southern Comfort	Brown-Forman	1,229	1,150	−6.4
27	30	Cutty Sark	Buckingham (WB)	1,140	1,140	—
33	31	Beefeater	Kobrand	1,190	1,110	−6.7
30	32	Kessler	Seagram	1,260	1,100	−12.7
32	32	Lord Calvert	Perennial (S)	1,200	1,100	−8.3
33	33	Old Grand-Dad	National	1,190	1,070	−10.1
35	34	Calvert Extra	Perennial (S)	1,150	1,035	−10.0
28	35	Ten High	Walker (HWR)	1,339	1,000	−25.3
—	35	Absolut	Grand Metro	680	1,000	+47.1

Key to parent corporations: (AB) - American Brands, (D) - Distillers Co., (G) - Glenmore, (GM) - Grand Metropolitan, (HWR) - Hiram Walker Resources, (RA) - Rapid-American, (RJR) - R.J.Reynolds, (S) - Seagram, and (WB) - Whitbread.

Sherman signs scotch deal

ST. LOUIS—David Sherman Corp. has signed a deal with William Whitely & Co., a Scottish distiller, to distribute its House of Lords Deluxe Blended Scotch whisky in the U.S.

Fremerman, Rosenfield & Lane, Kansas City, will handle advertising. Outdoor and newspaper ads will break in April in Texas.#

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February

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
Art & Antiques	45.0	49.7	91.8	93.3
Southwest Art	61.0	59.5	115.9	114.7
Total Group	106.0	109.2	207.7	208.0
% change		-2.9%		-0.2%
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	115.5	121.2	227.5	261.9
Car & Driver	64.9	80.4	148.4	172.2
Car Collector & Car Classics	15.8	14.5	31.8	28.8
Car Craft	64.0	59.6	113.8	106.6
Circle Track	56.6	62.8	100.7	102.5
Cycle	39.6	36.6	63.9	65.3
Cycle Guide (9X)	36.3	28.3	64.9	49.6
Cycle World	46.8	39.9	71.8	77.6
Dirt Rider	30.7	22.7	62.8	57.7
Dune Buggies & Hot VWs	69.6	83.9	146.6	176.0
Family Motor Coaching	135.4	136.3	303.4	314.0
4 Wheel & Off Road	67.4	71.9	127.4	138.1
Four Wheeler	92.0	76.0	184.0	75.2
Hot Rod	62.5	57.3	105.4	95.0
Motorcyclist	32.9	40.9	47.1	66.0
Motor Trend	51.2	69.5	105.2	123.7
Motorhome	75.8	91.6	152.1	176.5
Rider	35.7	43.3	61.5	72.4
Road & Track	86.4	80.9	158.8	159.3
3 Wheeling	38.4	56.7	78.4	121.6
Trailer Life	87.3	113.0	174.7	214.5
Total Group	1,304.8	1,387.2	2,530.2	2,654.5
% change		-5.9%		-4.7%
— Boating & yachting —				
Boating	177.0	166.8	368.0	328.0
Chesapeake Bay	46.5	39.5	82.3	69.5
Cruising World	101.3	114.3	202.1	225.8
Lakeland Boating (10X)	69.5	64.5	149.0	124.0
Motor Boating & Sailing	190.7	233.5	414.2	466.4
Sail	108.4	116.7	203.8	222.5
Small Boat Journal(6X)	—	—	58.8	53.1
Trailer Boats (11X)	71.6	46.9	131.9	87.6
Western Boatman(6X)	—	—	44.1	54.7
Yachting	131.3	135.5	329.2	326.3
Total Group	896.3	919.7	1,983.3	1,958.0
% change		-2.5%		+1.3%
— Canadian —				
L'Actualite	68.7	89.0	105.9	140.3
Chatelaine				
English Edition A.	84.9	97.9	125.0	159.3
French Edition	68.2	85.0	108.6	136.1
City & Country Home (8X)	37.8	—	37.8	—
Flare A.	48.1	43.4	84.5	70.9
Macleans (52X) A.	79.0	122.4	180.2	235.5
Moneywise	33.5	39.9	61.4	71.0
Montreal Calendar (10X)	—	—	15.3	22.0
Montreal Ce Mois Ci (9X)	—	—	14.6	23.0
Reader's Digest				
Canadian-English A.	58.7	72.2	102.5	139.6
Canadian-French A.	43.2	53.5	78.5	106.5
Toronto Life	73.8	79.1	137.1	140.5
Total Group	592.9	682.4	1,048.3	1,246.7
% change		-13.1%		-15.9%
— Civic/fraternal —				
American Legion	36.9	30.4	77.1	59.2
Elks (10X)	23.5	22.0	49.3	42.1
Kiwanis	19.6	23.1	35.3	40.0
Lion (10X)	11.3	6.0	18.6	13.3
Rotarian	20.9	13.2	28.5	31.4
V.F.W. (11X)	33.7	31.8	66.0	61.9
Total Group	145.9	126.5	274.8	247.9
% change		+15.3%		+10.9%
— Comics —				
DC Comics	6.0	5.0	14.0	12.0
Marvel Comics Group	10.0	6.0	19.0	15.0
Total Group	16.0	11.0	33.0	27.0
% change		+45.5%		+22.2%
— General —				
American Health (10X)	—	—	64.2	55.6
American West (6X)	—	—	29.3	50.5
The Atlantic A.	30.4	25.9	58.0	65.2
Audubon Magazine (6X)	—	—	29.5	29.6
Bon Appetit A.	87.8	83.3	141.7	140.3
Changing Times	58.0	49.2	123.9	99.4
Connoisseur	69.3	41.1	107.1	86.4
Consumers Digest (6X)	—	—	27.5	25.3
Ebony	107.7	107.1	179.5	177.6
Food & Wine	54.2	43.4	89.4	74.2
Games (6X)	17.9	18.3	31.4	40.8
Gourmet	91.7	75.4	148.3	129.4
Harper's A.	27.0	22.2	56.0	45.7
Harrowsmith (6X)	—	—	54.4	53.5
Let's Live	44.0	45.0	89.0	88.0
Life	35.9	36.7	88.4	105.3
Modern Maturity (6X)	37.1	41.5	37.1	41.5
Money	129.2	106.7	220.0	204.9
Moneyworth (4X)	—	—	13.1	10.0
Mother Earth News (6X)	—	—	62.3	56.7
Mother Jones (9X)	19.8	19.7	42.0	41.9
National Geographic	18.6	16.9	30.6	36.1
Natural History	38.2	47.6	78.3	98.6
Prevention	75.1	67.8	141.6	127.4
Psychology Today	31.6	24.6	63.6	45.8
Reader's Digest A.	77.2	68.1	142.8	139.9
Rx Being Well (6X)	—	—	27.0	22.0
Saturday Evening Post (9X)	—	—	42.9	37.7
Signature	55.0	52.2	142.0	104.1
Smithsonian	71.9	64.8	131.7	150.6
Sylvia Porter's Personal Finance (10X)	—	—	64.7	54.2
Town & Country	108.3	103.7	190.4	190.1
Travel-Holiday	56.6	42.8	97.8	77.3
Travel & Leisure	73.1	110.5	138.2	197.3
Vanity Fair	43.6	39.8	68.1	76.8
Writer's Digest	24.2	22.2	51.5	41.8
Total Group	1,483.2	1,376.2	3,103.2	3,021.1
% change		+7.8%		+2.7%
— Home —				
Architectural Digest A.	86.1	81.7	169.8	184.7
Better Homes & Gardens	92.8	107.7	145.1	170.9
Colonial Homes (6X)	—	—	44.0	52.4
Columbus Monthly-Homes (4X)	—	—	22.6	21.9
Country Home (6X)	—	—	36.2	38.5
Country Living	83.6	66.8	142.1	128.7
Dallas/Ft. Worth Home & Garden	31.5	59.9	84.6	142.2
Family Handyman (10X) A.	57.2	61.6	103.9	121.8
Flower & Garden (6X)	51.8	53.6	51.8	53.6
Home	68.1	63.5	100.4	101.2
Home Mechanics	64.3	66.5	105.1	124.6
The Homeowner (10X)	—	—	40.5	35.2
Horticulture	35.3	34.3	75.7	81.7
House Beautiful	56.2	54.0	99.2	109.2
House & Garden	86.1	84.8	137.9	145.9
Houston Home & Garden	77.6	82.3	119.9	136.3
Metropolitan Home	60.2	50.7	94.1	82.9
1,001 Home Ideas	45.3	44.8	81.7	88.3
Phoenix Home/Garden	80.7	88.0	140.5	144.0
Practical Homeowner	74.4	73.3	113.3	116.8
Rodale's Organic Gardening	71.9	76.6	127.7	153.3
South Florida Home/Garden	33.9	30.0	71.6	59.6
Southern Accents (6X)	—	—	84.1	107.8
Southern Living	103.2	109.4	176.3	204.8
Sunset Magazine A.	107.0	125.5	168.6	221.5
Texas Homes	33.2	57.6	82.2	141.6
Workbench (6X)	—	—	49.4	51.2
The Workbasket	37.4	46.8	65.1	88.6
Total Group	1,437.6	1,519.4	2,733.1	3,109.2
% change		-5.4%		-12.1%
— In-flight & other passenger —				
Alaska Airlines	55.8	43.6	107.9	101.8
America West Airlines	43.5	—	86.1	—
American Way (24X)	96.4	86.6	180.4	175.2
East/West Network				
Eastern Review	72.2	109.7	150.0	199.5
Northwest	44.5	46.2	83.5	91.4
PSA Magazine	80.0	96.8	145.3	185.3
Pan Am Clipper	36.0	52.7	79.2	102.9
Spirit	52.7	93.2	110.0	178.7
TWA Ambassador	43.5	—	86.0	—
United	61.2	81.5	114.4	167.1
Western's World	39.0	66.5	80.0	130.3
Halsey Publications				
Air Cal	50.0	41.0	93.5	83.4
Delta Sky	69.7	67.3	139.3	129.7
US Air	36.2	41.7	77.7	76.5
Pace	95.1	95.3	168.5	155.1
Presidential Airways (6X)	3.5	11.2	3.5	11.2
Spirit of Aloha (6X)	34.0	30.8	68.0	61.5
Total Group	913.2	964.1	1,773.3	1,849.5
% change		-5.3%		-4.1%
— Men's —				
Esquire A.	61.3	53.3	105.8	97.0
Firehouse Magazine	29.8	30.8	76.8	72.6
Gentlemen's Quarterly A.	115.6	124.0	170.4	180.8
M Magazine	89.9	55.8	125.1	82.0
Penthouse A.	33.0	30.3	77.4	76.6
Playboy A.	33.1	42.0	93.7	114.5
Salute	—	—	—	—
Total Group	362.6	336.2	649.3	623.4
% change		+7.9%		+4.1%
— Metropolitan —				
Aloha (6X)	—	—	28.9	23.0
Atlanta	53.9	43.1	105.8	89.6
Baltimore	78.7	70.1	137.1	126.5
Boston	143.1	141.5	277.1	273.1
California	59.1	43.7	96.4	90.1
Chicago	87.8	110.3	166.7	193.1
Chicago's North Shore	62.5	58.6	141.3	136.3
Cincinnati	38.6	56.2	83.9	109.1
Cleveland	50.6	57.2	103.0	117.5
Coast (39X)	61.2	53.1	121.2	53.1
Columbus Monthly	44.8	48.1	105.1	98.4
Connecticut	92.5	87.4	175.7	171.1
D/Magazine, Dallas/Ft. Worth	117.0	111.5	207.6	223.5
Denver	34.7	45.0	56.2	77.2
Detroit Monthly	51.2	59.8	147.1	204.4
Grand Rapids	34.7	26.3	64.4	60.5
Gulfshore Life (10X)	—	—	—	—
Honolulu	50.8	49.8	107.0	107.7
Houston City	38.2	50.1	77.8	90.7
Louisiana Life (6X)	—	—	28.8	40.5
Madison	68.0	66.0	122.0	126.0
Metropolitan Detroit	52.0	67.0	96.3	103.0
Miami Mensual	39.0	46.3	81.5	98.1
Miami/South Florida	46.2	63.1	100.1	152.1
Mid Atlantic Country	49.5	32.3	71.3	58.8
Milwaukee	53.8	53.3	85.8	100.5
Minneapolis/St. Paul	80.5	101.5	141.8	166.3
Nashville	45.0	45.0	89.0	90.0
New England Monthly	32.4	24.9	64.0	68.1
New Jersey Monthly	86.0	81.6	156.2	144.5
New Mexico	17.3	14.5	68.8	57.5
Ohio	39.6	36.7	107.4	97.3
Oregon	—	—	—	—
Orlando	84.1	102.7	169.0	201.2
Palm Beach Life	110.3	101.3	203.5	196.0
Palm Springs Life	153.3	141.8	284.1	278.3
Philadelphia	108.6	110.5	240.6	213.8
Phoenix	71.9	90.1	147.0	193.6
Pittsburgh	60.6	55.6	110.7	93.7
St. Louis	53.5	43.8	89.2	80.5
San Diego	135.3	135.8	245.8	262.2
San Francisco	—	—	—	—
San Francisco Focus	93.2	77.2	150.5	143.5
Texas Monthly	64.0	84.0	142.1	278.5
Twin Cities	41.9	36.4	76.5	76.3
The Virginian	—	—	52.1	48.7
Washington (7X)	—	—	47.0	61.0
The Washingtonian	153.0	141.8	270.7	253.5
Total Group	2,838.3	2,864.8	5,643.9	5,928.4
% change		-0.9%		-4.8%
— Movie/romance/radio/tv —				
Macfadden's Women's Group				
Modern Romances	25.2	25.3	43.8	37.0
Secrets	25.2	25.3	43.8	37.0
True Confessions	25.2	25.3	43.8	37.0
True Experience	25.2	25.3	43.8	37.0
True Love	25.2	25.3	43.8	37.0
True Romance	25.2	25.3	43.8	37.0
Sterling Women's Group				
Daytime TV	24.2	25.8	48.4	49.6
Modern Screen	14.5	15.5	14.5	15.5
Movie Mirror (6X)	14.5	15.5	14.5	15.5
Soap Opera Stars	14.5	16.8	14.5	16.8
TV Movie Screen (6X)	7.3	8.3	7.3	8.3
TV Picture Life (6X)	1.0	4.3	1.0	4.3
TV Game Show	—	—	—	—
Total Group	227.1	237.9	362.9	332.1
% change		-4.6%		+9.3%
— Music/entertainment —				
Audio	60.4	59.5	157.9	154.4
Circus Magazine	—	—	—	—
Dance Magazine	55.8	54.6	113.6	111.5
Playbill	41.8	51.0	75.4	89.5
Stereo Review	99.6	99.3	200.0	157.8
Video Magazine	69.5	73.0	155.8	159.3
Video Review	—	—	—	—
Total Group	327.1	337.3	702.7	672.5
% change		-3%		+4.5%
— Outdoor & sport —				
Alaska	40.0	52.9	63.8	86.2
The American Handgunner(6X)	—	—	41.0	35.0
American Hunter	16.4	16.6	37.3	38.6
American Rifleman	19.5	16.0	48.1	44.2
Backpacker (6X)	—	—	26.9	23.1
Bass Master (10X) A.	92.5	91.6	155.3	142.0
Bicycling (9X)	—	48.4	69.6	108.5
Ducks Unlimited (6X)	—	—	17.3	28.5
Field & Stream	93.8	94.3	169.0	154.4
Fins & Feathers A.	56.4	66.6	89.9	98.4
Fishing World	—	—	40.3	33.1
Florida Sportsman	163.0	155.1	312.6	265.1
Flying	48.5	36.5	87.0	70.7
Golf Digest	103.5	131.7	203.8	230.8
Golf Magazine	121.8	130.6	240.0	265.9
Gun Dog (6X)	—	—	33.5	25.5
Guns	25.5	28.0	54.0	57.0
Guns & Ammo	39.8	36.7	74.7	95.3
In-Fisherman (6X)	145.0	103.0	145.0	103.0
Muscle & Fitness	105.9	109.1	219.9	217.1
Outdoor Life	91.5	86.7	161.9	149.2
Outside Magazine	33.4	36.2	65.7	68.5
Petersen's Hunting	36.6	31.7	74.8	90.1
Runner	33.3	24.7	49.9	50.5
Runner's World (13X)	27.0	25.4	49.1	53.6
Saltwater (8X)	32.5	—	32.5	—
Salt Water Sportsman	104.9	119.0	288.4	280.4
Sierra (6X)	—	—	39.6	41.0
Shooting Times	43.7	42.0	76.3	95.5
Ski (8X) A.	78.8	50.8	162.2	166.5
Skiing (7X) A.	55.6	54.9	150.5	139.6
Skin Diver	104.3	90.9	203.4	183.2
Southern Outdoors (9X)	49.1	45.3	94.2	84.3
Sport	32.3	42.3	64.3	73.5

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. * All affiliated with Sunday Mag/Net, except Los Angeles Times Magazine and New York Times Magazine.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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February

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Sports Afield	92.8	75.8	225.8	149.0
Tennis	62.7	65.0	107.0	105.5
Western Outdoors (10X)	57.4	64.8	87.4	100.1
Wildfowl (6X)	9.4	9.5	9.4	9.5
Wing & Shot	—	—	12.4	—
World Tennis	25.6	20.5	39.3	38.2
Total Group	**2,042.5**	**2,002.5**	**4,123.0**	**4,000.5**
% change		+2.0%		+3.1%

— Photography —

American Photographer	31.3	36.7	55.4	71.0
Petersen's Photographic	24.1	23.4	46.1	43.3
Popular Photography	64.5	65.5	131.5	130.6
Total Group	**119.9**	**125.6**	**233.0**	**244.9**
% change		-4.5%		-4.8%

— Religious —

Charisma	45.8	55.0	851.5	818.1
Christian Herald (11X)	30.2	33.8	55.7	63.7
Christian Life	22.4	—	50.2	—
Christianity Today (18X)	61.0	71.3	93.5	121.3
Ministries Today (6X)	—	—	39.2	78.3
Moody Monthly (11X)	40.5	50.0	72.3	97.7
Our Sunday Visitor (52X)	9.6	10.8	22.9	23.0
Today's Christian Woman (6X)	—	—	31.4	29.0
Total Group	**209.5**	**221.0**	**1,216.7**	**1,231.1**
% change		-5.2%		-1.2%

— Science/electronic/mechanic —

Discover	45.2	29.1	94.0	62.2
Family Computing	51.9	32.8	107.0	88.7
Omni	57.8	58.2	105.3	103.3
Personal Computing	124.4	94.5	251.4	205.9
Popular Mechanics	90.5	90.6	164.2	172.1
Popular Science	75.6	75.9	134.7	144.1
Scientific American	41.4	32.2	71.7	65.6
Spectrum	74.0	77.3	149.3	183.5
Total Group	**560.8**	**490.5**	**1,077.6**	**1,025.4**
% change		+14.3%		+5.1%

— Woman/fashion/service —

Bride's Magazine (6X) A.	581.9	525.2	581.9	525.2
Cosmopolitan A.	190.4	182.8	343.3	337.4
Essence	75.1	81.4	130.4	148.6
Family Circle (17X) A.	88.3	125.2	162.5	226.7
Glamour	160.3	145.7	279.7	249.3
Good Housekeeping A.	123.6	158.6	205.9	261.9
Harper's Bazaar	120.3	128.3	189.7	186.1
Health	46.0	39.8	82.8	81.3
Ladies' Home Journal	102.0	116.4	167.2	201.8
Mademoiselle	108.4	97.7	185.8	149.5
McCall's	119.1	98.1	174.4	157.9
Military Lifestyle	50.1	36.3	94.3	93.8
Modern Bride (6X)	575.0	499.8	575.0	499.8
Ms.	28.5	31.2	76.2	73.7
New Woman	75.0	59.8	131.8	107.5
Parents Magazine A.	89.6	80.1	153.4	144.6
Redbook	95.0	91.4	166.0	162.7
Self	96.6	96.1	154.0	153.1
Seventeen	86.3	79.7	161.6	141.6
Shape	68.3	65.4	119.8	125.4
Soap Opera Digest (26X)	20.9	15.4	32.5	38.3
'Teen Magazine	49.0	38.0	81.7	63.8
True Story A.	55.9	60.0	88.3	94.6
Vogue	300.2	273.4	418.7	400.1
W Magazine	176.8	160.9	248.2	223.9
Woman (9X)	30.0	24.0	30.0	24.0
Weight Watchers	31.5	30.9	64.8	61.6
Woman's Day (16X) A.	117.9	82.4	211.1	189.3
Working Mother	70.8	67.8	134.2	120.4
Working Woman	74.0	81.1	156.3	164.4
Total Group	**3,806.8**	**3,572.9**	**5,601.5**	**5,408.2**
% change		+6.5%		+3.6%

— Youth —

Boys' Life	13.8	14.3	26.5	28.6
Campus Life (10X)	35.1	31.6	76.2	88.4
Total Group	**48.9**	**45.9**	**102.7**	**117.0**
% change		+6.6%		-12.3%

January

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986

— Business/national —

Barron's	157.2	148.5	157.2	148.5
Black Enterprise	42.0	56.6	42.0	56.6
Business Week (52X) A.	202.1	199.0	202.1	199.0
Financial World (26X)	57.5	40.9	57.5	40.9
Forbes (26X)	195.7	211.5	195.7	211.5
Fortune (26X)	136.1	128.5	136.1	128.5
Frequent Flyer	52.5	48.6	52.5	48.6
Futures	42.0	43.5	42.0	43.5
High Technology	14.4	19.4	14.4	19.4
Inc. Magazine A.	57.8	69.1	57.8	69.1
Industry Week (25X) A.	57.0	58.1	57.0	58.1
Nation's Business A.	31.9	40.1	31.9	40.1
Savvy	33.7	25.8	33.7	25.8
Venture	78.0	49.4	78.0	49.4
Total Group	**1,157.8**	**1,139.0**	**1,157.8**	**1,139.0**
% change		+1.7%		+1.7%

— Business/regional —

Advantage-Nashville's Bus. Monthly	52.0	46.0	52.0	46.0
Arizona Bus. Gazette (52X)	31.2	21.9	31.2	21.9
Austin Bus. Journal(52X)	25.0	33.3	25.0	33.3
Baltimore Bus. Journal	91.2	50.0	91.2	50.0
Boston Bus. Journal (52X)	102.7	112.5	102.7	112.5
Business Atlanta	49.0	49.7	49.0	49.7
Business First of Buffalo	47.5	45.0	47.5	45.0
Business First of Columbus	58.1	65.3	58.1	65.3
Business Journal-Milwaukee	81.3	70.5	81.3	70.5
Business Journal-Sacramento	68.7	36.4	68.7	36.4
Business North Carolina	30.2	33.5	30.2	33.5
Cincinnati Business Courier	96.8	51.9	96.8	51.9
Corporate Report Kansas City	18.7	38.5	18.7	38.5
Corporate Report Minnesota	71.0	70.0	71.0	70.0
Crain's Chicago Bus. (52X)	109.7	114.5	109.7	114.5
Crain's Cleveland Bus. (52X)	34.6	42.8	34.6	42.8
Crain's New York Bus. (52X)	17.7	23.4	17.7	23.4
Florida Trend (13X)	96.1	80.5	96.1	80.5
Georgia Trend	85.1	72.0	85.1	72.0
Grand Rapids Bus. Journal	37.3	22.9	37.3	22.9
Hawaii Business	43.0	35.0	43.0	35.0
Indianapolis Bus. Journal (52X)	115.8	117.6	115.8	117.6
Intercorp-Connecticut (26X)	73.5	61.5	73.5	61.5
Kansas City Bus. Journal	85.2	100.2	85.2	100.2
Los Angeles Bus. Journal	39.4	34.1	39.4	34.1
Manhattan Inc.	66.9	57.7	66.9	57.7
New England Bus. (20X) A.	37.3	47.9	37.3	47.9
New Orleans City Business	34.4	47.0	34.4	47.0
Pacific Bus. News (52X)	82.4	93.6	82.4	93.6
Philadelphia Bus. Journal (52X)	113.9	99.1	113.9	99.1
Regardie's/Washington	88.8	87.5	88.8	87.5
South Florida Bus. Journal	71.4	98.8	71.4	98.8
St. Louis Bus. Journal (52X)	93.4	99.5	93.4	99.5
Texas Business	30.3	48.1	30.3	48.1
Total Group	**2,179.4**	**2,108.2**	**2,179.4**	**2,108.2**
% change		+3.4%		+3.4%

— National Sunday magazines —

Parade (52X)	48.7	46.8	48.7	46.8
USA Weekend (52X)	38.2	51.3	38.2	51.3
Total Group	**86.9**	**98.1**	**86.9**	**98.1**
% change		-11.4%		-11.4%

— Newspaper Sunday magazines —

Boston Globe	156.8	153.0	156.8	153.0
Chicago Tribune	73.1	44.5	73.1	44.5
Cleveland Plain Dealer	25.6	16.5	25.6	16.5
Columbus Dispatch	27.8	20.6	27.8	20.6
Detroit News	50.0	49.0	50.0	49.0
L.A. Times	42.3	27.3	42.3	27.3
Louisville Courier-Journal	43.0	54.8	43.0	54.8
New York Times Magazine	57.2	41.7	57.2	41.7
Philadelphia Inquirer	33.0	37.0	33.0	37.0
San Francisco Image	28.1	42.3	28.1	42.3
Toledo Blade Magazine	23.1	26.1	23.1	26.1
Washington Post	93.2	61.9	93.2	61.9
Total Group	**653.2**	**574.7**	**653.2**	**574.7**
% change		+13.7%		+13.7%

— Weeklies/biweeklies —

The Advocate (26X)	121.0	121.2	121.0	121.2
Army Times Military Group:				
Air Force Times (52X)	136.5	127.0	136.5	127.0
Army Times (52X)	133.7	118.0	133.7	118.0
Navy Times (52X)	146.5	138.4	146.5	138.4
The Blood-Horse (52X)	444.5	534.7	444.5	534.7
Capper's Weekly (17X)	46.2	31.5	46.2	31.5
Commonweal (22X)	9.5	10.0	9.5	10.0
Golf World (43X)	87.3	80.8	87.3	80.8
Grit (52X) A.	44.6	24.3	44.6	24.3
Infoworld (52X)	152.0	111.0	152.0	111.0
National Journal (50X)	56.3	54.3	56.3	54.3
National Review (25X)	21.5	18.4	21.5	18.4
New Republic (48X)	25.7	24.6	25.7	24.6
New York Magazine (50X)	135.8	127.1	135.8	127.1
New Yorker	130.6	132.8	130.6	132.8
Newsweek (52X) a.	133.7	147.4	133.7	147.4
People (52X)	192.2	194.7	192.2	194.7
Rolling Stone (25X)	64.9	51.5	64.9	51.5
Sporting News (52X)	41.8	34.1	41.8	34.1
Sports Illustrated (52X) A.	144.6	156.7	144.6	156.7
Time (52X) A.	137.6	166.9	137.6	166.9
TV Guide (52X) A.	344.3	315.0	344.3	315.0
TV Update (52X) C.	2,184.0	2,089.0	2,184.0	2,089.0
Us Magazine (26X)	20.5	24.0	20.5	24.0
U.S. News & World Report (52X) A.	77.0	87.5	77.0	87.5
Total Group	**5,032.4**	**4,920.8**	**5,032.4**	**4,920.8**
% change		+2.3%		+2.3%

— Foreign —

Business Week Int'l (52X)	64.6	70.3	64.6	70.3
De Armas Publications:				
Geomundo:				
Central America	4.0	2.0	4.0	2.0
Chile	4.0	2.0	4.0	2.0
Colombia	8.0	5.0	8.0	5.0
Ecuador	4.0	2.0	4.0	2.0
Mexico	5.5	3.5	5.5	3.5
Peru	3.0	1.0	3.0	1.0
Puerto Rico	3.0	1.0	3.0	1.0
U.S.	2.7	5.7	2.7	5.7
Venezuela	8.0	6.0	8.0	6.0
Hombre De Mundo:				
Central America	3.0	4.0	3.0	4.0
Chile	3.0	2.0	3.0	2.0
Colombia	4.5	7.5	4.5	7.5
Ecuador	2.0	4.0	2.0	4.0
Mexico	5.0	1.5	5.0	1.5
Peru	1.0	2.0	1.0	2.0
Puerto Rico	1.0	2.0	1.0	2.0
U.S.	8.0	6.7	8.0	6.7
Venezuela	9.0	9.0	9.0	9.0
Ideas Para Su Hogar:				
Colombia	5.0	6.7	5.0	6.7
Mexico	0.5	1.0	0.5	1.0
Peru	4.0	1.0	4.0	1.0
U.S.	5.0	3.0	5.0	3.0
Venezuela	3.0	5.5	3.0	5.5
Mecanica Popular:				
Argentina	2.8	1.0	2.8	1.0
Central America	8.2	6.5	8.2	6.5
Chile	2.2	2.3	2.2	2.3
Colombia	14.7	13.8	14.7	13.8
Mexico	11.5	6.2	11.5	6.2
Peru	6.7	4.8	6.7	4.8
Puerto Rico	6.7	5.5	6.7	5.5
Venezuela	8.7	7.8	8.7	7.8
Vanidades Continental:				
Central America	2.7	3.2	2.7	3.2
Chile	1.7	0.3	1.7	0.3
Colombia	20.0	14.0	20.0	14.0
Ecuador	3.0	5.0	3.0	5.0
Mexico	28.2	24.3	28.2	24.3
Peru	10.8	8.3	10.8	8.3
Puerto Rico	13.2	13.2	13.2	13.2
U.S.	29.5	23.8	29.5	23.8
Venezuela	15.7	16.3	15.7	16.3
Hearst International				
Buenhogar:				
Central America		2.0		2.0
Chile	1.0	1.0	1.0	1.0
Colombia	15.5	15.2	15.5	15.2
Ecuador	5.0	6.0	5.0	6.0
Mexico	13.0	9.8	13.0	9.8
Peru	10.0	5.0	10.0	5.0
Puerto Rico	1.2	7.5	1.2	7.5
U.S.	15.5	13.2	15.5	13.2
Venezuela	10.5	13.3	10.5	13.3
Cosmopolitan en Espanol:				
Central America	1.0	0.3	1.0	0.3
Colombia	11.5	3.3	11.5	3.3
Mexico	12.2	6.8	12.2	6.8
Puerto Rico	7.0	4.5	7.0	4.5
U.S.(Spanish language)	13.2	13.2	13.2	13.2
Venezuela	—	4.3	—	4.3
Cosmopolitan Foreign				
Australia	59.2	52.5	59.2	52.5
Brazil	86.0	51.3	86.0	51.3
China	33.2	30.3	33.2	30.3
France	33.2	37.5	33.2	37.5
Germany	52.7	54.2	52.7	54.2
Great Britain	55.0	51.0	55.0	51.0
Greece	43.0	43.0	43.0	43.0
Holland	28.0	24.0	28.0	24.0
Italy	23.5	18.3	23.5	18.3
Japan	47.0	90.5	47.0	90.5
South Africa	54.0	77.0	54.0	77.0
Good Housekeeping				
Australia	18.8	25.5	18.8	25.5
Great Britain	87.5	86.7	87.5	86.7
International Communications:				
African Business	11.0	13.4	11.0	13.4
The Middle East	11.0	12.2	11.0	12.2
New African	9.5	14.9	9.5	14.9
International Management:				
Europe	18.3	24.8	18.3	24.8
Middle East	4.5	8.3	4.5	8.3
Johnston International:				
Alam Attijarat	17.7	21.3	17.7	21.3
Latin America Finance (6X)	14.2	19.2	14.2	19.2
Newsweek International A.:				
Atlantic (52X)	48.1	48.9	48.1	48.9
Latin America (52X)	17.2	20.9	17.2	20.9
Pacific (52X)	35.7	42.1	35.7	42.1
Reader's Digest:				
Arabic	9.0	3.0	9.0	3.0
Asian	125.0	377.0	125.0	377.0
Australian	32.0	34.0	32.0	34.0
Belgian-Flemish	15.0	33.5	15.0	33.5
Belgian-French	14.5	27.5	14.5	27.5
British	34.9	42.3	34.9	42.3
Chinese B.	84.0	130.5	84.0	130.5
Danish	19.0	22.5	19.0	22.5
Dutch	26.0	28.0	26.0	28.0
Finnish	8.0	6.0	8.0	6.0
French	15.3	8.5	15.3	8.5
German	65.3	45.3	65.3	45.3
Indian-English	70.0	74.5	70.0	74.5
Indian-Hindi	17.0	6.0	17.0	6.0
Italian	29.0	23.5	29.0	23.5
Korean	24.0	28.8	24.0	28.8
Latin American:				
Argentina	9.0	8.0	9.0	8.0
Brazil	—	6.0	—	6.0
Central American	5.0	3.0	5.0	3.0
Chile	4.0	12.0	4.0	12.0
Colombia	20.0	20.0	20.0	20.0
Ecuador	4.0	5.0	4.0	5.0
Mexico	26.2	18.1	26.2	18.1
Peru	5.0	7.0	5.0	7.0
Puerto Rico	4.0	3.0	4.0	3.0
U.P.B.	3.0	5.0	3.0	5.0
U.S. Spanish	5.5	3.5	5.5	3.5
Venezuela	3.0	6.5	3.0	6.5
New Zealand	61.5	77.0	61.5	77.0
Norwegian	10.5	2.5	10.5	2.5
Portugal	28.5	58.0	28.5	58.0
South African	69.5	57.0	69.5	57.0
Swedish	4.0	13.0	4.0	13.0
Swiss-French	17.0	11.0	17.0	11.0
Swiss-German	18.0	22.0	18.0	22.0
Time International:				
Time-Asia	34.5	40.9	34.5	40.9
Time-Atlantic	33.5	35.7	33.5	35.7
Time-Canada	119.0	119.2	119.0	119.2
Time-Latin America	15.4	26.9	15.4	26.9
Visao (52X)	97.0	146.3	97.0	146.3
Vision/Latin America (26X) A.	12.4	7.9	12.4	7.9
Total Group	**2,473.1**	**2,897.1**	**2,473.1**	**2,897.1**
% change		-14.6%		-14.6%

2/27/87 C2710-1

CONGLI AA 870899 99 D32
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014
*********3-DIGIT 20014

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NEWSPAPER

February 23, 1987

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

Food industry feast

Spending up 17%; new lines promised

By NANCY GIGES and JULIE FRANZ

WESLEY CHAPEL, FLA.—The country's major food marketers plan to boost their advertising and marketing expenditures an average 17% this year.

Confidence in the strength of their basic businesses will fuel new-product introductions—mostly line extensions—after a surprisingly successful 1986, according to top executives from 16 companies making presentations to the Consumer Analysts Group of New York, meeting here.

These companies spent about $5.1 billion last year and expect to spend $6 billion this year.

Quaker Oats Co. Chairman-ceo William Smithburg voiced a common theme by saying 1987 is "marked with the beginnings of renewed growth."

And marketing spending is expected to continue growing through the decade, industry analysts say, as food companies reinvest dollars saved from lower taxes. Overall, the more favorable tax law should reduce the industry's tax liabilities by about one-fifth, analysts report.

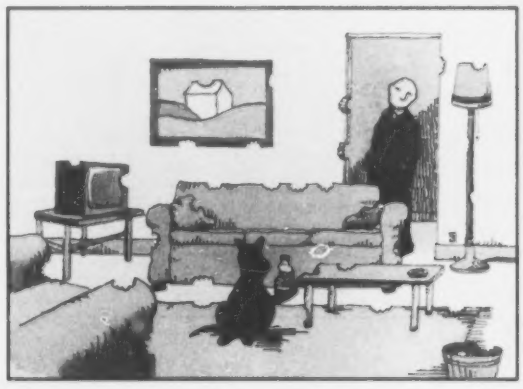
Much of the increase in marketing support is going into building existing brand franchises, many acquired in the recent flurry of mergers and acquisitions.

For example, Chicago-based Quaker said it will put particular emphasis on its new Golden Grain brands (rice and pasta side dishes), which came last year with the Golden Grain Macaroni Co. buyout.

New packaging and fresh advertising for Rice-A-Roni and Noodle-Roni is planned for June. Quaker Senior VP Hedric "Pete" Rhodes also said to expect Golden Grain entries in additional categories by summer.

Quaker's marketing budget is expected to rise 15% to $812 million, Mr. Smithburg said. Of that, $203 million is earmarked for adver-

(Continued on Page 94)



Zeltzer with a twist of Riney

"Elliott's dog decides he prefers Zeltzer Seltzer" says the voiceover in this offbeat TV spot from Hal Riney & Partners, Chicago, for the introduction of Anheuser-Busch Cos.' new soft-drink line. The product should begin appearing on retail shelves this week in about half the country, with advertising starting in April. TV commercials will run only on MTV:Music Television; radio spots will air on major-market stations targeted to 12-to-24-year-olds *(see story on Page 90)*.

Chevy, P&G join in promo for free cars

By MICHELLE KREBS
Crain News Service

DETROIT—Chevrolet will put keys to its new Corsica and Beretta models in boxes of Procter & Gamble Co. products in a merchandising program the automaker believes is the largest cross-promotional effort ever.

Cincinnati-based P&G will commit nearly $40 million to support the promotion, and Chevrolet will give away 750 vehicles, worth about $10 million.

The promotion, which also includes Chevy's new full-size pickup truck, kicks off April 25, the day after the pickup's formal introduction.

Plastic keys will be placed inside packages of seven P&G products—Bounty paper towels, Charmin toilet paper, Crest toothpaste, Downy fabric softener, Folgers coffee, Pampers disposable diapers and Tide laundry detergent.

Consumers can take the keys to a local Chevy

(Continued on Page 92)

Last Minute News

Defense questions Y&R contact

WASHINGTON—The Defense Department is reviewing whether a former chief of staff of the Army Recruiting Command had improper contacts with Young & Rubicam as that agency prepared its ultimately successful bid for the $100 million Army recruitment account. Col. Bob Phillips retired from the military Sept. 1 and "shortly thereafter" became a consultant to Y&R, the Army said last week. Col. Phillips' conduct before his retirement is the subject of the review, an Army spokesman said. The Army said the award of the contract to Y&R is unlikely to be affected. Y&R had no comment on the review.

Time Inc. to keep SAMI/Burke

NEW YORK—Time Inc., reacting to disappointingly low bids from only two prospective buyers, has decided not to divest its SAMI/Burke marketing research subsidiary, sources say. It is believed Carlyle Daniel, 56, former chairman of SAMI/Burke, will announce his retirement from Time Inc. in the near future. Insiders speculate that Time Inc., due to financial concerns, may back off from its commitment to finance half of the development costs of ScanAmerica, a national

(Continued on Page 8)

JWT's woes

Pepsi, Kellogg shifts overseas hurt agency

By LAUREL WENTZ

While J. Walter Thompson Co. attempts to present a "business as usual" front in the wake of its management shakeup, the agency is finding international assignments from key clients PepsiCo and Kellogg Co. under siege.

And wherever JWT's bonds are breaking, Leo Burnett Co. appears ready and eager to pick up the pieces.

Burnett, which handles the Seven-Up International business acquired last year by PepsiCo and which shares Kellogg's global account with JWT, appears to be making a calculated push to gain additional assignments from both clients.

That spells more bad news for JWT Group chairman-ceo Don Johnston, who reinstated himself as the agency's chairman after dismissing Joseph O'Donnell. The group reported disappointing fourth-quarter financial results, partly due to international *(see story, Page 96)*.

The latest blow to JWT's overseas network came last week when it was abruptly fired from the $9 million Pepsi-Cola account in the U.K., the third piece of Pepsi business the agency has lost in the past month. Additionally, unofficial reviews of JWT's Pepsi assignments in Brazil and Argentina are under

(Continued on Page 96)

Highlights

Feast year for food marketers 1
The country's major food marketers plan to boost their advertising and marketing expenditures an average of 17% this year. Confidence in the strength of their basic businesses will fuel new-product introductions after a surprisingly successful 1986, according to top executives from 16 companies making presentations to the Consumer Analysts of New York.

Penney for your needs 3
J.C. Penney Co. last week turned television home-shopping into an interactive videotex grocery store, automobile dealer, travel agent, ticket agent and department store.

Bad news for Dallas paper 4
Texas Attorney General Jim Mattox is expected to file suit against the *Dallas Morning News* in the city's continuing newspaper circulation war.

Print ads get results 6
McDonald's Corp. last month launched its first major print effort in many years. Barely a month into what is projected to be a yearlong campaign, McDonald's advertising awareness rating already is significantly fatter.

Rinse cycle for mouthwashes 24
Market share positions in the $500 million mouthwash category have remained stable despite the introductions of several heavily touted plaque-fighting oral rinses coupled with category ad spending of $56 million.

Is pregnant woman unsightly? 32
Alfin Fragrances' use of a partially nude pregnant woman to sell skin cream is causing a bit of a flap. Birthright by Irma Shorell, Alfin's skincare line that claims to minimize stretch marks and cracked nipples during pregnancy, was introduced to consumers this month in a $2 million print campaign.

Burnett charts growth 82
The new top executives at Leo Burnett Co. here have begun their reign with an increased commitment to growth from direct marketing, in-house TV commercial production and international expansion through acquisitions.

FEATURES

Stark contrast to New York 72
Saatchi & Saatchi's London agency is exporting a top creative in the U.K. ad industry to New York. Jeff Stark, currently joint creative director of Saatchi & Saatchi Compton Worldwide and one of a handful of creatives who helped to build the first Saatchi office from a creative hot shop into a London mega-agency, is joining Saatchi & Saatchi Compton in New York.

INTERNATIONAL

Ad growth continues abroad 60
Foreign ad spending increases will continue to beat U.S. growth, but by a smaller margin than last year, according to the latest Advertising Age survey of ad executives.

Brewers trim sports sponsorships 61
Australia's two largest brewers, Bond Brewing (Swan, Tooheys and Castlemaine XXXX) and Carlton & United (Fosters) will cut back sponsorship of Australian sporting events following a study that questions the promotions' value.

OTHER NEWS

Ford Motor Co., which surpassed General Motors Corp. in 1986 profits, closed the gap in ad spending as well. Ad budgets are closely held secrets in the auto industry, but the most recent available numbers from tracking services indicate No. 2-ranked Ford and industry leader GM running close on total corporate ad outlays last year. Page 3.

Tobacco advertising opponents plunged ahead last week with a House bill to ban tobacco advertising and promotion. Page 12.

Specialty meat producers are having a tough time selling precooked roasts, super-trimmed steaks and "light" and "natural" beef because most consumers remain unaware of the new products. Some grocers are even questioning the validity of the products' "natural" claims. Page 76.

Frank Mingo has watched scores of black-owned agencies fail in the past 10 years. And four months ago he suffered the defection of his longtime partner. Yet Mr. Mingo's namesake agency, Mingo-Jones, recently purchased stakes in four hispanic and Asian agencies in California to broaden its ethnic reach. And the agency has picked up three prestigious accounts this year. Page 89.

Anheuser-Busch is relying on two uncharacteristic marketing tools to introduce its Zeltzer Seltzer soft drink: animation and word-of-mouth. Page 90.

SPECIAL REPORT

Consumer demand for quality products and services is changing the way the automobile industry does business. Manufacturers push quality in their advertising; dealers stress it in personnel training.

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Paramount, Coke drop out of LBS talks

By WAYNE WALLEY

Los Angeles—The on-again, off-again talks concerning a joint purchase of Grey Advertising's share of LBS Communications by Coca-Cola Co. and Paramount Pictures Corp. are off.

Sources said negotiations have ended, but a Coca-Cola Telecommunications spokeswoman would not rule out a future liaison between the three companies.

Other observers, however, believe a new deal now would be impossible.

"One rumor is the price was too high," a source said, "but another says the powers-that-be at Coca-Cola simply do not want to deal with LBS."

LBS Chairman Henry Siegel could not be reached for comment, and Herman Rush, chairman-ceo at Coca-Cola Telecommunications, would not acknowledge an interest or disinterest in LBS.

Mr. Rush did say that Paramount and Coca-Cola are moving ahead with forming a new barter sales joint venture (AA, Jan. 19) and are "looking at all options, including purchasing or merging with an existing barter company."

That move, which originally was to include LBS as a third partner, instead is creating a schism between Coca-Cola and New York-based LBS, the nation's largest barter sales company.

Both Mr. Rush and Lucie Salhany, Paramount's president of domestic TV and video programming, were in New York last week, reportedly on a personnel search to staff the new company.

Ms. Salhany, reached at Paramount's New York office, said the trip concerned other business. She added that a purchase of Grey's share of LBS had not, at any time, been imminent. "We've spent too much time denying this," she said. "LBS was never part of the deal."

But other sources said negotiations heated up in January and soured before last month's convention of the National Association of Television Production Executives.

There are reports that all this spells trouble for Colex, the joint distribution and marketing arm of Coca-Cola Telecommunications and LBS.

> "We've spent too much time denying this. LBS was never part of the deal."
>
> *—Lucie Salhany, Paramount's president of domestic TV and video programming*

Neither Coca-Cola nor LBS would comment, but sources said the companies have told Colex employees confidentially that their company could be phased out within six to eight months.

But both Coca-Cola and LBS contend Colex is thriving.

"But if you look closely," one source said, "Colex doesn't really have any new product; the expansion has stopped. That should tell you something."#

Rainier National turns to McCann

Seattle—Citing "creative differences over strategy," Rainier National Bank moved its $4 million account to McCann-Erickson, ending a 1½-year relationship with Young & Rubicam, San Francisco.

The bank, with about 140 branches, made the account change without a review.

When Rainier conducted a full-scale review less than two years ago, it contacted major Seattle and San Francisco shops, eventually narrowing the competition to Elgin/Syferd and DFS/Dorland, San Francisco (AA, Aug. 12, 1985). McCann didn't compete, because it held the Peoples National Bank account, which it has since lost.

Under the direction of Y&R, Rainier has presented itself in advertising as a complete supplier of financial services. The strategy is designed to give it an advantage when competition intensifies with bank deregulation.

Effective July 1, out-of-state banks will be allowed to open branches in Washington and change the name of acquired banks. Financial analysts have long pointed to Rainier as a likely acquisition candidate.

* * *

DDB Needham promoted San Francisco Chairman Martin Michael to vice chairman of the agency's western operations, a new position. Mr. Michael will evaluate agency acquisition candidates in Arizona, California and the Pacific Northwest. He reports to DDB Needham West President Alan Pando.

West Coast News

Microrim, Redmond, Wash., hired Livingston & Co., Seattle, to handle its $1.5 million computer-peripherals account, formerly at DMB&B, San Francisco, following a review.

Key Tronic, Spokane, Wash., selected Tycer Fultz Bellack/-Davis, Seattle, to handle its $1 million account previously at Elgee Co. Dahlin Smith White, Salt Lake City, also competed for the business.#

WE'RE OLD ENOUGH TO CHANGE OUR NAME.

On March 1, DUN'S BUSINESS MONTH gets a new name, a bright new outlook and a solid link with INC. Magazine, our new owner.

For advertisers, our continued dedication to serving top management of America's largest corporations is the perfect complement to INC. Magazine's unique concentration on top management at small and mid-sized entrepreneurial enterprises.

Look for us on March 1!

Formerly DUN'S BUSINESS MONTH

ADWATCH

Print pays for Big Mac

Heavy ad spending scores with consumers

By SCOTT HUME

Even when you're spending $300 million annually on TV advertising, it's amazing what impact $12 million worth of print advertising can have.

McDonald's Corp. last month launched its first major print effort in many years with a series of ads addressing such subjects as ingredients used in its menu items and how those foods fit with a well-balanced diet. Those ads, created by Leo Burnett USA, Chicago, are running in a wide variety of vehicles, from Sunday supplements to major-market dailies and consumer magazines such as *Better Homes & Gardens*, *People* and *Time*, to professional journals such as the *New England Journal of Medicine* (AA, Jan. 19).

Barely a month into what is projected to be a yearlong campaign, McDonald's advertising awareness rating already is significantly fatter.

When the 1,000 respondents to Advertising Age's January adWatch survey of advertising awareness were asked to name the first fast-food advertiser that came to mind, 49.6% named McDonald's. That boosted Big Mac's traditionally high awareness level 4.2 percentage points, giving it its highest share of top-of-mind awareness since it captured 50.3% of responses in the August 1984 survey.

Left even farther behind by McDonald's surge were second-place Burger King, with 13.5% of first mentions last month, and Wendy's, whose ads came to mind first for only 5.7% of the sample. With McDonald's preparing to capture consumers' attention even more with its Monopoly-themed scratch-card promotion (AA, Feb. 9), BK and Wendy's are under increased pressure to present compelling advertising messages.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample of consumers to name the advertising that first comes to mind of all seen, heard or read in the last 30 days. Consumers are queried on the first ad they remember overall as well as in a variety of product areas. During January, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers can be attributed to more than sample variation.

It should be noted that the January sample was contacted *before* last month's Super Bowl telecast, during which several new advertising campaigns were launched.

What consumers did *not* respond to in January, as they faced a holiday's worth of bills, was advertising for credit cards.

Awareness of Visa's advertising —which pointedly profiles various companies that do not accept rival American Express' card—was down 4.4 percentage points to 25.2% of first mentions in the credit-card category. Visa remained the category leader, how-

(Continued on Page 93)

"Thousands of affluent Washingtonians read one newspaper every day. And it isn't The Washington Post."

–Arnaud de Borchgrave, Editor-in-Chief, The Washington Times

"I've got news for you—the days of Washington as a one-paper town are over.

The Washington Times is here to stay.

Every weekday, The Times reaches more than 200,000 of Washington's affluent readers. That's a big chunk of the market. Especially when you consider that more than half of our readers don't read The Washington Post on any given day.

Now, I'm not suggesting that you take The Post out of your buy. That wouldn't make sense. But if you want to reach more of the right people in Washington, you need more than The Post.

You need The Washington Times.

Call our Advertising Director, O. T. Watkins, at 1-800-233-5513 today. And get with The Times in Washington."

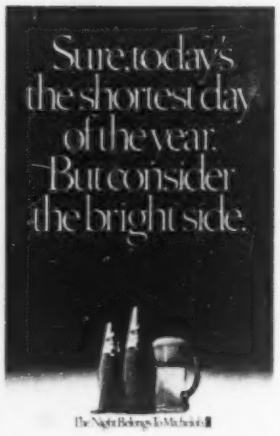
The Washington Times

We hit what The Post misses.

CORRECTIONS & CLARIFICATIONS

- The owner of Reliance Capital Group, New York, is Saul Steinberg. An article appearing in the "Marketing to Hispanics" Special Report misidentified him (AA, Feb. 9, P. S-8).
- The 1986-85 ad linage totals for *Crain's New York Business* were reversed (AA, Jan. 19). The correct totals: 422.5 pages for 1986; 265.6 for 1985.
- In the Ad Age Quarterly Best, the agency that prepared the outdoor board for Kamchatka vodka should have been identified as Evans/Weinberg Inc., Los Angeles (AA, Jan. 19, P. 48).
- In the Newspapers Special Report (AA, Jan. 26, P. S-20), cable's fifth-largest U.S. multiple system operator should nave been identified as Cox Enterprises. That name was adopted following the 1986 merger of Cox Communications and Cox Enterprises.
- In Global Gallery (AA, Feb. 9, P. 46), the caption for a South African Avis print ad erroneously stated that Avis was owned by Beatrice Cos. The present owner is Wesray Capital Corp., New York. Beatrice Cos. no longer has any South African holdings.#

BEST OF PRESS

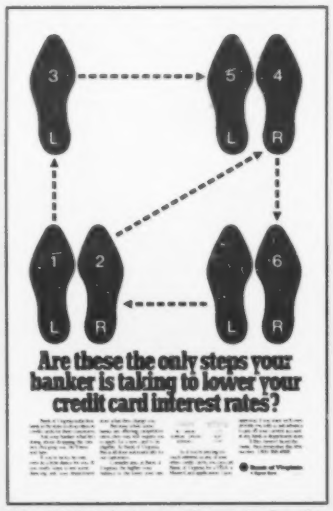


A clever combination of headline and art make this ad for Anheuser-Busch's Michelob an attention-grabber. DDB Needham Worldwide in Chicago is the agency. Creative director, Susan Gillette; copywriter, Peter McHugh; art director, Gary Alfredson.

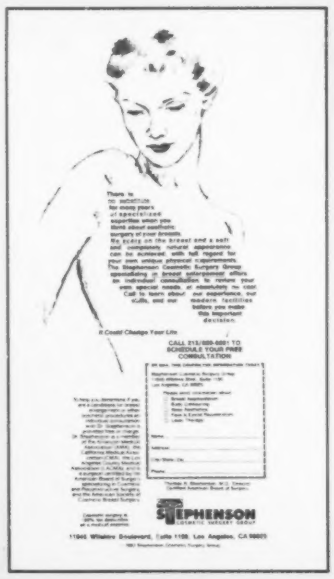
Volkswagen of America had a problem. Its Audi was the subject of a massive recall suggested by the federal government. It used this ad, via DDB Needham Worldwide in Detroit, to put the recall in the best possible light. Creative director and copywriter, Bill Klimas; art director, Joe Gallo.

This print ad for the Beef Industry Council, via Ketchum Communications/San Francisco, uses a good combination of illustration and color to whet readers' appetite for beef. Creative director, Millie Olson; copywriter, Lynda Pearson; art director, John Donaghue; illustrator, Mike Bull; photographer, Diane Padys.

A great illustration coupled with a good headline makes this ad for Zell Bros in Portland, Ore., via Borders, Perrin & Norrander, also in Portland, especially effective. Creative director, Bill Borders; copywriter, Greg Eiden; art director, Terry Schneider; photographer, C.B. Harding.



We think this is a schematic for the foxtrot, but we're not sure. We *do* know that it is an excellent way to drive home the point in this advertisement for the Bank of Virginia, via the Martin Agency, Richmond. Art director, Wayne Gibson; copywriter, Danile Russ; illustrator, Kent Lovelace.


There is no substitute for many years of specialized expertise when you think about aesthetic surgery of your breasts.
A Could Change Your Life
CALL 213/000-0001 TO SCHEDULE YOUR FREE CONSULTATION
STEPHENSON
AESTHETIC SURGERY GROUP

This ad for Stephenson Cosmetic Surgery Group in Los Angeles from John Whipple Enterprises, also in Los Angeles, marks an excellent example of the creative use of type to draw attention to an ad. Note the absence of a headline. Creative director, John Whipple; copywriters, John Whipple, Bob House; art director, Bob House.

FLASH REPORT: Newspaper advertising investment for November

November 1986		DOLLARS		CHANGE	
CATEGORIES	YEAR	1986	1985	ACTUAL $ G OR L	% G OR L
Amusements	1986	$33,641,769	$29,058,397	+4,583,372	+15.8
	1985				
Computer stores & supplies	1986	6,786,606	6,577,850	+208,756	+3.2
	1985				
Department stores	1986	136,374,639	113,753,252	+22,621,387	+19.9
	1985				
Food stores	1986	33,988,966	26,833,622	+7,155,344	+26.7
	1985				
Radio, tv, phonographs, records	1986	29,393,464	27,054,390	+2,339,074	+8.6
	1985				
General merchandise stores	1986	76,454,656	55,706,420	+20,748,236	+37.2
	1985				
Alcoholic beverages	1986	3,352,376	4,180,697	-828,321	-19.8
	1985				
Cameras, photo supplies & services	1986	899,919	775,603	+124,316	+16.0
	1985				
Computers, equipment & services	1986	2,736,726	5,557,959	-2,821,233	-50.8
	1985				
Public service utilities & communications	1986	7,250,261	8,284,700	-1,034,439	-12.5
	1985				
Publishing & media	1986	16,864,671	18,796,858	-1,932,187	-10.3
	1985				
Cigarettes	1986	3,465,207	9,041,319	-5,576,112	-61.7
	1985				
Airlines	1986	14,978,091	14,276,258	+701,833	+4.9
	1985				
Passenger cars-new	1986	20,637,314	18,337,824	+2,299,490	+12.5
	1985				
Banks & trust companies	1986	9,024,720	7,785,842	+1,238,878	+15.9
	1985				
Stock, bond & investment houses	1986	2,272,261	2,308,729	-36,468	-1.6
	1985				

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Nov. ad spending jumps 14%

New York—Advertiser spending in daily newspapers in 15 major markets rose 14.3% last November compared with the same month in 1985, according to the Advertising Age Flash Report prepared by Media Records Inc. here.

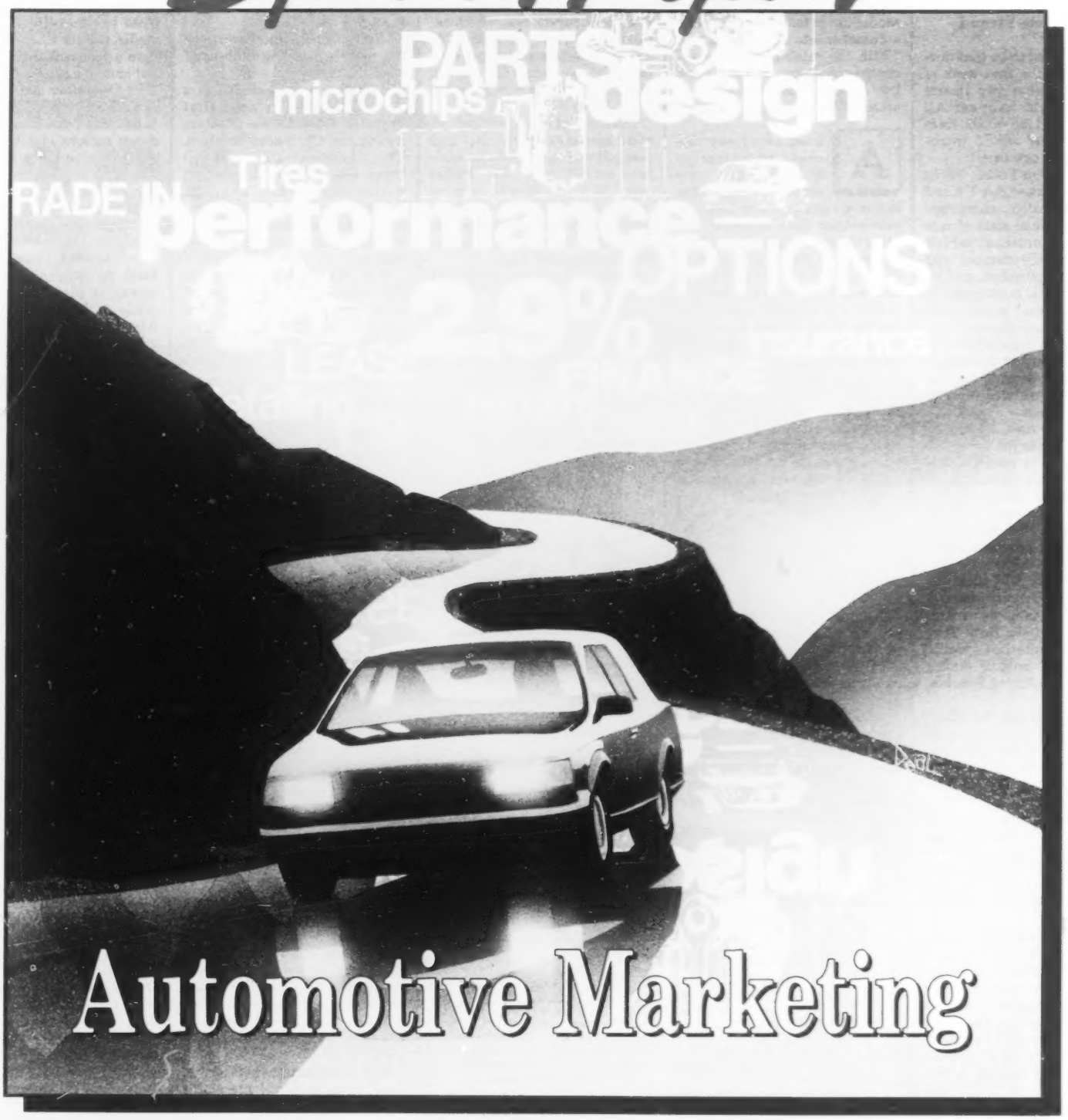
November spending in the 16 Flash Report categories was $398.1 million, up from $348.2 million in November 1985. Department stores lead all gainers with a 19.9% rise, to $136.4 million. General-merchandise stores followed closely with a 37.2% gain, to $76.4 million, and food stores posted a 26.7% increase, to $34 million.

Among other gainers were amusements, up 15.8% to $33.6 million; computer stores and supplies, up 3.2% to $6.8 million; radio-TV-phonograph-records retailers, up 8.6% to $29.4 million; cameras, photo supplies and services retailers, up 16% to $899,919; airlines, up 4.9% to $15 million; new cars, up 12.5% to $20.6 million, and banks and trust companies, up 15.9% to $9 million.

Among the losing categories: Alcoholic beverages were off 19.8% to $3.3 million; computers, equipment and services, down 50.8% to $2.7 million; public-service utilities and commissions, off 12.5% to $7.2 million; publishing and media down 10.3% to $16.9 million; cigarettes down 61.7% to $3.5 million, and stock, bond and investment houses off 1.6% to $2.2 million. The Flash Report is based on SAU inch measurements in 27 daily and 23 Sunday newspapers in 15 top markets.#

Best of Press selections are made by a committee of three: Hank Simons, VP-creative director of the Newspaper Advertising Bureau; James Dunaway, VP-information at the bureau, and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review. Submissions should be sent to Mr. Gloede in AA's New York bureau.

Special Report



Jim Deal

Industry gears up to meet consumer demands

By Kevin Brown

Keeping the customer satisfied with quality products and services is the challenge changing the face of the automotive industry.

"The consumer today is much wiser," says Gad Hitchcock, VP-general manager of Los Angeles-based Hitchcock Automotive Resources, which owns five dealerships representing 10 franchises. "He's demanding more in product quality and service work."

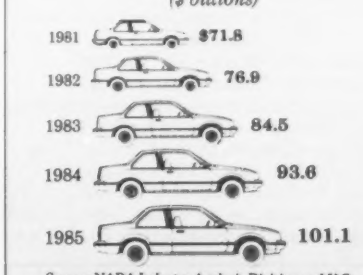
Consumer demands—many of which are reflected in consumer satisfaction indexes provided by companies such as Westlake Village, Calif.-based J.D. Power & Associates—lead dealers to increase personnel training and store hours, Mr. Hitchcock says. Manufacturers are pushing quality in advertising, and sales personnel are being trained to discuss quality with potential customers, he adds.

Perhaps the most dramatic change in the $104 billion parts and service market is occurring in specialty repair shops. Where there were once 226,000 service stations, there are now 115,000, of which about 90,000 can handle significant repairs, beyond oil changes and lube jobs. The decrease left a gap that specialty repair companies were eager to fill. Exhaust specialists, for example, put major emphasis on other under-the-car repairs, such as brake work.

Similarly, parts outlets are adding service bays and promoting consumer education programs to build store patronage. Contrary to some opinions, the do-it-yourselfer is alive and kicking. Some 507,300 outlets carry automotive products; all of them are competing for the more than $28 million spent by 84.5 million people, or 72% of American car owners who engage in some form of do-it-yourselfing.

Meanwhile, as manufacturers become less willing to offer low interest rates and new tax laws abolish car loan interest deductions, consumers will be looking for creative financing, and demanding better quality and service.

Service and parts market growth
($ billions)



Source: NADA Industry Analysis Division and U.S. Bureau of Census

New model introductions spring up year-round

By Patricia Strnad

It used to be that during the first week of October two things would happen: All the leaves would fall off the trees and automakers would introduce a flurry of new cars."

That's how Jim Fuller, VP in charge of Volkswagen United States, Troy, Mich., characterizes the traditional start of new model introductions, which begins in mid-September and runs through November. And although autumn continues to mark the official model-year changeover, automakers are turning more frequently to spring and summer to launch new vehicles, reserving the fall for modified or restyled versions of existing models.

"Automakers now are setting introduction dates for new products when they're ready, rather than trying to force them toward some contrived date of traditional announcement," says Thomas Staudt, Warren, Mich.-based Chevrolet general marketing manager.

He hastens to add that this isn't an altogether new concept: The Ford Mustang was introduced in April 1965. Back then, automakers sometimes would launch "minor" models during what was called Spring Specials, he says.

However, midyear introductions—especially those of benchmark vehicles (cars the marketers consider vital to their marketing efforts), such as Corsica and Beretta and AMC's Medallion—were the exception rather than the norm. Now automakers feel a need to get new products in the market more quickly to meet changing consumer demands, Mr. Staudt says.

Chevrolet chose to bring out its Corsica and Beretta compact cars in March because slow production prevented the company from providing dealers with enough cars, and dealers won't push low-inventory vehicles. Chevrolet projects first-year sales of the new models, which have base prices of $8,995 and $9,555, respectively, at 500,000 units.

Years ago, the new model year coincided with the calendar year, Mr. Staudt says. But snow and cold weather resulted in lukewarm new car launches, and automakers moved the model year back to the fall.

"People don't want to buy new cars in the winter," says Bill Heugh, business manager of market and product planning for Pontiac. "Why expose a new car to a winter when you can wait two months and buy in the spring?"

In recent years, March has begun what is considered the biggest selling period of the year.

But, overall, the market "is becoming less and less seasonal," says Martin Levine, general manager-marketing, American Motors Corp., Southfield, Mich. AMC is banking on the Renault Medallion to help turn the ailing automaker into a profitable one. "With the establishment of incentive programs, I don't know how anyone could do a study of seasonality," he says.

Automakers say another advantage to bringing out new models in the spring is the ability to meet head-on new entries from Japanese and other import companies, which continue to abide by the calendar year for the most part. It also helps automakers avoid the clutter and alleviate some of the competitive pressures of the typical new model-announcement period.

AMC's Mr. Levine says launching Medallion as a 1988 model in the spring presents a marketing advantage. Pontiac, which is introducing its subcompact LeMans as a 1988 model, is following the same course, according to Mr. Heugh.

"People don't want to buy a brand-new car that's going to be a year old in five months," Mr. Heugh says. "By the time we bring out the '89 models, the LeMans will have been out for 18 months, but it will be considered a 1-year-old car. That improves the resale value."

In addition, a manufacturer can keep plants running straight through the year without having to shut down production for model changeovers, Mr. Staudt says. And it "gives the selling organization a shot in the arm with something new that generates additional floor traffic," Mr. Staudt says.

But there are some drawbacks to midyear introductions: It is much harder to train dealers and to continually create new product information, and it is disruptive to operations, Mr. Staudt says. On the consumer side, there's more natural consumer interest in products in the fall, Mr. Heugh says, making it more difficult to snag first-time buyers in the spring because they are trained to come into the market in September.

VW's Mr. Fuller says there are also advertising-media implications that make it more difficult to launch a car in midyear. VW is planning to introduce its entry-level (a car aimed at a first-time buyer) Fox, which retails for $5,690, on March 20 with a first-year ad budget estimated at more than $20 million, via DDB Needham Worldwide, Troy, Mich.

"Before, you introduced all your new cars in the fall and planned all your marketing budgets accordingly," Mr. Fuller says. "Now you have to be more opportunistic. You sell what you have and reserve marketing resources to those products you have to introduce later."

Another disadvantage is that auto companies don't have as much time to promote and capitalize on a new vehicle's marketing plusses, and virtually all automakers agree that getting off to a good start with a new vehicle is essential.

"It's slightly less important than winning the Super Bowl or acquiring all the assets of Fort Knox," Mr. Fuller quips. "Seriously, sometimes if you have a bad introduction, you can recover a little bit. But you just miss that window and it's so difficult to come back. It really is the crown jewels to launch [a car] successfully."

A product's image is very significantly cast in the early stages, Mr. Staudt adds. To help a new vehicle start with a bang, many companies resort to teaser ad campaigns or special marketing promotions. For example, Chevrolet made 10,000 Corsicas and Berettas available to car rental agencies to expose the product and to arouse public curiosity.

"Every Corsica and Beretta on the road is a rolling billboard," Mr. Staudt says.

Both cars were included in a 2½-minute teaser spot that broke in 4,500 movie theaters during the Christmas holidays. The Chevrolet Division will break new ads for the models under the award-winning "Heartbeat of America" ad campaign, via Campbell-Ewald Co., Warren, this month or early in March.

But Mr. Fuller criticizes Chevrolet's marketing ploy. "I recognize why they did that, but they have a very angry dealer organization as a result. It's expensive for GM to do that in terms of actual costs and dealer attitude."

Dealers would like to be selling these models to consumers, Mr. Fuller says.

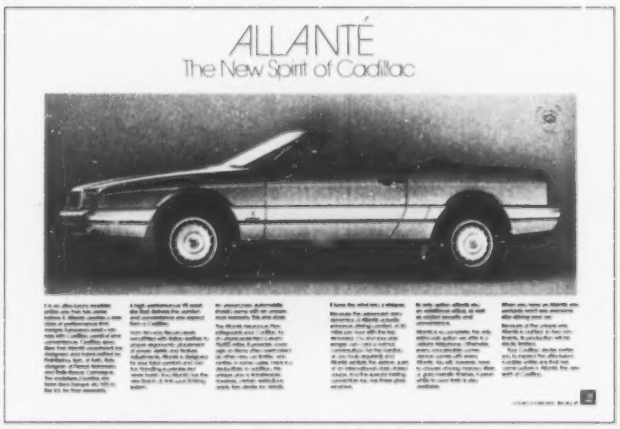
VW says it doesn't believe in pre-launch teaser ads. For the Fox introduction, VW is relying on product exposure at auto shows and on good pr.

"People are always looking for third party endorsements," Mr. Fuller says. "Advertising a car is all well and good, but consumers psychologically discount advertising as mere puffery. But good press is worth its weight in gold."

But other automakers are in favor of more direct marketing tactics. AMC broke two direct mail programs this month to precede its launch of the Medallion. One, aimed at owners of Renault products, offered a trade-in inducement. The other targeted compact-car owners and told consumers that the Medallion is a 1988 model that will be priced lower than comparable 1987 models.

AMC also set up a toll-free 800 telephone line in the fall of 1986 and invited consumers to call for information about Medallion. The company received more than 1,000 responses and forwarded the names to local dealers. Saatchi & Saatchi Compton Worldwide, Southfield, handles.

Cadillac Division began rolling out the Allante, its ultraluxury, two-seat, sports convertible that retails for $54,700, on a market-by-market basis Feb. 7. Cadillac's buildup for the Allante has included a staging of media events that began more than a year before the car's official launch date, March 30.



Cadillac began staging media events for the Allante more than a year before its official launch date, March 30.

In December 1985, the division brought in more than 200 journalists from more than two dozen nations and held a press conference inside a Boeing 747. The press conference focused on the air transport system that would bring Allante bodies, which were designed in Italy, to Detroit.

In late 1986, Cadillac threw a black tie optional dinner at the assembly plant where the Allante is being built. There, Aretha Franklin sang "Freeway," with its line about a "pink Cadillac." The division now is breaking an estimated $20 million ad campaign in spot markets via D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich., with network TV ads breaking March 30.

Chrysler Motors Corp. hasn't touted its new front-wheel-drive Dodge Daytona, nor the Chrysler LeBaron coupe and convertible models prior to their February introductions. But the company broke an eight-page insert last October showcasing new-for-1987 vehicles that included these models. Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich., handles Chrysler and Plymouth advertising; BBDO Worldwide, Southfield, handles Dodge.

Ford Division has been silent about marketing plans for its imported 1988 Festiva minicar. But Ford and Lincoln-Mercury Divisions of Ford Motor Co., Dearborn, Mich., used teaser ads with their biggest-ever product launches during Christmas of 1985.

Production problems delayed the Taurus-Sable launch to Dec. 26. Ford and Mercury broke teaser ads in early December with a massive blitz between Christmas Day and New Year's Eve.

Dealer groups found that between-holiday TV campaigns avoided pre-yule clutter at a time when TV viewership is very high. Young & Rubicam, Detroit, handles L-M Division; J. Walter Thompson USA, Detroit, handles Ford.

Perhaps the following activity illustrates how the spring and early summer have replaced the fall as the new model introduction window. In the upcoming months, automakers will launch a host of new products, some of which include: Chevrolet's 1988 Corsica and Beretta compact cars on March 12 and a pickup truck April 23; Pontiac's subcompact LeMans, May or June; Ford division's minicar 1988 Festiva, this spring; Lincoln-Mercury's Tracer subcompact from Mexico in mid-May; Chrysler Motors Corp.'s LeBaron coupe/convertible models this spring; American Motors Corp.'s Renault Medallion compact car, March 1; and Volkswagen's subcompact 1987 Fox, March 20.

American Motors told compact-car owners that the Medallion would be priced $1,000 less than comparable models.

Have cheap incentive rates worked too well?

By Michelle Krebs

In late August 1986, General Motors executives found themselves faced with a major dilemma. The new model year was only a month away and a million leftover 1986 models still populated dealer lots across the country.

A solution was obvious: A low-interest rate financing program. Financing incentives had ensured success in moving cars since the recession and had moved a million cars only a year earlier when the Big Three offered 7.5% and 7.7% financing while banks offered car loans at 10% to 11%.

The 7.7% and 7.5% programs had come in response to a nationwide strike by car haulers, which left 1985 models piled up in dealerships just before the 1986 new-model introduction.

Michelle Krebs is financial editor of Automotive News, *a Crain Communications Inc. publication.*

The incentives, the lowest ever to that point, caused sales to soar, cleaned out inventory and won back the three percentage points of market share that GM had lost during the first 11 months of the 1985 model year.

Domestic cars sales for September 1985 set new records with 839,382, a 59% increase over September 1984. GM sold 462,879 vehicles, up 52% from 1984; Ford sold 229,403 cars, up 46%; and Chrysler sold 108,906 cars, up 46%.

It worked so well that automakers used the same gimmick throughout the rest of 1985 and early 1986. GM instituted a 7.9% program to open calendar 1986 when its inventory again reached the 1 million mark. Ford and Chrysler were forced, as always, to follow GM's lead.

Reluctance to offer a similar financing program in the fall of 1986 existed, however. GM Chairman Roger B. Smith acknowledged the 7.7% and 7.5% programs of the previous fall had stolen sales from 1985, though he didn't know just how many. But he further acknowledged that GM had to do something because nearly a half-million cars had been dumped onto dealerships during the slowest sales month of the year. "We just had to do it," he said.

Domestic automakers' inventories plunged to a 14-year low following the 2.9% and 2.5% programs.

Auto industry observers warned that consumers had become accustomed to incentives, and it would become impossible to wean them away. The roller coaster pattern of vehicle buying during the year and consumer studies proved that, throughout late 1985 and into 1986, buyers had postponed purchases until the next round of incentives started. The automakers estimated that 60% to 65% of the cars sold during the year were being sold on the cut-rate financing programs.

Further, incentives had taken their toll on GM profits. GM blamed the August-September 7.7% program, in part, for a third-quarter operating loss. Ford and Chrysler also said the incentives cost them.

Nevertheless, GM executives decided to charge ahead in September 1986. Slumping market share may have been the deciding factor. Despite GM's on-again, off-again offerings of low-interest financing, the automaker's market share had slid again by three percentage points.

Once incentives won the go-ahead, the question then became how low to go. The 7.9%, 7.7% and even 5.9% used throughout the year had been effective, but surely weren't low enough to clear out a million vehicles in a month this time.

No, they decided, the new rate had to be more aggressive. GM's Mr. Smith later acknowledged that 3.9% may have been enough, but the automaker wanted to be sure, so it settled on 2.9%.

The blitz for what GM dubbed "The Big One" was on. The morning after GM's announcement, Chrysler announced a 2.4% program. Ford reluctantly offered a similar program, even though its inventories were slim. American Motors Corp. followed with 0% financing.

"The Big One" and its imitators worked—maybe too well, as Mr. Smith later confessed. American consumers were hooked—like addicts, dealers reported.

Nevertheless, the programs worked. The domestic automakers' inventories plunged to a 14-year low following the 2.9% and 2.5% programs. GM sold more than a half-million cars in September, Chrysler's unit sales climbed 29% to 140,451. Only Ford's sales dropped 4% to 216,609.

James G. Vorhes, then GM VP in charge of the Customer Sales and Service Staff, called the results "electrifying," triggering overflow crowds in GM showrooms. Dealers at GM and other domestic makes reported twice the normal sales.

The automakers won't reveal exactly how much incentives cost them or how much they spend to market incentive programs, the costs of which are shared with its dealers. Depending on the interest rate offered, auto analysts estimate the programs cost an automaker a minimum of $500 a car. Nevertheless, as Chrysler Chairman Lee Iacocca said following the 2.9% and 2.5% frenzy, it is impossible to estimate how much sales volume was gained that the car companies would not have enjoyed otherwise.

Today, industry executives face another dilemma: How do they get consumers off the low-interest loan drug.

At the September 1986 start of the 1987 model year, GM's Mr. Smith and President F. James McDonald vowed publicly and repeatedly that consumers would no longer see the likes of the 2.9% program. They promised they would cut production of vehicles to keep inventories in check rather than offer incentives.

Consumers don't believe it; nor do many of GM's own dealers, even though GM has made massive cuts in production of slow-selling cars.

Consumers apparently didn't believe domestic automakers would end incentives, even though GM had made massive cuts in production of slow-selling cars. January car sales, void of incentives for most of the month, fell 33% below the year-earlier sales which had the benefit of incentives. It was the worst year-to-year drop since May 1980, and may have beaten the May 1980 slump had the automakers not come through with some incentives near the end of the month.

Industry observers expect GM will continue to cut production, but the automaker will certainly be forced to offer incentives to achieve its 42% of market, another promise GM officials have made, even though GM's market share in January was 37%.

However, incentives aren't likely to be the 2.9% variety of last fall.

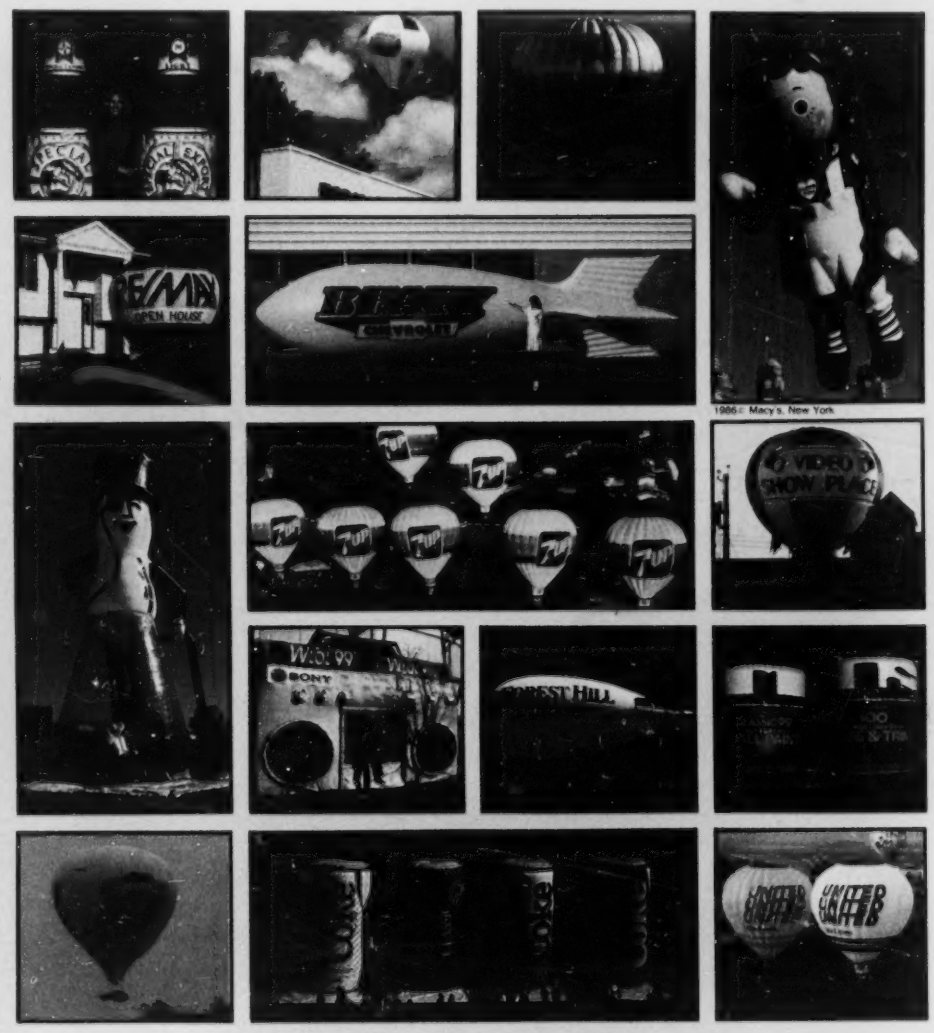
Lloyd Reuss, GM exec VP in charge of North American Passenger Car Groups, says nothing like last summer's 2.9% financing program is in the cards. "We'll do some aggressive marketing and merchandising," he said in January.

Yearend 1986 offered a glimpse of the kind of incentives GM is likely to offer during 1987.

In December, GM included free air conditioning on a number of cars and attractive lease rates on selected models. Buick gave away a free trip to buyers of GM's slowest seller, the Riviera. Many incentives will focus on specific models.

The kinds of incentives to be offered will be left up to the individual GM divisions to decide with the corporate stamp of approval. The divisions may decide to focus on a particularly strong model in its lineup in hopes of spreading a halo effect to other models in the line; or a division may decide to offer an incentive to boost a slow-selling model.

GM divisions had been asked in December to decide what would work best to meet their objectives. The options suggested included price roll-backs on selected models, dealer cash-incentive programs and special equipment packages like the free air-conditioning offer.



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Dealer and association ads pull their weight

By Van Wallach

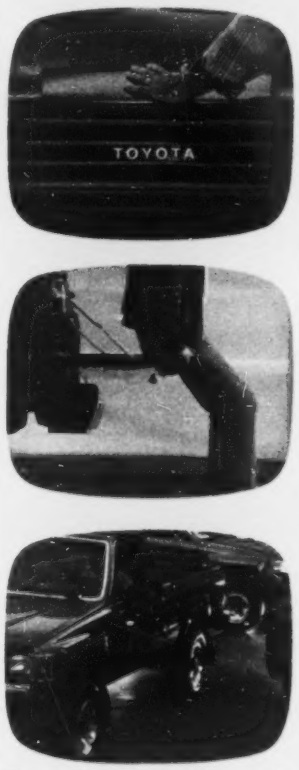
Manufacturers dish up the glitz in auto advertising. You know, the "Heartbeat of America," "Quality is Job One," "Oh, What a Feeling"—the image executions. But the nitty-gritty task of pulling consumers into showrooms via promotions and service falls to the dealers and their associations.

Dealers and associations can react quickly to market conditions and gear campaigns to local interests because they are on the scene.

"You attempt to keep your thumb on the pulse of the marketplace," says Harvey Kauffman, senior VP-management supervisor at Davis, Johnson, Mogul & Colombatto, Los Angeles, for 10 years the agency for the Southern California Toyota Dealers Advertising Association. "We can pump out a commercial in a week if we have to."

Each part of the manufacturer-association-dealer triangle has a function. "Factory" advertising supports the products and announces big themes, such as a financing program. Associations tout events, while dealers typically discuss prices and payments, according to Fritz Hitchcock, president of Hitchcock Automotive Resources, Los Angeles, owner of five dealerships, which represent 10 franchises.

Van Wallach is a Long Island City, N.Y.-based free-lance writer and frequent contributor to Special Report.



The 78-member Southern California Toyota Dealers spent $1.6 million on TV in December and sold 16,000 vehicles.

Mr. Hitchcock figures the average dealer puts 70% of his budget into newspapers. Associations, on the other hand, stress TV. The associations typically pay for their spots by assessing their members a fee on a vehicle ordered from the factory.

Not all individual dealers can afford that exposure, nor can all the associations afford to hire local agencies. Smaller groups often use manufacturers' ads with a tag line at the end. Mr. Hitchcock had been president of a Suzuki group with a $1.3 million budget. Spots came from Suzuki's national agency, Keye/Donna/Pearlstein, Los Angeles. Associations that work well with their own agency rather than the manufacturers' agency do better in sales and market penetration, he says.

The number and scope of associations have expanded rapidly in the past five years, says Christopher Cedergren, senior analyst at J.D. Power & Associates, Westlake Village, Calif., an auto research company. He puts the total number of associations at about 1,000. Associations for Japanese autos have especially become more active in reaction to the yen's strength against the dollar. With the yen up 18%, they now must solicit sales rather than wait for orders to roll in.

Over the past decade, agencies working with associations have gone through the whole roller-coaster ride of the American auto industry. Currently, these are fat times, with fees of up to $150 per car boosting association war chests. Hill, Holliday, Connors, Cosmopulos, Boston, won the New England Ford Dealers Association account 7 years ago, during the second energy crisis. The budget then was $3 million, predominantly placed in radio. In 1987 it will top $11 million, mostly in TV.

Association advertising often ties in to national sales events. Close communication between factory and association is needed to avoid embarrassing miscues. "God forbid you have a meeting without the factory rep there and plan a push for March and the ships with the cars don't come until April," Mr. Hitchcock says.

Sometimes dealers promote their own programs. For example, in January the Buick Value Team, a group representing 42

(Continued on Page S-10)

Agency convinces dealer to change 'hideous' spots

Friends don't let friends do bad advertising. At least, that's the situation between David Brown, president of Gate City Motor Co., and Mike Cecil, president of the agency Cecil Tury Cecil, both of Greensboro, N.C.

In fall 1985, Mr. Cecil decided he could no longer stomach Gate City's TV-station produced advertising with simple shots of cars and superimposed prices. "It was so hideous I called and said I was embarrassed for him. He's not a screamer and yeller. He agreed his advertising was horrible and wanted to go toward service and image."

Along with Karen Tury Cecil, VP, Mr. Cecil proposed creating "the sparkplug lady," a character who would talk directly to TV viewers about service, sometimes even spoofing the hard sell of a local competitor. "Dealer ads all do the same thing," Mr. Cecil says. "The average person is not an idiot. Viewers can perceive quality. Most dealers still yell on TV. We have a spot on that: 'Do you ever wonder why they scream at you?' "

Since Mr. Cecil's proposal, Atlanta actress Randi Martin has done more than 20 spots now for Gate City, a dealer for Chrysler-Plymouth, Lincoln/Mercury, Subaru and Peugeot. She appears as an upscale, somewhat sarcastic woman.

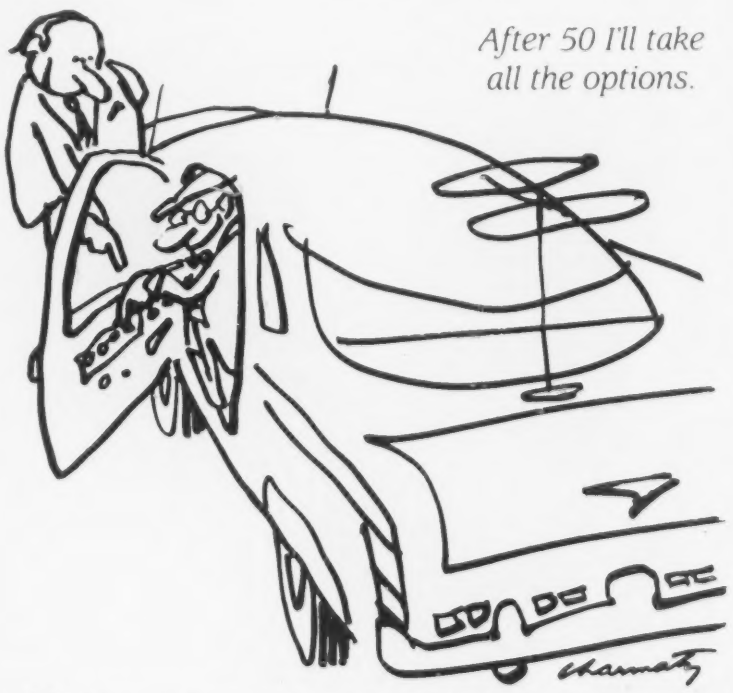
Mr. Cecil redirected the media from a "shotgun" buy of 70 to 80 monthly spots "most at 3 in the morning" to 20 per month on programs with high female viewership. The sparkplug lady became a huge hit. (High production costs prevented Mr. Cecil from creating point-of-sale pieces and cutout posters using Ms. Martin.)

Gate City continued the upscale angle with ads in programs for a local opera company and a symphony company. Because the Greensboro Opera Co. was performing Puccini's "Madame Butterfly," Mr. Cecil created an ad proclaiming "Bravo" in Japanese, supporting the production of "Madame Butterfly."

Gate City said "Bravo" in Japanese in support of the local opera's "Madame Butterfly."

Evidently, the strategy touched a nerve. After one spot won a Television Bureau of Advertising award, Mr. Cecil received 50 phone calls from agencies and dealers eager to borrow the concept.

—*Van Wallach*



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Finance companies downshift around tax laws

By Michelle Krebs

The captive finance companies of the domestic automakers are likely to shift their marketing emphasis to forms of automotive financing other than low-interest rate loans and conventional loans this year as a result of a change in tax laws.

Under the tax reform act, some alternate forms of automotive financing, including leasing and home equity loans, are more attractive than they were before.

The new tax law phases out during the next four years the consumer's ability to deduct interest on consumer loans, including conventional car loans, but retains it on mortgages and home equity loans.

William Odom, exec VP of Ford Motor Credit Co., Ford's finance subsidiary, says a segment of the population that wants to own the vehicle will continue to opt for conventional loans. However, one barrier—the barrier of tax benefit—has been cleared to make leasing easier to sell, he says.

Individual leasing has grown steadily in recent years, but the ownership issue and the inability to write off interest on the lease have been major obstacles to higher growth. Mr. Odom predicts leasing under tax reform will surpass the pre-incentive high of one out of every four cars acquired on a lease.

"Leasing eventually will become an every day way of life," says Mr. Odom. He didn't estimate what percentage he thought it ultimately would be.

Lease rates will increase somewhat because of some tax benefits taken away from leasing companies. However, leasing experts say the monthly payment still will be as much as 10% to 20% lower than a monthly payment on a conventional car loan, and the buyer makes little or no down payment.

Leasing companies intend to capitalize on the tax law changes to market their lease programs.

Mr. Odom says Ford Credit intends to espouse the virtues of the lower monthly payment and small down payment to promote its Red Carpet lease more than the tax angle. Ford Credit will emphasize that the lower payment of a lease allows a car buyer to buy more of a car.

Ford Credit also may offer attractive rates or special leasing packages from time to time in 1987, Mr. Odom says. The finance subsidiary offered a special lease value package called Holiday Bonus from mid-November 1986 through Jan. 31, 1987 which, Mr. Odom says, boosted Ford Credit's lease business by one-third.

Similarly, General Motors Acceptance Corp., GM's finance subsidiary, offered a lease program during the holidays that advertised monthly lease payments of $169 to $199.

Home equity loans also gain an edge under the new tax law. A consumer is allowed to write off the interest on a home equity loan which, in turn, can be used to buy a car. Financial institutions are scrambling to develop and market home equity programs including lines of credit based on home equity.

While home equity loans are more attractive under tax reform, no one predicts a rush of consumers to take second mortgages to buy cars.

Recently retired GMAC Chairman Robert F. Murphy says he doubts many consumers will use a home equity loan to buy a car—an act that is often impulsive. Acquiring a home equity loan requires the same process of paper work, appraisals and closing as a mortgage.

Nevertheless, the automakers' finance companies and other financial institutions in the automotive finance business plan to have home equity loans available in their menu of offerings. Some already have begun to market them heavily.

Mr. Odom doesn't expect a big boom in home equity loans. The kind of people who would have enough equity built up in a home are not the kind of people who are likely to use that equity to buy a car, Mr. Odom says.

In addition, there is the difficulty of tying the financing to the point of sale at the dealership, which is complicated in some states where the customer is allowed a three-day cooling off period to rescind a decision to refinance the home.

Chrysler Credit, however, thinks it may have that challenge licked. The finance company will pilot a program whereby a consumer can buy a car and obtain a conventional car loan at the dealership. The loan then can be converted to a home equity loan through Chrysler First, Chrysler's consumer finance operation. The conversion will not let the impulsive car buyer leave the showroom because the financing is not arranged.

Dealer-association ads

(Continued from Page S-8)

Buick dealers in Philadelphia, southern New Jersey and Delaware, began a TV and radio promotion for the Skyhawk. The creative emphasized the price—less than $10,000—and the fact that dealers were providing the $490 automatic transmission at no extra cost.

Creative executions must be careful to not offend any association members. The footage for the Buick spot was shot in the Philadelphia area, says Kathy Gillin, account executive for the association's agency, Competitive Edge, Philadelphia. The agency was careful to make the spot generic enough so dealers outside the metro area were not alienated.

"We can't just promote cars parked in front of the Liberty Bell or the fringe dealers would get rightfully upset," she says. "The residual effect wouldn't benefit them."

Not all association creative is broadcast, however. Print is a valuable method for making sure all dealers get a mention in a message. Mentioning 42 dealers would require 28 seconds of a 30-second spot, Ms. Gillin says. Print sidesteps that obstacle and allows even more details, such as addresses and telephone numbers, to be included.

A Thanksgiving Day double-truck color ad by the Philadelphia/southern N.J. Buick association touted the full Buick line with a spotlight on the Century and LeSabre. Its headline was "Lease for Less," reinforcing a national Buick campaign.

The Buick value team represents 60% of the sales in the Philadelphia zone, including four dealer associations, according to Fred Tower, assistant zone manager for Philadelphia Buick. "This was the second best December in 10 years for the zone," he says.

"The dealers were visible at all times in the media," he says. The zone was one of only two in the Buick organization to enjoy a sales increase in 1986 over 1985. Ad spending was more than $2 million, apart from Buick's contributions, Mr. Tower says.

One new association has had strong results from print only. The Acura Advertising Association of Southern California was formed by a dozen dealers to promote the Acura, an upscale division of American Honda. Acura's two models, the $12,000 Integra and $21,000 Legend, had their debut last year with a national advertising budget of $20 million. Honda dealers who build separate showrooms for the Acura found that campaign, in California at least, sparked little attention.

"The dealers were frustrated with the sales and awareness levels and the amount of money spent on a national basis," says Richard Zien, president of Mendelsohn/Zien Advertising, Los Angeles. The dealers thought $60 million was needed to introduce an Acura that would compete against other introductions like Hyundai, he says.

The association's first effort, produced with help from the *Los Angeles Times*, had a "retail" look. Later, the association hired Mendelsohn/Zien because it had automotive expertise.

Mr. Zien says bluntly that a price campaign for a product with low awareness and image—"consumers couldn't even pronounce the name"—would never work. His strategy was to position Acura's Legend, priced at $21,000 and up, against more expensive vehicles for upscale consumers.

The first Mendelsohn/Zien ad last August in newspapers and local magazines addressed the issue head-on, asking: "Who on earth would trade in a BMW or a Mercedes for a car that's virtually unknown?" Another favorably compared the Legend's residual value after 60 months with that of a $104,000 Rolls-Royce Silver Spirit.

The manufacturer likes the campaign, although it has yet to provide co-op funds. The results of 1986's $2.5 million campaign indicate Mr. Zien has the right idea.

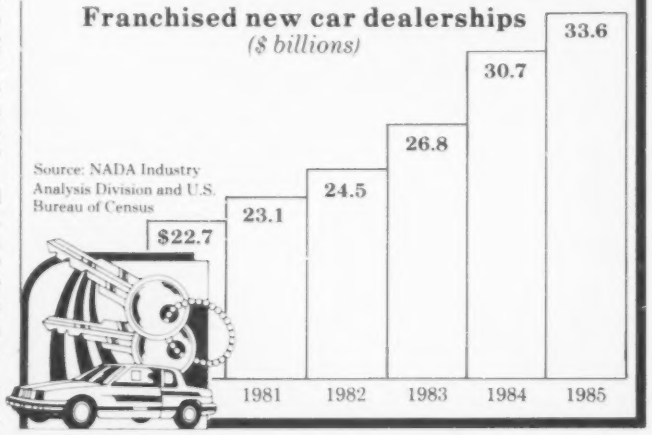
Monthly sales nearly tripled, to almost 1,500, from August to January. Dealers are especially happy because the campaign avoids a let's-make-a-deal price approach and buyers come in prepared for a hefty price tag.

"Instead of looking for deals, buyers come in ready to pay," Mr. Zien says. "It makes the cars easier to sell and at higher prices."

Acura dealers plan to spend $3 million this year, retaining the same attitude and tonality in their print ads. "We wanted our advertising to be quite arrogant because this is a hell of a car for the money," Mr. Zien says. "U.S. companies still do schlock, nonmotivating stuff. If price is the only reason to buy a car, you're in trouble."

Service and parts market growth

Franchised new car dealerships
($ billions)



Source: NADA Industry Analysis Division and U.S. Bureau of Census

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Auto makers stress consumer satisfaction

By Raymond Serafin

Auto marketers once determined how well a division or a dealer was doing by just tallying the number of cars sold.

The arithmetic isn't as simple now that consumers have more than 30 choices of car makes, many of them available in numerous models. Instead of just counting units sold, the industry is turning more to indices that indicate the number of customers satisfied.

The so-called Customer Setisfaction Index (CSI) has had a dramatic effect on nearly everyone in the industry, from product designers to the service desks at dealerships.

Automakers use it to argue in their advertising that one survey or another proves their product superior. New dealer-franchise success may hinge on a CSI standing, and a support industry is springing up to help individual dealers raise their scores.

The CSI reflects the fundamental changes in the industry over the past decade. Instead of a manufacturing-driven business that attempted to sell what it made, it has become a consumer-driven industry that attempts products and services that match the perceived needs of customers.

"Advertising may sell the first car, but service sells the second one," says James Fuller, VP in charge of Volkswagen U.S., the marketing arm of Volkswagen of America, Troy, Mich.

And customer satisfaction, or dissatisfaction, affects more than just the odds that a customer will buy the same brand next time, says Jack Robbins, assistant general sales manager for General Motors Corp.'s Buick Division, Flint, Mich. Buick, which operates several programs aimed at improving customer relations from pre-sale to post-delivery, estimates that a satisfied customer will positively influence eight others and spur at least one more sale, while a soured customer will negatively affect 25 people, he says.

A number of auto marketers survey their own customers, or hire a research company to do so, in order to rank dealer performance.

But the most widely quoted CSI in the industry is the annual survey published since 1981 by J.D. Power & Associates, Westlake Village, Calif. Power surveys 30,000 new-car buyers 12 to 14 months after their purchase to determine their satisfaction with technical aspects of the car and, separately, with dealer performance. The overall CSI averages how each make scores on both technical and dealer aspects.

The most recent Power survey, released in August 1986 and based on 1985 model-year cars, showed that U.S.-based companies lagged behind importers in customer satisfaction. Of the top 10 makes according to this system of grading, five are Japanese and four are European, with only No. 5 Lincoln breaking the pattern. Honda ranked first in the Power CSI, followed by Mercedes-Benz.

J. David Power III, president of the research group, acknowledges that the survey results are controversial. But, he says, "Our client satisfaction index pretty much parallels the CSI."

He is careful to point out that the CSI is not an evaluation of the cars themselves. "We measure the differences between what a customer expects and what he gets," says Mr. Power.

Tom Gauer, senior project director for the Power group, says that U.S. manufacturers have made strides in narrowing the product-quality gap. In 1981-1982, 65% to 70% of customers reported problems with their domestic cars at delivery. That number is down to 40% to 50%, but the Japanese are holding their delivery problems to 20% to 25%, Mr. Gauer says.

In general, Japanese makers score high on the technical side but only average on the dealer portion of the Power CSI, says Mr. Gauer. European makers tend to score high on the dealership scale but low on the technical side.

Auto analyst Thomas O'Grady, president of Automotive Integrated Resources, Wayne, Pa., says that Honda "progressively strives for quality in their vehicle. Honda is not all that innovative in its design—the Accord is a fairly mundane vehicle, but made with extremely high quality."

New product introductions usually drag down a manufacturer's CSI score on the technical side because all the glitches haven't been worked out of production, says Mr. Gauer.

"Mercedes-Benz slipped with the introduction of the 190 series, which represented 35% of its volume. And before the last survey, Subaru had come in second because it hadn't changed product for five years," he says.

A decline to seventh, following its first new product introductions in years, forced Subaru of America, Pennsauken, N.J., to drop an ad line that touted its customer satisfaction, "Of all cars sold in America, Subaru is second only to Mercedes." Levine, Huntley, Schmidt & Beaver, New York, handles.

Subaru hopes to climb back up with the help of a comprehensive new program that will include 18 mailings to owners over a four-year period, including at least six customer-satisfaction related questionnaires.

American Honda Motor Co., Gardena, Calif., touted its first-place finish in the Power index in trade ads, but didn't change its consumer advertising. Rubin, Postaer & Associates, Los Angeles, handles Honda.

Chrysler Corp., Highland Park, Mich., and Ford Motor Co., Dearborn, Mich., conducted an ad campaign quarrel in 1986 when each cited different surveys claiming the best quality of any U.S.-built products. "Best-built, best-backed American cars and trucks," claimed Chrysler ads via Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich. "Best-built American cars and trucks," said the Ford corporate ads by Wells, Rich, Greene and Ford Division ads via J. Walter Thompson USA, both Detroit.

Some automakers say that giving a customer a forum keeps dissatisfaction to a minimum.

"Our goal is to get customers to complain," says Buick's Mr. Robbins. "If we can get them to open up to us, they realize we want to help." Buick operates a 60-employee Customer Assistance Center, in Flint, Mich., that can be reached with a toll-free number and a corresponding Technical Assistance Center that provides toll-free help to dealer technicians.

Toyota Motor Sales, Torrance, Calif., is taking the commitment to customer satisfaction a step further. If a customer cannot resolve a conflict with a dealer, a new program allows complaining customers to go before a third-party arbitrator selected by the American Automobile Association where a resolution will be devised.

The program is currently available in 13 states and will be national by the end of 1987.

Manufacturers also are trying various incentives to improve dealerships' contribution to customer satisfaction. Most manufacturers now use either an independent research group or conduct their own survey to rank their dealerships.

"The big issue for retailers, aside from volume, is to retain a respectable CSI. It controls them," says Jayne Hamilton, president of Market Development Associates, Bloomfield Hills, Mich., a consultancy that works with dealers to improve customer relations.

Chrysler inaugurated a $20 million "America's Team" program last fall to "provide motivation via financial recognition to all service personnel in a dealership for the quality of service they provide to their customers," says E. Thomas Pappert, group VP-sales.

Chrysler also has set a minimum CSI score as one requirement in determining which 365 dealers will get the new $30,000 Maserati-built luxury coupe that will be sold under the Chrysler brand name as a 1988 model.

And the sales agreement with those dealers will for the first time spell out a minimum CSI needed to retain the franchise, says Mr. Pappert.

Similarly, American Motors Corp., Southfield, Mich., will base its decisions this summer on which dealers will get its $30,000 sporty two-seater, the Renault Alpine, partially on CSI scores. The philosophy behind this is that people who pay this much for a car expect excellent service, according to Martin Levine, marketing manager.

AMC has been making a concerted effort to upgrade its dealers' relations with customers after scoring 29th out of 30 makes on the Power ranking of customers' satisfaction with dealers.

(American Isuzu Motors, Whittier, Calif., which satirizes dealers in its "Liar" TV spots via Della Femina, Travisano & Partners, Los Angeles and New York, finished 30th.)

"We were a little late in getting a tool to quantify [customer satisfaction with individual dealers]," says AMC's Mr. Levine. AMC now uses a survey administered by Power.

Half of AMC's dealerships have changed ownership over four years, partly as the result of a concerted effort to weed out dealers that wouldn't spend adequate money on service areas and training. "No dealer gets signed up now without a commitment to specific dealer training requirements," says Bill Carroll, general manager-North American sales.

Doug Mazza, VP-sales and marketing for Suzuki of America Automotive Corp., Brea, Calif., says that the company tries "not to penalize our dealers." Suzuki will have built a 250-dealer network by 1989 to market its subcompact Samurai sport-utility vehicle, a second 4-wheel-drive vehicle and a minicar, all to debut in 1988.

"We review each dealer CSI and make tailored recommendations," says Mr. Mazza. "So far we have a 100% profitable dealer network. We find that the dealer is much more willing to give attention to CSI and good facilities and all those other things in a profitable retail business."

Mr. Power admits to some concern that the indexes lead dealers "to beat the scores rather than satisfy the customer."

That desire to improve scores has spawned a number of CSI consultants who promise to raise a dealer's CSI through a variety of means, from sending gifts—such as flowers or a tin of cookies—to new-car buyers to conducting in-depth interviews with customers to pinpoint problems.

"Anything a dealer does to show he's concerned with the customer helps," says Mr. Gauer of the Power group. He says follow-up is a key to the success of CSI-improvement strategies. "It's not enough to call a customer and ask if he's satisfied with service if you don't have in place a system to deal with complaints."

Mr. Gauer says that the painstaking efforts to improve each dealer's customer relations do pay off. "We've tracked manufacturers who deal with customer satisfaction on a dealer-by-dealer basis, and the overall scores for the manufacturer do go up," he says.

Keeping an eye on who's keeping the customer satisfied

Indexes force dealers and manufacturers to look at quality and service

Make	CSI	Technical	Dealer
Honda	(1) 132	(1) 154	(11) 110
Mercedes-Benz	(2) 129	(13) 95	(1) 162
Toyota	(3) 127	(2) 149	(14) 105
Mazda	(4) 112	(3) 138	(26) 87
Lincoln	(5) 112	(10) 99	(6) 126
BMW	(6) 111	(15) 93	(4) 129
Subaru	(7) 108	(9) 101	(10) 115
Volvo	(8) 105	(16) 92	(7) 119
Saab	(9) 105	(21) 82	(3) 129
Nissan	(10) 104	(7) 106	(18) 102
Mercury	(11) 103	(8) 103	(16) 104
Jaguar	(12) 103	(26) 65	(2) 141
Volkswagen	(13) 102	(12) 95	(12) 109
Cadillac	(14) 100	(24) 72	(5) 128
Ford	(15) 97	(6) 109	(27) 86
Mitsubishi	(16) 97	(5) 110	(28) 83
Porsche	(17) 95	(22) 74	(9) 117
Buick	(18) 95	(19) 85	(15) 105
Plymouth	(19) 94	(14) 93	(22) 95
Oldsmobile	(20) 92	(17) 89	(21) 96
Chevrolet	(21) 91	(20) 84	(20) 98
Audi	(22) 90	(27) 63	(8) 117
Dodge	(23) 88	(18) 88	(25) 88
Chrysler	(24) 87	(25) 71	(17) 103
AMC/Renault	(25) 86	(11) 98	(29) 74
Pontiac	(26) 84	(23) 74	(24) 94
Isuzu	(27) 83	(4) 118	(30) 49
Alfa Romeo	(28) 83	(29) 59	(13) 116
Merkur	(29) 79	(28) 62	(23) 95
Peugeot	(30) 75	(30) 49	(19) 101

"CSI" indicates overall consumer satisfaction index, "Technical" indicates how technically trouble-free the car was and "Dealer" indicates the consumers' overall satisfaction with the dealer and manufacturer. Parenthetical numbers represent the make's ranking in each category.

Source: J.D. Power & Associates.

Hot performance cars muscle their way upscale

By Kenneth Wylie

Power. Lots of people want it, and one of the best places to get it is behind the wheel of an automobile—a certain kind of automobile. In the 1960s they were called "muscle cars"; today's subtler title is "performance."

More European "exotic cars," with prices ranging from $110,000 to $137,000, sold last year than in 1985.

The auto insurance companies provide some hard definitions of the performance genre. Earlier muscle cars were those with 10 horsepower or more per pound of curb weight—what the car weighs when it is ready to be driven. The Lamborghini Countach, which rockets out of Bologna, Italy, at 3,450 pounds and 420 horsepower, is outrageously muscular. The sporty Pontiac Sunbird coupe out of Pontiac, Mich., at 2,353 pounds and 90 horsepower, is not.

State Farm Insurance Co., Bloomington, Ill., the nation's largest auto insurer, now defines a performance car as an automobile the ratio of whose shipping weight to its SAE (Warrendale, Pa.-based Society of Automotive Engineers) net horsepower is less than 13.5.

Insurance companies keep close tabs on performance cars, because, basically, they would rather people walk than drive them. "There are about 3,000 auto insurance firms in the U.S.," says Harvey Seymour, spokesman for the Insurance Information Institute in Washington. "Only about 20 of them will insure performance cars." The insurance industry avoids these cars because they are built for speed, he says.

Performance car buyers "must really shop around, and may have to pay a surcharge of $100 to $200," Mr. Seymour says. State Farm levies a 25% surcharge on liability, collision and medical coverage for such autos.

In some states, Nationwide Insurance, Columbus, Ohio, the fourth-largest auto insurer, will not write any insurance on Ferrari, Lamborghini, Mercedes-Benz, Maserati or Alfa Romeo. In other states where it will insure some of the performance makes, Nationwide groups them under two headings, "undesirable" and "ineligible."

Aetna Insurance, Hartford, Conn., the fifth-largest auto insurer, "does not pursue performance car owners," according to Micaela Woodbridge, an Aetna spokeswoman. However, the company does "accommodate them," she says.

But they are accommodated at a cost. A 50-year-old, married man with a good driving record who owns a Porsche 944 Turbo in New York's suburbs will pay a six-month premium of $828. Without a seat belt, alarm system and defensive driving credits, however, the figure would have hit $1,028, Ms. Woodbridge says.

Although insurance companies can decide whether or not to write coverage on a performance car, they can't arbitrate their purchase. Automakers know that people buy highly powered, low-slung, cars for varying reasons, probably all of them closely identified with their self-image.

Because the 1987 performance car-buyer has a carnival-like variety of makes, models, styles and prices to choose from, the automakers find that a wide cast of characters are buying their products.

At one end of the spectrum is a range of extremely expensive European motor cars, generally known as "exotic cars." For example, last year 1,150 Ferraris costing $110,000 apiece were sold in the U.S. compared with 771 in 1985. Seventy-five Lamborghini Countaches and 70 Aston Martin Volantes sold at sticker prices of $125,850 and $137,000, respectively. In 1985, 62 Aston Martin Volantes were sold.

For those drivers who want something hot at a lower cost, there are some modestly priced models. A Dodge Daytona or Chevrolet Camaro each costs about $10,000. For about $12,800, Dodge offers the Daytona Turbo Z and Chevrolet sells the Chevrolet Camaro IROC-Z. Ford's Mustang GT is a bit less expensive at $12,500.

Because the performance car market's demographics span as wide a range as the cars' price tags, marketers increasingly are using psychographics to define and attract their targets. Those who have enough money to buy an exotic car are not pinching

(Continued on Page S-26)

Kenneth Wylie is an Evanston, Ill.-based free-lance writer and frequent contributor to Advertising Age.

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Exotic cars

(Continued from Page S-25)
pennies, and those who buy at the lower end are looking for a rub-off effect based on looks, styling and performance—all lifestyle, and not economic, factors.

"About one million people in the U.S. have the financial capability in net worth or income to afford a Lotus, and about 20 million people would like a Lotus or a car like it," says Wes Fredericks, chairman of Lotus Performance Cars, Norwood, N.J. There are about 20,000 potential customers for Lotus, he says, "meaning that our marketing task is finding a way to reach them and creating the climate to buy a Lotus."

All of the car marketers work out the demographics of their buyers, showing gender percentage, median age, family income etc. But psychographics count most, not demographics, says a spokesman for Mercedes-Benz of North America. "Psychographics are significant to us because a plumber who can afford our auto is not nearly as likely to buy it as a physician."

Porsche also looks at the psychographics, says Gerhard Blendstrup, VP-marketing, Porsche Cars of North America, Reno, Nev.

"There are 2 million millionaires in the U.S.," he says. "Porsche wants to sell 30,000 cars here. So to reach our buyers, we don't seek out demographics. We look for the right psychographics, which leads us to our four target audiences."

About 35% to 40% of Porsche's targets are "performance enthusiasts," a to technology enthusiasts, he says. Some 25% buy on style; 20% purchase a Porsche because it is the car of choice among their professional/social group, and about 15% buy for the comfort expensive cars offer, Mr. Blendstrup says.

Even after picking up the tab, exotic-car owners face an almost certain trail of cash-register tape. Although car-cost researchers Runzheimer International, Rochester, Wis., do not compute ownership and operating costs for performance cars, their higher operating and repair costs are well-known.

One garage owner, who asked not to be identified, says, "We may charge twice as much for a repair on the rare ones just to cover our liabilities. One of those exotic cars may start and run out of here fine on Monday but not at all on Wednesday."

John Cinque, owner of Highwood, Ill.-based John's Auto Repair, which specializes in work on performance cars, says, "We're not really being paid for our knowledge, not paid enough, considering the product we're working on." A Lamborghini owner, he says: "These cars require service more often to keep them running properly, and parts are hard to get."

But price is not pertinent. In fact, some automakers are attempting to give a high performance patina to more mainstream lines. Chevrolet puts it in writing in spread ads for its subcompact Cavalier Z24: "Performance: You Don't Just Paint It On, You Build It In ... Lift the lid. There sits the ... engine ... borrowed from the technology of the Camaro IROC .... Below deck you'll find handling inspired by Corvette."

Performance cars always have been test beds for the design advances that migrate down to the masses. About 2 years ago, Chrysler Corp. put more space between its three divisions to differentiate products, ordaining Dodge its Performance Division.

One example of the new Dodge mission is the Daytona series, making performance available at a medium price. These cars' technology is expected to influence the whole corporation, as is Chrysler's association with performance innovator Carroll Shelby, who has been transplanting muscular personas into Dodge products, such as Omni and Charger, for several years.

The performance car rub-off also is under way in other shops. "The design effects of Camaro and Corvette show through in Chevrolet's new Beretta and Corsica," says Jerry Palmer, former chief designer for Camaro and Corvette, now director of Advanced Design for the GM Design Staff. "This is the next '55 Chevy—the Beretta 2-door and Corsica 4-door."

Pontiac says the technology of its Firebird series of four performance models has influenced the design of the new midsize Bonneville sedan.

"Usually performance cars get the novel things," says Paul Preuss, manager of public affairs of Ford's Product and Technology Office, Dearborn, Mich. "So frequently they do apply to models down the line. An example is the anti-lock brake system (ABS) used now on the Lincoln Mark VII and Thunderbird Turbo Coupe. We're looking to apply ABS to all models in coming years."

And while performance car attributes might pull customers toward more mainstream models, the performance lines themselves must continuously be updated to attract new drivers who want only the latest in design and technology. Ford's 1987 Mustang features new front and rear-end treatments, new aerodynamic headlamps, interior remodeling and a 5-liter, fuel-injected, 225-horsepower, V-8 engine.

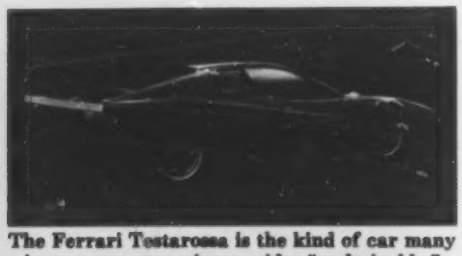
This car already is being dated by a 1988-1989 model developed jointly by Ford and Mazda that will have front-wheel drive. "Front-wheel drive is the choice because of better power delivery and better fuel economy," says Ford's Mr. Preuss.

New to the U.S. for 1987, after a celebrated 1986 introduction in Europe, is the Merkur Scorpio. This Ford of Germany product comes as a welcome marketing companion to its forerunner by two years, the Merkur XR4Ti, which reportedly missed its sales goals in 1986 by several thousand.

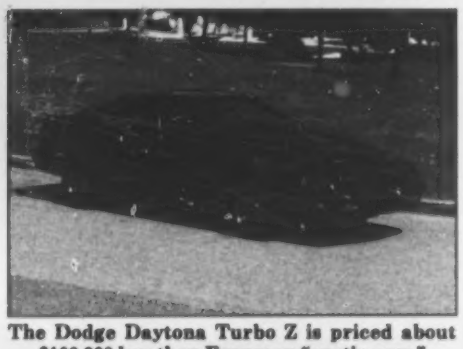
"In calendar 1986 we sold about 11,000 of the XR4Ti," states Randy Barr, Merkur marketing manager, Lincoln-Mercury Division, Ford Motor Co. "The trend now is upward. We think we'll see a stronger franchise when Scorpio is in the market, getting some synergy, further credibility, long-term commitment. Starting a new brand is extremely hard, so we're stengthening this effort by adding a brand name."

Such evolutionary change is more typical of the performance car field than annual, or even frequent, revolutions in design and mechanics. "Corvette began in 1953," says Jerry Palmer, former chief Corvette designer. "But the current Corvette is different even from the 1982 model. Everything is brand-new in the 1987 model—very contemporaneous. But you never wipe the slate completely clean. We want to keep the heritage of these cars clear, to make sure the lifelines come through very clearly. You don't change design every year, so you don't get too trendy."

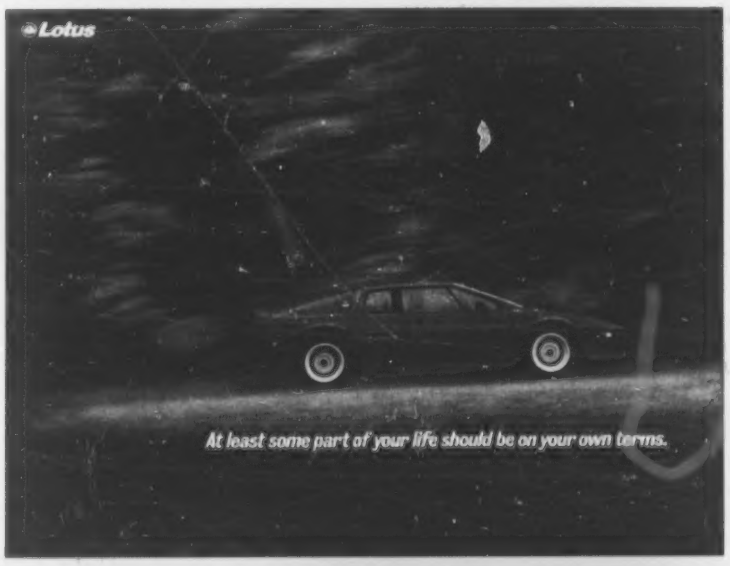
Maserati is promoting the power of its V-6 engine and twin turbos found on race cars.



The Ferrari Testarossa is the kind of car many insurance companies consider "undesirable."



The Dodge Daytona Turbo Z is priced about $100,000 less than European "exotic cars."



Potential Lotus customers number about 20,000 in the U.S., Lotus Chairman Wes Fredericks estimates.

The Lamborghini Countach weighs 3,450 pounds and is rated at 420 horsepower.

In 1986, 70 Aston Martins Volantes were sold at a sticker price reaching $137,000.

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Parts stores building do-it-yourselfer loyalty

By Cathy Curtis

Not very long ago, the idea of a yuppie shopping in an auto parts store would have been someone's idea of a joke. As traditional auto aftermarket wisdom had it, the typical parts customer was male, blue-collar, under 30 (some say 18-to-34), earning less than $30,000 and with the time and inclination to turn grease monkey on Saturday mornings.

Although this profile of the do-it-yourselfer is still valid, the market is getting older (34% are between 35 and 54), richer (19% make more than $40,000 a year), better educated (54% have attended some college) and less overwhelmingly male (30% are women), according to *Automotive Marketing's* 1986 Consumer Automotive Repair Study.

And, whether they install their own shock absorbers, buy motor oil, pick out a seat cover or an air freshener, these are the 84.5 million people, the 72% of American car owners, everyone wants to woo.

These days, "everyone" includes variety, drug, discount, grocery, convenience, department, hardware, auto supply and other stores as well as service stations, specialty repair shops and the mom-and-pop jobber.

Auto parts stores rank only fourth in number of outlets after service stations, independent repair stores and grocery stores among 507,300 outlets carrying automotive products, according to the 1986 Retail Automotive Distribution of Parts Study by the Foundation for Aftermarket Industry Research.

Retailers are all lining up for a slice of the roughly $28 billion over-the-counter parts and accessories market, according to Ed Kaufman, a marketing consultant with Tenafly, N.J.-based Lindsey-Kaufman.

Although some of the big retailers have been around for more than 75 years—Western Auto was founded in 1909, R&S Strauss in 1919, Pep Boys in 1921—it took the oil crisis of the '70s to turn the do-it-yourselfer into a retailer's hero. The traditional stores, lampooned by the mass marketers as "greasy parts counters," had concerned themselves almost exclusively with servicing the professional mechanic.

But with the closing of 100,000 gas stations and other repair outlets, a new group of do-it-yourselfers entered the market. Their needs were attended to by increasing numbers of non-automotive stores that saw the promise of high profit margins in homely cans of motor oil. Conglomerates, aware of the decentralized nature of the market, gobbled up parts stores like peanuts.

When Dallas-based Southland Corp., of 7-Eleven fame, bought what was then the 119-store Cerritos, Calif.-based Chief Auto chain in 1978, it seemed to start a trend. Since then, Southland has acquired and combined with Chief the Texas-based Checker Stores—formerly under the wing of Lucky Stores Automotive Division—and 2002 Auto Parts stores, as well as Honey's stores in Tennessee and nearby states. The current Chief store tally is a hefty 475.

Other major acquisitions in recent years include Shiremanstown, Pa.-based Rite Aid Corp.'s takeover of the Avon, Mass.-based ADAP , which now has 59 stores in Boston, New York and New Jersey, and Seattle-based Pay 'n Save's purchase of Schucks Auto Supply chain in Tukwila, Wash. Pontiac, Mich.-based Perry Drug has been one of the most aggressive players, snapping up the 50-store Fleenor's chain in Indianapolis; Corvairs' 47 stores in Columbus, Ohio; Lampert/Singer and Pappy's Discount stores in southern Illinois and—just last summer—Trio Auto Parts in Michigan for a total of 192 stores.

The competition has forced auto parts stores to spruce up their act. Chains are trying to create a supermarket atmosphere, with store sizes ranging from 1,800 to 20,000 square feet. The basic ingredients are bright lighting, snappy, color-keyed graphics and, as Mike O'Hara, Los Angeles based-Pep Boys' national director-marketing puts it, "gondola after gondola of access."

Yet, even here there are some variations on the theme. Chief eliminated the parts counter. Bill Wooton, VP-specialty retail and head of Southland's Chief division, was quoted in *Automotive Marketing*: "It's ludicrous to take 4,000 square feet and cut it in half with a counter. The counter . . . is ancient history. Everybody's behind the counter because they don't have to get out and get close to the customer."

Crown Auto, Minneapolis, on the other hand, is putting a new emphasis on counter service. "It's a better move for technical application products like water pumps and spark plugs," argues advertising manager Glenna Dibrell. "It was deemed that those products needed to be behind parts counters where you can talk with someone . . . so people don't pick up a box and hope they have what they need."

Stores also are trying to woo customers with specialized services. Chief, which pioneered a 1-year warranty when 90 days was standard, introduced a 5-year, 50,000-mile warranty on hard parts in May 1985. Since then, Trak Auto has come out with a 7-year, 70,000-mile offer, and Western Auto has joined the 5-year bandwagon.

But Chief's advertising manager, Kenny Cason, insists that when you're the first to come out with such a deal, "consumers usually perceive you as the leader." Chief rolled out a TV campaign in 1985 in all its markets, while touting the warranty in newspaper ads, external store banners and point of sale materials.

Crown Auto is emphasizing counter service despite a feeling within the auto parts industry that it reduces customer access.

Crazy Joe's Auto Parts, Kannapolis, N.C., offers Snappy Fax, cards programmed with do-it-yourselfers' personalized car data that can be fed into a computerized system offering information on appropriate car parts. "Parts look-up has become a nightmare," says John Hill, VP-advertising. "[The card] enables the customer to come in and immediately wait on himself. It really replaces the confusing and timely task of looking in numerous catalogs."

Crazy Joe's advertises Snappy Fax on TV with Ernest T. Worrell (actor Jim Varney) telling his unseen friend Vern how easily the card allows him to look up all the information he needs. Weekly newspaper ads, which usually are tied to discounts on high volume products like oil filters, offer an additional discount to card holders. More than 40,000 do-it-yourselfers in the Carolinas now have the card, but whether it has increased sales is not known.

Champion has had success with its in-store videodiscs explaining product applications. The company is about to introduce a home videotape teaching series. The tapes will be rented to customers and syndicated to cable TV in the nine Midwestern states where Champion's 123 stores are.

"The major thing that keeps people from servicing their cars is lack of knowledge," says Dean Billbe, VP, Champion sales and marketing. The first 30-minute tape deals with brake repair.

Pep Boys has eight to 10 service bays in all its new stores. R&S Strauss has service bays in 34 of its 52 stores in New York, New Jersey and other mid-Atlantic states. All but three of Crown's 53 stores offer service, usually with four bays.

As Ms. Dibrell points out, "Even the do-it-yourselfer is interested in having someone do it for him if the job is too complicated, if it's too cold outside or the discretionary time isn't there." Previously known for its parts business, Crown is increasingly gearing promotional efforts to service. While service specials used to appear at the bottom of ROP ads, they now have pride of place in preprinted inserts. Service was a major feature in six of seven tab inserts Crown prepared in 1986, Ms. Dibrell says. She reports double digit increases in Crown's service business as a result.

So far, neither generous square footage nor service has much to do with the secrets of success in the auto parts field, according to a survey in *Automotive Marketing's* 1986 "Auto Aftermarket Retailers' Guide." The key to this consumer-driven market, according to this source, is an absence of competition, a commitment to advertising, longer store hours and professional management.

This is indeed the era of a belated plunge into centralized advertising and marketing, point-of-purchase systems operations, up-to-date accounting and plan-ogramming methods and an effort to provide better personnel training.

Advertising, however, atill tends to stick with the tried and true. Champion has an advertising budget "well over $3.5 million," according to Mr. Billbe. In April the company, which had previously used line-drawings in its advertising, plans to use "real four-color, photography-type" ads for the first time, in hopes that consumers will better perceive the "value and beauty" of such accessories as car compasses, mirrors, seat covers and litter bags, he says. The ads will target consumers who are becoming more discerning about the appearance of their cars.

Seemingly typical advertising strategy comes from R&J Strauss' twice-weekly ROP ads, printing 8-page insert tabs eight times a year and getting a taste of radio and TV.

Not at all typical is Chief's $10 million to $14 million ad budget. It goes largely into print, which troubles Mr. Cason. "The auto aftermarket is probably some of the worst advertisers in the retail business," he says. "It's very difficult to get auto retailers out of the newspaper. I think broadcast is an excellent way to go—you reach a hell of a lot more people. In the papers you reach the same people week after week."

One nagging question is whether the do-it-yourselfer tide has peaked. The parts manufacturers tend to think it has, while the retailers are more sanguine.

An aging automobile population and the increasing electronic and mechanical complexity of new cars points to a hands-off attitude by once gung-ho do-it-yourselfers. Parts themselves are lasting longer and in some cases are not required in the same numbers, as, for example, the trend from eight to four-cylinder cars bears out.

The aftermarket is primarily concerned with cars between 3 and 10 years old (under 3 years, a vehicle is covered by warranty; more than 10 years—some say 7 or 8—it becomes an old clunker). In recent years, the age of the average car on the road has remained an aftermarket-healthy 7.5 years.

On the other hand, longtime do-it-yourselfers aren't about to give up a favorite activity. "People just adjust to the new technology, that's all," says Burt Falbaum, VP-corporate communications, Pontiac., Mich.-based Perry Auto Works. He points out that progress can sometimes involve an easier task; for example, disc brakes are easier to install than drum brakes. "In any case, there are other things people can do that don't require technical knowledge—changing the oil or the air filter," he adds.

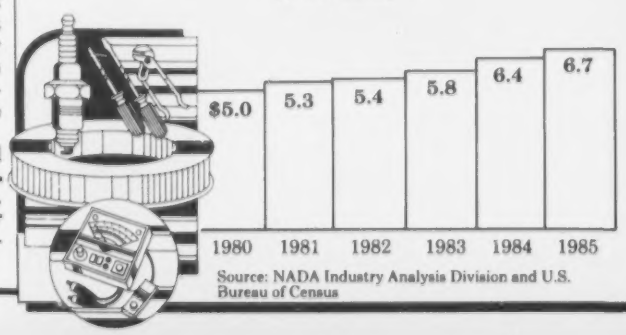
The do-it-yourselfer remains a hardy breed. The 1986 *Automotive Marketing* Consumer Automotive Repair Study has some figures that must brighten even the gloomiest forecast: 39% of the do-it-yourselfers report they are increasing their involvement. And some 8.6 million say they spend more than 10 hours a week working on their cars.

Cathy Curtis is a Long Beach, Calif.-based free-lance writer and frequent contributor to Special Report.

Service and parts market growth

General merchandise stores

($ billions)



Source: NADA Industry Analysis Division and U.S. Bureau of Census

Quick-lube outlets striking oil in aftermarket

By Len Strazewski

The last bastions of the automotive aftermarket entrepreneur —specialty service centers offering quick oil changes, lube jobs and tune-ups —grew like wild wheat during the early 1980s.

Their growth potential was enormous then, according to specialty-company executives, because American consumers needed fast service to fill the gap left by gasoline dealers who had converted to self-service during the energy crisis of the 1970s.

Just as the entrepreneurs geared up to fight for their share of the growing market, two big automotive-allied companies announced they had come to sow some seeds of their own.

In late 1985, Quaker State Oil Co. acquired Salt Lake City, Utah-based Minit-Lube, the third largest of the fast-lube companies, and late last year, Avis Rent-A-Car announced plans to build its own network, Avis-Lube.

Did these announcements spell the end of the more than 40 independent companies already in business? Not at all, executives say. If anything, the entry of the big guys is making their marketing job easier.

"We're not discouraged," says a spokeswoman for Jiffy Lube International, Baltimore, Md., the largest of the independent quick-lube companies. "Far from it. The market is far from saturated, and in fact the biggest marketing problem we face is generating recognition for our services. The more quick lube companies that enter the business, the better the awareness of the value of the fast-lube business. Jiffy Lube sees this as a new opportunity."

Len Strazewski is a Chicago-based free-lance writer and frequent contributor to Special Report.

According to statistics compiled by the Convenient Automotive Services Institute, a Baltimore-based trade group representing the fast-lube industry, Jiffy Lube dominates the category with more than 400 active stores—57% of the U.S. total among association members—in 36 states as of December 1986. Other industry sources estimate the number of facilities offering quick lubes and other services is approximately 2,000, with Jiffy Lube still having the largest single share of the market.

Jiffy Lube also has the biggest ad budget, approximately $5.2 million in spot TV and an undisclosed amount for print advertising handled by Lois, Pitts, Gershon, Pon/GGK, New York.

Despite the increased competition, Jiffy Lube expects to have 1,500 franchises sold by 1992, the spokeswoman says.

Denver, Colo.-based Grease Monkey International, the second largest of the quick-lube companies with about 80 stores in operation and 350 franchises sold, also sees the benefit of more competition.

"It all adds to our credibility," says Dave McDonald, VP-marketing for Grease Monkey. "And it actually improves our market position. Back in the 1970s, the oil companies got out of the service business and left it to us. Now they see that there's money in it so they're back.

"But as Quaker State and others get involved with the business again, they'll see the aggravation of running a business from afar again. They'll get impatient and we will benefit."

Relief from aggravation is exactly what Grease Monkey promotes in its consumer advertising. The Grease Monkey campaign, created in-house and produced by Fred Arthur Productions in Denver, emphasizes the speed of service and the economy of no add-on service, Mr. McDonald says.

Mr. McDonald would not reveal the company's annual ad budget, but did say that franchise agreements call for ad budget contributions of 4% to 6% of the network's undisclosed sales.

So far, Quaker State's ownership of Minit-Lube has done nothing but improve business, says William Gee, the company's founder, president and chief operating officer. Mr. Gee founded Minit-Lube in 1977, modeling it on his successful fast-food franchise, Arctic Circle. By the end of last year, the franchise chain had more than 870 units and with the additional marketing and financial support, business is practically doubling, he says.

"In January we opened 20 new stores and by the end of 1987, I expect to have 200 units around the country. This growth is due in no small part to Quaker State. They are putting an awful lot of money in us."

Mr. Gee says Quaker State's goal is to control market share for the company's petroleum products, but the Minit-Lube franchises gain a lot, too.

"I think it lends something to the credibility of the concept," he says, agreeing with his competitors. "The need for this kind of service has been around for years and years. The concept is fairly simple, and if operated properly, the stores can be terribly profitable."

Unlike its larger competitors, Minit-Lube offers a broader range of services, servicing all fluid needs of automobiles. And Mr. Gee's service philosophy still dominates, despite the bigger company ownership.

"All customers are personally greeted within 30 seconds of arrival. Doors are held for every customer—man, woman or child. Windows are washed," Mr. Gee says. "We want to be as far from the traditional service station concept as possible. Our concrete floors are scrubbed and waxed, and I dare say that our facilities are as clean as many restaurants."

In fact, the marketing model for the Minit-Lubes are derived much more from the fast-food chains than from service stations. Store and logo designs feature bright yellow and orange colors, and the company has trademarked its "Look for the Stripes" slogan. Minit-Lube franchisees spend about 10% of their total sales in advertising, about $5 million last year. The campaign, approximately 80% of which is in radio and spot TV, is managed by Evans Communications, Salt Lake City.

The newcomer to the quick lube scene, however, is Avis and its new division, Avis Service. Its entry is somewhat more threatening than Quaker State's because the company comes from completely outside the automobile service industry.

"They scare the heck out of me," says Minit-Lube's Mr. Gee, only half-facetiously. "But we are just going to keep going on the way we have been and see how they develop."

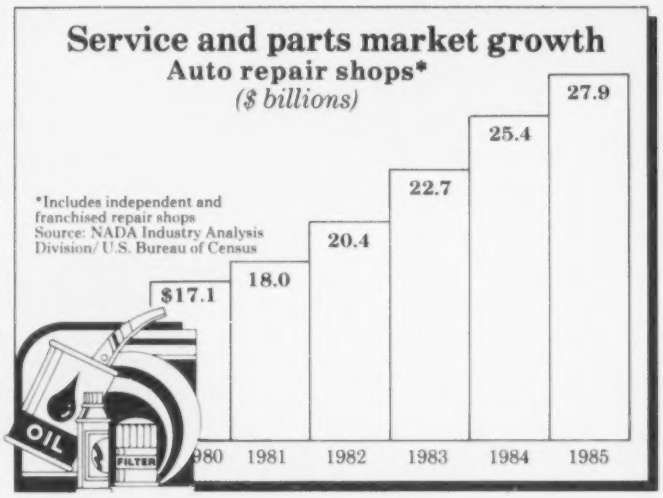
Avis has ambitious plans, according to VP-general manager Vincent A. Russo, culminating with a 1,700-unit network by the early 1990s in a market of 6,000 to 8,000. The Avis-Lubes will be separate from the company's rental car network, though some franchisees may choose to have both in adjacent locations, Mr. Russo says, adding that interest is already strong.

"Since we made our announcement [in late 1986], we have had 600 inquiries from 46 states—and we haven't even started marketing yet," he says. "There is a tremendous opportunity in this field and despite some of our larger competitors, the market is nowhere near saturated. In fact, some of the densest population centers of the country, such as New York City and Long Island, have some of the fewest centers. This area alone has tremendous growth potential."

Avis expects 400 units by the end of 1987, 600 by the end of the following year and a steady growth rate of 150 franchises annually through the 1980s. Some of the franchise purchases will come from small existing operations looking to merge with a bigger company, but most will be new operations, Mr. Russo says. Avis also is likely to retain ownership of a few stores for research and development purposes, he adds.

Avis' ad budget is undisclosed, but media will involve a mix of TV, print and direct mail. Ted Bates, New York, is preparing a traditional media campaign and Kobs & Brady, Chicago, is working on direct mail.

Who will be the next major company to enter the quick-lube business? Industry executives have no predictions, but say that more such entries are inevitable as more and more allied companies realize that when they abandoned the concept of service stations in the 1970s, they left behind fertile soil that really has yet to be exploited.



Proving that broken windshields can be fixed

There's a secret to salvaging a broken $300 windshield for $50, and the secret is tired of being a mystery.

Novus, a Minneapolis-based company franchising a patented system for repairing glass and removing scratches, is trying to crack the competitive automotive aftermarket by emphasizing regional advertising and using pr to tell its story.

But the company, which has been serving the automotive fleets of Avis Inc., Budget Rent a Car Corp., Eastman Kodak Co., General Mills, Hertz Corp., Ryder System and U-Haul International, among others—some repairs are done in-house, others are made through service centers and body shops—is finding that consumers may be slow to recognize a good thing.

"We're very well-known in the commercial end of the business. The lion's share of our business is industrial. However, we are just beginning to crack the consumer market," says David R. Schuh, manager of sales and marketing. "And the consumer market is a tough one to crack. The advertising costs are incredible and the market is extremely difficult to segment. We are used to dealing with a vary narrowly defined market."

Founded in 1972, the company's service is supplied through more than 1,200 automotive centers that sell Novus (among other services) in the U.S. and 23 countries. The company is converting its dealers into franchisees, 600 of which have been sold as of the end of 1987. Gross revenues for 1986 topped $30 million.

The dealer network was built on marketing tactics that reached trade clients efficiently and economically: Direct mail and cold sales calls to auto dealers and insurance companies and some trade magazine advertising in publications that focus on automobile insurance and corporate fleet management.

The same tactics, however, won't work with the consumer market, Mr. Schuh says. "It takes broad media to tell our story."

Novus has allocated a consumer ad budget of $250,000 to Minneapolis agency Clarity, Coverdale & Rueff for print ads in general interest magazines and regional newspapers and magazines. The ads are designed to be dealer support; they promote a toll-free telephone number for dealer referral.

"Some individual dealers are doing much more, using spot television, radio and billboards, but that kind of marketing is not something we can expect from all our franchisees. When you're a small company, it's hard to manage that kind of effort nationally. We're just going to have to wait until we grow."

Public relations, however, can be done on a limited budget, Mr. Schuh says, and Novus has assigned those duties to S&S Public Relations in Skokie, Ill. The pr campaign has already yielded some national coverage, including a January story in *USA Today*.

"Most people don't think of glass as something that can be repaired instead of being replaced," Mr. Schuh says. "They don't realize that they don't have to spend $300 for a new windshield, and they don't realize that many insurance companies will waive deductibles for using our repair service over glass replacement. We are also trying to remind consumers that a repaired automobile is more valuable than a damaged automobile at trade-in.

"We think this is quite a story to tell and our public relations campaign is helping tell it. As our recognition grows and our franchises grow, we can spend more on advertising the service," Mr. Schuh says.

And by that time, the secret will be out.

—*Len Strazewski*

Car care options

Number of auto repair facilities 1985

Franchised new car dealerships	25,100
Auto repair shops	201,000
Tires, battery & accessory dealers	17,200
Service stations	61,000
Mass merchandisers	1,600
All other	1,400
Total	307,300

Includes independent and franchised repair shops.
Includes only those outlets that perform "significant" repair work beyond simple oil changes or those establishments that receive at least 2% of total dollar revenue from service labor.
Source: NADA Industry Analysis Division

©Image Bank/Steve Krongard

Goodyear takes good share

Estimated shares of U.S. replacement market held by passenger tire brands

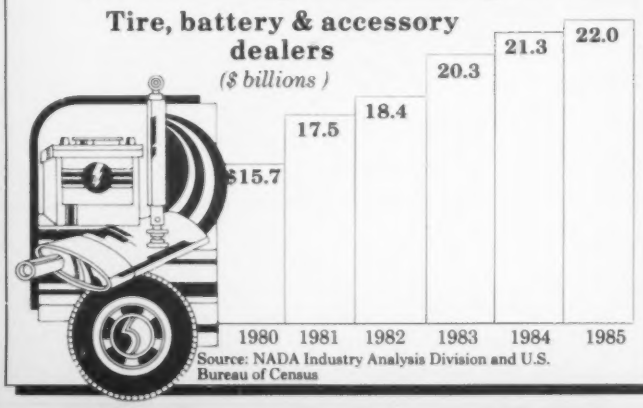
Company, headquarters	Per cent of market
Goodyear Tire & Rubber Co., Akron, Ohio	15.5%
Michelin Tire Co., Greenville, S.C.	10.0
Firestone, Akron, Ohio	9.0
Sears Roebuck & Co., Chicago	8.0
Uniroyal Goodrich, Akron, Ohio	7.5
General Tire, Akron, Ohio	3.0
Dunlop Tire, Buffalo, N.Y.	3.0
Armstrong World Industries, New Haven, Conn.	2.0
Bridgestone USA, Inc.	2.0
Cooper Tire, Findlay, Ohio	2.0
Dayton (Firestone), Akron, Ohio	2.0
Kelly-Springfield Tire, Cumberland, Md.	2.0
Montgomery Ward, New York, N.Y.	2.0
Others	32.0

Source: *Tire Business*, a Crain Communications, Inc., publication

Service and part market growth

Tire, battery & accessory dealers

($ billions)



Source: NADA Industry Analysis Division and U.S. Bureau of Census

Customizing the consumer

Franchised new car dealers service and parts sales

($ millions)

Service labor sales	*1984*	*1985*	*Per cent change*
Customer mechanical	$4,818	$5,434	12.8%
Customer body	2,192	2,431	10.9
Warranty	1,848	2,174	17.6
Sublet	1,096	1,187	8.3
Internal	1,797	2,002	11.4
Other	994	1,073	7.9
Total service labor	*$12,745*	*$14,301*	*12.2%*
Parts sales			
Customer mechnical	$3,503	$3,854	10.0%
Customer body	2,228	2,389	7.2
Wholesale	5,713	5,954	4.2
Counter	1,365	1,407	3.0
Warranty	2,318	2,640	13.9
Internal	1,869	2,023	8.3
Other	971	1,001	3.1
Total parts	*$17,967*	*$19,268*	*7.2%*
Total service & parts	*$30,712*	*$33,569*	*9.3%*

Source: NADA Industry Analysis Division

©Image Bank/Al Satterwhite

Tire dealers forced to pump fresh air into soft market

By Chris Slaybaugh

In an industry where fortunes were once made by changing customers' flats, tire dealers are now trying to inflate their own flat sales.

Several factors, including the popularity of long-lasting, steel-belted radials and a decrease in miles driven, have taken the air out of tire sales.

Smaller cars represent a double-whammy: Light and easy on tire rubber, they use smaller, cheaper tires that bring smaller profits to dealers.

And while sales lag, tire sellers are getting more plentiful. Jerry White, who owns Beaumont, Texas-based White Tire Supply, has witnessed the recent growth of warehouse clubs, which offer cut-rate prices.

"Over a long period of time we've seen the oil companies come and go with their programs, and the company stores rise and fall, and we've even seen a few so-called discount hot dogs rise and fall," he says. "But the only people that ever struck fear into my heart are the warehouse clubs, because there is such an enormous disparity in price."

By taking small markups and relying on volume, discount warehouses offer drastic price cuts. "In the past, the other people would undercut me 10% or 15% on a good day, and these people are far below that," Mr. White says.

Industrywide competition has made matters worse by bringing prices down. Retail tire prices have dropped 12% over the last year, estimates Tom Brawley, VP-marketing and distribution for Englewood, Colo.-based Big O Tire chain. "But wholesale costs haven't come down by that margin, so dealers are working on reduced margins, and profitability and staying open become a challenge," he says.

Even so, Big O, the nation's largest independent tire dealership, according to *Tire Business*, has met the challenge. The company added 27 of its 252 outlets in 1986, at the same time boosting sales 8.4% to $181 million, according to Mr. Brawley. Big O targets quality-conscious customers by providing them with "fast, efficient and clean service," he says.

Upscale consumers "don't want to drive to Billy Bob's gas station and have the interior spotted with grease, a ding put on the bumper accidentally and the $100-apiece wheels gouged due to inadequate care," Mr. Brawley says.

Mr. Brawley says he believes that an effective way of appealing to these consumers is "the silent advertising supplied by a clean, well-maintained facility." Citing the company's in-store surveys and follow-up mailers, he says: "The No. 1 reason for coming into the store is drive-by appearance and awareness."

He also says the company devotes 15% of its $7.2 million ad budget to TV ads that showcase its facilities. Of Big O's remaining ad dollars, 15% go to radio, and 70% to newspapers.

Like other tire dealers, Big O has gone heavily into ancillary automotive services to make up for declining tire profits. Its Extra Care program includes tune-ups and front-end repairs,

Chris Slaybaugh is an Akron, Ohio-based free-lance writer.

Detailers master fine points

By Cleveland Horton

How many times has it been said that Americans have love affairs with their cars? Probably too many, but sharp entrepreneurs rarely lose money banking on that fact.

The latest effort to tug at the heartstrings and wallets of car lovers comes in the form of auto detailing: The practice of restoring that "new car look, feel and smell" to the family wheels. More and more upscale car owners are turning to these cleaning specialists who charge up to $400 to go over a vehicle with a fine-toothed comb, a toothbrush and Q-Tips.

Until recently, most auto detailers were small, one-garage operations usually supported by a few bread-and-butter contracts with car dealers. Dealers would send their new cars to the detailers prior to delivery to ensure that the new car indeed looked like a new car. In addition, used car trade-ins often received a royal cleaning to help pump up sticker prices.

But now, the auto detailers are setting their sights on the car owners themselves, reminding them that only careful—albeit expensive—care can protect their investment. Optimistic market analysts predict the auto detailing industry could grow from $200 million in sales this year to $2.5 billion by the middle of the next decade.

One company already is thinking national. Steve's Detailing, which began as a one-garage, one-man operation headquartered in Newport Beach, Calif., already has sold 100 franchises nationally at $45,000 a pop, 26 of which are open.

The typical detailing job at Steve's includes a hand wash, engine degreasing and cleaning, exterior polish and wax and complete interior cleaning. The four-hour job costs an average of $135—the price varies, depending on the condition of the car. The outlets also offer the hand wash alone for $15. A typical outlet can complete 20 details and 40 hand washes per day, with an average yearly gross income of about $125,000.

The man behind Steve's Detailing is Stephen Marchese, 35, who began detailing in 1971 on weekends as a way to supplement his income as a manager for an electronics company. When business boomed, he started detailing full time and even managed to open a second outlet in Orange County. Those two locations now serve a customer base of 6,000 car owners who take their cars in to be pampered an average of three times a year.

The success of the first licensed shop—matching the volume of the more established Orange County outlets in just three weeks—encouraged Mr. Marchese to establish Steve's Detailing Management Corp. in Costa Mesa, Calif., as a franchising agent.

He hired his wife, Joni, as corporate secretary, and recruited Charles Milden as president and Jeffrey Parks as VP-marketing. Messrs. Milden and Parks were early customers of Steve's Detailing, although neither had any experience in franchising.

Mr. Milden gave up his position as president of State of the Art, a software development company, while Mr. Parks resigned as regional VP of Human Synergistics, a management consultancy, to join Steve's. Both men's experience in computer systems helped SDMC to create a "goof-proof" software program for franchisees.

The company's computer system handles accounting, scheduling and even reminds the store operator when to call customers to tell them it is time to have their cars detailed.

The primary customers of Steve's Detailing are owners of foreign—mostly German-built—cars. Before selling a franchise, SDMC will analyze car registrations for a particular region and crunch the numbers into a "vehicle potential system." On that list of prospects are owners of Mercedes, BMWs, Porsches and Audis. High-end Japanese cars also make the list, as do domestic 4-wheel-drives.

Mr. Parks cites three factors that bode well for car detailers. The price of cars is rising—the average car now costs about $12,000; there are more interesting cars on the road and manufacturers make substantial changes in models less frequently. "The only difference between an '86 and an '84 Mer-

as well as brake, alignment and suspension work. In 1986 the company devoted about 25% of its ad space to promote Extra Care, typically offering specials in services, such as brakes or wheel alignment, and free safety inspections, says Mr. Brawley.

These services form a growing part of Big O's sales picture: In 1985 tires provided 85% of sales. In 1986 other services accounted for 22%, with sales projections for 1987 reaching 30%.

The movement of tire dealers into automotive service is widespread. According to Tony Hylton, director of communication services for Washington-based National Tire Dealers and Retreaders Association, automotive services are of growing importance to members: "It used to be that maybe 15% or 20% of their gross sales were services. Now they're finding that trend to be 25% and 30%, with many planning, in the next few years, to be at 50-50 gross sales."

A look at dealers' profit pictures explains why. A study conducted last fall by Akron, Ohio-based *Tire Business*, a Crain Communcations publication, found that dealers average 26.7% gross profit on tires, while earning 35.6% profit on service parts and 64.8% on labor. Dealers surveyed reported that while automotive services made up only 25% of sales, they provided a whopping 44% of profits.

Goodyear Tire & Rubber Co. and Firestone Tire & Rubber Co., both Akron, Ohio-based tire manufacturers that maintain dealerships, are emphasizing services. "We are going to be devoting more and more attention to services," says Goodyear's VP-worldwide advertising, James K. DeVoe. "Service is a major portion of our industry, and that's what we are going to take care of."

Firestone's commitment to service has included the installation of a $25,000 computer diagnostic machine in each of its 1,400 company-owned stores. Non-tire services offered by Firestone include under-the-car, engine and suspension work, brakes, air conditioning and batteries.

In addition to service, Firestone is becoming more active in high-performance car tires. According to company figures, the total performance market is worth $2 billion, with 10% annual growth expected until 1990.

Accordingly, Firestone introduced a performance line called Firehawk, promoted by sponsoring the Firehawk Endurance Championship, a race series run on Firestone's performance line, the "Firehawk." And to attract true performance mavens, Firestone has installed specialty shops called "Performance Proshops," in 100 of its existing stores.

"We offer the performance enthusiast someone who has the special training to converse with him," says Jerry Kerr, director-advertising at Firestone. In these shops customers can buy not only Firehawks, but performance tires made by other makers, including Pirelli and Yokohama, in addition to performance spark plugs, wheels and other parts. Firestone hopes the Proshops will produce a total $4 million to $5 million in incremental sales in the coming year.

Where market performance is concerned, one of the front-running dealers is 4day Tire Stores, an Irvine, Calif.-based chain. The company takes its name from its work week. Partners Phil Lansdale and Don Carr discovered that most tires are sold at the end of the week, and so they decided to be open for only the 43 most productive hours, allowing them to cut overhead by hiring only one shift and avoiding overtime.

Advertising appears in 25 newspapers each week, reaching an estimated 20 million readers. In 1987, 4day expects to spend $2.5 million on newspaper ads, along with $1.25 million each for radio and TV.

Founded in 1969 with five outlets, the company now owns 52 stores, with sales of $63.4 million in 1985.

Although the tire game may be difficult, the players are confident. Jerry White, in the same breath he used to discuss the difficulties of the industry, added: "That sounds like whining, and I don't need to whine. I'm getting excited about the industry all over again."

cedes is how shiny it is," he says.

The only way for Steve's to develop a national brand identity, according to Mr. Parks, is to maintain strict control over the quality of the service and the public image.

Following McDonald's lead in the fast-food franchising business, SDMC set up "Detail University." Franchised shop managers are required to complete a two-week course at DU before they can operate an outlet.

In addition, SDMC relies on Corcoran & Associates, Newport Beach, Calif., to develop a national advertising plan as well as local efforts. Franchisees pay a percentage of their gross income into a national advertising fund. Gelman & Grey Communications, Los Angeles, handles pr.

To date, SDMC has run ads in business publications, including the *Wall Street Journal*, in an effort to both establish the Steve's Detailing name and to sell franchises. As more outlets open, SDMC will adopt a larger ad push with eventual plans to break national consumer print, TV and radio ads.

With the franchise operation well under way, Mr. Marchese's next plan is to market a line of auto care products first through his outlets and eventually through retailers. If sales of these products mirror his franchise operation's growth, he probably will clean up.

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Source: 1985 SMRB Scarborough Newspaper Study, Survey of Buying Power, July, 1986

Muffler specialists make noise under the car

By Julie Candler

Business is noisily roaring along among the companies that specialize in silencing cars by replacing their noisy and worn mufflers. Major muffler chains expect the good times to continue well into the 1990s, even though the demand for their most important product is flattening.

To compensate, the companies are becoming under-the-car specialists whose technicians also repair brakes, shocks and suspension systems.

The muffler market began to flatten in the 1970s. A typical 1960s car needed a new muffler and, possibly, exhaust pipes every 10,000 to 15,000 miles.

The interval between muffler replacements began stretching when 1975 model cars came equipped with catalytic converters to meet federal emission standards. When manufacturers upgraded exhaust system quality to withstand the converters' intense heat, six to eight months were added to the average muffler's life. Today, most cars can log 20,000 to 25,000 miles before leaky exhaust systems begin roaring for replacement.

The market may flatten even further as automakers move increasingly to corrosion-resistant stainless steel that can stretch an exhaust system's life another 30%. Ford says it started the trend toward stainless steel in December 1985 with the Ford Taurus and Mercury Sable. They are on several other 1987 Ford models and all 1987 cars from Chrysler Division of Chrysler Motors.

Stainless steel exhaust systems, depending on usage, will last up to 32,500 miles, or nearly four years, estimates Ford's Charles Gumushian, assistant manager for product and technology public affairs.

The use of unleaded gas, which is less corrosive than leaded, has also quieted muffler sales, says John R. (Ron) Moore, president and ceo, Midas International, Chicago.

Mr. Moore cites another factor: The drop in registrations of new cars from 1980 to 1983. The primary candidates for muffler replacement are 4-to-8-year-old cars, he says. The car slump that started in 1980 reduced the number of mufflers rusting out in 1984 through 1987.

Because of recent near-record car sales, "we predict an increase in potential exhaust sales from 1988 to 1990," says Mr. Moore. "After that, maybe stainless will have some impact."

Today, annual retail sales of exhaust systems by all service outlets, excluding do-it-yourselfers, are expected to continue at their present rate of $1.3 billion to $1.4 billion. An estimated 40% to 50% of the business now belongs to the muffler specialists, who expect their share of the market to keep on growing.

Mr. Moore estimates that Midas captures 24% of the total muffler market, excluding sales to do-it-yourselfers. "Probably our next largest competitor after Sears is the Tenneco stores, Speedy and Car-X," Mr. Moore says.

After diversification into other under-the-car services, major muffler specialists are increasing total volume and opening hundreds of new shops. Midas alone added 92 in the U.S. in 1986, bringing its total to about 1,700 nationwide, 2,000 worldwide.

Midas' "Take it to someone you trust," campaign promotes mufflers, brakes and other services.

Charlotte, N.C.-based Meineke Discount Mufflers has opened 605 shops—mostly east of the Rockies—since the company was organized in 1972. Another 170 franchises are sold and should be operating within the next 18 months, according to Ron Smythe, president.

Toronto-based Tenneco Automotive Retail's two muffler chains, 330-unit Speedy Muffler King, Morristown, N.J., and 120-unit Car-X, Chicago, plan to open at least 50 units this year. Tenneco announced plans for the two specialists to grow to 800 worldwide by 1990.

The expansion is the result of a lucrative market for replacement brakes, a chunk of the $104 billion service and parts market that is growing faster than exhaust work. A major reason for the growth in brake repairs is that brakes wear out faster on the smaller surfaces of today's down-sized cars.

Mr. Moore and other top muffler company executives see the brake and other work filling a gap created when service stations, most of them with repair bays, decreased from a peak of 226,000 just before the Arab oil embargo to about 115,000 in 1987. Franchised specialists in every phase of car repair are stepping into the gap.

Midas was the first to offer brake repairs nationwide in 1978. In 1984 Speedy followed Midas into the brake market and was joined by Meineke in 1985. Mr. Smythe says the growth potential of the brake business compared with that of the muffler's was the main reason for starting up a brake operation.

"Mufflers and brakes go together like ham and eggs," says Meineke's Mr. Smythe. He points out that brake repairs are also under-the-car work and can be handled in the same service bays used for exhaust replacements.

Midas has added other under-the-car repairs. The company began replacing shocks in 1960. Suspension work, including shocks and the lucrative replacement of expensive MacPherson struts in most front-wheel drive cars, plus wheel alignment, account for 15% of total $755 million volume in 1986. Brakes account for 30%, while mufflers and exhausts make up 55%.

Midas' total 1986 ad budget was $65 million, Mr. Moore says. He estimates that $38 million went to TV, $9 million to local radio, $2 million to print and $16 million to Yellow Pages.

"The minute you diversify," Mr. Moore says, "you have segmented your advertising funds. You have to split your message to let consumers know that you are in the brake and suspension business. But we don't want to lose our image as a specialist. We don't want to be thought of as general repairs. That's why we only have three specialties."

To reflect the expansion to more stores and increased total sales volume, Midas allocated an increase of about 8% to its ad budget in 1986, approximately $5 million more than the previous year, Mr. Moore says. A new Midas campaign will be unveiled in March, says Larry Singer, president of the Chicago office of Wells, Rich, Greene, replacing the 2-year-old "Take it to Midas. Take it to someone you trust."

When brake work first became a Midas service, advertising funds were diverted according to forecasts of retail sales. Midas' advertising is segmented according to service mix and geography.

Mufflers, for example, are advertised more heavily in the Snow Belt, where road salts speed deterioration.

Brake advertising is more effective than muffler ads in newspapers, Mr. Moore notes, because it tends to reinforce TV campaigns. Brake work can involve many associated services such as bearings and rotors, which can be covered in more detail in print, he says.

Speedy's ads stress quality and good customer relations. "When consumers recognize they can get brake work from a chain with which they have rapport and trust, they will use it," says Fred L. Karp, Tenneco's senior VP and general manager. He did not estimate, however, the percentage of Tenneco shops' business going to brake work.

At Meineke, total 1986 sales reached an estimated $155 million—8% of which was in brake services—up 30% from 1985. For 1987 Mr. Smythe anticipates a volume of $190 million to $200 million. The company, with 100 shops in New York City, is expanding westward. With a policy of one center for every 50,000 motor vehicles registered, few openings remain in areas such as New England, according to Mr. Smythe.

He labels Meineke "the largest discounter in the United States," and its ads emphasize price. "We bang away at that on TV," Mr. Smythe says. "We try to appeal to the guy who is price-sensitive." Meineke's ad budget of $15 million in 1986 is being bumped up to about $20 million in 1987, he says.

Because the typical muffler customer is any car owner, 18 to 60 years old, according to Meineke's Mr. Smythe, general media are favored in placements. More women are in the customer mix recently, but no special marketing is directed toward them. The specialists are heaviest in local TV, followed by newspapers and then local radio and Yellow Pages.

And the overriding message of those ads is essentially the same as most aftermarket service businesses: Quality and convenience. "What the consumer is looking for is reliable service and to be able to get the car fixed when he requires it," says Tenneco's Mr. Karp.

Julie Candler is a Birmingham, Mich.-based free-lance writer.

Service outlets crowd exhaust market

Along with longer-lasting exhaust systems, another problem for exhaust-system specialists is competition from the proliferation of muffler shops, the many service stations still doing repair work, independent garages, tire, battery and accessory stores, new car dealers and mass merchandisers.

The muffler specialists, however, see trends in the auto service industry working to their advantage. "We have seen a shift away from car dealers and service stations," says Mr. Moore. "So the exhaust specialists are taking up the slack. With 100,000 service stations closed since 1972, you are taking out two to three service bays in each so you have really closed up to 300,000 service bays."

But a spokesman for independent repair facilities disagrees. George W. Merwin III, exec VP of the Automotive Service Association, Dallas, says, "Most of the properties owned by the service station operator are being turned into independent garages, or operators are opening independent stations of their own. These guys are skilled mechanics. They have a whole list of neighborhood customers they have taken care of for two generations. They're not going to sell bread and milk because any idiot can do that."

About 115,000 service stations are now in operation, down from a 1972 peak of 226,000, according to Don Smith, senior editor of Des Plaines, Ill.-based *National Petroleum News*. He estimates that about 50,000 of the remaining stations are "gas-and-go pumpers" with no service offered. But many of those remaining are convenience stores and repair shops with less than 50% of their volume from gas sales. Therefore, they are not counted in the official figures published by the U.S. Department of Commerce.

Charles Boyd, editor emeritus of Lincolnwood, Ill.-based *Super Service Station* magazine, estimates that 90,000 service stations continue to handle significant repair work, beyond oil changes. "Profit from gas doesn't bring enough of a return, so the service stations now are doing a good many of the full repairs," he says. "The average station has probably tripled its repair business in dollar volume, just to take up slack from the other stations."

Despite service stations shifting their emphasis to repairs, it is quite possible the specialists will dominate the automotive aftermarket.

The muffler specialists are confident they can handle all the competition in their marketplace. "The trend is away from the general repair area," says John R. (Ron) Moore, president and ceo of Chicago-based Midas International. "There is no shortage of muffler specialists in major metropolitan areas. But I quarrel with local chains that claim to have a worldwide guarantee. I think it will shake out and competition will begin waning."

—*Julie Candler*

Assistant editor Kevin Brown coordinated this report on Automotive Marketing.

Coming

Next week Advertising Age's Special Report will focus on **Toiletries & Beauty Aids.**

Foreign ad growth

Spending increases beat U.S. gains

An Advertising Age roundup

Foreign ad spending increases will continue to beat U.S. growth but by a smaller margin than last year, according to the latest Advertising Age survey of ad executives in major markets worldwide.

In the face of a soft U.S. ad market, foreign growth is vital to U.S.-based agencies, some of which derive 50% of billings abroad.

The survey results mirror recent predictions by Robert Coen, senior VP-director of forecasting, McCann-Erickson. Mr. Coen predicts a 13% increase in overseas ad spending in 1987, compared with 26.1% during 1986. He also forecasts 7.6% growth for the U.S., compared with 7.7% last year.

(Mr. Coen's figures allow for inflation and have been converted to dollars, while Ad Age's reports do not include inflation and are expressed in the local currency.)

Willi Schalk, BBDO Worldwide president-chief operating officer, agrees with the forecasts.

"In 1987, I think that the industry will have a better year internationally than it will domestically. It was that way last year and it will continue," he said.

Other U.S. agency executives are more bearish. Norman Vale, Grey International senior VP-managing director, said he expects overseas expenditures to grow by "about half" what Mr. Coen predicts.

Increased TV time

More TV offerings will push up 1987 advertising expenditures in France and Italy.

France, where private TV is beginning, is the only European country expected to top its 1986 growth performance of 9.5%.

Sources say the increase will be small, only 0.5%, in part because advertisers are expected to shift funds from other media to test private TV. If successful, advertisers are expected to add more funds to TV permanently.

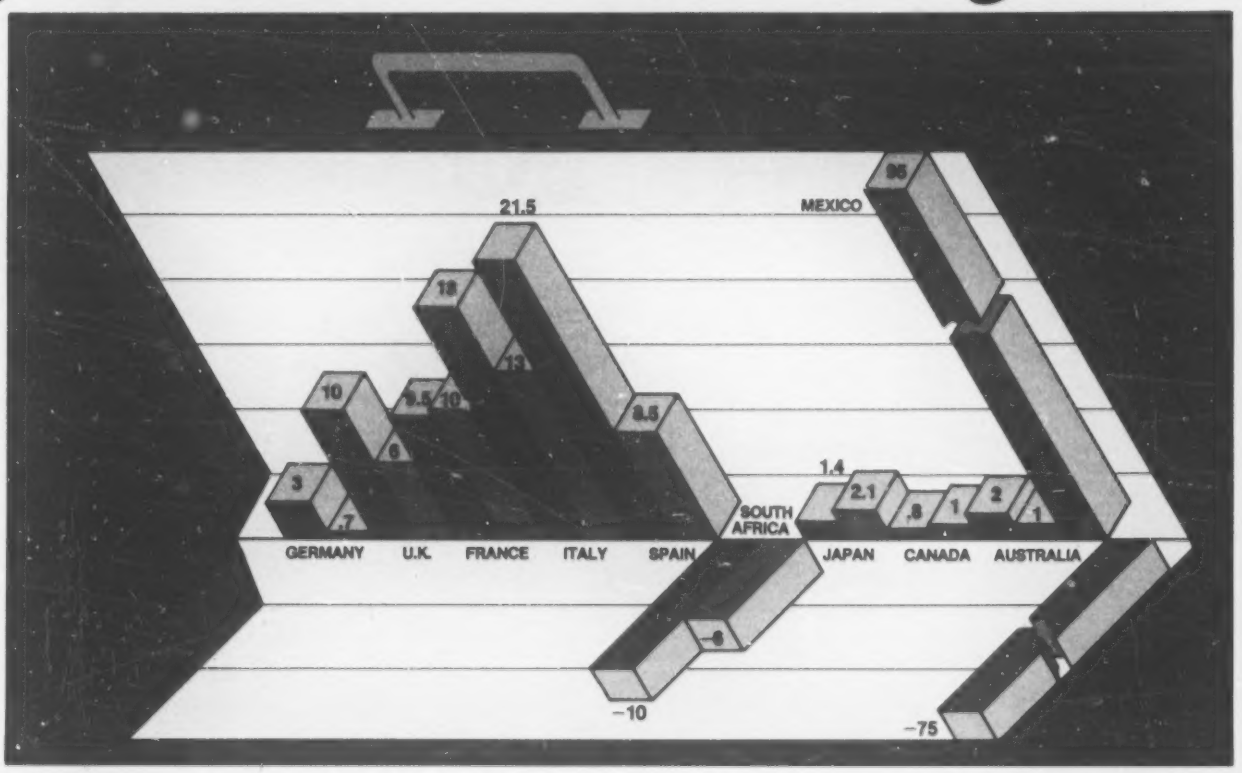
The Italian ad community expects a 13% increase, the highest in the survey, after 18% growth in 1986.

Bill Tragos, TBWA Advertising's ceo, said, "Italy is going to be tremendous this year, with the growing amount of TV time."

Angelo Usai, McCann-Erickson Italiana chairman, attributed the predicted growth to changing attitudes in Italy toward advertising. "Take, for example, the full-page holiday-greeting ad by the Communist Labor Union," he said. "That's a sign of incredible change."

Cautious estimates

Spanish ad executives expect an 8.5% increase in ad spending this year. But U.S. sources consider that figure too low, saying U.S. companies with new Spanish subsidiaries and Spain's entry into the European Economic Community will provide a bigger boost.



Hikes seen in France, Japan, Canada

A survey of industry experts worldwide indicates ad spending growth rates will increase in France, Japan and Canada this year. The other surveyed countries' spending will not grow as quickly as in 1986. *Source:* Advertising Age.

In 1986, Spain's ad expenditures jumped 21.5%, pushed by two elections and a 48% increase in the government's ad budget.

The U.K. had 10% growth in 1986, thanks to an increase in TV ad rates and advertising for one-time events, such as the denationalization of British Gas and the deregulation of the London stock exchange.

A more conservative 6% increase is expected in 1987.

Mike Waterson, U.K. Advertising Association's research director, said forecasters are exercising caution because "there could be an election which would bring a left-wing Labour government to power."

Growth in Sweden is expected to slow to 5%, after a 10% gain last year, despite the country's first consumer-spending boom in a decade.

Gunnar Anderson, Grey Svenska managing director, said, "If companies can move merchandise without advertising, then why do it?"

Falling dollar

The falling dollar and low inflation are spoiling chances of strong growth in Germany and Japan.

Germany anticipates only 0.7% ad growth this year. Bright spots are anticipated budget increases in auto, office equipment and service sectors, sources say.

Japan expects 2.1% ad growth, and budget increases are expected in the entertainment, financial and travel sectors.

"The strong yen has put Japan in a difficult position. For the first time, they are hurting," said Murray Smith, president-international operations, Bozell, Jacobs, Kenyon & Eckhardt.

Some U.S. sources predict long-term improvement for the German and Japanese economies.

McCann's Mr. Coen said, "Things are gradually getting stronger. They are still growing, but it's very slow."

Though the strong dollar may hurt local ad spending, it helps U.S.-based agencies when converting profits into dollars.

Economies, politics

Latin America's two strongest ad markets, Brazil and Mexico, are plagued by inflation and plummeting currencies.

In Brazil, 1986 was the year of the inflation-fighting Cruzado Plan. The price and wage freeze held down inflation but created product shortages and forced big advertisers to cancel ad spending. As a result, said Roberto Duailibi, partner in Duailibi Petit Zaragoza Propaganda, ad spending grew only 4%.

Now that the Cruzado Plan has expired, inflation could be as high as 50% to 250% in 1987, creating ad growth estimates from zero to 20%.

Ad spending in Mexico climbed 95% last year. The jump resulted from World Cup-related ads and giant TV consortium Televisa's 170% rate increase.

This year, with the peso expected to fall further and inflation predicted to hit 150%, ad expenditures are expected to drop 75%.

BBDO's Mr. Schalk has confidence Brazil and Mexico will control skyrocketing inflation. "One of the plans one day will work. It will have to work," he said.

In South Africa, continuing political and economic woes will cause ad spending to fall an estimated 6% this year, the country's fourth consecutive decline. Ad spending levels fell 10% in 1986.

Major advertisers, including General Motors Corp. and IBM Corp., left the country last year. With smaller budgets and fewer advertisers, more agencies and newspapers may collapse or merge this year.

Australia's soft economy was reflected in its 2% ad expenditure growth in 1986.

Malcolm Spry, group managing director of Mojo MDA, said, "It seems 1987 is going to look very like 1986. We cannot see any major cutbacks, but I can only see modest growth—just a fraction better than inflation." This year's ad growth in Australia is expected to be only 1%.

Like Australia, Canada expects 1% ad growth in 1987, compared with 0.8% growth in 1986.

Hugh Dow, MacLaren Advertising's national media director, said, "We're looking at the same sort of picture for '87: minimal or neglible increases in spending for the majority of accounts."

Sources say Canada's performance can be tied to the lack of growth in the U.S. Grey's Mr. Vale said, "There is a tremendous affinity between the two countries. It's very difficult to separate the two's [performance]."#

Contributing to this report were Julie Skur Hill, Claire Wilson, Michelle McCarter, Marina Specht, Sean Milmo, Jack Burton, Dagmar Mussey, David Kilburn, Julia Michaels, Stephen Downer, Des Kilalea, Geoffrey Lee Martin and Chris Kucway.

World News Roundup

(Continued from Page 3)

two-year campaign to promote its free trade initiative with the U.S.

London—The Independent daily newspaper is seeking an agency after Saatchi & Saatchi resigned the $4 million account to prevent a conflict with Rupert Murdoch's News International newspapers.

Montreal—J. Walter Thompson Co. is closing its 18-month-old Enterprise Advertising Associates here Feb. 27.

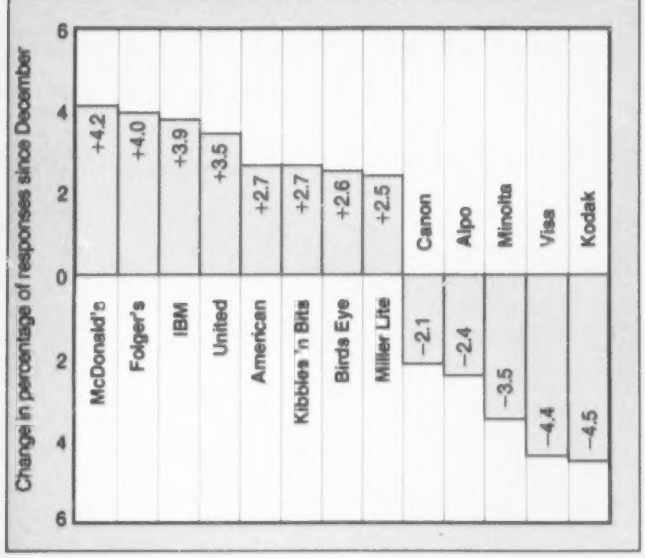
Sydney—Amatil mineral water is seeking an agency after Leo Burnett Co. resigned the $1.3 million account. Burnett stepped aside to avoid a possible future conflict with PepsiCo. PepsiCo recently dropped J. Walter Thompson Co. from its German and Mexican accounts.

Milan—Movie director Martin Scorcese filmed a TV spot for designer Giorgio Armani's Emporio Armani clothing line, handled in-house. It will break March 1.

On the move: Jeremy Bullmore, chairman, J. Walter Thompson Co., London, will retire in about a year after 33 years with the agency. Designated to succeed him is **Allen Thomas**, deputy chairman-executive creative director.

January winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? *Source: SRI Research Center Inc., Lincoln, Neb.*



Print

(Continued from Page 6)

ever, as awareness of MasterCard's "Master the possibilities" advertising dropped to 18.9% of first mentions last month from 21.2% in December.

Bucking the trend and posting an increase in top-of-mind awaress was American Express, which extended advertising of its Buyer's Assurance warranty program beyond its originally planned Dec. 31 end date. Its share of first mentions moved up to 12.2% from 10.9% in December.

Among other significant changes in awareness shares in January:

- When the 1,000 January respondents were asked to name the advertisement from any category that first came to mind, their **top 10** were, in descending order, McDonald's; Coke, Miller/Miller Lite, Budweiser/Bud Light; California Raisins; Chevrolet; Pepsi; Chrysler; Procter & Gamble's Pampers disposable diapers; and E. & J. Gallo's Bartles & Jaymes wine cooler.
- IBM closed the gap between its awareness score and that of traditional category leader Apple. Big Blue's advertising came to mind first for 21.2% of the sample in January, up 3.9 points from 17.3% in December. Apple still led the **computer** category with 22.3% of first mentions. Tandy Corp.'s Radio Shack was third with 2.3%.
- The **coffee** market lately has displayed as much bitterness as a reheated cup of its own product. Companies have charged competitors with scare tactics, misleading advertising and worse.

One advertiser stirring controversy has been Procter & Gamble Co., whose advertising for Folgers Crystals, making a taste comparison with a leading decaffeinated brand, reportedly drew an official protest from rival General Foods (AA, Jan. 12). Controversial or not, consumers have noticed and remembered Folgers', advertising. Its share of first mentions last month rose 4 points to 27.1%. Maxwell House was second with 20.8%; Hills Bros. third with 4.2%.

New advertising for General Foods' Sanka brand and Nestle's Taster's Choice, which broke too late to significantly affect January responses, should make this a category to watch in coming months.

- Another especially active and fluid market has been the **airline** industry, and the post-holidays blitz of fare-reduction advertising had on effect on the January ad-Watch numbers.

United Airlines' "I need a vacation" message apparently struck a responsive chord, as its advertising came to mind first for 18.2% of the sample, up 3.5 points from December. American Airlines' awareness score was up 2.7 points to 11.5%, strong enough for second place, while TWA was third with 7.6% of first mentions.

- Consumers apparently had had their fill of snapshot-taking during the holidays, and thus weren't as interested in advertising for **cameras** during January. Longtime category leader Kodak retained the No. 1 spot, but its share of first mentions tumbled to 15.3% last month from 19.8% in December. Advertising for Canon came to mind first for 9.7%, compared with 11.8% a month earlier, and No. 3 Minolta's share dropped to 6.7% from 10.2% in December.#

For additional information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

'Calif.' sets up ad pact

Los Angeles—*California* has signed a combination-buy agreement with *San Diego Home & Garden. California* also will represent *SDH&G* on the East Coast.

Saatchi forms 4-person unit to run outposts

By LAUREL WENTZ

London—Saatchi & Saatchi Compton Worldwide is setting up a new four-person unit to run the agency network outside the U.S.

The new operation, named Saatchi & Saatchi Compton International, is designed to bring other agencies in the network up to the creative standard of Saatchi's London shop.

SSCW operates in 53 countries through 45 wholly owned and 47 affiliate agencies. Its billings, which exceeded $3 billion in 1985, are split almost 50-50 between the U.S. and the rest of the world.

T. Bannister

A. Lloyd

"Saatchi in the U.K. has always been the light that illuminated the rest of the network," said Terry Bannister, who is moving from joint managing director of Saatchi in London to joint chief executive international of the new unit. "It's the center of creative excellence and dynamism. For some time we've been beginning the process of spreading what we think Saatchi has [in London] throughout the network."

Two of the four men who will be in charge of the non-U.S. operations were among the original founders with Charles and Maurice Saatchi of the London agency in 1970.

Jeremy Sinclair, 40, a top British copywriter who was given his first job by Charles Saatchi and rose to become creative director and chairman of the London agency, will have the title of joint chairman international. The other joint chairman will be Alban Lloyd. The 50-ish Mr. Lloyd joined Saatchi two years ago from McCann-Erickson to become chairman for Europe.

Joining Mr. Bannister as joint chief executive international is Roy Warman, 38, who also is moving from joint managing director at the London agency. Mr. Bannister, 40, joined Saatchi in 1973 as an account handler. Mr. Warman has been with Saatchi from the start in various roles, including media director and commercial director.

All four will continue to be based in the London agency. They will report to SSCW Chairman Milt Gossett. Ed Wax, ceo of the U.S. operation, also reports to Mr. Gossett. The new positions, which were announced to Saatchi staff last week, take effect immediately.

The new team will bring international creatives to the London office frequently and also will look for acquisitions, which are expected to continue in Europe. The Saatchi executives said they plan to do an "audit" of Latin America, where Saatchi has mostly non-equity affiliate arrangements rather than equity in agencies.

Market analysts said the new structure would be ideal to handle the absorption of Ted Bates Advertising. Many outsiders believe Saatchi will combine the Bates and Saatchi agencies in markets where both exist.

"They are trying to bring to the handling of multinational clients a more cohesive manner, and it could be the precursor to a move of some Bates units into Saatchi," said an industry analyst at a London stockbroker. "They could put some Bates units around the world into DFS Dorland where there is a duplicity of offices and the remainder could move into Saatchi."

Although SSCW handles business for more than 40 clients in at least five markets each, according to the Saatchi annual report published this month, the development of more global clients like British Airways is hampered by the uneven quality of the network.

"Most of the clients of the network have expressed a desire for more uniformity of standards and delivery," Mr. Warman said.

"The objective is to get more new business from existing and new clients by improving creative standards around the world," Mr. Bannister said.#

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SSC&B:Lintas leads Unilever pack

McCann-Erickson a surprise loser; JWT also failed to gain

By PAT SLOAN

NEW YORK—Ogilvy & Mather may have won big in Unilever's $70 million account shuffle this month (AA, Feb. 16), but SSC&B:Lintas Worldwide remains entrenched as the international marketer's lead agency.

Also, McCann-Erickson is perceived as having come out on the short end.

That assessment of the Unilever shake-up of Chesebrough-Pond's agencies emerged after the elevation of Unilever director Morris Tabaksblat to chairman of the Westport, Conn.-based marketer, succeeding Ralph Ward.

Agency sources estimated Unilever's worldwide ad spending now stands at $1.6 billion, with SSC&B:Lintas, which did not figure in the realignment, holding 50%.

The major agencies trailing Lintas are O&M and J. Walter Thompson Co., tied for second place, followed by McCann and BBDO Worldwide.

Although McCann picked up the Vaseline brand worldwide, the bulk of Chesebrough's international billings was not consolidated at McCann as Chesebrough had intended before the Unilever deal (AA, Sept. 1).

Sources declined to speculate whether JWT's financial problems were a factor in its failure to gain more business.

William Esty Co., part of the Saatchi & Saatchi agency network, lost more than $20

NEWS ANALYSIS

million in Chesebrough billings as Unilever yanked Vaseline brand products and Prince Matchabelli division fragrances.

Agency sources said Esty's dismissal was unrelated to the fact that Saatchi & Saatchi works for Unilever rival Procter & Gamble Co. (AA, Dec. 8).

One source explained that "even before P&G got a chance to stomp its foot" Unilever initiated the move out of Esty to focus on agencies with worldwide capabilities.

Unilever also wanted to start reorganizing Chesebrough's personal products with an eye toward combining them with compatible business at New York-based Lever Bros. (AA, Dec. 8).

Even if Chesebrough had remained independent, Esty most likely would have lost out, insiders said.

"Chesebrough's international review was a prelude to going worldwide on all fronts," one source said. "Under that plan, McCann would have first picked up Vaseline and Pond's internationally and then worldwide."

Waring & LaRosa lost more than $13 million in billings as it parted with Aziza makeup and Cutex nailcare and makeup, but two other Chesebrough brands, Ragu and Adolph's food products, remain at W&L.

As Unilever assimilates Chesebrough, the W&L status may change, because Mr. Tabaksblat is said to be considering moving responsibility for Ragu and other food products into Unilever's Thomas J. Lipton Inc. unit. But that presumably would occur after he merges Chesebrough's U.S. toiletries and beauty aids with Lever's. The unified operation would retain the Chesebrough name.

Under this plan, international operations might be merged country by country.

The head of the new unit is not expected to be announced before March.

Wayne Nelson, president of Lever Bros.' personal-products operation, is considered the top contender for the post, followed by Chesebrough President Robert Phillips and George Goebler, president of Chesebrough's consumer products unit.

Based on O&M's score in the Chesebrough review, where it gained an estimated $55 million in domestic billings alone, the agency is being tagged as Unilever's favorite new personal-products shop. This despite the fact that SSC&B:Lintas handles an estimated 70% of all Unilever personal-care products.

However, SSC&B:Lintas has limited its own expansion in this area. As an agency for both Noxell Corp. and Johnson & Johnson, it could not take on any of the prime Chesebrough business because of conflicts. And the agency has let Unilever know it will not resign business to take on new business.

Because the Lintas part of the agency was a Unilever-owned house shop before its acquisition by Interpublic Group of Cos. and merger with SSC&B, executives at rival agencies say it can afford to take that stance and also rest assured that it will remain Unilever's top shop for some time to come.#

Food

(Continued from Page 1)

tising while another $609 million will go toward consumer promotion and merchandising activities.

Kraft Inc., which reported it will spend an additional 13% on advertising this year, also will "take off its conservative hat and concentrate on line extension," according to Chairman-ceo John Richman. The company had feared line extensions would cannibalize existing brand share, Mr. Richman explained. But with the recent success of several new Velveeta items, Kraft is ready to move full steam ahead in this area, he said.

Mr. Richman noted that Kraft expects lower media costs to give its $471 million ad budget "a bigger bang for our buck."

At General Foods, marketing spending is expected to increase 16%, said President-ceo Philip Smith. GF's "most ambitious" new-product thrust is in the convenience meal area, he said; as previously disclosed, the company is testing four separate food lines under the Fresh Creations, Culinova, Impromptu and Ronzoni brands. With the exception of Ronzoni, all are new brand names.

Support behind food, restaurants and retailing at Minneapolis-based General Mills will increase about 16%, to $367.7 million, this year, after a similar increase last year.

Its Minneapolis neighbor and rival, Pillsbury Co., said its advertising and promotional spending will increase about 8%, to $540 million. About 40% ($215 million) of that budget will go toward advertising while 60% ($325 million) is earmarked for trade and consumer promotion.

U.S. foods division Chairman Thomas McBurney said the company relies heavily on promotional activities because Pillsbury's product mix is heavily skewed toward commodities (flour, vegetables, etc.). He noted, however, that the emphasis on promotion is less this year; last year's ad-to-promotion ratio was closer to 35% to 65%.

Executives of RJR Nabisco said the company's marketing expenditures will continue at "high levels." Total marketing dollars on the food side were up 13% in 1986, while advertising and promotion rose 15%. The company made no specific disclosures about '87 spending for its food businesses.

The company said that spending for its tobacco business will remain at the same level in the U.S., while international marketing investments will increase 30%, on top of a 22% increase in '86.

E.A. Horrigan Jr., chairman-ceo of R.J. Reynolds Tobacco, noted that 23% of his unit's budget went into merchandising, up from 17% the year earlier. That money primarily came out of media advertising, he said.

Hershey Foods expects to boost its spending by 12%, to $244.3 million, with about 60% of that going to advertising, according to Chairman Richard Zimmerman. Borden, meanwhile, said its advertising and promotion spending will increase about 8% this year, to more than $300 million.

The largest percentage increase is coming from Gerber Products, Fremont, Mich., which boosted its ad budget last year 50%—to $15 million—in an effort to recover from negative publicity surrounding reports of product contamination (they turned out to be false). This year, the company plans another 30% increase, to $20 million.

Anheuser-Busch Cos. plans to increase ad spending 7% to 8% this year. Among A-B's new-product activities is the expansion into the East of its Saratoga and a Sante bottled waters as well as the introduction of Zeltzer Seltzer *(see separate story, Page 90)*. The company also plans to roll out El Charrito frozen Mexican foods and expand its Eagle non-nut snacks.

Other new-product plans:

- **Quaker** has added two new items to its Aunt Jemima breakfast-food line—Toaster Browns hash browns, rolling into national distribution this month, and Homestyle Breakfasts, now testing. More new products are expected from Aunt Jemima "in the coming months" given strong sales trends across the breakfast categories, according to Quaker's Mr. Rhodes.
- **Kraft** Light Natural Cheese, an extension of its regular Natural Cheese, rolls national later this month, along with a light version of Philadelphia brand cream cheese. Bull's Eye barbecue sauce, a superpremium extension of Kraft's No. 1-selling regular barbecue sauce, is going into half the country now and should be fully national by the end of the year.

Kraft also is testing a line of Cajun sauces and ingredients called Makin' Cajun in two markets, and a new line of four chicken-based packaged dinners called Applause!

It also is taking another shot at the frozen prepared-dinner market, with Kraft Blue Box dinners. Kraft San Francisco Sourdough frozen bread, a joint venture with a San Francisco-based bakery, is rolling national this spring.

- **General Mills'** new Oatmeal Raisin Crisp cereal will hit shelves in the spring. Retail sources estimate total spending for the ready-to-eat cereal to be between $18 million and $23 million.

Betty Crocker Suddenly Salad prepared salad mixes, testing in three markets since late last year (AA, June 30), goes national this month. The company's Gorton's frozen seafood unit is adding Microwave Gorton's Crunch Filets and Sticks.

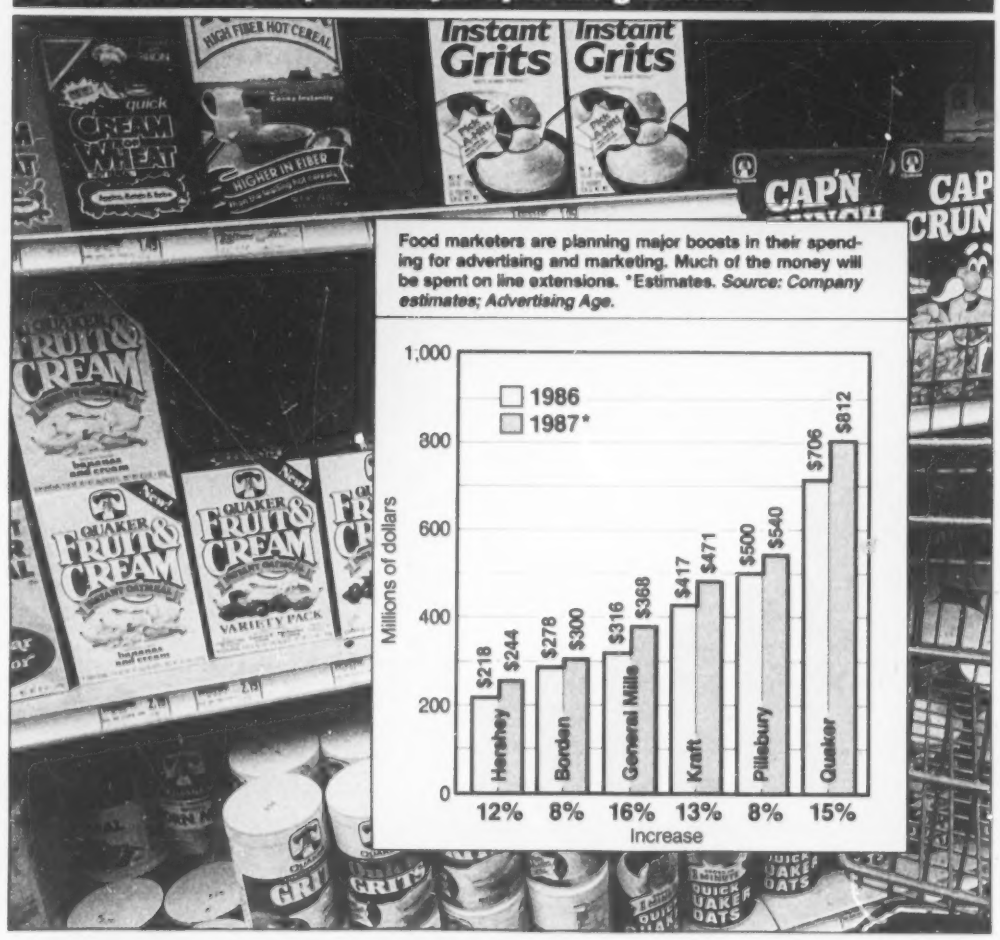
Big G also continues to expand its fruit-snack business, with Fruit Swirl bars, a combination of dried fruit and cream in bar form. Another new item high on its agenda is Yoplait soft frozen yogurt, which is rolling national.

- **General Foods** hopes to help its beverage business with an aseptic-package version of Kool-Aid and Tang. The company also plans to introduce two new cereals into test this year.
- **Hershey's** Bar None, a chocolate bar now testing, is expected to be in national distribution by yearend, while Grand Slam (a bar combining chocolate and caramel) is being reformulated after disappointing test-market results. The company's New Trail granola bar is being revamped, with packaging to emphasize the Hershey name.

The company also said it would consider adding a frozen Italian entree line under its acquired American Beauty pasta label.

- **Borden** will add another ice cream novelty to its stable this summer, carrying the Cracker Jack label.#

Food marketers plan major spending boosts



Food marketers are planning major boosts in their spending for advertising and marketing. Much of the money will be spent on line extensions. *Estimates. *Source: Company estimates; Advertising Age.*

3/5/87 C2710-1

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NEWSPAPER

Advertising Age®

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Illustration by David Krainik

Jacoby mulls buying stock in JWT Group

By STEWART ALTER

Robert Jacoby would like to re-enter the advertising business in a big way—by taking a 35% stake in JWT Group.

The former chairman of Ted Bates Worldwide, now exiled from the ad world because of his contract dispute with Saatchi & Saatchi Co., told ADVERTISING AGE he is thinking about leading a group of investors in purchasing the JWT Group stock on a friendly basis. He would then serve as a consultant to help JWT boost its lagging profit margins.

Such a move would unite one of the advertising industry's biggest newsmakers of 1986 with the agency that so far has captured the headlines in '87.

Although Mr. Jacoby's ideas reflect only his interest and nothing more at this point, they take on significance for several reasons.

First, though no Wall Street takeover or buyout actions have emerged since the JWT Group first seemed to go "in play" a month ago, JWT is still being closely watched by investors.

Second, while various anonymous investor groups reportedly have considered a JWT bid in recent weeks, Mr. Jacoby brings a new credibility to the topic. He is widely recognized as one of the industry's star performers in squeezing profits from a worldwide agency.

Despite JWT's first-rate professional reputation, its inability to bring more to the bottom line has irritated Wall Street.

One crucial hurdle facing Mr. Jacoby's potential bid for JWT is whether a three-person arbitration committee's ruling, due in mid-April, will allow Mr. Jacoby to compete against his former employer, Saatchi & Saatchi, which ousted him last fall (AA, Sept. 22, *et seq.*).

Asked in a phone interview what his plans would be if the ruling is in his favor, Mr. Jacoby replied, "I'd like to buy J. Walter Thompson."

In the disarmingly frank style that is his characteristic in interviews, Mr. Jacoby explained that he is thinking of 35% of JWT's

(Continued on Page 68)

Bud's haymaker

Hagler-Leonard sponsorship deal is a knockout for A-B

By BRIAN MORAN

Anheuser-Busch has locked up a sponsorship deal for the Marvelous Marvin Hagler-Sugar Ray Leonard middlewight championship fight that should pay big dividends long after the April 6 event.

For less than $1 million plus the cost of TV ad time, A-B's tie-in package will include a network TV commercial featuring appearances by Messrs. Hagler and Leonard; title sponsorship of a barter syndicated fight-preview special; opening and closing "billboards" and between-rounds positions on the closed-circuit telecast; the appearance of the Budweiser logo on the ring mat and posts; the official program cover; and the fight poster.

That combination, plus Bud's ring-signature exposure on news media coverage and on an expected Home Box Office tape-delay telecast, will be worth millions to A-B, at a marginal cost.

The St. Louis-based brewer paid fight promoter Bob Arum of Top Rank Inc. a "high six-figure sum" for sponsorship rights.

A-B last week completed filming a TV commercial featuring Mr. Hagler and Mr. Leonard that heralds Budweiser's association with the bout. The spot combines locker-room shots of the fighters with the building of a boxing ring featuring the Bud logo.

A microphone drops into the center of the ring as a voice-over says: "Once in a lifetime, two legends meet in the ring. Budweiser is proud to be the official sponsor of the SuperFight."

Using the fighters in advertising without paying a hefty endorsement fee is a major coup for A-B. Messrs. Hagler and Leonard both have received tremendous exposure in previous bouts on network and cable TV (Mr. Leonard is an HBO boxing announcer), and their presence in

(Continued on Page 72)

Castle & Cooke may put Dole on the block

By JENNIFER PENDLETON

LOS ANGELES—A premier brand name may be up for grabs as rumors circulate that Castle & Cooke has placed its Dole Food Co. unit on the block.

A C&C spokeswoman declined to comment on reports from food industry sources that it has been in contact with several major companies regarding a possible sale of all or part of Dole.

Among the possible suitors most frequently mentioned are General Foods Corp., Quaker Oats Co. and RJR Nabisco, the parent of Dole rival Del Monte Corp. *(see related item on Page 67).*

None of these companies would comment on the subject.

As financier David Murdock's Flexi-Van Corp. completed its 1985 acquisition of C&C, speculation arose that Dole might be resold. Sources said Mr. Murdock bought the company to acquire its extensive Hawaiian real estate holdings, not to run a consumer-products company.

"Mr. Murdock is a property speculator, not a developer of brand names," said one former Castle & Cooke executive.

"He is a seller of assets, and clearly Dole is the biggest asset that company has," said another source.

Wall Street analysts estimate that Dole could fetch between $500 million and $900 million.

Although Mr. Murdock last year said he intended to hold onto Dole, his background supports the speculation about a sell-off. In 1982, the self-made millionaire bought Cannon Mills Co., a New York-based textile company. He invested millions of dollars modernizing its antiquated mills and increased the home-fashion brand's market share by introducing new designs and running ads featuring celebrities.

But Cannon Mills continued to lose money,

(Continued on Page 70)

Last Minute News

Davis, LBS mull NFL bid

NEW YORK—Billionaire Marvin Davis is in discussions with Grey Advertising's LBS Communications to make a joint bid for the TV rights to some National Football League games, sources say. The deal with Marvin Davis Co., Beverly Hills, Calif., would supersede an earlier proposal from LBS to represent a consortium of advertisers who would bid for the rights (AA, Nov. 24, *et seq.*). LBS and Mr. Davis would bid for "Monday Night Football" if ABC Sports does not renew with the NFL. If ABC signs a

(Continued on Page 8)

Highlights

A-B's fight fete 1
Anheuser-Busch has locked up a sponsorship deal for the Marvelous Marvin Hagler-Sugar Ray Leonard middlewight championship fight that should pay big dividends long after the April 6 event.

Nestle ponders fee setup 3
Nestle S.A., moving to shed a staid marketing image, is developing long-range strategic plans that will affect its relationships with its ad agencies. A key proposal is to drop the commission system worldwide in favor of a fee setup.

Wendy's execs prepare pep rally 3
Next week Wendy's International Chairman-ceo Robert Barney and other top company executives will outline marketing, promotion and new-product plans for the coming year and play cheerleader to whip operators of Wendy's 2,400 franchised restaurants into an excited, optimistic and cooperative mood. Critics —both among its franchisees and on Wall Street—say Wendy's badly needs a major overhaul.

Too new to be true 4
Some package-goods marketers and ad agencies are taking a cautious and skeptical approach on new-product introductions, despite recent bullish forecasts.

K mart's big plan 58
K mart Corp. has high hopes that a new line of Jordache clothing for bigger women will help it overtake No. 1 retailer Sears, Roebuck & Co. The line, representing the first joint venture between the New York-based apparel designer and the No. 2 retailer, is part of K mart's overall $2 billion effort to upgrade its image by refurbishing stores and adding brand-name merchandise.

CORPORATE CLOSEUP

Chiquita slips into new arena 66
United Brands once again is trying to move its Chiquita brand out of the grocery produce section and into the mainstream of consumer foods marketing. It is banking on the well-recognized brand name, associated with fresh produce for 88 years, to make it a top banana in a number of new categories.

FEATURES

Will Orange County bear fruit? 35
As population and enterprise soared in the past 20 years, forecasters predicted Orange County, Calif., would emerge as a dynamic business market and corporations would relocate to its 26 communities. And they believed fat times would follow for the ad agencies serving those companies. Despite early agency failures, the promise of Orange County is very much alive.

INTERNATIONAL

Japanese smokes filter into U.S. 44
Japan Tobacco, facing stronger competition at home from imported cigarettes, is trying to expand its U.S. presence, mainly for its Mild Seven Lights brand.

U.S. marks spot for U.K. retailer 46
Britain's biggest department store chain, Marks & Spencer, is on the verge of making its first move into the U.S. under its own name. Last year M&S announced plans to open four stores in New York state under the name of D'Allaird's.

OTHER NEWS

Cadillac is turning to soft-sell approaches—such as sponsoring concerts held in rich and famous people's homes—to reach the super-affluent market for Allante, the carmaker's new two-seater convertible. Page 24.

Piedmont Airlines is mounting a new marketing defense of its successful small-town-hub strategy as it confronts an expected takeover. Winston-Salem, N.C.-based Piedmont recently broke a new network TV commercial touting the efficiency of its flight operations and strength as an independent carrier, just as Norfolk Southern Corp. and USAir Group ignited a bidding war for the airline. Page 50.

Southwest Airlines last week started selling tickets through automated teller machines in Texas 7-Eleven convenience stores, becoming the first airline to use such machines outside airport locations. Page 59.

TV Guide has won the battle with *Reader's Digest* over the right to be called the largest-circulation U.S. magazine, according to the Audit Bureau of Circulations' FAS-FAX report for the six months ended Dec. 31. *Reader's Digest* had retained the top spot for at least five years. Page 66.

Procter & Gamble Co., which continues to fight the pernicious and persistent rumor that it is in cahoots with the devil, now is the target of legal action by one person it sued for spreading that rumor. Page 69.

SPECIAL REPORT

Toiletries & Beauty Aids—Takeovers have rocked marketers in the industry more than other consumer-products companies, and ultimately will change the way they do business.

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Renewed

Coke's NBC buy launches brand's 'new feeling' ads

By NANCY GIGES

ORLANDO, FLA.—New Coke is new Coke again.

Coca-Cola USA's 1987 advertising, shown to company bottlers here last week, revives and strengthens the "megabrand" concept for its flagship line and brings back the modifier "new" to describe the cola formula introduced in 1985, with initially disastrous results.

With the entire $90 million sugar cola business now handled by one agency, McCann-Erickson, the Coke campaigns are coordinated to work with the new umbrella theme, "When Coca-Cola is part of your life, you can't beat the feeling."

The Atlanta-based soft-drink marketer is expected to spend close to $200 million in measured media this year to support three key trademarks: Coca-Cola, including diet and Cherry; Sprite; and Minute Maid orange soda.

Heavy spending in advertising and promotion also is set for the youth and ethnic markets—triple what the company traditionally has invested in these areas, according to executives.

While the company said its budget is up from last year, executives declined to give a percentage increase.

The first airing will come March 5, when Coca-Cola airs five of its new commercials in a "vertical roadblock" on NBC-TV's top-rated Thursday lineup. The five spots, totaling three minutes, are scheduled to run on a one-per-show basis on "The Cosby Show," "Family Ties," "Cheers," "Night Court" and "L.A. Law" from 8 p.m. to 11 p.m. (ET).

Coca-Cola USA President Edwin R. Mellett said the vertical buy was a first (roadblock usually refers to a commercial being shown on all three networks at the same time—or horizontally).

Coca-Cola showed more than a dozen new commercials for its key brands at a three-day bottler meeting here, which included colorful song-and-dance routines, a trip to the company's co-sponsored American Adventure pavilion at nearby Epcot Center and concerts by The Pointer Sisters and Manhattan Transfer, two singing groups the company uses in TV spots. (Sources estimated the event cost at least $2 million.)

The 1,400 bottlers in attendance responded well to the new creative, designed to maintain the momentum Coca-Cola gained last year when it regained the No. 1 cola position, became the leading lemon-lime marketer with Sprite (overtaking 7UP) and attained a record 39% corporate market share in soft drinks.

Although most Coca-Cola soft

(Continued on Page 70)

L.A. 'Examiner' replaces Doner with Ketchum

LOS ANGELES—*The Los Angeles Herald Examiner* has hired Ketchum Advertising for its estimated $2 million account, after working with W.B. Doner & Co. for only a few weeks.

The *Herald Examiner*, the city's second-largest daily, had not signed a contract with Doner.

Doner gained the business after acquiring Wexler & Shalek soon after the latter successfully pitched the business. Advertising previously had been handled in-house.

Following the decision to hire W&S, *Herald Examiner* Director of Marketing Services Sally Gevirtz moved to Doner as an account supervisor. Circulation Marketing Manager Jane Neville Dudik replaced Ms. Gevirtz as promotion manager.

The account is the first new business for Ketchum's local office since it opened with American Honda Motor Co.'s Acura division account in 1985.

* * *

Plantronics, Santa Cruz, Calif., is reviewing BBDO, Chiat/Day and Woolward & Co., both San Francisco, for its $2 million account. The marketer of telephone headsets split with Peter Johns & Partners, San Francisco, in early January. Plantronics is expected to introduce several consumer electronics products soon.

* * *

Marriott Corp.'s seven southern California hotels are contacting agencies concerning a newly established account, estimated at $800,000. The association, yet to be named, will select an agency March 20 and is coordinating the review from Anaheim.

* * *

Diet Center, Rexburg, Idaho, this week will name an agency for its estimated $6 million account. The finalists are Cole & Weber, Seattle; Eisaman, Johns & Laws, Los Angeles; DFS/Dorland, San Francisco; Levine, Huntley, Schmidt & Beaver, New York; 2½-year incumbent J. Walter Thompson/West, San Francisco; WFC Advertising, Phoenix; and Weiden & Kennedy, Portland, Ore.

West Coast News

Newspaper Advertising SAU Inches in the MRCS

December 1986 vs. December 1985

AKRON, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Beacon Journal (E)	106.480	——	103.204	——
Beacon Journal (S)	75.793	——	95.684	——
Grand Total	182.273	——	198.888	——

NOTE: Part run figures not available

ALLENTOWN, PA

Call (M)	172.944	——	——	——
Call (S)	92.859	——	——	——
Grand Total	265.803	——	——	——

NOTE: Part run figures and 1985 figures not available

ATLANTA, GA

Constitution (M)	189.532	95.661	178.923	75.299
Journal (E)	198.213	103.837	187.129	75.185
Journal & Constitution (S)	103.671	83.466	123.609	96.347
Journal & Constitution (Sat)	42.579	——	40.011	——
Grand Total	533.995	282.964	529.672	246.831

NOTE: Constitution Morning and Journal Evening published five days a week only

BALTIMORE, MD

Sun (M)	161.008	8.856	129.735	7.512
Sun (E)	126.790	8.650	100.843	7.502
Sun (S)	133.682	52.736	172.457	53.723
Grand Total	421.480	70.242	486.075	90.509

BERGEN COUNTY, NJ

Record (E)	174.623	29.599	166.961	31.604
Record (S)	143.623	40.060	168.571	47.114
Grand Total	318.246	69.659	335.532	78.718

NOTE: Record Evening published five days a week only

BOSTON, MA

Herald (M)	97.692	821	53.538	
Herald (S)	73.717	38.042	24.979	43.373
Globe (M)	155.961	15.736	148.063	14.926
Globe (S)	154.518	33.880	180.644	42.927
Grand Total	431.888	88.479	407.224	101.226

BUFFALO, NY

News (AD)	118.910	35.813	121.341	23.644
News (S)	68.026	24.252	82.137	24.065
Grand Total	186.936	60.065	203.478	47.709

CAMDEN, NJ

Courier-Post (E)	127.534	17.535	117.060	24.079
Courier-Post (S)	57.024	20.012	66.181	25.592
Grand Total	184.558	37.547	183.241	49.671

CHARLOTTE, NC

Observer (M)	148.849	30.313	135.368	23.927
Observer (S)	64.023	43.291	74.149	51.408
Grand Total	212.872	73.604	209.517	75.335

CHICAGO, IL

*Tribune (M)	192.599	376.369	210.846	320.092
*Tribune (S)	145.725	124.673	140.350	132.046
Sun-Times (M)	142.767	88.660	126.939	89.545
Sun-Times (S)	55.111	42.529	78.577	46.419
Grand Total	536.202	632.231	556.662	588.102

NOTE: Tribune figures supplied by publisher to Media Records. 1986 figures represent advertising for 11/24/86 to 12/28/86

CINCINNATI, OH

Enquirer (M)	188.656	18.169	191.193	10.221
Enquirer (S)	148.097	13.914	164.941	20.585
Post (E)	103.197	33.955	94.646	21.102
Grand Total	439.950	66.038	450.780	51.908

CLEVELAND, OH

Plain Dealer (M)	157.259	29.344	154.095	31.421
Plain Dealer (S)	104.558	10.517	139.720	8.423
Grand Total	261.817	39.861	293.815	39.844

DALLAS, TX

News (M)	317.029	11.704	329.670	9.090
News (S)	146.782	18.979	197.381	31.907
Times Herald (AD)	238.297	31.436	269.246	34.909
Times Herald (S)	115.101	24.884	153.787	32.428
Grand Total	817.209	87.003	950.084	108.334

DENVER, CO

Rocky Mt. News (M)	294.682	6.084	282.033	2.535
Rocky Mt. News (S)	104.030	131	126.616	1.899
Post (M)	200.575	18.731	205.002	1.949
Post (S)	108.528	3.550	154.390	1.919
Grand Total	707.815	28.496	768.041	8.302

DETROIT, MI

Free Press (M)	108.611	65.754	106.529	44.420
Free Press (S)	46.646	30.886	66.624	36.387
News (AD)	158.068	67.426	148.090	56.403
News (S)	86.154	44.931	93.663	59.957
Grand Total	399.479	228.997	414.906	197.167

ESCONDIDO, CA

Times-Advocate (E)	119.636	8.019	——	——
Times-Advocate (S)	43.258	34	——	——
Grand Total	162.894	8.053	——	——

NOTE: 1985 figures not available

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	115.531	——	139.718	——
Sun-Sentinel (M)	296.018	——	291.978	——
Grand Total	411.549	——	431.696	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition

FORT WAYNE, IN

Journal Gazette (M)	97.724	——	95.514	——
Journal Gazette (S)	69.810	——	90.239	——
News Sentinel (E)	107.317	——	104.991	——
Grand Total	274.851	——	290.744	——

NOTE: Part run figures not available

GREENWICH/STAMFORD, CT

Time (E)	78.834	1.501	80.110	853
Time (S)	64.299	718	76.255	——
Advocate (E)	101.936	20.713	115.302	3.039
Advocate (S)	64.008	4.768	80.603	——
Grand Total	309.077	27.700	352.270	3.892

HARTFORD, CT

Courant (M)	166.885	31.040	157.940	35.334
Courant (S)	75.918	135.147	92.228	144.265
Grand Total	242.803	166.187	250.168	179.599

HONOLULU, HI

Advertiser (M)	143.457	——	144.988	——
Star-Bulletin (E)	139.464	——	142.653	——
Star-Bulletin & Advertiser (S)	89.327	——	105.002	——
Grand Total	372.248	——	392.643	——

HOUSTON, TX

Chronicle (AD)	231.650	46.333	261.181	46.292
Chronicle (S)	98.579	43.831	146.322	53.120
Post (M)	161.176	49.477	182.814	39.173
Post (S)	72.877	35.794	106.416	37.197
Grand Total	564.282	175.435	696.733	175.782

LONG BEACH, CA

Press Telegram (M)	115.376	61.985	120.563	——
Press Telegram (S)	68.291	2.098	77.500	——
Grand Total	183.667	64.083	198.063	——

NOTE: 1985 Part run figures not available

LONG ISLAND, NY

Newsday (E)	125.931	113.313	169.682	65.844
Newsday (S)	89.395	98.887	120.263	104.901
Grand Total	215.326	212.200	289.945	170.745

LOS ANGELES, CA

Times (M)	356.098	283.355	358.346	251.058
Times (S)	164.033	83.865	191.400	128.071
Herald-Examiner (M)	75.893	11.603	73.663	12.450
Herald-Examiner (S)	16.296	11.006	18.571	12.811
Grand Total	612.320	389.829	641.980	404.390

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	199.469	56.736	218.457	33.763
News (S)	83.252	681	113.493	3.457
Grand Total	282.721	57.417	331.950	37.220

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	222.146	——	264.281	——
Grand Total	222.146	——	264.281	——

NOTE: Figures supplied by publisher to Media Records

*LOUISVILLE, KY

Courier Journal (M)	116.305	57.528	108.634	63.206
Courier Journal (S)	60.573	76.798	85.347	85.995
Times (E)	96.419	72.058	94.244	69.884
Grand Total	273.297	206.384	288.225	219.085

NOTE: Figures supplied by publisher to Media Records

*MEMPHIS, TN

Commercial Appeal (M)	160.155	115.225	153.028	96.886
Commercial Appeal (S)	100.243	9.520	111.655	15.152
Grand Total	260.398	124.745	264.683	112.038

NOTE: Figures supplied by publisher to Media Records

MIAMI, FL

Herald (M)	192.594	——	195.355	——
Herald (S)	97.967	——	123.348	——
News (E)	62.435	——	59.906	——
Grand Total	352.996	——	378.609	——

NOTE: Part run figures not available

MINNEAPOLIS, MN

Star & Tribune (AD)	140.995	25.474	136.949	22.385
Star & Tribune (S)	123.051	1.867	158.045	2.066
Star & Tribune (Sat)	22.058	——	21.815	——
Grand Total	286.104	27.341	316.809	24.451

*NASHVILLE, TN

Banner (E)	128.900	——	121.891	——
Tennessean (M)	127.975	——	121.485	——
Tennessean (S)	92.696	——	110.020	——
Grand Total	349.571	——	353.396	——

NOTE: Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

Home News (E)	97.015	1.966	100.659	891
Home News (S)	80.438	5.114	96.017	5.058
Grand Total	177.453	7.080	196.676	5.949

NEW YORK, NY

Times (M)	196.185	17.548	182.844	15.172
Times (S)	164.747	102.493	192.379	119.098
News (M)	61.192	104.360	70.422	101.339
News (S)	35.223	94.909	40.758	133.806
Post (AD)	63.972	1.358	59.733	1.430
Grand Total	521.319	320.668	546.136	370.845

NEWARK, NJ

Star Ledger (M)	215.334	8.064	212.719	7.703
Star Ledger (S)	162.071	32.335	193.568	47.935
Grand Total	377.405	40.399	406.287	55.638

OAKLAND, CA

Tribune (M)	102.156	102.730	103.790	74.512
Tribune (S)	33.051	45.338	57.158	52.009
Grand Total	135.207	148.068	160.948	126.621

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	118.373	9.031	105.515	2.185
Blade-Tribune (S)	38.528	——	63.583	——
Grand Total	156.901	9.031	169.098	2.185

NOTE: Blade-Tribune Evening published five days a week only

ORANGE COUNTY, CA

Register (AD)	321.953	113.383	307.457	96.817
Register (S)	129.942	5.578	158.229	9.980
Grand Total	451.895	118.961	465.686	106.797

PHILADELPHIA, PA

Inquirer (M)	183.322	35.033	188.861	43.475
Inquirer (S)	116.370	73.764	146.754	59.798
News (E)	89.301	14.847	98.367	10.909
Grand Total	388.993	126.644	433.982	114.182

*PHOENIX, AZ

Arizona Republic (M)	339.584	27.390	353.711	20.431
Arizona Republic (S)	190.818	——	190.054	——
Gazette (E)	324.766	27.528	338.389	20.623
Grand Total	855.168	54.918	882.154	41.054

NOTE: Figures supplied by publisher to Media Records

*RIVERSIDE, CA

Press Enterprise (M & S)	294.789	22.965	314.858	18.271
Grand Total	294.789	22.965	314.858	18.271

NOTE: Figures supplied by publisher to Media Records

*ST. LOUIS, MO

Post Dispatch (M)	148.152	38.364	127.827	39.743
Post Dispatch (S)	118.873	951	152.135	——
Grand Total	267.025	39.315	279.962	39.743

NOTE: Figures supplied by publisher to Media Records

ST. PAUL, MN

Pioneer Press Dispatch (AD)	113.124	——	112.493	——
Pioneer Press Dispatch (S)	97.390	——	124.243	——
Grand Total	210.514	——	236.736	——

NOTE: Part run figures not available

SAN ANTONIO, TX

Express-News (AD)	144.468	45.696	160.497	36.405
Express-News (S)	78.835	38.452	98.648	51.072
Express-News (Sat)	30.392	——	39.263	——
Light (AD)	161.179	28.911	143.003	40.533
Light (S)	95.664	11.915	106.393	31.994
Light (Sat)	24.391	1.415	33.599	
Grand Total	534.929	126.389	581.403	160.004

NOTE: Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

Union (M)	240.330	50.692	247.576	38.290
Union (S)	116.851	——	149.230	——
Tribune (E)	249.418	50.409	255.509	37.195
Grand Total	606.599	101.101	652.315	75.485

SAN FRANCISCO, CA

Chronicle (M)	140.884	115.844	145.297	90.037
Examiner & Chronicle (S)	63.958	44.136	81.620	65.302
Grand Total	294.842	159.980	226.917	155.339

SAN JOSE, CA

Mercury News (AD)	302.344	21.647	306.430	32.416
Mercury News (S)	141.023	——	178.950	——
Grand Total	443.367	21.647	485.380	32.416

SHREVEPORT, LA

Journal (E)	108.318	10.604	96.903	6.705
Times (M)	120.675	19.391	129.944	18.350
Times (S)	60.071	19.861	81.998	12.756
Grand Total	289.064	49.856	308.845	37.811

*STATE COLLEGE, PA

Centre Times (E)	88.069	5.963	93.385	1.355
Centre Times (S)	40.865	602	43.599	254
Grand Total	128.934	6.565	136.984	1.609

NOTE: Figures supplied by publisher to Media Records

SYRACUSE, NY

Herald Journal (E)	89.944	61.215	102.637	32.114
Herald American (S)	49.827	56.497	60.100	52.516
Post-Standard (M)	82.905	53.634	88.703	36.024
Grand Total	222.676	171.346	251.440	120.654

*TAMPA, FL

Tribune (AD&S)	297.982	102.665	362.073	95.342
Grand Total	297.982	102.665	362.073	95.342

NOTE: Figures supplied by publisher to Media Records

*TOLEDO, OH

Blade (E)	137.336	——	136.554	——
Blade (S)	94.923	——	90.699	——
Grand Total	232.259	——	227.253	——

NOTE: Figures supplied by publisher to Media Records

WASHINGTON, DC

Post (M)	280.371	49.689	269.117	48.135
Post (S)	126.761	60.226	153.396	73.527
Grand Total	407.132	109.915	422.513	121.662

WASHINGTON, DC SUBURBAN GROUP

Alexandria Journal (M)	72.350	——	65.848	——
Prince George's Journal (M)	63.176	——	56.511	626
Montgomery Journal (M)	60.923	270	59.451	294
Fairfax Journal (M)	75.018	270	66.951	1.602
Arlington Journal (M)	72.412	——	66.214	——
Grand Total	343.879	540	314.975	2.522

NOTE: Alexandria Journal Morning, Prince George's Journal Morning, Montgomery Journal Morning, Fairfax Journal Morning, and Arlington Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	105.287	24.077	95.034	15.588
Reporter Dispatch (S)	70.272	35.579	115.052	17.821
Grand Total	175.559	59.656	210.086	33.409

WICHITA, KS

Eagle-Beacon (M)	138.147	——	134.584	——
Eagle-Beacon (S)	75.938	——	109.238	——
Grand Total	214.085	——	243.822	——

NOTE: Part run figures not available

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

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Ethnic haircare marketers battling for share

By Phyllis Furman

Tension underscores the struggle between black-owned cosmetics companies and general marketers for control of the ethnic haircare segment.

A series of controversies surrounds the market segment, including allegations from black companies that white marketers are deceiving consumers with packaging similar to that used by black companies. Chicago-based Soft Sheen Products, for example, is currently suing Revlon Inc., New York, charging that the cosmetics giant copied its package design to confuse customers.

Other black-owned companies are accusing Melrose Park, Ill.-based Alberto-Culver Co. of leading black consumers to believe that its TCB (Taking Care of Business) line—with its signature Afra logo—is manufactured by a black company.

Recently, a full-scale ethnic battle erupted when Irving J. Bottner, president of Revlon's professional products division, made statements in the Oct. 13, 1986, issue of *Newsweek* that questioned the future of black-owned companies. Mr. Bottner stated: "In the next couple of years, the black-owned businesses will disappear. They'll all be sold to white companies." Both Revlon and Mr. Bottner have since apologized for the remark, saying that the comment was taken out of context.

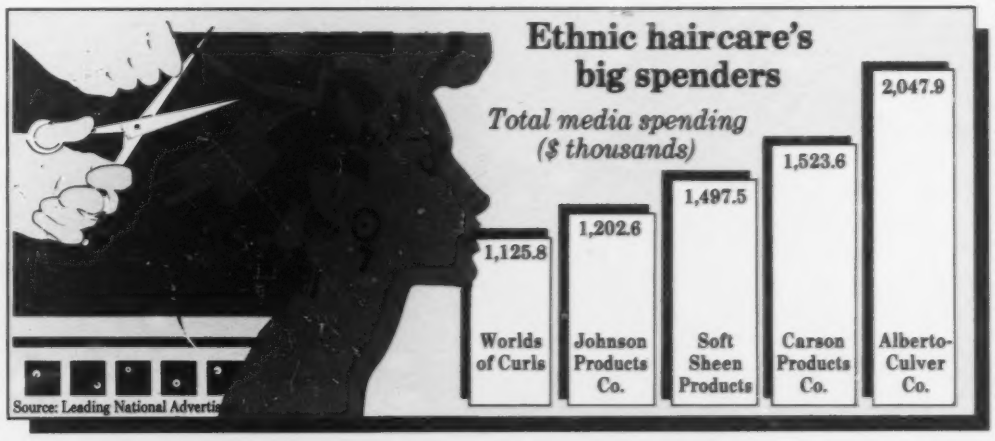
A national boycott of Revlon products ensued, led by Jesse Jackson's Operation PUSH. It culminated when Revlon, faced with the consumer boycott, sold its operation in South Africa.

And late in January, Essence Communications, publisher of *Essence*, a magazine targeted to black women, joined *Ebony*, *Jet* and *Impact* in banning future advertising by Revlon in its magazine because of Mr. Bottner's statement.

At stake in this battle is the ethnic hair-care segment—one of the fastest growing in the health and beauty aids category, according to Business Trends Analysts, a research company based in Commack, N.Y. Sales of all toiletries and cosmetics to black consumers topped $2.7 billion last year, with hair-care preparations making up approximately 40% of those sales, according to BTA.

Growth in dollar volume of ethnic personal care products has averaged in excess of 12% during the past five years, and BTA predicts that increased brand awareness, product-line expansions, rising demand due to demographic shifts and the development of more extensive distribution networks will help to underwrite continued growth.

The strength of ethnic haircare sales has not been lost on general market beauty companies which, in light of less than spectacular growth in the overall toiletries and cosmetics industry, have been looking into diversifying their product lines.



Several years ago, the general market giants began escalating their efforts to target the black consumer by extending ethnic product lines, studying black purchasing habits and increasing black media spending.

General market companies now account for 50% of the ethnic hair-care market, according to BTA and the American Health & Beauty Aids Institute (AHBAI), a Chicago-based trade organization of black-owned health and beauty aids companies.

Mainstream marketers, including Alberto-Culver, New York-based Clairol, Revlon and Boston-based Gillette Co., market a host of black haircare products—from relaxers to curl activators—under existing product divisions or recently acquired black companies.

Of particular interest to general market beauty companies are black consumers' buying habits. Blacks spend up to five times more on personal care products than the average consumer, according to AHBAI.

Further supplementing this segment's growth is the variety of black hair types needing different styling aids. "Just as blacks come in all colors, our hair comes in different types and requires more care because it's dry and brittle," explains Barbara Ingram, director-corporate communications and creative services for Atlanta-based M&M products.

Finally, black women are fashion conscious, and, like most other women, hair is their No. 1 beauty concern. As a result, they are especially receptive to new product introductions, according to industry analyst Nancy Hall, VP, research division, Smith Barney, Harris Upham & Co., New York.

"The large companies have a lot more advertising and promotion muscle," says Eugene Morris, who worked on the Johnson Products account at Burrell Advertising, Chicago. Chicago-based Johnson Products Co. is handled by Burrell and The Randall Group, Chicago.

More significantly, mainstream marketers have access to distribution channels and retail outlets that elude some black companies. "Gillette, for instance, has an in-house sales force and a solid relationship with retailers because of its other product categories. It can easily piggyback ethnic products on its existing distribution channels," says Ms. Hall.

"Retailers simply don't allot enough shelf space for our [black-owned companies] products," says Lafayette Jones, executive director of AHBAI, noting the retailers' reluctance to stock black lines in full because of a lack of information about the products and little knowledge about black buying habits.

"The general market uses all the clout it has. I've seen general marketers come in and manhandle our marketplace, keeping products on the shelves for nine months before they turned a profit," says George Johnson, president and founder of Johnson Products. He says retailers do not have enough inventory to support his product line, and because of this "[retailers] out of stocks have pulled our market share down."

Johnson Products sales have dropped from $37.8 million in 1985 to $34.5 million in 1986.

But mainstream marketers are quick to contend that they face their own obstacles in targeting black dollars. "The Revlon name gives us an advantage with the consumer," says one Revlon executive, who requested anonymity, "but many aggressive smaller companies have more flexibilty than we do—they can make immediate decisions where we can't."

Attempting to regain market share, black companies have returned to a strategy that industry analysts predict may no longer be viable: Appealing to the good will of the black consumer. AHBAI recently launched a $2 million campaign encouraging black consumers to buy black-manufactured beauty aids, increasing its budget to $3 million after Mr. Bottner's statements appeared in *Newsweek*.

Indeed, some black manufacturers perceived Mr. Bottner's statements as their opportunity to tug at black consumers' heartstrings. "We see Bottner's remarks as a chance to create awareness of the advantages of doing business with black-owned companies," says Comer Cottrell, president of Pro-Line Products, Dallas, and chairman of AHBAI. "The outrage overwhelmed the community, and it was a little self-serving."

Black consumers are more aware of their "social responsibilities," says AHBAI's Mr. Jones. "Politics is connected to business."

Still, black consumers, like anyone else, base many of their purchase decisions on product performance and label cachet, making appeals to ethnic allegiance an undependable means of targeting black dollars. "Black women are looking for performance—that's the bottom line," says Ms. Hall.

"If a black consumer thinks a product is a good one, he'll buy it—it doesn't have anything to do with pride," says Margaret Carroll, a BTA industry analyst.

Black companies also are trying to price their products more competitively. Historically, their prices have been higher because they lack general marketers' economies of scale.

Via AHBAI's efforts, they are attempting to gain more shelf space in stores. Mr. Jones meets with heads of retail chains and attempts to convince them that carrying entire lines of black products will bring more black consumers into their stores.

Faced with slackening U.S. sales, black companies also are targeting international markets. For example, in 1979 M&M introduced its products to Great Britain and has since expanded to other areas including Africa and the Caribbean. According to a spokesman at M&M, company international sales have grown 5% annually over the past seven years.

Nevertheless, industry analysts predict black-owned companies will continue to lose market share unless they price products more competitively, beef up their advertising budgets and garner more shelf space.

For some, regaining black consumer dollars will be a matter of survival because black companies can't target both whites and blacks, says Mr. Johnson. "Black consumers are our only market."

Phyllis Furman is an Advertising Age stringer covering New York and New Jersey.

New face

(Continued from Page S-2)

by consumer goods.

"It made financial sense for companies to make acquisitions when valuations were so low," Mr. Salzman says. "Companies could bid in excess of stock prices because those prices didn't really reflect asset value."

When corporations like P&G and Unilever add companies such as Richardson-Vicks or Chesebrough-Pond's to their lineups, he says, the moves may well signal industry expansion, not consolidation. He calls those acquisitions "classic add-ons."

Mr. Salzman says industry sales moved upward in the second half of 1986, and he foresees more growth ahead because costs have stabilized, pricing is modestly higher and consumers are more receptive to line extensions.

"Consumer products couldn't ask for a better environment. The outlook for gross profits is good, as it should be in a long-term, low-inflation environment," he says. "That's what's attracting the takeover people."

However, not everyone shares Mr. Salzman's optimism.

"Cosmetics is a hard business," says industry consultant Allan Mottus, president, Allan Mottus & Associates, New York. "The consumer is getting shrewder, and more value-driven."

He says that skin care, which is "the only category with any vitality," has grown at an annual rate of about 5% in unit sales on a dollar gain of 10% to 11%. Women's fragrances dropped slightly, about 3%, in 1986 and unit sales of makeup added only 3% on a dollar gain of 6%, Mr. Mottus says.

He predicts industry consolidation will leave the customer with fewer choices in the future.

"Some lines will be cut back," he says, and as the big companies gain even more leverage, "the little [companies] will have less maneuverability."

However, Mr. Mottus sees new opportunities emerging for entrepreneurs who have the know-how to carve a niche in the market. "The problem with size is that the bigger a company gets, the more conservative and ingrained it becomes," he says.

"In this industry, where the cost of manufacturing is relatively low, a little guy can mount the challenge. And if he's right—if his fashion sense is correct—he can run with it."

Specialty retailers spice up their product lines

By Faye Brookman

Retailers are stamping their names on fragrances, hoping their stores' ambiences can be captured, bottled and sold.

Benetton, Bijan, Royal Silk and Tiffany & Co., head the list of retailers with branded fragrance entries. And industry experts say it will not be surprising to see debuts from companies ranging from The Limited's Victoria's Secret to Banana Republic. Tiffany & Co., New York, recently announced a joint venture with Chanel to produce Tiffany's first fragrance. Chanel will handle the manufacture and distribution of the product, which should appear in Tiffany's eight stores by September 1987 and will be launched into department and specialty stores in spring 1988.

Annette Green, executive director of New York-based Fragrance Foundation, confirms retailer interest in fragrances. "If the number of inquiries we've received recently is any indication, there will continue to be many more non-traditional techniques in selling fragrances."

According to Leslie Grunberg, president of Benetton Cosmetics Corp., New York, which will launch Colors de Benetton in August 1987, the trend is not new, but is gaining favor because of the growing interest in specialty stores.

"Chanel and Hermes have had fragrance in their boutiques for years," says Mr. Grunberg. "It is the easiest and the least expensive way to get your product into a consumer's hand. It is such a fragmented market, anyone has a shot . . . Look at Giorgio."

The sweet success of Giorgio has undoubtedly inspired other retailers to enter the fray. Giorgio, Beverly Hills, rolled out its fragrance two years ago via a heavy direct mail campaign followed by a splashy exclusive launch at Bloomingdale's. Giorgio, now sold through most major outlets, is a $60 million to $65 million brand at retail, controlling a 4.5% share of the market, according to industry consultant Allan G. Mottus, president, Allan Mottus & Associates, New York.

Total fragrance volume rose a paltry 5% to $2.3 billion in 1986, excluding direct mail sales, says Mr. Mottus. The market is saturated, and it takes a behemoth budget to make a dent in it. Successful launches, such as Calvin Klein's Obsession or Christian Dior's Poison, were backed with ad budgets of at least $10 million. Why, then, would retailers want to tangle with the category?

"They have a built-in audience, and they have the key ingredient—distribution," says Diana Temple, VP and financial analyst, Salomon Brothers, New York.

Donna Italiano, editor/special projects director of *Product Marketing*, a New York-based trade publication covering the beauty industry, agrees. "We're finding heightened competition, and the high cost of competition has led retailers to fragrances because they already have a channel of distribution. A retailer who has created a niche in the market can probably create a demand for a fragrance."

Because distribution channels are in place, retailers hope to avert the exorbitant promotional costs associated with fragrance debuts. "The dollars being spent are totally out of control," says Mr. Grunberg. "A great deal of the money is being spent just to get the products into the store."

The Benetton fragrance line won't have that problem. Colors de Benetton will retail between $25 and $60 and will be sold in 600 Benetton units across the country. Mr. Grunberg expects the scent could capture as much as 10% of sales volume. In fact, if each store sold only two bottles a day, the fragrance could soar to a $10 million business.

Although Italy-based Benetton is a recognized label to most Americans, the company is supporting the fragrance with an estimated $4 million in promotional spending. The effort is tied into $6 million of Benetton clothing ads, which will include scent strips. Placement will range from Harper's Bazaar to *Rolling Stone*. Eldorado, Paris, handles the creative; J. Walter Thompson in New York is in charge of media placement.

Mr. Mottus says it is not unusual for cosmetics and fragrance to produce as much as 10% to 12% of total store sales. Benetton is planning its own line of cosmetics, too.

Bijan, the chic men's clothing store with showrooms in New York and Beverly Hills, Calif., already has a men's scent and has plans for a women's offering. Although Virgit Kelley, licensing director for Esprit de Corp., San Francisco, says that no decision has been finalized, retailers expect an Esprit fragrance shortly.

But some companies may find it difficult to get the consumer to identify the fragrance with the image of the retailer, according to Wendy Banks, VP-marketing for Liz Claiborne Cosmetics, New York. "If The Limited came out with a fragrance, would it mean anything to the consumer?" Moreover, industry watchers wonder what will happen when retailers want counter space at the department store.

Benetton's Mr. Grunberg says department and drug stores may be leery of adding retailers' fragrance offerings because it may lead consumers away from their stores into the specialty shops to buy the fragrances. Still, specialty shops are planning to enter drug store chains and fill their shelves with new scents.

A representative of New York-based Bloomingdale's says, "We strive to get what is exclusive and if something is sold a few blocks away, it isn't as important for us." But if there is consumer demand, most retailers would not turn the scent away.

Some merchants think the demand exists. Clifton, N.J.-based Royal Silk, for example, is rolling national with Royal Silk Parfum. Royal Silk—a direct marketer of silk clothing with $50 million in sales in 1985—has sold 15,000 bottles of all its offerings to date via its catalog, which has a distribution of more than 26 million, according to Gerry Pike, VP of the 8-year-old company.

Royal Silk is banking on retailer acceptance based on its brisk catalog sales. The fragrance will continue to be featured as an insert in the catalog. Spending will be minimal, probably under $2 million, industry analysts estimate; advertising is handled in-house.

The trend toward established retailers adding fragrances to standard offerings probably will continue. A small counter display of fragrance takes up little space, yet produces impressive sales. The dollars generated are incremental and the profits—fragrance gross margins, which are over 30%—are attractive.

But, marketers note, this move could significantly alter the complexion of fragrance selling. "Specialty stores are obviously where the customer wants to shop," says Mr. Mottus.

The days of mammoth budgets for fragrance ads could be over if cosmetics and fragrances continue to be sold in specialty store outlets because the identification factor is already in place, says Jack Salzman, VP and senior analyst of Goldman Sachs, New York.

And it is not expected major vendors will team up to create the fragrances. Mr. Grunberg,

(Continued on Page S-12)

Faye Brookman is a New York-based free-lance writer who specializes in the toiletries and beauty aids industry.

Buyers' picks

Department & specialty store buyers rank women's fragrances

Best sellers	
Obsession	33.3%
Giorgio	21.0
Oscar de la Renta	19.6
Anais Anais	19.6
Chanel	10.1
Opium	10.1
Weak sellers	
Albert Nipon	11.1%
Prince Matchabelli	11.1
Revlon	10.3
DVF	8.7
YSL	7.9

Source: Goldman Sachs Research

Buyers' picks

Department & specialty store buyers rank men's fragrances

Best sellers	
Polo	62.9%
Aramis	46.2
Lagerfeld	11.4
Giorgio	6.3
Weak sellers	
One Man Show	16.2%
Cardin	13.7
Chaps	10.3
English Leather	9.4

Source: Goldman Sachs Research

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Cosmetic beauty is in the eye of the computer

By Sandra Lee Breisch

Elizabeth is the envy of the cosmetics counter. There's no doubt she's good at what she does.

She scans a client's skin to define color and tone. Without applying a touch of makeup, Elizabeth experiments with three different beauty make-overs. She even takes into consideration variables like lighting effects, clothing and jewelry. Elizabeth also is an expert at hair styling.

Elizabeth will do all of the above for $25, which will be refunded if the customer buys what she is selling. And she has been in the business only since August 1984, when she showed up at Macy's cosmetics counter in New York.

But Elizabeth is not an average employee. She's a computer designed for Elizabeth Arden, New York. And as the technology becomes increasingly accessible, more cosmetics companies are introducing similar microchip marvels to compete for counter space.

"The primary objective is to improve the quality of the customer's experience with cosmetics and hair care products," says Fred Scott, Arden's VP-marketing.

Although he would not reveal sales figures, Mr. Scott says: "If you compare its productivity with a lot of other more traditional clinics, makeup artists, promotions—we're looking at four to five times the productivity in total dollars," and purchases that are four to seven times higher than normal.

A dozen units currently touring department stores are given the credit for these increases. Mr. Scott indicates some permanent installations—one in Marshall Field & Co., Chicago—are pending. The cost of the unit is estimated to be $1 million.

Mr. Scott says that the promotional costs are divided between the stores and Arden. "The stores definitely participate in the promotional costs because they regard it as an extremely productive promotional opportunity," he says.

One month after Elizabeth debuted, Arden introduced the Skin Imaging Computer. This machine analyzes the texture and condition of a customer's skin for $15.

Arden tops off its high-tech sales staff with the Hair Analysis Computer, which was created in September 1985 to complement Philip Kingsley's line of hair care products. Both Elizabeth Arden and Philip Kingsley are subsidiaries of Indianapolis-based Eli Lilly & Co.

"We have eight computers," says Mr. Kingsley, and permanent installations are being constructed at Saks Fifth Avenue and Bloomingdale's in New York, Neiman Marcus in Dallas and Nordstrom in Los Angeles. "To produce them now, excluding the [research costs,] it would cost between $12,000 and $15,000," he says.

Mr. Kingsley says the costs are worth it. "The percentage increase is rather extraordinary. I think this year, in many stores, we are up 100%—but on the average we're up 60%. The cost of our products has not increased because of the computer."

Shiseido Cosmetics, a Tokyo-based cosmetics company, is joining the fray with the Makeup Simulator. The simulator is able to give the customer an on-screen make-over, change hair styles from long to short, alter hair texture, and add henna or highlights without physical application of the products to the customer.

Clairol's Color Visions allows a customer to preview four color shades and experiment with complementary makeup.

The $35 cost—applicable toward purchase—includes a facial and make-over. Shiseido also gives the client a before-and-after video printout, which is not available with Elizabeth.

"The average unit sale is $100 or more," says Lorraine Amadeo, Shiseido's national promotions manager. "It's a good service because when you take a product home with you, you know how to use it and why to use it."

The $100,000 simulator was introduced in September 1984, and Shiseido plans to add one more to the three currently in existence. "The company wishes to keep it as a very special event," says Ms. Amadeo. "If you put them all over the place, it becomes old hat."

The modest number of simulators, however, has not hindered sales increases. "During two 10-day promotions Shiseido's sales were in the $50,000 range," says Mari Chihaya, director-pr. The average unit sale during a promotion is about $100 per customer per promotion, according to Ms. Amadeo.

In 1984, Shiseido also created a Replica Skin Diagnosis System. An analyst evaluates a computerized printout and suggests optimal skin care.

"It is impossible to indicate the actual increase of sales on the days when Replica is in the stores," Ms. Chihaya says. "Some stores reported a 40% to 50% increase in sales of makeup and skin care products."

Shiseido, she says, is not providing these services simply to boost sales. "We consider ourselves extending quality products and service. We want to familiarize women with makeup techniques and what it does to their psyche."

A quick way to alter a consumer's psyche is to change her hair color, which Clairol's Color Visions can do in seconds via video. At no cost, a client can preview four color shades and experiment with complementary makeup. "We find the one-on-one consultation is just as important to the consumer as seeing her image on the screen," says Phyllis Klein, Clairol's publicity director. "The consultants are hair-color experts first."

Intermark Corp., a New York-based consulting unit of Howard Marlboro Group, worked closely with Clairol in developing Color Visions and Christy, a touch-screen salon computer. Intermark also devised computers for Pantene and Clarion, Noxell's new line of makeup. Although industry sources wouldn't reveal sales figures, Lili Mahlab, VP-marketing and sales for Intermark, says, "Clairol has not merchandized this system. They weren't really getting hard-core sales statistics."

"We are tracking incidence of use," says Maude Simard, Clairol's group director. "The conversion rate for non-hair coloring users who have gone through the system is approximately 75%."

Pantene's line of haircare products also has a touch-screen interface computer, which Intermark developed. Procter & Gamble, which acquired Pantene in November 1985, did not wish to release any statistics.A promotion for Clarion, Noxell's new makeup line, includes a touch-screen computer, which analyzes the customer's skin, hair and eye color and suggests products. "Our research found the key benefits of the unit were that it attracts attention at retail," says a Noxell executive.

"The No. 1 priority is raising the level of visibility [for the company]," says Dennis Smith, regional sales director, Shiseido, New York. He says that Shiseido doesn't advertise the promotion, but that it is usually advertised by the store, which pays 100% of the costs.

The retailer is also responsible for the in-store promotion, the cost of which "is a negotiable subject, depending on a number of factors [such as ad rates for the market the promo is running in]. We like to share everything [with the stores] on a 50/50 basis," he says.

"The machines cost $200,000, so it's very expensive. We do have three [computers] in the company," says Mr. Smith. "But, if we make the promotion too large, on a national scale, we create some animosity with other stores because some stores will never get a chance to see it. We just can't hit all the markets."

Hector the computer plays the key role in Guerlain's in-store promotion, "Theater Guerlain." The in-store computer promotion was created by Godfrey Rayner, Guerlain's special events and training director, and introduced in April 1986 at Macy's in San Francisco.

Hector, who interviews the customer and then determines the Guerlain scent that fits her personality, has been quite a hit. According to Mr. Rayner, "For a particular week that we do a promotion, we probably do sales increases of about 300%," or about a typical month's worth of sales. And, Mr. Rayner claims, is that after the promotion, "We create sales for the future. It seems that every store we have been in for the last year, there is a 25% to 37% increase in sales."

Mr. Rayner, however, refuses to run a promotion longer than two weeks. "We're talking about [extending the promotion] now, because it has been so successful. But then there's a case of flogging a dead horse."

Sandra Lee Breisch is a freelance writer based in Chicago.

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Retailers

(Continued from Page S-10)

who left Wayne, N.J.-based American Cyanamid's Jacqueline Cochran Division to assume the post at Benetton, says Benetton preferred to develop its own product rather than approach a company like Cosmair Inc., New York, or Estee Lauder, New York, to be the licenser. He says this way Benetton can maintain control of its product.

Industry watchers do not expect major department store retailers to enter the fray. Bloomingdale's, Saks Fifth Avenue and Neiman-Marcus have sprayed their own concoctions on consumers for years with limited success.

With specialty stores there is a greater interest to promote their fragrance, and they are more willing to hire people to promote their product, according to Mr. Mottus. For example, Benetton hired Mr. Grunberg away from Jacqueline Cochran to help develop Benetton's cosmetics division. "[Retailers] just are not manufacturers and can't try to be," says Mr. Mottus.

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

Florida ad tax scare

Out-of-state media would pay

By STEVEN W. COLFORD

Florida state officials are planning to tax all advertising coming into the state—including commercials on network TV and ads in national print media.

Such a step, if ultimately approved by the Florida Legislature, would be unprecedented, industry observers say.

Several states, including Illinois and Texas, are considering or expected to consider ad taxes, and Florida's bid to tax ads originating out of state could be copied elsewhere.

"It's frightening," said John O'Toole, exec VP of the American Association of Advertising Agencies. "It clearly would be an onerous burden with one state, but what if this fever spreads to the other 50 states? Then everything will grind to a halt."

The Florida plan would apply the state's proposed 5% sales tax on advertising to ads placed outside the state in such national media as the major broadcast networks and publications such as *Time* and *USA Today*.

The Florida ad-tax fight had been a top-priority item for national ad industry associations even when it was viewed as affecting only advertising placed through Florida-based media and agencies. Now the attempt to apply the tax to national media dramatically raises the stakes.

Jim Francis, Florida's director of tax research, disclosed the broader tax strategy last week. "States that have taxed advertising generally have tried only to tax local media," he said, "because of fear they'd run afoul of federal limitations on ... interstate commerce.

"That is a silly and unsophisticated approach. Just because there's an interstate element shouldn't mean it can't be taxed. All local advertising is fully tax-

(Continued on Page 99)

Chevy compacts carry full-size media backing

By RAYMOND SERAFIN

WARREN, MICH.—Chevrolet is spending an estimated $35 million in a six-week media blitz for its new Corsica and Beretta compact cars as part of the General Motors division's biggest launch ever.

The media plan highlights include running spots on every NBC prime-time program during the seven days of March 13 to 19, and double gatefolds (front and back cover) in issues of *Car & Driver, Newsweek, Sports Illustrated* and *Time*.

Chevy's schedule on NBC resembles a "vertical roadblock" of spots that Coca-Cola USA ran last week during the network's Thursday prime-time lineup (AA, March 2).

The new compact cars are the first from-the-ground-up products to be produced by General Motors following its massive 1984 reorganization designed to make the No. 1 automaker more market-driven, especially at the division level.

GM sorely needs a product winner, and to get one it will spend big on the

(Continued on Page 98)

Chevrolet's TV spots for its new Beretta feature dissolves between a shark and a Beretta, drawing parallels with the car's sporty, sleek lines. "Discover a new species" the voice-over says as the car emerges from the water. Campbell-Ewald Co. is handling the estimated $35 million campaign.

Last Minute News

Plapler decides agency's future this week

NEW YORK—Larry Plapler, chairman of former People Express Airlines agency Plapler & Associates, says he expects to decide this week on the shop's future. Mr. Plapler, whose former partner, John Russo, left the agency (AA, Feb. 9), said he was trying to link up with one of several agencies, but he would not name them. Plapler's only remaining client is Berkey Marketing Corp., Woodside, N.Y.-based marketer for several photo accessories companies.

Beatrice to sell stock in int'l unit

CHICAGO—Beatrice is planning a public stock offering for its international foods unit by June after having second thoughts about such a move late last year, a company insider said.

Orbis may enter Coke-Paramount venture

LOS ANGELES—Coca-Cola Co. and Paramount this week are expected to add New York-based Orbis Communications to their barter-sales joint venture. A spokesman for Coca-Cola Telecommunications said an agreement hasn't been signed, but sources said the three companies have agreed in principle to join forces and Coca-Cola has scheduled a New York press conference for March 11. Coca-Cola and Paramount originally planned to buy Grey Adver-

(Continued on Page 8)

PLO coupon clip

Millions of dollars reportedly diverted

By MAUREEN GLABMAN

MIAMI—A coupon misredemption operation being investigated by the U.S. Postal Service allegedly funneled millions of dollars to the Palestine Liberation Organization.

"I doubt that anyone with any information will verify the PLO connection because of an ongoing investigation into that aspect of the case," said Julian Mack, a Dade County assistant state's attorney who helped to prosecute more than 70 local defendants in the coupon scheme.

However, a spokesman for the Hollywood, Fla., police department said many of those involved in the misredemption attended PLO meetings where they waved PLO flags, where PLO flyers were passed out and where PLO letterheads were available.

The misredemption ring's activities were first made public in a U.S. Postal Service "sting" operation in 1986, when coupons for a nonexistent product—Broach insecticide—ran in three Florida newspapers (AA, March 31, 1986). That sting was part of an ongoing national Postal Service investigation called "Operation Clip."

The Hollywood police department became involved through another case it was investigating.

"The letters PLO were chiseled into the floor of a building in Hollywood where a meeting was taking place," said Paul Dungan, a Hollywood police spokesman.

"We weren't able to follow the actual funds, but there is a strong indication that money from illegal operations was going to the PLO."

Mr. Mack said one of the principal figures in the case, Adnan "Tommy" Bahhur, is expected to

(Continued on Page 98)

Whom do you love?—Page 3

Highlights

Coupon scam 1
A coupon misredemption operation being investigated by the U.S. Postal Service allegedly produced millions of dollars funneled to the Palestine Liberation Organization. The culprits allegedly stole or bought newspaper coupon inserts and redeemed them through coupon clearinghouses and other retailers.

Spending up in beauty products 3
After holding back ad spending in 1986, major beauty marketers are changing course—boosting ad budgets and laying the groundwork for new-product introductions through 1988.

Navy draw 4
Competition for the Navy's estimated $20 million recruitment advertising account will pit 12-year incumbent Ted Bates Advertising against a pack of veteran agencies.

Pan Am revamps ads 12
Pan American World Airways has recast its corporate-image advertising for the first time since 1982 in an attempt to rebound from some of the industry's most disastrous marketing problems. The estimated $5 million campaign, themed "Expect more from Pan Am," pitches the carrier's commitment to improved service.

Johnson freshens up 24
S.C. Johnson & Son didn't see the punch coming that knocked it out of the No. 1 spot in the air freshener market, but it's back on its feet with a new product to help it regain the title.

FSIs score coupon coup 83
Package-goods marketers increased their coupon usage 18.5% in 1986 and relied more heavily on free standing inserts to deliver those coupons. But the percentage of coupons redeemed remained flat.

"Amerika" fallout 92
Now that the smoke has cleared and the Russians have gone home, "Amerika" may be remembered as a minor ratings disappointment for ABC-TV and some of its sponsors. It may affect how ABC packages its next miniseries extravaganza, "War & Remembrance."

BBDO's Pepsi day 97
BBDO Worldwide has gained its second piece of European PepsiCo soft-drink business at the expense of J. Walter Thompson Co., and it may be in line to win more.

FEATURES

Healthcare's hearty budgets 42
Consumer ad agencies are forming subsidiaries and adding executives to attract accounts in the rapidly growing healthcare industry. One projection is that U.S. healthcare advertising may total $1.6 billion by 1990.

INTERNATIONAL

Condom ads abroad 62
Condom marketers and governments around the world are changing their approaches to condom advertising in an attempt to slow the spread of acquired immune deficiency syndrome.

DMB&B's Tokyo stake 64
D'Arcy Masius Benton & Bowles, in an effort to boost its position in the Asia/Pacific region, has purchased 24% of a Japanese agency, Tokyu Advertising International, that once had an unsuccessful joint venture with Ogilvy & Mather.

OTHER NEWS

Cajun cuisine is rising from the Deep South as national and regional food companies move to capture a piece of this emerging category. The food craze that has made blackened redfish a staple at restaurants is spreading to grocery-store shelves. Page 3.

A German publishing house has signed 15 major multinational companies to advertise in a new fashion and pattern quarterly, *Burda Moden*, the first Soviet edition of a Western consumer magazine. Page 28.

Auto marketers will pump more than $100 million a year into advertising cars in a low-price segment that scarcely existed before the mid-'85 introduction of the Yugoslavian-built, $3,990-price Yugo GV. Page 36.

Eastman Kodak Co.'s "new vision of Kodak" may look gray, but the $50 million it will spend this year on an international business-to-business ad campaign presents a very bright picture. Page 91.

The appointment of Howard Baker as the White House's new chief of staff cleared the way for President Reagan to address the nation last week, but it also cost him a flag-waving ad campaign funded by conservative supporters. Page 92.

Great Britain's Land Rover is plunging into the U.S. market with a $30,000 off-road vehicle targeted at super-affluent buyers who find it impractical to take their European sedans everywhere. Page 93.

SPECIAL REPORT

***MAGAZINES**—with circulation now accounting for half of magazine revenues and ad sales flat, the industry is investigating new circulation-building strategies—premiums, TV advertising and pricing.*

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Ad, media group starts hard-hitting war on drugs

By STEWART ALTER

NEW YORK—The TV commercial from McCann-Erickson's Detroit office shows a rat dying. As the animal jerks its way to a cruel conclusion, a voiceover says: "Only one drug is so addictive [that] nine out of 10 laboratory rats will use it and use it and use it until dead. It's called cocaine and it can do the same thing to you."

The Media-Advertising Partnership for a Drug-Free America's war on drugs is officially on, and the first ads invoke hard-hitting images of death, dependency, mental and physical destruction and wasted lives.

The much-delayed anti-drug campaign was hailed by the new partnership as the "biggest pro bono advertising drive since the war bond campaign of World War II." It is unlike any other public service effort, the group said, both in scope and approach.

While a typical ad campaign is focused in its message and its target audience, this effort "will be aimed at a variety of demographically and psychographically different groups, and it will have no traditionally single theme, but rather a multiplicity of messages, each hopefully motivating to the group it is intended to reach," said Allen Rosenshine, chairman of Omnicom Group, speaking as chairman of the Partnership's Creative Review Committee.

Beyond the need for the "multiple audience, multiple message requirement," Mr. Rosenshine said, "I believe this is the right approach because 'denormalization' cannot be accomplished by a surgical strike of a single great commercial or even a campaign in the classic sense. 'Denormalization' of attitude and behavior in actual or potential drug usage demands an incessant bombardment from every direction against every stratum of society, every month, every week, every day."

Mr. Rosenshine said that the advertising has been seen by various focus groups to ensure it is relevant and uses the right vernacular. Mr. Rosenshine said this was important because the advertising could have a "counterproductive" effect of reinforcing the value of drugs if the creative did not understand the situation. "We tried not to preach or in any way be arrogant," he said.

Lloyd Johnston, program director of the Institute for Social Research at the University of Michigan, Ann Arbor, and a drug research specialist, observed that marijuana was "portrayed in unrealistic ways" in campaigns in the

(Continued on Page 96)

Scali's creative director departs

SANTA MONICA, CALIF.—Scali, McCabe, Sloves/West's Creative Director Chuck Silverman left the agency last week, following a dispute over the direction of the year-old shop.

Mr. Silverman and President Richard Kelly declined to give specific reasons for the break, but a Scali statement said the split was "by mutual agreement following irreconcilable differences." Bob Needleman, senior VP-associate creative director at Scali in New York, becomes acting creative director.

Mr. Silverman would not disclose future plans, but hinted he may open his own shop. Mr. Silverman's departure follows a similar pattern to his 1985 departure from the now-defunct Fountain Valley office of Cunningham & Walsh. Mr. Silverman left C&W following a dispute with Bill Vogel, then general manager.

With the closure here of fellow Ogilvy Group unit Cole & Weber (AA, Feb. 23), Scali is receiving $9 million in additional billings from Cole clients. The agency also is moving from Santa Monica to Century City's former Cole & Weber offices.

* * *

N W Ayer will merge its Los Angeles office and its Reiser Williams deYong unit under the Ayer umbrella, reliable sources say. John Littlewood, Ayer/Los Angeles president-ceo, acknowledged discussions of a West Coast reorganization were under way, but said he couldn't give specifics. Ayer/L.A. Chairman Bart Stoner will retire, but continue as a consultant to the agency. The move comes on the heels of Reiser Chairman Dick Reiser's departure on March 15 (AA, Mar. 2).

* * *

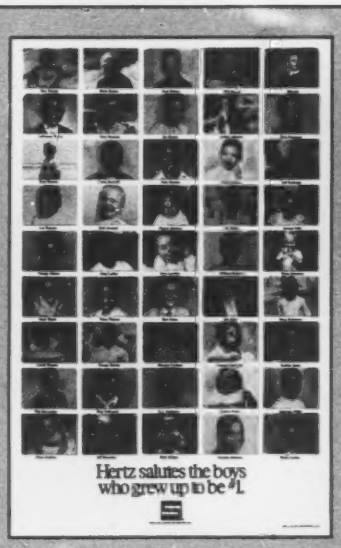
Touje International, Cupertino, Calif., moved its $2 million Touje Dutch Anytime Dessert account to Hal Riney & Partners, San Francisco, from Mojo MDA-Allen & Dorward, San Francisco, without a review. The U.S. arm of Holland's Dudespro B.V. is distributing the chilled, milk-based dessert in California and Nevada, but will take it national by 1990.

* * *

Jacuzzi Whirlpool Bath, Walnut Creek, Calif., is talking to northern California agencies about its $1.5 million account, following a breakup with J. Walter Thompson/West, San Francisco.#

West Coast News

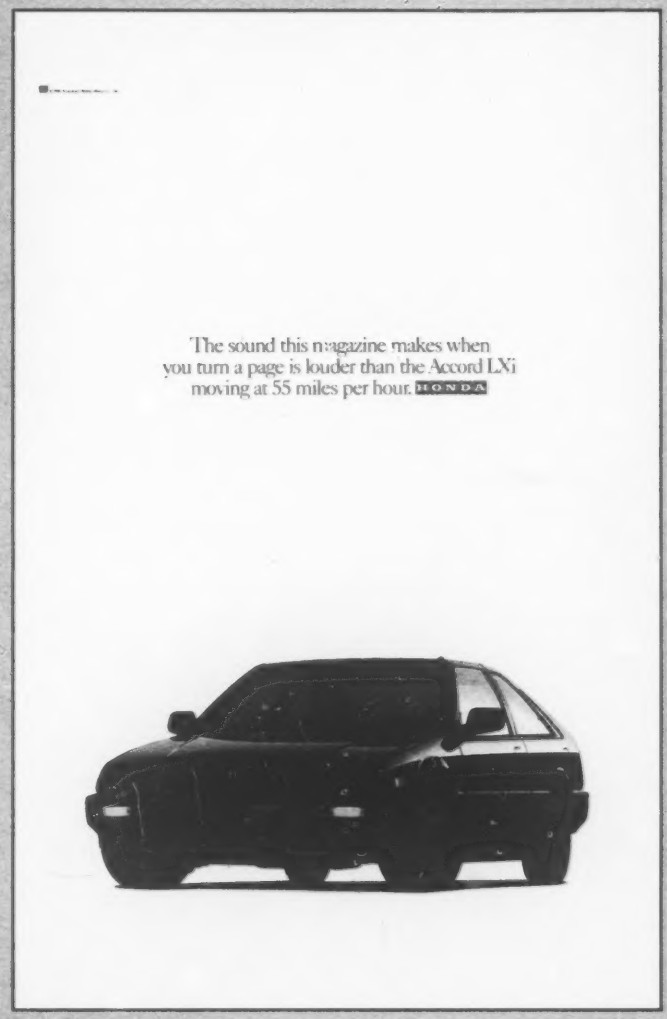
BEST OF PRESS



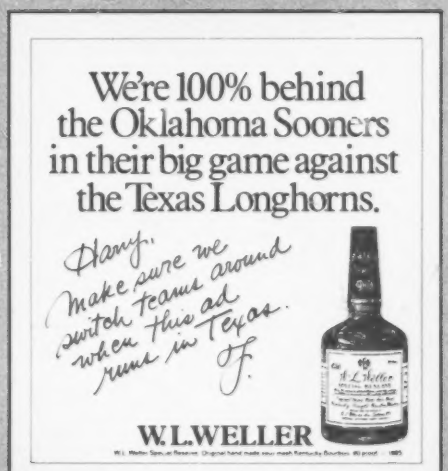
The Giants as wee people was the creative inspiration for this ad from Hertz, via Scali, McCabe, Sloves, New York. The ad ran the day after the Giants beat the Denver Broncos in Super Bowl XXI. Art director: Steve Montgomery; copywriter: Jean Zerries.

This public service ad from Borders, Perrin & Norrander in Portland, Ore., uses a stunning graphic to illustrate the dangers of driving while intoxicated. Creative director: Bill Borders; art director: Warren Eakins; copywriter: Dave Newman; photography: Pete Stone.

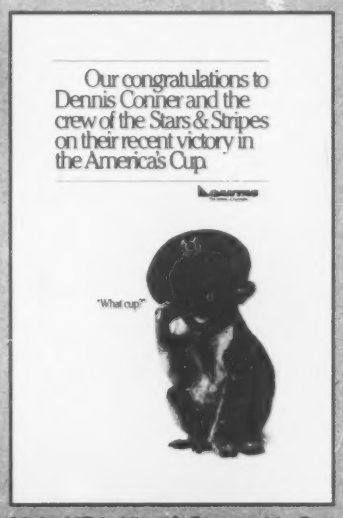
This ad for American Honda Motor Co., via Rubin Postaer & Associates, Los Angeles, borrows a bit from the classic Ogilvy & Mather Rolls-Royce ad from 1958 that stated, "At 60 miles an hour the loudest noise in this new Rolls-Royce comes from the electric clock." The idea also works well now. Creative director: Larry Postaer; art director: Gary Yoshida; copywriter: Bob Coburn; photographer: Lamb & Hall.



You have to read the scribble to get the point of this ad for W.L. Weller Special Reserve Bourbon via Smith/-Greenland Advertising, New York, which pokes fun at sports event tie-in advertising. Creative director and copywriter: Murray Klein; art director: Ared Spendjian.



This ad for Warner-Lambert Co.'s Schick division, via J. Walter Thompson USA, New York, uses a good mix of color, headline and graphic to push a product not normally seen in newspapers. Creative directors: Lee Kovel, Len Fink; art director: John Butler; copywriter: Randi Glatzer; photography: Callor-Resnick Studio.



Mojo MDA-Allen & Dorward in San Francisco informs us that a stock photo was used to put together this ad, which, while backhandedly saluting the crew of Stars & Stripes for winning the America's Cup, gets the message across for client Qantas Airlines. Creative director: Bob Hoffman; art director: John Coll; copywriter: Guy Bommarito.

Best of Press selections are made by a committee of three: Hank Simons, vp-creative director of the Newspaper Advertising Bureau; James Dunaway, vp-information at NAB, and William F. Gloede, Ad Age newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work.

FLASH REPORT: Newspaper advertising investment for December

December 1986	IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1986	1985	ACTUAL $ G OR L	% G OR L
Amusements	1986 / 1985	$35,261,655	$33,726,570	+1,535,085	+4.6
Computer stores & supplies	1986 / 1985	8,629,386	8,865,556	−236,170	−2.7
Department stores	1986 / 1985	132,802,960	145,206,828	−12,403,868	−8.5
Food stores	1986 / 1985	37,634,753	32,109,324	+5,525,429	+17.2
Radio, tv, phonographs, records	1986 / 1985	32,740,824	33,908,311	−1,167,487	−3.4
General merchandise stores	1986 / 1985	65,571,725	70,872,427	−5,300,702	−7.5
Alcoholic beverages	1986 / 1985	3,788,759	5,005,993	−1,217,234	−24.3
Cameras, photo supplies & services	1986 / 1985	950,834	1,695,357	−744,523	−43.9
Computers, equipment & services	1986 / 1985	2,975,833	6,517,442	−3,541,609	−54.3
Public service utilities & communications	1986 / 1985	9,013,966	6,615,570	+2,398,396	+36.3
Publishing & media	1986 / 1985	9,798,229	9,811,048	−12,819	−0.1
Cigarettes	1986 / 1985	1,960,942	8,729,602	−6,768,660	−77.5
Airlines	1986 / 1985	9,842,509	8,075,699	+1,766,810	+21.9
Passenger cars-new	1986 / 1985	21,769,751	16,807,849	+4,961,902	+29.5
Banks & trust companies	1986 / 1985	6,893,482	6,112,009	+781,473	+12.8
Stock, bond & investment houses	1986 / 1985	1,715,439	1,657,487	+57,952	−3.5

This Flash Report of newspaper advertiser investments, compiled for ADVERTISING AGE by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown. #

Source: Media Records Inc.

Ad spending slides 3.7%

NEW YORK—Advertiser spending in major-market daily newspapers fell 3.7% to $380.5 million in December 1986 from year-before levels, according to the Flash Report of newspaper advertising Investments prepared by Media Records Inc. here.

Department stores led the falloff with an 8.5% cutback of more than $12.4 million to $132.8 million. General-merchandise stores also cut spending by 7.5% to $65.6 million. The computer categories were off, with the retail category, computer stores and supplies, off 2.7% to $8.6 million, and the national category, computers, equipment and services, off 54.3% to roughly $3 million. Cigarette spending, which had declines through most of 1986, was off 77.5% to $1.9 million.

The losses were partially offset by big gains in spending by food stores, which pumped 17.2% more into the measured dailies this December than they did a year ago for a total of $37.6 million. New passenger-car spending was up 29.5% to $21.8 million; airlines were up 21.9% to $9.8 million; amusements were up 4.6% to $35.3 million; and public service utilities and commissions were up 36.3% to $9 million.

The FLASH REPORT is based on SAU inch measurements in 29 daily and 23 Sunday newspapers in 15 major markets.#

Special Report

Mary Flack

Industry racks up new ideas to build circulation

By Julie Liesse Erickson

Mailboxes are filled with cut-rate subscription offers. Daytime television is riddled with ads offering cameras and keychains with paid subscriptions. Newsstands are showcases for celebrities, placed on magazine covers to catch the eye of the fickle browser.

With ad revenues flat, ad pages down and traditional advertiser categories grappling with problems of their own, it's no surprise that circulation has become a focal point for the magazine industry.

In the past five years, circulation has risen from 45% to 50% of magazine revenues, which rose 3.3% to $5.12 billion in 1986, according to the Publishers Information Bureau, New York.

But this increasingly important revenue source suffers from continuing declines in single-copy sales.

Thirty years ago, the U.S. was a nation of newsstand shoppers. In 1956 single-copy sales accounted for 40% of total magazine circulation. Last year, however, single-copy sales contributed only 23.5% of the 325.5 million circulation of Audit Bureau of Circulations' 481 audited magazines.

The volume of newsstand circulation also has declined every year since 1980, when it totaled 93.9 million for 406 ABC-audited titles. In 1986 the number stood at 76.5 million.

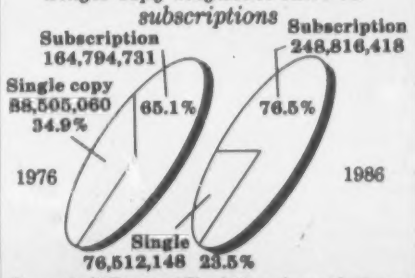
Ruth Shields, magazine group circulation director for Time Inc., New York, says three factors are primarily responsible for the newsstand sales slump. First, the average consumer is making fewer trips to the supermarket. There he is confronted by a huge choice of magazines, a selection from 2,500 active U.S. titles, according to

(Continued on Page S-20)

Unless noted, all circulation figures listed in this report are total circulation averages for the six months ended Dec. 31, 1986, as reported in Audit Bureau of Circulations' FAS-FAX.

Single-copy slice gets slimmer

Single-copy magazine sales vs. subscriptions



Source: Audit Bureau of Circulations, six-month averages for first half of 1986.

Circulation

(Continued from Page S-1)
the Periodicals Institute, Fairfield, N.J., an association funded by the magazine and paperback book industries.

Finally, Ms. Shields says, "Magazines have priced themselves on the newsstand aggressively [high]. We need to let other grocery store products catch up with us."

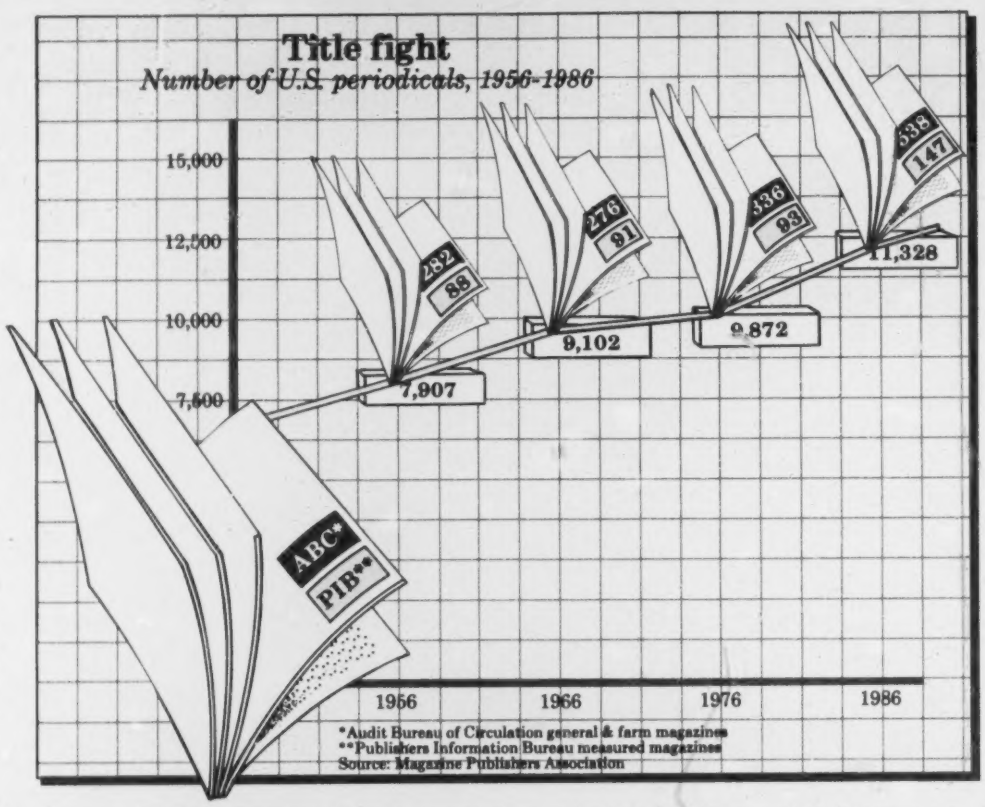
High cover prices make subscription packages, which often include extra gifts, attractive by comparison. "People realize that it's a better deal to subscribe," says Dan Pipp, newsstand circulation manager for Meredith Corp., Des Moines, Iowa. "That's become a sore point among wholesalers. They object to deals that almost mock people who buy magazines at relatively high newsstand prices."

Although newsstand sales have declined, total magazine circulation has risen regularly for the past 10 years—meaning that publishers have become increasingly dependent upon expensively maintained subscriber lists.

According to the Magazine Publishers Association, New York, circulation expenses accounted for 26.8% of a magazine's total costs in 1985, and subscription expenses—postage, direct mail, TV advertising and other promotions—consume the lion's share of that budget.

Some magazines have made only a minimal effort to sign up subscribers. At CBS Magazines' *Woman's Day*, New York, being circulated primarily on newsstands gives the publication an advantage with advertisers, says Publisher Anne Sutherland Fuchs.

"Instead of an annual purchasing decision, which allows the reader to get the magazine every month whether or not she reads it, we are asking her to make that decision every month," she says. "Plus, subscriptions don't make money until the renewal of the renewal."



But even for those magazines sold mostly by subscription, Ms. Shields says, "The newsstand is a good place to bring in new customers and to get feedback on what consumers are interested in in terms of covers and stories."

To generate newsstand interest, publishers are appealing not only to consumers—through TV ads, eye-catching covers, provocative cover language—but also to retailers.

"We desperately need better promotion and merchandising at the retail level," says Jack Fitzmaurice, president of the Periodicals Institute. "Every title is battling for space; there's no way that 2,500 magazines all are getting on the grocery store racks," he says.

Mr. Fitzmaurice believes magazines need to provide retailers with available data that will help them decide how much space to devote to magazines and which titles to carry.

The MPA also is completing a $600,000 study designed to demonstrate magazines' profitability to retailers in terms they understand. A hot acronym in the supermarket business is DPP, or direct product profit. It measures retailer profit after all costs, including transportation, warehousing and in-store labor, are subtracted. The new MPA study compares magazines' DPP with that of other grocery items.

Although the MPA is waiting for final results, the preliminary numbers are "wonderful for magazines," says Jerry Ward, chairman of the association's magazine retail task force and publisher of the *Better Homes and Gardens* special-interest publications at Meredith Corp. At supermarkets, he says, magazines rank among the most profitable products, along with cigarettes, in both DPP and DPP per square foot of shelf space—largely because retailers pay no warehousing or transportation costs.

The MPA committee is preparing to present the study results to retailers around the country. "The study puts us in a great position to improve our retail presence," says Mr. Ward, who supervises 20 newsstand-only titles at Meredith. "It's been frustrating—and very scary—to a lot of us in the industry to see so much space devoted to, for example, videocassette rentals and greeting cards."

Circulation executives also are examining retail promotions designed to increase single-copy sales. Late last year, Meredith's *Better Homes and Gardens*, in conjunction with the Periodicals Institute and Select Magazines, a New York-based national distributor, conducted a buy-one, get-one-free test in 17 supermarkets serviced by Valley Distributors, Norristown, Pa. Consumers were offered a free copy of the November issue of *Better Homes and Gardens* when purchasing the December issue.

Sales in control stores were up 33% over the chain's average *Better Homes* sales for the rest of the year. In stores using only a sign to promote the offer, sales rose 68%, while in supermarkets featuring the magazines in a separate cardboard display, sales were up 186%.

Aside from boosting purchases, this offer allows publishers to salvage expired issues. The industry's rule of thumb is that 50% of all newsstand copies are returned to wholesalers and eventually shredded.

But Mr. Pipp says he has reservations about the test. First, the current setup would have to be changed to allow issues to move back and forth through the wholesale system. Second, although it approved the research, the ABC has not indicated whether it would count these sales as paid circulation. "But the big question," Mr. Pipp says, "is whether the retailer would be willing to commit this kind of space."

Still, Mr. Fitzmaurice is delighted with the test's results. The Periodicals Institute is working on other promotions, including an in-store coupon, tested successfully in 1986, offering a 20% discount on any magazine. He also would like to research the value of advertising contained in magazines; his hypothesis is that each magazine, through ads and coupons contained in it, helps to sell at least one other product.

Magazine executives say these efforts are overdue. "We're working closely on the MPA's study, and trying more conventional promotions, such as couponing, that traditionally are associated with package goods," Ms. Shields says. "I think we can do a lot more in that area."

Premium use

(Continued from Page S-6)
culation through premium offers rather than "enjoying natural levels of circulation through healthy promotions"—reduced-rate subscriptions, for example. He says the spreading use of premiums with renewals moves publishers into "a vicious spiral" of additional use.

Mr. Hall sees circulation expenses rising as more subscriptions include premiums.

He argues that this makes magazines more dependent on boosting advertising revenues in a flat ad market. "You're mortgaging yourself," he warns.

What do the advertisers think? Bernard Stolbof, VP at House of Seagram Media, New York, prefers that readers buy publications for quality rather than "artificial" inducements, although he does consider editorial premiums "more natural." House of Seagram spent $29.7 million in magazine buys in 1985, according to Leading National Advertisers.

Magazine executives divide into two camps when predicting the future of premium use.

Dick Leventer, director of circulation promotion for Hearst Magazines, New York, foresees less of it.

"In premiums, your first four ideas get better, then you run out of easy things to do and have trouble getting a good one," he observes. "People will discover premiums can give you more trouble than they're worth; their costs, and their unpredictable response detract from creativity and renewability."

Changes in publishers' and advertisers' attitudes toward circulation also could lessen premium use. Mr. Drexler believes publishers in the future will accept lower, but more profitable, circulation levels. "We don't see reduction as a sign of weakness," he says.

For publishers that eschew premiums, the purity of their circulation already has become a sales point. Stephen Nicoll, ad director of New York-based *Forbes*, says, "We're not concerned about what others do. They can have the non-influential readers.

"The readers we want aren't going to fall for a radio or a clock," he says.

Time Inc. puts video premiums on cutting edge

After joining *Sports Illustrated* as circulation director in 1985, Lindsay Valk witnessed a continuing evolution in the magazine's premiums and direct-response TV advertising. "We've gotten more sophisticated in our approach, in what sells on TV and the use of premiums," says Mr. Valk, recently named circulation director of *People*.

Like other Time Inc. magazines, *Sports Illustrated*, New York, first promoted some of its special annual issues as editorial premiums available with subscription offers.

After that first batch of editorial premiums, *SI* moved to what Mr. Valk terms second and now third-generation premiums. The second wave included soft goods like T-shirts and windbreakers, then hard goods: cameras, radios, binoculars. Direct mail marketing for the first half of 1987 offers the *SI* football telephone, a football-shaped device that rests on a tee.

The latest wrinkle combines editorial and non-editorial features. With the debut of "Football Follies" in the second half of 1986, videocassettes on sports themes became the magazine's main, or "control," premium. The videocassette theme continues for the first half of this year with "NFL Crunch Course," featuring top defensive plays and players.

Mr. Valk considers videocassettes the cutting edge of premium use at Time Inc., a leader in the field. He likes them because they pull together benefits other premiums lack. For one thing, vcr ownership usually connotes attractive demographics. Also, the topics tie into the magazine's editorial. Finally, the cassettes are "renewable"; that is, different sports topics can be covered within the same type of premium. When one cassette loses its pulling power, *SI* can simply switch subjects.

—Van Wallach

Sidelights

MAGAZINES

Welcome to the premiums bizarre

Premiums come and premiums go. Dick Leventer has seen 'em all. "Steak knives used to be the world's best premium," recalls the former merchandise-by-mail maven, who now works as Hearst Magazines' director of circulation promotion. But knives didn't last, he says, and neither did watchbands or shower radios.

Although bizarre premiums rarely click as well as standards—telephones or cameras, for instance—because they lack broad appeal, magazines occasionally conduct small experiments with expensive or offbeat items. Several years ago, *U.S News & World Report*, Washington, tested a TV set offer in a mailing of 125. An official was reluctant to discuss the matter except to describe the test as "minuscule."

Special-interest magazines *can* offer focused, specialized premiums. Rodale Press, Emmaus, Pa., for example, finds that tomato seeds yield a stronger renewal rate among *Rodale's Organic Gardening* subscribers. Readers also have been offered soil test kits and gardener's kneeling pads, albeit with less success. Bob Kaslik, Rodale's corporate circulation director, laments, "I thought the kneeling pad would work better than it did. It was my idea."

Mother Jones, San Francisco, kicked up quite a stir—and response—with its trademarked Official Ronald Reagan Door Mat. The left-wing magazine, which previously had used only editorial premiums, wanted an unusual offer for its 10th anniversary sweepstakes, says David Assmann, circulation director.

Mother Jones tested the doormat twice, in mailings to 10,000 and then 100,000 consumers. Promotional materials declared, "Transform wiping your feet into a political statement—and a cathartic experience—with this indispensable household accessory."

Since December 1985, the premium has attracted 60,000 new subscribers and led to 20,000 renewals, according to Mr. Assmann; the magazine has a total circulation of 176,342, more than 90% of which are subscription copies. Given the big response, *Mother Jones* probably will continue the offer through the rest of President Reagan's term.

—Van Wallach

'TV Guide' aims for sharper image

There's Judy, the operator for *Time* magazine, and Woody Allen's friend Tony Roberts, pitching for *U.S. News & World Report*. But a recent star among the familiar faces appearing in TV ads for magazines never shows his face.

Mal Sharpe is the man behind the microphone for *TV Guide*. His series of nine variable-length spots, featuring unrehearsed, man-on-the-street interviews with *TV Guide* readers, do exactly what the magazine wants. "Everyone knows *TV Guide*," says Fred Jervis, promotion director. "We wanted to demonstrate what the magazine means to its readers."

Man on the Street Productions, Berkeley, Calif., specializes in exactly that kind of approach, says Mr. Sharpe, a comedian who has been conducting interview commercials for about 15 years. On radio currently in spots for AT&T's long distance service and Hilton Hotel Corp., Mr. Sharpe found his approach surprisingly transferable to television.

"TV has always been uptight," he says. "And radio has always been totally loose. That's why I tend to work more in radio. But what *TV Guide* wanted was to show people being warm, relaxed, funny and saying nice things about the magazine. It was designed to be a departure from the traditional scripted, stiff testimonial."

Mr. Sharpe took his microphone, a single camera and a small crew to local shopping centers, and stopped customers who had been spotted buying *TV Guide*. During a two-day shoot, he interviewed more than 80 customers of the weekly magazine.

"Frankly, I was surprised by the people who bought the publication. I was expecting, well, you know . . . people who looked like they sat in front of their TV all day. What we got was a wide cross section of people, including attorneys, executives and yuppies of all sorts, talking about their relationship with *TV Guide*. They said all sorts of positive things about the magazine that no copywriter would ever write."

Mal Sharpe and the tools of his trade.

The ads feature a man who says he takes the magazine into the bathtub with him, another reader who claims it's the best magazine in America and still another who counts reading *TV Guide* as part of the Bill of Rights.

"All I'm trying to do," Mr. Sharpe says, "is evoke some humor and some honesty from people."

—Len Strazewski

Mailer looks inside new 'Soviet Life'

A window on the envelope displays a "special savings token" for new subscribers. Included is a punchy letter, with the obligatory "handwitten" P.S.: "If you subscribe now you'll also receive free our big 30th Anniversary Special Issue!" But this is not a typical Madison Ave. mailer.

The letter is signed by Yuri B. Savenkov. The letterhead reads, "*Soviet Life*, 4 Zubovsky Blvd., Moscow, USSR."

Is this *Soviet Life* circulation drive the latest move by the newly marketing-conscious Soviet government? "Oh Lord no, we've worked on and off for them since 1966," says Tony Arau, president of A&R Group, Wayne, N.J., *Soviet Life's* marketing consultant until early this year.

The current mailer first was used in 1983. *Soviet Life's* publisher, the Soviet Embassy in Washington, periodically mounts campaigns to keep circulation at the legal limit of 62,000—52,000 subscriptions and 10,000 single-copy sales.

Mr. Arau looks for subscribers among "serious readers, interested in world affairs and politics, and foreign travel . . . not necessarily left-wingers."

The mailer itself is apolitical—no Lenin's tomb and only one picture of tractors. Mr. Arau says response rates rise during crises.

With the help of the U.S. Information Agency, Soviet Life has upgraded and added color to its look. Although Mr. Arau boasts of "a less heavy-handed, less propagandistic" tone, a recent issue offered "Excerpts from Mikhail Gorbachev's Report at the Plenary Meeting of the CPSU Central Committee."

—Van Wallach

In ego battle, 'GQ' plays trump card

Celebrity egos occasionally work to a magazine's fiscal advantage. According to *Gentlemen's Quarterly* Editor Art Cooper, real-estate magnate Donald Trump despised his *GQ* cover story, so he bought all the issues in the lobby of Manhattan's Trump Tower.

Immediately, the Conde Nast Publications monthly gleefully replenished the supply. Mr. Trump responded by snapping up the second batch. The game lasted several rounds, with *GQ* capitalizing on Mr. Trump's disdain all the while.

"I thought, 'Hey, we really have something going here,' " Mr. Cooper recalls. "I figured we could have had our all-time best-selling issue if he kept it up."

—Debra Kent

Associate editor Julie Liesse Erickson coordinated this report on Magazines.

Coming

Next week Advertising Age's Special Report will focus on **Marketing to the Affluent.**

"To raise your rate base and sell subscriptions with premiums is detrimental to the reliability of what we're selling to advertisers. We should be selling a subscriber who is interested in what's printed in our pages. I think that it totally diminishes our value and credibility when we sell with anything other than our publication."

Stephen Nicoll
Forbes

Magazines HIT LIST

Sidelights lists the nation's leading magazines below.

Largest circulation

1. ***TV Guide*** - 16,800,441
2. ***Reader's Digest*** - 16,609,847
3. ***Modern Maturity*** - 13,597,330*
4. ***National Geographic*** - 10,764,998
5. ***Better Homes and Gardens*** - 8,091,751
6. ***Family Circle*** - 6,261,519
7. ***Woman's Day*** - 5,743,842
8. ***Good Housekeeping*** - 5,221,575
9. ***McCall's*** - 5,186,393
10. ***Ladies' Home Journal*** - 5,020,551

*Audit Bureau of Circulations' reports for first half of 1986.

Largest newsstand circulation

1. ***TV Guide*** - 8,482,246
2. ***Family Circle*** - 5,688,100
3. ***Woman's Day*** - 5,672,578
4. ***National Enquirer*** - 3,944,496
5. ***Star*** - 3,399,127
6. ***Cosmopolitan*** - 2,514,444
7. ***Penthouse*** - 2,140,098
8. ***Good Housekeeping*** - 1,755,528
9. ***People*** - 1,740,557
10. ***Glamour*** - 1,679,194

Source: For two charts above, Audit Bureau of Circulations' FAS-FAX report of average circulation for the six months ending Dec. 31, 1986. Does not include groups or comics.

Highest ad revenues

1. ***Time*** - $344,780,783
2. ***TV Guide*** - $318,074,967
3. ***People*** - $267,694,019
4. ***Sports Illustrated*** - $247,413,631
5. ***Newsweek*** - $238,364,889
6. ***Business Week*** - $166,617,226
7. ***Good Housekeeping*** - $144,992,240
8. ***Family Circle*** - $141,639,104
9. ***Better Homes and Gardens*** - $129,845,029
10. ***Woman's Day*** - $123,549,594

Source: Publishers Information Bureau for 1986.

Highest cover prices

1. ***American Demographics*** - $6.00
2. ***The Magazine Antiques*** - $5.00
3. ***Satellite Orbit*** - $4.95
4. ***Architectural Digest*** - $4.50
5. ***Southwest Art*** - $4.50
6. ***80 Micro*** - $4.00
7. ***House & Gardon*** - $4.00
8. ***Penthouse*** - $4.00

Several tied for 9th and 10th

Source: Monthly magazines audited by Audit Bureau of Circulations; cover prices reported for second half of 1986.

FSIs favored by marketers as product coupons multiply

By LAURIE FREEMAN

Package-goods marketers increased their coupon usage 18.5% in 1986 and relied more heavily on free standing inserts to deliver those coupons. But the percentage of coupons redeemed remained flat.

More than 208 billion coupons were distributed last year through inserts, print advertising and direct mail, according to Summary Scan, a Chicago-based division of the Advertising Checking Bureau. Of that total, 8.75 billion coupons (4.2%) were redeemed at a cost (face value plus 10¢ handling fee) to package-goods manufacturers of $4.2 billion.

The number of coupons misredeemed by consumers purchasing the wrong product, or by syndicated coupon rings, remained fairly constant. Coupon industry sources say 10% to 15% of all coupons distributed in 1985 and 1986 were misredeemed.

Free standing coupon insert companies, like Quad Graphics and Product Movers, are continuing efforts to block coupon fraud by placing FSIs in subscription-only copies of Sunday newspapers.

The 1986 numbers represent an 18.5% increase over the 175.5 billion coupons distributed the previous year, and a slight increase over 1985's 3.9% redemption rate (at a cost of $3.01 billion).

Comparable data from A.C. Nielsen Co.'s Manufacturers Coupon Control Center in Clinton, Iowa, show a lower but still substantial growth rate. MCCC puts the 1986 coupon total at 202.6 billion, up 12.6% from 179.8 billion coupons in 1985. Redemption rate for both years was 3.6%.

Different tracking methods account for the discrepancies. Summary Scan uses numbers from 22 measured markets to make national projections. MCCC gets its data directly from manufacturers that use its clearinghouse services.

Beyond increases in the sheer number of coupons, the greatest changes have come in the form of distribution.

According to Summary Scan data, FSIs carried 80% of the coupons distributed in 1986, compared with a 53.1% share the previous year.

The increase in FSI usage came at the expense of every other delivery medium. Hurt most, according to Summary Scan data, were magazines, whose share of total coupons delivered dropped to 5% in 1986 from 26.1% the previous year. Daily newspapers' "Best Food Day" sections' share dipped to 10% from 12.1%; newspapers' Sunday magazines and comics sections dropped to 1% from 4.6%.

The least affected was direct mail, which accounted for 4% of coupons in 1986, compared with 4.1% the previous year.

MCCC's numbers show similar, if less dramatic, changes.

Its data have FSIs' share at 68.8% in 1986, compared with 59.9% the previous year. Magazines' share dipped to 6.5% from 8.6% in 1985; newspaper run-of-press dropped to 7.4% from 12.2%; newspaper co-op advertising carried 7.1%, down from 8%; Sunday supplements carried 1.2%, down from 2.1%; and direct mail was down slightly to 4% from 4.4%.

MCCC numbers also include on-pack/in-pack coupons, which it shows increasing to 5.8% of coupons delivered from 4.8% in 1985.

An MCCC spokesman said FSI use has increased because "it's the most economical way for manufacturers to get their coupons to consumers. Until a few years ago, FSIs were only eight pages in length. Now they can be 30 or more pages, and more manufacturers are taking advantage of the expanded format."

A spokeswoman for the Magazine Publishers Association, New York, said a decline in use of magazines for coupon delivery does not necessarily mean a decline in ad pages. Coupon inserts are counted as regular ad pages, she said.

Several major package-goods marketers, including Bristol-Myers, Colgate-Palmolive Co. and General Foods Corp., have expressed their determination to stabilize, if not decrease, their usage of coupons. But Summary Scan director Kermit Myers expects continued growth.

"All the manufacturers claim they're cutting back, but I think it's wishful thinking for the most part," said Mr. Myers. "If the pace continues like [1986], we may see as much as a 20% increase this year. But if they adhere to their desire to cut back, there may be only a 5%-to-10% increase."

However, consumers' perception that manufacturers raise prices to cover the companies' rising promotional costs is one reason redemption rates are fairly low and flat, Mr. Myers said.

According to Summary Scan's data, health & beauty aids marketers surpassed the 17 other major product categories by dropping 38.8 billion coupons and spending $823 million on redemptions.

"This is an extremely competitive category, with a lot of brands that don't have many significant differences between them," one industry source said in explaining the numbers.

The prepared-foods category came in second, accounting for 20.7 billion coupons last year. Close behind were marketers of frozen/refrigerated products, which distributed 19.6 billion coupons in 1986. These three categories issued more coupons in 1986 than were distributed by all marketers 10 years ago, Mr. Myers said.

"No one anticipated this phenomenal and seemingly uncontrollable growth," he said. "As recently as four years ago, there might have been 500 products in a store with coupons, rebates, contests or other special offers. Now, there are 2,000. Virtually every single product has some kind of special offer during the year."#

Coupon usage

Americans were showered with 208 billion coupons in 1986, 18.5% more than during the previous year. Yet only 4.2% of those coupons actually were redeemed. Health and beauty aid marketers continue to be the most active users of coupons.
Source: Summary Scan.

Category	Billions of coupons
Health/beauty aids	38.881
Prepared foods	20.679
Frozen/refrigerated	19.617
Household products	19.000
Cereals	15.406
Pet supplies	14.947
Beverages	14.277
Candy/snacks/chips	11.704
Dairy products	11.516
Baking needs	11.047
Processed meats	7.131
Paper/plastic/alum.	6.326
Cookies/crackers	5.354
Breads/baked goods	2.750
Smokers' needs	2.693
Baby products	1.815
Beer/wine	.653
Miscellaneous	4.229

Magazine ads better received

By VERNE GAY

New York—About one-fourth of the population finds magazine advertising more believable than TV advertising, according to a new study from the Magazine Publishers Association.

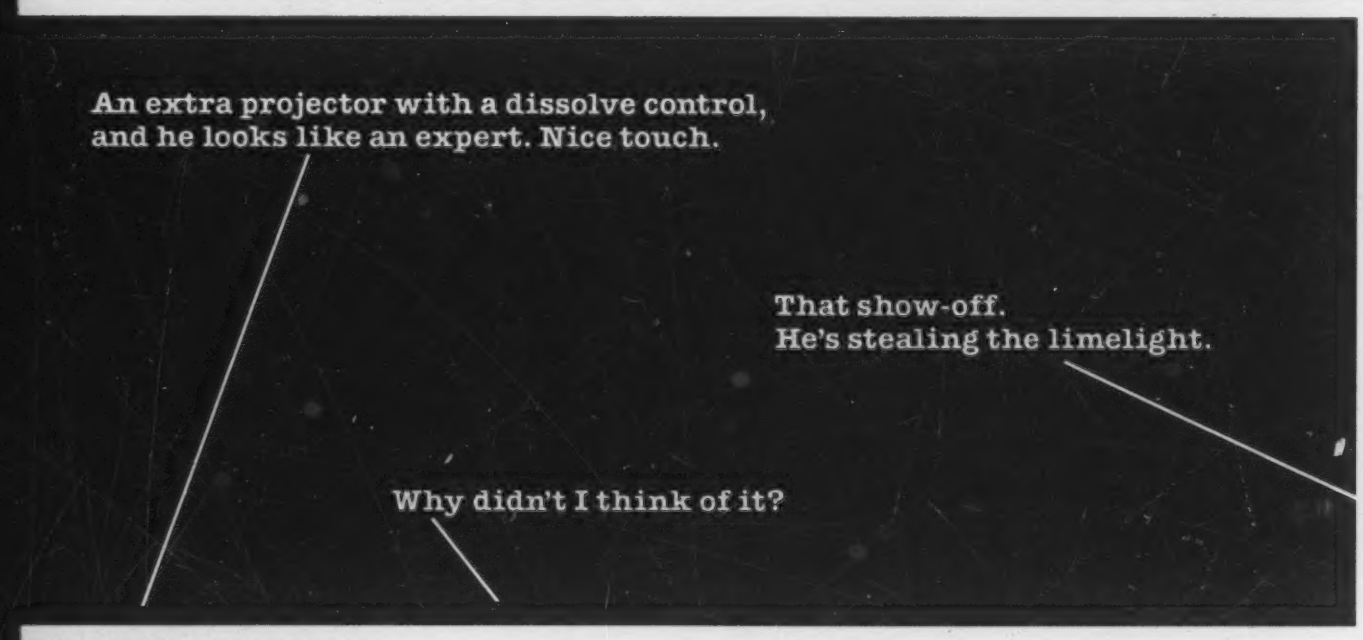
The study of 2,000 adults, conducted last November by Audits & Surveys, reported 21% of men and 26% of women rated magazine advertising more "appealing," "informative" and "believable" than TV advertising.

It also found that 75% of the men and 96% of the women considered TV advertising usually more "annoying," "irritating," "misleading," "silly," "boring," "monotonous," "confusing," "juvenile," "in bad taste" and "offensive" than magazine ads.

When informed of the study, Roger Rice, president of the Television Bureau of Advertising, said the results conflict with a study conducted by R.H. Bruskin & Associates last year. In the Bruskin survey, 57% of the respondents found TV "more authoritative," and 9% found magazines more so, Mr. Rice said.

The MPA study, the fifth in a series, also concluded:

- Magazines contribute most to consumers' personal knowledge about subjects including automobiles, beauty and grooming, careers, culture, entertaining, food, health, hobbies and self-improvement.
- When asked which medium best fits personal needs, 46% of the men and 50% of the women said magazines, with TV a distant runner-up.
- Working women were 30% more likely than women not employed outside the home to turn to magazines for information on finance, 29% more likely for health information and 16% more likely for automobile information.#


An extra projector with a dissolve control,
and he looks like an expert. Nice touch.
That show-off.
He's stealing the limelight.
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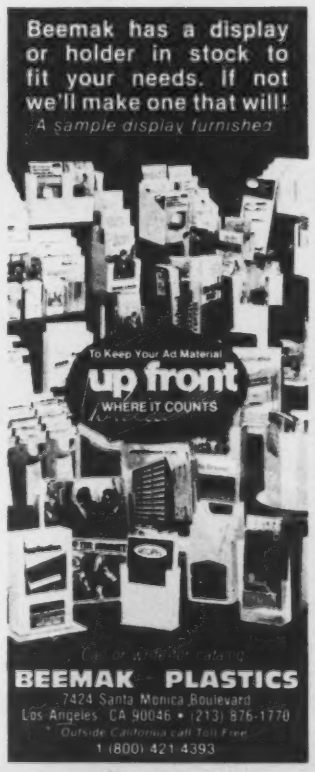
CORPORATE CLIMBING GEAR

Kodak


Beemak has a display or holder in stock to fit your needs. If not we'll make one that will!
A sample display furnished
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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Diller's dream to debut on April 5

By CRAIG REISS and WAYNE WALLEY

Barry Diller has been obsessed with the idea of running a fourth TV network for more than a decade. On April 5, the waiting ends for Mr. Diller, and an odyssey begins that could change the nature of the TV business.

Mr. Diller, 44, is chairman-ceo of Fox Inc., the U.S. entertainment subsidiary of Rupert Murdoch's News Corp. And in three weeks Mr. Diller's Fox Broadcasting unit begins the gradual rollout of a two-nights-a-week schedule of original prime-time programming.

The shows it will serve to its own and its affiliated independent TV stations will be produced by the same top creative talent that supplies the Big 3 networks, and Fox will be paying network-level prices for them.

More than 100 stations have signed with Fox. And a long list of blue-chip advertisers have lined up for time on the Fox "network": American Motors Corp.; Anheuser-Busch Cos.; Bristol-Myers Co.; Clorox Co.; Colgate-Palmolive Co.; E. & J. Gallo Winery; General Foods Corp.; General Mills; Helene Curtis Industries; Johnson & Johnson; Kentucky Fried Chicken; Kraft Inc.; Levi Strauss & Co.; International Playtex; Sears, Roebuck & Co.; Stroh

(Continued on Page 85)

Credit-card war looms

MasterCard, Visa face Optima threat

By PATRICIA WINTERS

MasterCard and Visa plan to defend themselves vigorously against American Express Co.'s new Optima card, despite AmEx's claim that it won't be competing with the bank cards.

"If you believe [AmEx], I've got a nice bridge with a toll booth that I'd like to sell you," Visa International President Charles Russell said in a prepared statement issued by his San Francisco office.

New York-based AmEx last week disclosed its long-rumored new credit card, which will be offered only to the holders of its green and platinum charge cards.

Optima will charge interest rates based on a multiple of the prime rate, which means initially around 13.5%. That is about five percentage points lower than the average interest rate for Visa and MasterCard.

Visa intends to send letters to all

(Continued on Page 84)

Last Minute News

Ketchum to buy Mandabach agency

PITTSBURGH—Ketchum Communications has agreed to acquire Chicago-based Mandabach & Simms, sources say. M&S' billings are estimated at $50 million. Ketchum earlier said it was negotiating acquisitions in Chicago and New York (AA, Feb. 23).

Helene Curtis plans $40M introduction

CHICAGO—Helene Curtis will spend $40 million on introductory marketing for its Salon Selectives haircare line (AA, Dec. 8). A $14 million media budget includes network TV and print ads in women's fashion and beauty magazines, breaking in May. The first of six planned promotional events uses $1-off coupons. DFS Dorland Worldwide, New York, is believed to handle the account.

Mrs. Fields' to buy PepsiCo unit

MILL VALLEY, CALIF.—PepsiCo has reached a preliminary agreement to sell its La Petite Boulangerie bakery chain to Mrs. Fields'

(Continued on Page 8)

Wary NBC mulls upfront limit

People meters breed caution

By VERNE GAY

NEW YORK—NBC-TV is considering limiting by hundreds of millions of dollars its advance—or upfront—commercial inventory for the 1987-88 season, according to top-level industry sources.

By limiting early sales, the No. 1-rated network could reduce advertiser pay-backs, or makegoods, anticipated under the new people-meter audience measurement system.

In tests, people-meter audience levels for critical viewer demographics have been lower than levels reported by the traditional A.C. Nielsen Co. diaries.

If network TV advertisers secure upfront buys with guarantees based on the people-meter results, each of the Big 3 TV networks could face huge pay-backs to them next year. With an upfront limit, NBC could avoid the problem, say sources, and then wait for the "scatter"—or short-term—sales market to sell the balance of its advertising time.

Unlike upfront deals, scatter sales do not carry audience guarantees.

Restricting the amount of upfront inventory, especially at highly rated NBC, also could mean demand would outstrip supply, thus firming up network prices.

An NBC source who declined to be identified confirmed this was one of several strategies under consideration. He said the network had not set a policy, however.

NBC booked more than $1 billion of the $2.4 billion upfront market last year.

Another network executive said, "Everyone's doing a model that shows if we write more business our vulnerability will be 'X' and if we write less it will be 'Y.' You've got to pick your poison: Either hold out for scatter or guarantee on a big upfront. But scatter has been pretty friendly lately."

Any strategy to hold back upfront sales would have profound implications for the networks. Victory in the upfront selling period has become a tradition almost as sacred as winning the ratings crown—but far more important financially. A strong upfront also sends signals to senior management and Wall Street about the network's strength in the coming year.

CBS limited upfront sales four years ago, hoping a strong scatter market would materialize. But it did not.

Some agency TV buyers doubt that NBC or any network would limit sales. "Let's say next year they limit sales to $700 million," said one major buyer. "They'd have to have a hell of a lot of data and a hell of a rationale to show [parent] General Electric that they could make [in scatter] in excess of the missing $300 million."

Another buyer agreed: "There is strong

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Highlights

Diller's network 1
Barry Diller has been obsessed with the idea of running a fourth TV network for more than a decade. On April 5, his waiting ends, and an odyssey begins that could change the nature of the TV business. Mr. Diller's Fox Broadcasting unit gradually will roll out two-nights-a-week of original prime-time programming.

Chrysler bids for AMC 3
Chrysler Corp.'s bid to acquire American Motors Corp. would give Chrysler a global presence less than a decade after the company sold most of its international assets. But it also raises the question of whether Chrysler will continue employing AMC's ad agency, Saatchi & Saatchi Compton.

Cascading novelties 3
Frozen-novelty marketers are readying an avalanche of new products that will mean dramatic increases in category ad spending and headaches for retailers with already overstuffed freezers.

All-Star ballot sponsors 4
Chevrolet, Rawlings Sporting Goods and Gannett Co.'s *USA Today* are ready to play ball. As part of Major League Baseball's corporate sponsorship strategy for the 1987 season, these companies are linking up for a major sweepstakes promotion of fan balloting for the All-Star Game.

Jake's ads draw criticism 6
The Juvenile Diabetes Association has joined Coca-Cola USA in complaining about Jake's diet cola advertising running in three test markets. The group's concern centers on the cola's description as a diet product, because it contains sugar and 30 calories per 12-ounce can.

Reebok's stepping-stone 12
Reebok and Nike, the country's leading athletic-shoe marketers, are stepping up the pace. Reebok, the No. 1 sports-shoe marketer, last week paid $180 million to purchase fast-growing rival Avia Group International. Meanwhile, No. 2 Nike kicked off an estimated $7 million, yearlong campaign built around the original Beatles recording of "Revolution."

Black & Decker retools 34
Black & Decker has decided to refocus its attention on what were once its best-known products—power tools. The company has hired Leo Burnett USA, Chicago, to handle the $10 million job of getting consumers buzzing again about its drills, cordless power tools and lawncare products.

Gerber's reinforcements 36
Gerber Products Co. has hired an agency to target black consumers and is taking other steps to maintain its sales leadership in the baby-food market, despite an anticipated drop in births in the 1990s. These actions come at a good time, because Europe's leading baby-foot marketer, Milupa AG of West Germany, is entering the market long dominated by Gerber.

INTERNATIONAL

Canada's version of Campbell 56
Unlike Campbell Soup Co.'s other subsidiaries, its Canadian operation is 30% owned by local shareholders. The results have been so positive the company may start using the same ownership formula in other countries if the conditions are right.

Looking at U.S. media 56
In editorials, Canadian media are calling for protection from U.S. publications, which they look upon as predators hungry for their advertising revenues. But that hasn't stopped the Canadians from moving south of the border, signing deals to buy the media properties they claim threaten their existence.

OTHER NEWS

John Koehler, who was asked to resign as White House communications director after serving two weeks, had planned to revive the ailing Reagan presidency with TV and print ads starring the Great Communicator. Page 3.

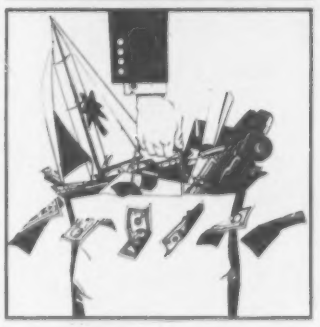
Norelco's first assignment for its new agency, D'Arcy Masius Benton & Bowles, will be to shore up its beleaguered electric-shaver brands. Long the leader with more than 50% of the estimated $280 million electric razor market, Norelco faces increasingly strong challenges from Gillette Co.'s Braun division and Victor Kiam's Remington Products, among others. Page 39.

Bags of money are being spent to promote Dino De Laurentiis' new movie "Million Dollar Mystery"—trash bags, that is. First Brands' Glad Bags division agreed to spend $15 million on advertising, including $1 million in cash, for the film, starring Glad spokesman Tom Bosley, which is scheduled for release June 10. Page 40.

Christopher Skase, 38, an upstart Australian media baron, has acquired the Hal Roach name and film library as the foundation for what he hopes will become a $1 billion U.S. broadcasting and TV production empire. Page 72.

Stan Freberg, the veteran adman who wrote the book on humorous advertising, has turned his satiric sights on a different set of books—Encyclopaedia Britannica—in a new campaign that mocks the client's own direct-response format. Page 87.

SPECIAL REPORT



Marketing to Affluents—*Selling quality to the affluent generally demands a subtle, personalized approach and a lot of special service. But for those who know the formula, flamboyant sales promotion/special events attract the affluent with great success.*

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CBS adds 3½ minutes of ad time

By VERNE GAY

New York—CBS-TV Network next fall will add 3½ national commercial minutes per week to its prime-time schedule, a move that advertisers claim will add to commercial clutter but could help hold the line on network pricing.

The move could bring CBS as much as $14 million in new ad revenue in its fourth quarter alone.

CBS will insert some of the new units in its most lucrative programs. Other new units will replace CBS promotional time.

"I'm obviously concerned about increased commercialization. The increase in units is going to add to the clutter. However, we recognize the position of the networks in terms of maintaining their cost-per-thousands and in increasing revenues," said Richard Kostyra, exec VP-U.S. director of media services at J. Walter Thompson USA. "The prime concern with us is with the TV networks taking further action to offset increased clutter. Specifically, the last commercial pod in a program should be moved into the program."

CBS said the increased inventory would give it roughly the same number of prime-time units for national sale as NBC.

The move was part of a recent agreement between CBS and affiliates on network compensation.

CBS tried to restructure its $174 million annual compensation to affiliates to increase clearances of morning and late-night programming. The net currently compensates affiliates by paying 32% of the local station's prime-time ad rate and 10% of its late-night rate. It had proposed cutting prime-time compensation to 30% and raising late-night to 40%.

The affiliates vigorously resisted any change in the current structure. CBS came back with the proposal to increase network prime-time commercial time and to give affiliates 1½ additional minutes per week of local ad time.

CBS tried to change the payment system so that stations would clear programming in troubled dayparts, including late-night, said Tony Malara, senior VP-distribution.

Affiliates are loath to cancel the profitable barter-syndicated shows already running in the late-night time periods.

East/West Net may close its L.A. operation

Los Angeles—East/West Network, a publisher of in-flight magazines, is considering closing its office here and consolidating its operation in New York, said Hershel Sinay, publisher/VP-western operations.

Western business has been adversely affected by the numerous airline mergers, and the local office has dropped four titles. Of its three remaining, *PSA Magazine* may be in jeopardy when Pacifc Southwest Airlines completes its merger with USAir. To date, the publisher has laid off one-third of its local editorial and art staff, once 36-persons strong. Mr. Sinay said layoffs will continue.

Nationally, East/West publishes eight in-flight magazine titles. East/West is in the process of closing its Denver office.

West Coast News

Chiat/Day dominated the Advertising Club of Los Angeles' Belding Awards for the fourth year, picking up 14 of the competition's 41 Belding bowls. That included the Sweepstakes prize for its work for Brown-Forman's California Cooler. Phillips-Ramsey and Gary D. Johns won three awards each at the March 12 awards. Racking up two awards each were BBDO/Slightly Further West; DDB Needham; Della Femina, Travisano & Partners; W.B. Doner & Co.; Rubin, Postaer & Associates; and 213-827-9695 & Associates.

Plantronics, Santa Cruz, Calif., has added five agencies to compete against BBDO Worldwide, Chiat/Day and Woolward & Co., all San Francisco, for its $2 million account. VP-Sales and Marketing Al Pepper is overseeing the account review following the departure of Director of Marketing David Hodges.

Hal Riney & Partners, San Francisco, promoted John Yost, 37, to senior VP-general manager, as expected (AA, Jan. 26), succeeding Don Ashley, who left. Mr. Yost retains the title of director of client services. Also, Paula Kahn, 38, has been named senior VP-group management supervisor, a new post. Most recently, she was senior VP-account director, J. Walter Thompson USA, Chicago.

Raging Waters, San Dimas, Calif., last week assigned its $750,000 advertising account to Salvati Montgomery Sakoda, Santa Ana, ending a 6-month agency search.

Special Report

Marketing to the Affluent

Creative promotions win wealthy response

By Pat Gray Thomas

Marketing furs, yachts, houses or horses to the affluent no longer requires strict adherence to the understated approach—without price tags.

Although some of them may consider it vulgar to discuss money or price in most circumstances, the affluent still flock to the flamboyant promotions and double-point shopping parties given by Dallas-based retailer Neiman-Marcus. (See Page S-2)

As information about the affluent sector increases and changes with a multitude of new studies being done, marketers are responding with everything from $4 peanut butter to million-dollar sports spectaculars.

"While people making $50,000 a year may not mind splurging on expensive chocolates at $20 a pound, they're probably not the same people who buy paintings worth millions of dollars," says Bill Turner, author of The Affluent Market, a recently published study from FIND/SVP, the New York-based market research company.

Marketers need to be aware of the various segments in this category—its demographics and psychographics, Mr. Turner says.

Although theories vary on the income required to be considered affluent in current dollars, perhaps the most important—because of size—and attractive of these segments is the 11 million to 13 million households that report income of $50,000 or more. This group accounts for two-thirds of total discretionary income in the U.S., and is projected to increase 50% between 1985 and 1995, by Wharton Econometric Forecasting in the FIND/SVP study.

The FIND study also estimates that black affluents will increase by 50% in the next 15 years; affluent women are projected to double to 26% of the total population by 1990.

The acquisition and display of affluence is more acceptable today than it was in the 1960s, "It's chic to be rich," says Marty LeGrand, news editor of *Polo*, Gaithersburg, Md.

Spending sprees

Affluent expenditures by product

Category	Total billions
Home furnishings	$28.5
Furniture	11.5
Home improvement materials	8.4
Entertainment equipment	7.2
Jewelry	6.1
Household appliances	4.2
Personal computers	4.1
Photographic equipment	2.4
Color televisions	2.4

Survey measures household incomes over $50,000.
Source: U.S. Bureau of Census, 1985 Mendelsohn Media Research, 1985 Simmons Study of Media & Markets

Fur retailers wrap wealthy clients in amenities

By Sally F. Robbins

Jet trips to Leningrad, U.S.S.R. for fur auctions, shopping incentives to win trips or caviar, at-home fur presentations or special service any time of day: This is the treatment given the affluent clientele of fine furriers.

It's a multimillion dollar business for a select group of retailers, but the approach is subtle and personalized.

In an industry that is dominated by retailers targeting the mass market, Dallas-based Neiman-Marcus and Paris-based Revillon Inc. at Saks Fifth Avenue are among the few *creme de la creme* furriers who cater to the superrich on a national scale.

The Carol and Irwin Ware Fur Collection at three I Magnin stores in Chicago and suburbs is an example of a select furrier that caters to a smaller, more local audience.

"The ultrafine [fur] product is a narrow strata of the market and is not representative of what the fur business is today," says Bernard Groger, co-publisher, *Fur World*, a Manhattan-based trade journal.

Sally F. Robbins is a New York-based free-lance writer.

As a result of an influx of imports the past five years, about 85% of furs sold today retail for less than $5,000, Mr. Groger says. The remaining 15%, the high-end of the market, wields enormous pocketbook power and expects high quality and ultra service from its retailers.

The unofficial industry estimate of retail fur sales in 1986 was $1.9 billion, says Mr. Groger.

For quality furriers like Neiman-Marcus, shopping in the Soviet Union for sables to be distributed in the U.S. "is the ultimate in marketing to the high-end," says David Wolfe, senior VP at N-M, Dallas.

"We're the largest single retailer under one label selling tens of millions of dollars in volume," he says. The average fur purchase at N-M is $8,000.

"We sell legitimacy, quality and workmanship—actual product integrity. We create our image through people," he says, who are groomed and promoted within the company. They also happen to be attractive and articulate salespeople. "We encourage our people to think in a proprietary way and to be honest and fair."

Fur catalogs and mailers from Neiman-Marcus and Revillon at Saks Fifth Avenue use exotic locations as backdrops to attract the discriminating affluent buyer.

Several years ago, N-M initiated a marketing program called InCircle. "Customers have dubbed it 'the frequent buyer program,'" says Billy Payton, VP-director customer service. The unusual promotion allows charge card customers to accumulate a minimum of 3,000 points per dollar spent during a 12-month period. The points are then redeemable at the end of the year for gifts of merchandise in several categories.

One option in 1987, demanding the maximum $250,000 in points, is first-class travel to an exotic location to attend a fur photography session.

In 1985 the biggest spenders visited Peter the Great's palace in Leningrad and occupied front row seats to watch a Russian photographer capture the essence of N-M's fur-wrapped models.

After racking up $100,000 in points, customers have opted for a trip for two to London. For $60,000 in points, they can attend special events around the country, such as opening night of the Boston Symphony Orchestra's fall season.

The advantages for members include an InCircle charge card,

(Continued on Page S-4)

Minimarket for megayachts widening its wake

By Christopher Bubin

Drive a fast car, you're on the road to success. Own a Fendi fur, you've passed the first turn. Wear multicarat diamonds and have a vacation home in the south of France, you're heading down the home stretch.

When you get a megayacht—measuring 80 feet or more in length—you've arrived.

Christopher Bubin is a staff writer for the Tampa Bay Business Journal *in Florida, and a free-lance writer.*

William and Ruth Weiss have arrived. In fact, some might say they arrived when they bought their first yacht, a 60-footer built by Burger Boat Co., Manitowoc, Wis., in 1955. They've owned three boats since then, each bigger than the last and all Burgers. Their current 86-foot pride and joy is for sale to anybody with "a little better than $3 million," says Mr. Weiss.

When he sells Panacea IV, which serves as his Palm Beach, Fla. summer home, he'll commission a 100-foot Burger.

Time after time, advertisers splash the message across the pages of *Cruising World, Power and Motoryacht, Sail* and *Yachting:* If you have a megayacht, you've arrived. The ads, understated and sensual, sell prestige unmatchable, ultimate quality, ultimate luxury, ultimate speed on the water.

In 1986 fully 10%—or $671,000—of *Power and Motoryacht's,* Stamford, Conn., display ad revenue came from marketers of yachts more than 100 feet in length, says Jerry Faber, ad director.

Yet only about 300 such boats exist worldwide.

The target market for big boats is so limited that special interest magazines are about the only media available. Other than that, marketing megayachts means promotions, Mr. Faber says.

Perhaps the most successful promoter of the big-boat lifestyle is Fort Lauderdale, Fla.-based Broward Marine. Each April, the company sponsors an "owners' rendezvous" for prospective buyers, selected media types and, of course, Broward boat owners. About 20 Broward yachts—all hovering in the 100-foot range—converge on the Ocean Reef Club in Key Largo, Fla., for four days of fun and games.

By day, the owners and guests mingle at golf, tennis and assorted water sports. At night, they dine aboard each others' yachts.

Mel Wolff, exec VP of New York-based Muhlfeld & Wolff's Fort Lauderdale office, handles advertising for Broward and several other large yacht manufacturers.

"When somebody goes there [to the rendezvous] and sees 19 or 20 Browards, it's really an awesome sight," says Mr. Wolff. "It's a chance for owners to get a really good look at other Browards, and we always sell a few boats because of that."

The U.S. boasts more than 14 million recreational boats, but the number of megayachts throughout the world amounts to a comparative handful. However, a growing population of millionaires—especially American millionaires—has boosted demand for the big boats in recent years.

"The whole market is exploding," says Bonnie O'Boyle, editor of *Power and Motoryacht.*

"Nobody *needs* a 300-foot yacht," she says. "There's a lot of ego involved in building a very large yacht. It's sort of living proof that you've been very successful." She says advertisers have to walk a subtle line to avoid overselling to buyers of ships and near-ships. "Advertisers are dealing with pretty sophisticated people," says Ms. O'Boyle.

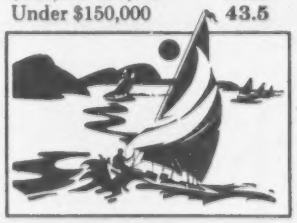
Mike Kelsey, owner of Palmer Johnson Inc. in Sturgeon Bay, Wis., seconds that assertion. His

(Continued on Page S-6)

Sailing sports wealthy demographics

Survey on who went sailing in the past year

Sex	
Men	58.8%
Women	41.2
Age	
18-24 years	25.4%
25-34 years	28.3
35-44 years	23.6
45-54 years	13.5
over 55	9.3
Household income	
$100,000 or more	18.5%
$75,000-99,999	25.3
$50,000-74,999	56.2
Employment*	
Professional	19.8%
Executive/managerial	17.0
Clerical/sales/technical	23.0
Other	27.1
Marital status	
Single	40.5%
Married	50.1
Other	9.5
Value of home**	
Over $200,000	14.6%
$150,000-199,999	20.6
Under $150,000	43.5



Sailing by U.S. region	
Northeast	24.0%
North central	20.3
South	21.9
West	33.8

*86.8% of survey base is employed
**Nearly 80% of survey base owns homes
Survey base: 1,537 people
Source: "Upper Deck—1986," Mediamark Research, New York

America's Cup runs over with corporate sponsors

For the big motor yachts and for big business, Perth, Australia was the place to be in 1986 and early 1987. The megayachts came to watch the America's Cup races, and the megacorporations came to pay for them.

In all, six American groups made a run for the cup, and though all the numbers aren't yet in, it looks like they spent about $70 million in the battle for the coveted chunk of sterling.

The money comes in part from companies hoping to hitch their wagons to a star, because associating with a winner can be of superb promotional value for the company.

The key for sponsors, then, becomes picking the winning group.

Each group, called a syndicate, develops one or more boats that it feels can make a serious challenge for the cup. Generally a large yacht club spearheads the syndicate's efforts. Because most clubs can't—or won't—foot the average $10 million to $15 million cost of a try for the cup, they turn to private donors and big business, selling sponsorships in return for cash, materials, technology and personnel.

(Continued on Page S-7)

Megayacht minimarket

(Continued from Page S-2)

company manufactures five or six yachts of more than 80 feet in a year. Prices start at about $3 million, and can soar from there. "We're basically selling to a very, very small audience that already knows we exist," he says. Therefore, he keeps all his company's advertising low-key. Sharpe Studios, a London design company, produces the layouts, but Mr. Kelsey places the work in American specialty magazines himself.

The $200,000 per year he spends on high-end yachting magazines is the only media advertising the manufacturer does. It represents only a tiny fraction of the company's gross, yet the ads keep the Palmer Johnson name in the megayacht arena.

The company recently delivered Fortuna, a 100-foot vessel, to the king of Spain. Capable of speeds up to 52 knots (60 mph) the turbine-powered craft was a gift from the king of Saudi Arabia. To achieve such great speeds, the yacht uses a fuel pump from a Saturn V rocket as a sort of overdrive.

A recent ad campaign featured a picture of the yacht with the caption: "Have you a dream we can build?"

Mr. Kelsey says word of mouth gets his name to those who need to know it. It's hard to determine how much the company spends on promotions, because he considers every finished boat a promotion.

"I tell our workmen, 'The biggest single piece of advertising we have is the product.' We get a lot of publicity in magazine articles." Since the boats are so noticeable, and their owners often so high profile, his product regularly is found in the news.

His yard, for example, built the sailing yacht Tenacious. Atlanta businessman Ted Turner raced the boat off the coast of Britain during the 1979 Fastnet regatta.

During the race, a storm did immense damage to the fleet of boats, killing 15 sailors. Mr. Turner's Tenacious won the event—and escaped damage.

Mr. Kelsey makes a marketing distinction between totally custom superyachts, and what he calls semicustoms. He says the semicustom product, which amounts to a highly customized set of appointments on a standard hull, has become very popular among the newly moneyed in the U.S.

Because the people buying semicustoms are generally new to the megayacht crowd, more intense marketing efforts are required to position the product and cement brand loyalties. The bulk of Palmer Johnson's advertising and promotion efforts goes to attract these potential customers, Mr. Kelsey says.

Still, every company needs face-to-face promotions to sell megayachts.

"There are two or three watering places around the world where you've just got to be," he says. Fort Lauderdale, the Mediterranean and Greece make that list. "If you're going to build Ferraris, you have to be around the race track a little bit," he says.

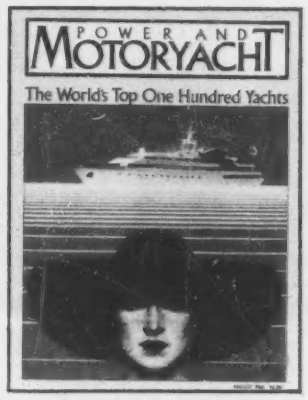
Everyone seems to agree there's no season to buy or sell a megayacht.

"These are not sold like probably anything else that you're familiar with," says Jim Grattelo, director, Miami-based Sterling Yacht and Shipbuilders. "There's such a small group of people who can afford a $10 million to $15 million yacht, they tend to know each other."

In its two-year history, Sterling has delivered five yachts, all completely custom-designed and built. The company has three more under construction, all in the 150-foot-and-up range.

Sterling spends about $200,000 per year to advertise with full-page spreads in various yachting magazines worldwide. Besides the American slicks like *Yachting*, the outfit also makes buys in the British *Boat International* and the French *Prestige*.

All but one of Sterling's sales have been to owners upgrading to a larger yacht. The average length of megayacht ownership —about four years—means as soon as a boat is delivered, manufacturers start thinking about selling the customer another boat.



***Power and Motoryacht* derived 10% of its 1986 ad revenue from marketers of yachts more than 100 feet long. The market is "exploding," its editor says.**

Burger Boat Co., has built yachts for 123 years. The company sells about half its product to repeat customers who want a bigger, better Burger, says Roy Sea, VP-marketing of Burger Boat's West Palm Beach, Fla. sales and service office.

Besides repeat buying, another 25% of Burger's sales comes from word of mouth. "The dockside gossip is very powerful," says Mr. Sea.

Hearsay indeed seems golden in the marketing of megayachts. Broward Marine officials estimate "well over 90%" of their customers have owned boats before. To keep them in what Mr. Wolff calls the "Broward family," the company publishes a newsletter about four times a year.

Alaska Journal of Commerce

Capital District Business Review (Albany)

Atlanta Business Chronicle

Austin Business Journal

Baltimore Business Journal

Cincinnati Business Courier

Business First of Columbus (OH)

Southern Connecticut Business Journal

Dallas/Ft. Worth Business Journal

Denver Business Journal

Jacksonville Business Journal (FL)

Kansas City Business Journal

Los Angeles Business Journal

Business First of Louisville (KY)

South Florida Business Journal

Orange County Businessweek (CA)

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It typically contains eight to 12 pages of pictures and descriptions of new equipment, plus news from other owners.

In a departure from traditional full-page ads in the boating slicks, Mr. Wolff has cut the frequency of Broward's placements in half, and gone to double-page spreads. He says the pictures look better, and people remember the ads.

Perhaps without any advertising, the truly big yachts would sell just as well. No doubt their presence means success, and the call of the sea is strong. Yet Mr. Weiss, the owner of Panacea IV, sees another reason for building such large and sumptuous craft.

"I've never failed to make a profit on any of them," Mr. Weiss says.

America's Cup runs over

(Continued from Page S-2)

The business of a 12-meter challenge can take three years. The syndicate must house and feed at least two 11-person crews, design and build boats and sails and buy support equipment—such as complete machine shops. Sails alone can cost $8,000 each, and most boats need about 100.

This year, dozens of companies backed American syndicates. Corporate philanthropists were reluctant to back any particular syndicate and risk having their selection eliminated during the qualifying stage.

In response to this problem, a foundation was established to collect money for the American effort. The foundation, called The Americans, collected money in the name of all U.S. entries except one, and divided the contributions among the participating syndicates according to how well they did in the qualifying races in Australia.

About half a dozen companies participated in the scheme, according to The Americans Chairman Robert D. Scott, president of the Ibox Group, a San Francisco computer leasing company.

"We are providing an avenue by which individuals and corporations can support all of the groups," says Mr. Scott. At least two companies refused individual syndicates' pleas for funds.

However, both companies made commitments to The Americans. American Express contributed about $480,000, with the lion's share going to Stars and Stripes and USA—the two American boats that made it to the semifinals. United Airlines agreed to donate money according to a coupon arrangement that runs until July—every individual giving $75 to The Americans gets $50 off a United ticket. This could mean as much as $6 million to The Americans, says Mr. Scott.

Of the six American syndicates, only New York Yacht Club's America II declined to participate in The Americans' effort.

The New York group had strong support early in the fund-raising efforts. Cadillac backed America II with an estimated $1 million; *Newsweek* and Amway, were early corporate sponsors; and several "corporate partners" contributed between $50,000 and $1 million.

The winning entry, San Diego Yacht Club's Stars and Stripes, spent about $15 million to get the cup back. While a good chunk of cash came from private donors, millions came from corporations.

Most yacht clubs can't—or won't—foot the average $10 million to $15 million cost of a try for the America's Cup so they turn to big business.

For the winners, money is still easy to get. General Mills, Pepsi-Cola Co., Philip Morris USA, Polaroid Corp. and US Sprint purchased major sponsorships after Stars and Stripes made the finals. Each paid between $1 million and $3 million for the right to associate with the victors. A few of these latecomers have made provisions to back defense of the cup three years hence.

Early backers probably paid less. Those that got in on the ground floor included Allied Signal Corp., Budweiser and Merrill Lynch.

By way of indirect contributions, the local Coca-Cola bottling plant in San Diego agreed to print a request for support, along with a toll-free telephone number, on about 70 million soda cans.

Other sponsors took ads in various publications—such as the *Wall Street Journal*, *Yachting* and *Sail*—affirming their support for the Stars and Stripes effort and listing the same telephone number.

In addition to cash, Allied supplied a space age plastic called Spectra Fiber for use in sails and lines. The no-stretch material helps sails keep their shape and makes lines less elastic, allowing more precise sail trimming.

Money can come from anywhere. Most agree that the reason the U.S. lost the cup in 1983, and the reason it came back had more to do with technology than funding.

The U.S. efforts got plenty of scientific help. Those lending personnel or equipment included: Boeing, Cray Research Inc., Digital Equipment, Grumman, Hewlett-Packard, Massachusetts Institute of Technology, McDonnell Douglas and NASA.

—Christopher Bubin

Billings Business Journal

Idaho Business Review (Boise)

Boston Business Journal

Business First of Buffalo

The Business Journal (Charlotte)

Business Record (Des Moines)

Hartford Business Journal

Pacific Business News (Hawaii)

Houston Business Journal

Indianapolis Business Journal

The Business Journal (Milwaukee)

CityBusiness Twin Cities (Minneapolis/St. Paul)

New Hampshire Business Review

New Orleans CityBusiness

The Journal Record (Oklahoma City)

The Business Journal (Portland)

Providence Business News

Richmond Business Journal

Rochester Business Journal

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Polo—attracting the affluent

Demographic breakdown of those attending polo matches

Income per person	
$100,000 or more	35.1%
$75,000-99,999	8.9
$50,000-74,999	16.1
Under $50,000	16.7

Household income	
$150,000 or more	33.2%
$100,000-149,999	14.5
$75,000-99,999	11.6
$50,000-74,999	13.9
Under $50,000	16.4

Credit cards held*	
Gasoline	78.2%
Visa	71.3
Master Charge	62.1
Department store	62.1
American Express	60.1
Telephone	58.9
Auto rental	35.3
Air travel	19.5
Diner's Club	13.6
Carte Blanche	9.2

*96.8% hold one or more credit cards

Residence market value	
$350,000 or more	38.8%
$250,000-349,000	13.4
$200,000-249,000	10.5
$150,000-199,000	11.6
$100,000-149,000	12.2

Club memberships (besides polo)	
Country club	45.7%
Athletic club	42.2
Golf or tennis club	29.6
Boat or yacht club	15.0
University club	10.1
Other	47.7

Source: *Polo Magazine*

Polo clubs mount campaign to rein in sponsors, fans

By Julie Liesse Erickson

Polo aficionados are fond of calling it the sport of princes. Today, however, it is polo's corporate sponsors that are treated like royalty.

In the past decade, making investments ranging from $5,000 to more than $1 million a year, marketers as diverse as British Airways, Cadillac, Cartier, and US Sprint have discovered polo as a vehicle to reach the often-elusive affluent market.

Polo clubs are eagerly pursuing these sponsorships, which not only open up the possibility of improved facilities and a broader audience, but also take some of the financial burden off the devoted cadre of wealthy entrepreneurs who traditionally have bankrolled polo teams.

In their eagerness to accommodate marketers, clubs offer various kinds of sponsorship packages. A marketer can place his company name on a weekend tournament, a one-day event, a pavilion at a match or a team. In return for a team sponsorship, the sponsor's name appears on uniforms and the company usually receives all the other perks given to smaller-scale sponsors: Ads in club programs and magazines, club membership, free tickets, hospitality pavilions, product sampling and display opportunities.

Supporting a team is by far the most expensive proposition. The sport's U.S. renaissance has entailed a transition from casual matches in a clubby atmosphere. Today's top teams feature professional players who often rotate from club to club, receive salaries comparable to those of major league football and basketball players, and require expensive transportation and upkeep for their "ponies."

Although sponsoring a one-day or weekend polo event costs as little as $5,000; a yearlong team sponsorship at Oak Brook Polo Club, Oak Brook, Ill., could cost a minimum of $150,000, says Dennis Gilmore, VP-general manager of the club.

William Hilliard, executive director of the U.S. Polo Association, Lexington, Ky., says one unidentified club is paying a combined annual salary of $625,000 for just two top-rated players. "As [wealthy individual sponsors] have become fewer and fewer, corporate sponsors have picked up the slack, and put some money into the game."

When Prince Charles played in Oak Brook, Ill., corporate sponsors were in attendance.

A *Time* ad by Rolex Watch USA promoted the Rolex Gold Cup in Palm Beach, Fla.

The Palm Beach Polo and Country Club, West Palm Beach, Fla.—generally considered the most aggressive polo marketer in the U.S.—dates its sponsorship programs back nine years. The first club to seek backers, it currently has more than 40 corporate sponsors. With that type of financial support, it is no coincidence that the universe of both players and spectators has expanded.

The U.S. Polo Association in 1986 included 2,102 playing members and 200 clubs, not counting collegiate teams. Since 1980 the number of members has increased 47%, while the number of clubs is up 51.5%.

An informal analysis of the 1986 USPA membership by *Polo*—a Gaithersburg, Md., Fleet Street publication with a circulation of 5,000—shows that California boasts the most players; 18% of the USPA's members live in or play primarily there; Florida and Texas are next with 11% and 10% respectively.

As the number of players has increased, so has audience participation. Sunday attendance at the Palm Beach club averaged 4,000 in 1986, says Fern Margolis, director of communications and public relations. Janet Frisk, sponsorship director for the Oak Brook Polo Club, says attendance for Sunday matches averaged 1,500 during the five-month 1986 season.

'Sport of Princes' broadens its appeal

Polo came to the U.S. by way of the U.K., where it was introduced by governmental and military officials returning from duty in India. Britons gave polo its name.

The game always has been popular with the military. With its intimacy between horse and rider, polo is considered the epitome of calvary training. Devotees point out that great soldiers of the ages, from Marco Polo to George S. Patton, were expert polo players.

Although the U.S. Polo Association was founded in 1890, polo's U.S. popularity peaked in the 1920s and 1930s, when it became a part of the opulent, Great Gatsby-like life of wealthy Americans in the Northeast.

Today, in terms of numbers and intensity, the acknowledged No. 1 polo-playing country is Argentina, followed by the U.S. "The U.K. used to be the mecca of outdoor polo, but it's grown phenomenally in the States," says William Hilliard, executive director of the U.S. Polo Association, Lexington, Ky.

In the U.S., he says, New England sports the most clubs, but California is the fastest-growing market—partly because of arena polo, a variation of the traditional outdoor game. "Arena polo—or indoor polo—is an easier game, and has helped open up the game to people who previously didn't have the means to get involved," says Marty LeGrand, news editor of *Polo*, Gaithersburg, Md. The two largest arena polo locations are in California, she says.

Polo traditionally is played by four-man teams in six 7½-minute periods called chukkers. For arena polo, the team size is cut to three and the playing field is considerably smaller than the 200-by-300-yard outdoor fields.

Usually, players change ponies—they're always called ponies, although most are full-grown thoroughbreds—at the end of each chukker. But some outdoor clubs feature teams with four players and two alternates—a configuration that allows players with only one pony to compete.

Innovations like these, combined with the marketing efforts of club executives and sponsors, have brought polo to a wider and younger audience. "The game used to be followed mostly by those who'd followed it for years—since its heyday in the 1930s," Ms. LeGrand says. "Today, it's a younger crowd."

—*Julie Liesse Erickson*

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"Increased interest in polo reflects, in large part, today's stronger interest in the fashion world," says Michael Butler, chairman of the Oak Brook club and a real estate magnate.

Polo's elegance brings back the era of F. Scott Fitzgerald's "The Great Gatsby," Mr. Butler says. "Elegance, service and quality are key for today's consumers. Polo represents a quality, upscale, elitist sport."

Says Marty LeGrand, news editor of *Polo*, "This kind of affluent display has become more acceptable than it used to be in the 1960s. It's chic to be rich."

But for casual fans, polo only looks expensive. The Palm Beach club runs newspaper ads throughout southern Florida promoting its matches at "$5 a head"—the general-admission price. And at the Oak Brook club, a non-playing membership costs as little as $150 a season.

Another part of polo's charm, Mr. Butler says, is the "challenge, the difficulty of playing." For horse lovers, Ms. Frisk says, "Polo is the only alternative to the racetrack."

Polo's celebrity angle also fascinates spectators: North American Watch Corp.'s Piaget sponsors a Hollywood-based touring celebrity team. A trip by the Prince of Wales and his polo guru, Major Ronald Ferguson—father of Sarah, the Duchess of York—to the Oak Brook club brought 6,000 spectators to a Friday afternoon match last September.

BMW of America was listed as the Prince of Wales Cup's official sponsor, but other marketers, including the *Chicago Sun-Times*, Cadbury Schweppes and Cunard Line Ltd., paid $6,000 each for sideline pavilions set up for parties.

"Any company that would use polo as a backdrop [in advertising]," Ms. Frisk says, "is a prime candidate for sponsorship—champagne marketers, auto companies, jewelers."

The Oak Brook club counted 17 corporate sponsors during the 20-week 1986 season, Mr. Gilmore says. Club executives try to pair sponsors with special events; last year, for example, Jamaica's Red Stripe beer sponsored a visit from the Jamaican national team.

Sponsors, Ms. Frisk says, can count on "our very loyal membership. A sponsor gets high brand awareness, getting his name out there in front of our audience. It's an entertainment vehicle as well; you can put on a fantastic party."

Although nine-year commitments make Rolex Watch USA and Piaget its oldest sponsors, the Palm Beach club says Cadillac currently has the broadest sponsorship program.

The automaker's six-year involvement started when Cadillac became the official car of the Palm Beach club, says Sheri Perrelli, director-public relations for the Cadillac Motor Car Division of General Motors, Detroit. In 1987 its commitment includes sponsoring:

- One Palm Beach polo team that includes two 10-goal (highest-rated) players, Memo and Carlos Gracida.
- The year-old Cadillac National Polo League.
- The sixth annual Cadillac Challenge Cup in Palm Beach.
- The Cadillac World Cup Championship in Palm Beach.
- The American Polo League at the Los Angeles Equestrian Center, built for the 1984 Summer Olympics. "This gives us a polo anchor on both coasts," Ms. Perrelli says.

"The association with polo has been a very natural one for us," she says. "The demographics fit right in with our targets."

Current buyers of the Seville, the official car of the Palm Beach club, claim a median household income of $80,000. About 41% of the car's primary drivers are women, and 44% are college graduates.

Polo sponsors' ads promote their involvement—a recent Rolex ad in *Time* promoted the Rolex Gold Cup at the Palm Beach club—and also capitalize on polo's celebrity talent. A 1986 Rolex ad featured Geoffrey Kent, chairman of Abercrombie & Kent Safaris, and captain of the Rolex A&K team.

But polo gradually "is becoming less of a social event and more of a legitimate sport," Ms. LeGrand says. This year in Argentina, the International Polo Federation, representing players in 25 countries, is holding its first world championship since the 1936 Summer Olympics. Polo executives hope this is the first step toward reinstatement as an Olympic sport.

Polo enthusiasts recently stubbed their toes in broadcasting an hour of action from a Greenwich, Conn. match. Mr. Hilliard says Greenwich team owner and real estate developer Peter Brant bought the air time from CBS-TV and tried to resell it; Mr. Brant "did OK, but he sure didn't break even," Mr. Hilliard says.

"Networks have been reluctant to televise polo, because of the high action and because it requires a lot of cameras," he says. "And there has not been as much enthusiasm on the part of sponsors as they'd like."

Although they say a wider audience won't affect the sport's sponsorship appeal, polo devotees seem unsure about opening it up to a mass market.

While Mr. Butler continues to discuss the possibility of a polo match in downtown Chicago's Grant Park, he says, "We would resist having it move into a mass-market sport. It's not a Coca-Cola kind of sport. We value its family tradition."

However, Ms. Margolis of the Palm Beach club says, "We'd like nothing better than to see polo become a sport for the masses—we'd love to have 12,000 spectators each week."

Mr. Hilliard predicts polo's popularity will continue to grow, largely because interest at the intercollegiate level has increased in the past several years; currently there are 24 teams listed with the USPA. "Once you get the kids interested," he says, "you're in."

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Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

March

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
Art & Antiques	59.9	56.1	151.7	149.4
Southwest Art	95.9	75.2	248.6	190.8
Total Group	155.8	131.3	400.3	340.2
% change		+18.7%		+17.6%
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	174.4	152.1	401.9	403.6
Car & Driver	90.6	79.7	239.0	251.9
Car Collector & Car Classics	14.6	15.4	46.4	44.2
Car Craft	90.2	71.6	203.3	179.5
Circle Track	111.8	81.4	212.5	183.8
Cycle	60.0	70.2	123.9	135.5
Cycle Guide (9X)	47.5	51.4	112.4	109.0
Cycle World	80.0	61.7	151.8	139.3
Dirt Rider	33.7	58.9	96.4	116.6
Dune Buggies & Hot VWs	70.5	84.9	217.1	260.9
Family Motor Coaching	187.1	161.3	485.5	475.3
4 Wheel & Off-Road	82.8	93.6	209.4	231.0
Four Wheeler	69.3	87.5	221.4	237.9
Hot Rod	83.5	65.7	188.8	160.0
Motorcyclist	70.9	64.7	117.4	130.3
Motor Trend	90.8	75.4	195.3	196.4
Motorhome	78.9	84.6	231.1	261.1
Rider	44.4	54.1	105.9	126.5
Road & Track	92.2	88.8	251.0	248.1
3 Wheeling	39.1	56.7	117.5	178.3
Trailer Life	109.1	126.6	283.8	341.1
Total Group	1,721.5	1,686.3	4,211.8	4,410.3
% change		+ 2.1%		−4.5%
— Boating &yachting —				
Boating	164.1	158.9	532.1	487.7
Chesapeake Bay	42.0	32.8	124.3	102.3
Cruising World	114.6	125.6	316.1	351.4
Lakeland Boating (10X)	74.2	73.5	223.2	197.5
Motor Boating & Sailing	170.4	180.6	584.6	647.0
Sail	125.3	128.2	329.1	350.7
Small Boat Journal(6X)	—	—	58.8	53.1
Trailer Boats(11X)	68.9	54.6	200.8	142.2
Western Boatman(6X)	38.3	40.0	82.4	94.7
Yachting	141.2	153.4	470.4	479.7
Total Group	939.0	947.6	2,921.7	2,906.3
% change		−0.9%		+ 0.5%
— Canadian —				
L'Actualite	87.2	83.7	193.1	224.0
Chatelaine:				
English Edition A.	62.0	103.9	187.1	263.2
French Edition	64.1	87.2	172.7	223.3
City & Country Home(8X)	52.1	80.7	89.9	80.7
Flare A.	112.4	93.7	193.9	164.6
Harrowsmith-Canada (6X)	43.7	46.1	82.3	80.7
Macleans (52X) A.	177.7	159.8	361.3	395.3
Moneywise	25.8	46.4	87.2	117.4
Montreal (10X)	17.4	37.0	32.7	59.0
Montreal Ce Mois Ci (9X)	18.7	42.2	33.3	65.2
Reader's Digest:				
Canadian-English A.	75.4	115.4	177.9	255.0
Canadian-French A.	62.5	94.8	141.0	203.3
Toronto Life	93.3	88.7	230.3	229.2
Vancouver	76.6	96.5	161.4	190.6
Total Group	968.8	1,176.0	2,144.1	2,551.5
% change		−17.6%		−16.0%
— Civic/fraternal —				
American Legion	28.9	24.8	105.9	84.0
Elks (10X)	21.4	16.6	70.7	58.7
Kiwanis	17.3	19.3	52.6	59.5
Lion (10X)	6.6	2.3	25.2	16.3
Rotarian	12.5	14.4	43.9	42.9
V.F.W. (11X)	32.2	26.7	98.2	88.6
Total Group	118.9	104.1	396.5	350.0
% change		+ 14.2%		+ 13.3%
— Comics —				
DC Comics	6.0	7.0	20.0	19.0
Marvel Comics Group	6.0	6.0	25.0	21.0
Total Group	12.0	13.0	45.0	40.0
% change		−7.7%		+ 12.5%
— General —				
American Health (10X)	88.0	61.2	152.2	116.8
American West (6X)	43.3	42.3	72.5	92.8
The Atlantic A.	34.3	42.5	92.3	107.6
Bon Appetit A.	84.8	88.5	226.5	228.8
Changing Times	74.7	53.6	198.6	153.0
Connoisseur	65.7	78.2	172.8	164.6
Consumers Digest (6X)	26.3	19.3	53.8	44.7
Ebony	82.1	93.8	261.6	271.4
Fifty Plus	39.5	40.2	127.1	118.6
Food & Wine	46.2	45.4	135.6	119.6
Golden Years	41.1	23.0	114.2	63.1
Gourmet	106.1	92.9	254.3	222.3
Harper's A.	32.5	26.2	88.5	71.8
Harrowsmith (6X)	50.2	37.8	104.6	91.3
Let's Live	50.0	49.0	139.0	137.0
Life	39.5	44.5	127.9	149.7
Modern Maturity (6X)	—	—	50.6	49.9
Money	133.3	128.7	354.2	333.6
Moneyworth (4X)	—	—	13.1	10.0
National Geographic	17.2	30.4	47.8	66.5
National Geographic Traveler	45.4	46.0	45.4	46.0
Natural History	38.1	38.5	116.4	137.1
Prevention	64.8	61.4	206.4	188.8
Psychology Today	36.7	37.7	100.3	83.4
Reader's Digest A.	88.6	95.4	231.6	235.3
Rx Being Well (6X)	20.0	15.0	47.0	35.0
Saturday Evening Post (9X)	40.0	37.7	83.9	75.5
Signature	69.9	76.7	211.8	180.8
Smithsonian	92.6	97.4	224.6	248.0
Sylvia Porter's Personal Finance (10X)	51.0	43.9	116.7	98.1
Town & Country	114.7	135.9	305.1	326.0
Travel-Holiday	68.2	58.6	166.0	135.9
Travel & Leisure	124.5	132.0	262.7	329.3
Vanity Fair	72.1	51.3	140.2	128.1
Writer's Digest	27.0	25.6	78.1	67.4
Yankee	77.7	71.5	222.5	212.3
Total Group	2,086.2	2,022.0	5,345.6	5,139.9
% change		+3.2%		+4.0%
— Home —				
Americana (6X)	33.1	35.9	54.8	68.8
Architectural Digest A.	127.6	115.9	297.5	300.1
Better Homes & Gardens	126.6	129.5	271.6	300.4
Colonial Homes (6X)	70.9	71.2	119.2	126.4
Columbus Monthly-Homes(4X)	—	—	22.6	21.9
Country Home (6X)	51.8	53.6	88.0	92.1
Country Living	85.2	87.1	227.3	215.8
Dallas/Ft. Worth Home & Garden	67.2	94.0	151.7	236.2
Family Handyman (10X) A.	72.3	70.3	176.2	192.1
Flower & Garden (6X)	—	—	51.8	53.6
Home	40.8	41.4	141.2	142.6
Home Mechanics	58.7	89.8	163.8	214.4
The Homeowner (10X)	47.5	39.3	88.0	74.5
Horticulture	38.9	37.8	114.6	119.4
House Beautiful	85.1	88.5	184.3	197.7
House & Garden	93.1	94.2	231.0	237.1
Houston Home & Garden	54.7	78.2	174.6	213.5
Metropolitan Home	61.6	54.5	156.6	137.4
1,001 Home Ideas	59.1	43.7	140.8	132.0
Phoenix Home/Garden	83.0	69.3	228.8	213.3
Practical Homeowner	37.7	46.0	151.0	162.8
Rodale's Organic Gardening	59.9	74.6	187.6	224.9
San Diego Home/Garden	62.5	65.3	190.7	195.8
South Florida Home/Garden	41.3	33.8	111.9	93.4
Southern Accents (6X)	95.8	98.1	178.9	205.9
Southern Living	147.3	169.5	323.6	374.3
Sunset Magazine A.	121.1	160.4	289.7	381.9
Texas Homes	34.0	57.4	115.7	199.0
Workbench (6X)	59.7	67.5	109.1	118.7
The Workbasket	39.4	33.7	104.5	122.3
Total Group	1,955.7	2,094.5	4,846.8	5,368.4
% change		−6.6%		−9.7%
— In-flight & other passenger —				
Aboard Group (7)(6X)	24.3	20.3	52.1	42.8
Alaska Airlines	55.9	49.3	163.8	151.2
America West Airlines	42.1	25.0	128.2	25.0
American Way (24X)	107.6	91.4	288.0	266.6
Brighton Inflight Group:				
Braniff	13.3	9.7	31.6	28.2
Continental	47.6	29.3	115.3	77.9
Hawaiian Air	13.1	—	13.1	—
East/West Network:				
Eastern Review	89.0	99.3	239.0	298.8
Northwest	50.5	45.7	134.0	137.1
PSA Magazine	84.7	83.0	230.0	268.3
Pan Am Clipper	38.2	42.2	117.4	145.1
Spirit	71.8	91.3	181.8	270.0
TWA Ambassador	57.0	—	143.0	—
United	62.2	100.0	176.6	267.1
Western's World	51.8	51.5	131.8	189.0
Halsey Publications:				
Air Cal	56.7	47.5	150.2	130.9
Delta Sky	82.7	70.0	222.0	199.7
US Air	52.7	43.5	130.3	120.0
Pace	68.4	64.5	236.8	219.6
Spirit of Aloha (6X)	30.4	28.1	98.4	89.6
Total Group	1,099.9	991.7	2,983.5	2,926.8
% change		+ 10.9%		+ 1.9%
— Men's —				
Esquire A.	111.9	122.5	217.7	219.5
Firehouse Magazine	43.9	52.6	120.8	125.2
Gentlemen's Quarterly A.	197.6	239.7	368.0	420.5
M Magazine	93.6	74.3	218.7	156.3
Penthouse A.	37.4	32.4	114.8	109.0
Playboy A.	46.6	53.6	140.3	168.1
Salute (8X)	28.3	21.5	28.3	21.5
Total Group	559.2	596.6	1,208.5	1,220.0
% change		−6.3%		−0.9%
— Metropolitan —				
Aloha (6X)	33.5	30.5	61.4	53.5
Atlanta	48.5	54.4	154.3	144.0
Baltimore	67.2	74.0	204.4	200.5
Boston	133.4	136.6	410.3	409.8
California	77.2	78.9	173.6	169.7
Chicago	111.7	116.8	278.8	309.8
Chicago's North Shore	86.9	75.4	228.2	211.7
Cincinnati	55.7	139.5	63.3	172.4
Cleveland	60.4	75.1	163.1	192.6
Coast (39X)	312.3	254.4	373.5	307.5
Columbus Monthly	50.8	52.5	155.8	150.9
Connecticut	96.0	93.1	271.7	262.9
D/Magazine, Dallas/Ft.Worth	116.6	128.8	323.9	352.3
Denver	25.3	19.0	81.5	96.2
Detroit Monthly	54.4	69.8	201.5	274.2
Grand Rapids	32.0	45.7	96.4	106.2
Gulfshore Life (10X)	118.0	103.0	341.0	315.0
Honolulu	55.8	55.1	162.8	162.8
Houston City	34.8	51.2	114.2	142.0
Louisiana Life (6X)	35.8	38.7	64.6	79.2
Madison	71.0	65.0	193.0	191.0
Metropolitan Detroit	63.7	97.0	160.0	280.3
Miami/South Florida	47.9	67.3	147.9	219.4
Mid Atlantic Country	35.0	47.3	106.3	106.1
Milwaukee	65.4	78.0	151.3	178.5
Minneapolis/St. Paul	130.7	93.2	272.5	259.5
Nashville	35.0	32.0	121.0	119.0
New England Monthly	32.0	31.8	96.0	99.8
New Mexico	16.8	14.5	85.6	72.0
Ohio	57.5	59.4	164.8	156.6
Oregon (6X)	44.0	—	44.0	—
Orlando	109.5	85.3	278.6	285.5
Palm Beach Life	105.7	94.1	309.2	290.1
Palm Springs Life	130.8	134.6	414.9	412.9
Philadelphia	134.7	128.3	375.3	352.1
Phoenix	81.0	111.8	228.1	305.6
Pittsburgh	67.3	66.0	178.0	159.7
St. Louis	50.6	54.3	139.7	120.5
San Diego	131.0	149.7	376.8	411.5
San Francisco Focus	73.3	91.3	223.8	234.8
Texas Monthly	113.0	122.7	255.1	401.2
Twin Cities	66.2	57.2	142.7	133.5
The Virginian (6X)	55.5	58.5	114.6	117.0
Washington (7X)	56.0	78.1	96.0	139.1
The Washingtonian	157.7	163.9	429.9	417.4
Total Group	3,537.4	3,673.7	9,029.2	9,576.3
% change		−3.7%		−5.7%
— Movie/romance/radio/tv —				
Macfadden's Women's Group:				
Modern Romances	27.7	24.5	71.4	61.6
Secrets	27.7	24.5	71.4	61.6
True Confessions	27.7	24.5	71.4	61.6
True Experience	27.7	24.5	71.4	61.6
True Love	27.7	24.5	71.4	61.6
True Romance	27.7	24.5	71.4	61.6
Sterling Women's Group:				
Daytime TV	24.2	23.8	72.6	73.4
Modern Screen (6X)	—	—	14.5	15.5
Movie Mirror (6X)	—	—	14.5	15.5
Soap Opera Stars (6X)	—	—	14.5	16.8
TV Movie Screen (6X)	—	—	7.3	8.3
TV Picture Life (6X)	—	—	1.0	4.3
Total Group	190.2	171.0	552.9	503.3
% change		+ 11.2%		+ 9.9%
— Music/entertainment —				
Audio	64.2	54.7	222.1	209.1
Dance Magazine	62.7	61.5	118.5	116.1
Playbill	44.5	40.6	119.9	130.1
Stereo Review	61.5	56.6	261.5	214.4
Video Magazine	68.7	62.0	224.5	222.3
Total Group	301.5	275.4	946.5	892.0
% change		+ 9.5%		+ 6.1%
— Outdoor & sport —				
Alaska	39.5	47.4	103.3	133.6
The American Handgunner(6X)	37.0	30.0	78.0	65.0
American Hunter	16.6	13.1	53.8	51.8
American Rifleman	25.9	21.5	73.5	65.6
Backpacker (6X)	26.9	21.8	53.8	44.9
Bass Master (10X) A.	108.7	98.3	264.0	240.3
Bicycling (9X)	101.1	68.0	170.7	176.5
Ducks Unlimited (6X)	21.8	29.5	39.1	58.0
Field & Stream	103.6	118.0	272.6	272.4
Fins & Feathers A.	38.3	40.2	128.2	138.6
Fishing World	71.4	79.6	111.7	112.7
Florida Sportsman	139.9	152.6	452.5	417.7
Flying	48.7	38.0	135.7	108.7
Golf Digest	96.2	78.2	300.0	309.0
Golf Magazine	76.9	55.4	316.9	321.2
Gun Dog (6X)	29.8	31.9	63.3	57.4
Guns	19.0	24.0	74.0	81.0
Guns & Ammo	36.3	46.8	111.0	142.1
In-Fisherman (6X)	—	—	145.0	103.0
Muscle & Fitness	123.3	117.0	343.2	319.7
Outdoor Life	92.7	95.0	254.5	244.2
Outside Magazine	52.1	45.3	117.8	113.8
Petersen's Hunting	30.0	30.0	104.8	120.1
Runner	25.7	34.2	75.6	84.7
Runner's World (13X)	41.2	30.2	93.3	83.8
Saltwater (8X)	116.0	111.7	404.4	392.1
Salt Water Sportsman	33.1	—	65.6	—
Shooting Times	34.6	32.8	110.9	128.3
Ski (8X) A.	53.7	42.6	215.9	209.1
Skiing (7X) A.	52.8	31.0	203.3	170.6
Skin Diver	90.4	82.4	293.8	265.6
Southern Outdoors (9X)	66.3	49.1	160.6	133.4
Sport	41.9	42.7	106.2	116.2
Sports Afield	86.0	79.8	311.8	228.8
Tennis	63.4	65.6	170.3	171.1
Waterski	60.0	40.8	60.0	40.8

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads. * All affiliated with Sunday Mag/Net. except Los Angeles Times Magazine and New York Times Magazine.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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March

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Western Outdoors (10X)	53.4	78.1	140.8	178.2
Wildfowl (6X)	—	—	9.4	9.5
Wing & Shot	9.6	—	22.0	—
World Tennis	23.4	33.8	63.9	79.9
Total Group	**2,190.1**	**2,036.3**	**6,275.3**	**5,989.2**
% change		+7.6%		+4.8%
— Photography —				
American Photographer	31.0	38.3	86.4	109.3
Petersen's Photographic	23.5	24.1	69.6	67.4
Popular Photography	61.3	60.4	192.8	191.0
Total Group	**115.8**	**122.8**	**348.8**	**367.7**
% change		−5.7%		−5.1%
— Religious —				
Charisma	49.7	59.8	143.1	162.8
Christian Herald (11X)	29.0	29.2	84.7	92.9
Christian Life	24.6	33.3	74.8	83.5
Christianity Today (18X)	55.7	49.5	149.2	170.8
Ministries Today (6X)	—	—	—	—
Moody Monthly (11X)	47.3	58.2	119.6	155.9
Our Sunday Visitor (52X)	14.5	14.5	37.4	34.5
Today's Christian Woman (6X)	34.3	25.8	65.7	54.8
Total Group	**255.1**	**267.4**	**674.4**	**755.2**
% change		−4.6%		−10.7%
— Science/electronic/mechanic —				
Discover	46.2	37.4	140.2	99.6
Family Computing	48.3	43.5	155.3	132.1
Omni	57.0	55.3	162.3	158.6
Personal Computing	124.1	105.7	374.4	311.6
Popular Mechanics	87.5	94.2	251.7	266.3
Popular Science	64.5	65.3	199.2	209.4
Scientific American	33.4	28.7	105.2	94.2
Spectrum	57.4	102.8	206.8	286.3
Total Group	**518.4**	**532.9**	**1,595.0**	**1,558.3**
% change		−2.7%		+2.4%
— Woman/fashion/service —				
Bride's Magazine (6X) A.	581.9	525.2	581.9	525.2
Cosmopolitan A.	221.0	212.6	564.2	549.9
Essence	73.6	62.6	204.1	211.2
Family Circle (17X) A.	169.5	198.6	331.6	425.3
Glamour	221.4	217.4	501.1	466.7
Harper's Bazaar	224.0	211.4	413.8	397.5
Health	44.9	35.7	127.6	117.0
Ladies' Home Journal	111.4	130.8	278.6	332.7
Mademoiselle	204.3	146.1	390.1	295.5
McCall's	97.4	101.3	271.8	259.1
Military Lifestyle	45.6	29.2	139.9	123.0
Modern Bride (6X)	—	—	575.0	499.8
Ms.	52.5	38.8	107.9	112.5
New Woman	81.7	86.4	215.6	193.9
Parents Magazine A.	113.7	103.1	267.1	247.7
Redbook	100.4	116.4	266.4	279.1
Self	105.2	106.6	259.2	259.8
Seventeen	184.6	156.9	346.2	298.5
Shape	84.6	77.4	204.4	202.7
Soap Opera Digest (26X)	16.5	17.8	49.0	56.1
'Teen Magazine	48.5	43.9	130.2	107.7
True Story A.	49.5	52.0	137.8	146.6
Vogue	395.9	400.3	814.6	800.4
W Magazine	160.9	177.7	412.9	401.6
Woman (9X)	33.5	—	63.5	27.0
Weight Watchers	34.9	43.6	99.7	105.2
Woman's Day (16X) A.	174.5	182.7	385.7	371.3
Working Mother	90.4	73.0	224.6	193.4
Working Woman	96.9	111.9	253.2	276.3
Total Group	**3,801.1**	**3,659.2**	**8,617.8**	**8,282.5**
% change		+3.9%		+4.0%
— Youth —				
Boys' Life	21.3	23.3	47.8	51.9
Campus Life (10X)	60.1	67.5	136.3	155.9
Total Group	**81.4**	**90.8**	**184.1**	**207.8**
% change		−10.3%		−11.4%

February

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Business/national —				
Barron's	180.6	170.2	337.8	318.6
Black Enterprise	107.0	108.1	149.0	164.7
Business Week (52X) A.	248.0	247.0	450.1	446.0
Dun's Business Month	31.5	35.2	54.3	77.5
Financial World (26X)	61.1	48.5	118.6	89.4
Forbes (26X)	184.8	169.7	380.5	381.2
Fortune (26X)	130.9	159.5	266.9	288.1
Frequent Flyer	51.7	54.1	104.3	104.4
Futures	45.8	42.0	87.8	85.5
High Technology	13.3	10.3	27.7	30.1
Inc. Magazine A.	81.8	64.0	139.6	133.1
Income Opportunities	97.8	78.9	97.8	78.9
Industry Week (25X) A.	63.1	66.5	120.1	124.6
Nation's Business (12X) A.	24.2	28.2	56.1	68.3
Personal Investor (6X)	40.0	—	40.0	—
Savvy	36.3	24.3	67.7	50.2
Venture	51.0	56.2	129.0	105.6
Total Group	**1,449.0**	**1,362.8**	**2,627.2**	**2,545.9**
% change		+6.3%		+3.2%
— Business/regional —				
Advantage-Nashville's Bus. Monthly	59.0	45.0	111.0	91.0
Arizona Bus. Gazette (52X)	28.9	21.9	60.2	58.1
Austin Bus. Journal (52X)	38.6	60.6	63.6	94.0
Baltimore Bus. Journal	58.2	44.6	149.3	85.7
Business Atlanta	46.6	46.1	95.4	95.8
Business First of Buffalo	62.3	52.9	109.8	97.9
Business First of Columbus	92.2	71.5	163.7	127.3
Business Journal-Milwaukee	117.1	123.6	198.4	194.1
Business Journal-Sacramento	51.2	33.2	94.0	69.6
Business North Carolina	34.5	35.2	64.7	68.7
Cincinnati Business Courier	94.3	64.7	187.2	113.2
Corporate Report Kansas City	16.8	26.3	35.6	64.8
Corporate Report Minnesota	56.0	66.0	126.0	136.0
Crain's Chicago Bus. (52X)	135.9	150.0	245.5	265.0
Crain's Cleveland Bus. (52X)	42.6	56.9	77.1	99.7
Crain's New York Bus. (52X)	26.8	27.8	44.4	51.2
Florida Trend (13X)	49.4	58.8	145.4	139.2
Georgia Trend	51.3	27.5	136.4	99.5
Grand Rapids Bus. Journal	35.0	27.2	72.3	50.1
Hawaii Business	36.7	39.8	79.7	74.8
Indianapolis Bus. Journal (52X)	103.3	119.0	219.1	236.6
Intercorp-Connecticut (26X)	70.4	83.0	143.9	144.5
Kansas City Bus. Journal	98.3	125.1	183.5	225.3
Los Angeles Bus. Journal	36.4	35.5	75.8	69.6
Manhattan Inc.	58.5	52.6	125.4	110.2
New England Bus. (20X) A.	43.8	70.8	81.2	118.8
New Orleans City Business	47.7	53.0	82.1	100.0
Pacific Bus. News (52X)	94.3	97.9	176.7	191.5
Philadelphia Bus. Journal (52X)	103.0	85.3	216.9	184.4
Pittsburgh Bus. Times (52X)	107.4	86.3	199.9	155.8
Providence Business News	54.6	—	102.4	—
Regardie's/Washington	167.7	135.0	256.5	222.5
San Diego Bus. Journal (52X)	36.4	26.8	58.2	46.4
San Jose Bus. Journal	57.7	48.6	110.3	104.3
South Florida Bus. Journal	79.2	114.6	150.5	211.5
St. Louis Bus. Journal (52X)	121.6	133.3	215.0	232.8
Texas Business	32.2	44.8	62.5	93.0
Total Group	**2,441.7**	**2,391.0**	**4,719.4**	**4,522.7**
% change		+2.1%		+4.4%
— National Sunday magazines —				
Parade (52X)	52.6	49.6	102.2	92.9
USA Weekend (52X)	37.4	45.8	75.6	97.1
Total Group	**91.0**	**95.4**	**177.8**	**190.0**
% change		−4.7%		−6.4%
— Newspaper Sunday magazines —				
Boston Globe	169.3	175.9	326.1	328.8
Chicago Tribune	71.8	79.6	144.9	124.5
Cleveland Plain Dealer	40.4	28.2	66.1	44.7
Columbus Dispatch	29.8	22.2	57.6	42.8
Detroit News	61.0	70.0	111.0	119.0
L.A. Times	44.7	56.9	87.0	109.1
Miami Herald	42.3	31.0	74.4	66.0
New York Times Magazine	203.3	222.2	388.1	396.4
Philadelphia Inquirer	58.0	53.0	91.0	91.0
San Francisco Image	43.7	49.8	71.8	92.1
Seattle Times	38.0	44.0	69.0	65.0
Toledo Blade Magazine	29.1	39.1	52.2	65.2
Washington Post	101.8	171.6	195.0	233.5
Total Group	**933.2**	**1,043.5**	**1,734.2**	**1,778.1**
% change		−10.6%		−2.5%
— Weeklies/bi-weeklies —				
The Advocate (26X)	108.7	114.9	229.7	236.0
Army Times Military Group:				
Air Force Times (52X)	149.8	170.9	286.3	297.9
Army Times (52X)	145.7	159.6	279.4	277.6
Navy Times (52X)	167.3	182.8	313.8	321.2
The Blood-Horse (52X)	696.0	404.7	1,140.6	939.4
Capper's Weekly (17X)	30.4	28.9	76.6	60.4
Commonweal (22X)	6.6	8.8	18.8	16.1
Golf World (43X)	83.7	78.7	171.0	159.5
Grit (52X) A.	29.9	24.3	74.5	48.6
National Journal (50X)	45.5	39.8	101.8	94.2
National Review (25X)	31.5	35.7	53.0	54.1
New Republic (48X)	28.8	34.6	54.4	59.1
New York Magazine (50X)	206.7	203.3	342.5	330.4
New Yorker	187.8	177.3	318.4	310.1
Newsweek (52X) A.	196.3	175.3	328.0	322.7
People (52X)	230.5	238.3	421.3	433.0
Rolling Stone (25X)	105.9	103.3	170.8	154.8
Sporting News (52X)	47.0	84.1	88.8	118.2
Sports Illustrated (52X) A.	232.3	279.9	376.9	436.8
Time (52X) A.	182.9	178.0	319.5	345.2
Travelhost (52X) C.	2,810.0	2,830.0	5,535.0	5,539.0
TV Guide (52X) A.	353.1	369.4	697.4	684.4
TV Update (52X) C.	2,192.0	2,099.0	4,376.0	4,188.0
Us Magazine (26X)	36.2	44.5	59.0	68.5
U.S. News & World Report (52X) A.	118.2	118.6	195.2	206.1
Total Group	**8,420.7**	**8,184.6**	**16,028.6**	**15,701.3**
% change		+2.9%		+2.1%
— Foreign —				
Business Week Int'l (52X)	65.2	86.2	129.8	156.5
De Armas Publications:				
Geomundo:				
Central America	3.0	3.0	7.0	5.0
Chile	3.0	3.0	7.0	5.0
Colombia	9.0	7.3	17.0	12.3
Ecuador	3.0	3.0	7.0	4.0
Mexico	4.5	1.5	10.0	5.0
Peru	2.0	2.0	5.0	3.0
Puerto Rico	6.0	2.0	10.0	3.0
U.S.	1.7	2.7	4.3	8.3
Venezuela	10.0	7.0	19.0	13.0
Hombre De Mundo:				
Central America	4.0	7.0	7.0	11.0
Chile	4.0	7.0	7.0	9.0
Colombia	6.5	11.8	11.0	19.3
Ecuador	5.0	5.0	7.0	9.0
Mexico	7.5	6.5	12.5	8.0
Peru	3.0	4.0	4.0	5.0
Puerto Rico	6.0	4.0	7.0	6.0
U.S.	6.7	3.7	14.7	10.3
Venezuela	13.0	14.0	22.0	23.0
Ideas Para Su Hogar:				
Colombia	6.5	9.0	11.5	15.7
Ecuador	—	1.0	2.0	1.0
Mexico	5.3	1.0	5.8	2.0
Peru	4.5	1.0	8.5	2.0
U.S.	4.0	3.0	9.0	6.0
Venezuela	2.0	8.5	5.0	14.0
Mecanica Popular:				
Argentina	9.2	—	15.3	3.7
Central America	9.2	9.2	17.3	15.7
Chile	4.2	7.0	6.3	9.3
Colombia	14.2	16.8	28.8	30.7
Mexico	11.7	8.0	23.3	14.2
Peru	10.7	10.5	17.3	15.3
Puerto Rico	6.7	6.7	13.3	12.2
U.S.	3.7	5.3	8.3	13.2
Venezuela	9.2	9.5	17.8	17.3
Vanidades Continental:				
Central America	7.7	11.8	10.3	15.0
Chile	1.7	4.3	3.3	4.7
Colombia	30.3	37.2	50.3	51.2
Ecuador	13.0	21.0	16.0	26.0
Mexico	40.0	31.2	68.2	55.5
Peru	10.8	4.0	21.7	12.3
Puerto Rico	29.7	25.2	42.8	38.3
U.S.	38.8	34.8	68.3	58.7
Venezuela	21.7	28.5	37.3	44.8
Hearst International:				
Buenhogar:				
Central America	1.0	—	1.0	2.0
Chile	1.0	1.0	2.0	2.0
Colombia	10.3	16.0	25.8	31.2
Ecuador	5.0	12.0	10.0	18.0
Mexico	21.0	18.8	34.0	28.7
Peru	5.5	1.0	12.5	6.0
Puerto Rico	—	6.5	1.2	14.0
U.S.	14.5	28.7	30.0	41.8
Venezuela	12.3	17.3	22.8	30.7
Cosmopolitan en Espanol:				
Central America	6.0	4.0	7.0	4.3
Colombia	5.0	9.2	10.5	12.5
Mexico	18.3	14.8	30.5	21.7
Puerto Rico	15.8	6.7	22.8	11.2
U.S (Spanish language)	19.5	16.5	32.7	29.7
Venezuela	11.0	15.0	17.0	19.3
Cosmopolitan Foreign:				
Australia	36.4	41.8	95.6	94.3
Brazil	37.7	45.0	123.6	96.3
China	30.5	23.3	63.7	53.7
France	71.5	55.5	104.2	90.5
Germany	78.8	67.0	126.5	121.2
Great Britain	57.0	63.5	112.0	114.5
Greece	20.0	22.0	63.0	65.0
Holland	28.0	33.0	56.0	57.0
Italy	42.7	34.2	66.2	58.2
Japan	28.2	35.6	75.2	126.1
South Africa	60.0	74.0	114.0	74.0
Good Housekeeping:				
Australia	24.0	52.5	42.8	52.5
Great Britain	82.8	82.5	170.3	169.2
Johnston International:				
Akam Attijarat	26.0	27.7	43.7	49.0
Far East Business	26.3	35.5	26.3	35.5
Modern Africa (6X)	10.2	13.3	10.2	13.3
Latin America Finance (6X)	—	—	14.2	19.2
Newsweek International A.:				
Atlantic (52X)	44.3	56.9	92.4	105.8
Latin America (52X)	22.6	21.1	39.8	42.0
Pacific (52X)	38.5	45.3	74.2	87.4
Progreso (9X)	10.3	7.0	10.3	7.0
Reader's Digest:				
Arabic	3.0	3.0	9.0	9.0
Asian	124.0	221.0	350.0	558.0
Australian	37.0	46.3	69.0	80.3
Belgian-Flemish	34.0	41.0	49.0	74.5
Belgian-French	21.5	27.5	36.0	55.0
British	40.0	44.7	74.9	87.0
Chinese B.	87.0	108.0	180.0	239.0
Danish	28.5	28.0	47.5	50.5
Dutch	34.5	18.3	60.5	46.3
Finnish	21.0	54.0	29.0	60.0
French	14.5	20.0	29.8	28.5
German	60.3	62.6	125.6	107.9
Iberian	1.0	0.5	1.0	0.5
Indian-English	76.0	101.0	146.0	175.5
Indian-Hindi	9.0	14.0	26.0	20.0
Italian	42.5	37.0	71.5	60.5
Korean	32.0	24.8	56.8	53.6
Latin American:				
Argentina	13.5	7.5	22.5	15.5
Brazil	—	6.0	—	12.0
Central American	3.0	4.0	8.0	7.0
Chile	26.0	9.5	30.0	21.5
Colombia	27.0	20.0	47.0	40.0
Ecuador	2.0	5.0	6.0	10.0
Mexico	43.2	34.1	69.4	52.2
Peru	3.0	6.0	8.0	13.0
Puerto Rico	3.0	6.0	7.0	9.0
U.P.B.	3.0	6.0	6.0	11.0
U.S. Spanish	5.5	5.0	11.0	8.5
Venezuela	5.0	6.5	8.0	13.0
New Zealand	33.5	50.5	95.0	127.5
Norwegian	6.5	4.0	17.0	6.5
Portugal	22.5	18.5	51.0	76.5
South African	67.0	75.0	136.5	132.0
Swedish	9.0	9.5	13.0	22.5
Swiss-French	22.0	24.0	39.0	35.0
Swiss-German	30.0	27.0	48.0	49.0
Time International:				
Time-Asia	31.0	58.5	66.5	99.4
Time-Atlantic	50.4	54.8	85.8	93.3
Time-Canada	128.1	151.6	249.1	270.0
Time-Latin America	18.0	34.9	34.4	62.1
Visao (52X)	93.0	123.0	190.0	269.3
Vision/Latin America (26X) A.	14.4	23.7	26.8	31.6
Total Group	**2,705.3**	**3,101.6**	**5,236.6**	**5,793.5**
% change		−12.8%		−9.6%

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Rich diet for Wendy's

Wendy's International is going back to the burger basics in a new TV campaign featuring a series of people floating by an exaggerated 10-foot "hot 'n juicy" hamburger to "give a nibble." Dick Rich Inc., New York, created the campaign. *(See story on Page 77.)*

Georgia-Pacific takes on P&G

Slates $75M paper drive

By JUDANN DAGNOLI and LAURIE FREEMAN

Georgia-Pacific Corp., the paper-products company that's accustomed to walking in the long shadow of Procter & Gamble Co., now is hot on its bigger rival's heels.

In a six-month marketing effort, G-P will spend as much as $75 million in advertising and promotion—a record for the company—to introduce a new bathroom tissue and upgrade its lower-price Coronet line of tissues, towels and napkins.

In addition, both competitors coincidentally have chosen similar car-giveaway programs as major promotional efforts: G-P is working with American Motors Corp., while P&G has tied in with Chevrolet.

The ad campaign, which breaks today, supports the national introduction of Angel Soft premium bathroom tissue. The promotional effort, starting later this week, will back the established Coronet line.

The $20 million-to-$30 million ad investment could make Angel Soft the heaviest-supported brand in the category.

"Georgia-Pacific was telling [grocery store] buyers that they would be spending at a rate of $20 million to $30 million," said a marketing executive at a major G-P competitor. "That would mean they would lead the category [in spending]. We had a hard time believing that [but it turned out to be true]."

In taking on P&G, the No. 1 player, G-P is trying to leapfrog No. 2 Scott Paper Co.'s ScotTissue, Cottonelle and Waldorf brands and No. 3 James River Corp.'s Northern line.

Angel Soft, the first premium brand from G-P's Darien, Conn.-based Consumer Paper Products Division, is aimed directly at P&G's Charmin and White Cloud brands. Although sold under the Coronet umbrella, it is positioned as top-of-the-line.

The ad campaign by Altschiller Reitzfeld, New York, focuses on a softness message. TV spots show babies dressed as angels, with a voice-over by Sterling Holloway, the voice of Winnie the Pooh, and original music written and performed by John Sebastian (formerly

(Continued on Page 78)

Luisi seeks O'Donnell's JWT letter

By STEWART ALTER

JWT Group's two crises—involving ex-employees Marie Luisi and Joseph O'Donnell—suddenly came together last week in an unexpected way.

In a filing in New York State Supreme Court, JWT Group moved to keep information about its problems with Mr. O'Donnell, who was dismissed in January, from surfacing in legal documents related to Ms. Luisi's libel suit against JWT.

Ms. Luisi was dismissed by J. Walter Thompson USA in 1982 as the executive "responsible" for the improprieties discovered in its barter syndication unit. She subsequently sued for libel, charging she was not solely responsible for the problem and was a scapegoat. She now is in the final weeks of the pretrial discovery process and plans to file on March 31 for a trial date.

JWT in effect asked the court to prevent Ms. Luisi from taking depositions from Mr. O'Donnell and John Peters, Thompson's ex-president, in order to learn whether anything in a letter from Mr. O'Donnell might be useful to her case. The agency steadfastly has refused to make public the letter written to JWT board members by Mr. O'Donnell, which contributed to his ouster as chairman of J. Walter Thompson Co. (AA, Feb. 2, *et seq.*).

While JWT has "resisted a lot of stuff" in the discovery process of Ms. Luisi's lawsuit and has directed witnesses not to answer questions, this is the first time it has attempted to stop her from taking depositions, said her attorney, P. Jay Wilker.

A JWT spokesman, who confirmed that these were the first depositions the company was seeking to stop, said the reason was that "we see it as a fishing expedition" and called the letter "irrelevant" to Ms. Luisi's case. "The letter dealt with matters in 1986," he said, observing that nothing that current had to do with "accounting ques-

(Continued on Page 80)

Legislators ask probe of Visa

Attack on AmEx backfires

By PATRICIA WINTERS and STEVEN W. COLFORD

Visa International's attack on American Express Co.'s new Optima card has backfired into a wellspring of support for AmEx from consumer groups and members of Congress.

The Consumer Federation of America and four legislators—including a potential presidential candidate—last week asked the Department of Justice to investigate possible antitrust violations by the industry—and Visa in particular—after Visa President C.T. Russell sent a letter to member banks warning them about Optima's "competitive threat" (AA, March 16).

In its telegram, San Francisco-based Visa suggested that the banks reconsider issuing AmEx traveler's checks and other AmEx products now that its revolving-credit Optima card will be competing with the banks' credit-card business.

"I had hoped," Rep. Charles Schumer (D., N.Y.) responded, "that the credit-card industry's response to the new American Express card would be an appropriate free-market response: lowering the interest rate on their cards . . . or, at the very least, trying to explain to consumers why they should spend more for Visa or MasterCard.

"Instead, Visa chose to rely on strong-arm pressure tactics and on a call for a boycott by banks of American Express products."

Timing undoubtedly played a part in eliciting Rep. Schumer's response. The Optima card, whose 13.5% interest rate is five percentage points lower than the average rate for Visa and MasterCard, was introduced on

(Continued on Page 78)

Last Minute News

LaMaur backs intro with $21M campaign

MINNEAPOLIS—LaMaur this spring will introduce Textra shampoo and conditioner with a $21 million TV, magazine, direct-mail and couponing campaign. Campbell-Mithun, Minneapolis, handles.

DMB&B gets 'soap' assignment from P&G

NEW YORK—Procter & Gamble, Cincinnati, is consolidating all New York daytime soap-opera production at D'Arcy Masius Benton & Bowles. DMB&B will produce two soaps, "As the World Turns" and "Guiding Light," previously at Saatchi & Saatchi Compton.

Weithas to be 4A's vice chairman

NEW YORK—William Weithas, chairman of SSC&B:Lintas Worldwide, will be elected the new vice chairman of the American Association of Advertising Agencies at its annual meeting this week in Boca Raton, Fla., sources say. The post traditionally is the stepping-stone to the chairman's spot the following year. Leland Lynch, chairman of Carmichael-Lynch, Minneapolis, is slated to be the

(Continued on Page 8)

Highlights

Georgia-Pacific tags P&G 1
Georgia-Pacific Corp., the paper-products company that's accustomed to walking in the long shadow of Procter & Gamble Co., now is hot on its bigger rival's heels. In a six-month marketing effort, G-P will spend as much as $75 million in advertising and promotion—a record for the company—to introduce a new bathroom tissue and upgrade its lower-price Coronet line.

Children's promotions on rise 3
White Castle, Pizza Hut and other fast-food chains are rediscovering the children's market, a segment most of the industry effectively had conceded to McDonald's Corp.'s dominance.

Underwear tug of war 4
Hanes Knitwear and Fruit of the Loom are set to air their dirty laundry in the courts, escalating a battle over a string of contentious TV commercials for underwear.

Commodore's clone killer 12
Recuperating personal-computer giant Commodore International is hungry for a piece of the $1.3 billion IBM PC-compatible market. In a $2 million print campaign starting this week, the company introduces the PC10 computer as "The clone killer."

Haircare help 22
Helene Curtis Industries' plan to spend $40 million to introduce its Salon Selectives line has jolted the slumbering $3.5 billion haircare market.

Generics wind down 76
Today, generic products celebrate their 10th anniversary on an inauspicious note. With the exception of the cigarette market—which still is getting mileage out of cut-rate, unadvertised brands—generics' best days are behind them.

CORPORATE CLOSEUP

Wilson will exclude athletes 6
Wilson Sporting Goods Co. is serving up some fiscal responsibility in its new advertising campaign. Facing skyrocketing endorsement fees, Wilson's new corporate ad campaign reveals the names of star athletes but doesn't use their pictures.

FEATURES

Year's best 35
Advertising Age presents the best commercials of 1986. This year's lineup features everything from a conga line of raisins to a talking head in a box, and almost everything in between. As creative directors struggle with declining TV audiences and the almighty zap factor, the emphasis has shifted from selling products to producing impact and attracting attention.

INTERNATIONAL

Italian food marketer expands 48
H.J. Heinz Co. and CPC International, among others, were outbid recently by Italian agribusiness conglomerate Ferruzzi S.p.A. of Rome for Latin America's largest food marketer. Brazil's Companhia Industrial de Conservas Alimenticias—CICA—soon may become a much more serious competitor for food marketers under Ferruzzi's ownership.

British Airways turns to U.S. TV 48
British Airways today brings its global ad campaign, focusing on the airline's treatment of passengers, to seven U.S. cities. The Saatchi & Saatchi campaign aired in 33 countries last year.

OTHER NEWS

National Car Rental System has expanded the scope of frequent-traveler incentive programs by becoming the first car-rental company to offer its own proprietary plan. Minneapolis-based National last week unveiled the Emerald Club, which offers "members" rewards ranging from free weekend rentals to vacations in Hawaii and Ireland. Page 12.

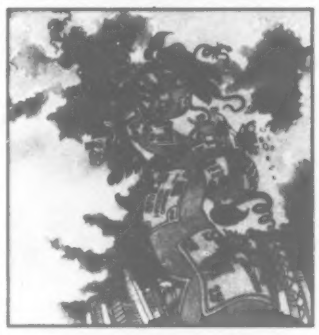
Ad industry trade groups are preparing for a major fight against a Florida proposal to tax all advertising coming into the state, including spots on network TV and ads in national print media. Page 53.

Determined to have its share of the wine-cooler market, Anheuser-Busch has changed its Dewey Stevens Premium Light brand's agency, advertising and packaging. Page 66.

In just six years, John Ryan & Co. has caught the eye of retail and bank clients nationwide with upscale POP art—point-of-purchase posters, displays and collateral. It's just one of several specialty shops luring dollars from conventional media in the POP field, which has grown 29% in the past two years to more than $9 billion. Page 43.

A North Carolina agency's "down home" work won the 1986 Stephen E. Kelly Award for best print advertising from the Magazine Publishers Association. The North Carolina Travel & Tourism campaign, created by Raleigh-based McKinney & Silver, took the top prize at the March 18 awards luncheon. Page 75.

SPECIAL REPORT



Sales Promotion—Consumer product marketers are redefining the rules of the game as more money continues to be diverted from general advertising budgets to sales promotion.

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Financial woes sting Abel shop

By JENNIFER PENDLETON

Hollywood—The Canadian parent of Robert Abel & Associates has installed a new president-chief executive officer to turn around financially the production company responsible for some of the most innovative—and expensive—special effects in TV advertising history.

R. Abel

Omnibus Computer Graphics named Bill Kennedy, a former VP of Crownx Inc., a Canadian diversified-services company, as president of Omnibus and its Abel unit. He replaces John Pennie, who becomes vice chairman.

Mr. Abel, the award-winning creative force behind the company that bears his name, continues as executive creative director.

Omnibus reportedly had a working capital deficit of $5.9 million for the three months ended Dec. 31. It also is in default on certain [illegible] its line of credit with the Royal Bank of Canada.

Omnibus acquired RA&A last August for $7.3 million.

As part of the restructuring, Omnibus has let go a substantial number of RA&A's staff, currently about 150 people. Observers expect further paring to take place.

RA&A has been responsible for some of the most talked-about and lavish TV commercials. Its work has given its principal, Robert Abel, the reputation of a creative genius.

Among RA&A's noted work: Levi Strauss & Co. spots featuring animated Levi's logos; Transamerica's commercials showing King Kong on the company's distinctive San Francisco pyramid building; and the Canned Food Information Council's "Sexy Robot" commercial.

While RA&A's work has always been somewhat experimental, its business has suffered in recent years due to growing competition.

"In the late 1970s, Abel was the only game in town," said one source. "Now there are many other production companies offering the same services."

Peter Johns & Partners feels pinch

San Francisco—Agency principal Peter Johns said Peter Johns & Partners is feeling "extreme pressures on ... cash flow," but emphasized he hopes to be able to turn around the ailing shop.

When asked if the agency might file for bankruptcy protection, the former president of Wells, Rich, Greene/West said it's "a possibility."

But Mr. Johns said he has several undisclosed new clients that he hopes will put the agency on a stronger financial footing by April.

According to numerous ex-staffers, about 10 employees have left the agency, claiming salaries haven't been paid since February.

Among those leaving the shop recently were Mickey Lonchar, VP-creative director; Donna Bischoff, director of research and VP-account supervisor; and Margaret Paradis, account supervisor.

Mr. Johns denies that staffers haven't been paid.

Current clients include the Claremont Hotel & Resort, Berkeley; Cathay Pacific; and a new theme park—as yet unbuilt—called Gold Rush City.

PJ&P's financial crisis follows the loss of its largest account, the estimated $1.5 million-to-$2 million Plantronics account, now in review (AA, March 16).

Suppliers say the agency is behind on payments. Local photographer Larry Keenan says PJ&P owes him $23,000 and he is contemplating pressing charges against the agency.

A Sun Valley, Idaho, photographer, David Stoecklein, has filed a civil suit in Blaine County (Idaho) District Court against the agency and Mr. Johns as an individual, seeking collection of an outstanding debt of $4,700.

PJ&P began operating under its current name in March 1986, following the departure of Mr. Johns' former partner, Ed Mangino. Prior to that the agency had been doing business as Mangino/Murray/Johns.

South African-born Mr. Johns was president of WRG/West, Los Angeles, until 1982. Early in that year, WRG spun off its Los Angeles office as an independent subsidiary—Johns, Cohen & Pasqualina—to avoid conflict between Continental Airlines (handled out of Los Angeles) and Pan American World Airways (a New York client). It subsequently lost the Continental business, and Mr. Johns left (AA, March 12, 1982).

West Coast News

CORPORATE CLOSEUP

The copy describes golfer Ben Crenshaw, but the athlete's picture is noticeably absent in this b&w ad for Wilson Sporting Goods.

Wilson looks past star athletes' fees

By LAURIE FREEMAN

RIVER GROVE, ILL.—Wilson Sporting Goods Co. is serving up some fiscal responsibility in its new advertising campaign.

Emerging from a long period of introspection under new ownership, Wilson finds the rules of the marketing game have changed, and not in its favor. Endorsement fees have skyrocketed for celebrity athletes who long have dominated sporting-goods ads, and smaller companies have been priced out of the high-stakes competition.

So in its new corporate ad campaign—budgeted at $5 million and themed "Where there's a will, there's Wilson"—the names of such star athletes as George Brett, Chris Evert, Michael Jordan and Walter Payton are shown against stark, b&w photography of the playing fields where they learned their sports. The athletes themselves are not shown.

D'Arcy Masius Benton & Bowles, Chicago, is the agency.

Wilson marketing executives have crafted the strategy only partly because of the fiscal reality; the other part is a belief that athlete endorsements don't automatically add up to sales anymore.

"[The celebrity athletes'] day is done. Except for a few, their ability to deliver is minimal and their value diluted because of the many endorsements they do," said Dave Lumley, Wilson VP-advertising, during an interview at Wilson's corporate headquarters here. "Consumers ... know that the player has sold out and is being paid large sums of money to wear the clothing and use the equipment."

Whether that's true or not, much has changed since Wilson was sold to Wesray Capital Corp. by former parent PepsiCo in September 1985. Wilson executives have spent much of the transition time identifying and seeking solutions to the problems that had caused company profits to deteriorate.

For 1984, the year before its sale to Wesray, Wilson posted a loss of $17 million on sales of $247.6 million. That trend continued into 1985, when sales of $255 million translated into a loss of $37.8 million.

While Wilson says its new campaign reaffirms its belief in the value of image-building advertising, management knows advertising means nothing if the company doesn't have the accompanying dealer support.

Mr. Lumley said the company is putting substantial time and effort into repairing damage to its trade relationships.

After being named company chairman in late 1985, John Murray sent a letter to sporting-goods dealers admitting the company's past mistakes and explaining corrective measures. These included new terms for retailers, proper pricing procedures and, importantly, upgraded products.

Most of Wilson's problems under PepsiCo were caused by frequent management changes, sources report, and resulting short-sightedness. Poorly conceived products became permanent inventory.

During this PepsiCo period, relations with retailers were badly damaged—almost beyond repair, according to some industry executives.

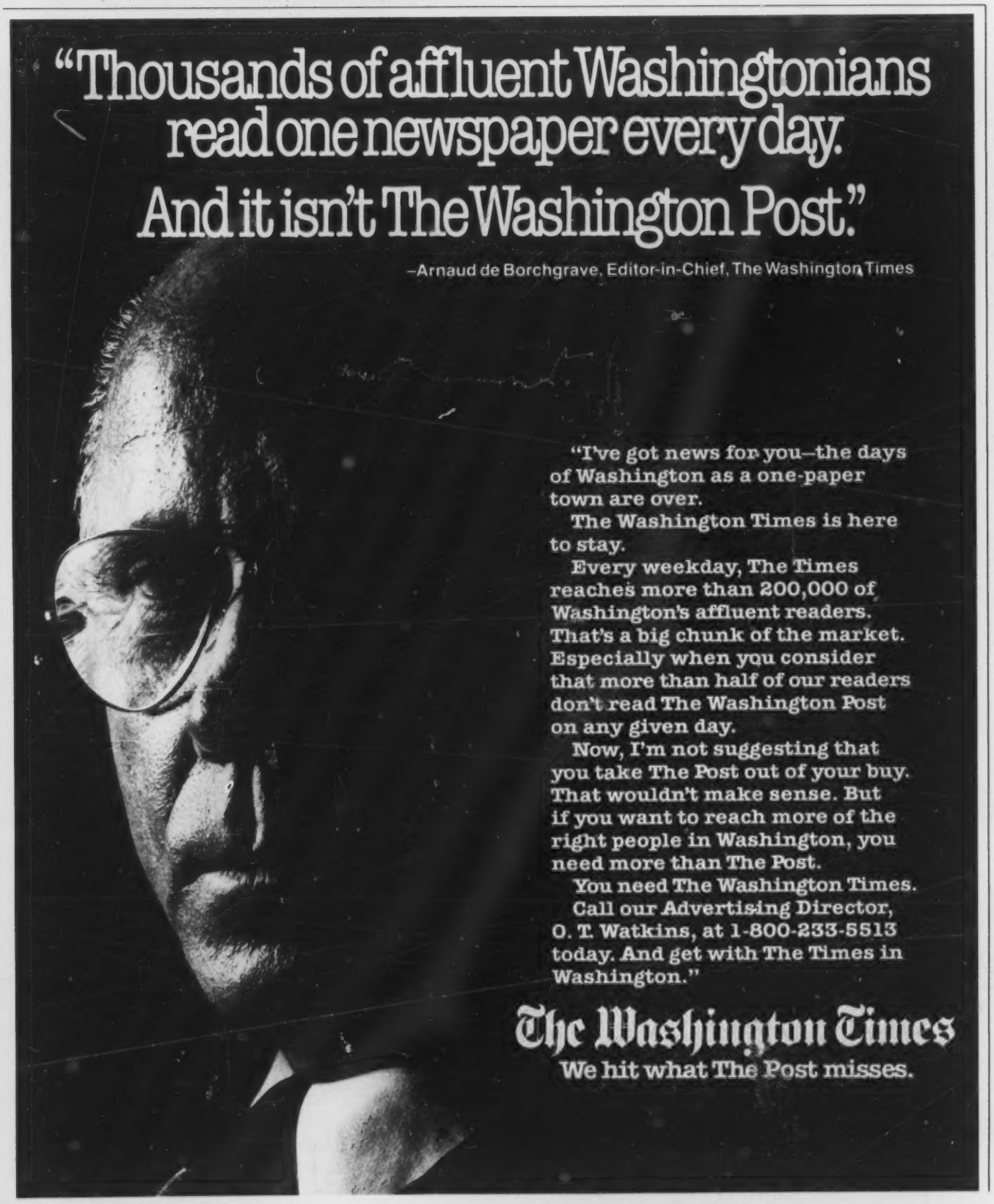
Wilson now is determined to rebuild, to re-establish its past preeminence in the $15 billion industry. Still, it intends to work within its means, as evidenced by its attitude toward athlete endorsements today.

"What's happened is the en-

(Continued on Page 83)

"Thousands of affluent Washingtonians read one newspaper every day. And it isn't The Washington Post."

–Arnaud de Borchgrave, Editor-in-Chief, The Washington Times



"I've got news for you—the days of Washington as a one-paper town are over.

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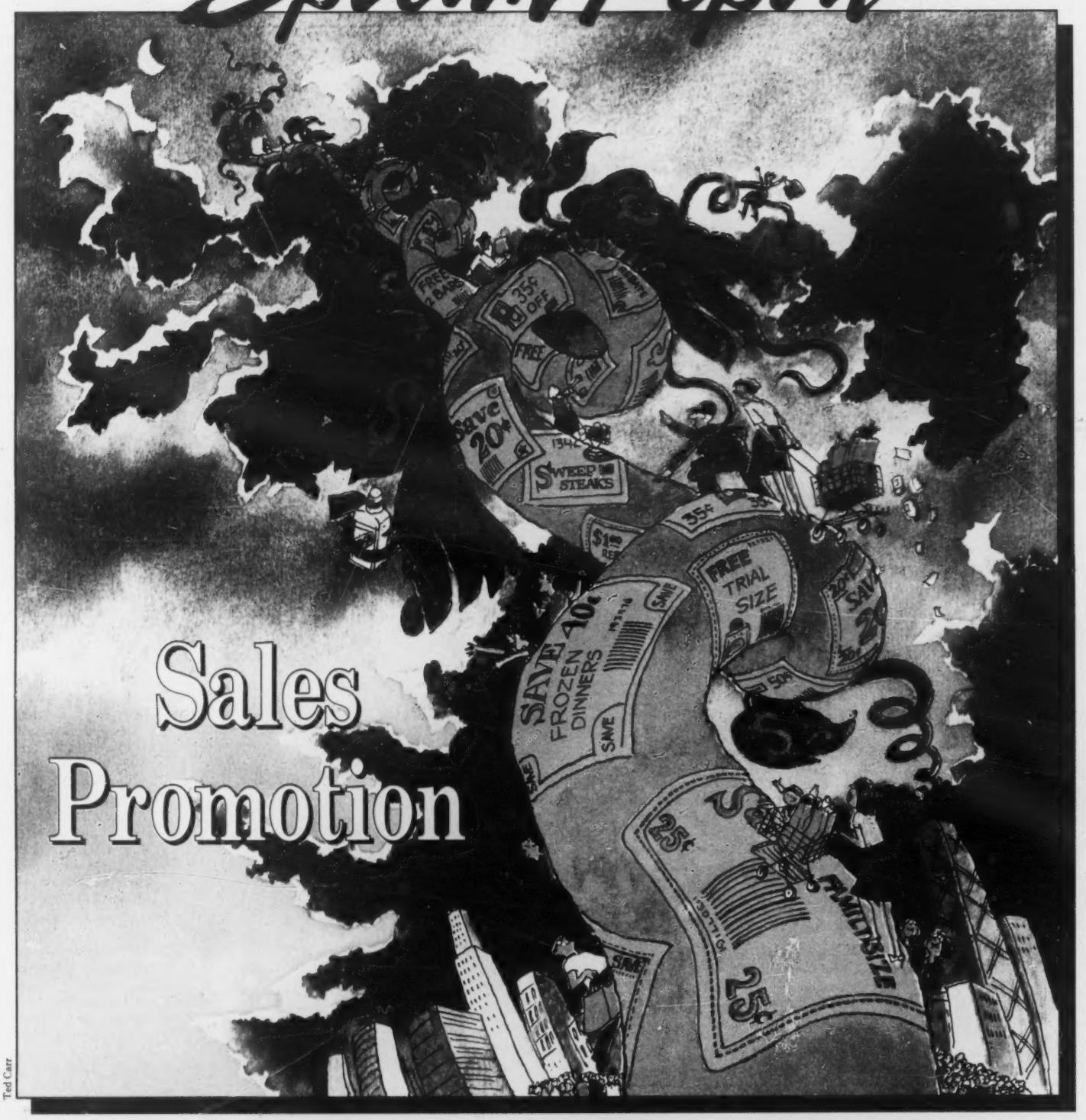
• Cox Enterprises Inc. was the name adopted by the Atlanta-based media company following the 1986 merger of Cox Communications and Cox Enterprises. Ownership of all Cox media properties —newspapers, TV, radio stations and cable TV systems—should have referred to Cox Enterprises, the media properties' parent company, not Cox Communications, a name that is no longer used (AA, Jan. 26, P. S-20).#

Special Report



Ted Carr

No end in sight to promotion's upward spiral

By Richard Edel

Not long ago, Paddington Corp., Fort Lee, N.J., made an incredible offer to consumers in selected New York markets where it was promoting J&B Scotch. Consumers who bought a $12 bottle of J&B were entitled, free of charge, to select a watch, a credit card, radio or a movie videocassette, with retail values between $20 and $50.

How could a company afford premiums worth two to four times the value of its product based on a single purchase? (The answer is somewhere in this story.)

Under normal circumstances, a company can't. But in the sometimes crazy world of sales promotion, seemingly anything is possible.

Consumer product marketers are rethinking the rules of the game as they devote more money to sales promotion, says Richard Vincent, director of marketing services at Donnelley Marketing, Stamford, Conn.

These marketers still spend billions each year on brand advertising to promote long-term customer loyalty, but heightened competition and the rising cost of network TV is causing them to divert more marketing dollars into short-term tactics, such as cents-off coupons, money-back offers, premiums, sampling, sweepstakes, contests and other sales incentives. Unlike image advertising, these forms of promotion have built-in systems for tracking performance, he says.

"The market is reacting to the high cost and diminishing effectiveness of network TV. You can see the change in attitude as agencies come under pressure to find new marketing approaches," Mr. Vincent says.

For the past nine years, Donnelley, a division of Dun & Bradstreet, has surveyed package

(Continued on Page S-2)

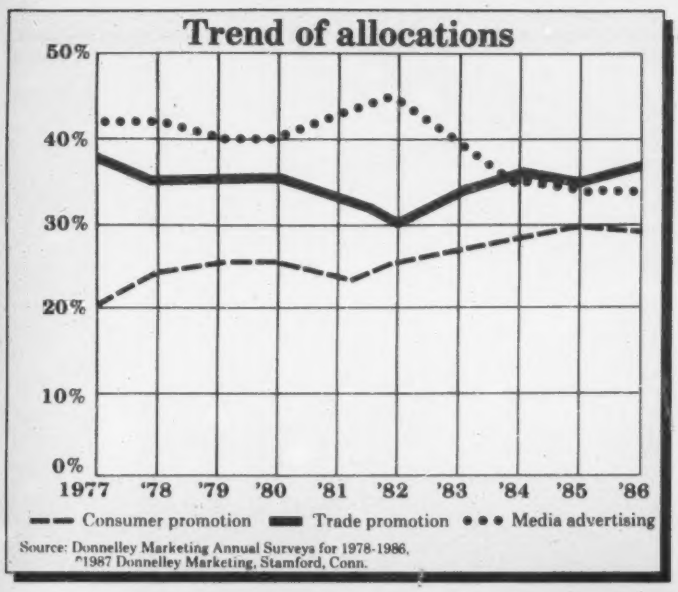
Richard Edel is a Chicago-based free-lance writer and frequent contributor to Special Report.

Allocation of promotion dollars

1985-86

Type	Percent
1. Meetings and conventions	31%
2. Direct mail	16
3. Premiums and incentives	14
4. Point-of-purchase displays	12
5. Printing and audio-visuals	8
6. Promotion advertising space	8
7. Exhibits and trade shows	7
8. Couponing	4

Source: Promotion Marketing Association of America, New York



Source: Donnelley Marketing Annual Surveys for 1978-1986.
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Promotion's spiral

(Continued from Page S-1)

goods and consumer product companies' marketing expenditures.

A draft report of the latest survey, pre-released to Advertising Age, indicates that consumer promotions accounted for 29% of marketing expenditures in 1986, a 1% drop from 1985 spending, but up from 24% in 1978, the first year of the study.

Combined with trade promotions—the special deals that manufacturers offer retailers to give their products an extra push—non-media promotion accounted for 66% of all marketing expenditures in 1986, up 1% from 1985 and up 8% from 1978. Media advertising fell to 34% of marketing costs in 1986 from 35% in 1985 and 42% in 1978.

The Promotion Marketing Association of America, New York, predicts total promotion industry expenditures will top $100 billion for the first time in the fiscal year from June 1986 to June 1987, says Robert D. Brandon, PMAA chairman and president of Beaumont-Bennett/-Brandon, Atlanta.

One reason for the increased interest in consumer promotion is advertisers' growng difficulty in finding a unique selling proposition with the onslaught of new products, brand extensions and me-too offerings.

Factoring in resistance from the retail trade to price increases, an increasingly popular way to differentiate products is through price reduction and value-added promotions, such as premiums and incentives.

"It boils down to who can shout the loudest," Mr. Brandon says.

The dramatic rise of non-media promotions for a major package goods marketer can be seen in promotional spending by Chicago-based Quaker Oats Co. At Quaker's annual meeting Nov. 12, William D. Smithburg, chairman-ceo, said the company's advertising and merchandising expenses as a percentage of sales over the last decade jumped from about 11% to nearly 20% on net sales of $3.67 billion for the year ending June 30, 1986.

Most promotions simply switch around price-conscious buyers and rarely attract new users.

Quaker's total advertising and merchandising budget for the fiscal year was just more than $700 million, of which media advertising represented about 25%, Mr. Smithburg added.

That means Quaker spent $175 million for advertising, compared with combined trade and consumer promotion of $525 million, says Ron Bottrell, senior manager of corporate communications.

"Our total marketing budget is going up and there is a shift in the way it is being spent, with media spending [falling as a percentage of the total] and trade and consumer promotion going up. But we've never been too precise about the way the pie is carved up," Mr. Bottrell says.

Compounding the reasons for a shift in favor of non-media promotion is the rising buying power of retailers through industry consolidation, and their greater access to almost instantaneous information on product movement through computerized scanner data.

Promotions give marketers an edge in gaining precious shelf space and advertising support from retailers. Trade promo-

(Continued on Page S-4)

Quick! She's about to make a decision.

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Trend of allocations to consumer promotion

Showing three-year reports for each survey

Percent of total promotional dollars in each year

Survey	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86
Ninth									27	28	(29)
Eighth								27	30	30	
Seventh							23	26	27		
Sixth						20	24	26			
Fifth					22	25	26				
Fourth				19	22	23					
Third			20	23	25						
Second		20	22	25							
First	19	21	(24)								
Mean	**19**	**20**	**22**	**22**	**23**	**23**	**24**	**26**	**28**	**29**	**29**

Circled numbers represent beginning and ending years of surveys completed.

Source: Donnelley Marketing Annual Surveys for 1978-1986

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Promotion's spiral

(Continued from Page S-2)

tions provide a push effect through distribution and retail channels, while coupons, contests and incentives create a pull effect by luring consumers into stores, analysts say.

Because the manufacturer picks up the tab for all deals and incentives, retailers have everything to gain by seeking out ever-sweeter deals. When done correctly, promotions build customer traffic, boost sales volume and result in incremental profits for the manufacturer.

However, reckless use of sales promotion could lead to an endless spiral of ever larger deals and incentives. The prospect of mortgaging a brand or category's future profitability is real, says Don Schultz, associate dean of the advertising department at Northwestern's Medill School of Journalism, Evanston, Ill.

Soft drinks, coffee and cookies, among others, already have fallen victim to frequent promotion cycles, Mr. Schultz says. The result is that leading brands simply trade market share on a week to week basis, depending on which is being promoted.

"It's a prisoner's dilemma. The big question is, who's going to be the first one to quit?" he asks. "In many categories, share of market is an unattainable goal. The key question is whether you make any money."

Mr. Schultz blames consumer product companies for creating a pay and bonus system that rewards executives for short-term tactics that move product volume rather than long-term strategies that build consumer loyalty.

"A ceo is evaluated based on sales volume for the last quarter. The executive who thinks ahead is a rare breed," he says.

What is needed is an integrated, long-term marketing strategy that examines promotion allocation by brand, category and markets on a localized basis, Mr. Schultz says.

"I'm trying to get people to look at promotion allocation on a market-to-market basis using scanner data and research rather than people just saying, 'This is the way I think it works.' The way it has traditionally been done is wrong," he says.

The first misconception is a belief in spending more money for so-called efficient national media buys, he says. "The assumption is that there is a national market. In truth, there is no national market."

Another misconception surrounds what makes advertising successful, Mr. Schultz says. Success depends on how good the advertising is, and whether it clearly explains the consumer benefit, creates emotional or rational involvement, and is exposed to the correct target market.

These principles frequently are misunderstood by marketers who use promotion to prompt a product trial, Mr. Schultz says. Research indicates that advertising, not sales promotion, convinces consumers to try a product.

Advertising explains the product benefits or creates an emotional attachment, Mr. Schultz.

(Continued on Page S-7)

We delivered fat figures for Diet Dr Pepper.

John Albers
President, Dr Pepper Company

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Promotion's spiral

(Continued from Page S-4)
says. Most promotions simply switch around price-conscious buyers; they rarely attract new users, he says. Light users of a product also are more responsive to promotion than heavy users because they tend to stock up.

For established products, marketing success generally depends more on retail support than on the manufacturer's promotional activities, Mr. Schultz adds. A big placement in a free-standing insert is small potatoes compared to an end-aisle display in a major chain store, he says.

The latter trend was just what PepsiCo had in mind when the soft drink marketer took action to boost sales in the Southeast by teaming up with Eckerd Drugs in a promotion targeted at female heads of households.

Pepsi became co-sponsor in late 1985 with Clearwater, Fla.-based Jack Eckerd Corp. of the "Meet the Stars" sweepstakes. The game asked participants to answer questions about the TV soaps and offered a grand-prize tour of the sets and a chance to meet the stars.

"[PepsiCo is] looking for retailers who can offer adequate display space, good location in the stores and the right kind of product to back up a sale and meet demand," says Ronald Peterson, exec VP-marketing, Eckerd Corp. This is especially true if the product is high volume and needs a large display area, such as soft drinks, he adds.

Experts say retailer support will become critical in the future as consolidation places buying power in fewer hands. "We predict that by 1990, 40% of all commodity volume in grocery products will be controlled by 10 chains," says Jeff McElnea, president of Paramus, N.J.-based Einson Freeman, one of

(Continued on Page S-8)

From ugly duckling to golden goose

Independent sales promotion agencies may be victims of their own success. Their ability to lure dollars away from brand image advertising has made them among ad agencies' most attractive buyout targets.

In the past few years, major agencies have acquired some of the largest independents: Saatchi & Saatchi Compton Worldwide's buyout of the Howard Marlboro Group, New York; Grey Advertising's acquisition of Beaumont/Bennett, New York; Young & Rubicam's purchase of Rogers Merchandising, Chicago. On Jan. 1, the Australian agency Mojo MDA acquired San Francisco-based Allen & Dorward.

Other large agencies are either starting their own promotion agencies or are rumored to be negotiating to buy independents, observers say. By growing their own promotion agencies, they avoid the cultural clashes that sometimes occur when an entrepeneur-driven company is acquired.

"When you own a promotion agency, everyone and their dog is after you," says Dick McLean, president of The Merchandising Factory, a San Francisco-based independent promotion agency.

It's not hard to figure out the reasons for this. As large agency profit margins are squeezed by lower use of network TV, they are looking for new income sources. Profit margins generally are higher in sales promotion, he says.

"With the shift toward sales promotion, the ad agencies see potential revenue slipping through their fingers," says William A. Robinson, president of the Chicago-based agency that bears his name. "The acquisition of sales promotion agencies into general agencies is a horrible trend."

The lack of sales promotion capabilities can hurt an advertising agency in a market where clients are looking for more services, as illustrated by Doyle Dane Bernbach's loss of its Brown & Williamson Tobacco Corp. business last year.

"It makes sense for large agencies to offer a complete range of services to the companies that want them," says Barry E. Loughrane, chairman of New York-based Omnicom Group, which last year reorganized its three public relations companies and eight direct marketing agencies into two promotion agency networks under its Diversified Agency Services division. Omnicom now is making a concerted effort to market its promotional capabilities. "I think we can come a little closer, if not to one-stop shopping, at least to convenient shopping," Mr. Loughrane says. "It will never be a utopia where we can offer all clients everything they want," he adds.

Perhaps the key to big agency interest in promotional agencies is that more clients are looking for a return on their marketing investment, says Mr. Robinson. Where national media may take months or years to produce measurable results, various forms of sales promotion, such as coupons, sweepstakes and incentives, offer almost immediate response. An example is Quaker Oats' 1985 "Where's the Cap'n?" promotion, which resulted in a 50% increase in volume sales of Cap'n Crunch cereal during the promotion, Mr. Robinson says.

"One of the trends in our business is well-informed clients. In years past, it was enough that we did better than last year. Now the client asks, 'How many cans of soup am I going to sell if I spend an extra million on sales promotion?' " he says.

Ad agencies once thought of sales promotion agencies as the guys in plaid jackets who push pens and calculators with company logos. Now they view sales promotion as an indispensable factor in the integrated marketing mix, Mr. Robinson says.

"They like to come to a client without a bias as to any type of medium, whether it's sales promotion, public relations or agency work," says Joe Flanagan, president of Chicago-based Impact, a division of Foote, Cone & Belding.

"Sales promotion is the ugly duckling whose time has come," says Mr. McLean.

—*Richard Edel*

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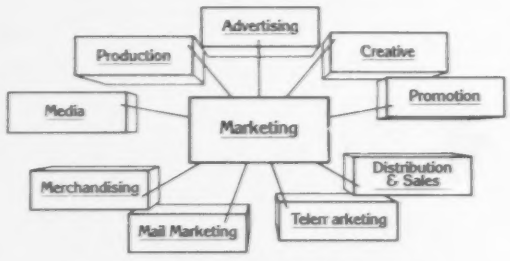

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Promotion's spiral

(Continued from Page S-7)
the nation's oldest sales promotion agencies.

"We must meet the needs of the retailer one-on-one," he says. With technology, retailers increasingly are able to adjust ordering patterns, and revise merchandising schemes with up-to-the-minute information. "You can't sell them a bill of goods. The retailer knows too much," he says. Manufacturers sometimes will go to great lengths to attract retailer support by making unusual offers. Which brings us back to Paddington's J&B promotion, and how the company could afford its expensive giveaways.

The promotion has all the elements: attractive benefit, rational involvement, a clear message and exposure to a well-defined regional target market. Slippage is the reason Paddington can afford the promotion, explains Mr. McElnea, whose agency dreamed up the idea.

Slippage is defined as the percentage of consumers who buy a product, but never follow though on a redemption offer. It is a key ingredient in many of the high-ticket offers that tie in with low-priced consumer goods.

In this case, Paddington required that consumers soak off the J&B label and return it to the company with a proof of purchase. The company took a gutsy risk that few consumers would soak the label off a premium product prior to emptying the bottle. And by that time, the offer would be long forgotten.

"I'd have to give Paddington credit for attempting this strategy. You're getting the benefit of incremental sales without having to pay for redemption," he says. "Payout is the ultimate criteria.

"It's not every day that a client is willing to take a bold risk," Mr. McElnea says.

Trend of allocations to trade promotion and media advertising

Showing three-year reports for each survey

Trade promotion

Percent of total promotional dollars in each year

Survey	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86
Ninth									37	38	(37)
Eighth								38	36	35	
Seventh							41	39	37		
Sixth						39	38	34			
Fifth					33	30	29				
Fourth				37	35	33					
Third			37	36	35						
Second		39	38	35							
First	39	37	(34)								
Mean	**39**	**38**	**36**	**36**	**34**	**34**	**36**	**37**	**37**	**36**	**37**

Media advertising

Percent of total promotional dollars in each year

Survey	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86
Ninth									36	34	(37)
Eighth								35	34	35	
Seventh							35	35	36		
Sixth						41	39	39			
Fifth					45	45	45				
Fourth				44	43	44					
Third			44	41	40						
Second		41	40	40							
First	42	42	(42)								
Mean	**42**	**42**	**42**	**42**	**43**	**43**	**40**	**38**	**35**	**35**	**34**

Circled numbers represent beginning and ending years of surveys completed.
Source: Donnelley Marketing Annual Surveys, 1978-1986
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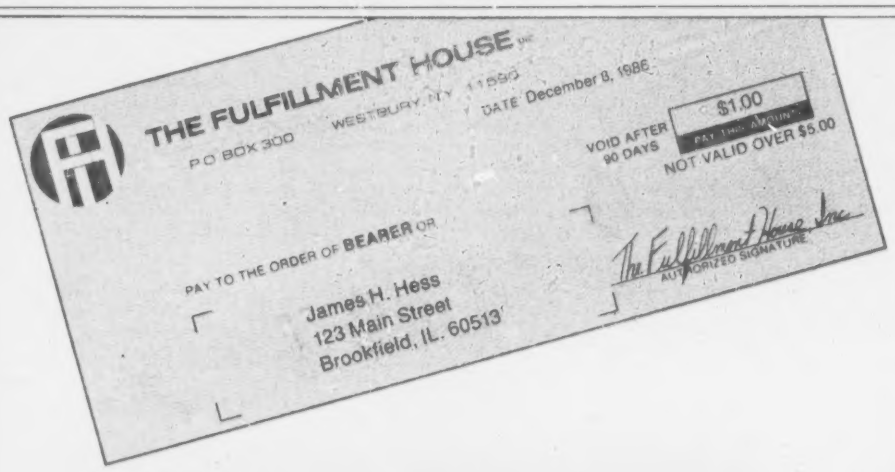

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Rebates challenge coupons' redeeming values

By Ronnie Telzer

Refunds are presenting a potent challenge to couponing's dominance as a sales promotion tool. Refund offers are attractive because they stimulate sales without the high costs and waste often associated with cents-off coupons.

"Everybody talks about couponing when they discuss the growth of promotion, but we continue to see declining redemption rates in couponing due to the glut of couponing activity," says Austin Chave, president, Promotion Dynamics Worldwide, New York, a subsidiary of Omnicom Group.

"Refunds have become a major promotion tool because they are consistently predictable in terms of results and liabilities. With refunds, you know what you're getting for your dollars," Mr. Chave says.

He cautions that overuse of refunds can be tremendously detrimental—particularly in noncommodity categories like cereals, cigarettes and soft drinks, where there is strongly perceived product differentiation. "Too much reliance on refunding can undermine and erode the positive brand imagery that can be built up by advertising. But when refunds are used wisely with a well-rounded mix of other promotion techniques, they can be very effective."

Donald C. Vaillancourt, corporate VP-corporate communications and consumer affairs, Grand Union Co., Elmwood Park, N.J., says, "Coupons and refunds are a plus in the marketplace. They enhance the sale of new products and stimulate the sale of other products that may be declining in the product life cycle." He says Grand Union has "no problem with manufacturers' refunds and rebates. But what we object to," he says, "is when competition forces us into double coupons [redeeming twice the face value of a coupon] —when the extra value of the coupon is paid from Grand Union's corporate funds."

Michael Rourke, VP-communications and corporate affairs for A&P, Montvale, N.J., says A&P also dislikes "the cost of double couponing, and uses it only in self-defense. Coupons are a way of life, which may have gone too far in the last few years. There are too many coupons for stores to handle efficiently."

"Unlike coupons, rebates don't affect us directly in terms of handling costs. We feel refunds can help stimulate product movement and help increase sales," he says.

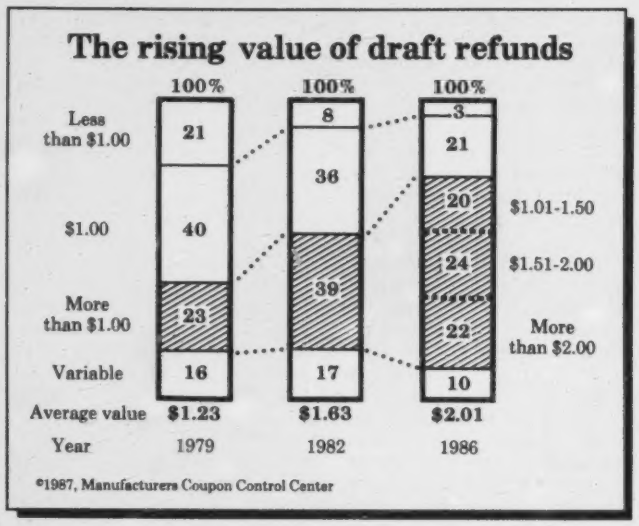
According to Roger Shaw, exec VP/national sales director for Wilton, Conn.-based Manufacturers Coupon Control Center, a division of Dun & Bradstreet, manufacturers' coupon handling allowances went from 5¢ to 7¢ in 1980; an increase to 8¢ was rolled in through 1984.

"Promoting with Consumer Refunds," a study by MCCC, shows that the number of households using refunds has nearly doubled, from 27% in 1977 to 51% in 1984, the most recent date for which figures are available. That year the average number of requests per refunding household reached six—an increase from four refund requests per household in 1977.

Dan Ailloni-Charas, president of Stratmar Systems, an international marketing services company based in Port Chester, N.Y., attributes this growth to three market factors: the promotion and popularity of high-ticket rebates on items from autos to appliances; the increased desire for shoppers to obtain greater savings than those achievable through couponing alone and the proliferation of consumer swap clubs that foster awareness of promotional offers.

Mr. Ailloni-Charas emphasizes that consumers are not the only beneficiaries of refund promotions. "The big winners are manufacturers, who are spared the costs of coupon misredemp-

Ronnie Telzer is a New York-based free lance writer who specializes in sales promotion topics.



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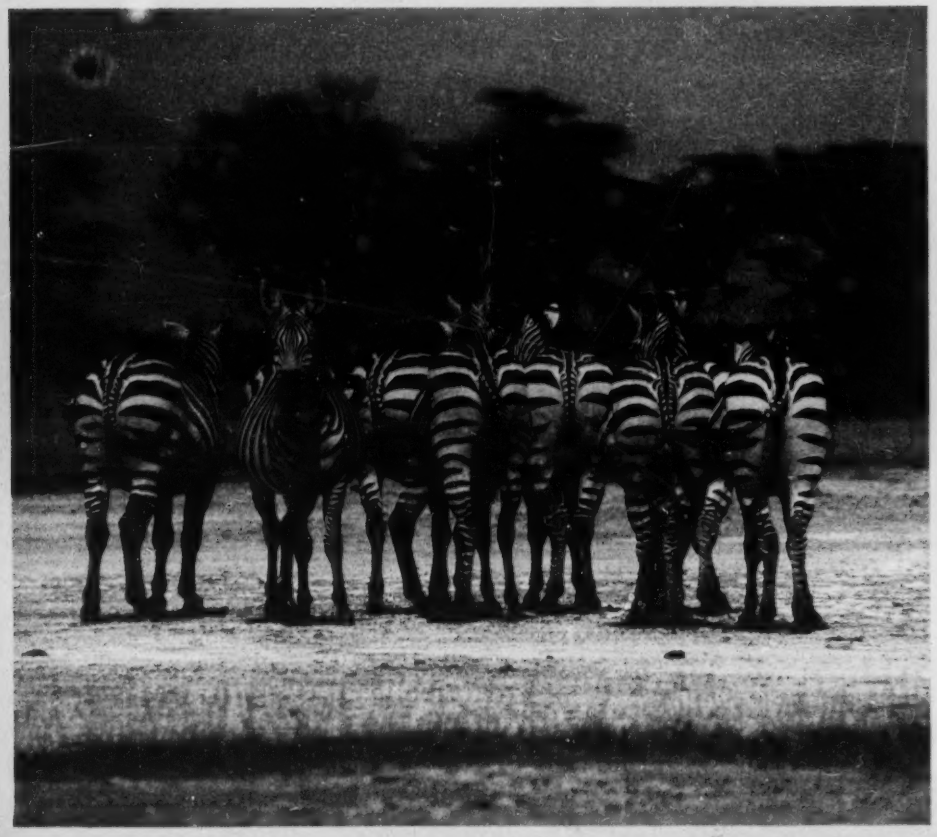

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tion, which runs as high as 20%, and retailers, who generate incremental and multiple purchases without assuming the burden of double/triple couponing and coupon handling costs.

"Slow coupon redemption payments have become such a problem that some retailers have actually begun to deduct the money due them from payments for goods," he says.

In 1985 Stratmar Systems introduced a cooperative refund event called "Shoppers PayDay." Mr. Ailloni-Charas says it was designed "to make refund promotions easier and more attractive than ever before."

The program combines refund offers from several package goods marketers under an attention-getting banner headline that appears in daily newspaper food-day ads and "take one" flyers distributed via supermarket floor-stand displays. The ads and flyers invite consumers to "Get up to $12.75 [or other amounts] in cash, coupons and free merchandise and win a five-minute shopping spree."

Conducted on a regional basis from 1985 to 1987, the Shoppers PayDay program is expected to run nationally for the first time in mid-to-late 1988. The national program will have an estimated circulation of 40 million to 45 million, and will be supported by a strong merchandising program including local market radio and newspaper advertising, in-store shelf talkers and point-of-purchase displays.

"A cooperative refund event like Shoppers PayDay is highly efficient. It represents a tremendous amount of value which should attract a great deal of attention," Promotion Dynamics' Mr. Chave notes.

"Because Shoppers PayDay requires proofs-of-purchase, it virtually assures manufacturers that the proper products have been purchased," Mr. Ailloni-Charas says. "For the price of a

(Continued on Page S-20)

Brand loyalty fostered by video offer

A new cooperative promotion vehicle from Diamond Promotion Group Inc., New York, will offer the purchasers of selected package goods brands an unusual incentive—the opportunity to obtain free prerecorded videocassettes. According to Diamond Promotion Group President Andrew Cohen, the Diamond Entertainment Club was begun to foster long-term consumer brand loyalty—much like airline frequent flyer and retail trading stamp programs.

To participate in the program, consumers mail in an enrollment form available from point-of-purchase "take-one" pads or free-standing newspaper inserts, along with several qualifying proofs-of-purchase from participating brands. They will then receive a collection booklet and credit points in exchange for their initial proofs-of-purchase.

The collection booklet will list the point value of participating brands' UPC codes or proof-of-purchase seals, along with the number of points needed to qualify for each free video. The booklet also will contain pages where these proofs can be affixed. The more UPC codes or seals consumers obtain, the more videos they can order from a group of 40 or more titles.

Mr. Cohen points out that the open-ended program will provide an opportunity for advertisers to influence consumers' long-term purchasing habits instead of generating one-time sales, and will create a variety of cross-merchandising activities. He believes the program is far superior to coupon programs because it utilizes UPC codes or product package seals to ensure that the proper products actually have been purchased.

The program will be tested for nine months starting this fall in Baltimore—a city selected for its high videocassette recorder penetration. A national rollout is projected for 1988. Companies taking part in the Baltimore test will pay $10,000 to participate and will receive product category exclusivity, along with the first right of renewal for one-year contracts when the program is launched nationally.

Point values per proof-of-purchase will be determined by the participating brand, which is assessed at 10¢ per point fee—plus a 3¢ to 4¢ fulfillment charge for proof-of-purchase processing—when the contents of the collection book are redeemed.

—Ronnie Telzer

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Rebates challenge

(Continued from Page S-19)
single postage stamp, consumers mail the completed Pay Claim form and proofs-of-purchase to a single address and receive a single check that reflects the amount of their refund."

Refund offers in Shoppers PayDay can be more cost-effective for manufacturers than coupon or solo-refund programs. Mr. Ailloni-Charas says that a $1 refund offer in Shoppers PayDay that required five product purchases would cost the manufacturer $1 for the refund plus 16¢ for fulfillment—including postage and processing of five proofs-of-purchase.

In contrast, five product purchases made with cents-off coupons valued at 20¢ each would cost the manufacturer $1 for the face value of the coupons, plus 8¢ per coupon for the retail handling allowance and 2¢ per coupon for clearing-house charges. Thus, the manufacturer's cost for generating five product sales would be $1.16 for the refund offer vs. $1.50 for the coupon offer. Furthermore, total costs for a single, conventional solo-refund offer range from 25¢ to 30¢ per purchase.

Because refund offers are often made in response to competitive pressures, Mr. Ailloni-Charas says they should ideally provide "a competitively favorable price-value ratio for the product." Shoppers PayDay program research shows that money refund offers pull five times as well as product coupons for comparable values.

Terry Atkins, associate promotion manager, Camden, N.J.-based Campbell Soup Co., says "Participating in Shoppers PayDay makes your brand part of a highly coordinated event that's bigger than something you could do on your own." Mr. Atkins has tested the program with Campbell's Chunky soups, "red-and-white" soups and Franco-American Spaghetti-Os using a variety of refund and premium offers.

Campbell Soup will use Shoppers PayDay again, Mr. Atkins believes, when the program is introduced nationally so that "we can support the program with national events under our own umbrella."

Slippage is another important consideration working in refunds' favor. Stratmar's surveys indicate that the slippage factor for manufacturers' refund offers is about 2-to-1, which means that for every purchase proof submitted by consumers, two additional purchases were stimulated but never submitted for redemption.

"Clearly, slippage is what makes refunds work," Mr. Chave says, "since the manufacturer gains the purchase at no cost. Refunds are simple to communicate and easy for the consumer and trade to understand. They are very efficient due to the inherent slippage, and represent a very real, genuine value to the consumer."

Managing editor Cecelia Reed coordinated this report on Sales Promotion.

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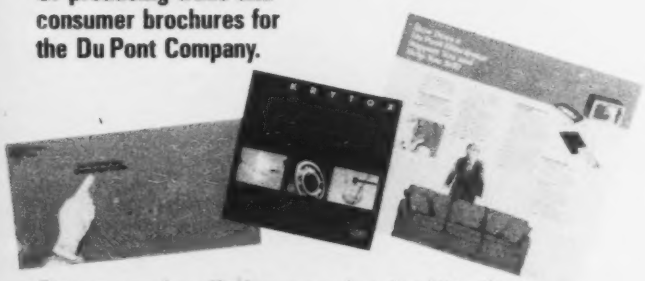

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Agencies gain 11.5%

Overseas income surges 19.2%

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By R. CRAIG ENDICOTT

Strong returns from advertising agency networks overseas bolstered modest gains at home to push worldwide gross income to $8.65 billion, up 11.5%, and billings to $59.32 billion, up 11.9%, in 1986 over the prior year for U.S. advertising agencies comprising the AD AGE 500, according to the 43rd annual Agency Income Report published by ADVERTISING AGE.

Non-U.S. billings growth of 38.4% powered Young & Rubicam, New York, to worldwide gross income of $628.4 million on billings of $4.19 billion for the No. 1 spot in both categories, its perennial position. It far outdistanced No. 2 Saatchi & Saatchi Compton Worldwide, which had been No. 5 in last year's report.

Saatchi & Saatchi Compton Worldwide, with gross income of $490.5 million, held off a pack of contenders bunched around No. 3 Ted Bates Worldwide, a subsidiary of Saatchi's own parent, Saatchi & Saatchi PLC, No. 6 BBDO Worldwide, No. 5 Ogilvy & Mather Worldwide, No. 4 J. Walter Thompson Co., and No. 7 McCann-Erickson Worldwide. Gross income is media commissions, fees and markup for materials and services an agency charges the client.

Such pyrotechnics among the top 100 agencies on the chart tended to obscure other trends spotted in the compilation of the AD AGE 500. Non-traditional agency services—all the direct response functions, independent pr firms, point of sale units, etc.—continue to be spawned or bought up by the larger agencies. This supermarketing of services gives the agency greater capability and provides one-stop shopping for clients.

A measure of media spending by the 500 compared with various media costs indicates the total media ad dollar volume is no longer tied to prime time network television prices. Trends of the two virtually were inseparable from 1976 until 1984 when media billings of the 500 veered upward while prime time net TV plateaued. The spread that has developed between the two is a product of network ad erosion, reduced TV rates and increased spending by agencies in less traditional media such as direct response and point of sale.

There is slightly less concentration of ad monies in the big cities in this year's report, particularly New York and Chicago, the two dominant cities among agencies comprising the 500. Between them, they control 55% of the 500's total ad billings.

The top 100 agencies on the list represented 80.3% of total 500 billings in 1986, down from 81.5% in 1985. This reflects greater market segmentation and the advertisers' need to fine-tune marketing reach, and stronger ad contributions from growing "regional" centers like Minneapolis and Boston.

On the whole, agencies have become lean and mean. The performance level of the top 100 agencies as measured by employees per $1 million in billings (EPM) is improving—up 4.4% in average ratio to 1.56 EPM. Basically this is a function of greater ad budgets outpacing slight employment increases. Hidden in that EPM growth, however, is a decline in employment among the top 25 agencies. Mergers among these agencies have produced staff redundancies resulting in pink-slipping by some of the larger agencies, particularly No. 8 DDB Needham Worldwide and Bates' domestic operation.

International influence, spurred by currency gains traced to the declining dollar, agency acquisitions and new business, lifted non-U.S. income 19.2% to $2.15 billion—most of it recorded among the top 25 agencies which account for 65.9% of worldwide gross income of the AD AGE 500. This propped up a 7.6% increase in domestic gross income to $6.5 billion for the 500.

The international influence, spurred by currency gains traced to the declining dollar, agency acquisitions and new business, lifted non-U.S. gross income 19.2% to $2.15 billion. This propped up a 7.6% increase in domestic gross income to $6.5 billion by the AD AGE 500.

The 500 as a barometer of agency growth in 1986 accounted for about 47% of the $66 billion in U.S. media spending that is handled by agencies, according to media totals compiled nationally by Robert J. Coen, McCann-Erickson. Local newspaper, local radio and other minor media account for about $36 billion in additional advertising expenditures in 1986, most of it noncommissionable.

Actually, the 500's percentage of all media placed by nation's agencies is far greater, because 50 out of the 500 did not break out media, reducing the universe for the totals. Agencies submit their media reports to AD AGE on a voluntary basis.

The prevailing trend in the agency business toward bigness—considered a necessity to attract the big ad budgets, spread the risk of client pullbacks and pullouts, generate the capital needed to push for new business, offer one-stop shopping and develop efficiencies through economies of scale—held the industry hostage to a near-hysteria of buying and selling in 1986.

The top 100 agencies in the AD AGE 500 made 1986 a year Wall Street won't forget. Twenty-six of these agencies were hit by changes in ownership. But two big deals dwarfed the rest: The creation of Omnicom Group, a holding company for BBDO Worldwide, No. 8 DDB Needham Worldwide and several other agencies including No. 32 Tracy-Locke; the insatiable craving by Saatchi & Saatchi PLC for U.S. prop-

(Continued on Page 2)

Top 10 agencies by worldwide gross income

Rank	Agency	Worldwide gross income 1986	1985	% chg
1	Young & Rubicam	$628.4	$536.0	17.2
2	Saatchi & Saatchi Compton Worldwide	490.5	440.9	11.2
3	Ted Bates Worldwide	486.0	466.0	4.3
4	J Walter Thompson Co.	471.0	434.7	8.4
5	Ogilvy & Mather Worldwide	459.6	402.3	14.2
6	BBDO Worldwide	445.1	399.3	11.5
7	McCann-Erickson Worldwide	427.7	369.5	15.7
8	DDB Needham Worldwide	375.0	362.9	3.3
9	D'Arcy Masius Benton & Bowles	336.3	330.7	1.7
10	Foote, Cone & Belding Communications	323.0	284.2	13.7

Top 10 agencies by worldwide billings

Rank	Agency	Worldwide billings 1986	1985	% chg
1	Young & Rubicam	$4,191.4	$3,575.3	17.2
2	Saatchi & Saatchi Compton Worldwide	3,320.0	3,033.1	9.5
3	Ted Bates Worldwide	3,261.8	3,106.9	5.0
4	BBDO Worldwide	3,259.0	2,894.7	12.6
5	Ogilvy & Mather Worldwide	3,154.6	2,752.1	14.6
6	J. Walter Thompson Co.	3,141.5	2,899.1	8.4
7	McCann-Erickson Worldwide	2,852.7	2,464.6	15.7
8	DDB Needham Worldwide	2,557.5	2,512.9	1.8
9	D'Arcy Masius Benton & Bowles	2,258.6	2,229.5	1.3
10	Foote, Cone & Belding Communications	2,154.5	1,900.7	13.4

Top 10 agencies by U.S. gross income

Rank	Agency	U.S. gross income 1986	1985	% chg
1	Young & Rubicam	$358.1	$340.6	5.1
2	BBDO Worldwide	307.0	274.0	12.0
3	Ted Bates Worldwide	282.6	287.5	(1.7)
4	J. Walter Thompson Co.	259.7	250.8	3.5
5	DDB Needham Worldwide	250.4	255.2	(1.9)
6	Ogilvy & Mather Worldwide	249.7	242.9	2.8
7	Foote, Cone & Belding Communications	242.4	213.7	13.4
8	Grey Advertising	203.6	183.2	11.1
9	Saatchi & Saatchi Compton Worldwide	194.6	169.7	14.6
10	D'Arcy Masius Benton & Bowles	192.2	197.5	(2.7)

NOTES: Dollars in millions.
Compiled from the top 100 agencies

Top 10 agencies by non-U.S. billings

Rank	Agency	non-U.S. billings 1986	1985	% chg
1	Saatchi & Saatchi Compton Worldwide	1,942.7	1,799.7	7.9
2	McCann-Erickson Worldwide	1,873.4	1,630.7	14.9
3	Young & Rubicam	1,802.9	1,303.1	38.4
4	Ogilvy & Mather Worldwide	1,489.4	1,131.7	31.6
5	J. Walter Thompson Co.	1,409.4	1,226.2	14.9
6	Ted Bates Worldwide	1,365.0	1,190.4	14.7
7	SSC&B:Lintas Worldwide	1,187.5	985.9	20.4
8	BBDO Worldwide	1,151.5	1,019.7	12.9
9	D'Arcy Masius Benton & Bowles	959.1	896.4	7.0
10	DDB Needham Worldwide	830.9	718.6	15.6

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Ads for Swanson frozen dinners, via Hal Riney & Partners, use a "home cookin' " theme.

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Top 100 agencies by gross income

Rank 1986	Rank 1985	☑	Agency	Headquarters	World gross income 1986	World gross income 1985	U.S. gross income 1986	U.S. gross income 1985	World billings 1986	World billings 1985	U.S. billings 1986	U.S. billings 1985	U.S. cap. fees 1986	U.S. cap. fees 1985	Employees World	Employees U.S.
1	1	☑	Young & Rubicam	New York	$628.4	$536.0	$358.1	$340.6	$4,191.4	$3,575.3	$2,388.5	$2,272.2	—	—	10,844	4,949
2	5	☑	Saatchi & Saatchi Compton Worldwide	New York	490.5	440.9	194.6	169.7	3,320.0	3,033.1	1,377.3	1,233.4	—	—	—	—
3	3	☑	Ted Bates Worldwide	New York	486.0	466.0	282.6	287.5	3,261.8	3,106.9	1,896.7	1,916.5	218.8	328.0	5,517	2,556
4	4	☑	J. Walter Thompson Co.	New York	471.0	434.7	259.7	250.8	3,141.5	2,899.1	1,732.1	1,672.9	—	—	7,662	3,035
5	—	☑	Ogilvy & Mather Worldwide	New York	459.6	402.3	249.7	242.9	3,154.6	2,752.1	1,665.3	1,620.4	—	—	7,449	2,840
6	6	☑	BBDO Worldwide	New York	445.1	399.3	307.0	274.0	3,259.0	2,894.7	2,107.4	1,875.0	355.1	346.0	5,005	3,665
7	7	☑	McCann-Erickson Worldwide	New York	427.7	369.5	146.8	125.0	2,852.7	2,464.6	979.3	833.9	—	—	7,412	1,661
8	—	☑	DDB Needham Worldwide	New York	375.0	362.9	250.4	255.2	2,557.5	2,512.9	1,726.6	1,794.3	354.8	401.7	5,335	2,783
9	8	☑	D'Arcy Masius Benton & Bowles	New York	336.3	330.7	192.2	197.5	2,258.6	2,229.5	1,299.5	1,333.1	—	—	6,077	2,528
10	9	☑	Foote, Cone & Belding Communications	Chicago	323.0	284.2	242.4	213.7	2,154.5	1,900.7	1,616.7	1,430.7	—	—	5,105	3,326
11	11	☑	Grey Advertising	New York	309.1	259.3	203.6	183.2	2,061.7	1,729.5	1,358.0	1,221.9	79.4	192.1	4,725	2,238
12	10	☑	Leo Burnett Co.	Chicago	292.3	269.4	188.1	179.7	2,061.8	1,868.5	1,361.6	1,269.9	55.7	47.6	4,064	1,768
13	13	☑	SSC&B:Lintas Worldwide	New York	237.0	208.6	69.0	67.4	1,647.5	1,435.5	460.0	449.6	—	—	4,083	690
14	14	☑	Bozell, Jacobs, Kenyon & Eckhardt	New York	175.6	163.7	157.1	145.7	1,250.0	1,150.0	1,125.0	1,030.0	235.4	199.4	2,068	2,068
15	18	☑	NW Ayer	New York	125.5	114.5	92.1	87.7	901.3	826.4	672.0	652.0	—	—	2,558	1,208
16	17	☑	DFS Dorland Worldwide	New York	119.6	121.5	116.0	118.9	926.0	879.3	901.4	861.9	—	—	3,900	1,490
17	21	☑	HCM○	New York	106.0	95.8	24.2	24.8	723.0	638.7	177.6	165.4	58.3	47.7	1,396	280
18	19		Wells, Rich, Greene	New York	99.7	97.2	99.7	97.2	665.2	648.1	665.2	648.1	—	—	852	852
19	—	☑	Campbell-Ewald Worldwide	Detroit	87.6	82.2	87.6	82.2	584.2	548.3	584.2	548.3	—	—	804	804
20	25	☑	Scali, McCabe, Sloves	New York	77.5	50.2	62.4	36.6	556.6	334.7	455.6	243.9	—	—	1,253	714
21	22		Ketchum Communications	Pittsburgh	75.3	62.9	69.3	56.9	528.5	419.5	488.5	379.5	133.4	104.5	1,110	905
22	20	☑	William Esty Advertising Co.◑	New York	75.0	76.5	75.0	76.5	510.0	510.0	510.0	510.0	—	—	500	500
23	—	☑	Ogilvy & Mather Direct Response◇	New York	68.0	49.0	36.0	30.0	454.0	331.0	240.0	200.0	—	—	1,100	490
24	23	☑	Backer & Spielvogel	New York	68.0	57.8	68.0	57.8	453.3	385.1	453.3	385.1	4.2	11.2	680	680
25	27		TBWA Advertising	New York	65.7	49.6	15.7	13.2	453.5	330.9	104.7	87.9	—	—	618	110
26	29		Ross Roy Inc.	Detroit	62.4	55.5	62.4	55.5	416.0	370.0	416.0	370.0	200.0	176.0	811	728
27	26	☑	Campbell-Mithun◑	Minneapolis	57.1	49.8	57.1	49.8	380.2	331.8	380.2	331.8	—	—	726	726
28	31	☑	DYR Worldwide○	New York	50.7	47.3	19.5	20.7	347.1	331.0	131.2	143.2	—	—	845	230
29	35	☑	Wunderman Ricotta & Kline○	New York	49.1	35.3	33.7	26.3	327.5	235.6	224.5	175.7	—	—	698	404
30	—	☑	Lowe Marschalk	New York	49.0	44.9	49.0	44.9	326.9	299.8	326.9	299.8	—	—	—	—
31	30		Chiat/Day Advertising	Los Angeles	47.1	44.1	47.1	44.1	314.1	294.3	314.1	294.3	66.2	90.0	—	—
32	32	☑	Tracy-Locke♡	Dallas	46.2	40.0	46.2	40.0	316.5	272.3	316.5	272.3	37.2	22.3	604	604
33	28		HBM/Creamer	Boston	40.1	30.2	40.1	30.2	267.0	201.0	267.0	201.0	—	—	558	558
34	37		Laurence, Charles, Free & Lawson	New York	39.4	33.3	39.4	33.3	287.0	235.0	287.0	235.0	16.0	15.0	317	317
35	38	☑	Hill, Holliday, Connors, Cosmopulos	Boston	39.4	32.7	31.7	28.8	262.5	218.1	211.4	192.0	168.3	149.4	486	350
36	24		C&W Group	New York	38.4	51.0	38.4	51.0	274.3	339.9	274.3	339.9	17.0	21.2	499	499
37	43		W.B. Doner & Co.	Southfield, Mich.	36.3	28.2	32.6	26.0	238.2	190.2	210.1	172.7	13.0	6.0	523	488
38	—	☑	Ally Gargano/MCA Advertising	New York	35.7	41.8	35.7	41.8	296.1	330.0	296.1	330.0	13.9	17.8	274	274
39	33		Geers Gross Advertising	New York	35.0	38.1	23.0	24.0	240.0	257.0	170.0	170.0	20.0	12.0	258	167
40	39		Admarketing	Los Angeles	33.0	30.5	33.0	30.5	184.0	170.5	184.0	170.5	—	1.5	133	133
41	41		Jordan, Manning, Case, Taylor & McGrath	New York	32.7	29.4	32.7	29.4	240.0	210.0	240.0	210.0	32.0	28.0	285	285
42	46	☑	Doremus Porter Novelli♡	New York	32.5	26.5	31.7	26.3	240.8	174.7	234.6	173.2	69.6	47.5	378	373
43	40	☑	McCaffrey & McCall□	New York	31.0	29.7	31.0	29.7	203.7	198.0	203.7	198.0	—	—	—	—
44	44	☑	Lord, Geller, Federico, Einstein	New York	29.4	26.8	29.4	26.8	212.2	185.7	212.2	185.7	26.7	20.3	314	314
45	42		Tatham-Laird & Kudner	Chicago	28.5	28.2	28.5	28.2	238.5	235.0	238.5	235.0	66.8	70.2	345	345
46	47	☑	Sudler & Hennessey○	New York	25.5	23.0	18.6	18.2	170.0	153.4	124.0	121.4	—	—	272	192
47	55	☑	Medicus Intercon International☆	New York	24.6	22.1	9.6	8.0	182.9	159.5	82.4	65.0	56.2	48.8	397	127
48	49	☑	Bloom Cos.	Dallas	24.4	21.7	24.4	21.7	189.0	170.0	189.0	170.0	—	—	304	304
49	52	☑	Rumrill-Hoyt□	New York	23.9	21.1	23.9	21.1	163.9	149.5	163.9	149.5	—	—	—	—
50	58	☑	Direct Marketing Group	New York	23.7	17.6	23.7	17.6	138.7	101.6	138.7	101.6	—	—	625	618
51	54		Ammirati & Puris	New York	22.5	19.5	22.5	19.5	150.0	130.0	150.0	130.0	—	—	230	230
52	—		Della Femina, Travisano & Partners	New York	22.5	20.6	22.5	20.6	150.0	137.0	150.0	137.0	—	—	—	—
53	57		Evans Communications	Salt Lake City	21.8	18.3	21.8	18.3	145.0	122.0	145.0	122.0	40.0	37.0	345	345
54	51	☑	Dailey & Associates	Los Angeles	21.1	20.1	21.1	20.1	140.6	140.9	140.6	140.9	—	—	—	—
55	53		Warwick Advertising	New York	20.7	21.0	20.7	21.0	138.0	140.0	138.0	140.0	33.4	40.0	190	190
56	48	☑	Keller-Crescent Co.	Evansville, Ind.	20.3	22.0	20.3	22.0	108.9	117.5	108.9	117.5	53.0	55.7	560	560
57	56		Rosenfeld, Sirowitz & Humphrey	New York	19.7	18.4	19.7	18.4	149.6	139.0	149.6	139.0	30.5	28.6	141	141
58	72		Levine, Huntley, Schmidt & Beaver	New York	18.8	13.1	18.8	13.1	125.2	87.4	125.2	87.4	27.6	17.7	208	208
59	67	☑	Telephone Marketing Programs	New York	18.8	15.4	17.7	15.0	126.1	103.3	118.0	99.7	—	—	658	586
60	59		Griffin Bacal	New York	18.5	17.6	18.5	17.6	142.3	117.0	142.3	117.0	—	—	175	175
61	—	☑	Ingalls, Quinn & Johnson*♡	Boston	17.6	7.4	17.6	7.4	117.4	49.3	117.4	49.3	14.3	6.0	273	273
62	62		Davis, Johnson, Mogul & Colombatto	Los Angeles	17.3	17.3	17.3	17.3	130.3	122.9	130.3	122.9	15.2	8.1	240	240
63	73	☑	Fahlgren & Swink	Parkersburg	17.1	12.9	17.1	12.9	113.9	84.6	113.9	84.6	58.4	47.7	304	304
64	69		Earle Palmer Brown Cos.	Bethesda, Md.	17.1	14.3	17.1	14.3	142.1	103.6	142.1	103.6	55.9	—	285	285
65	63	☑	AC&R Advertising◑	New York	17.0	16.3	16.6	15.8	115.0	110.0	112.1	106.4	2.7	0.8	225	225
66	147	☑	MARCOA DR Group♡	New York	16.0	15.0	16.0	15.0	110.0	101.0	110.0	101.0	—	—	173	173
67	—		Geer, DuBois	New York	15.8	15.8	15.8	15.8	105.0	105.0	105.0	105.0	—	—	—	—
68	66	☑	William Douglas McAdams Inc.	New York	15.6	15.4	15.6	15.4	103.7	102.3	103.7	102.3	42.7	36.2	165	165
69	76		McKinney & Silver	Raleigh, N.C.	15.5	12.5	15.5	12.5	103.2	83.1	103.2	83.1	—	—	126	126
70	61	☑	Cole & Weber	Seattle	15.4	17.0	13.4	15.5	106.0	121.6	90.5	110.5	35.6	38.5	252	204
71	68		Nationwide Advertising	Cleveland	15.3	15.0	15.3	15.0	102.0	100.0	102.0	100.0	—	—	—	—
72	—	☑	Rubin Postaer & Associates	Los Angeles	15.1	14.5	15.1	14.5	109.0	99.0	109.0	99.0	0.6	2.1	156	156
73	—		Hal Riney & Partners	San Francisco	15.0	0.0	15.0	0.0	130.0	0.0	130.0	0.0	—	—	—	—
74	81	☑	Kallir, Philips, Ross⌂	New York	13.9	11.6	12.3	11.4	124.2	112.9	113.0	111.8	81.7	76.2	190	155
75	127	☑	Martin Agency△	Richmond, Va.	13.5	7.8	13.5	7.8	90.3	52.1	90.3	52.1	—	—	131	131
76	83		Meldrum & Fewsmith	Cleveland	13.5	11.4	12.4	10.3	90.0	76.3	82.8	69.0	—	—	149	149
77	74	☑	Eisaman, Johns & Laws	Los Angeles	13.4	12.8	13.4	12.8	89.3	85.1	89.3	85.1	4.6	4.1	158	158
78	84	☑	Kornhauser & Calene	New York	13.2	11.2	13.2	11.2	122.0	111.0	122.0	111.0	3.0	3.0	125	125
79	71	☑	Stone & Adler○	Chicago	13.0	13.4	12.1	12.1	104.1	109.7	96.9	99.8	75.4	77.6	158	141
80	143	☑	Weightman Group	Philadelphia	13.0	11.6	13.0	11.6	86.0	80.1	86.0	80.1	—	—	220	220
81	85	☑	Diener/Hauser/Bates Co.◑	New York	12.9	11.2	12.9	11.2	131.9	112.9	131.9	112.9	—	—	185	185
82	78		Hicks & Greist	New York	12.4	12.3	12.4	12.3	96.2	94.0	96.2	94.0	3.9	3.8	128	128
83	92	☑	Towne, Silverstein, Rotter	New York	12.2	10.5	12.2	10.5	81.5	70.0	81.5	70.0	—	—	56	56
84	86		Richards Group	Dallas	12.2	10.9	12.2	10.9	82.4	72.3	82.4	72.3	57.4	52.6	157	157
85	90	☑	Wyse Advertising	Cleveland	12.1	10.6	12.1	10.6	87.5	87.4	87.5	87.4	25.2	28.8	173	173
86	89	☑	Tucker Wayne & Co.	Atlanta	12.1	10.6	12.1	10.6	82.3	71.6	82.3	71.6	12.9	10.2	124	124
87	80		Henderson Advertising	Greenville, S.C.	12.0	11.7	12.0	11.7	80.1	78.3	80.1	78.3	9.0	8.0	120	120
88	93	☑	Kobs & Brady Advertising◑	Chicago	12.0	10.2	12.0	10.2	81.0	70.3	81.0	70.3	59.9	55.3	141	141
89	79	☑	Fallon McElligott△	Minneapolis	11.2	10.4	11.2	10.4	93.3	81.2	93.3	81.2	46.6	—	108	108
90	—		Mojo MDA-Allen & Dorward	San Francisco	11.2	9.5	11.2	9.5	75.2	65.9	75.2	65.9	—	—	122	122
91	91	☑	Sawdon & Bess Advertising◑	New York	11.1	10.5	11.1	10.5	74.3	70.3	74.3	70.3	2.7	2.7	—	—
92	105		Kenrick Advertising	St. Louis	10.8	9.2	10.8	9.2	52.0	49.8	52.0	49.8	21.8	23.2	178	178
93	94	☑	Creswell, Munsell, Fultz & Zirbel○	Cedar Rapids	10.8	10.1	10.8	10.1	71.9	67.5	71.9	67.5	—	—	174	174
94	98		GSDM	Austin, Texas	10.5	9.5	10.5	9.5	85.1	76.2	85.1	76.2	—	—	135	135
95	102		Beber Silverstein & Partners	Miami	10.5	9.4	10.5	9.4	70.0	62.0	70.0	62.0	4.8	6.0	120	120
96	95		Al Paul Lefton Co.	New York	10.5	9.8	10.3	9.6	70.0	65.0	68.8	64.0	—	—	185	185
97	107	☑	Cochrane Chase Livingston□	Newport Beach	10.4	8.9	10.4	8.9	78.5	69.5	78.5	69.5	—	—	—	—
98	—		Venet Advertising	New York	10.4	9.5	10.4	9.5	69.1	63.0	69.1	63.0	—	16.4	203	203
99	—		Avrett, Free & Ginsberg	New York	10.3	10.7	10.3	10.7	86.0	89.0	86.0	89.0	15.5	7.7	54	54
100	109		Cramer-Krasselt Co.	Milwaukee	10.3	8.7	10.3	8.7	70.4	59.1	70.4	59.1	9.9	6.8	139	139

NOTE: Dollars in millions. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.
* 1985 figures are for Quinn & Johnson/BBDO only

Second 100 agencies by gross income

Rank 1986	☑	Agency	Headquarters	Gross income 1986	Gross income 1985	Billings 1986	Billings 1985	Capitalized fees 1986	Capitalized fees 1985	Total employees 1986	Total employees 1985
101		Group 3hree Advertising	Pompano Beach, Fla.	$10,200.0	$11,531.0	$34,000.0	$38,350.0	—	—	43	36
102	☑	Liggett-Stashower	Cleveland	10,100.0	9,600.0	65,100.0	61,854.0	33,904.0	—	140	135
103	☑	Altschiller Reitzfeld	New York	10,095.0	8,805.0	67,300.0	58,700.0	12,000.0	10,700.0	70	60
104		Harold Cabot & Co.	Boston	10,048.8	8,840.3	67,982.6	62,300.0	13,082.3	10,583.0	125	107
105		Calvillo, Shevack & Partners	New York	10,000.0	6,886.0	67,000.0	52,000.0	—	—	85	85
106	☑	Brouillard Communications◇	New York	9,990.8	10,687.8	66,638.4	71,287.9	—	—	96	107
107	☑	Valentine-Radford	Kansas City,	9,947.5	8,519.0	70,792.8	59,659.1	30,665.7	24,360.2	152	145
108	☑	Group 243	Ann Arbor, Mich.	9,908.9	6,761.1	50,900.0	47,200.0	4,769.1	4,202.1	175	164
109	☑	Krupp/TaylorUSA	Los Angeles	9,720.0	7,561.0	64,810.0	50,404.0	18,236.0	2,000.0	321	312
110	☑	Lally, McFarland & Pantello	New York	9,685.8	8,930.2	43,260.9	34,535.6	39,496.6	30,121.4	70	50
111	☑	Burton-Campbell	Atlanta	9,610.5	7,910.9	68,205.1	57,389.8	19,703.4	11,718.3	110	137
112	☑	Carmichael-Lynch	Minneapolis	9,525.0	8,031.0	63,516.0	53,551.0	32,463.0	27,134.0	165	130
113	☑	DBG&H Unlimited	Dallas	9,495.0	9,729.0	63,800.0	64,860.0	—	—	125	235
114	☑	Keye/Donna/Pearlstein	Los Angeles	9,488.9	8,184.2	63,291.2	54,588.7	4,680.4	4,208.2	103	106
115	☑	Muir Cornelius Moore	New York	9,466.1	9,487.5	63,138.6	63,281.8	—	—	125	125
116	☑	Colle & McVoy Advertising Agency	Bloomington, Mn.	9,429.0	7,942.0	57,642.8	48,678.0	10,658.3	9,202.7	167	139
117	☑	Ackerman, Hood & McQueen	Oklahoma City	9,130.1	8,042.1	63,267.5	55,420.6	30,261.0	25,116.1	154	154
118	☑	Direct Marketing Agency▼	Stamford, Ct.	9,128.2	9,610.5	60,361.0	63,398.5	57,404.0	59,363.0	98	100
119	☑	Miller Advertising	New York	9,100.0	8,000.0	59,200.0	48,700.0	6,000.0	5,000.0	150	120
120	☑	Lois Pitts Gershon Pon/GGK	New York	8,950.0	7,950.0	75,000.0	63,000.0	8,500.0	8,671.0	90	90
121	☑	Lavey/Wolff/Swift♡	New York	8,949.7	8,540.0	59,695.0	56,962.0	59,695.0	56,962.0	112	110
122	☑	Rolf Werner Rosenthal◇	New York	8,760.5	8,415.0	58,450.0	56,000.0	38,350.0	37,850.0	84	104
123	☑	Thomas G. Ferguson Associates	Parsippany, N.J.	8,704.0	5,345.0	61,789.0	44,780.5	50,904.1	34,937.5	70	68
124		Richard & Edwards	New York	8,700.0	9,200.0	58,000.0	61,000.0	—	—	29	27
125	☑	Klemtner Advertising□	New York	8,600.0	6,700.0	60,000.0	47,000.0	46,150.0	39,050.0	102	85
126	☑	Blau, Barry & Partners	Fairfield, Ct.	8,455.0	6,365.6	60,010.0	44,451.0	31,956.0	25,624.0	102	87
127	☑	Albert Frank-Guenther Law◇	New York	8,387.0	7,717.0	55,941.0	51,472.0	5,096.0	6,543.0	79	80
128	☑	William Cook Advertising	Jacksonville, Fla.	8,269.2	6,814.7	56,484.6	46,206.7	—	—	143	127
129	☑	Keyes Martin Gaby Linett	Springfield, N.J.	8,215.0	7,350.0	53,000.0	45,900.0	32,500.0	30,000.0	100	100
130		Faller, Klenk & Quinlan	Buffalo, N.Y.	8,036.0	8,027.5	53,617.4	51,456.5	17,162.4	12,435.1	127	175
131		Phillips-Ramsey	San Diego	7,980.0	7,668.0	58,851.0	50,590.6	24,458.0	25,529.0	124	115
132		Burrell Advertising	Chicago	7,941.3	7,890.8	52,942.0	52,605.0	32,889.3	33,201.6	105	118
133		Asher/Gould Advertising	Los Angeles	7,856.0	5,543.0	51,000.0	36,000.0	—	—	68	45
134		Richardson, Myers & Donofrio	Baltimore	7,826.4	8,295.0	56,942.0	53,500.0	7,923.0	7,050.0	97	115
135	☑	Lawler Ballard Advertising	Norfolk, Va.	7,710.0	7,503.0	51,425.0	50,045.0	—	—	142	143
136	☑	Long, Haymes & Carr	Winston-Salem, N.C.	7,691.8	6,311.6	51,300.0	42,600.0	15,670.0	8,875.0	130	120
137		M.E.D. Communications	Woodbridge, N.J.	7,690.0	6,300.0	67,900.0	54,821.0	51,300.0	42,020.0	97	93
138		Bernstein-Rein Advertising	Kansas City	7,602.0	5,625.0	70,066.0	52,911.0	3,095.0	2,927.0	120	112
139	☑	Vicom/FCB◇	San Francisco	7,425.0	5,350.0	51,797.0	50,327.0	37,217.0	35,684.0	92	65
140	☑	Lauerer Markin Gibbs	Maumee, Ohio	7,235.9	6,307.4	23,055.5	16,760.1	18,611.1	13,181.7	72	64
141		Epsilon	Burlington, Mass.	7,200.0	5,930.0	47,739.0	35,772.0	18,956.0	14,314.0	730	730
142		Luckie & Forney	Birmingham, Ala.	7,200.0	7,400.0	46,909.4	47,961.2	11,642.4	9,979.9	100	98
143	☑	Noble Communications Co.	Springfield, Mo.	7,104.1	5,249.4	50,000.5	36,498.7	20,857.5	18,851.7	151	115
144	☑	Hesselbart & Mitten Cos.	Fairlawn, Ohio	7,036.5	6,335.9	48,608.7	44,250.9	39,639.4	36,090.0	96	90
145	☑	Bader Rutter & Associates	Brookfield, Wis.	7,022.9	6,524.6	46,819.4	43,503.9	14,036.3	13,221.9	109	101
146		Robert A. Becker Inc.	New York	7,000.0	7,000.0	47,000.0	47,100.0	37,400.0	40,000.0	80	84
147	☑	Elkman Advertising	Bala Cynwyd, Pa.	6,940.0	5,965.3	46,289.0	36,509.0	26,013.0	18,009.0	117	110
148	☑	Muller Jordan Weiss	New York	6,900.0	6,750.0	46,700.0	45,100.0	7,100.0	7,400.0	106	107
149		Omni Marketing	Oakbrook Terrace, Ill.	6,900.0	4,500.0	46,000.0	30,000.0	—	—	92	35
150		Spiro & Associates	Philadelphia	6,858.0	6,470.0	55,278.0	52,516.0	30,216.0	30,186.0	116	104
151		Ruhr/Paragon	Minneapolis	6,656.0	6,341.0	54,800.0	46,977.1	24,500.0	21,184.5	100	90
152	☑	Ephron, Raboy, Tsao & Kurnit Advertising	New York	6,590.4	6,429.6	43,936.2	42,864.0	703.0	741.0	56	59
153		Martin-Williams	Minneapolis	6,550.0	6,125.0	65,000.0	54,666.0	34,514.0	30,755.0	93	84
154	☑	Levy, King & White Cos.	Buffalo, N.Y	6,420.0	4,100.0	46,800.0	29,501.0	19,596.0	8,671.0	135	120
155	☑	Edwin Bird Wilson	New York	6,394.3	5,231.8	45,778.8	40,138.8	20,274.6	13,722.2	81	80
156		Eric Mower & Associates	Syracuse, N.Y.	6,351.7	6,702.1	42,344.4	35,615.6	16,584.0	16,181.0	102	117
157		Smith/Greenland	New York	6,317.0	6,200.0	41,290.0	41,800.0	6,476.6	6,736.7	98	100
158	☑	MacNamara Clapp & Klein	New York	6,261.0	4,055.0	41,760.9	27,046.9	41,760.9	27,046.9	42	27
159	☑	QLM Associates	Princeton, N.J.	6,217.2	1,551.6	41,468.5	22,945.6	40,781.3	22,493.7	59	31
160	☑	Mintz & Hoke	Avon, Conn.	6,150.0	4,436.0	41,000.0	29,588.0	39,967.0	28,514.0	110	90
161	☑	Margeotes Fertitta & Weiss	New York	6,125.0	4,712.0	38,633.0	27,488.0	7,003.0	5,449.0	55	48
162		Bentley, Barnes & Lynn	Chicago	6,109.2	5,449.4	40,727.9	36,329.2	1,954.2	2,421.0	126	110
163		Goodwin, Dannenbaum, Littman & Wingfield	Houston	6,100.0	5,400.0	42,000.0	38,000.0	15,341.0	12,730.0	70	70
164	☑	David Deutsch Associates	New York	6,067.6	5,848.6	40,451.8	38,992.0	2,936.8	2,803.0	66	61
165	☑	Craig Kresser/D.I.K.	Los Angeles	6,000.0	2,925.0	40,000.0	19,500.0	1,300.0	1,300.0	70	55
166		William R. Biggs/Gilmore Associate	Kalamazoo, Mich.	5,996.0	5,055.0	60,292.0	52,950.0	33,377.0	28,167.0	103	103
167		Dugan/Farley Communications	Upper Saddle River, N.J.	5,976.2	5,238.2	39,222.4	34,292.0	29,620.1	25,756.6	48	40
168		Slater Hanft Martin	New York	5,940.0	5,847.0	40,439.0	38,981.0	2,976.8	2,744.5	50	56
169	☑	North Castle Partners	Greenwich, Ct.	5,925.0	6,850.0	40,653.0	43,602.0	16,430.0	16,852.0	40	45
170	☑	Sacks & Rosen Advertising	New York	5,870.0	5,470.0	33,400.0	31,000.0	10,040.0	—	49	48
171		Arnold & Co.	Boston	5,841.2	7,279.4	33,530.3	58,455.7	5,997.2	10,858.4	128	130
172		Miller Meester Advertising	Minneapolis	5,730.0	5,120.0	38,200.0	34,100.0	—	—	80	72
173	☑	Lord, Sullivan & Yoder	Columbus, Ohio	5,676.1	5,107.3	41,084.1	36,476.5	20,528.1	19,358.4	78	103
174	☑	MARC & Co.	Pittsburgh	5,550.0	4,600.0	37,000.0	30,800.0	16,000.0	9,300.0	93	80
175	☑	Frank J. Corbett Inc.♡	Chicago	5,508.0	4,957.0	36,738.4	33,063.2	36,738.4	33,063.2	60	55
176		Austin Kelley Advertising	Altanta	5,500.0	5,100.0	36,500.0	34,000.0	—	—	83	75
177	☑	Grant/Jacoby	Chicago	5,450.0	5,200.0	55,500.0	50,200.0	26,000.0	27,787.0	96	90
178	☑	Yellow Pages Marketing Services	Mequon, Wis.	5,318.0	4,767.0	35,471.1	31,818.0	—	—	104	84
179		Frankenberry, Laughlin & Constable	Milwaukee	5,220.0	5,025.0	34,800.0	33,500.0	—	—	62	60
180	☑	Smith Burke & Azzam	Baltimore	5,194.4	4,700.0	40,300.0	37,100.0	18,806.1	18,420.0	53	51
181	☑	Malone Advertising	Akron, Ohio	5,155.0	4,625.0	66,254.0	62,718.0	34,384.0	30,848.0	94	85
182		Doyle Graf Mabley	New York	5,136.6	4,747.3	34,245.4	31,650.0	3,260.3	3,121.5	71	68
183		Mullen Advertising & PR	Prides Crossing, Mass.	5,125.8	3,015.2	34,171.7	20,101.0	6,834.7	4,800.0	58	40
184	☑	Gross Townsend Frank Hoffman■	New York	5,102.2	4,203.3	34,031.2	28,036.0	34,031.2	28,036.0	65	—
185		Henry J. Kaufman & Associates	Washishington	5,100	—	34,000.0	—	—	—	72	60
186		Robinson, Yesawich & Pepperdine	Orlando, Fla.	5,100.0	—	30,804.2	—	5,934.7	—	60	51
187	☑	Ericson, Eric & Associates	Nashville, Tn.	5,081.0	4,372.0	35,952.6	31,179.9	16,617.4	14,425.2	94	95
188	☑	Eisner & Associates	Baltimore	5,069.1	4,314.0	37,718.0	30,097.9	11,795.9	8,397.1	80	74
189	☑	Stern/Monroe Advertising	Dallas	4,965.0	4,710.0	33,100.0	31,400.0	—	—	51	44
190	☑	Fairfax Advertising□	New York	4,925.0	3,633.0	33,850.0	34,153.0	—	—	—	—
191	☑	Caraway Kemp Communications	Jacksonville, Fla.	4,900.0	4,200.0	32,800.0	28,300.0	—	—	70	65
192		Barnum Communications	New York	4,852.0	6,761.0	40,450.1	45,072.0	25,846.0	22,085.0	60	60
193		Newmark, Posner & Mitchell	New York	4,800.0	4,000.0	31,388.6	26,120.2	613.6	320.2	58	51
194		Stone & Simons Advertising	Southfield, Mich.	4,738.7	4,036.5	29,678.7	24,390.0	5,400.9	4,390.7	62	54
195	☑	Fisher Jackson Levy Flaxman	New York	4,726.4	4,507.1	31,511.1	30,048.3	4,145.4	2,280.9	54	37
196	☑	Serino, Coyne & Nappi	New York	4,628.4	3,719.7	24,987.0	21,989.0	—	—	42	37
197	☑	Cargill Wilson & Acree⌂	Atlanta	4,580.0	4,494.0	30,549.0	29,975.0	17,263.0	14,975.0	77	81
198		Jordan/Tamraz/Caruso Adv.	Chicago	4,530.0	4,300.0	30,200.0	28,680.0	2,942.0	2,600.0	69	66
199	☑	Mendoza, Dillon & Asociados	Newport Beach, Calif.	4,521.0	4,031.0	29,308.3	26,027.9	14,235.1	12,978.6	37	30
200		Levenson, Levenson & Hill	Irving, Texas	4,451.8	3,534.8	38,190.9	29,418.6	11,813.8	10,778.3	69	58

NOTE: Dollars in thousands. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.

Third 100 agencies by gross income

Rank 1986	☑	Agency	Headquarters	Gross income 1986	Gross income 1985	Billings 1986	Billings 1985	Capitalized fees 1986	Capitalized fees 1985	Total employees 1986	Total employees 1985
201	☑	BHN Advertising & PR	St. Louis	4,441.6	4,808.8	31,871.9	34,377.6	14,786.1	14,279.7	94	110
202	☑	Jayme Organization	Cleveland	4,408.0	3,420.0	34,095.6	27,283.1	29,087.9	22,584.6	90	75
203	☑	Tycer Fultz Bellack, Ltd.	Palo Alto, Calif.	4,394.1	3,699.2	37,874.4	31,614.6	29,308.5	24,772.5	60	45
204	☑	Benito Advertising	Tampa, Fla.	4,340.0	3,580.0	27,384.0	24,930.0	18,976.0	5,980.0	92	74
205		More Communications	Minneapolis	4,300.0	—	28,700.0	—	—	—	70	—
206	☑	S.R. Leon Co.	Great Neck, N.Y.	4,200.0	3,720.0	29,108.0	25,780.0	4,008.0	3,530.0	28	25
207	☑	Juhl Agency	Elkhart, Ind.	4,132.0	3,338.0	27,122.0	23,570.0	19,049.5	15,760.0	67	83
208		Biederman & Co.	New York	4,100.0	3,997.0	35,500.0	29,036.9	9,100.0	4,478.9	50	40
209	☑	Daniel Glassman Advertising	Fairfield, N.J.	4,100.0	4,049.7	27,750.0	27,133.6	27,000.0	26,908.6	100	75
210		MSSM Advertising	New York	4,100.0	3,900.0	27,500.0	26,000.0	—	—	37	31
211		Shaker Advertising Agency	Oak Park, Ill.	4,100.0	3,300.0	27,000.0	22,000.0	—	—	60	57
212	☑	VanSant, Dugdale & Co.	Baltimore	4,083.7	4,559.5	27,224.8	30,396.3	3,020.4	3,551.2	64	69
213	☑	Leslie Advertising	Greenville, S.C.	4,081.2	4,176.3	28,062.6	28,266.1	8,151.9	8,122.3	72	80
214	☑	Abelson-Taylor	Chicago	4,047.9	2,588.5	33,637.9	21,917.4	26,999.5	17,265.1	53	42
215		McKinney Inc.	Philadelphia	4,046.0	3,977.0	26,677.0	26,389.0	18,556.0	18,056.0	84	76
216	☑	Doe-Anderson Advertising Agency	Louisville	4,025.5	3,919.0	27,285.1	26,452.9	10,892.3	10,268.8	69	78
217	☑	Warren/Kremer Advertising	New York	4,020.7	3,374.3	—	—	—	—	56	51
218	☑	Lyons, Inc.	Wilmington, Del.	3,945.6	2,873.5	23,484.3	18,370.0	16,997.8	12,392.0	75	67
219		Isidore & Paulson	New York	3,905.4	2,307.5	28,006.0	24,036.5	7,704.9	6,231.2	27	21
220	☑	Elgin/Syferd	Seattle	3,896.6	3,060.3	28,228.1	21,753.2	11,707.9	7,592.9	66	51
221	☑	MRI Advertising	Bala Cynwyd, Pa.	3,800.0	4,250.0	25,524.5	28,500.0	9,004.5	10,000.0	59	70
222		McCaffery & Ratner	New York	3,755.0	3,540.0	25,036.3	23,400.0	5,836.3	5,002.5	36	36
223	☑	Anderson Communications Cos.	Dallas	3,736.5	3,128.3	25,737.9	21,670.2	19,065.9	13,380.9	68	67
224	☑	Gray & Rogers	Philadelphia	3,705.0	3,670.0	26,450.0	26,050.0	8,894.0	8,702.0	73	72
225	☑	Blair/BBDO♡	Rochester, N.Y.	3,696.7	3,277.3	24,644.5	21,849.0	9,976.4	9,883.2	38	47
226	☑	Butner, Lawrence Advertising	New York	3,645.2	3,015.8	24,301.3	20,115.0	2,661.3	2,201.1	36	30
227	☑	Marketing Support	Chicago	3,639.4	3,383.2	33,525.5	30,397.9	26,093.6	25,194.3	50	50
228	☑	Kerker & Associates	Minneapolis	3,626.1	3,072.3	24,286.0	20,575.2	8,834.4	8,500.8	45	45
229		Homer & Durham Advertising, Ltd.	New York	3,612.0	2,708.0	23,499.0	20,376.4	9,785.1	12,854.0	40	40
230	☑	Stern Walter/Earle Ludgin	Chicago	3,606.6	3,834.9	25,711.6	30,709.1	10,617.2	30,709.1	58	66
231	☑	Rizzo Simons Cohn	Boston	3,572.7	3,316.3	23,826.3	22,115.6	16,032.1	13,903.3	41	40
232	☑	Frank C. Nahser Advertising	Chicago	3,495.3	3,117.9	22,988.0	20,492.4	7,217.3	8,437.7	41	41
233	☑	McKone & Co.	Irving, Texas	3,439.0	2,542.7	26,377.0	19,502.8	22,938.0	16,960.1	45	52
234	☑	Franklin Spier Inc.♡	New York	3,431.0	3,030.0	22,885.0	20,210.0	4,247.0	4,549.0	46	41
235	☑	Price McNabb Advertising Agency	Asheville, N.C.	3,383.0	3,502.1	25,567.7	26,763.4	11,080.9	9,979.0	74	81
236		Winius-Brandon Advertising	Bellaire, Texas	3,336.9	2,421.4	31,596.2	24,496.9	10,096.7	10,652.3	42	52
237		Jack Levy & Associates	Chicago	3,312.8	4,284.6	22,085.3	28,564.0	6,301.7	10,971.2	48	66
238	☑	Korey, Kay & Partners	New York	3,306.0	2,675.1	25,604.2	17,554.4	8,248.6	8,110.4	41	28
239	☑	Haddon Advertising	Chicago	3,300.0	3,200.0	28,044.0	27,077.0	21,344.0	20,677.0	50	50
240	☑	Leonard Monahan Saabye	Providence, R.I.	3,272.0	2,850.0	21,824.0	19,000.0	17,560.0	11,972.0	54	48
241		Messner, Vetere, Berger, Carey	New York	3,200.0	—	22,000.0	—	—	—	—	—
242	☑	Paolin & Sweeney	Cherry Hill, N.J.	3,200.0	2,500.0	16,300.0	11,200.0	11,800.0	7,600.0	—	—
243	☑	Devon Direct Marketing & Advertising	Malvern, Pa.	3,190.1	876.9	21,278.2	5,849.2	21,278.2	5,849.2	30	8
244	☑	Zechman & Associates	Chicago	3,102.5	2,429.1	19,812.5	16,621.2	—	—	30	27
245	☑	Wolkcas Advertising	Albany, N.Y.	3,100.6	2,536.0	5,435.1	3,976.7	2,334.5	1,440.7	17	14
246		Gilbert, Whitney & Johns	Whippany, N.J.	3,100.0	2,950.0	20,700.0	19,675.0	—	—	40	42
247		Merling Marx & Seidman	New York	3,100.0	2,900.0	18,000.0	16,000.0	—	—	55	48
248		Marketing Resources	Lenexa, Kan.	3,076.9	1,650.0	20,523.0	11,000.0	11,193.0	5,669.5	75	63
249		Harland & Tine & White	Hartford, Ct.	3,066.6	2,966.4	23,417.7	20,252.4	14,657.9	12,563.1	33	41
250		Starmark	Chicago	3,025.7	2,750.3	17,442.2	16,407.6	10,196.8	9,600.1	39	30
251		Miller-Reid	Chattanooga, Tn.	3,025.0	2,991.0	34,036.0	33,011.0	3,095.0	2,855.0	—	—
252	☑	Marcus Advertising	Cleveland	3,024.0	2,857.1	24,507.5	20,020.0	3,545.7	4,648.3	42	40
253		Cosmopulos, Crowley & Daly	Boston	3,000.0	2,700.0	20,000.0	18,000.0	—	—	40	35
254		Cranford Johnson Robinson Associate	Little Rock, Ark.	2,998.5	2,972.8	20,000.0	19,828.9	14,535.4	13,185.0	63	53
255	☑	Warner, Bicking & Fenwick	New York	2,997.8	2,845.9	19,991.0	18,640.0	10,905.5	10,828.1	26	26
256	☑	Siddall, Matus & Coughter	Richmond, Va.	2,985.0	2,710.6	15,585.2	15,221.3	4,466.7	3,438.2	51	43
257		Marquardt & Roche	Stamford, Ct.	2,976.7	2,431.3	20,087.5	17,760.9	15,585.9	12,696.6	45	45
258	☑	Lempert Co.	Belleville, N.J.	2,935.0	2,100.0	20,669.4	16,500.0	5,369.4	3,200.0	35	34
259	☑	Simons Michelson Zieve	Troy, Mich.	2,925.0	3,300.0	19,500.0	18,450.0	5,961.4	4,566.2	56	50
260		Kolon, Bittker & Desmond	Troy, Mich.	2,900.0	2,500.0	23,000.0	17,035.0	8,000.0	335.0	50	45
261		Van Brunt & Co.	New York	2,900.0	3,020.0	27,036.8	27,643.0	3,936.8	7,003.5	40	38
262		Karsh & Hagan	Englewood, Colo.	2,892.7	2,412.6	24,382.8	20,022.8	11,582.8	10,984.3	52	50
263	☑	Saunders, Lubinski & White	Dallas	2,859.7	2,319.9	21,208.1	16,478.3	13,544.6	10,361.3	49	44
264		Firestone & Associates	New York	2,843.7	2,785.3	18,958.0	18,545.4	5,959.0	5,830.9	27	28
265		Stone, August & Co.	Birmingham, Mich.	2,840.8	2,710.0	18,400.0	17,800.1	6,976.3	6,709.4	40	40
266	☑	Kert Advertising	Fort Lauderdale, Fla.	2,826.0	2,641.0	19,341.0	18,200.0	166.8	290.1	51	46
267		Reimel Carter Advertising	Philadelphia	2,824.3	2,452.3	18,500.0	16,100.0	7,144.0	5,663.0	31	24
268		Fogarty & Klein	Houston	2,793.4	2,351.7	18,571.1	16,158.1	1,749.0	2,444.6	19	16
269	☑	Keroff & Rosenberg Advertising	Chicago	2,775.6	2,245.0	18,504.0	14,973.9	6,620.8	5,897.5	40	40
270	☑	Borders, Perrin & Norrander	Portland, Ore.	2,770.0	2,413.0	20,189.3	13,303.0	6,543.0	3,942.0	65	55
271	☑	Barnhart & Co.	Denver	2,766.0	2,683.1	19,232.4	17,896.4	11,567.7	—	41	44
272	☑	Monk Communications	Rockford, Ill.	2,753.7	1,287.4	18,852.1	8,586.3	15,505.0	7,184.7	50	30
273	☑	Ackerman Advertising Communications	Glen Head, N.Y.	2,750.0	1,900.0	19,537.3	14,036.2	7,937.3	5,636.2	36	31
274	☑	Pringle Dixon Pringle	Atlanta	2,730.0	2,675.0	19,700.0	18,500.0	4,000.0	3,500.0	48	45
275	☑	Sawyer Riley Compton	Gainsville, Ga.	2,625.0	2,832.0	17,251.1	18,558.5	11,512.2	11,185.2	30	36
276		Ensslin & Hall Advertising	Tampa, Fla.	2,592.7	2,307.9	17,293.4	15,393.4	8,705.1	7,912.4	44	50
277	☑	Gerber Advertising	Portland, Ore.	2,550.0	2,296.0	17,000.0	15,500.0	2,593.0	2,400.0	46	42
278		Alexander Marketing Services	Grand Rapids, Iowa.	2,539.0	2,700.2	16,935.0	18,010.3	16,935.0	18,010.3	38	40
279		Stogel Cos.	New York	2,530.0	2,400.0	16,245.8	15,097.4	1,775.6	1,850.0	42	40
280	☑	Emerson Lane Fortuna	Boston	2,518.0	1,827.0	20,524.0	15,123.0	10,892.0	8,798.0	46	35
281		Fredericks Kullberg Amato Pisacane	New York	2,500.0	2,235.0	21,005.0	15,167.0	1,005.0	667.0	19	18
282		Harris-Edward	Philadelphia	2,499.6	1,264.2	18,792.9	8,423.7	16,672.2	7,513.1	29	18
283		Spencer Bennett Nowak	Seekonk, Mass.	2,463.0	2,450.0	16,222.0	16,543.0	11,186.0	10,625.0	38	55
284	☑	Duffy & Shanley	Providence, R.I.	2,441.8	2,124.0	16,287.0	14,233.9	9,720.1	9,604.7	50	50
285	☑	Image Dynamics	Baltimore	2,433.0	1,855.0	16,673.3	12,374.9	13,173.3	9,517.8	30	27
286	☑	Berger, Stone & Partners	New York	2,430.0	—	16,200.0	—	—	—	22	22
287	☑	Soghigian & Macuga Advertising	Washington	2,418.0	1,582.6	16,160.0	10,058.0	1,440.7	473.6	24	22
288	☑	LSGE Advertising	Avon, Conn.	2,415.0	1,370.6	6,615.6	9,137.5	10,460.6	5,615.4	28	18
289		Yaffe & Co.	Southfield, Mich.	2,410.9	2,748.5	16,013.5	16,511.1	5,387.1	4,645.0	37	38
290	☑	Advertising Works	Honolulu	2,400.0	2,000.0	16,000.0	13,500.0	—	—	35	35
291		Pihas, Schmidt, Westerdahl Co.	Portland, Ore.	2,381.4	2,143.6	17,691.6	15,047.8	8,602.2	6,513.5	50	50
292		Mason & Madison	New Haven, Ct.	2,375.0	2,237.0	14,700.0	13,800.0	6,000.0	5,400.0	35	33
293		Dudreck DePaul Ficco & Morgan	Pittsburgh	2,372.0	2,020.0	17,500.0	15,250.0	6,355.0	6,650.0	41	43
294		Gumpertz/Bentley/Fried	Los Angeles	2,362.4	2,294.6	18,700.0	18,184.8	4,195.1	4,006.9	30	32
295	☑	Drossman Lehmann Marino	New York	2,350.0	1,765.0	22,492.0	17,332.0	4,922.0	3,769.0	25	22
296		Wodell, Jack Associates	San Francisco	2,342.0	—	15,534.5	—	3,131.0	—	28	—
297		Launey, Hachmann & Harris	New York	2,311.6	2,268.0	15,413.0	15,124.0	5,476.0	5,523.0	16	15
298	☑	Brady Co.	Menomonee Falls, Wis.	2,304.5	2,279.6	16,543.8	16,724.7	9,790.4	10,071.0	—	—
299		Stan Merritt Advertising	New York	2,290.8	2,061.7	20,552.1	18,500.0	3,489.4	—	18	—
300	☑	Baurlein, Inc.	New Orleans	2,289.5	2,211.4	15,374.4	14,575.0	6,359.3	6,605.7	43	39

NOTE: Dollars in thousands. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.

Fourth 100 agencies by gross income

Rank 1986	☑	Agency	Headquarters	Gross income 1986	Gross income 1985	Billings 1986	Billings 1985	Capitalized fees 1986	Capitalized fees 1985	Total employees 1986	Total employees 1985
301		Baron & Zaretsky Advertising	New York	$2,280.0	$1,987.5	$15,200.0	$13,250.0	—	—	23	23
302	☑	Gordon Bailey & Associates	Stone Mountain, Ga.	2,258.0	2,716.1	14,930.2	17,871.6	14,036.7	16,406.7	33	36
303	☑	Bermudez & Associates	Los Angeles	2,241.4	1,733.6	14,949.9	11,563.1	11,511.2	10,552.1	44	35
304		Stephan & Brady	Madison, Wis.	2,229.7	2,161.1	17,010.1	16,628.5	11,203.7	10,861.5	41	40
305	☑	Baker, Abbs, Cunningham & Klepinger	Birmingham, Mich.	2,215.4	1,897.3	16,548.7	14,262.0	8,904.4	7,683.5	41	37
306		John Emmerling Inc.	New York	2,201.0	2,104.0	15,277.0	14,027.0	738.0	1,071.9	18	18
307	☑	Sutton Communications	New York	2,200.0	1,700.0	18,000.0	14,000.0	13,300.0	10,000.0	35	30
308		Maris, West & Baker	Jackson, Ms.	2,194.9	1,800.8	14,640.2	12,011.6	11,428.3	9,388.5	37	32
309	☑	Jarman, Spitzer & Felix	New York	2,175.5	2,719.4	14,336.6	16,610.0	3,186.7	3,353.5	50	50
310		Waldbillig & Besteman	Madison, Wis.	2,163.3	1,922.0	15,984.0	15,118.2	10,513.5	10,301.0	38	38
311	☑	Baxter, Gurian & Mazzei△	Beverly Hills	2,132.0	1,900.0	14,220.0	13,300.0	5,589.0	4,669.0	29	28
312		Hallmark Advertisng	Pittsburgh	2,128.8	1,915.2	14,085.0	12,768.0	3,335.0	2,668.0	45	42
313	☑	Ehrig & Associates	Seattle	2,101.5	2,550.6	14,017.0	17,004.2	3,844.2	5,832.9	38	40
314	☑	Barker Campbell & Farley	Virginia Beach, Va.	2,100.0	1,573.4	14,000.0	10,500.0	—	—	30	30
315	☑	Pool/Sarraille	Los Angeles	2,100.0	1,600.0	13,687.0	10,524.0	1,247.0	760.0	23	20
316	☑	Penny/Ohlmann/Neiman	Dayton, Ohio	2,076.6	1,909.5	16,085.8	14,858.9	10,122.7	9,448.4	48	46
317		Gerbig, Snell, Weisheimer & Associates	Dublin, Ohio	2,065.9	1,807.2	13,914.3	11,851.9	8,997.5	8,025.6	35	27
318	☑	Ted Chin & Co.	New York	2,050.0	2,100.0	13,578.0	13,570.0	6,650.0	6,637.0	17	21
319		Knudsen More Schropfer	Stamford, Ct.	2,050.0	2,050.0	14,800.0	14,800.0	2,200.0	2,200.0	30	35
320	☑	Sullivan Higdon & Sink	Wichita, Kan.	2,036.6	2,398.0	17,416.8	18,992.1	10,784.3	12,814.5	38	48
321	☑	S.J. Weinstein Associates	New York	2,022.0	1,991.0	14,532.0	14,264.0	13,487.0	13,280.0	—	—
322		Badalamenti Adv. Agency, Ltd.	Ann Arbor, Mich.	2,000.0	1,500.0	13,300.0	10,000.0	—	—	20	20
323	☑	Posey Quest Genova	Greenwich, Ct.	2,000.0	2,500.0	21,000.0	21,700.0	12,000.0	14,200.0	24	28
324	☑	Schenkein & Associates	Englewood, Colo.	1,999.0	1,802.0	13,214.0	12,195.0	12,526.0	11,206.0	30	33
325	☑	Davidoff & Partners	Fairfield, Ct.	1,996.6	1,507.0	11,477.2	8,867.4	4,028.0	2,338.6	36	32
326	☑	Sharp Hartwig	Seattle	1,995.7	1,895.6	13,311.3	13,347.2	5,220.2	4,137.3	44	35
327	☑	Fern/Hanaway	Providence, R.I.	1,975.0	1,892.4	13,173.3	12,622.3	2,976.3	2,852.8	38	38
328		Stiegler Wells & Brunswick	Bethlehem, Pa.	1,962.0	1,880.0	13,099.3	9,646.9	8,937.2	6,858.8	36	36
329	☑	Gregory Inc.	Clevelan[illegible]	1,925.1	2,729.7	12,670.7	20,160.6	5,968.5	11,449.2	34	57
330	☑	Lipman Advertising Co.	New York	1,924.5	1,347.9	14,324.0	10,187.8	4,763.2	4,759.4	37	21
331	☑	Townsend Agency Ltd.	Arlington Heights, Ill.	1,922.4	1,046.4	10,548.1	6,450.5	8,614.7	5,815.5	23	18
332		Wardrop, Murtaugh, Temple & Frank	Chicago	1,921.0	2,266.0	11,300.0	13,400.0	100.0	1,400.0	20	20
333	☑	Detrow & Underwood	Ashland, Ohio	1,909.6	1,956.8	4,875.8	5,017.9	3,489.3	3,600.9	16	17
334	☑	Bonneville Media Communications	Salt Lake City	1,900.0	0.0	11,200.0	0.0	—	—	100	90
335	☑	Scharfberg & Associates, Ltd. Adv.	Jenkintown, Pa.	1,900.0	1,750.0	12,447.9	11,527.7	2,367.9	1,967.7	30	25
336	☑	Lieberman-Appalucci	Allentown, Pa.	1,897.6	1,649.2	13,215.6	11,673.7	8,002.3	6,565.7	36	33
337		Cronin & Co.	Glastonbury, Ct.	1,880.0	1,700.0	12,100.3	11,000.0	7,270.3	5,736.0	38	37
338	☑	Zylke & Associates	Northbrook, Ill.	1,879.4	1,640.3	12,902.9	11,732.3	8,553.3	6,721.1	27	27
339		Buckheim & Roland	Detroit	1,875.0	1,800.0	12,500.0	12,000.0	—	—	—	—
340	☑	Berenson, Isham & Partners	Boston	1,862.5	1,878.9	13,839.2	11,804.1	9,319.8	7,950.1	17	17
341	☑	Simms & McIvor	Bound Brook, N.J.	1,854.0	1,767.0	12,869.1	12,187.0	9,998.0	9,438.0	36	36
342		E.H. Brown Advertising	Chicago	1,843.2	1,553.0	12,288.2	10,353.1	—	—	28	21
343	☑	Patchen Brownfield Inc.	Phoenix	1,836.4	956.0	11,325.4	8,816.0	614.1	1,053.9	35	26
344	☑	Hickman & Associates	Indianapolis	1,827.3	1,388.5	5,080.2	4,543.6	3,826.7	3,743.2	20	16
345	☑	Decker Guertin Cheyne	Hartford, Ct.	1,796.1	1,502.3	13,070.6	10,986.2	10,369.6	8,373.4	34	28
346	☑	Hughes Advertising	St. Louis	1,784.5	1,722.4	14,500.1	14,028.9	7,903.9	7,735.6	33	34
347	☑	Franznick & Cusatis Advertising	New York	1,768.0	1,733.3	10,692.8	10,401.0	3,518.8	3,432.3	24	20
348	☑	Sommer Inc.	Englewood, N.J.	1,756.0	1,600.0	11,703.0	10,663.7	3,482.0	3,301.7	25	22
349		PR Associates	Akron, Ohio	1,745.0	1,512.0	11,265.0	10,352.0	8,440.0	7,237.0	35	35
350	☑	Fessel, Siegfriedt & Moeller Adv.	Louisville	1,709.7	1,397.6	11,226.9	7,834.9	3,307.0	963.1	33	28
351	☑	Rick Johnson & Co.	Albuqueque	1,701.5	1,650.0	13,109.5	11,005.5	7,887.3	—	45	44
352		Jackson/Ridey	Cincinnati	1,700.0	0.0	11,400.0	0.0	—	—	—	—
353	☑	Lockhart & Pettus	New York	1,694.0	1,650.0	11,293.0	11,000.0	—	—	25	25
354		J.H. Lewis Adv. Agency	Mobile, Ala.	1,679.7	—	11,849.0	—	8,621.9	—	35	35
355	☑	Intermarco Advertising	New York	1,677.7	1,700.0	11,184.9	15,175.6	1,427.4	4,183.3	—	—
356	☑	Pearlman/Wohl/Olshever/Marchese	Los Angeles	1,676.9	1,089.0	15,244.2	10,663.8	1,734.2	933.8	18	13
357		Ken Schmidt Co.	Milwaukee	1,670.5	1,425.0	10,526.9	8,995.0	3,738.7	2,351.8	28	28
358	☑	Gardner Communications	San Francisco	1,670.2	1,617.2	10,916.6	9,924.4	695.0	387.7	19	17
359	☑	Shaffer/MacGill & Associates	Chicago	1,669.4	1,742.3	12,740.7	11,787.0	7,418.0	4,517.2	38	41
360	☑	Silberman Whitebrow Dolan	Philadelphia	1,665.0	1,890.0	11,100.0	12,600.0	4,380.0	3,900.0	20	22
361	☑	InterCommunications Inc.	Newport Beach, Calif.	1,663.3	1,626.7	13,744.2	11,349.8	11,094.2	10,849.8	20	18
362		Unger Associates	Atlanta	1,646.0	1,646.0	10,700.3	10,700.3	500.3	500.3	25	26
363		J.P. Hogan & Co.	Knoxville, Tn.	1,633.9	1,512.9	10,892.6	10,085.8	6,650.7	6,303.1	26	22
364	☑	Kaprielian O'Leary Advertising	New York	1,612.5	1,625.0	10,630.5	10,700.0	900.5	—	19	20
365		Smith, Kaplan, Allen & Reynolds	Omaha, Neb.	1,601.5	1,350.8	10,676.6	9,005.1	1,713.8	1,308.2	40	38
366	☑	Nelson Panullo Jutkins Direct Mktg	Santa Monica, Calif.	1,600.4	1,068.2	10,673.7	7,123.9	9,589.8	5,835.0	22	18
367	☑	Battenberg, Fillhardt & Wright	San Jose, Calif.	1,597.9	1,947.2	11,812.8	13,047.6	6,188.9	5,398.1	15	24
368	☑	Sturm Communications	Chicago	1,593.4	1,398.1	11,436.4	9,435.1	8,833.1	7,888.3	30	25
369	☑	Andrews/Mautner	Milwaukee	1,577.9	1,538.0	11,490.8	11,153.6	5,694.8	5,481.0	32	29
370		Craig, Lamm, Hensley & Alderman	Houston	1,577.6	1,990.9	10,522.8	13,279.2	5,288.6	5,964.3	25	36
371	☑	Caravetta Allen Kimbrough/BBDO▽	Miami	1,549.6	1,280.5	10,335.9	8,541.2	1,676.6	2,013.9	29	24
372	☑	Wray/Ward Advertising	Charlotte, N.C.	1,549.4	1,485.7	10,595.4	9,723.1	3,105.9	2,791.2	24	22
373		Penny & Speier	Houston	1,549.2	1,873.7	14,002.3	15,061.3	9,864.2	10,159.8	27	32
374	☑	R.L. Meyer Advertising	Milwaukee	1,529.1	953.1	13,776.3	5,788.8	2,989.7	2,711.9	18	16
375	☑	Adams, Richard & Mason	Glastonbury, Ct.	1,520.0	1,407.7	10,138.4	9,389.0	7,924.0	7,308.0	31	30
376	☑	Martcom, Inc.	Columbus, Ohio	1,511.0	1,862.0	11,840.7	12,398.3	9,598.3	10,472.3	17	13
377		Fotheringham & Associates	Salt Lake City	1,510.7	1,185.2	9,008.8	7,671.6	6,187.8	5,096.4	23	20
378	☑	G. Temple Associates	Southfield, Mich.	1,510.0	1,347.0	6,411.0	5,776.0	4,976.0	4,442.0	16	14
379	☑	McLean-Stewart Advertising	San Francisco	1,500.0	900.0	10,000.0	6,000.0	1,300.0	1,000.0	16	17
380	☑	CS&A Advertising	Normal, Ill.	1,468.0	1,046.0	9,512.2	6,832.2	7,150.2	5,751.3	—	28
381	☑	Mitchell & Comer	Toledo, Ohio	1,458.0	1,252.5	10,486.0	8,203.4	9,224.7	6,803.4	32	28
382	☑	Carter Callahan	San Jose, Calif.	1,455.0	1,497.0	9,558.5	9,832.6	7,228.0	7,415.3	22	21
383	☑	Bailey Lewis & Associates	Lincoln, Neb.	1,452.1	1,460.6	9,680.9	9,737.4	5,141.6	5,011.8	37	41
384	☑	John Volk Co.	Chicago	1,451.9	1,138.6	9,891.9	7,657.6	5,928.0	5,213.7	21	17
385	☑	Micheal & Partners	Dallas	1,447.0	1,116.0	9,651.0	7,443.0	—	—	26	25
386	☑	KSK Communications Ltd.	McLean, Va.	1,440.4	1,202.5	9,134.3	8,083.5	6,102.6	4,845.2	27	25
387		Greenwald/Christian Advertising	Philadelphia	1,424.8	1,184.9	9,500.0	7,900.0	2,250.0	1,585.0	18	15
388	☑	Donald L. Arends Inc.	Oakbrook, Ill.	1,422.0	1,339.3	9,485.0	8,932.8	1,733.0	1,559.8	23	22
389		Beaumont, Heller & Sperling	Reading, Pa.	1,390.0	1,274.8	9,424.3	8,581.4	8,135.9	7,593.6	40	41
390	☑	Loeffler Mountjoy	Charlotte, N.C.	1,388.7	1,005.0	9,262.7	6,703.0	975.6	—	25	20
391	☑	JanklowBender	New York	1,387.7	1,036.0	12,450.0	9,295.0	5,320.0	—	15	13
392		Smith, Badofsky & Raffel	Chicago	1,376.0	1,370.0	15,995.5	15,824.0	7,653.1	7,510.6	20	20
393	☑	Dorland & Sweeney	Philadelphia	1,354.9	1,270.4	9,069.4	8,577.8	8,022.4	7,218.0	22	25
394	☑	NKH&W Marketing Communications	Kansas City	1,351.0	1,037.0	9,011.0	6,917.0	9,011.0	6,917.0	36	25
395	☑	Laven, Fuller & Perkins Advertising	Chicago	1,350.9	1,218.2	7,505.0	6,585.0	1,754.2	1,180.6	24	23
396	☑	Impact Marketing & Comunications	Boston	1,350.0	1,365.0	8,637.0	8,102.0	6,337.0	4,002.0	20	30
397		Harmon Smith Inc.	Kansas City	1,347.5	1,312.3	10,746.7	8,935.5	4,445.2	3,213.3	25	23
398	☑	Sheehy & Knopf	Louisville	1,346.9	1,244.5	11,001.3	9,043.0	4,646.1	2,552.1	38	43
399		Frank/James Direct Marketing Co.	St. Louis	1,320.0	1,720.0	7,500.0	9,800.0	—	—	21	19
400	☑	Jameson Advertising	New York	1,300.0	980.0	7,800.0	5,600.0	2,900.0	1,900.0	27	18

NOTE: Dollars in thousands. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.

Fifth 100 agencies by gross income

Rank 1986	☑	Agency	Headquarters	Gross income 1986	Gross income 1985	Billings 1986	Billings 1985	Capitalized fees 1986	Capitalized fees 1985	Total employees 1986	Total employees 1985
401	☑	Wettstein/Bolchalk Adv. & PR	Tucson, Ariz.	$1,297.2	$1,022.0	$8,458.6	$6,833.3	$4,183.2	$3,885.2	35	35
402	☑	McFarland Group	Elm Grove, Wis.	1,275.0	800.0	8,334.5	6,568.0	2,334.5	2,568.0	19	14
403	☑	Perri Debes Looney & Crane	Rochester, N.Y.	1,274.3	918.7	8,465.0	6,231.7	4,801.7	3,267.0	22	16
404	☑	Richard Sackett Executive Cons.	New Orleans	1,270.2	—	7,602.3	—	7,448.9	—	8	8
405	☑	TCI Advertising	Stamford, Ct.	1,263.3	1,209.6	9,504.7	9,330.3	6,548.8	5,829.8	22	22
406	☑	Adair Associates/Advertising	Atlanta	1,254.5	1,028.6	6,315.1	5,146.6	3,339.9	2,762.9	18	18
407		Hal Langerman Co.	Center Square, Pa.	1,245.8	1,083.3	6,744.7	5,864.9	6,468.7	5,624.9	8	8
408		CRE Inc.	Indianapolis	1,235.1	1,259.5	9,871.1	7,280.5	7,602.0	5,293.8	28	25
409		Ross Advertising	Peoria, Ill.	1,223.9	1,057.2	9,361.8	7,874.3	7,417.2	5,910.7	28	25
410	☑	Marketing Direction	Newport Beach, Calif.	1,219.3	1,360.3	7,830.3	8,872.8	5,956.6	6,610.5	21	25
411	☑	Anderson, Warren Advertising & PR	Davenport, Iowa	1,216.3	1,161.5	8,108.8	7,743.7	6,359.1	6,074.2	30	28
412		Ad Hoc Marketing Resources	New York	1,210.0	1,209.9	7,940.0	7,937.0	—	—	15	12
413	☑	Furman, Roth Advertising	New York	1,210.0	1,143.8	7,720.0	7,480.0	800.0	830.0	25	—
414	☑	Larwin/Livers Associated	Huntingdon Valley, Pa.	1,200.0	1,235.0	9,230.0	9,500.0	6,636.7	6,734.9	20	22
415	☑	Harris, Baio & McCullough	Willow Grove, Pa.	1,196.0	857.0	7,887.7	5,620.0	6,161.0	4,066.2	18	15
416		Storey, Berman & Freer	Chicago	1,195.0	980.0	8,950.0	6,822.0	980.0	955.0	16	14
417	☑	Adler Schwartz	Englewood Cliffs, N.J.	1,194.9	1,115.5	8,018.0	7,350.9	6,989.0	6,525.3	20	17
418		Peterson-Morris MacLachlan	Minneapolis	1,162.0	765.0	7,750.0	5,100.0	—	—	24	14
419		Communication Trends	Atlanta	1,157.3	1,084.5	10,063.1	9,596.9	2,802.5	2,934.8	14	24
420	☑	Coakley Heagerty Cos.	Santa Clara, Calif.	1,147.5	1,189.0	8,922.7	8,922.7	6,698.9	6,702.1	23	24
421	☑	Tepe, Hensler & Westerkamp	Cincinnati	1,128.0	827.1	8,313.7	6,343.2	4,539.6	3,034.9	20	17
422	☑	Schroeder Advertising	New York	1,116.0	—	3,000.0	—	400.0	—	6	5
423	☑	George P. Clarke Advertising	New York	1,105.8	1,094.3	7,371.9	7,296.1	3,826.4	3,954.3	16	16
424	☑	Gray Baumgarten Layport	Pittsburgh	1,104.0	1,027.0	7,213.8	6,699.4	4,652.9	4,531.2	22	17
425		Kaufman & Maraffi	New York	1,100.0	1,093.1	13,215.6	12,867.0	1,240.6	667.0	22	20
426	☑	Clarity Coverdale Rueff Advertising	Minneapolis	1,094.0	900.5	12,678.0	9,385.0	5,136.0	3,332.0	22	15
427	☑	Hammerman & Morse	Chicago	1,093.0	608.0	7,174.4	4,007.6	4,642.6	2,715.4	11	8
428	☑	Peter Scannell Inc.	New York	1,053.0	724.7	10,708.3	7,652.9	3,336.0	2,508.5	12	7
429	☑	Wooding & Housley	Providence, R.I.	1,050.0	1,056.0	7,000.0	7,000.0	4,128.0	5,555.0	23	23
430	☑	Martiny & Co.	Cincinnati	1,009.8	687.0	2,741.9	1,866.0	—	—	17	16
431		Mad. Ave. East	Melville, N.Y.	1,000.0	800.0	6,700.0	5,300.0	—	—	27	24
432		Semel/Kaye & Co.	Northbrook, Ill.	977.2	900.3	7,066.8	6,225.4	4,470.6	3,886.2	20	20
433		Don Wise & Co.	New York	975.0	—	6,500.0	—	—	—	15	—
434		Neal Spelce Communications	Austin, Texas	965.4	1,270.8	6,492.7	8,674.7	4,709.7	4,920.3	21	21
435	☑	Dektas & Eger	Cincinnati	941.0	657.7	8,693.0	5,635.4	3,082.9	2,081.3	18	14
436	☑	Hart/Conway Co.	Rochester, N.Y.	936.6	790.1	6,246.9	5,270.1	2,186.9	2,289.1	20	20
437	☑	J.D. Mathis & Co.	Baltimore	933.1	846.5	7,142.5	6,247.0	2,427.9	2,134.4	13	12
438	☑	Hiebling Group	Madison, Wis.	930.0	801.4	8,575.3	6,306.0	5,594.2	4,381.9	22	19
439	☑	Pierson & Co.	Chicago	910.0	675.0	6,000.0	4,500.0	—	—	12	6
440	☑	Adelante Advertising	New York	902.5	905.0	6,017.3	6,034.0	1,267.3	1,234.0	15	15
441	☑	Jason Group	New York	900.2	800.3	9,750.0	8,809.0	—	—	12	11
442	☑	Marketing Group	Ft. Washington, Pa.	895.0	803.0	5,660.0	5,093.6	3,501.8	3,238.3	21	19
443		Zubi Advertising Services	Miami	893.4	815.1	5,700.0	5,200.0	846.2	772.0	13	12
444		Emerson Marketing Agency	New York	892.4	866.4	5,790.0	4,621.4	4,708.1	4,570.3	5	5
445	☑	Dallas C. Dort & Co.	Flint, Mich.	881.2	868.9	5,875.2	5,795.3	5,726.4	5,795.3	14	21
446	☑	Haller Schwarz	Los Angeles	875.0	1,148.0	6,200.0	7,659.0	—	—	15	15
447	☑	Zam+Kirshner+Geller	Garden City, N.Y.	861.4	781.4	6,250.4	5,701.5	3,170.3	2,904.2	11	11
448	☑	Didday & Branch	Cincinnati	858.4	682.9	5,543.9	4,479.5	4,304.9	3,870.2	19	17
449		Robert McKim & Co.	Los Angeles	854.4	655.0	10,229.2	5,951.5	5,029.2	3,001.5	16	12
450		Poindexter Associates Advertising	Roanoke, Va.	844.2	615.4	5,036.0	3,721.9	1,800.9	1,588.1	12	12
451	☑	Cascino & Purcell	Atlanta	833.8	814.8	5,657.9	5,434.2	4,961.9	4,653.8	15	11
452	☑	Communique Direct Marketing	Brookfield, Wis.	822.0	560.0	5,564.5	4,043.3	4,439.5	3,168.3	32	15
453		Goble & Associates	Chicago	816.5	603.5	5,064.4	3,759.2	2,134.4	1,734.2	17	14
454	☑	Winkler McDermott Winkler	New York	813.4	675.3	5,039.6	4,177.4	4,067.2	3,189.9	14	14
455	☑	New Venture Advertising	Los Angeles	805.0	630.0	5,521.5	4,405.5	1,367.4	1,000.5	7	7
456	☑	Smith & Yehle	Kansas City	799.8	803.9	5,334.4	5,362.2	3,205.7	2,387.3	18	20
457	☑	K.I. Lipton Inc.	Doylestown, Pa.	787.9	655.4	4,079.9	3,323.1	2,040.0	1,657.8	12	11
458	☑	Mallof, Abruzino & Nash Mktg.	Lombard, Ill.	780.0	630.0	5,200.0	4,200.0	—	—	15	15
459		HMK Advertising	Chestnut Hill, Mass.	779.7	619.9	9,148.4	5,595.4	—	—	25	25
460	☑	Fensholt Inc.	Lombard, Ill.	769.0	753.1	5,524.0	5,608.3	2,861.0	2,867.8	13	15
461		Patterson Advertising Agency	Topeka, Kan.	765.5	885.0	5,105.0	5,903.3	2,834.5	3,408.4	18	22
462	☑	Haselow & Associates	Cleveland	763.2	570.0	5,700.5	4,051.9	5,090.7	3,801.9	16	13
463		Hirsch Elliott	New York	759.0	752.0	5,059.6	5,012.9	3,154.9	3,134.9	13	13
464	☑	Tri-State Advertising	Warsaw, Ind.	757.0	679.4	5,445.1	4,529.1	2,217.6	1,562.2	16	16
465	☑	Humphrey, Herbert & Albert	Pittsburgh	756.4	750.0	4,902.2	4,836.0	1,303.3	1,298.0	13	13
466		Martin Fiderer Associates	Englewood Cliffs, N.J.	756.0	521.0	5,042.3	3,962.0	4,520.3	3,475.0	10	8
467	☑	Haddad, Lawrence Communications	Studio City, Calif.	750.0	1,000.0	5,000.0	6,667.0	—	—	12	10
468	☑	Darien, Russell, Hill & Dahl	San Jose, Calif.	746.1	852.0	5,485.9	5,764.6	553.3	936.7	—	—
469		Jules Rabin Associates	Valley Stream, N.Y.	740.4	697.2	4,938.3	4,650.0	—	—	20	19
470		Klein/Richardson	Beverly Hills	728.1	565.3	4,856.4	3,770.6	—	—	13	11
471	☑	Brashe Advertising	Jericho, N.Y.	721.7	657.0	4,799.9	4,371.6	2,641.7	2,324.4	7	7
472		Carson Group	Houston	714.0	680.0	4,200.0	4,000.0	—	—	9	7
473	☑	Kopf & Isaacson Advertising	Melville, N.Y.	705.0	580.0	5,053.4	4,226.7	173.4	146.7	16	16
474	☑	McKee Advertising	Elk Grove Village, Ill.	704.4	655.7	6,767.7	6,308.9	3,727.7	3,681.8	16	16
475		Haley & Ruckle Advertising	Boston	704.2	745.7	3,061.9	3,242.4	113.2	766.5	12	13
476	☑	T.S. Jenkins & Associates	Flint, Mich.	693.5	599.0	4,550.4	4,120.9	2,875.9	2,627.2	13	13
477	☑	Keye Advertising	Brooklyn, N.Y.	684.2	682.1	6,394.3	6,255.2	—	—	6	7
478	☑	Gallagher Group	New York	675.0	981.0	—	—	—	—	5	6
479		Reynolds-Sullivan Advertising	Mobile, Ala.	672.4	666.1	3,000.3	2,868.7	—	—	15	15
480	☑	Henry-Gill Inc.	Denver	663.9	611.3	6,033.3	4,656.8	5,041.3	3,623.2	16	14
481	☑	Richard Yeager Associates	Moorsetown, N.J.	663.9	626.4	5,504.7	4,364.1	4,327.9	3,364.6	12	12
482	☑	Kaufman Goldman Stral	Chicago	659.8	662.6	3,693.6	3,963.6	1,611.8	1,660.7	22	24
483	☑	MarketAide Inc.	Salina, Kan.	645.6	631.9	4,641.8	4,241.6	2,797.0	2,811.4	13	13
484	☑	Hood, Light & Geise	Harrisburg, Pa.	638.0	546.0	4,168.0	3,570.0	2,415.0	2,068.0	14	14
485	☑	Smith Advertising & Associates	Fayetteville, N.C.	635.7	614.5	4,087.7	4,091.5	2,968.4	2,885.1	14	14
486	☑	Newton Associates	St. Davids, Pa.	632.5	—	3,294.5	—	1,733.3	—	11	11
487	☑	Praco Ltd.	Colorado Springs, Colo.	628.3	202.0	4,196.6	3,852.3	2,451.8	2,505.9	15	13
488	☑	New Trend Advertising	Hackensack, N.J.	628.1	582.6	3,453.4	3,243.8	2,334.5	3,243.8	12	12
489		Minturn Advertising	Shawnee Missions, Kan.	615.0	450.0	4,100.0	3,200.0	—	—	14	12
490	☑	Martin A. Lave Marketing	Indianapolis	591.0	559.0	3,868.3	3,638.3	241.1	777.9	15	11
491	☑	Shorey & Associates	Greenville, S.C.	589.0	909.5	3,788.0	5,800.0	—	—	20	16
492	☑	Earle Bower Associates	New York	577.7	546.1	3,701.7	3,676.6	1,335.8	1,447.7	—	—
493	☑	Lardis, McCurdy & Co.	Meridan, Ct.	570.0	775.0	3,392.0	3,496.0	867.0	854.0	12	14
494	☑	Sheldon Fredericks Advertising	New York	553.0	527.0	5,296.4	5,118.0	1,407.4	1,322.0	19	18
495	☑	White, Good & Co.	Lebanon, Pa.	526.3	488.5	3,450.3	3,055.0	2,297.9	1,729.9	11	10
496		MSA Advertising	Philadelphia	522.6	572.6	2,903.9	3,553.5	1,302.7	1,152.6	7	9
497		Arnold, Noble & Associates	Schaumburg, Ill.	521.2	483.8	3,367.8	3,124.5	2,307.8	2,134.4	10	—
498	☑	Roni Hicks & Associates	San Diego	519.5	1,079.6	8,657.5	6,773.1	6,294.3	4,361.2	16	17
499	☑	Dodson, Craddock & Porn Advertising	Pensacola, Fla.	515.0	417.0	3,378.2	2,746.4	2,019.7	1,694.1	10	10
500	☑	Rahm Advertising & PR	Oakland, Calif.	511.4	352.4	3,213.4	2,284.9	1,969.6	1,230.3	7	8

NOTE: Dollars in thousands. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.

Forty-four more agencies by gross income

Rank 1986	☑	Agency	Headquarters	Gross income 1986	Gross income 1985	Billings 1986	Billings 1985	Capitalized fees 1986	Capitalized fees 1985	Total employes 1986	Total employes 1985
501	☑	Perry Ballard/Advertising	St. Joseph, Mo.	$506.5	$361.0	$3,200.6	$2,474.3	$2,574.9	$2,069.6	16	12
502	☑	Bertucci Maren Associates	Bristol, Pa.	503.0	468.8	3,161.3	2,959.6	2,561.3	2,434.6	14	9
503		Miller Addison Steele	New York	501.0	—	3,167.0	—	667.0	—	12	10
504	☑	Hinton & Steel	Seattle	496.8	405.1	4,410.4	3,163.5	2,897.4	1,893.6	12	12
505	☑	Covey & Koons	Canton, Ohio	494.4	484.1	3,296.9	3,228.2	1,904.8	1,581.7	10	10
506	☑	Asher Agency	Fort Wayne, Ind.	482.0	448.0	2,788.7	2,250.7	773.7	600.3	9	7
507	☑	Mills, William, Advertising & Marketing	Atlanta	475.5	513.0	2,079.4	2,274.3	1,026.7	979.0	13	12
508	☑	Qually & Co.	Chicago	471.5	401.3	3,800.0	3,280.0	—	—	14	8
509	☑	Sullivan & Findsen Advertising	Cincinnati	468.8	327.4	3,949.5	2,417.4	2,732.6	1,657.1	11	8
510	☑	Durfee Advertising	Boston	465.0	350.0	3,100.0	2,330.0	—	—	9	7
511	☑	Spangler/Fischer Advertising	Minneapolis	464.5	346.0	5,305.1	4,359.6	2,235.1	1,894.3	12	10
512	☑	Ad-Pro Inc.	Sycamore, Ill.	462.0	355.4	3,108.4	2,390.5	2,371.9	1,885.6	10	10
513		FitzSimons Advertising	Cleveland	458.9	445.5	3,407.1	3,306.3	1,669.4	1,620.8	11	10
514	☑	Kocs, Wesson & Associates	Elm Grove, Wis.	435.0	465.0	2,900.0	3,100.0	2,625.0	2,625.0	6	8
515	☑	D.P.L. Advertising	Battle Creek, Mich.	423.9	500.4	2,715.5	3,187.8	2,084.7	2,518.7	12	12
516	☑	Summit Advertising	Norfolk, Va.	402.6	494.6	2,513.4	3,119.6	1,165.7	2,038.4	13	14
517	☑	James & Thomas	Chicago	388.3	395.4	3,287.8	3,207.3	2,259.3	2,228.2	8	8
518	☑	Hicks & Grayson	Coral Gables, Fla.	356.3	394.5	2,034.7	2,089.7	260.5	283.0	3	3
519	☑	A.I.M. Inc.	Foster City, Calif.	354.0	303.4	1,542.7	1,075.6	—	—	7	6
520		Brewster Advertising	Cambridge, Mass.	346.0	284.0	2,382.0	1,895.0	1,765.0	1,074.0	5	5
521		Keller Haver	New York	340.0	360.0	2,100.0	2,300.0	—	—	6	6
522	☑	Bernard Popick Associates	Atlantic City, N.J.	338.3	350.8	2,256.3	2,339.6	2,256.3	2,339.6	7	7
523		Elgee Corp.	Spokane, Wash.	306.2	297.5	2,041.5	2,230.5	209.9	257.2	7	9
524	☑	L. Quillin & Associates	La Crosse, Wis.	286.1	207.7	1,806.5	1,240.8	1,357.8	780.0	7	7
525	☑	Brigham/Scully	Los Angeles	281.0	266.0	1,816.6	1,716.6	641.7	459.0	6	6
526	☑	Creel Associates	Oak Brook, Ill.	277.0	266.9	1,452.9	1,280.3	1,037.9	1,013.8	8	8
527		Black & Musen	East Longmeadow, Mass.	258.0	253.0	1,517.0	1,474.0	667.0	714.0	6	6
528		Morrow Lewis & Kelley	New York	250.0	275.0	900.0	990.0	—	—	3	5
529	☑	Bloom, James Agency	Great Neck, N.Y.	225.0	180.0	1,500.0	1,200.0	—	—	7	7
530	☑	Kinzie & Green	Wausau, Wis.	222.6	289.6	1,624.3	2,309.1	759.2	1,159.8	6	8
531		J. Ronald Gaffe Inc.	Okemos, Mich.	219.3	188.1	2,841.7	2,565.1	1,430.9	1,132.7	10	8
532		Jack Mathis Advertising	Libertyville, Ill.	210.5	195.2	1,404.1	1,301.9	826.6	747.2	3	3
533		Halcyon Advertising	Brooklyn, N.Y.	200.0	225.0	1,505.0	1,501.0	1,005.0	1,007.0	6	6
534	☑	Mills Marketing	Rancho Dominguez	185.0	185.0	1,750.3	1,700.3	500.3	500.3	4	4
535		Taube-Violante	Norwalk, Ct.	138.7	—	574.1	—	—	—	—	—
536		Blanchard & Associates	Minneapolis	138.3	159.1	2,377.3	2,069.2	1,489.5	1,100.1	7	5
537	☑	Morris Direct Marketing	Tuckahoe, N.Y.	135.3	110.0	472.1	324.3	396.2	252.1	2	2
538		Nelda Armstrong Advertising Agency	Lubbock, Texas	91.0	110.0	701.8	889.5	157.4	226.8	4	5
539	☑	Chase Pickett	Hillside, Ill.	53.8	58.8	322.2	351.1	—	—	2	2
540		Culver International	Dedham, Mass.	50.0	—	300.0	—	—	—	3	2
541	☑	Charles Edelstein Advertising	Holland, Pa.	44.2	29.8	289.9	198.8	133.4	84.5	5	5
542		Shea & Ziegler	Darien, Conn.	24.6	—	161.9	—	123.7	—	1	0
543		Lord & Emerson Co.	Jackson, Mich.	9.0	7.2	60.0	48.0	—	—	1	1
544	☑	High Plains Advertising	Dodge City, Kan.	8.1	6.7	54.7	44.4	—	—	7	7

NOTE: Dollars in thousands. ☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA.

Key to symbols in this ranking

Subsidiary symbols

Income and billings figures for following parent companies—in bold—include totals for subsidiaries listed. Only subsidiaries included in parent totals are marked with subsidiary symbols on Pages 8, 10, 12, 14, 16 and 18.

Ↄ **Ted Bates Worldwide:** William Esty, Campbell-Mithun, AC&R Advertising, Diener/Hauser/Bates, Kobs & Brady Advertising, Sawdon & Bess Advertising, Stern Walter/Earle Ludgin

♡ **BBDO Worldwide:** Tracy-Locke, Doremus Porter Novelli, Ingalls Quinn & Johnson, MARCOA DR Group, Lavey/Wolff/Swift, Frank J. Corbett Inc., Blair/BBDO, Franklin Spier Inc., Caravetta Allen Kimbrough/BBDO

▼ **C&W Group:** Direct Marketing Agency

☆ **D'Arcy Masius Benton & Bowles:** Medicus Intercon International

⌂ **DDB Needham:** Cargill Wilson & Acree, Baxter, Gurian & Mazzei, Kallir, Philips, Ross

◇ **Foote, Cone & Belding:** Albert Frank-Guenther Law, Vicom/FCB

■ **Grey Advertising:** Gross Townsend Frank Hoffman

□ **Saatchi & Saatchi Compton Worldwide:** McCaffrey & McCall, Rumrill-Hoyt, Klemtner Advertising, Fairfax Advertising, Cochrane Chase Livingston

△ **Scali, McCabe, Sloves:** Martin Agency, Fallon McElligott

♤ **Ogilvy & Mather:** Ogilvy & Mather Direct Response, Rolf Werner Rosenthal

♧ **J. Walter Thompson Co.:** Brouillard Communications

○ **Young & Rubicam:** HCM (50%), DYR (49%), Wunderman Ricotta & Kline, Sudler & Hennessey, Stone & Adler, Creswell, Munsell, Fultz & Zirbel

Verification

☑ Indicates that agency received signature of independent accountant verifying gross income figures supplied to AA. See story at right.

Agency compliance

☑ Advertising Age graphically spotlights—with a box and check—those agencies which complied with the publication's request to provide a signature from an independent accountant confirming the figures they are reporting for 1986.

The box shown at the head of this article accompanies the profile of each agency in compliance and is placed at the left of the corresponding agency on the charts beginning Page 8.

This is the third year the editors have requested verification, and the percentage of agencies has improved from one-third three years ago to 65% this year. There are several barriers to full compliance:

- Most agencies are private and in a highly competitive environment, and often are reluctant to release even gross income figures.
- Some agencies report on a fiscal basis and have not closed the books for the current reporting period. They return unsigned questionnaires stating their audit will not take place until after the publishing date. Editors then assure them that an audit is not required—an opinion rendered by the New York Society of CPAs. Many retort that "their" cpa firm would balk anyway at signing such a statement. The editors respond that a previous year's audit will do. The agency in general stands firm.
- Then some just beg to get by: "TAKE MY WORD FOR IT!" shouted one exec on the form where the signature is required. Another responded: "Figures should be accurate within a couple of bucks or so."
- One agency in the top 50 said it would not comply. Its figures would compromise its cpas because its report was only 90% correct. It planned to "fudge like everyone else."

Compliance has had the effect of reducing the number of agencies reporting. Stronger language used by Ad Age in requesting figures this year scared many off. Some 690 reports were processed last year compared with 544 this year.

Top 100 in 43rd agency report

AC&R Advertising

RANK 65

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	17.0	16.3	4.3
Billings	115.0	110.0	4.6
U.S.	**1986**	**1985**	**% chg**
Gross income	16.6	15.8	5.2
Billings	112.1	106.4	5.4

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	90.4	84.0	7.6
Materials & services	19.1	21.5	(11.3)
Capitalized fees	2.7	0.8	224.1

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	4.6	3.1	51.3
Magazine	44.1	40.5	8.9
Radio	1.6	1.3	26.0
Network TV	16.5	12.4	33.5
Spot TV	33.6	38.6	(13.1)
Bus. papers	8.1	9.7	(16.7)

Workforce

	1986	1985	% chg
Worldwide	225	220	2.3
U.S.	225	220	2.3

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
AC&R Advertising	New York	112.1
AC&R Advertising	Athens, Greece	2.9

Annual review

Kobrand Corp. Beefeater Gin, gained in late 1985, helped existing accounts contribute 63% of the year-to-year growth in billings in 1986 at AC&R, which is part of the Ted Bates network bought out midyear by Saatchi & Saatchi PLC. The agency gained a potential $10 million in annualized billings with the majority coming from Simmons bed mattresses, Johnson & Murphy, and Flashlegs Hosiery. Declines in billings amounted to an annualized $6 million with Arrow shirts accounting for the majority. To produce efficiencies in the Saatchi network, the agency is being consolidated this year with other Bates' units, Diener/Hauser/-Bates and Sawdon & Bess, into AC&R/DHB & Bess. AC&R brings its strengths in cosmetics and fashion to the new unit to be headed by its chairman-ceo Stephen Rose. Mr. Rose will be chairman of the exec committee and ceo at AC&R/DHB & Bess.

U.S. accounts

Gained: Simmons; Marx & Newman; Amada; Konica; Jimlar Shoes; Flashlegs Hosiery; Jay Yang; Harry Rothman; Johnson & Murphy; Condado Plaza Hotel; *European Travel & Life*
Lost: Arrow; Ligne Roset; 3M; RPM; Kangaroos; Westbury Hotel; Plaza Athenee

Officers

Stephen Rose, chmn-ceo; Alvin Chereskin, president; Louis Miano, vice chmn; Kazou Kudo, Sheldon Marks, exec vps, acct mgmt; Harry Koenig, exec vp-finance; Morton Weinstein, exec vp, dir mktg
Phone: (212) 685-2500

Admarketing

RANK 40

Los Angeles

($ in millions)

Worldwide	1986	1985	% chg
Gross income	33.0	30.5	8.2
Billings	184.0	170.5	7.9

U.S. billings

($ in millions)	1986	1985	% chg
Media	0.2	0.2	8.3
Materials & services	3.0	1.8	66.7
Capitalized fees	0.0	1.5	(100.0)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	7.4	3.4	115.9
Magazine	3.7	3.4	7.9
Radio	12.9	11.9	7.9
Network TV	1.8	1.7	7.9
Spot TV	134.4	127.9	5.1
Outdoor	1.8	3.4	(46.0)
Point of sale	3.7	3.4	7.9
Yellow Pages	1.8	1.7	7.9
Direct mail	1.8	1.7	7.9
Dir. resp. TV	12.9	8.5	51.1
Free-standing inserts	1.8	3.4	(46.0)

Workforce

	1986	1985	% chg
Worldwide	133	138	(3.6)
U.S.	133	138	(3.6)

Offices

Worldwide: 1; U.S.: 1

Annual review

The $13,533,000 in actual billings added at Admarketing, giving it a 7.9% increase in billings was split between internal growth and new business. Admarketing, a retail advertising specialist, expects billings growth to continue in 1987, since it gained a potential $26.5 million in annualized billings while declines were kept to $7 million annualized.

U.S. accounts

Gained: Jenny Craig Weight Loss Centres; Burger King, So. Calif.; Sanwa Foods; Good Earth Restaurants; Boys Markets; California Closets
Lost: Cousins Home Furnishings; Presto Foods

Officers

Jack Roth, president-ceo; Robert Recht, chmn; Robert Roth, treasurer; Martin Cagan, exec vp; George Abdell, Ed Moiselle, Arlynn Whittaker, Raymond Coen, sr vps; Amnon Mizrahi, John Bergquist, Robert Packham, John Bamberger, Andrew Demus, Charles Katz, George McConnell, William Tollis, Patricia Gleason, Larry Mandel, vps
Phone: (213) 203-8400

Ally Gargano/ MCA Advertising

RANK 38

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	35.7	41.8	(14.8)
Billings	296.1	330.0	(10.3)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	264.3	292.6	(9.7)
Materials & services	17.9	19.6	(8.6)
Capitalized fees	13.9	17.8	(21.9)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	17.9	21.0	(14.4)
Magazine	62.0	64.6	(4.1)
Radio	7.5	8.1	(8.0)
Network TV	72.9	101.5	(28.2)
Spot TV	86.7	95.4	(9.1)
Cable TV	8.9	7.4	19.6
Outdoor	28.0	26.1	7.3
Transit	6.3	5.5	14.6
Point of sale	0.5	0.5	7.4
Direct mail	4.2	—	—
Catalogs	1.3	—	—

Workforce

	1986	1985	% chg
Worldwide	274	332	(17.5)
U.S.	274	332	(17.5)

Offices

Worldwide: 2; U.S.: 2

Annual review

After MCA and Ally Gargano got together last year and weathered an overall loss of 10.3% or $33.9 million in billings, including the loss of MCI's $50 million account and the departures of Schlitz malt liquor, Deneuve perfume and Frye Boots, the newly merged agency set about shoring up its operation.

About 60 people, mostly in duplicated administrative and accounting positions, were let go; three Ally Gargano creative directors also left to form Messner, Vetere, Berger & Carey Inc. But, by yearend, new business efforts began to show.

The agency gained Waldenbooks and Oral Research Laboratories' Plax, each billing about $5 million. It also added to its account list Connor Toys and the national introduction of Lipton's fruit teas.

U.S. accounts

Gained: Thomas J. Lipton, Fruit Tea; Waldenbooks; Plax-Oral Research Labs; Connor Toys.
Lost: MCI Communications; Avon, Deneuve Perfume; Stroh Brewery, Schlitz Malt Liquor; Frye Co.

Officers

Amil Gargano, chmn; William Bishop, president; Robert Kamerschen, ceo; Warren Dechter, Denis Visich, exec vps, dirs-client svcs; Michael Tesch, exec vp, dir-creative svcs; George Euringer, exec vp, creative dir; Larry Dexheimer, exec vp-mktg svcs
Phone: (212) 688-5300

The top 100 listed alphabetically beginning on this page can be found numerically ranked on Page 8. These agencies accounted for 85.2 of worldwide gross income of the Ad Age 500 in 1986. Agencies Nos. 101-500 begin on Page 100.

Ammirati & Puris

RANK 51

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	22.5	19.5	15.4
Billings	150.0	130.0	15.4

U.S. billings

($ in millions)	1986	1985	% chg
Media	150.0	130.0	15.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	15.0	—	—
Magazine	49.5	—	—
Radio	1.5	—	—
Network TV	52.5	—	—
Spot TV	27.0	—	—
Cable TV	1.5	—	—
Bus. papers	3.0	—	—

Workforce

	1986	1985	% chg
Worldwide	230	230	0.0
U.S.	230	230	0.0

Offices

Worldwide: 5; U.S.: 5

Annual review

A&P, which has grown in billings at a compounded rate of 35% over the past 10 years, fell under that figure in 1986 but still reaped a 15.4% year-to-year increase of $20 million. Existing clients and new business contributed equally to the increase. New clients Cadbury ($15 million) and Norwegian Caribbean Lines ($15 million) played hot potato with A&P, by coming on board early in the year and jumping ship at the end of year. The agency expects new clients in 1987, Brown & Forman and Reebok, to stick around longer.

In addition to the main New York office, the agency has service offices in Atlanta, Dallas, Chicago, and Los Angeles primarily to service BMW dealers in those locales.

U.S. accounts

Gained: Grolsch Lager Beer; Cadbury, confections; Norwegian Caribbean Lines, cruises; Fidelity Investments
Lost: Norwegian Caribbean Lines; Cadbury

Officers

Ralph Ammirati, chmn, creative dir; Martin Ford Puris, co-chmn, ceo; Edward Vick, president-coo; Steven Farella, sr vp, media dir; Vivian Young, sr vp, dir-rsch; Philip Palazzo, sr vp, cfo; Ozzie Spenningsby, sr vp-broadcast production; John Hayes, Mary Herrmann, Duncan Pollock, sr vps, group dirs; Thomas Cavanagh, sr vp, mgmt super; Mark Moffett, Ted Shaine, Helayne Spivak, Jerry Whitley, sr vps, associate creative dirs
Phone: (212) 206-0500

Avrett, Free & Ginsberg

RANK 99

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.3	10.7	(3.4)
Billings	86.0	89.0	(3.4)

U.S. billings

($ in millions)	1986	1985	% chg
Media	61.1	65.9	(7.3)
Materials & services	9.5	15.5	(38.8)
Capitalized fees	15.5	7.7	101.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	6.5	4.5	46.1
Magazine	12.3	13.4	(8.2)
Radio	3.0	3.5	(14.5)
Network TV	46.7	47.2	(0.9)
Spot TV	14.8	18.7	(21.0)
Outdoor	1.3	1.8	(29.8)
Bus. papers	1.5	—	—

Workforce

	1986	1985	% chg
Worldwide	54	51	5.9
U.S.	54	51	5.9

Offices

Worldwide: 1; U.S.: 1

Annual review

Reduction of ad spending by current clients accounted for the drop in agency billings in 1986, which comes on the heels of a narrow 2.3% growth in billings in 1985 over that of 1984. Avrett, Free & Ginsberg expects billings to increase in 1987 as spending levels for new clients Eveready and Crayola, mature and new business comes in the door. Billings were down

Brilliant Advertising

RANK 70

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.4	17.0	(9.4)
Billings	108.0	121.6	(12.0)
U.S.	**1986**	**1985**	**% chg**
Gross income	13.4	15.5	(13.6)
Billings	90.5	110.5	(18.1)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	44.3	60.2	(26.3)
Materials & services	10.6	11.8	(10.5)
Capitalized fees	35.6	38.5	(7.5)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	20.8	21.0	(0.8)

Workforce

	1986	1985	% chg
Worldwide	252	265	(4.9)
U.S.	204	223	(8.5)

Offices

Worldwide: 7; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
Brilliant Advertising	New York	10.0
Brilliant Advertising	Chicago	53.0

Annual review

Client cutbacks in spending and a drop in tv rates accounted for the 18% decline in U.S. billings. Brisk business in its Canadian operation led to a 3% increase in international billings.

U.S. accounts

Gained: Joy's Family Pubs, restaurants; Sweet's Lingerie, women's clothing.
Lost: Little Shops, department stores; Jacks Packs, outdoor goods.

Officers

Maxwell G. Brilliant, president; Maxie Brilliant Jr., ceo.
Phone: (212) 555-0000

Readers' guide to agency profiles

Brilliant Advertising Co., headquartered in New York, answered a questionnaire sent to the agency by Ad Age in late December. If the editors had not heard from Brilliant by the questionnaire filing deadline in late January, they sent a second mailing to the agency. If there was still no response and Brilliant Advertising had gross income of $5 million or more, the agency was telephoned for a response.

The ☑ in the boxtop means the agency received the signature of an independent accountant verifying gross income figures supplied to Ad Age. See Page 6 for more information.

Media breakdown defines where an agency spends the clients' monies. The breakdown figures are percentages of the total U.S. capitalized volume per medium. The breakdown is provided in dollars ($000,000).

Most office billings breakouts were supplied on the questionnaire by agencies. Where they did not respond, agencies were asked to confirm Ad Age estimates based on published reports on individual markets and other criteria. For the most part, those who did not provide the necessary information on the questionnaire responded to the estimates.

Financial data are collected for gross income and billings and are in millions of dollars.

- Gross income: Agencies are ranked by gross income, which gives a better indication of an agency's size than billings. Gross income generally is the sum of three sources: The 15% an agency makes from buying media; a 17.65% markup for materials and services billed the client, and the fee charged the client—a form of remuneration popular with clients whose media market is low-cost in comparison with more costly media like tv or consumer magazines.
- Billings: Billings is short for "capitalized billings" and represents the sum of three types of agency activity: Total commissionable billings for ad space and time; gross billings to clients for materials like artwork, research and so on for services when supplied or performed by organizations other than the agency, and capitalized fees. Fees are capitalized by multiplying fees by 6.67. This makes an equivalent of fee income and commissions from media billings. For example, if commissions from media are 15%, then commissions multiplied by 6.67 would be the total media placed (6.67 is the quotient of 100 divided by 15). For non-U.S. shops in parent worldwide financial totals, Ad Age seeks figures representing only the parent's equity in the shop.

Ad Age based annual reviews on staff interviews with top executives at the agency.

in all media except newspapers, which were up slightly.

U.S. accounts

Gained: Eveready; Crayola
Lost: Tri-State Cadillac

Officers

John G. Avrett, chmn; Marcella Free, co-chmn; Frank Ginsberg; president, creative dir; Donald Bandman, Lawrence Riegel, exec vps, mgmt supers; Jose Abarquez, sr vp-financial; Sue Costa, sr vp, dir-internal svcs; Stuart Cowan, Barbara Hill, sr vps, mgmt supers; Manny DeMagistris, Alan Honig, John LaRock, Judy Weiss, sr vps, assoc creative dirs; Lynn Kluger, sr vp, exec tv producer; Edward Weiner, sr vp, media dir; Betsy Rosenblum, vp, sr tv producer; Gary Cunningham, print production mgr; Eleanor Holtzman, rsch dir

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RANK **15**

NW Ayer Inc.

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	125.5	114.5	7.9
Billings	901.2	826.4	6.7
U.S.	**1986**	**1985**	**% chg**
Gross income	92.1	87.7	5.0
Billings	672.0	652.0	3.1

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	579.1	562.4	3.0
Materials & services	92.9	89.6	3.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	48.5	55.4	(12.5)
Magazine	139.9	140.8	(0.6)
Radio	42.7	45.0	(5.1)
Network TV	314.1	337.1	(6.8)
Outdoor	2.5	1.3	91.6
Bus. papers	18.7	25.5	(26.6)
Direct mail	20.4	12.4	64.6

Workforce

	1986	1985	% chg
Worldwide	2,558	2,458	4.1
U.S.	1,208	1,184	2.0

Offices

Worldwide: 32; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
N W Ayer	Detroit	34.5
N W Ayer	New York	569.4
N W Ayer	Los Angeles	27.0
N W Ayer	Chicago	40.7

Annual review

In late December, Ayer joined the ranks of mergermania in purchasing Cunningham & Walsh, Direct Marketing Agency, and Reiser Williams deYong from Mickelberry Corp., New York for an estimated $30 million. These new purchases will add $275 million to total billings. The agency gained a potential $174.5 million in annualized billings in new clients, the majority coming from Continental Airlines, worth $60 million, Citicorp, corporate advertising, $55 million, and Citibank, N.A., $30 million. Annualized losses amounted to $24.5 million, with $15 million coming from the loss of Kraft Dairy Group business. The U.S. Army ($100 million billings) threatened full-scale evacuation in 1986 and made it reality early in 1987. Jerry J. Siano, formerly worldwide creative director, was made chairman of NW Ayer, N.Y., a post that also oversees Detroit and a new Houston operation that opened during the year to serve Continental.

U.S. accounts

Gained: Avon, all U.S. consumer adv; Citicorp, corp adv; Citibank, NE region; Continental Airlines, all adv; Faultless Starch/Bon Ami Co., Bon Ami cleanser; KFC Chicagoland Cooperative, KFC retail outlets; Leaf, Inc., new prods; Sheraton Corp, Western Region Hotels; National Council on Alcoholism, public svc
Lost: Kraft Dairy Group; Bryant & BDP div, Carrier Corp; ABC-TV News

Foreign accounts

Gained: Ricoh—Europe; Copper Development Assn.—Europe; Iberia—Japan, Germany, France; Nordica—U.S., Japan, Italy; Continental Airlines—New Zealand; Elousa, Buchannan de Luxe, Fortuna cigarettes—Spain; General Motors—Belgium; Burger King—Hong Kong, Spain; S.T. DuPont—S.E. Asia; Turntec Sportshoes—Hong Kong
Lost: Swedish Air Force—Sweden; Smirnoff—France; Visa—Singapore; Clariol Appliances—U.K.

Officers

Louis T. Hagopian, chmn, ceo; Jerry J. Siano, vice chmn & president; Anthony C. Chevins, vice chmn; Patrick J. Cunningham, exec vp, mng dir-creative svcs, N.Y.; George H. Eversman, exec vp, exec dir-acct svcs, N.Y.; Jerry N. Jordan, exec vp, mng dir-Ayer admin & devel; Thomas F. Maxey, exec vp, president-intl div; Thomas F. Maxey, exec vp, exec dir-acct svcs, N.Y.; David H. Means, exec vp, mng dir-Ayer USA/Ayer Enterprises; Theodore M. Regan Jr., exec vp, exec dir-creative svcs, N.Y.; Dominick F. Rossi Jr., exec vp, mng dir-acct svcs, N.Y.; Bartine A. Stoner Jr., exec vp, chmn-western div, Los Angeles; Robert P. Zabel, exec vp, chmn, ceo-midwest div, Chicago; Horace A. Malfa, vice chmn-N.Y.; Warren E. Albright, exec acct dir-N.Y.

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Source: Survey of Buying Power 7/86. Circulation 86-87

RANK **24**

Backer & Spielvogel

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	68.0	57.8	17.7
Billings	433.3	385.1	17.7

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	449.1	373.9	20.1
Capitalized fees	4.2	11.2	(62.1)

Workforce

	1986	1985	% chg
Worldwide	680	625	8.8
U.S.	680	625	8.8

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Backer & Spielvogel	New York	393.3
Backer & Spielvogel	Chicago	53.0
Backer & Spielvogel	Hunt. Beach	8.0

Annual review

The agency was acquired in May by Saatchi & Saatchi PLC., London. The buyout triggered the sale early this year of the Chicago arm to local management because the merger had placed under the same umbrella competitors General Mills (Saatchi) and Quaker Oats (Backer & Spielvogel). The Chicago shop billed $53 million. The 17.7% growth in overall billings in 1986 is attributed to new accounts Hyundai, Arby's, and North American Philips, Magnavox division, as well as to new product introductions for existing clients, particularly Miller Brewing and Fisher-Price. During 1986, the agency brought in potential annualized billings of $70 million as compared with potential annualized billings losses of $11 million.

U.S. accounts

Gained: AFA Service Corp, Arby's Restaurant; Campbell Soup, dry soup mixes; Hyundai Dealers Assns (eastern, western, southern); North American Philips Co., Magnavox prods; Chicago Hilton and Towers
Lost: Helene Curtis Industries, Finesse Conditioner & Shampoo

Officers

Carl Spielvogel, chmn-ceo; William M. Backer, president; G. Robert Holmen,

exec vp, coo; Robert H. Lenz, exec vp, creative dir; Stephen M. Leff, exec vp, media svcs dir; Robert R. Meury, exec vp, copy chief; Gary Bayer, president, B&S Chicago· Michael Roche, sr vp, genl mgr, Huntington Beach
Phone: (212) 556-5200

RANK **3**

Ted Bates Worldwide

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	486.0	466.0	4.3
Billings	3,261.8	3,106.9	5.0
U.S.	**1986**	**1985**	**% chg**
Gross income	282.6	287.5	(1.7)
Billings	1,896.7	1,916.5	(1.0)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,499.1	1,418.2	5.7
Materials & services	178.8	170.3	5.0
Capitalized fees	218.8	328.0	(33.3)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	145.4	137.4	5.8
Magazine	313.5	319.1	(1.7)
Supplements	11.0	18.8	(38.0)
Radio	113.4	96.8	17.1
Network TV	664.3	734.4	(9.5)
Spot TV	505.4	451.1	12.0
Cable TV	28.1	22.6	24.2
Outdoor	65.0	88.7	(26.8)
Bus. papers	39.4	33.9	16.2
Farm publications	3.2	—	—
Transit	0.2	—	—
Direct mail	3.8	3.5	10.0

Workforce

	1986	1985	% chg
Worldwide	5,517	5,596	(1.4)
U.S.	2,556	2,684	(4.8)

Offices

Worldwide: 117; U.S.: 21

1986 billings by major office

($ in millions)	City	Billings
AC&R Advertising	New York	112.1
Ted Bates Advertising	New York	581.3
Campbell-Mithun	Minneapolis	246.0
Campbell-Mithun	Chicago	134.2
Diener/Hauser/Bates	Los Angeles	38.9
Diener/Hauser/Bates	New York	82.6
Diener/Hauser/Bates	Miami	0.9
Diener/Hauser/Bates	Ft. Lauderdale	4.2
Diener/Hauser/Bates	San Diego	3.2
Diener/Hauser/Bates	San Francisco	2.3
William Esty	New York	510.0
Kobs & Brady	Chicago	40.4
Kobs & Brady	San Francisco	2.3
Kobs & Brady	New York	38.3
Sawdon & Bess	New York	65.3
Sawdon & Bess	Los Angeles	9.0
Walters/Ludgin	Chicago	25.7

Annual review

Bates had a rough go in 1986. Following its purchase by Saatchi & Saatchi in May for $450 million, the agency lost nearly an entire management tier including Robert Jacoby, chairman, president-ceo, and lost $290 million in annualized business in the U.S., which amount to 15.3% of total U.S. business. Clients lost were Colgate, $100 million, Warner-Lambert, $68 million, Anheuser-Busch, Michelob, $50 million, Mars Inc., $37 million, General Foods, $25 million, Commodore International, $10 million. Bates under the leadership of Donald Zuckert will need to shore up its client base in 1987 to keep even with 1986 because many of the account losses did not show up in billings totals recorded for 1986, a year in which U.S. billings fell 1%. The potential value of accounts gained in 1986 is $21.5 million, while the agency in 1987 has gained a potential $40 million from client, Castle & Cook, Dole division. Acquisitions helped the bottom line in 1986, particularly on the international level with the addition of nine new shops which helped boost international buildings 14.7% over 1985. In the U.S., Bates purchased Kobs & Brady, a Chicago direct marketer. In other executive changes, M. Lawrence Light was promoted to president, Ted Bates International, and Ralph Rydholm came over to Bates from JWT, Chicago, to become exec vp, chief creative officer, Ted Bates Advertising/New York.

U.S. accounts

Gained: Ted Bates, New York—Prudential Bache; Xerox; *New Yorker.*
Lost: Commodore; Anheuser-Busch; Colgate Palmolive; Warner-Lambert; General Foods

Foreign accounts

Gained: Denmark—German Tourist Organization; Pirelli; Fyn Tours. France—Mars M&M's, Balisto; Beecham, Williams Shaving Gel; Germany—Mars M&M's; IDA Irish Development (industrial devel); Milupa slimming prods; Hong Kong—Effem Foods (Mars); Fortress Ltd. electrical appliances; Air New Zealand. Italy—Guaber household prods; Greenpeace (organization for the defense of environment). Netherlands—Mars Balisto; Whitehall household cosmetics. Norway—Budget rent-a-car; Avis rent-a-car; Bang & Olufsen. Portugal—D.H.L courier; Robert Bosch multiple prods. Venezuela—Perugina chocolate, Primor rice.
Losses: Denmark—Trykkeri. Germany—Olivetti personal computer; Henninger Bier. Hong Kong—Colgate Palmolive dental cream. Italy—Barbieri, Aperol aperitif. Netherlands—Gouda's Glorie margarine; Haagtechno Panasonic. Norway—Statoil (govt oil); Philips (white goods). Venezuela—Shulton Pinesol; Iqua Balance.

Officers

Ted Bates Worldwide: Donald M. Zuckert, chmn, ceo, president, Ted Bates Advertising, New York; M. Lawrence Light, exec vp, president, Ted Bates International; Stephen Rose, exec vp, president, U.S. affiliates group, chmn, AC&R Advertising; Lawrence Epting, exec vp, Ted Bates Advertising, New York; Ralph Rydholm, exec vp, chief creative officer, Ted Bates Advertising, New York; G. Bruce McLaren, exec vp, president, ceo, Ted Bates Europe; Elhanan C. Stone, exec vp, secretary and genl counsel; Donald P. Murphy, exec vp, cfo; Joseph Guistino, sr vp, treasurer
Phone: (212) 869-3131

RANK **6**

BBDO Worldwide

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	445.1	399.3	11.5
Billings	3,259.0	2,894.7	12.6
U.S.	**1986**	**1985**	**% chg**
Gross income	307.0	274.0	12.0
Billings	2,107.4	1,875.0	12.4

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,551.6	1,304.6	18.9
Materials & services	200.8	224.4	(10.5)
Capitalized fees	355.1	346.0	2.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	223.7	166.5	34.3
Magazine	278.6	219.0	27.2
Supplements	9.0	16.8	(46.6)
Radio	131.1	123.9	5.8
Network TV	396.6	436.6	(9.2)
Spot TV	419.2	345.6	21.3
Cable Tv	22.4	23.3	(3.7)
Outdoor	18.1	18.5	(2.3)
Bus. papers	28.8	34.7	(17.1)
Farm publication.	—	0.1	—
Transit	0.6	0.5	20.0
Point of sale	2.1	3.3	(36.2)
Yellow Pages	0.6	0.0	1,427.8
Direct mail	37.9	33.6	12.9
Dir. resp. TV	10.6	9.5	11.4
Dir. resp. radio	0.4	0.4	11.3
Dir. resp. newsp.	7.3	6.9	4.9
Dir. resp. mag.	7.9	7.7	2.8
Telemarketing	0.8	0.7	11.4
Free-standing inserts	5.6	4.6	22.3

Workforce

	1986	1985	% chg
Worldwide	5,005	4,426	13.1
U.S.	3,665	3,205	14.4

Offices

Worldwide: 175; U.S.: 39

1986 billings by major office

($ in millions)	City	Billings
BBDO	Minneapolis	55.1
BBDO	Detroit	148.3
BBDO	New York	486.0
BBDO Chicago	Chicago	113.9
BBDO Chicago	Cincinnati	2.4
BBDO Chicago	Kansas City,	2.8
BBDO Chicago	Avalon, CA	0.3
BBDO Chicago	St. Louis	1.8
BBDO/West	Los Angeles	68.0
BBDO/West	San Francisco	21.3
BDA/BBDO	Atlanta	83.5
Baxter Gurian & Mazzei	Beverly Hills	14.2
Blair Advertising	Rochester, NY	23.1
Blair Advertising	Pittsburgh	1.5
CAK	Miami	10.3
Doremus/PN	New York	234.6
Frank J. Corbett Inc.	Chicago	36.7
Franklin Spier Inc.	New York	22.8
Ingalls/Quinn/Johnson	Boston	117.4
Lavey/Wolff/Swift	New York	59.7
MARCOA DR Group	Chicago	110.0
Tracy-Locke	Philadelphia	16.2
Tracy-Locke	Denver	27.8
Tracy-Locke	Los Angeles	62.8
Tracy-Locke	Dallas	208.2
Waring & LaRosa	New York	75.0

Annual review

BBDO Worldwide growth in the U.S. came largely from buyouts and growth from existing clients. This activity, which included the acquisition of Ingalls & Associates, Boston, and Richard Weiner Inc. (by Doremus), proved the growth margin as new mega-clients like Apple, Polaroid and Equitable basically restocked the business lost largely because of conflicts related to BBDO's merger into Omnicom with DDB Needham. Among clients lost, conflicts sent Stroh Brewery, Pillsbury and Quaker packing. BBDO has consolidated financial returns from its former subsidiary agencies which now fall under the Omnicom catch-all division, Diversified Agency Services. BBDO restated its 1985 figures to reflect current agency lineup.

U.S. accounts

Gained: Apple Computers; Polaroid; Equitable Insurance
Lost: Black & Decker; Stroh Brewery; Pillsbury; Quaker Oats; Almaden; Fisher Price

Foreign accounts

Gained: I.N.H., Gas & Oil Brands; Sony Espanol, tvs, videocassettes; Volvo
Lost: The agency did not report accounts lost

Officers

Norm Campbell, chmn-ceo; Willi Schalk, president-coo; Philip B. Dusenbury, Tom Clark, vice chmns. Batten, Barton, Durstine & Osborne, div BBDO Worldwide—Philip B. Dusenbury, chmn, chief creative officer; Tom Clark, president-ceo; Anthony Lenge, sr vp, treasurer.
Phone: (212) 415-5000

BBDO Chicago

BBDO Chicago reported gross income of $14,788,000 in 1986 on billings of $121,100,000. In 1985, it reported gross income of $13,841,000 on billings of $115,421,000.

The agency's 1986 U.S. volume consisted of $107,268,000 in media, $9,705,000 in materials and services and $4,127,000 in capitalized fees. Its 1985 U.S. volume consisted of $106,200,000 in media, $6,800,000 in materials and services and $2,421,000 in capitalized fees.

BBDO Chicago consists of five agencies—Chicago, Kansas City, Kan., Cincinnati, St. Louis, Avalon, Calif. Figures from these shops were consolidated into BBDO/Chicago.

In 1986, the agency gained: Alberto-Culver hair grooming aids, feminine hygiene spray, anti-static spray, cooking spray, sugar substitute. It lost: Quaker Oats LIFE cereal, Quaker 100% Natural, puffed cereals.

Billings breakdown by media: Newspapers 3%, magazines 6%, supplements 0.6%, radio 4.5%, network tv 53.6%, spot tv 27.3%, cable tv 1.9%, outdoor 0.5%, business papers 2.6%.

Top execs: Roger J. Mohr, chmn; Eric Harkna, president-ceo; Dean Proctor, exec vp; Ernest Stern, exec vp-finance & admin, secretary, treasurer; Andrew Donchak, exec vp, mgmt super; Robert Bailey, exec vp, dir mktg svcs; David Quinnert, sr vp, controller; William Bloink, Robert Pingrey, sr vps, mgmt supers; Don Costello, Phil Gant, sr vps, group creative dirs; Ken Bailey, Charles Kent, sr vps, creative dirs; Robert Garrison, sr vp, media dir; Laura Mackiewicz, sr vp, dir creative operations. Employees: 155.
Phone: (312) 337-7860. ☑

RANK **95**

Beber Silverstein & Partners

Miami

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.5	9.4	11.7
Billings	70.0	62.0	12.9

U.S. billings

($ in millions)	1986	1985	% chg
Media	59.0	50.5	16.8
Materials & services	6.2	5.5	12.7
Capitalized fees	4.8	6.0	(20.0)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	14.0	12.4	12.9
Magazine	15.4	13.6	12.9
Radio	8.4	7.4	13.5
Network TV	6.3	5.6	12.9
Spot TV	20.3	18.0	12.9
Cable TV	0.7	0.6	12.9
Direct mail	4.2	3.8	11.7

Workforce

	1986	1985	% chg
Worldwide	120	116	3.4
U.S.	120	116	3.4

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Beber Silverstein	New York	N/A
Beber Silverstein	Washington	N/A
Beber Silverstein	Miami	70.0

Annual review

The agency reported gross income of $10.5 million in 1986 on billings of $70 million, up 13% over 1985. New clients included International Medical Centers, Knight-Ridder Newspapers, and Lykes Pasco. Three accounts were lost. Solid growth is anticipated in 1987.

U.S. accounts

Gained: International Medical Centers; Knight-Ridder Newspapers;

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Source: 1986 Survey of Buying Power

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

Lykes Pasco; Tetra Pak; RoyWest Investment Banking
Lost: Comprehensive American Care; Harley/Helmsley Hotels; Norwegian Caribbean Lines

Officers

Joyce Beber, president; Elaine Silverstein, exec vp; Sid Levin, partner. Sr vps—Russel Slaughter, creative dir; Joel Allerhand, dir media mgmt. Vps—Bruce Goldman, Robert Billings, creative dirs; Dan Abramson, Henry Goldberg, Wayne Sandlin, Charles Roedema, Richard May, Robert Bishopric, Chas Conklin, acct supers; Myer Berlow, mktg, media svcs; Louise Gainey, media dir; Orlando Hernandez, production; David Valdes, controller; Darrington Gayle, broadcast svc; Susan Bishopric, dir pr.
Phone: (305) 856-9800

RANK **48**

Bloom Cos.

Dallas

($ in millions)

Worldwide	1986	1985	% chg
Gross income	24.4	21.7	12.4
Billings	189.0	170.0	11.2

☑

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	10.6	18.2	(41.8)
Magazine	29.9	28.6	4.5
Radio	30.4	30.8	(1.3)
Network TV	39.9	12.6	217.0
Spot TV	33.3	27.2	22.4
Outdoor	4.9	8.0	(38.7)

Workforce

	1986	1985	% chg
Worldwide	304	310	(1.9)
U.S.	304	310	(1.9)

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Bloom Cos.	Dallas	150.0
Bloom Cos.	New York	39.0

Annual review

New business gains, especially Sandoz, Alfa Romeo and new product assignments from Nestle's Carnation div accounted for 76% or $14,440,000 of billings growth while current clients, particularly Anheuser-Busch and Zales, contributed the majority of the remaining 24%. The agency gained a potential $100 million in annualized billings from new clients in 1986, while losing an estimated $37.5 million. Of the losses, $25 million coming from Anheuser-Busch Dewey Stevens Wine Cooler.

U.S. accounts

Gained: Dallas—a'Sante Bottled Waters, Dewey Stevens Wine Cooler, Master Cellars Wines, Anheuser-Busch Beverage divs; Honeysuckle Turkeys, Cargill; Juicy Juice, Nestle Foods; Shasta Beverages, National Beverage Co.; Skaggs Alpha Beta, Buttrey's Stores, American Stores; Frontier Airlines; Carnation AOR for spot broadcast. New York—Gannett Outdoor Group; Sterling Optical, IPCO; Mentor Contraceptives; Ex-Lax Laxatives, Triaminic Cough/Cold Remedies, Sandoz; Milano, Spider Veloce autos, Alfa Romeo; Blu Boy Toilet Bowl prods, Glass Wax, Lavender Sachet Fabric Softener, Airwick Industries; Pentax Cameras, Asahi Optical; Hot Shot Schnapps, Glenmore
Lost: Dallas—Frontier Airlines; Farm Rich Snack Stick, SeaPak Fish Fillets, Booth/Wakefield Fish Fillets, SeaPack; Feen-A-Mint, Schering-Plough; Dewey Stevens Wine Coolers, Anheuser-Busch Beverage div; Big A Auto Parts, Wickes. New York—Amaretto di Saronno, Paddington; Florida Gold Orange Juice, Lykes Meats, Lykes Brothers

Officers

Bloom Cos.—Robert H. Bloom, chmn-ceo; C. Anthony Wainwright, president-coo; Marion T. Flores, exec vp, cfo; Christy Marshall, sr vp, dir-corp communications. Bloom Agency, Dallas—C. Anthony Wainwright, ceo; Paul MacMahon, chmn-ceo; Sherri Babcock, sr vp, mgmt super; Arlen D. Bryant, sr vp-creative business affairs; Robert D. Cecil, sr vp, dir-rsch; Ian Fawn-Meade, John P. Kendrick, sr vps, creative dirs; Stephen Price, sr vp, group mgmt super; Richard Schiera, sr vp, creative dir; David Tracy, sr vp, media dir. Bloom Agency, New York—Robert H. Bloom, ceo; Jeffrey I. Fine, chmn-ceo; C. Anthony Wainwright, vice chmn; Penelope J. Hawkey, president, creative dir; Robert Ballerini, sr vp, group mgmt super; James Clarke, Hal Goluboff, sr vps, assoc creative dirs; Christy Marshall, sr vp, dir-corp communications; Steve McCloskey, sr vp, group mgmt super; Lili Rodriguez, sr vp, media dir; Barbara Russo, sr vp, assoc creative dir. Bloom Public Relations—Alan Hilburg, president
Phone: (214) 638-8100 ☑

RANK **14**

Bozell, Jacobs, Kenyon & Eckhardt

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	175.6	163.7	7.3
Billings	1,250.0	1,150.0	8.7
U.S.	**1986**	**1985**	**% chg**
Gross income	157.1	145.7	7.8
Billings	1,125.0	1,030.0	9.2

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	718.9	700.3	2.7
Materials & services	170.7	130.0	31.3
Capitalized fees	235.4	199.4	18.1

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	165.4	138.0	19.8
Magazine	262.1	206.0	27.2
Radio	148.5	146.3	1.5
Network TV	257.6	214.2	20.3
Spot TV	226.1	257.5	(12.2)
Cable TV	23.6	21.6	9.2
Outdoor	20.3	12.4	63.8
Yellow Pages	21.4	34.0	(37.1)

Workforce

	1986	1985	% chg
Worldwide	2,068	2,200	(6.0)
U.S.	2,068	2,200	(6.0)

Offices

Worldwide: 64; U.S.: 64

1986 billings by major office

($ in millions)	City	Billings
BJK&E	Minneapolis	72.5
BJK&E	Union, N.J.	24.0
BJK&E	Chicago	116.0
BJK&E	Omaha, Neb.	40.0
BJK&E	Boston	40.0
BJK&E	Houston	15.0
BJK&E	Atlanta	36.0
BJK&E	New York	295.0
BJK&E	Dallas	225.0
BJK&E	Los Angeles	121.5
BJK&E	Detroit	140.0

Annual review

U.S. billings grew by $95 million in 1986, split 50/50 between new and existing business. Annualized gains of $250 million, the big contributions from Merrill Lynch ($40 million) and DeLaurentiis ($30 million), will mature into full-year contributions in 1987, offsetting annualized losses of $109 million, which include Lee ($25 million) and Jaguar ($15 million).

U.S. accounts

Gained: Amway; Lorimar Films; DeLaurentiis Entertainment Group; Merrill Lynch; Revlon; Cullinet Software; Coleco; U.S. Air Force; Sandoz; National Guard; National Pork Council; Wagner Spray Tech; Dial Antiperspirant; 3M-various divs
Lost: Alberto-Culver; Control Data; Prudential Bache; Jaguar; Sealy, Inc.; Lee Co.; Jewel Food Stores; Osco Drug; Skaggs Alpha Beta; Bank of New England.

Foreign accounts

Gained: Gruppo Prime, Gruppo Editoriale Fabri, Toro Assicurazioni—Italy; Texas Instruments—France, Germany, Spain; Revlon, Merrill Lynch—Germany, Canada; Spanish National Tourism—Germany
Lost: Club Mediterranee—France, Italy; Helena Rubinstein—Italy, Germany, Mexico; Phildar—France; Banamex—Mexico

Officers

Alan J. Jacobs, chmn emeritus; Liener J. Temerlin, chmn; Leo-Arthur Kelmenson, chmn-exec committee; Joseph Caggiano, vice chmn-cfo; David Bell, Stephen Frankfurt, vice chmns; Ron DeLuca, president; Charles D. Peebler Jr., ceo; Don H. Carlos, Sidney Marshall, exec vps; Kenneth E. Gard, exec vp, treasurer; H.E. Borst, sr vp, secretary; Joseph Engelbert, sr vp, comptroller; David Harken, sr vp, budget dir; John L. Johnson, sr vp, data programming mgr; Duane Schlichting, Michael L. Schultz, sr vps; Mark Dillman, Raymond Willis, vps
Phone: (212) 206-5000

RANK **64**

Earle Palmer Brown Cos.

Bethesda, Md.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	17.1	14.3	19.7
Billings	142.1	103.6	37.1

U.S. billings

($ in millions)	1986	1985	% chg
Media	72.3	—	—
Materials & services	13.9	—	—
Capitalized fees	55.9	—	—

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	25.0	—	—
Magazine	14.0	—	—
Radio	20.0	—	—
TV	45.0	—	—
Outdoor	1.0	—	—
Bus. papers	4.0	—	—
Transit	1.0	—	—
Point of sale	3.0	—	—
Direct mail	14.0	—	—
Telemarketing	1.0	—	—

Workforce

	1986	1985	% chg
Worldwide	295	265	7.5
U.S.	295	265	7.5

Offices

Worldwide: 5; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
Earle Palmer Brown	Newark, N.J.	N/A
Earle Palmer Brown	Bethesda, Md.	105.0
Earle Palmer Brown	Richmond, Va.	6.0
Earle Palmer Brown	Philadelphia	31.0
Earle Palmer Brown	Chicago	N/A

Annual review

The 37.1% growth in billings came from the opening of a media buying division ($19,166,000 in billings), and from new clients ($19,297,000), each claiming half of the $38,463,000 in growth. Some of the larger gains recorded by the agency: USAir and Freddie Mac, $20 million; Bailey Deardourff & Sipple, from in-house, $17 million; Sheraton Hotels (northeast), $4 million; New Jersey Transit, $3 million. The agency lost two $3 million accounts: Chevy Chase Savings & Loan and Philadelphia Electric. The agency opened new offices in Newark and Richmond, and entered into a joint venture in Chicago with McConnaughy Barocci Brown. Subsidiary billings are included in capitalized totals.

U.S. accounts

Gained: USAir; Freddie Mac; Marcal Paper; Sheraton Hotels, Northeast Region; Alfandre Development; Ryan Homes, Richmond; WRC-TV, Washington; Bailey Deardourff & Sipple; Big Boys West; Cellular One of Pennsylvania; Commercial Office Environments; Traffic Safety Now Coalition for Washington; Avelex; New Jersey Transit; Tri-State Honda Dealers; Travelers Insurance
Lost: Chevy Chase Savings & Loan; Baltimore Sunpapers; Pulte Builders; Howard Research & Devel; AFIPS: Philadelphia Electric; PEP Boys; Clover Stores; Wall-to-Wall Stores

Officers

Jeb Brown, president-ceo; Earle Palmer Brown, chmn; Michael Turner, vice chmn; Mark Goldstein, president-Washington; George Gunn, president-Philadelphia; George Woltz, president-Richmond; Ron Mueller, president-pr; Tom McConnaughy, president-McConnaughy Barocci Brown-Chicago; Burce Odza, exec vp, genl mgr-Washington; Montelle Newman, exec vp-media & admin; Bob Putnam, exec vp-finance; Michael Meyer, exec vp, genl mgr-Philadelphia; Brian Meredith, exec vp, exec creative dir-Philadelphia; Howard Rice, chmn-Philadelphia; Rick Hatch, sr vp, planning & rsch; Frank Becker, sr vp-media; Joe Carri, Tom Hemphill, sr vps, creative dirs; Clark Tyler, sr vp-public affairs; Ed Moore, sr vp-pr, genl mgr-Philadelphia; Bob Mc Kelvie, Elaine Gingold, sr vps, rsch; LaNeil Gregory, Claire Geir, sr vps, mgmt supers; Michael Hughes, sr vp, genl mgr-Brown direct; Bill Crandall, sr vp, genl mgr-Newark
Phone: (301) 657-6004

RANK **12**

Leo Burnett Co.

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Gross income	292.3	269.4	8.5
Billings	2,061.8	1,868.5	10.3
U.S.	**1986**	**1985**	**% chg**
Gross income	188.1	179.7	4.7
Billings	1,361.6	1,269.9	7.2

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,146.0	1,075.3	6.6
Materials & services	159.9	147.0	8.7
Capitalized fees	55.7	47.6	17.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	70.3	79.3	(11.3)
Magazine	165.9	161.6	2.7
Supplements	16.3	28.9	(43.5)
Radio	25.4	22.6	12.4
Network TV	591.9	550.2	7.6
Spot TV	163.9	150.0	9.3
Cable TV	14.4	—	—
Outdoor	97.8	82.8	18.2
Point of sale	9.0	9.5	(4.8)

Workforce

	1986	1985	% chg
Worldwide	4,064	3,997	1.7
U.S.	1,768	1,657	6.7

Offices

Worldwide: 43; U.S.: 5

Annual review

Most of Burnett's 1986 increase in billings came from existing clients, with only 10% attributed to new accounts. Domestic gains from existing clients included an additional $50 million from Kraft, $25 million from P&G and $15 million each from Kellogg and UAL. Overseas additional business came from McDonald's in Argentina and the U.K., totalling $10 million. The agency is strengthening its hand in the direct marketing area, bringing in Jerry Reitman, formerly of the Reitman Group, to head up its new internal direct marketing operation.

Top 10 agencies by % growth in worldwide gross income

Rank	Agency	Worldwide gross income % chg	1986	1985
1	Martin Agency	73.3	$13.5	$7.8
2	Scali, McCabe, Sloves	54.4	77.5	50.2
3	Levine, Huntley, Schmidt & Beaver	43.9	18.8	13.1
4	Wunderman Ricotta & Kline	39.1	49.1	35.3
5	Ogilvy & Mather Direct Response	38.8	68.0	49.0
6	Direct Marketing Group	34.7	23.7	17.6
7	Fahlgren & Swink	32.8	17.1	12.9
8	TBWA Advertising	32.3	65.7	49.6
9	W.B. Doner & Co.	28.8	36.3	28.2
10	McKinney & Silver	24.0	15.5	12.5

Top 10 agencies by % growth in worldwide billings

Rank	Agency	Worldwide billings % chg	1986	1985
1	Martin Agency	73.4	$90.3	$52.1
2	Scali, McCabe, Sloves	66.3	556.6	334.7
3	Levine, Huntley, Schmidt & Beaver	43.3	125.2	87.4
4	Wunderman Ricotta & Kline	39.0	327.5	235.6
5	Doremus Porter Novelli	37.9	240.8	174.7
6	Ogilvy & Mather Direct Response	37.2	454.0	331.0
7	Earle Palmer Brown Cos.	37.1	142.1	103.6
8	TBWA Advertising	37.0	453.5	330.9
9	Direct Marketing Group	36.5	138.7	101.6
10	Fahlgren & Swink	34.6	113.9	84.6

Top 10 agencies by % growth in U.S. gross income

Rank	Agency	U.S. gross income % chg	1986	1985
1	Martin Agency	73.3	$13.5	$7.8
2	Scali, McCabe, Sloves	70.5	62.4	36.6
3	Levine, Huntley, Schmidt & Beaver	43.9	18.8	13.1
4	Direct Marketing Group	34.7	23.7	17.6
5	Fahlgren & Swink	32.8	17.1	12.9
6	Wunderman Ricotta & Kline	27.8	33.7	26.3
7	W.B. Doner & Co.	25.7	32.6	26.0
8	McKinney & Silver	24.0	15.5	12.5
9	Ketchum Communications	21.8	69.3	56.9
10	Doremus Porter Novelli	20.8	31.7	26.3

NOTES: Dollars in millions.
Compiled from the top 100 agencies

Top 10 agencies by % growth in U.S. billings

Rank	Agency	U.S. billings % chg	1986	1985
1	Scali, McCabe, Sloves	86.8	$455.6	$243.9
2	Martin Agency	73.4	90.3	52.1
3	Levine, Huntley, Schmidt & Beaver	43.3	125.2	87.4
4	Earle Palmer Brown Cos.	37.1	142.1	103.6
5	Direct Marketing Group	36.5	138.7	101.6
6	Doremus Porter Novelli	35.4	234.6	173.2
7	Fahlgren & Swink	34.6	113.9	84.6
8	Ketchum Communications	28.7	488.5	379.5
9	Wunderman Ricotta & Kline	27.8	224.5	175.7
10	Medicus Intercon International	26.6	82.4	65.0

U.S. accounts

Gained: Pepsico, Seven-Up International; Rich ardson-Vicks.
Lost: none.

Officers

Hal Adams, chmn-ceo; Richard Fizdale, president; Jack Kraft, vice chmn-admin, finance; Bill Lynch, chmn, ceo, USA; Ted Bell, president, dir-creative svcs, USA; Jack Smith, vice chmn, dir-creative svcs, Worldwide; Rob Nolan, vice chmn-creative svcs, USA; Hank Feeley, chmn, ceo-International; Michael Conrad, president, dir-creative svcs, International
Phone: (312) 565-5959

Campbell-Ewald Worldwide

RANK 19

Detroit

($ in millions)

Worldwide	1986	1985	% chg
Gross income	87.6	82.2	6.6
Billings	584.2	548.3	6.6

☑

1986 billings by major office

($ in millions)	City	Billings
Campbell-Ewald	Los Angeles	23.8
Campbell-Ewald	Miami	16.2
Campbell-Ewald	Warren, Mich.	464.6
Campbell-Ewald	New York	77.0
Campbell-Ewald	Chicago	2.6

Annual review

Campbell-Ewald in celebrating its 75th anniversary in 1986 became wholly stateside-oriented by divesting its overseas operations to Lowe Marschalk, both agencies of which are part of Interpublic. It also sold its Richmond office, closed shops in Boston and Pittsburgh and reorganized operations by placing non-traditional ad services in a new division called CECO Services. CE expects a healthy 1987, in part because it gained a potential $27 million in annualized billings against annualized losses of $5 million.

U.S. accounts

Gained: *Detroit News*; Sitmar Cruise Lines; Hiram Walker, 3 Brands; Cargo Control Corp of America; ITT Automotive.
Lost: Steelcase; Brown & Williamson; Tofu Time.

Officers

Richard D. O'Connor, chmn-ceo; Peter A. Dow, president-coo; Robert P. Roselle, exec vp, treasurer. Exec vps: James I. Bernardin, Sean K. Fitzpatrick, Jan T.L. Homan, James V. McConnell Jr., Ronald W. Mitchell, R. Hamilton Schirmer, Louis M. Schultz, William J. Tausch, Eugene F. Taylor. Senior vps: James C. Arthur, John A. Barczyk, Neil Costa, Neal Dearling, Robert J. Gervason, Anthony J. Hopp, Molly A. Hudson, Joseph V. Karle Jr., Harold A. Margolis, John S. Momeyer, Dennis H. Plansker, Lawrence M. Rau, Roderick G. Smith, Eugene H. Tashoff, Donald D. Williams, group sr vps: Edwin L. Acker, James J. Barry, Michael O. Bell, Harold W. Bickner, Jr., James T. Birchfield, Paul B. Blustain, Louis H. Bridenstine Jr., Dennis G. Connaughton, John L. Dauer, Craig A. Denton, R. David Eick, James F. Else, John G. Farsakian, Frank Fraser, jr., Ronald D. Geskey, Suzanne H. Gilbert, Frederick W. Gordon, Donald L. Gould, Bernard Guggenheim, John B. Hammond, Jr., Jack Hartgen, Robert F. Henry, Jeffrey Jacobs, Michael N. Kahn, James A. Lodge, William Ludwig, Glenn T. Marrichi, Robert I. Mitchell, II, Barbara A. Munro, James D. Nicoll, Robert F. Ovies, David M. Platt, William D. Richards, Karen Ritchie, Susan C. Ritenour, David W. Roddy, Michael R. Rogers, Robert A. Rosiek, Warren Ruden, Milton J. Sandling, Jr., Gunther Saupe, Judith E. Sawyer, Jeffrey T. Seregny, L. Keith Stentz, Peter A. Tarakajian, Thomas A. Thomson, Michael L. Tuite, Eugene Turner, Francisco Vergara, Martin F. West.
Phone: (313) 574-3400

Campbell-Mithun

RANK 27

Minneapolis

($ in millions)

Worldwide	1986	1985	% chg
Gross income	57.1	49.8	14.6
Billings	380.2	331.8	14.6

Workforce

	1986	1985	% chg
Worldwide	804	1,172	(31.4)
U.S.	804	809	(0.6)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	35.0	30.9	13.4
Magazine	52.1	46.8	11.3
Supplements	5.7	5.4	6.2
Radio	26.2	22.9	14.6
Network TV	46.4	43.5	6.7
Spot TV	133.5	104.8	27.3
Outdoor	3.0	3.2	(5.6)
Bus. papers	12.2	10.6	14.6
Farm publications	3.0	2.9	6.6
Direct mail	3.0	3.1	(2.4)

Workforce

	1986	1985	% chg
Worldwide	726	696	4.3
U.S.	726	696	4.3

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Campbell-Mithun	Minneapolis	246.0
Campbell-Mithun	Chicago	134.2

Annual review

Existing client base provided 55% of the year-to-year billings growth at this Ted Bates network agency, with especially good gains coming from Kroger, ($13 million), Lowe's ($9 million), Anderson, General Mills. New business gains added the remaining 45%. New business also brought a potential $60 million in annualized billings, while losses were held to $14 million with the majority coming from the departure of Montgomery Ward ($4 million) and Pentax ($4 million).

U.S. accounts

Gained: Lowe's Inc.; Lincoln Manufacturing; Mercury Marine; Rust Pen, Carpet Protector, 3M; Toro Home Improvement div; Anderson public relations; Wilson Processed Meats; GMI, Suddenly Salad, Project Pen, Project Pyramid; Sandoz Nutrition; ConAgra; Growlane; Kroger Meat Excellence Program; Barton Brands, new prod
Lost: Schwinn Bicycle; Montgomery Ward; *Chicago Sun-Times*; Pentax; Walter Heller; United Health Care Corp

Officers

William D. Dunlap, chmn, ceo; William E. Stein, president, coo; Joseph L. Berner, Madeline Betsch, H. David Francis, Marvin S. Goldsmith, Jordan H. Krimstein, Howard P. Liszt, Kenneth A. Probst, Bruce T. Sutherland, Gene Zaske, exec vps; Dean R. Koutsky, vice chmn; David A. Oium, cfo
Phone: (612) 347-1000

Chiat/Day Advertising

RANK 31

Los Angeles

($ in millions)

Worldwide	1986	1985	% chg
Gross income	47.1	44.1	6.8
Billings	314.1	294.3	6.7

U.S. billings

($ in millions)	1986	1985	% chg
Media	211.3	176.8	19.5
Materials & services	36.6	27.5	33.1
Capitalized fees	66.2	90.0	(26.4)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	40.8	29.4	38.8
Magazine	66.0	38.3	72.4
Radio	25.1	29.4	(14.6)
Network TV	78.5	117.7	(33.3)
Spot TV	94.2	58.9	60.1
Cable TV	—	5.9	—
Outdoor	9.4	11.8	(19.9)

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Chiat/Day Advertising	Los Angeles	141.0
Chiat/Day Advertising	San Francisco	97.1
Chiat/Day Advertising	New York	76.0

Annual review

Despite the exit last September of Apple Computer and its $40 million in billings, Chiat/Day expects 1987 billings to increase through new account gains and internal growth. Over-all, $55 million in annualized billings left the agency, but a potential $45 million in annualized billings was regained. The biggest gainers were Quaker's Golden Grains, $10 million, Kitchens of Sara Lee, $9 million, and Ricoh office products and cameras, $9 million. Since the beginning of 1987, the agency has added a potential $14 million in annualized billings from accounts National Car Rental, Royal Caribbean Cruises, and Fox Broadcasting. The agency expects existing clients, World of Wonder, toys, Nynex, Yellow Pages, MaxiCare HMO, Home Savings & Loan, and California Cooler to continue their high growth patterns in 1987.

U.S. accounts

Gained: Amblin Entertainment; Foster Farms; Berelson, sea legs; Quaker, Golden Grains; Rayton Fissore; Arrow Shirts; Ricoh Office Products & Cameras; Rockport; Kitchens of Sara Lee.
Lost: Apple Computer; Neutrogena; Nike; Collagen; Bijan; Integrated Resources; Trump Casino Hotel

Officers

Jay Chiat, chmn-ceo; Lee Clow, president, exec creative dir; Fred Goldberg, exec vp, coo; Robert Wolt, exec vp, genl mgr-N.Y.; Gene Cameron exec vp, dir-corp mktg; Steve Hunt, exec vp, cfo; Greg Helm, sr vp, genl mgr-L.A.; Sharon Stanley, sr vp-corp adm; Jane Newman, sr vp, dir acct mgmt-N.Y.; Bill Hamilton, sr vp, creative dir-N.Y.; Bob Dion, sr vp, assoc creative dir-N.Y.; Ross Van Dusen, sr vp, creative dir-S.F
Phone: (213) 622-7454

Cochrane Chase Livingston

RANK 97

Newport Beach, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.4	8.9	17.1
Billings	78.5	69.5	13.0

☑

Annual review

Strong growth in all three groups (consumer, business systems and med-bio-science) gave the agency a 13% increase in billings in 1986. Losses were not significant. The agency opened its third office, this one in Palo Alto, expanding the services of its med-bio-science group.

U.S. accounts

Gained: Compcare; Pactel Mobile Cos.; Pacificare; Pirelli; S. California Chevrolet Dealers; Leisure Technology; Epson Computers; Coldwell Banker; Lucky Food Stores; United Western Medical Centres; Fidelity Federal Savings & Loan; Melvin Simon Associates; Dollar Rent-A-Car; Seafood Broiler Restaurants; American Edwards; Beckman DSG International; Altex; Collagen Corp.; PacTel, corp; Sofina Cosmetics; Cops for Kids, pr; Syntex Medical Diagnostics
Lost: Computer Automation; Printronix; Bell Helmets; Carl Karcher Enterprises; Akai America; Pacific Savings Bank; Marriott Hotels, pr

Officers

Cochrane Chase, chmn; Lynn Livingston, president; Frank Addis, sr vp, group super-med-bio science; John Butcher, sr vp, consumer group super; Clark Wilson, vp, dir-business devel; Don Cunningham, sr vp, mgr-Los Angeles; Hal Hayes, vp, mgmt super-Los Angeles; Gary Cunningham, Carolyn Johnson, sr vps, creative dirs; Ray Roschmann, sr vp, group super-business svcs; John Rutledge, sr vp, cfo
Phone: (714) 720-0300

Cole & Weber

RANK 70

Seattle

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.4	17.0	(9.2)
Billings	106.0	121.6	(12.8)
U.S.	**1986**	**1985**	**% chg**
Gross income	13.4	15.5	(13.6)
Billings	90.5	110.5	(18.1)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	44.3	60.2	(26.3)
Materials & services	10.6	11.8	(10.5)
Capitalized fees	35.6	38.5	(7.5)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	20.8	21.0	(0.8)
Magazine	13.6	18.8	(27.7)
Radio	15.4	17.7	(12.9)
Network TV	3.6	2.2	63.9
Spot TV	16.3	29.8	(45.4)
Outdoor	3.6	3.3	9.2
Bus. papers	16.3	16.6	(1.7)
Yellow Pages	0.9	—	—

Workforce

	1986	1985	% chg
Worldwide	252	[illegible]	(4.9)
U.S.	204	223	(8.5)

Offices

Worldwide: 7; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
Cole & Weber	San Francisco	10.0
Cole & Weber	Seattle	53.0
Cole & Weber	Salt Lake City	8.0
Cole & Weber	Los Angeles	9.5
Morton/Cole & Weber	Portland, Ore.	10.0

Annual review

Client cutbacks in spending and a drop in tv rates accounted for the 18% decline in U.S. billings. Brisk business in its Canadian operation led to a 3% increase in international billings, but it did not stem the overall loss of Cole & Weber's total volume, down 12.8% from 1985. Six new accounts brought in $10 million in new billings, led by FHP, an HMO.

Cole & Weber indicated budgets of existing clients are moving back toward pre-1986 levels, suggesting a stronger performance for the agency in 1987.

U.S. accounts

Gained: FHP, an HMO; Hardees, restaurants; Metro Transit; Stateline, casino; Washington State Tourism, commission
Lost: Godfathers Pizza; Kenworth N.W., truck manufacturer

Officers

Harold C. Dixon, chmn; Harold A. Newsom, president-ceo; Richard G. Hadley, vice chmn; Rene J. Ferran, treasurer; William G. Viert, secretary; Leonard L. Bartlett, vice chmn-Calif. Dale Robley, exec vp, mng dir-Portland; Gene Sokol exec vp, mng dir-San Francisco; Dave Thomas exec vp, mng dir-Salt Lake City; Robert Wheatley, exec vp, dir-pr; Robert Bryant, president-WestCan-Cole & Weber
Phone: (206) 447-9595

Cramer-Krasselt Co.

RANK 100

Milwaukee

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.3	8.7	17.6
Billings	70.4	59.1	19.0

U.S. billings

($ in millions)	1986	1985	% chg
Media	52.3	45.3	15.5
Materials & services	8.2	7.0	17.2
Capitalized fees	9.9	6.8	43.9

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	7.0	5.7	22.9
Magazine	12.9	10.9	18.3
Radio	2.6	2.1	26.9
Network TV	11.0	9.8	13.1
Spot TV	15.2	12.6	20.7
Outdoor	0.7	0.5	28.8
Bus. papers	5.3	4.8	10.5
Yellow Pages	0.7	0.6	6.6
Dir. resp. mag.	6.8	5.2	30.8

Workforce

	1986	1985	% chg
Worldwide	139	127	9.4
U.S.	139	127	9.4

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Cramer-Krasselt	Milwaukee	36.2
Cramer-Krasselt	Chicago	28.1
Cramer-Krasselt	Phoenix	6.0

Annual review

The strong take-off of its new pr division and a 40% surge in Chicago office billings from the assignment of Sears Discover Card Services, along with 10 other new clients, accounted for Cramer-Krasselt's 19% increase in billings in 1986. The agency's overall growth came from a 30% increase in billings from existing clients and 70% from new clients. The agency affiliated with Barker Jessup & Partners in London to better serve its international clients.

U.S. accounts

Gained: American Appraisal Associates; Carver Boat Co.; Excalibur Automobiles; Peck div, Sara Lee; Universal Foods Corp.; Discover Card Services; Ragold, Velamints; Skil Corp.; United Airlines, direct; Estes Co.; Peter Piper Pizza
Lost: Merkt's Cheese; WBBM-am

Officers

Paul S. Counsell, chmn-ceo; Peter G. Krivkovich, president, coo; Theodore J. Wing, chmn-exec committee; Rolf G. Normann, exec vp, genl mgr, Cramer-Krasselt-Phoenix; Philip May, exec vp, genl mgr, Cramer-Krasselt, direct; William D. Faude, sr vp, secretary; Robert J. Bradley, vp, treasurer; Neil Cassey, sr vp-creative dir.
Phone: (414) 276-3500

Public relations' influence on top 10 agencies

Rank W/out PR	Rank With PR	Agency	Worldwide gross income without PR	Agency PR company	PR co. fee	Worldwide gross income
1	1	Young & Rubicam	$505.6	Burson-Marsteller	$122.8	$628.4
2	2	Saatchi & Saatchi Compton	490.5	Rowland-Saatchi	20.5	490.5
3	3	Ted Bates Worldwide	486.0	N/A	N/A	486.0
4	4	J. Walter Thompson Co.	471.0	Hill & Knowlton	100.2	471.0
5	5	Ogilvy & Mather	459.6	Ogilvy & Mather PR	31.0	459.6
7	6	McCann-Erickson Worldwide	427.7	N/A	N/A	427.7
6	7	BBDO Worldwide	424.2	Doremus Porter Novelli	20.9	445.1
8	8	DDB Needham	375.0	N/A	N/A	375.0
9	9	D'Arcy Masius Benton & Bowles	314.6	Manning, Selvage & Lee	21.7	336.3
10	10	Foote, Cone & Belding	305.6	Golin Harris Communications	17.4	323.0

NOTES: Dollars in millions. Some agencies report their PR activities to Advertising Age without breaking them out. This chart is a composite of the AA top 10 by worldwide gross income and the 1987 edition of "O'Dwyers Dictionary of PR Firms." AA accepts PR if the unit is not considered an autonomous unit by the agency.

Creswell, Munsell, Fultz & Zirbel

RANK 93

Cedar Rapids, Iowa

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.8	10.1	6.6
Billings	71.9	67.5	6.6

☑

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	4.3	2.7	59.9
Radio	10.8	7.4	45.4
Spot TV	13.7	12.1	12.5
Outdoor	1.4	0.7	113.2
Bus. papers	4.3	2.0	113.2
Farm publications	13.7	16.2	(15.6)

Workforce

	1986	1985	% chg
Worldwide	174	172	1.2
U.S.	174	172	1.2

Offices

Worldwide: 2; U.S.: 2

Annual review

Given the depressed state of agricultural business, which makes up a major portion of CMF&Z's client base, the agency's 6.6% increase in year-to-year billings takes on real significance. While advertising activity originates at offices in Cedar Rapids and Des Moines, the pr division also operates in New York City, Orlando and San Diego. New business gains included the Iowa Lottery Commission and 9 other accounts, 6 for pr only.

U.S. accounts

Gained: Buffalo Bills; DeLong Sportswear; Iowa Lottery Commission; Merit Corp., real estate investments; Met-Coil Systems Corp., pr only; LeaseAmerica Corp., pr only; Chiquita Brands, pr only; FEV of America, engineering consulting, pr only; Fitness Dimensions, pr only; Florida Choice, food and drug stores, pr only

Lost: Alnor Instrument Co.; Duds 'n Suds Corp.; Freedom Banking; Frye Copysystems; Iowa Gas; Merchants National Bank; Banks of Iowa; Ross Daniels Inc.; Rousch Products Co.

Officers

E. William Munsell, chmn, exec vp-Y&R Advertising, U.S. National Group; Richard D. Meycocks, president-ceo; William J. Fultz, exec vp, mng dir-Des Moines; Richard F. Mayes, sr vp, mng dir-pr; Marvin L. White, sr vp, mng dir-Cedar Rapids; James E. Meeks, sr vp, treasurer, business affairs dir; Weston R. Ritchie, sr vp, acct super; Gerald L. Anderson, sr vp, associate creative dir; Frank C. Baker Jr., sr vp, acct mgmt dir; Robert N. Cline, sr vp, mktg, media svcs dir; William H. Fritz, sr vp, exec art dir; Ronald D. Howes, sr vp, creative dir; Terry J. Stoffer, sr vp, client svcs dir; Ira W. Way, sr vp, acct super

Phone: (319) 395-6500

C&W Group

RANK 36

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	38.4	51.0	(24.6)
Billings	274.3	339.9	(19.3)

U.S. billings

($ in millions)	1986	1985	% chg
Media	227.4	284.8	(20.2)
Materials & services	29.9	33.9	(11.8)
Capitalized fees	17.0	21.2	(19.8)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	5.4	10.2	(46.6)
Magazine	29.5	27.2	8.6
Medical journ.	0.2	—	—
Supplements	0.5	—	—
Radio	9.2	—	—
Network TV	112.4	166.6	(32.5)
Spot TV	66.5	95.2	(30.2)
Outdoor	0.9	6.8	(87.1)
Yellow Pages	2.8	—	—
Direct mail	17.0	20.4	(16.6)

Workforce

	1986	1985	% chg
Worldwide	499	560	(10.9)
U.S.	499	560	(10.9)

Offices

Worldwide: 5; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
BBDM/C&W	Chicago	22.3
Cunningham & Walsh	New York	159.7
Direct Marketing Agcy	Stamford, Ct.	60.4
Reiser Williams deYong	Irvine, Calif.	31.9

Annual review

In December, C&W Group, then a subsidiary of Mickelberry Corp., agreed to merge forces with NW Ayer for an estimated $30 million. Included in the sale were C&W, Direct Marketing Agency, and Reiser Williams DeYong. The merged agency is expected to retain the NW Ayer name. After the transaction, Mickelberry Corp. will be left with Laurence, Charles, Free & Lawson and BBDM/Cunningham & Walsh, Chicago. The decrease in 1986 billings reflects the 1985 loss of Mitsubishi Motors ($35 million), the selling of the San Francisco office and resulting resignation from the Qantas account ($5 million), and the closing of offices in Dallas and Fountain Valley, Calif. Billings could rise dramatically in 1987 from the potential new business gains of $40 million annualized, mostly from P&G's Duncan Hines contributing the majority, against annualized declines amounting to $14 million, with the resigned Ricoh account comprising the majority.

U.S. accounts

Gained: NCR, ATM div; Procter & Gamble, Duncan Hines Baking Mixes; Pizza Hut, Delivery; Panasonic Office Automation; Midwest Express Airlines; Glenbrook Labs, Calcitrel, Diaparene; Coopervision

Lost: Ricoh, Skil, Tandon

Officers

Anthony C. Chevins, chmn-ceo; Horace M. Malfa, president-coo; Warren E. Albright, exec vp; Norman J. Suslock, chmn-Direct Marketing Agency; Richard J. Reiser, chmn-Reiser Williams deYong

Phone: (212) 683-4900

Dailey & Associates

RANK 54

Los Angeles

($ in millions)

Worldwide	1986	1985	% chg
Gross income	21.1	20.1	4.8
Billings	140.6	140.9	(0.2)

☑

Annual review

Billings fell for the second successive year, this time by 0.1% caused by Honda budget cutbacks, and the loss of Western Airline ($25 million) when it was purchased by Delta. Gain of the California Lottery account ($30 million annualized) in April, 1987, offers hope for 1987 billings growth.

U.S. accounts

Gained: Franklin Mint

Lost: Air New Zealand; Godfather's Pizza

Officers

Phillip Joanou, chmn-ceo; Clifford J. Einstein, president, creative dir; Stephen W. Chabre, exec vp-coo

Phone: (213) 386-7823

D'Arcy Masius Benton & Bowles

RANK 9

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	336.3	330.7	1.7
Billings	2,258.6	2,229.5	1.3
U.S.	**1986**	**1985**	**% chg**
Gross income	192.2	197.5	(2.7)
Billings	1,299.5	1,333.1	(2.5)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,299.5	1,333.1	(2.5)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	52.0	66.7	(22.0)
Magazine	168.9	160.0	5.6
Radio	111.8	133.3	(16.2)
Network TV	604.3	599.9	0.7
Spot TV	319.7	333.3	(4.1)
Outdoor	26.0	26.7	(2.5)
Yellow Pages	16.9	13.3	26.7

Workforce

	1986	1985	% chg
Worldwide	6,077	6,375	(4.7)
U.S.	2,528	2,809	(10.0)

Offices

Worldwide: 94; U.S.: 29

1986 billings by major office

($ in millions)	City	Billings
DMB&B	New York	536.4
DMB&B	Minn./St. Paul	5.0
DMB&B	San Francisco	23.0
DMB&B	St. Louis	196.0
DMB&B	Los Angeles	21.0
DMB&B	Chicago	132.0
DMB&B	Detroit	234.2
DMB&B	Houston	14.0
Manning, Salvage & Lee	New York	121.0
DMB&B	Atlanta	15.0
Latino Americano	Miami	2.0
Medicus Intercon	New York	82.4

Annual review

DMB&B in 1986 continued to consolidate its operations following the merger in mid-1985 of D'Arcy McManus Masius and Benton & Bowles. The combined unit, which suffered a 5.8% decline in billings in 1985 over the prior year as a number of clients withdrew their business citing account conflicts, eked out a worldwide gain of 1.3% in 1986 after factoring a 7% gain in foreign billings against a decline of 2.5% in U.S. billings. The agency acquired offices in Japan, Mexico, Saudi Arabia and Thailand to buttress its global presence, but withdrew from Atlanta, Minneapolis and Houston where it had small offices, and in February, 1987, sold Poppe Tyson to Lorimar's USAdvertising.

U.S. accounts

Gained: MCI; Winchester; American Tobacco; A&P; Wiltshire International; Hillshire Farms; Hughes Aircraft; Dinkum Dogs; Conagra, Armour Classic Lite, Dinner Classics, Morton Frozen Foods; Anheuser-Busch, Dewey Stevens Wine Cooler; General Foods, Louis Rich, Good Seasons; Richardson-Vicks, Formula 44, inhaler; Van De Kamps, health club, seafood entrees; Oroweat, Boboli, California Loaf; Wilson Sporting Goods; California Avocado; Upjohn; Mars, Combos; Kal Kan, Mealtime

Lost: Verbatim; Beatrice, County Line cheese; Procter & Gamble, Pepto Bismol; Allied Van Lines; Equitable Life Assurance; Brown Foreman/Garneau; U.S. Air Force; Blistex.

Foreign accounts

Gained: Diners Club, Insurance Co. of North America, Triton, Exxon (Argentina); Cervecería Montezuma, Superior beer, Florsheim shoes, Wagon Lits Mexicana, Visa International, Ecuatoriana de Aviacion (Mexico); Hyundai, motor sales, Nes-Quick, milk flavoring, Clairol, hair colorants, Lloyd's Ships Holdings, yachts (Australia); Digital, computers (Austria); Fiat, Tandy personal computers, SEGM, Pernod, Bayer, Cullinet software (Belgium); A&P, New Dominion, Guaranty Trust, Effem/Mars, Whiskas' Wiltshire International, Staysharp Knives (Canada); SEGM France, Pernod, Scandinavian Tobacco, Savoy, Cecil cigarettes, Nissan, H. Lundbech A/S, medical prods, *Politiken*, daily newspaper (Denmark); Digital Equipment, computers (Finland); Bongrain, brie rose; Weight Watchers, new prods (France); Fiat, Regata & Croma; Pond's cosmetics; Pixyfoto, Cherry Valley deep-frozen menus (Germany); Epsilon computers, software, Figlio D'Angelo men's garments (Greece); Barclays Bank, HK Bed & Bath, Matchbox, Nissin instant noodles (Hong Kong); Richardson-Vicks Vaporub, inhaler, throat drops (Indonesia); Masterfoods, Mars Confectionary, Pedigree Pet (Ireland); Fiat, Johnson's Wax's Gled Magic Water Liquido and Gled Area, Citifin financial services, *Corriere della Sera* (Italy); Richardson-Vick's Belfie, all products except Oil of Olay, Cigna Verzekeringen insurances, Coopers & Lybrand, Effem, Sheba catfood, Frolic dogfood, Catsan catlitter, Bayer Nederland, Delial suncare products (Netherlands); Nestle New Zealand, Findus Lean Cuisine, Grandstand Leisure, Amstrad computers, National Bank recruitment div, Boots the Chemists, Blaxo children's food, NZ Bankers Assn, America's Cup Supporters Club, merchandising and sponsorship mgmt, Bristol-Myers' Mum deodorants, Clairol hair care, Sustagen, Sustalite (New Zealand); Spareskillings Bank, J.W. Cappelens Forlag, publisher, Bergen Skillings Bank (Norway); Effemex, Mars Confectionery (Saudi Arabia); Fibre Trim, Amara Hotel, Hotel New Otani, The Ascott (Singapore); Revlon, Trimark, Konica (South Africa); Honda, ITT Audiovision, Graetz Tv, video, Bayer, Delial, Berberana wine, Caja Postal pension plan, Benckiser's Substral (Spain); Atlas Copco, corp adv, Swedish Telegraph & Telephone's cable tv, Comvik, mobile telephone (Sweden); Butterdane's Danelite, CBS Songs, Flexilink's anti-Eurotunnel campaign, Granada Overseas Holdings satellites, Gruner & Jahr's *Prima*, Hughes Aircraft, corp, Vidal Sassoon salons, schools and academies, Wembley Stadium, promo, *Daily Express*, National Dairy Council (United Kingdom)

Lost: Ekco, kitchenware (Mexico); Consolidated Co-op Wineries, S.A. Egg Board, W.A. Opera, Argyle Diamond Sales, Findus Lean Cuisine, Philips Audio Tapes, Laminex Industries, Philips Industries, major appliances, Daf Trucks, Bedpost, T.V.O. tv station (Australia); Digital Corp., Alfa Romeo, Lego (Austria); Liebig tablets, Cullinet software (Belgium); Digital Equipment (Canada); Andelsbanken (Denmark); Hoover, household equipment (Finland); Alfa Romeo (France); Airtours, Cartier, Cinzano, Florio Amaretto, Alfa Romeo (Germany); Tsatsoulis SA, Van Gils, Pierre Cardin, Fila garments (Greece); Agfa film, Belgium Bank, Effem, M&Ms' Skittles and Maltesers, Cartier, Plough Mabelline's Coppertone and Scholl and pharmaceuticals (Hong Kong); Buton's Maximilian and Cassette Natalizie, Orland cosmetics (Italy); First Commence stock exchange (B&B/Amsterdam); Alfa Romero, Ricoh copiers, Brandsteder Electronics's Sony tape and home computers, Effem Kitekat catfood (DMM/Netherlands); NZ Wines and Spirits' Johnnie Walker Red and Black whisky, NZ Apple & Pear Marketing Board, corp adv, Auckland Savings Bank (New Zealand); Finax credit card (Norway); Yeo Hiap Seng, Plough (Singapore); Bristol-Myers deodorants and hair care, Schering-Plough's Coppertone and Maybelline, Iberia Airlines (South Africa); Delasa's Chamburcy, Schweppes' bitter, Iasa instant lottery (Spain); Duracell (Sweden); Tate & Lyle's golden syrup, Distiller Co.'s Haig, Adams Foods/Irish Dairy Board's Kerrygold butter, cheese and cream dried, British Telecom's Voicebank, Voicebank, Mobil Oil, public affairs (United Kingdom)

Officers

John S. Bowen, chmn-ceo. Presidents —Roy J. Bostock, USA div; Peter T.W. Redsell, intl div; George J. Simko, Diversified Cos. div. Exec vps —Craig D. Brown, cfo; Bernard Kanner, intl div.

Phone: (212) 758-6200

Davis, Johnson, Mogul, Colombatto

RANK 62

Los Angeles

($ in millions)

Worldwide	1986	1985	% chg
Gross income	17.3	17.3	0.2
Billings	130.3	122.9	6.1

U.S. billings

($ in millions)	1986	1985	% chg
Media	103.5	101.8	1.7
Materials & services	11.6	13.0	(10.8)
Capitalized fees	15.2	8.1	87.9

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	12.9	11.0	17.1
Magazine	2.7	1.9	43.1
Radio	18.4	15.6	18.1
Network TV	67.7	70.9	(4.4)
Outdoor	1.7	2.4	(29.3)
Bus. papers	0.1	0.0	132.6

Workforce

	1986	1985	% chg
Worldwide	240	215	11.6
U.S.	240	215	11.6

Offices

Worldwide: 6; U.S.: 6

1986 billings by major office

($ in millions)	City	Billings
DJM&C	Baltimore	10.8
DJM&C	Portland, Ore.	4.7
DJM&C	Los Angeles	83.4
DJM&C	San Francisco	24.0
DJM&C	San Diego	N/A
Gelman & Gray	Los Angeles	N/A
Gelman & Gray	San Francisco	N/A

Annual review

Positioning itself to be a leading independent Pacific Rim agency, DJM&C had a 6.1% year-to-year billings increase, fueled 80% by existing clients, notably Glendale Savings & Loan, Toyota local dealers, McDonald's co-op in central Calif., and Portland, and Ralph's. New business gains accounted for the remaining 20%. During the year, DJM&C gained a potential $8 million in annualized billings with KFWB and McDonald's co-op of Milford contributing the majority, while annualized billings declines amounted to $4 million, mostly from Ole's Home Center, an account taken in-house by Wickes when it purchased the business. In March, 1987, DJM&C merged its Hispanic advertising subsidiary, Ad Latina, into Ferrer/Ad America, Los Angeles, a joint venture partnership with the Mexican agency Grupo Ferrer.

U.S. accounts

Gained: Crystal Geyser Mineral Water; KFWB-AM, KFWB/Group W; McDonald's; States Advertising Co-op of Medford, Ore.

Lost: CasaBlanca Fan Co.; Ole's Home Centers

Officers

Robert M. Davis, Robert J. Colombatto, chmn; Brad A. Ball, president; Ronald A. Kojis, Mark Davis, exec vps; Peter Coutroulis, exec vp, creative dir; John Turner, sr vp, operations dir; Steve Orenstein, vp-finance

Phone: (213) 383-3332

DDB Needham Worldwide

RANK 8

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	375.0	362.9	3.3
Billings	2,557.5	2,512.9	1.8
U.S.	**1986**	**1985**	**% chg**
Gross income	250.4	255.2	(1.9)
Billings	1,726.6	1,794.3	(3.8)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,158.8	1,175.7	(1.4)
Materials & services	213.0	216.9	(1.8)
Capitalized fees	354.8	401.7	(11.7)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	161.8	168.5	(4.0)
Magazine	218.9	221.8	(1.3)
Radio	41.0	45.2	(9.3)
Network TV	429.5	439.2	(2.2)
Spot TV	245.6	236.8	3.7
Cable TV	16.1	15.9	1.3
Outdoor	21.9	23.7	(7.6)
Yellow Pages	24.1	24.6	(2.2)

Workforce

	1986	1985	% chg
Worldwide	5,335	5,677	(6.0)
U.S.	2,783	3,227	(13.8)

Offices

Worldwide: 71 ; U.S.: 25

1986 billings by major office

($ in millions)	City	Billings
Bernard Hodes Adv.	New York	143.2
Cargill, Wilson & Acree	Atlanta	32.6
DDB Needham	San Francisco	26.4
DDB Needham	Los Angeles	115.1
DDB Needham	Denver	7.9
DDB Needham	McLean, Va.	27.7
DDB Needham	New York	510.1
DDB Needham	Chicago	405.0
DDB Needham	Detroit	138.3
Fletcher/Mayo	St. Joseph, Mo.	47.3
Kallir, Philips, Ross	New York	113.0
Milici, Valenti, Smith	Honolulu	20.0
Rapp & Collins	New York	66.9
York, Alpern	Los Angeles	6.8

Annual review

The merger DDB Needham network under Omnicom, gave Chicago-entrenched Needham a stronger New York base, and DDB help to deal with its financial, management and creative problems, but it also effected lost billings of $200 million. Needham lost its Los Angeles base (now Rubin Postaer) in a management buyout and with it, American Honda that would have conflicted anyway with DDB's VW business. DDB closed Fletcher/Mayo, Atlanta, when Union Carbide pulled up stakes. Client conflict could be cited in Nabisco and IBM's exit from DDB.

U.S. accounts

Gained: New York—NEC Home Electronics; Liz Claiborne Cosmetics, Hasbro, Inc. Chicago—General Mills, Yoplait Yogurt; NEC Home Electronics; Ralston-Purina, Eveready Energizer; Hasbro, Inc. Washington—Chevy Chase FSB; Amcell, cellular system; First Cellular Group, GTE Spacenet Corp. Denver—Telecheck Services, Inc.; Shinn Enterprises. Milici Valenti Smith Park—C&H Sugar; Pacific International Rice Mills. York Alpern/DDB Needham—Monmouth Medical Center; Southern California Presbyterian Homes; Holy Cross Hospital; Desert Hospital of Palm Springs, Calif.; Hanford Community Hospital; Hospital of the Good Samaritan; New York Hospital; Cornell University Medical Center

Lost: New York—Xerox Corp.; Fortune; IBM; Carter-Wallace; Nabisco Brands; Sandoz Corp.; Citicorp, Diners Club/Travelers Checks; Borden; Binney & Smith, Crayola, prods div; American Greetings Corp.; Popeyes Famous Fried Chicken & Biscuits; Celanese Fibers; O.M. Scott; Brown & Williamson Tobacco Corp.; Allied-Signal; Joseph E. Seagram & Sons, Seagram Classics Wine Co., Barton & Guestier Wines Co. Chicago—P&G; Wolverine Worldwide; Sears, Roebuck & Co.; Quasar Co.; Kraft; G.D. Searle. Denver—Audi, Phoenix Dealer Assn., Salt Lake Dealer Assn.; Grupe Development Co. Washington—Suburban Bank, National Guard Bureau. Los Angeles—Teledyne Water Pik. San Francisco—Victoria Station, Whitecliff Homes. Milici Valenti Smith Park—Island Holiday Tours; NAPA Distribution Center; Kirin Brewery; Gas Company; Gas Express; PRI Corporate; PRI Energy System, Energy Project div, Energy Service, Residential & Commercial Sales divs. York Alpern/DDB Needham—French Hospital of LA, John Muir Memorial Hospital, Parkview Community Hospital, Beth Israel Medical Center.

Foreign accounts

Gained: Australia: Doyle Dane Bernbach, Adelaide—Adelaide Brighton Cement Ltd.; Brian Phillis Group. Jackson Langoulant Needham, Perth—Australia Basic Industries; Big Rock Toyota. Leonardi & Curtis Advertising, Melbourne—Artex Leathergoods; R.S.P.C.A., Royal Society for the Prevention of Cruelty to Animals. Magnus Nankervis & Curl/DDB, Sydney—South Australian Brewing, Southwark Premium/Beer, St. Tropez/Wine Cooler, Hiram Walker; MN&C/DDB, Melbourne-Australian Eagle Insurance, Gymline. Peter Rodger Advertising, Brisbane—Tyrepower, Logan City Economic Development Board. USP Needham Sydney—John Walker & Sons, Frigate Rum; WD&HO Wills, Escort/Wills Super Mild Cigarettes; Arnott's Snack Foods, Cheetos. Austria: DDB Needham—Blendax, Pharma Credo Deodorant, O'Tonic Shower Gel, Shamtu shampoo; Ballograf-Bic. Belgium: DDB Needham—Hasbro; D'Ieteren Brussels, Brussels Dealers' Network. Canada: DDB Needham—Life Channel cable tv; Labatt Brewing, Bud Light; Levi Strauss Canada; Digital Equipment of Canada. France: Doyle Dane Bernbach, S.A., Paris—Comptoirs Moderne/STOC, retail; Hasbro; Tourisme Espagnol. Germany: Doyle Dane Bernbach GmbH Werbeagentur GWA, Dusseldorf—Boeker retail stores/apparel; Deutschen Brauer-Bundes, German Beer Union; Memorex, floppy disk. Heye, Needham & Partner GmbH, Munich—Aenne Burda Publishing House, new prod assignment, *Burda Moden*; Grundig, shaving equipment & supplies. Hong Kong—Tse, Needham & Standard Advertising—International Bank of Asia; Martell Far East Trading, Cordon Bleu cognac; Mobil Oil; S.C. Johnson; Toys "R" Us; Xerox, China, office equipment. Italy: Broucc & DDB, Milan—Italtel; Antonini. Verba, Milan—Autogerma, Volkswagen commercial vehicles, new prod assignment. P.T. Needham, Mila—Canon Italia. Japan: DDB Sanyu Dik, Tokyo—Aloha Airlines; American Airlines Japan, advertising in Japan; China Airlines; Epson, personal computer printer; Hawaii Visitors Bureau, Semi-governmental org pro HI. Malaysia: KHK Needham Standard—Sharp refrigerators, tvs, vcrs; Beatrice Foods, condensed, powdered milk; Jardine Wines & Spirits, Otard XO, Otard VSOP. Mexico: DDB Needham, Mexico City—Volkswagen de Mexico, Volkswagen Corsar Variant (new prod assignment). Netherlands: Doyle Dane Bernbach, Amsterdam—Johnson Wax; Diners Club Benelux credit cards; Hewlett-Packard. Geudeker Oerlemans & Needham Groep, Amsterdam—Jaguar; Nixdorf computers; Upjohn, Regaine; Pirelli. New Zealand: Brown Christensen/DDB, Auckland—Plastercraft Industries, Rakon Industries. USP Needham New Zealand, Auckland—OHL Corp., and Vuarnet Sunglasses & Bikini Line, new prod assigments. Dunedin—McLeod Brothers, toilet soap. Wellington—*Fairfax*, personal investment magazine; Hammond Irving Brownlee, dry dog foods; N.Z. Cereal Foods, pasta prods. Wood & Mitchell, Auckland—McSkimmings Industries, Chival/Villeroy & Boch; TVNZ Teletext. Wellington—Cable-Price Mercedes-Benz; Towers Hotel Group, Plimmer Towers Hotel. Portugal: DDB Needham & Guerreiro Publicidade, Lisbon—Arthur Andersen & Co., Knorr Portuguesa, Alsa drink. Singapore: Needham Standard International—Saint Yves Collections, watches & jewelry; Brother International; Royal Sporting House, Wilson Sporting Goods and Lacoste Leisurewear. Spain: Carvis Needham, Barcelona—Grundig, electric shavers; Industria Espanola del Plieter, mattresses & mattress materials. Madrid—SHM Espana, Omega and Tissot watches. Tandem/DDB, Madrid—Seguros Reunion, insurance. Tandem/DDB-Guasch, Barcelona—Banco de Comercio; Knorr Elorza, Kas, fruit juice; Mosta Greip/Graoe Juice; Pirelli; Zurich Vita Hispania, insurance. Sweden: Falk & Pihl/DDB, Stockholm—Thai Airways International, Gulins, retail apparel stores. Switzerland: DDB, Zurich—American Airlines, Debrunner, Delsey Luggage; Sony Overseas, Sony Video 8. Thailand: Far East Advertising, Bangkok—Siam Tyre Co., Firestone Tyres; Communication Authority of Thailand. Needham Standard International, Bangkok—New City, Cherilon Panty Hose; Ten-O-Six skin care; *Bangkok Post*. United Kingdom: Doyle Dane Bernbach Ltd., London—Thai Airways; Memorex, Prudential Property Services. Reeves Robertshaw Needham Ltd., London—Household Finance Corp.; Independent Radio Sales; Van Melle Confectionery.

Lost: Australia: DDB, Adelaide—Hamilton Laboratories; Lloyd Aviation. Jackson Langoulant Needham, Perth—Mazda; Southern Pacific Hotel Corp. Leonardi & Curtis, Melbourne—Amway of Australia; Le Coq Sportif. Magnus Nankervis & Curl/DDB, Melbourne—Porsche Cars Australia. MN&C/DDB, Sydney—Air Caledonia; Beecham; Boeing International; Ciba-Geigy. Peter Rodger Advertising, Brisbane—Queensland Book Depot. USP Needham Sydney, Sydney—BankAmerica Cheque Corp.; Southern Pacific Hotel Corp. Austria: DDB Needham—Seagram, MM Sparkling Wine, Chivas Regal & Gramont; Ikea. Belgium: DDB Needham—Belin/Nabisco biscuits; Promedia. Canada: DDB Needham—Amstel Brewery, Heineken, Henninger, Meister Pils, Grizzly Bear beers; Ontario Pork Producers Marketing Board. France—DDB, Paris—Bonduelle, frozen vegetables; Icam France, Casio, watches; Belin/Nabisco, crackers, Chipsters, Croc'Vit; Weight Watchers. Germany: DDB, Dusseldorf—Muller's Muhle Schneekoppe canned soups. Munich—Fleischwerke E. Zimmermann, prepared foods; Grunland Allgauer Kasewerke, cheese. Heye, Needham & Partner, Munich-Vorgolst, auto accessories; Inter Triumph Marketing, hosiery. Heye, Needham & Partner, Dusseldorf—*Fortune* magazine, Stockhausen, pharmaceuticals. Hong Kong: TSE, Needham & Standard—Haagen Daaz; Kiwi International; Jardine Corp.; Dow Chemical; Salignac Cognac. Italy: Broucc & DDB, Milan—Nabisco, Planters; Plasmon Dietetici Alimentari. P.T. Needham, Milan—*Fortune* Magazine. Mexico: DDB Needham Worldwide, Mexico City—Citicorp, travelers cheques; Reckitt & Colman. Netherlands: DDB, Amsterdam—ITT Audio Video Electronics. Geudeker Oerlemans & Needham Groep B.V., Amsterdam—Bull; Van Ditmar's Import, magazines. New Zealand: USP Needham New Zealand, Auckland—Investment Finance Corp.; Pumperdink, fashion. Wood & Mitchell, Auckland—Citroen (handled from Australia); Duncan & Davis, KWD, Wellington: NZ Lottery Board; NZ Police; NZ Pharmaceuticals. Singapore: Needham Standard, Singapore—Wrigley Co.; Guinness Marketing, Furstenberg beer; Sunshine Allied, Van Houten Chocolates & Hershey's Syrup; Sime Darby, Twinings Tea. Spain: Tandem/DDB, Madrid—Roche Laboratories, Redoxon, Vitamin C; Prodial, Gervais Danone; Canada Dry International. Tandem/DDB-Guasch, Barcelona—Nabisco Brands Espana. Sweden: Falk & Pihl/DDB, Stockholm—Hemglass, ice cream; Ericcson Information System. Switzerland: DDB, Zurich—Diners Club; Vollmoeller, Jockey for Her; Girard-Perregaux, watches. Thailand: Far East Advertising, Bangkok—NaanMee Co., Horse Ballpen. Needham Standard, Thailand, Bangkok—Shen Hsiang Tang, soaps & lotions; Taiwan Confectionery, caramels. United Kingdom: DDB, London—H.J. Heinz; Lyons OTC, Middle East; Delsey Luggage, Middle East; Sunbeam International.

Officers

Corporate: Keith Reinhard, chmn-ceo; John Bernbach, president, coo; John Bradstock, president-intl div; Gerald Germain, exec vp, cfo; Floyd Highbloom, exec vp, dir-business devel group; Lou Tripodi, exec vp, corp dir-public affairs; DDB Needham New York—Peter Falcone, president-NY div; John Noble, exec creative dir. Acct group, exec vps: Lawrence Iannuzzelli, Rein Luik, Grant Roberts, David Sklaver, Peter Tate. Creative, exec vps, creative dirs: Robert Gage, Helmut Krone, Robert Mackall, Jack Mariucci, Charles Piccirillo, Tom Yobbagy; Page Thompson, exec vp, media dir; Ruth Ziff, exec vp, exec dir, rsch & mktg svcs. DDB Needham Worldwide U.S. Div, Chicago—Al Wolfe, president-U.S. div; Robert Savard, exec vp, U.S. div. DDB Needham Chicago—Joel Hochberg, president-Chicago div; Susan Gillette, sr vp, dir-creative svcs; Ron Bess, sr vp, dir-client svcs; William Wells, exec vp, mktg svcs dir. DDB Needham Detroit—Brian Bowler, president. DDB Needham Washington—Joseph Landy, president. DDB Needham Western Region, Los Angeles—Montgomery McKinney, chmn; Alan Pando, president/DDBN West. DDB Needham Los Angeles—Alan Pando, president/DDBN West; Si Kornblit, exec vp, gen mgr; Robert Kuperman, exec vp, creative dir. DDB Needham Denver—John Giesen, president. DDB Needham San Francisco—Martin Michael, vp, chmn/DDBN West; Roger Lavery, genl mgr.

Phone: (212) 415-2000

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

Della Femina, Travisano & Partners

RANK 52

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	22.5	20.6	9.2
Billings	150.0	137.0	9.5

Annual review

DFT&P's year has been marked by takeover, controversy and continued recognition of its creative product. Figures for 1986 have been estimated by Ad Age since the agency preferred not to respond because of the confusion resulting from the takeover by WCRS; its takeover of accounts from the former HBM/Creamer-New York; and the creation of a new subsidiary, Della Femina & Udell, which specializes in beauty and fashion accounts. Billings are estimated at $150 million for 1986. Figures for 1987 will reflect the acquisition this January of the old HBM/Creamer, New York, accounts, totaling around $70 million. Those accounts are A&W Beverages, Sheraton Hotels, Viewmaster/Ideal, Hercules chemicals, Ilford film, Mobil Oil's non-consumer oil products, Raytheon, Hershey Food's pasta products, and Alexander's Department Stores. The agency lost its vice chairman-coo, James D. Travis, to Hal Riney & Partners.

U.S. accounts

Gained: Parfums Stern, Perry Ellis men's cologne; Antonovich, furs; Mint Condition; Ansell-Americas, Life-Styles condoms

Lost: Campus Sportswear; Citicorp, Diners Club Carte Blanche card; First Boston; HealthAmerica

Officers

Jerry Della Femina, chmn; Louise McNamee, president-coo; Peter Stranger, president-Los Angeles; James Weller, exec vp-Los Angeles; Michael Robertson, exec vp-creative dir; Rochelle Udell, sr vp, exec creative dir; Allen Clark, exec vp; Matt Mansfield, Edward Tedeschi, exec vps-acct svcs; Mary Hall, sr vp-research; Carl Kotheimer, exec vp, media dir.

Phone: (212) 421-7180

DFS Dorland Worldwide

RANK 16

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	119.6	121.5	(1.5)
Billings	926.0	879.3	5.3
U.S.	**1986**	**1985**	**% chg**
Gross income	116.0	118.9	(2.4)
Billings	901.4	861.9	4.6

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	901.4	861.9	4.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	29.7	15.5	91.6
Magazine	114.4	106.9	7.1
Supplements	8.1	18.1	(55.2)
Radio	47.8	47.4	0.7
Network TV	334.3	307.7	8.6
Spot TV	299.1	299.1	0.0
Cable TV	23.4	19.8	18.2
Outdoor	17.1	14.7	16.8
Bus. papers	15.3	22.4	(31.7)
Farm publications	7.2	8.6	(16.4)
Yellow Pages	2.7	—	—

Workforce

	1986	1985	% chg
Worldwide	3,900	4,258	(8.4)
U.S.	1,490	1,601	(6.9)

Offices

Worldwide: 44; U.S.: 13

1986 billings by major office

($ in millions)	City	Billings
DFS Dorland	San Francisco	42.0
DFS Dorland	Torrance	150.0
DFS Dorland World	New York	709.4

Annual review

Clients at DFS, which merged in April with Britain-based Dorland Advertising, a wholly own subsidiary of Saatchi & Saatchi PLC, tightened their belts, in effect, forcing down total gross income and nudging up billings only slightly. Of the U.S. totals, 60% of the growth in billings, or $23.7 million, came from existing clients and 40% from new clients. The small 4.6% year-to-year growth in U.S. billings was influenced by an estimated $97 million in annualized billings leaving during 1986, including $30 million from P&G's Luvs and Bounty, and $15 million from Cadbury Chocolates. These left, citing account conflicts resulting from the merger. Another $40 million in annualized billings walked out the door with Wendy's, but a total loss was averted as media planning and buying were retained. However, new business gains—Northwest Airlines, RJR/Nabisco biscuit div, North American Philips Lighting, and Helene Curtis, Finesse hair care prods—accounted for the majority of an estimated $119 million in annualized billings brought in during 1986. The agency expects a stronger billings year in 1987 as the full impact of new business gains come on line.

U.S. accounts

Gained: DFSD/New York: Northwest Airlines; RJR Nabisco, Nabisco Biscuit div; North American Philips Lighting Co; Helene Curtis, Finesse hair care prods; E.R. Squibb & Son; Stauffer Seeds; Mott's USA; *Family Circle*; Donnelley Information Technologies; Glenmore Distilleries. DFSD/San Francisco: California Almond Growers; Kikkoman International; Xidex Corp. DFSD/Southern California: Fujitsu American; Nissen Foods; Physicians Formula Cosmetics.

Lost: DFSD/New York: Procter & Gamble, Luvs, Bounty; Yoplait; Cadbury Chocolates; Wendy's, except for media planning and buying. DFSD/San Francisco: Megaphone Co.

Officers

DFS Dorland Worldwide: Stuart Upson, chmn; Jack Rubins, deputy chmn; Peter McSpadden, president, coo; William Vickery, dir int'l; Robert Kennedy, cfo; Gary Susnjara, dir North America; Michael Bungey, dir Europe; Michael Geraghty, dir corp devel. DFS Dorland/New York: Gary Susnjara, chmn; Joseph Mack, president. DFS Dorland/Southern California: James Lindsey, chmn; Nelson Riddle, president. DFS Dorland/San Francisco: Ronald Colnett, chmn.

Phone: (212) 661-0800.

Diener/ Hauser/ Bates Co.

RANK 81

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.9	11.2	15.9
Billings	131.9	112.9	16.8

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	122.6	104.6	17.3
Materials & services	9.3	8.4	10.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	51.5	48.1	7.1
Magazine	20.6	22.0	(6.1)
Radio	2.4	2.2	10.1
Network TV	4.1	3.2	29.5
Spot TV	40.8	27.1	50.8
Cable TV	1.4	—	—
Outdoor	1.9	2.1	(11.1)

Workforce

	1986	1985	% chg
Worldwide	185	166	11.4
U.S.	185	166	11.4

Offices

Worldwide: 6; U.S.: 6

1986 billings by major office

($ in millions)	City	Billings
Diener/Hauser/Bates	New York	82.6
Diener/Hauser/Bates	Miami	0.9
Diener/Hauser/Bates	Los Angeles	38.9
Diener/Hauser/Bates	Ft. Lauderdale	4.2

($ in millions)	City	Billings
Diener/Hauser/Bates	San Francisco	2.1
Diener/Hauser/Bates	San Diego	3.2

Annual review

This agency, which is merging into a new identity to be known as AC&R/DHB & Bess within the Ted Bates empire, enjoyed a 16.8% increase in billings, going from $112.9 million in 1985 to $131.8 million in 1986. Spot tv and newspaper ads saw the biggest increases in spending. No accounts were lost, and six new clients were added, with Foster's Lager leading the pack. DHB brings its strength in entertainment to the new agency, the president of which will be DHB's president, Hank Weintraub.

U.S. accounts

Gained: Foster's Lager; Cinetel Pictures; Vestron Pictures; Ariel Vineyards; MGM Home Video. The agency did not report accounts lost in 1986.

Officers

Herbert S. Hauser, chmn; Henry Weintraub, president; Eugene B. Cofsky, exec vp, president-West Coast div; Norman Trell, exec vp-media; Perry Sperber, sr vp, controller; Cheryl Lodinger, sr vp, media dir; Vito Mandato, William Isenberger, sr vps, mgmt supers.

Phone: (212) 840-3300

Direct Marketing Group

RANK 50

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	23.7	17.6	34.7
Billings	138.7	101.6	36.5

☑

Billings by media

($ in millions)	1986	1985	% chg
Point of sale	4.2	3.1	34.9
Direct mail	90.2	76.2	18.3
Catalogs	2.8	—	—
Dir. resp. TV	2.8	5.1	(45.4)
Dir. resp. radio	4.2	5.1	(18.1)
Dir. resp. newsp.	4.2	5.1	(18.1)
Dir. resp. mag.	4.2	5.1	(18.1)
Telemarketing	22.2	—	—
Free-standing inserts	4.2	5.1	(18.1)

Workforce

	1986	1985	% chg
Worldwide	625	355	76.1
U.S.	618	350	76.6

Offices

Worldwide: 7; U.S.: 6

Annual review

In August, the group purchased Response Communication, a direct marketer-telemarketer for retailers and financial institutions, which accounted for 50% of the billings growth in 1986. The other billings gains came equally from existing and new clients with Bell Atlantic and Mervyn's the largest gains. The largest loss during 1986 came from Chase Manhattan Bank. In 1987, the agency expects its strong billings growth to continue as existing clients begin to use direct marketing more aggressively, and new clients look for more effective ways to get messages to target consumers.

U.S. accounts

Gained: Bell Atlantic, telecommunications; Key Banks, ITT Information Systems, micro computers; "Frequent Traveller" Newsletter; Brooks Bros.; Ann Taylor, retail; Mervyn's, department stores; The Limited; Crosslands Savings Bank; Prudential Insurance, financial svcs

Lost: Chase Manhattan Bank, financial svcs; InterBusiness Card, trade exchange; Woodward & Lothrop, dept stores; Chevy Chase Bank; CPI, technical education

Foreign accounts

Gained: Norwich Union Life Assurance; Cigna Europe; Seat UK; Thomas Cook Holidays; Pearl Parentcare, financial svcs; AirPlus, air travel cards

Lost: Monsanto, agrichemicals

Officers

John A. De Pasquale, chmn; Meredith Altman, William Forlenza, Theodore C. Krismann, Suti Prakash, Randee Rubin, sr vps; William Marano, president—Creative Technical Services; Paul R. Nelson, president—DMG.2; Robert Pinsky, president—Response Communications; Aaron Singer, sr vp—Response Communications; John W. Booth, mg dir, Europe; Donald White, sr vp

Phone: (212) 355-2530.

W.B. Doner & Co.

RANK 37

Southfield, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	36.3	28.2	28.8
Billings	238.2	190.2	25.2
U.S.	**1986**	**1985**	**% chg**
Gross income	32.6	26.0	25.7
Billings	210.1	172.7	21.7

U.S. billings

($ in millions)	1986	1985	% chg
Media	157.9	132.2	19.5
Materials & services	39.3	34.6	13.6
Capitalized fees	13.0	6.0	117.9

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	15.4	15.1	1.6
Magazine	12.2	11.8	3.7
Radio	29.8	23.5	26.9
Network TV	10.9	10.5	3.8
Spot TV	115.4	88.1	31.0
Outdoor	3.4	1.7	102.5
Yellow Pages	0.0	0.1	(60.7)
Direct mail	0.0	0.0	(24.8)
Dir. resp. TV	8.7	7.0	23.0
Dir. resp. radio	1.4	1.0	32.9
Dir. resp. newsp.	0.7	1.5	(53.7)
Dir. resp. mag.	0.8	2.6	(68.7)

Workforce

	1986	1985	% chg
Worldwide	523	435	20.2
U.S.	488	403	21.1

Offices

Worldwide: 9; U.S.: 7

1986 billings by major office

($ in millions)	City	Billings
W.B. Doner & Co.	St. Petersburg	20.3
W.B. Doner & Co.	Los Angeles	8.9
W.B. Doner & Co.	Baltimore	66.1
W.B. Doner & Co.	Chicago	0.4
W.B. Doner & Co.	Cleveland	13.4
W.B. Doner & Co.	Detroit	101.0

Annual review

Doner celebrated more than its 50th anniversary the first of this year; it revelled in generating $37,437,000 in new business, split equally between internal growth and new business. The vibrancy of the agency can be seen in the acquisition of Lou Beres & Associates, Chicago, and the potential $48 million in annualized billings gained against annualized declines of $11.4 million. The billings gains came from additional assignments from N.A. Philips, new clients Giant and Turtle Wax, existing clients Eckerd, McCormick & Klondike, and Standard Oil. Additional assignments from N.A. Philips and Standard Oil helped the Cleveland office explode 376% in year-to-year billings growth.

U.S. accounts

Gained: Culbro Snack Foods; University of Michigan Medical Center; WDIV-TV; Bell Atlantic, mobile systems; Dahlberg; Emhart Home Products, True Temper; N.A. Philips, Genie, Schick; Turtle Wax; Ohio Art Co.; Xerox, Van Kampen Merritt div; Mainstreet; Federated, Giant div; Florsheim; Bissell

Lost: AAA; Chattem, Inc; Autoworks; ERA

Foreign accounts

Gained: Super Carnaval; Bata Retail.

Lost: The agency did not report any accounts lost overseas in 1986.

Officers

W.B. Doner, chmn exec committee; H.D. Fried, chmn; Michael Shapira, president-Detroit; William Hooper, persident-Baltimore; James Dean, vp-corp.

Phone: (313) 354-9700.

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Alaska Journal of Commerce

Capital District Business Review (Albany)

Atlanta Business Chronicle

Austin Business Journal

Baltimore Business Journal

Cincinnati Business Courier

Business First of Columbus (OH)

Southern Connecticut Business Journal

Dallas/Ft. Worth Business Journal

Denver Business Journal

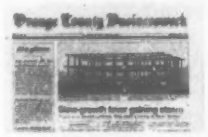
Jacksonville Business Journal (FL)

Kansas City Business Journal

Los Angeles Business Journal

Business First of Louisville (KY)

South Florida Business Journal


Orange County Businessweek (CA)

Orlando Business Journal

Philadelphia Business Journal

Greater Phoenix Business Journal

Pittsburgh Business Times-Journal

St. Louis Business Journal

San Antonio Business Journal

San Diego Business Journal

San Francisco Business Times

San Jose Business Journal

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Doremus Porter Novelli

RANK **42**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Gross income	32.5	26.5	22.6
Billings	240.8	174.7	37.9
U.S.	**1986**	**1985**	**% chg**
Gross income	31.7	26.3	20.8
Billings	234.6	173.2	35.4

☑

U.S. billings

($ in millions)	*1986*	*1985*	*% chg*
Media	165.0	125.8	31.2
Capitalized fees	69.6	47.5	46.7

Billings by media

($ in millions)	*1986*	*1985*	*% chg*
Newspaper	115.5	88.1	31.2
Magazine	38.0	28.9	31.2
Radio	3.3	2.5	30.8
Spot TV	3.3	2.5	30.8
Cable TV	3.3	2.5	30.8
Outdoor	1.7	1.3	33.7

Workforce

	1986	*1985*	*% chg*
Worldwide	378	319	18.5
U.S.	373	316	18.0

Offices

Worldwide: 8; U.S.: 7

1986 billings by major office

($ in millions)	*City*	*Billings*
Doremus & Co.	Washington	5.1
Doremus & Co.	San Francisco	6.2
Doremus & Co.	New York	190.0
Doremus & Co.	Boston	14.0
Doremus & Co.	Los Angeles	5.3
Doremus & Co.	Chicago	14.0

Annual review

This 83-year-old subsidiary of BBDO Worldwide performed like a young upstart in 1986, posting its best results in the past three years and flexing its muscle in all three parts of its business: Financial services, pr, and general advertising. A rapid take-off of its office in London also sent overseas billings to $6.2 million from $1.4 million in 1985. The pr division, through mergers with Richard Weiner and Porter Novelli, has become the third largest pr company in the U.S. The Weiner shop has expertise in special events and packaging, and Porter Novelli has sizable geographic coverage and pr experience in the U.S. Overseas, the London business is expected to continue to climb, while the Tokyo office develops more slowly. Tokyo is an investment to serve client needs there and may show some income in 1987. Apart from any new business in 1987 from new clients, Doremus expects to see billings top $300 million from its existing clients.

U.S. accounts

Gained: Empire of America; Parker Meridian; Commonwealth of Massachussetts; Engineering System & Development; Consumer Banking Corp.; Yamaichi International; Enisco; GTE; American College; New Jersey Department of Commerce & Economics; Summa Medical; IGENE; SmithKline; NW Dowing Realty Finance Corp., Butler & Bimon; Ban Ponce Corp.; Locus Computing; Associated Inns & Restaurants Corp. of America

Lost: Barcus Berry; Ritz-Carlton; St. Paul Federal; Bull and Bear Securities; Kleinwort Benson; Vinyl Institute; Chicago Board of Trade

Officers

Curtis R. Troeger, chmn-ceo; John H. Porter, G. Barry McMennamin, vice chmn; John E. Eckelberry, president Doremus Financial Advertising; Carl J. Anderson, sr vp, cfo; Robert Allen, sr vp, gen mgr-Boston; Norma Collier, sr vp, gen mgr-Los Angeles; Tomlin Gardner, sr vp, gen mgr-Chicago; John Garre, sr vp, creative dir; William D. Genge, sr vp-business devel; O. John Haering, sr vp, gen mgr-San Francisco; Charles E. Gay, Andrew Quinn; Stanley Rygor; Philip Sievers; Raymond Zipko, sr vps; Doremus Porter Novelli: John H. Porter, chmn; William Novelli, president-national div; Richard Weiner, president-New York; Richard H. Truitt, president, corp, financial; Wesley E. Truesdell, corp, financial; Walter Sperr, Leonard Saffir exec vps-New York; Randi Thompson, exec vp-Los Angeles; Robert Druckenmiller, exec vp-Washington; Roger Isaacs exec vp-Chicago

Phone: (212) 964-0700

DYR Worldwide

RANK **28**

Los Angeles

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Gross income	50.7	47.3	7.0
Billings	347.1	331.0	4.9
U.S.	**1986**	**1985**	**% chg**
Gross income	19.5	20.7	(5.5)
Billings	131.2	143.2	(8.4)

☑

Billings by media

($ in millions)	*1986*	*1985*	*% chg*
Newspaper	10.5	8.6	22.1
Magazine	51.2	64.4	(20.6)
Radio	13.1	10.0	30.8
Network TV	26.2	30.1	(12.8)
Spot TV	22.3	20.0	11.2
Cable TV	1.3	1.4	(8.4)
Outdoor	2.6	5.7	(54.2)
Yellow Pages	3.9	2.9	37.4

Workforce

	1986	*1985*	*% chg*
Worldwide	845	693	21.9
U.S.	230	251	(8.4)

Offices

Worldwide: 13; U.S.: 3

1986 billings by major office

($ in millions)	*City*	*Billings*
DYR Direct	Los Angeles	9.8
DYR Public Affairs	New York	0.4
DYR Worldwide	New York	66.5
DYR Worldwide	Los Angeles	54.5

Annual review

The combination of advertising budget cutbacks and the Japanese yen appreciation caused domestic billings to decline 8.4%, but currency translations helped overseas billings increase 15%. Although DYR sold in December its N.Y. office to Dentsu-owned DCA because of client conflicts, the agency will re-establish a N.Y. presence. DYR opened an office in China, and expects the European and Asian operations to continue their good growth.

U.S. accounts

Gained: Camino Real hotels (Westin), Mexico; Scripto, Tokai

Lost: Daiwa; Del Monte; Gemco, Lucky Stores; Security Pacific Bank

Foreign accounts

Gained: China—Lido, Holiday Inn; Unisys (Sperry/Burroughs), corp. Germany—Burger King; CMG, German cheese; Johnson & Johnson; Katjes, sweets; Martin Brinkman, Rothmans; Verband Oeffentlicher Verkehrsbetriebe, public transport. Hong Kong—Anz Bank, Kentucky Fried Chicken; Unisys corp. Japan—Canada Dry; Cole Hann Shoes; Miller Beer; Mosburger hamburger chain; Takata Coopervision; Toshiba Sord, personal computers; Unisys, corp. Malaysia—Disney Promotions, Disney-on-Ice; Hong Leong Finance; Moutrie Trading, Cross pens, Yves St. Laurent and Nina Ricci perfumes; Natvest, Yuyi Baru Supermarkets, Pernod Ricard. Singapore—Westin, Raffles City; Royal Canadian Mint. Thailand—Calbee Snacks, Colgate-Palmolive; DuPont; Olympia Thai

Lost: Germany—Reemtsma, R-6. Japan—Bristol-Myers, Sea Breeze; Club Med

Officers

Hideharu Tamaru, chmn; Alexander Brody, president-ceo; Shunya Hashiguchi, president-DYR Japan; Peggy Healy, sr vp; Jerry Roberts, chmn-DYR USA; Shinzo Ueno, exec vp

Phone: (212) 703-1553

Eisaman, Johns & Laws

RANK **77**

Los Angeles

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Gross income	13.4	12.8	4.6
Billings	89.3	85.1	4.9

☑

Billings Business Journal

Idaho Business Review (Boise)

Boston Business Journal

Business First of Buffalo

The Business Journal (Charlotte)

Business Record (Des Moines)

Hartford Business Journal

Pacific Business News (Hawaii)

Houston Business Journal

Indianapolis Business Journal

The Business Journal (Milwaukee)

CityBusiness Twin Cities (Minneapolis/St. Paul)

New Hampshire Business Review

New Orleans CityBusiness

The Journal Record (Oklahoma City)

The Business Journal (Portland)

Providence Business News

Richmond Business Journal

Rochester Business Journal

The Business Journal (Sacramento)

Puget Sound Business Journal (Seattle/Tacoma)

Tampa Bay Business Journal

Washington Business Journal (D.C.)

Westchester Business Journal (NY)

Wichita Business Journal

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U.S. billings

($ in millions)	1986	1985	% chg
Media	79.1	76.1	4.0
Materials & services	5.5	4.8	14.3
Capitalized fees	4.6	4.1	12.2

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	6.2	6.0	5.0
Magazines	28.7	28.9	(5.8)
Supplements	2.5	2.6	(0.04)
Radio	16.1	15.3	0.05
NetworkTV	7.1	6.8	4.9
Spot TV	20.5	19.6	4.9
Outdoor	3.6	3.4	4.9
Bus. papers	1.7	1.7	(0.9)
Yellow Pages	0.8	0.9	(6.8)
Direct mail	0.5	0.5	0.0
Dir. resp. mag.	1.5	—	—

Workforce

	1986	1985	% chg
Worldwide	158	142	11.3
U.S.	158	142	11.3

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Eisaman, Johns & Laws	Chicago	16.9
Eisaman, Johns & Laws	Los Angeles	48.3
Eisaman, Johns & Laws	Houston	24.1

Annual review

Eisaman, Johns & Laws' existing clients and new business contributed equally to the 4.9% growth in billings in 1986. A gain of $4 million in annualized billings from Neutrogena, additional product assignments, and general spending increases from existing clients, particularly Pennzoil, should spur billings in 1987. The agency did not lose any accounts in 1986.

U.S. accounts

Gained: Neutrogena Corp., Los Angeles; WLUP-FM Chicago; Whataburger, Franchised Operators Assn., Dallas; Whataburger, corporate local store mktg, Houston; G. Heileman Brewing Co., La Crosse, Wis.; Evans Inc., Chicago; Prisma Corp., Los Angeles

Officers

J.R. Eisaman, chmn; Robert F. Laws, president; Adrienne Hall, vice chmn; Dennis R. Coe, Dean R. Laws, div presidents; Richard J. Westman, president-Houston; James F. Benson, exec vp, exec creative dir; Jack L. Leener, exec vp, mgmt super; Michele de Maio, exec vp, genl mgr-Chicago
Phone: (213) 469-1234

RANK 22

William Esty Advertising Co.

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	75.0	76.5	(2.0)
Billings	510.0	510.0	0.0

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	468.0	467.0	0.2
Materials & services	42.0	43.0	(2.3)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	10.2	15.3	(33.3)
Magazine	86.7	91.8	(5.6)
Supplements	5.1	5.1	0.0
Radio	15.3	15.3	0.0
Network TV	239.7	219.3	9.3
Spot TV	91.8	91.8	0.0
Cable TV	5.1	5.1	0.0
Outdoor	51.0	61.2	(16.7)
Bus. papers	5.1	5.1	0.0

Workforce

	1986	1985	% chg
Worldwide	500	560	(10.7)
U.S.	500	560	(10.7)

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
William Esty	Los Angeles	N/A
William Esty	New York	510.0

Annual review

Client conflicts related to parent Ted Bates' buyout by Saatchi continued a pattern of annual billings' declines at Esty where RJR Nabisco ($100 million) and Union Carbide ($25 million) stalked off. Esty is rebuilding its base with new clients, Dole ($25 million) and Travelers Health ($10 million).

U.S. accounts

Gained: Dole Food Co; Travelers Health Network
Lost: RJR Nabisco; Union Carbide Corp.

Officers

Gordon Bushell, chmn, ceo; Laurence Wassong, president, coo
Phone: (212) 692-6290

RANK 53

Evans Communications

Salt Lake City

($ in millions)

Worldwide	1986	1985	% chg
Gross income	21.8	18.3	18.9
Billings	145.0	122.0	18.9

U.S. billings

($ in millions)	1986	1985	% chg
Media	84.0	66.0	27.3
Materials & services	21.0	19.0	10.5
Capitalized fees	40.0	37.0	8.1

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	17.6	13.7	28.5
Magazine	14.8	12.9	14.3
Radio	16.6	13.0	27.9
Spot TV	31.2	23.9	30.8
Outdoor	3.8	2.5	50.7

Workforce

	1986	1985	% chg
Worldwide	345	295	16.9
U.S.	345	295	16.9

Offices

Worldwide: 10; U.S.: 10

1986 billings by major office

($ in millions)	City	Billings
Evans/AFSC	Dallas	13.0
Evans/BP&N	Denver	13.5
Evans/Kraft	Seattle	41.5
Evans/Lynch Rockey	San Francisco	13.0
Evans/Morris Paller	Atlanta	6.0
Evans/Motta	Phoenix	15.0
Evans/Salt Lake City	Salt Lake City	22.0
Evans/Weinberg	Los Angeles	21.0

Annual review

The 17% year-to-year billings growth recorded in 1986 was divided equally between new business, notably U.S.A. Wet, and existing clients, especially additional assignments from Wendy's. During the year, Evans gained a potential $25 million in annualized billings while declines where held to $15 million annualized with Triad accounting for the majority. The agency bought in 1986: Arnold, Foster, Sherrill & Carrithers, Dallas, in October; Pollack & Norman, Denver, in May; Morris & Paller, Atlanta, in April; and Bean Marriott, Seattle, in September.

U.S. accounts

Gained: Wendy's, Ariz., Okla., Texas; Vail Associates; Beaver Creek Properties; Presbyterian Hospital, Dallas; U.S.A. Wet; Yonex; Kwikset Lockset div, Emhart; J.B.'s Big Boy Restaurants, Salt Lake City; French Health Plan, San Francisco; Cellular One, Denver; Pizza Hut, Mont., Utah; Costain of Arizona; Yellow Front Stores
Lost: Candle Corp.; Dairy Queen; Salt Lake City Convention & Visitors Bureau; Copper Mountain Resort; Wood Brothers Homes; Triad; Metro Transit

Officers

L. Glen Snarr, chmn; Frank Horsley, chmn-Evans/Kraft; Jon L. Johnson, president-ceo; Arthur S. Anderson, president-Evans, Salt Lake City; Charles R. Bartholomew, president-Evans, Bartholomew, Pollack Norman; Donald B. Kraft, president-Evans/Kraft; M. Terrence Lynch, president-Evans/Lynch Rockey; Philip A. Motta, president-Evans/Motta; R. Webb Sherrill, president-Evans/AFSC; Frederick G. Todman, president-Evans/Morris Paller; Thomas A. Weinberg, president-Evans/Weinberg
Phone: (801) 364-7000

RANK 63

Fahlgren & Swink

Parkersburg, W. Va.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	17.1	12.9	32.8
Billings	113.9	84.6	34.6

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	44.7	28.6	56.6
Materials & services	10.8	8.6	25.3
Capitalized fees	58.4	47.7	22.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	9.1	6.8	34.6
Magazine	5.7	6.8	(15.9)
Radio	14.8	9.3	59.1
Network TV	18.2	5.1	259.0
Spot TV	31.9	25.4	25.7
Cable TV	1.1	0.8	34.6
Outdoor	3.4	1.7	101.9
Bus. papers	25.1	24.5	2.1
Yellow Pages	4.6	4.2	7.7

Workforce

	1986	1985	% chg
Worldwide	304	239	27.2
U.S.	304	239	27.2

Offices

Worldwide: 7; U.S.: 7

1986 billings by major office

($ in millions)	City	Billings
Fahlgren & Swink	Ohio div	66.3
Fahlgren & Swink	Southeast div	47.6

Annual review

A 35% growth in billings came from the acquisition of D'Arcy Masius Benton & Bowles' Atlanta office, existing clients, and new business. Main contributors to the annualized billings gains of $30 million where new accounts Dairymen, Drackett Co., and Georgia Federal Bank. Annualized losses amounted to $4 million. The agency sees its packaged goods accounts, Drackett, Big Drum ice cream, and Worthington Foods, as growth builders in 1987.

U.S. accounts

Gained: Drackett Co., Bristol-Myers; O-Cedar Mops & Brooms; Twinkle, new prods; Kardex Systems; Information Storage & Retrieval; Elanco Products, Eli Lilly; Worthington Foods, Morningstar Farm frozen foods, Scramblers, Natural Touch; American Pioneer Savings Bank; Amoco Foam Products; Dairymen, Inc., Flav-O-Rich and UHT divs; Fairfield Communities, Inc.; Georgia Federal Bank; Georgia Power Economic Development Dept.; SDRC, MCAE Software; Silver Dollar City Corp., Dollywood, Silver Dollar City, White Water; Southeast United Dairy Industry Assn.; Southern Co. System Advertising, Alabama Power, Georgia Power, Gulf Power, Mississippi Power; Weyerhaeuser Corp., Independent Wood Products Group, High Quality Graphics Group, Shipping & Container div, Composite Wood div
Lost: Heck's, Inc., discount stores; Loctite Corp., Loctite and Permatex prods; Parker-Hannifin Corp., Fluidpower Systems and components; Klosterman's Baking Co.

Officers

H. Smoot Fahlgren, chmn-ceo; C. Richard Fisher, president, creative dir; James W. Swearingen, vice chmn-coo; Vincent J. Backley, William W. Kight, vice chmns; Robert F. Guirlinger, secretary; Blaine E. Gutermuth, chmn, exec committee; Donald H. Rice, chmn-Atlanta; Alf Nucifora, president, gm-Atlanta; Bob Kane, vice chmn-Atlanta; Tim Seifert, president-Cincinnati; R. Daniel Dahlen, sr vp, dir client svcs; Richard M. Imes, president-Toledo; John Ferry, president-Parkersburg; Rodney B. Stegall, exec vp, corp creative svcs
Phone: (304) 424-3591

RANK 89

Fallon McElligott

Minneapolis

($ in millions)

Worldwide	1986	1985	% chg
Gross income	11.2	10.4	7.7
Billings	93.3	81.2	14.9

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	33.1	—	—
Materials & services	13.7	—	—
Capitalized fees	46.6	—	—

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	3.2	—	—
Magazine	4.2	—	—
Radio	6.7	—	—
Spot TV	12.3	—	—
Outdoor	0.9	—	—
Bus. papers	5.8	—	—

Workforce

	1986	1985	% chg
Worldwide	108	98	10.2
U.S.	108	98	10.2

Offices

Worldwide: 1; U.S.: 1

Annual review

Highlights of 1986 were the arrival of Lee Jeans' $20 million account, Scott fertilizer ($5 million), and Wolverine's $7 million account split between Brooks running shoes and Hush Puppies, not to mention the Clio's and New York Art Directors' awards. Lowlight was the ZAP Mail work that never materialized, emotionally a big disappointment when Federal Express canceled ZAP before it began. In February, 1986, Scali, McCabe, Sloves of the Ogilvy Group purchased 75% of Fallon.

U.S. accounts

Gained: Penn Athletic; Lee Jeans; *Wall Street Journal*, special sections; Brooks; Hush Puppies; Scott's, lawn fertilizer
Lost: Armour Frozen Foods; Prince Foods, canning div; Gold N'Plump; *US* magazine

Officers

Pat Fallon, chmn; Irv Fish, ceo; Fred Senn, vp, acct svcs dir; Tom McElligott, vp, creative dir; Steve Sjoblad, president
Phone: (612) 332-2445

RANK 10

Foote, Cone & Belding Communications

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Gross income	323.0	284.2	13.7
Billings	2,154.5	1,900.7	13.4
U.S.	**1986**	**1985**	**% chg**
Gross income	242.4	213.7	13.4
Billings	1,616.7	1,430.7	13.0

☑

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	250.6	213.2	17.6
Magazine	226.3	197.4	14.6
Supplements	22.6	7.2	216.4
Radio	100.2	84.4	18.7
Network TV	465.6	443.5	5.0
Spot TV	367.0	357.7	2.6
Outdoor	34.0	10.0	239.0
Point of sale	34.0	28.6	18.6
Yellow Pages	80.8	64.4	25.6
Dir. resp. TV	35.6	24.3	46.2

Workforce

	1986	1985	% chg
Worldwide	5,105	4,920	3.8
U.S.	3,326	3,282	1.3

Offices

Worldwide: 67; U.S.: 23

1986 billings by major office

($ in millions)	City	Billings
Foote, Cone & Belding	New York	388.0
Foote, Cone & Belding	San Francisco	205.0
Foote, Cone & Belding	Chicago	459.0
Foote, Cone & Belding	Los Angeles	229.0

Annual review

FCB, active on the acquisition and divestiture front in 1986, purchased Leber Katz & Partners in New York and folded its New York operations into that unit giving FCB better geographic balance, and bought agencies in Thailand, Montreal, Australia, Turkey, Venezuela and Mexico. The agency toward the end of the year sold North Castle Partners in a management buyout, Carl Byoir & Associates, and Deutsch, Shea & Evans. The wash of billings gained and lost favored the gains which totaled $380 million annualized over losses of $230 million. Of the growth of $186 million in U.S. billings, 40% came from new clients, including sizable gains in annualized billings from Colgate-Palmolive ($70 million), RJR's Salem cigarettes ($35 million), Nabisco Brands ($25 million), No-nonsense Hoisery ($20 million), Fred Alger ($15 million), and Citicorp's Diners Club ($10 million) among others. Existing business contributed 60% of actual growth. During the year, Norman Brown became chairman, succeeding John O'Toole who retired.

U.S. accounts

Gained: Fred Alger; Colgate-Palmolive; Citicorp, Diners Club; RJR-Nabisco; NutraSweet; Lipton; Berlin Tourism; Ciba-Geigy Pharmaceuticals; Frank's Nursery & Crafts; S.C. Johnson Callico; Molson, Export; Kraft, Miracle Whip, Grated Cheese, tv specials; No-nonsense Hosiery; Mattel Inc.; AMI; Toshiba Office Products; Citicorp; Teledyne Water Pic
Lost: CBN; Clairol Inc.; IBM; Sara Lee; U.S. Telecom; Lanier, Harris; Sunkist Soft Drinks; Sitmar Cruises; Hughes; Winchell's; First Interstate

Foreign accounts

Gained: France—Groupama, CPC Knorr, Colgate, Duracelle Batt, Gillette. Germany—Schweppes, General Biscuit, Sunmaid, Beiersdorf, Colgate. Greece—Colgate. Italy—Cirio, RG/Vileda, United Brands. U.K.—Heinz, British Caledonian, Walnut Mktg Board, Marriott Hotels, Florida Citrus. Australia—Mutual Life; Waltons Dept Store, Colgate. Philippines—Colgate. Canada—Molson. Denmark—3M A/V Div, OK Data. Turkey—Colgate. Japan—British Caledonian
Lost: France—Pelforth, Picard, Data General. Germany—ICI Dulux. Italy—Renault, Testanara. U.K.—Kraft, Gordon's Gin, ICI Dulux, Data General. Canada—Kraft, Kentucky Colonel. Spain—Kraft Mayo

Officers

Norman W. Brown, chmn-ceo; Abbott C. Jones, president-coo; Stanley Katz, vice chmn, chmn FCB/Leber Katz Partners; W.R. Wirth Jr., exec vp-corp resources; Craig Wiggins, president-ceo-Continental Europe; Len Sugarman, vice chmn, ceo-Europe, chmn, ceo-London; Antonio Beja, chmn-Latin America, Pacific, South Africa; Bruce Mason, president-Midwest; Thomas Randolph, chmn-West; Charles Gunderson, sr vp, secretary & treasurer; Dale Perona, sr vp, controller.
Phone: (312) 751-7000

RANK 67

Geer, DuBois

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.8	15.8	0.0
Billings	105.0	105.0	0.0

Annual review

Gaining the $20 million Jaguar and $8 million Amaretto di Saronno accounts highlighted 1986's performance, and maturation of the new business will spell growth for 1987. Although the loss of IBM came as a blow, new business and increased spending by current clients offset losses, enabling billings to hold steady at $105 million and income at $15.8 million. The agency is passionately committed to staying independent and mid-size, believing that it can offer clients a commitment that large publicly held agencies cannot.

U.S. accounts

Gained: Jaguar Cars; Amaretto di Saronno; Chicken By George; Fred S. James & Co., Inc.
Lost: IBM; Sikorsky Aircraft

Officers

Peter Geer, president; John Allen, exec vp, dir-client svcs; Steve Olderman, exec vp, creative dir; Doria Steedman, exec vp, dir-agency operations; James Adair, Rea Brown, Michael Garcia, Ken Heidelberg, David Idema, Fred Irwin, Robert Kilzer, Marce Mayhew, Tim O'Leary, Tom Pearse, Joy Sliwa, Rona Yohalem, sr vps; Ed Parella, vp, treasurer

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. *See story on Page 6.*

Geers Gross Advertising

RANK 39

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	35.0	38.1	(8.1)
Billings	240.0	257.0	(6.6)
U.S.	**1986**	**1985**	**% chg**
Gross income	23.0	24.0	(4.2)
Billings	170.0	170.0	0.0

U.S. billings

($ in millions)	1986	1985	% chg
Media	136.0	143.0	(4.9)
Materials & services	140.0	15.0	833.3
Capitalized fees	20.0	12.0	66.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	10.2	10.2	0.0
Magazine	42.5	42.5	0.0
Radio	8.5	8.5	0.0
Network TV	51.0	51.0	0.0
Spot TV	47.6	47.6	0.0
Cable TV	3.4	3.4	0.0
Outdoor	3.4	3.4	0.0
Bus. papers	3.4	3.4	0.0

Workforce

	1986	1985	% chg
Worldwide	258	280	(7.9)
U.S.	167	180	(7.2)

Offices

Worldwide: 2; U.S.: 1

Annual review

Billings growth was flat and total gross income declined because of the structure of certain client contracts in 1986. A bright spot was the potential new business gains of $15 million in annualized billings with the majority coming from Kraft Foods, while declines amounted to $3 million annualized with Schenley Imports comprising the majority. Billings growth during 1987 should come from Kraft and Quaker Oats, new introductions from L'Oreal, and existing clients Fuji Photo Film and Nintendo, videogames. In the London office, Robert E. Geers returned as creative dir of Geers Gross Ltd.

U.S. accounts

Gained: Quaker Oats; Wamsutta; Marchon Inc.; Curtis Burns; Kraft Foods, Sealtest, Polar Bar and new dairy prods; Christian Schmidt Brewing
Lost: Schenley Imports; Eagle Affiliates

Foreign accounts

Gained: Queensway; L'Oreal; Imperial; Spillers; Duff; Clairol; Hamleys
Lost: Bass; Bristol-Myers; JCCC Access; Rumbelows

Officers

Robert Gross, chmn; Hank Wasiak, president; Irwin Warren, vice chmn; John Koutsantanou, exec vp-cfo; Nancy Jo Kimmerle, exec vp, rsch dir; Russell Gilsdorf, exec vp, media dir
Phone: (212) 916-8000

Grey Advertising

RANK 11

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	309.1	259.3	19.2
Billings	2,061.7	1,729.5	19.2
U.S.	**1986**	**1985**	**% chg**
Gross income	203.6	183.2	11.1
Billings	1,358.0	1,221.9	11.1

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,263.3	1,029.8	22.7
Capitalized fees	86.0	192.1	(55.2)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	93.3	97.7	(4.5)
Magazine	187.2	207.7	(9.9)
Radio	43.4	36.7	18.3
Network TV	537.5	623.2	(13.8)
Spot TV	258.1	213.8	20.7
Cable TV	31.8	36.7	(13.4)
Outdoor	9.2	6.1	—50.8
Point of sale	97.6	—	—
Yellow Pages	2.7	—	—
Dir. resp. TV	20.9	—	—
Dir. resp. radio	1.4	—	—
Dir. resp. newsp.	12.3	—	—
Dir. resp. mag.	17.9	—	—

Workforce

	1986	1985	% chg
Worldwide	4,725	4,570	3.4
U.S.	2,238	2,234	0.2

Offices

Worldwide: 145; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
Grey Advertising	New York	1,122.8
Grey Chicago	Chicago	65.0
Grey Orange County	Fount. Valley	N/A
Grey Western	San Francisco	52.8
Grey Western	Los Angeles	117.4
Gross Townsend	New York	34.0

Annual review

Grey, which built up worldwide billings by 18.7% in 1986, got a big lift from its international sector in which billings grew by $196.1 million, or 38.6% from 1985, a credit to overseas expansion of sales promotion and direct marketing, and the opening of new international offices for a net gain of 34 offices abroad. New business stateside was credited with 67% of the domestic growth in billings of $127.4 million, and existing clients the rest. Big gains came from Strohs ($50 million in annualized billings) and Quaker State ($12 million annualized). Losses were paced by Northwest Airlines ($50 million annualized). Existing client P&G pushed through $35 million more in billings for Crisco, ABC Entertainment added $25 million more and Alberto-Culver $20 million. In October, Grey purchased Gross Townsend Frank Hoffman and sold Grey Medical to BJK&E. Partial year contributions from those units are included in Grey's returns.

U.S. accounts

Gained: Grey/N.Y.: Chandris Cruises; Farley Industries; Lazarus Department Stores; Madison Square Garden Network; Marine Midland Bank; McCormick & Co.; National Dairy Promotion and Research Board/United Dairy Industry Association; Quaker State Oil Refining Corp.; Radio City Music Hall; Rorer Consumer Pharmaceuticals; Stroh Brewery Co.; Totes, Inc., media only; Travelers Mortgage Services; Upjohn Co. Grey/Chicago: Bell Federal Savings & Loan; Jewel Food Stores; Osco Drug Stores; WMAQ-TV. Grey/western div: Caesar's Tahoe; Net Express; Wyse Technology
Lost: Grey/N.Y.: Arby's Inc.; Intercontinental Hotels Corp.; No Nonsense Fashions; Revlon, Inc., Classic Cosmetics, European Collagen Complex, Moon Drops, Natural Wonder, Scoundrel; Waldenbooks. Grey/Chicago: Regina Co. Grey/Twin Cities: Northwest Airlines. Grey/western div: Kikkoman International; Moctezuma Imports

Foreign accounts

Gained: Mars-Australia, Austria, France; Olivetti-Australia, New Zealand; Bayer-Austria, U.K.; BSN-Austria, Belgium; Nike-Austria, Belgium, France, U.K.; GD Searle & Co.-Canada, Sweden; PLUNA Airlines-Chile, Uruguay; Hella-Germany, Netherlands; Hertz-Germany, South Africa, U.K.; U.S. Mint-Germany, Hong Kong, Japan; Mitsubishi-Malaysia, Thailand; Wrigley-Malaysia, Singapore.
Lost: Martini & Rossi-Argentina; Mennen-Austria, U.K.; Citroen-Belgium; Northwest Airlines-Belgium, Taiwan; Simplicity Patterns-Belgium, New Zealand; AES Data-Canada, Germany, Netherlands, Spain, Switzerland; Canada Dry-Canada; Fisher audio/video-Chile; Toyota-Chile; BSN-France; Vittelloise-France; Honeywell-Hong Kong; GTE Sylvania-Italy; Asahi Optical-Japan; Kirin Brewery-Japan; InterContinental-Netherlands, Spain; Jockey-Netherlands; Smith Kline French-New Zealand; American Home Products-Peru; CPC-Peru; Winchell's Donuts-Philippines; Revlon-South Africa; Kroy-Spain, U.K.; Skanska Banken-Sweden; Pennzoil-Switzerland; Dunkin Donuts-Taiwan

Officers

Edward H. Meyer, president & chmn; Robert L. Berenson, exec vp-admin; Alan B. Fendrick, exec vp, treasurer, secretary; Barbara S. Feigin, exec vp, dir mktg, planning & strategic devel; Richard M. Karp, exec vp, dir creative svcs; Alec Gerster, exec vp, dir-media & programming; Stephen A. Novick, exec vp, dir-broadcast production
Phone: (212) 546-2000

Griffin Bacal

RANK 60

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	18.5	17.6	5.4
Billings	142.3	117.0	21.6

U.S. billings

($ in millions)	1986	1985	% chg
Media	120.4	110.4	9.1
Materials & services	21.4	6.7	221.8

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	—	0.4	—
Magazine	5.3	6.0	(10.6)
Radio	0.1	0.6	(84.5)
Network TV	28.0	25.9	7.9
Spot TV	84.3	76.9	9.6
Cable Tv	2.7	0.6	384.6

Workforce

	1986	1985	% chg
Worldwide	175	152	15.1%
U.S.	175	152	15.1

Offices

Worldwide:1: U.S.: 1

Annual review

Griffin Bacal posted a solid 21.6% increase in billings over 1985, reaching $142.3 million, with the increase split one-third from new client Stride-Rite and two-thirds from current clients Playskool and Franklin Mint. Commodore's billings will show up in 1987.

U.S. accounts

Gained: Stride Rite; Commodore
Lost: none

Officers

Tom Griffin, president; Joe Bacal, exec vp, dir creative scvs; Art Heller, exec vp, dir of media; Paul Kurnit, exec vp, dir client scvs; Lenny Leokum, sr vp, creative dir; Bob Darcy, exec vp, treasurer; Bob Marden, Gordon Hunt, Mary Sue Robinson, Bob Horne, vps, mgmt supers; Heidi Kahme, vp, dir broadcast; Ed Torton, Lois Sandberg, Michael Zambrelli, Maurice Mahler, vps, assoc creative dirs.
Phone: (212)337-6300

GSDM

RANK 94

Austin, Texas

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.5	9.5	10.6
Billings	85.1	76.2	11.7

U.S. billings

($ in millions)	1986	1985	% chg
Media	85.1	76.2	11.7

Workforce

	1986	1985	% chg
Worldwide	135	155	(12.9)
U.S.	135	155	(12.9)

Offices

Worldwide: 4; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
GSDM	Austin, Tex.	60
GSDM	Houston	9
GSDM	San Antonio	N/A
GSDM	Dallas	16

Annual review

GSDM added $8.9 million in net billings in 1986, two-thirds of which came from growth in existing business. The churn of clients gained and lost produced $2.7 million growth in annualized billings as new clients brought in $6.6 million and the two exiting accounts took away $3.9 million in billings.

U.S. accounts

Gained: Houston Lighting & Power; Quik Wok Restaurants; Rodeway Inn International; Barg's Root Beer; Taco Bell, Hispanic; Caliente Chili
Lost: SIGNA; Moore Business Systems

Officers

Stephen Gurasich, chmn; Roy Spence, president; Tim McClure, exec creative dir; Judy Trabulsi, media dir; Carl Larkin, president-Dallas; Robert Lansdowne, president-Houston
Phone: (512) 327-8810

Hal Riney & Partners

RANK 73

San Francisco

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.0	—	—
Billings	130.0	—	—

Billings by media

($ in millions)	1986	1985	% chg
Print	32.5	N/A	—
Radio	13.0	N/A	—
TV	78.0	N/A	—

Annual review

In its first full year of operation, Hal Riney & Partners, formerly O&M, San Francisco, has achieved billings of $130 million, and opened new shops in Chicago and New York. New billings in 1986 came close to $35 million. New business gains, Tootje dessert snacks and P-C's Ltd., should ensure continued billings growth for 1987.

U.S. accounts

Gained: Izod (golf, tennis); New Zealand Kiwi Fruit Authority; Anheuser-Busch (corp, new prods); See's Candies; Blue Cross Blue Shield-Illinois.
Resigned: G. Heileman Brewing Co.; Stuart Anderson's Restaurants.

Officers

Hal Riney, chmn-ceo; James D. Travis, president-coo; John Yost, sr vp, genl mgr-SF; Tom Sharp, sr vp, genl mgr-Chicago; Peter Murphy, sr vp, exec creative dir-SF; Bruce Campbell, Jerry Andelin, sr vps, creative-SF; David Lamb, sr vp, exec creative dir-Chicago; Tom Rost, sr vp, exec creative dir-NY.
Phone: (415) 981-0950.

HBM/Creamer

RANK 33

Boston

($ in millions)

Worldwide	1986	1985	% chg
Gross income	40.1	30.3	32.8
Billings	267.0	201.0	32.8

U.S. billings

($ in millions)	1986	1985	% chg
Media	267.0	201.0	32.8

Workforce

	1986	1985	% chg
Worldwide	558	N/A	—
U.S.	558	N/A	—

Offices

Worldwide: 5; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
HBM/Creamer	Boston	142.0
HBM/Creamer	Chicago	28.0
HBM/Creamer	Pittsburgh	97.0

Annual review

With the takeover of HBM/Creamer by WCRS Group PLC in September and the subsequent spinoff of its New York office, the 1986 figures do not reflect the banner year it was in fact for the agency: Boston had the best year in its 12-year history, Pittsburgh added some $20 million in new and increased business, the agency acquired Schneider, Parker & Jakuc and its $20 million billings, and the design and direct marketing units expanded. Morale remains high, new business activity is brisk, and hiring of new people continues. A major factor in maintaining the high morale has been the appointment of 16-year agency veteran Mary Moore as president of the Boston office. Accounts at the New York office were divided between WCRS's Della Femina Travisano & Partners and newly formed independent Pedone & Partners Inc., which opened officially in January, 1987, and is headed by Michael F. Pedone, former president of HBM/Creamer New York. Della Femina got about $70 million in annualized billings from nine accounts, led by the $20 million Sheraton Hotels division of ITT and A&W Root Beer. Pedone & Partners walked away with $18 million in billings on 13 accounts: Cumberland Packing Corp.'s Sweet 'N Low; W. Goebel's Hummel figurines; Palm Beach Inc.'s Evan-Picone and Palm Beach clothing; S.T. Dupont division of Gillette; Knomark's Ty-D-Bol, Primo and Esquire shoe polishes; Tradex, discount brokerage; Shaw-Ross International's White Horse Scotch; Florasynth, flavors and fragrances; and the food service and military advertising for N. Dorman's cheese, Lindy's cheesecakes, T.J. Lipton's teas, Chesebrough-Ponds, and Colgate. Since the takeover by WCRS, HBM/Creamer's pr division has been established as an independent subsidiary, Creamer Dickson Basford. HBM/Creamer with its main office in Boston also has offices in Pittsburgh and Providence, as well as an account service office in Hartford.

U.S. accounts

Gained: Digital Equipment Corp.; Stouffers Dinners Supreme; Beecham Cosmetics; Allied Automotive Aftermarket; Foot-Joy; Price Chopper; Pittsburgh Brewing; Alcoa Kitty Whiskers; Nestle Dairy Products
Lost: Emhart; Marshalls; Codex; RediVision; Pittsburgh Visitors Center

Officers

Edward Eskandarian, ceo, chmn; William E. Sprague, chmn-Pittsburgh; John F. Waldron, president, creative dir-Pittsburgh; Richard J. Weber, Howard S. Gittins, exec vps-Pittsburgh; Stanley Muschweck, Lester E. Gallagher, Richard Grinberg, John O'Leary, sr vps-Pittsburgh; Mary E. Moore, president, creative dir-Boston; Richard L. Britton, Michael H. Reingold, exec vps-Boston; Ronald M. Lawner, Robert F. Schneider, John C. Hersey, sr vps-Boston; Cheryl Heller, sr vp-design group, Boston; Albert Jay Rosenthal, chmn-Chicago; John A. Wiegand, vice chmn-Chicago; Sy Dordick, president-Chicago; Mitchell S. Weeks, sr vp, genl mgr-Providence; Guy Corcoran, Peter G.H. Kelly, sr vps; Alan E. Cole, sr vp, mgr-Hartford
Phone: (617) 723-7770

HCM

RANK 17

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	106.0	95.8	10.7
Billings	723.0	638.7	13.2
U.S.	**1986**	**1985**	**% chg**
Gross income	24.2	24.8	(2.4)
Billings	177.6	165.4	7.4

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U.S. billings

($ in millions)	1986	1985	% chg
Media	94.9	85.6	10.9
Materials & services	24.4	2.1	(23.5)
Capitalized fees	58.3	47.7	22.2

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	13.3	8.3	60.0
Magazine	13.4	17.5	(23.7)
Supplements	0.1	0.2	(45.3)
Radio	12.1	8.0	52.6
Network TV	12.1	2.0	514.7
Spot TV	20.1	13.6	47.8
Outdoor	1.6	1.5	4.7
Bus. papers	22.2	28.5	(22.1)

Workforce

	1986	1985	% chg
Worldwide	1,396	1,430	(2.4)
U.S.	280	341	(17.9)

Offices

Worldwide: 31; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
HCM	Los Angeles	22.4
HCM	Chicago	80.4
HCM	New York	69.0
HCM	Denver	0.2
HCM	Pittsburgh	5.5

Annual review

Domestic growth of 7.4% in billings

was split between new clients (53%) and existing ones (47%) at HCM, owned 51% by Paris-based Eurocom and 49% by Young & Rubicam. Overseas, billings growth continued at a healthy 15% clip with the offices in France particularly showing good health. The agency domestically gained $22 million in annualized billing, the majority coming from Peugeot Motors, while losing $16 million in annualized billings from the Jack-in-the-Box. The agency looks for continued growth from clients, Dannon and Blue Cross & Blue Shield and several clients gained in late 1986. The agency continued its consolidation of offices by closing its Pittsburgh unit.

U.S. accounts

Gained: Peugeot Motors of America; Dow, new assignments; Columbia Savings and Loan
Lost: Jack-in-the-Box, foodmaker

Foreign accounts

Gained: France, Germany—Bisquit, cognac. France—Berlitz School; National Lottery; Larousse, dictionary; Paribas, bank; Hewlett Packard, computers; KIS, photo; CGE, electronic; Champion, supermarkets. Belgium—Materne, jams. Germany—Deinhard, wines; Sonnen & Bassermann, foods. Switzerland—Swiss Credit Bank, new assignment; Bongrain, cheese. England—Sony, tapes; Reckitt Coleman, air freshener; Sunbeam Corp. Italy—Hanorah, cosmetics; Essilor, glasses; Lovable, women's clothing; Pan Am. Spain—Henkel, new prods; BDF Nivea, cosmetics; CPC, pasta; Tempo, feminine; *MIA*, magazine. Netherlands—Prince, cigarettes. Pan Europe—Orangina, beverage; Pommery, champagne
Lost: France—SNCF, national railroad; Minelli, shoes; Bridel, cheese, dairy prods. Germany—Spies Hecker, paintings. England—Allied Bakeries; Software Publishing. Holland—Lotto

Officers

Robert Schmetterer, ceo-worldwide; Alain dePouzilhac, coo-Europe; Patrick Hillman, mng dir-New York; Dale Landsman, mng dir—Chicago; Charles W. Reynolds Jr., mng dir-Los Angeles; Michael Drazen, John Danza, exec vps
Phone: (212) 752-6500

Henderson Advertising

RANK 87

Greenville, S.C.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.0	11.7	2.4
Billings	80.1	78.3	2.3

U.S. billings

($ in millions)	1986	1985	% chg
Media	59.8	59.7	0.2
Materials & services	11.3	10.7	5.1
Capitalized fees	9.0	8.0	12.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	1.8	3.0	(39.8)
Magazine	4.6	4.4	5.1
Radio	5.2	4.8	9.2
Network TV	33.0	31.0	6.5
Spot TV	11.1	13.1	(15.6)
Cable TV	2.0	0.6	231.2
Outdoor	0.8	0.6	26.7
Bus.papers	0.7	0.6	13.8
Point of sale	—	1.8	—
Direct mail	0.7	0.6	23.2
Dir. resp. newsp.	0.1	—	—
Dir. resp. mag.	0.1	0.6	(90.3)

Workforce

	1986	1985	% chg
Worldwide	120	136	(11.8)
U.S.	120	136	(11.8)

Offices

Worldwide: 1; U.S.: 1

Annual review

The precipitous drop of the dollar in 1986 led to reductions in ad spending by clients, "21" Brands and St. Pauli Girl, who market imported beers and wines, which in turn reduced Henderson's predicted 9% increase in 1986. Vigorous new client business offset these reductions, giving Henderson a year-to-year billings increase of 2.2%. With the leveraged buyout of the agency complete, the next level of management was promoted from within. In March, 1987, Bob Jones joined the agency as executive creative director, coming from the JWT shop in Atlanta. Long-range plans include remaining independent, doubling in size in the next five years, and possible acquisition of another agency outside South Carolina. Henderson serves clients from New York to Florida and west to Indianapolis. The agency predicts a 5% increase in business for 1987.

U.S. accounts

Gained: Murray Chris Craft; Sylvania Color Television; Philco Color Television; Pryde's Restaurants, Spartan Foods; "21" Brands-Paul Cheneau
Lost: None

Officers

Ralph W. Callahan Jr., chmn-ceo; James F. Brandhorst Jr., president; John J. Kennedy Jr., exec vp, cfo; Bob Jones, exec vp, creative; Mike Daly, Beverly Grant, Bruce Mitchell, Bob Reuschle, sr vps-creative; Lyda Mathis, sr vp-accounting; Gordon McDonald, Mike Zeller, sr vps-acct svcs; Mike Wilson, sr vp-mktg svcs
Phone: (803) 271-6000

Hicks & Greist

RANK 82

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.4	12.3	0.8
Billings	96.2	94.0	2.3

U.S. billings

($ in millions)	1986	1985	% chg
Media	89.0	87.0	2.3
Materials & services	3.3	3.2	3.1
Capitalized fees	3.9	3.8	2.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	11.5	11.3	1.8
Magazine	24.1	25.4	(5.1)
Radio	7.7	6.6	16.7
Network TV	18.3	18.8	2.7
Spot TV	23.1	20.7	11.6
Cable Tv	2.9	2.8	3.6
Outdoor	1.0	1.9	(47.4)
Bus. papers	3.8	2.8	35.7
Transit	1.0	0.9	11.1
Point of sale	1.0	0.9	11.1
Direct mail	1.9	1.9	—

Workforce

	1986	1985	% chg
Worldwide	128	125	2.4
U.S.	128	125	2.4

Offices

Worldwide: 1; U.S.: 1

Annual review

New business gains during 1986 accounted for 75% of the billings growth while existing clients added the remainder. Over the course of 1986, the agency gained a potential $7 million in annualized billings with the majority coming from Resorts International. The annualized billings value of accounts lost during the year amounted to $200,000. In the early months of 1987, the agency gained the estimated $5 million Ciba-Geigy business, which along with the product expansion plans of Riunite, fruit wines, and H.P. Hood, dairy products, could help the agency top 1986's nominal 2.3% billings growth.

U.S. accounts

Gained: Resorts International; Italian Trade Commission; Eagle Affiliates; Cardio Fitness Centers
Lost: Family Circle; Comstock

Officers

Charles V. Skoog Jr., chmn; D. Edward Ricchiuto, vice chmn; Hank Seiden, president; William Roper, chmn-exec committee; William Wurtzel, exec vp, creative dir; Gerry Cutler, exec vp-acct svcs; Ken Silvers, Roger Selden, sr vps-acct scvs; Robert Tenny, president-E.T. Howard; I.S. Kogan, president-I.S. Kogan
Phone: (212) 370-9600

Hill, Holliday, Connors, Cosmopulos

RANK 35

Boston

($ in millions)

Worldwide	1986	1985	% chg
Gross income	39.4	32.7	20.3
Billings	262.5	218.1	20.3

U.S.	1986	1985	% chg
Gross income	31.7	28.8	10.1
Billings	211.4	192.0	10.1

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	37.9	37.9	(0.0)
Materials & services	5.2	4.7	11.5
Capitalized fees	168.3	149.4	12.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	38.0	34.6	10.1
Magazine	48.6	34.6	40.7
Radio	27.5	19.2	43.1
Network TV	23.3	28.8	(19.2)
Spot TV	42.3	48.0	(11.9)
Cable TV	2.1	3.8	(44.9)
Outdoor	2.1	5.8	(63.3)
Bus. papers	6.3	5.8	10.1
Direct mail	10.6	5.8	83.5
Dir. resp. TV	2.1	—	—
Dir. resp. mag.	8.5	5.8	46.7

Workforce

	1986	1985	% chg
Worldwide	486	524	(7.3)
U.S.	350	395	(11.4)

Offices

Worldwide: 6; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
HHCC	New York	4.3
HHCC	Boston	187.7

Annual review

The acquisition of the London agencies Aspect, now Aspect Hill Holliday, and Woodman Chapman Hudson, helped fuel a 95% increase in overseas billings. HHCC has offices in Frankfurt, Hong Kong, London, and Paris, and affiliates in Sydney and Toronto, billings from the latter two of which were not consolidated. On the domestic front, existing clients, notably John Hancock, accounted for 70% of 1986 billings growth, while new clients, Bank of New England, L.L. Bean, and Revlon contributed the remaining 30%. HHCC expects good billings growth in 1987. It gained a potential $60 million in annualized billings with Bank of New England and Revlon contributing about $20 million each, while declines in annualized billings amounted to only $23.5 million, with BayBanks and Gould representing $8 million each.

U.S. accounts

Gained: Bank of New England; Centrust; L.L. Bean; Labatt's Importers; LJN Toys Ltd.; Revlon, Charlie, Intimate, new prods; Oppenheimer Management Corp.; Towle Manufacturing Co.; Page Systems; Ethan Allen Inc.
Lost: BayBanks; Spalding; Ocean Spray; Gould; Colours; Cellular One

Foreign accounts

Gained: AST; Arthur Andersen; Texas Instruments; G-Plan; Pontins; Help the Aged; Max Factor; Chelsea Building Society; Reebok France; UCCEL Software; Rado Watch; ISSCO; Benson; Hermes; Computervison; Fidelity; RHM Foods; Arthur D. Little; John Henry Shirt; Lady Manhattan; Pierre Balmain; AGC Finance
Lost: Abbey Life; Wendy Wool; Sinclair; Alberto Culver

Officers

George J. Hill III, chmn, creative dir; John M. Connors Jr., president-ceo; Dick Pantano, vice chmn, creative dir; Jack Sansolo, vice chmn-mktg, corp devel; Joseph E. Norberg, cfo, treasurer; Walter M. Pile Jr., exec vp, asst to president; Anthony Winch, exec vp, co-creative dir; Nola Anderson, Scott Cheyne, Michael Wilder, sr vps, group acct dirs; Pat Casale, Dennis Farrington, Justin Harrington, William Matteson, Thomas Woodard, sr vps, mgmt supers; Carolyn Clark, sr vp, mktg, strategic planning dir; Herb Coughlan, sr vp, human resources dir; Don Easdon, sr vp, co-creative dir; Ann Finucane, sr vp, broadcast dir, mgr creative svcs; William Heater, sr vp, assoc creative dir; Felice Kincannon, sr vp, media svcs dir; John F. Mills, sr vp-finance, admin; Peter Nichols, sr vp, assoc creative dir; Susan Smith, sr vp-intl; H. Scott Thomson, sr vp-integrated svcs; Malcolm MacDougall, president-New York; Tony Angotti, sr vp, co-creative dir-New York; Gary Gigot, sr vp, dir client svcs-New York; Christine Miller, sr vp, mng dir-New York; Joseph O'Neill, sr vp, co-creative dir-New York.
Phone: (617) 437-1600

Ingalls, Quinn & Johnson

RANK 61

Boston

($ in millions)

Worldwide	1986	1985	% chg
Gross income	17.6	7.4	138.0
Billings	117.4	49.3	138.0

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	92.4	38.8	138.0
Materials & services	10.7	4.5	138.0
Capitalized fees	14.3	6.0	138.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	18.0	7.4	143.3
Magazine	25.0	9.9	153.5
Radio	18.0	74.0	(75.7)
Network TV	59.0	1.0	5,800.0
Spot TV	25.0	10.0	150.0
Cable TV	0.2	—	—
Outdoor	0.1	—	300.0
Transit	0.0	0.0	400.0
Yellow Pages	0.2	—	—

Workforce

	1986	1985	% chg
Worldwide	273	110	148.2
U.S.	273	110	148.2

Offices

Worldwide: 1; U.S.: 1

Annual review

Highlights at Ingalls/Quinn & Johnson were the consolidation of the two agencies under the BBDO Worldwide (Omnicom) umbrella and the move to new headquarters. Conflicts caused by the Q&J purchase of Ingalls produced a drop of $10.2 million in annualized billings; however, it strengthened the delivery of account services and attracted $6.5 million in potential annualized billings, the majority of which came from Putnam Financial services and *Boston Herald*. Sizable new business acquisitions, and a 5-10% increase in ad budgets of existing clients are anticipated for 1987.

U.S. accounts

Gained: *Boston Herald*; Hit or Miss, retail chain; Putnam Financial; Steinway, pianos; Symbolics; Amstelland-USA, wholesaler construction materials
Lost: Ground Round restaurants; Lowell Shoe; *Worcester Telegram & Gazette*; Dodge-New England

Officers

S. Joseph Hoffman, chmn-ceo; Richard C. Garrison, president; Edwin P. Carboni, Brendan Kelley, Carol Wright, exec vps
Phone: (617) 437-7000

Jordan, Manning, Case, Taylor & McGrath

RANK 41

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	32.7	29.4	11.2
Billings	240.0	210.0	14.3

U.S. billings

($ in millions)	1986	1985	% chg
Media	199.7	175.8	13.6
Materials & services	8.3	6.2	33.9
Capitalized fees	32.0	28.0	14.3

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	4.8	4.2	14.3
Magazine	14.4	33.6	(57.1)
Supplements	2.4	4.2	(42.9)
Radio	24.0	25.2	(4.8)
Network TV	124.8	73.5	69.8
Spot TV	52.8	56.7	(6.9)
Cable TV	12.0	8.4	42.9
Outdoor	2.4	2.1	14.3
Bus. papers	2.4	2.1	14.3

Workforce

	1986	1985	% chg
Worldwide	285	276	3.3
U.S.	285	276	3.3

Offices

Worldwide: 1; U.S.: 1

Annual review

The agency, which added Burt Manning (former chairman-ceo JWT USA) to its shingle, pulled in $35 million in new business. Existing business generated an estimated $10 million more. Annualized billing gains included: Quaker, Life cereal, Natural cereal, Puss n' Boots cat food, $20 million; Borden, Wise Snack Foods, $5 million; P&G, Bounty, $10 million. Total losses for 1986 amounted to $15 million with $9 million of that attributed to Kobrand Corp.

U.S. accounts

Gained: P&G, Bounty; Quaker, Life Cereal, Natural Cereal, Puss n' Boots,; Upjohn, Haltran; Nestle, Laffy Taffy; A.H. Robins, Donagel; Bordens, Wise Snack Foods
Lost: Jones Dairy Farm; Kobrand Corp.

Officers

James J. Jordan Jr., chmn; Burt Manning, chmn-exec committee; Patrick J. McGrath, president; John L. Taylor, Eugene Case, exec vps
Phone: (212) 326-9100

Kallir, Philips, Ross

RANK 74

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.9	11.6	20.3
Billings	124.2	112.9	10.0

U.S.	1986	1985	% chg
Gross income	12.3	11.4	7.2
Billings	113.0	111.8	1.0

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	16.9	21.4	(20.8)
Materials & services	14.3	14.2	0.7
Capitalized fees	81.7	76.2	7.2

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	—	1.1	—
Medical journ.	61.0	61.5	(0.8)
Cable TV	—	1.1	—
Direct mail	29.4	25.7	14.2

Workforce

	1986	1985	% chg
Worldwide	190	185	2.7
U.S.	155	150	3.3

Offices

Worldwide: 3; U.S.: 1

Annual review

To mark its 25th year as a medical advertiser, the agency added a consumer products division and expanded overseas, entering the European market through its new Paling-Ellis/KPR operation, purchased in 1985, with offices in London and Brussels. The international business offset the more sluggish domestic side which rose a mere 1%, giving an overall 10% increase in billings in 1986. The agency got a number of new products from one of its biggest clients, Johnson & Johnson. KPR moved with its parent, Doyle Dane Bernbach, to Omnicom last year when DDB merged with Needham, and is now part of the D.A.S. group at Omnicom.

U.S. accounts

Gained: Ortho Biotech, OKT3; Sterling Int'l, Indcor; Ortho Int'l, O/C's; Vistakon, contact lenses; Rorer, Maalox-Perdiem

Foreign accounts

Gained: Sanaco; Cilaq; Merrill Dow; Glaxo/Oflockhart; Lederle; Syva; Wellcome; K. Creation; Duphar; E.M.S.; Brocades; DeCagnarge; Grosvener Stewart; K. Concept

Officers

John Kallir, chmn-ceo; Warren Ross, Gerald M. Philips, vice chmn; Norman Cooper, president-coo; Richard Grossman, exec vp-copy; Leo Palmer, exec vp-client svcs & mktg; John Geryak, exec vp-art; John Racik, exec vp-otc div
Phone: (212) 878-3815

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

Keller-Crescent Co.

RANK 56

Evansville, Ind.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	20.3	22.0	(7.4)
Billings	108.9	117.5	(7.4)

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	21.2	25.1	(15.6)
Materials & services	34.7	36.7	(5.4)
Capitalized fees	53.0	55.7	(4.9)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	9.7	10.6	(9.0)
Magazine	20.4	22.0	(7.0)
Radio	7.0	8.2	(15.2)
Spot TV	22.9	24.4	(6.1)
Outdoor	2.8	3.3	(15.8)
Bus. papers	7.1	8.3	(14.8)

Workforce

	1986	1985	% chg
Worldwide	560	560	0.0
U.S.	560	560	0.0

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Keller-Crescent Co.	Dallas, Irving	22.4
Keller-Crescent Co.	Evansville	86.5

Annual review

On Jan. 1, 1987, the agency was purchased from American Standard in a management-led leverage buyout. Billings growth patterns tied to the existing client base are expected to continue. Such internal growth in 1986 came to 90% of overall billings growth. One obstacle to overcome will be restoring the loss of $25 million in annualized billings from clients in 1986, notably Lincoln Manufacturing and Wayne Dalton. On the upside, $20 million in annualized billings came in the door with new clients in 1986, particularly Eureka Co., Pinkerton Tobacco and Amoco Oil, lubricants div.

U.S. accounts

Gained: Weaver Popcorn; A&H Truck Line; Carpenter Body Works; Eureka Co.; Forethought Group; Kinnear div., Harsco; Swift-Eckrich; Pinkerton Tobacco; Amoco Lubricants; Grasso, Inc.; Lewis Bakeries; Hewlett-Packard Co.; Voice Com Systems; Brock Hotel Corp.; Peer Services; Irving Convention & Visitors Bureau; Microcard Technologies; Porter Paint Co.

Lost: Lincoln Mfg Co.; Majestic Co.; Orthopedic Equipment Co.; WABCO Construction & Mining Equipment; Wayne Dalton Corp.; Ignitor Products; Honeywell Optoelectronics; Registry Hotel Corp.

Officers

Thomas Smythe, president; Robert Hampel, sr exec vp; Al Samuelson, exec vp, dir-planning, creative & media; Del Graham, exec vp-production & oper svc; Fred Kitch, exec vp-mktg & sales; Jack Cohen, exec vp-client svcs; Richard Wittgen, sr vp-client svcs; Ben Fitzpatrick, Frank Ferrara, Ron Edwards, group vps-client svcs; Ron Lucas, Dave Painter, Ronald B. Watkins, Gene Hacker, Ray Canafax, Gary McCamment, Kay Fitzpatrick, Hank Zunk, Pete Quinlan, Steve Nienaber, Don Minton, Paul Huttlin, Dennis Sanner, vps, acct supers; Jim Weitzel, vp-mktg svcs; Gerald Ulrich, Betty Chaffin, Pat Fagan, vps, creative dirs; Allen Mounts, vp-human relations; Bob Ubelhor, vp-A/V operations; Eugene Stevens, vp-creative prod svcs; Ray Trapp, president-Dallas; Thomas M. O'Connor, exec vp-client svcs-Dallas; Dick Thomas, exec vp, creative dir-Dallas; Robert A. Reagan, sr vp, mgmt super-Dallas; Shirley Weiss, vp, media dir-Dallas; Deborah Garton, vp, pr-Dallas

Phone: (812) 464-2461

Kenrick Advertising

RANK 92

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.8	9.2	18.0
Billings	52.0	49.8	4.3

U.S. billings

($ in millions)	1986	1985	% chg
Media	12.7	12.6	0.7
Materials & services	17.6	14.1	24.7
Capitalized fees	21.8	23.2	(6.1)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	2.1	2.5	(16.5)
Magazine	6.2	6.0	4.3
Medical journ.	1.0	0.5	108.6
Supplements	—	0.5	—
Radio	11.4	9.0	27.5
Network TV	2.6	1.5	73.9
Spot TV	15.6	11.0	42.3
Cable TV	2.1	1.5	39.1
Outdoor	0.5	0.5	4.3
Bus. papers	2.6	3.5	(25.5)
Farm publications	5.2	11.0	(52.6)
Transit	0.5	0.5	4.3
Point of sale	1.0	1.0	4.3
Direct mail	1.0	1.0	4.3

Workforce

	1986	1985	% chg
Worldwide	178	205	(13.2)
U.S.	178	205	(13.2)

Offices

Worldwide: 9; U.S.: 9

Annual review

A new entrant to the ranks of the top 100 agencies by gross income, Kenrick's 1986 growth came 75% from existing clients like Sandoz agribusiness and 25% from new clients, notably ConAgra frozen foods, and KangaROOS. During 1986, the agency gained a potential $4.8 million in annualized billings, while losing $4.6 million, some $3.1 million of that from Elanco. Kenrick, which has 9 offices in the St. Louis area, opened an office in Springfield, Mo. In the future, the agency wants to expand its consumer products accounts in order to avoid having to lay off people as it did in 1986 in the direct marketing and direct mail areas.

U.S. accounts

Gained: KangaROOS; ConAgra; Mark Twain Bancshares

Lost: Barnes Hospital; Elanco, cattle & poultry

Officers

C.R. Sides, chmn; E.D. Duncan, vice chmn; K.H. Hieronymus, president; J.L. Miller, C.A. Stillwell, exec vps; N.A. Berger, Clancy Strock, Gary Emmer, J.Y. Lin, sr vps

Phone: (314) 726-6020

Ketchum Communications

RANK 21

Pittsburgh

($ in millions)

Worldwide	1986	1985	% chg
Gross income	75.3	62.9	19.8
Billings	528.5	419.5	26.0
U.S.	**1986**	**1985**	**% chg**
Gross income	69.3	56.9	21.8
Billings	488.5	379.5	28.7

U.S. billings

($ in millions)	1986	1985	% chg
Media	324.3	247.5	31.0
Materials & services	30.8	27.5	11.8
Capitalized fees	133.4	104.5	27.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	29.0	22.4	29.1
Magazine	60.7	49.8	21.8
Radio	20.7	11.8	75.6
Network TV	49.1	36.6	34.1
Spot TV	119.2	93.2	27.8
Outdoor	1.8	2.4	(22.5)
Bus. papers	24.4	19.8	23.0
Yellow Pages	56.5	41.8	35.3
Direct mail	14.0	19.8	(29.2)

Workforce

	1986	1985	% chg
Worldwide	1,110	1,050	5.7
U.S.	905	864	4.7

Offices

Worldwide: 18; U.S.: 12

1986 billings by major office

($ in millions)	City	Billings
Ketchum	Pittsburgh	115.4
Ketchum	San Francisco	147.4
Ketchum	Los Angeles	58.0
Ketchum	New York	71.0
Ketchum	Philadelphia	53.6
Ketchum	Washington	24.9

Annual review

The 28% growth in billings came largely from American Honda Motor Co.'s Acura div, which introduced the Acura automobile in March. New business from DuPont, electrical div, Melitta, coffee prods, and local Acura dealerships have the potential to produce $27 million in annualized billings in 1987. Account losses on an annualized basis where kept to an estimated $2.5 million.

U.S. accounts

Gained: Du Pont-Electronics div; Melitta; Tofutti Brands; Perche No!; Donner Mountain; Flecto-Varathane; Rust-Oleum; Greater Pittsburgh Convention & Visitors Bureau; Bay Area Acura Dealers; Philadelphia Acura Dealers; Washington Acura Dealers; Tri-State Acura Dealers, New York, N.Y., Conn.

Lost: SAGA Corp.; Westinghouse Credit Corp.

Foreign accounts

Gained: Pocari Energy Drink, Jardine Matheson-Singapore, Hong Kong

Lost: Epson Computers-France

Officers

William H. Genge, chmn-ceo; Gerald J. Voros, president-coo; Edward L. Graf, exec vp-finance & law; Joseph M. Coogle, exec vp-operations & planning; John R. Mather, exec vp-info & rsch; Paul Alvarez, chmn-Ketchum Public Relations; David Drobis, president-Ketchum Public Relations; Herbert D. Gordon, president-Ketchum Yellow Pages; Thomas J. Smith, president-Ketchum International; John Fitzgerald, president-Ketchum Advertising/Pittsburgh; Robert W. Kroyer, president-Ketchum Advertising/San Francisco; J. Craig Mathiesen, president-Ketchum Advertising/Los Angeles; Thomas R. Miller, president-Ketchum Advertising/New York; Gerald S. Grosso, president-Ketchum Advertising/Philadelphia

Phone: (412) 456-3500

Kobs & Brady Advertising

RANK 88

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.0	10.2	17.4
Billings	81.0	70.3	15.2

U.S. billings

($ in millions)	1986	1985	% chg
Media	16.8	11.2	49.6
Materials & services	4.3	3.7	14.7
Capitalized fees	59.9	55.3	8.3

Billings by media

($ in millions)	1986	1985	% chg
Direct mail	16.9	10.8	56.6
Catalogs	8.2	5.3	55.7
Dir. resp. TV	24.6	9.3	165.5
Dir. resp. radio	3.2	2.2	43.7
Dir. resp. newsp.	2.1	2.0	3.7
Dir. resp. mag.	21.6	19.7	10.1
Telemarketing	3.2	2.1	55.8
Free-standing inserts	1.2	0.8	55.8

Workforce

	1986	1985	% chg
Worldwide	141	133	6.0
U.S.	141	133	6.0

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Kobs & Brady	New York	38.3
Kobs & Brady	San Francisco	2.3
Kobs & Brady	Chicago	40.4

Annual review

As billings growth slowed to a less dramatic 15.2% from 35.2% in 1985, the drama at this direct marketing agency reverted to its ownership. After wedding its fortunes to Ted Bates Worldwide in April, the agency soon found itself in another camp when Bates was bought out by Saatchi & Saatchi. Some 78% of billings growth came from new clients, particularly Fidelity Investments and Tupperware. It lost an estimated $4 million from client departures. The agency opened a San Francisco office.

U.S. accounts

Gained: Anheuser-Busch; Procter & Gamble; Fidelity Investments; North American Philips; Kal Kan; Times Mirror Cable; American Express Life Insurance

Lost: American Home Shield; Colgate Palmolive; Kroger; Beltone

Officers

Jim Kobs, chmn; Howard Draft, president; Tom Brady, Robert DeSena, Roy Beauchamp, exec vps; Sandy Toback, Dan Ginsburg, Sid Liebenson, Lynn Fantom, Glenn Peters, Sandy Moltz, Amelia Capriulo, sr vps; Richard Meyers, vp, dir of finance

Phone: (312) 944-3500

Kornhauser & Calene

RANK 78

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.2	11.2	17.9
Billings	122.0	111.0	9.9

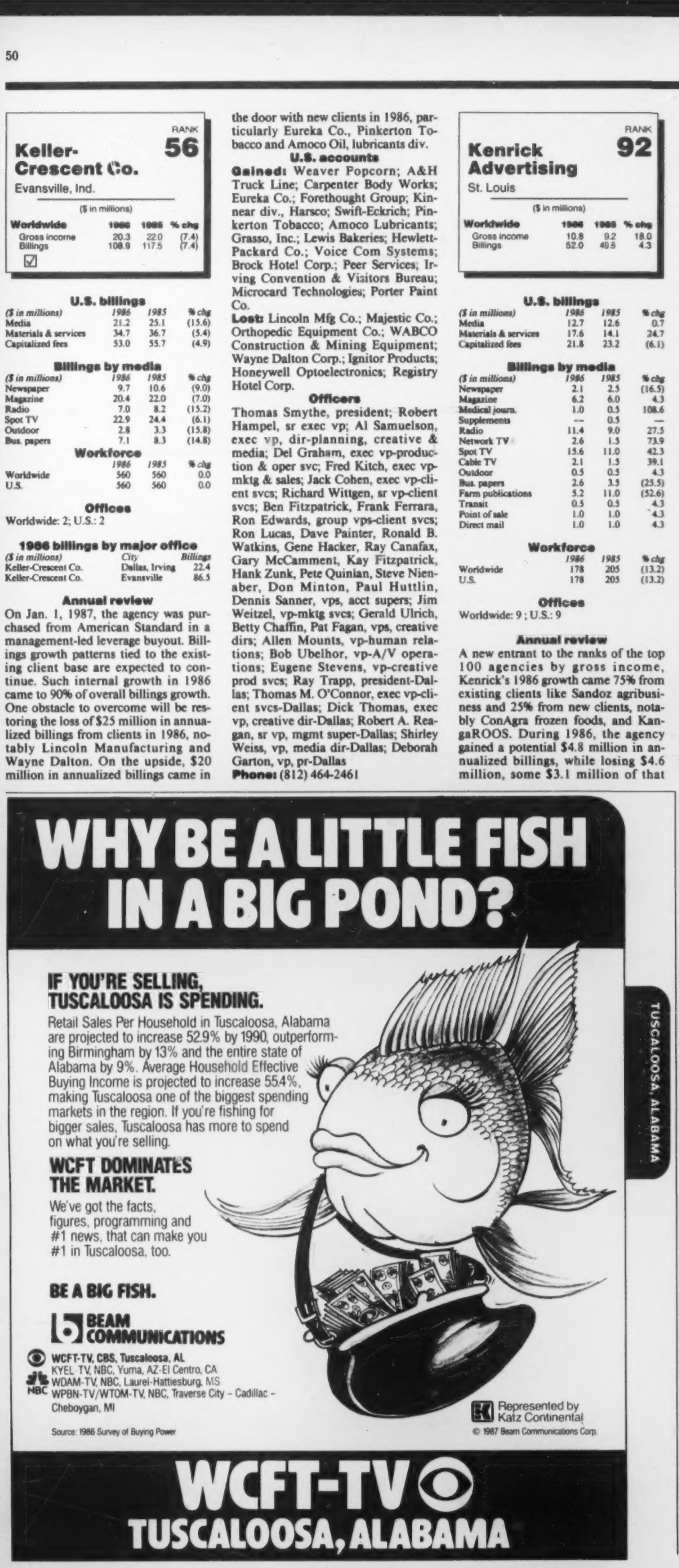
☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	119.0	108.0	10.2
Capitalized fees	3.0	3.0	0.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	12.0	4.0	200.0
Magazine	15.0	11.0	36.4
Supplements	3.0	2.0	50.0
Radio	3.0	8.0	(62.5)
Network TV	67.0	67.0	0.0
Spot TV	12.0	11.0	9.1
Cable TV	3.0	3.0	0.0
Outdoor	1.0	—	—
Bus. papers	5.0	4.0	25.0
Transit	—	1.0	—
Point of sale	1.0	—	—


WHY BE A LITTLE FISH IN A BIG POND?
IF YOU'RE SELLING, TUSCALOOSA IS SPENDING.
Retail Sales Per Household in Tuscaloosa, Alabama are projected to increase 52.9% by 1990, outperforming Birmingham by 13% and the entire state of Alabama by 9%. Average Household Effective Buying Income is projected to increase 55.4%, making Tuscaloosa one of the biggest spending markets in the region. If you're fishing for bigger sales, Tuscaloosa has more to spend on what you're selling.
WCFT DOMINATES THE MARKET.
We've got the facts, figures, programming and #1 news, that can make you #1 in Tuscaloosa, too.
BE A BIG FISH.
BEAM COMMUNICATIONS
WCFT-TV, CBS, Tuscaloosa, AL
KYEL-TV, NBC, Yuma, AZ-El Centro, CA
WDAM-TV, NBC, Laurel-Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
Source: 1986 Survey of Buying Power
TUSCALOOSA, ALABAMA
Represented by Katz Continental
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WCFT-TV
TUSCALOOSA, ALABAMA

Workforce

	1986	1985	% chg
Worldwide	125	113	10.6
U.S.	125	113	10.6

Offices

Worldwide: 1; U.S.: 1

Annual review

Helped by new clients, particularly Genovese Drug Stores and Gentlemen's Wear-House, the agency gained a potential $23 million annualized billings while only losing an estimated $4 million in annualized billings. The agency expects billings growth to continue in 1987 propelled by additional clients California Home Products, pet foods div, and Church & Dwight.

U.S. accounts

Gained: Church & Dwight, Arm & Hammer, deodorizer spray, dental care prods; Boyle-Midway, Old England Furniture Polishes; Whitehall Laboratories, Trendar, ibuprofen menstrual pain reliever; Genovese Drug Stores; Gentlemen's Wear-House; Laura Ashley Bed & Bath prods; Kol Foods, Karina Chocolates; Forstman Woolens; Galaxy Cheese, Fromagg.
Lost: Purdue Frederick, Palm Bay Imports

Officers

Henry Kornhauser, chmn, ceo; John Calene, president, dir creative scvs; William T. Nicholson, exec vp, cfo; Michael Cotter, exec vp, creative; Neve Savage, exec vp, acct scvs; Robert Palmer, exec dir-media; Stanley Turk, Alan Yarnoff, Ralph Hirsch, Kenmore Emerson, exec vps, acct scvs; Ralph Confessore, Melinda Davis, Ron Ross, sr vps, creative dirs
Phone: (212) 490-1313

Laurence, Charles, Free & Lawson

RANK **34**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	39.4	33.3	18.6
Billings	287.0	235.0	22.1

U.S. billings

($ in millions)	1986	1985	% chg
Media	254.5	207.0	22.9
Materials & services	16.5	13.0	26.9
Capitalized fees	16.0	15.0	6.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	25.8	25.9	(0.1)
Magazine	68.9	54.1	27.4
Supplements	2.9	2.4	22.1
Radio	2.1	4.7	(55.5)
Network TV	71.8	58.8	22.1
Spot TV	63.1	51.7	22.1
Cable TV	5.7	4.7	22.1
Outdoor	20.1	16.5	22.1
Bus. papers	2.9	2.4	22.1
Transit	2.9	11.8	(75.6)
Point of sale	2.9	2.4	22.1

Workforce

	1986	1985	% chg
Worldwide	317	279	13.6
U.S.	317	279	13.6

Offices

Worldwide: 4; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
LCF&L	Indianapolis	N/A
LCF&L	Detroit	N/A
LCF&L	Milwaukee	N/A
LCF&L	New York	287.0

Annual review

Billings in 1986 got a shot in the arm when Tom Lawson came over from Rosenfeld Sirowitz to be president and brought along a potential $35 million in annualized billings from regional McDonald's franchises. For the year, new business provided 85% of the billings increase at this Mickelberry Corp. subsidiary, while existing clients added the remainder. New business in fact is expected to generate $70 million in annualized billings against a decline of only $3 million from Del Laboratories.

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In 1987, the agency sees billings growth coming from Hearst Publications, Gorton's and McDonald's regional franchises and Thompson Medical. To better service the McDonald's business, field offices where opened in Bloomfield Hills, Mich., Indianapolis, and Madison, Wis.

U.S. accounts

Gained: Air France; Abbott Laboratories, new prods; American Tobacco, Pall Mall, Tareyton; Clairol Inc., condition prods; Drackett Co., Behold; McDonald's Owner/Operators Assns, Indianapolis, South Bend, Fort Wayne, Terre Haute, Madison, New York, Outstate, Quad; McDonald's Advertising Assn., Milwaukee; McDonald's Operators Assn., South Eastern Mich.; Thompson Medical, Dexatrim, Sleepinol, NP 27, Sportscreme, Asper Creme, new prods
Lost: Del Laboratories

Officers

Charles Goldschmidt, ceo; Thomas E. Lawson, president; Laurence D. Dunst, chmn; F. William Free, Martin Smith, vice chmn; Alfred L. Evans Jr., Alfred Magnane, exec vps, mgmt supers; Paul Hodges, Samuel Alfstad, exec vps, creative dirs; Frank Macina, exec vps, dir-Midwest operations; Janice Clements, sr vp-mktg svcs & media; Dan Franklin, sr vp, creative dir; Douglass Bomeisler, Marc Rodgers, Robin Koval, Richard Goldschmidt, Janet M. Riccio, sr vps, mgmt supers; John O'Neil, sr vp, gen mgr-Indianapolis; Robert Adler, sr vp, media dir; Paul Hiromura, sr vp-mktg rsch; Doris Gould, sr vp, broadcast media dir; Ellen Goldschmidt, sr vp-broadcast production; Jack Mitnick, sr vp-print production.
Phone: (212) 661-0200

Al Paul Lefton Co.

RANK **96**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.5	9.8	7.7
Billings	70.0	65.0	7.7
U.S.	**1986**	**1985**	**% chg**
Gross income	10.3	9.6	7.3
Billings	68.8	64.0	7.4

U.S. billings

($ in millions)	1986	1985	% chg
Media	68.8	64.0	7.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	8.9	9.0	(0.3)
Magazine	8.3	7.0	17.2
Radio	8.3	7.7	7.4
Network TV	5.5	6.4	(14.1)
Spot TV	15.1	15.4	(1.5)
Cable TV	1.4	0.6	114.8
Bus. papers	11.0	9.6	14.6
Farm publications	4.1	3.2	28.9
Yellow Pages	2.1	1.9	7.4
Direct mail	4.1	2.6	61.1

Workforce

	1986	1985	% chg
Worldwide	185	180	2.8
U.S.	185	180	2.8

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Al Paul Lefton Co.	Philadelphia	35.0
Al Paul Lefton Co.	New York	35.0

Annual review

New client gains provided 70% of the $4.75 million billings gain recorded in 1986 while existing clients added the remaining 30%. This trend should continue in 1987 as the agency picked up a potential $6.5 million in annualized gains with clients Pennsylvania Blue Shield and Sabena World Airlines contributing the majority, while annualized declines amounted to $1.5 million with the majority coming from Resorts International. During 1986, the agency opened a new pr division in N.Y. to complement its 3-year-old Philadelphia pr unit. This month, Grayson F. Lathrop is to retire as chairman.

U.S. accounts

Gained: Sabena Belgian World Airlines; Butcher & Co.; Irwin Magnetic Systems; Pennsylvania Blue Shield; Keystone Health Plans
Lost: Capital Controls Co.; Resorts International Casino Hotel

Officers

Al Paul Lefton, Jr., president, ceo; Grayson F. Lathrop, chmn; James W. North, exec vp; Norman Lewis, cfo
Phone: (212) 867-5100

Levine, Huntley, Schmidt & Beaver

RANK **58**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	18.8	13.1	43.9
Billings	125.2	87.4	43.3

U.S. billings

($ in millions)	1986	1985	% chg
Media	85.9	60.0	43.2
Materials & services	11.8	9.7	21.2
Capitalized fees	27.6	17.7	55.7

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	7.2	4.6	57.2
Magazine	21.5	14.5	48.8
Radio	4.9	7.6	(35.3)
Network TV	30.6	12.2	151.0
Spot TV	35.3	28.9	22.0
Cable TV	2.7	1.5	74.2
Outdoor	2.0	1.5	28.4
Bus. papers	4.6	3.0	51.4
Transit	1.4	2.3	(40.7)
Free-standing inserts	0.9	—	—

Workforce

	1986	1985	% chg
Worldwide	208	156	33.3
U.S.	208	156	33.3

Offices

Worldwide: 4; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
LHS&B	Sacramento	N/A
LHS&B	New York	125.2
LHS&B	San Antonio	N/A
LHS&B	Boca Raton	N/A

Annual review

The 43.3% increase in billings for this Grey Advertising subsidiary came on the strength of existing clients, Subaru of America, Subaru distributors, Seagrams and New York Air, before the latter switched to another shop. New business accounted for 25% of billings growth with Subaru distributors of Southern California contributing the majority. The loss of New York Air was especially painful as it accounted for $10 million in annualized billings. The potential $6 million in annualized billings gained from Southern California Subaru distributors will help bolster 1987 billings. Offices outside New York are primarily field offices to provide account services for Subaru distributors.

U.S. accounts

Gained: *Changing Times*; General Foods Corp., new prods; Great Lakes Subaru; Los Angeles Subaru Dealer Assn.; San Diego Subaru Dealer Assn., Subaru of Southern California; Maidenform; Webster Industries (Bes-Pak); Whataburger
Lost: New York Air; Polly-O

Officers

Harold Levine, chmn; Robert Schmidt, president-ceo; Allan Beaver, creative dir, vice chmn; Terry Bonaccolta, Jane Pack, sr vps, mgmt supers; Matthew R. Bud, sr vp-finance; James Dragaoumis, sr vp-media & mktg; Lee Garfinkel, Tod Seisser, Jay Taub, sr vps, creative dirs; Robert Nelson, sr vp, exec producer; Donald Peppers, sr vp, dir-new business; Steven J. Shindler, sr vp, dir-mktg svcs; Philip Sklar, sr vp, dir-acct svcs; Leonard Sternbach, sr vp-operations
Phone: (212) 557-0900

Lord, Geller, Federico, Einstein

RANK **44**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	29.4	26.8	9.4
Billings	212.2	185.7	14.3

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	159.5	140.8	13.2
Materials & services	26.0	24.5	6.1
Capitalized fees	26.7	20.3	31.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	21.0	19.7	6.6
Magazine	42.1	42.2	(0.4)
Supplements	0.6	1.4	(60.0)
Radio	6.5	7.0	(8.3)
Network TV	64.2	49.3	30.3
Spot TV	17.8	14.1	26.3
Outdoor	1.8	2.8	(37.7)
Bus. papers	5.6	4.2	31.6

Workforce

	1986	1985	% chg
Worldwide	314	285	10.2
U.S.	314	285	10.2

Offices

Worldwide: 1; U.S.: 1

Annual review

Two-thirds of the billings growth during 1986 came on the strength of existing clients, particularly Dean Witter, Sony, Contel and Chemical Bank. The remainder came from new business. During the year, the agency gained a potential $51 million in annualized billings, the majority coming from IBM; it lost $8 million in annualized billings, most from Parfums Sterns. Growth should continue through 1987 as new clients complete a full year of spending.

U.S. accounts

Gained: Northrop Corp.; Contel Executone; Yves Saint Laurent International, Opium, Paris, Kouros fragrances, Beaute makeup; Schieffelin & Co., Chandon sparkling wine; Mark Cross, Inc.; Sony, professional audio and video divs; Metromedia long distance; IBM, typewriters, copiers, printers, supplies, mfg systems prods; Dean Witter Capital Markets
Lost: Parfums Stern; Steinway & Sons; *New Yorker*; Thomson-CGR Medical Corp.; Jacobs Coffee Co.

Officers

Richard J. Lord, chmn-ceo; Norman Geller, Gene Federico, vice chmns; Arthur W. Einstein Jr., president; Edward D. Yaconetti, exec vp, coo; Kevin B. O'Neill, sr vp, creative dir; Robert F. Wells, sr vp, dir-acct svcs; C. Ray Freeman, J. William Wardell, Bruce L. Albert, sr vps, mng dirs; William L. Sibert, sr vp, dir-mktg svcs; Marianne Caponnetto, sr vp, dir-media svcs; John P. Curran, sr vp, dir-network radio/tv programming; Jean-Claude Kaufman, sr vp, dir-broadcast production
Phone: (212) 421-6050

Lowe Marschalk U.S.

RANK **30**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	49.0	44.9	9.1
Billings	326.9	299.8	9.1

☑

1986 billings by major office

($ in millions)	City	Billings
Lowe Marschalk	San Francisco	19.0
Lowe Marschalk	Cleveland	45.8
Lowe Marschalk	Houston	25.0
Lowe Marschalk	New York	240.0

Annual review

Nearly all growth in billings in 1986 came from new clients, particularly McNeil (Medipren: $30 million annualized) and Ponderosa ($15 million). Xerox ($30 million) came in at yearend, the latter being a coup for the fledgling direct marketing unit, an emphasis that has led to the creation of LM's Marketing Group. LM nabbed Parker Pen and Poloner, also served by LM's English connection. LM U.S. is 70% owned by Interpublic and 30% by Lowe Howard-Spink & Bell PLC, parent of Lowe Marschalk Worldwide.

U.S. Accounts

Gained: Cleveland: Parker Pens; Ponderosa, dir mktg; Cole National, optical. Houston: Bank Plus. New York: Ponderosa; J&J's McNeil Consumer Products; Chesebrough-Pond's, 4 brands; Poloner, condiments. SF: Americare
Lost: Cleveland: Standard Oil of Ohio. Houston: Intercontinental Hotels. New York: Sony; Upjohn; S.C. Johnson, Aveeno. San Francisco: Philippine Airlines

Foreign accounts

Gained: Lowe Marschalk Worldwide: Australia—Stimoral chewing gum; Solartile solar roofing; Cyphalock security systems. Belgium—Pied Boeuf, Jupiler beer; Henkel Somat dishwater tablet; Uniroyal, tires; Weight Watchers. Canada—Bridgestone, tires. France—PPG, industrial paints. Germany—General Motors, Opel cars; Parker, pens; Monheim, chocolates; Horten, department stores; Schott industrial glass. Italy—Schwartzkopf, hair prods; Florbath, fragrances; Splugen, beer; Borsci liqueurs; Illy, coffee; *Giocci* magazine. United Kingdom—United Biscuits, KP snacks; Mobil, fuels and lubricants; Bell's Scotch, whisky; Gordon's, gin; Debenham's, stores; Best Shops in Town; Schott, industrial glass; Armorall, car care prods; Nuclear Energy Info Group
Lost: Lowe Marschalk Worldwide: Henkel Fa, toiletries, Belgium, France, Germany; Henkel Poly, hair prods, Netherlands; Fourcroy, Gancia vermouth, Belgium; Scherrer perfumes, Stimorol gum, France; VOEV public transport system, Reemstma, Amorall, Germany; Salvarani kitchens, Italy; L'Oreal hair prods, Toys R' Us, stores, Rothmans tobacco, UK

Officers

Michael S. Lesser, chmn-ceo; Andrew J. Langer, president; Marshall W. Karp, exec vp, creative dir; Richard Villante, exec vp, gen mgr; Barry R. Linsky, exec vp, dir-acct mgmt; Eric J. Einhorn, exec vp, acct mgmt; Stuart J. Agres, exec vp, dir-strategic planning; James D. Johnson, exec vp-new business; Stephen M. Segal, exec vp, media dir; Kenneth I. Roffe exec vp, ceo-Cleveland; Craige D. Johnson, exec vp, ceo-Houston; Jeffrey Adams exec vp, ceo-San Francisco; Andrew Aliprandi, sr vp-finance & admin; John L. Oliver, sr vp, acct mgmt.
Phone: (212) 708-8800

MARCOA DR Group

RANK **66**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	16.0	15.0	6.7
Billings	110.0	101.0	8.9

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	110.0	101.0	8.9

Billings by media

($ in millions)	1986	1985	% chg
Bus. papers	4.4	N/A	—
Point of sale	1.2	N/A	—
Direct mail	41.1	N/A	—
Dir. resp. TV	14.7	N/A	—
Dir. resp. radio	0.6	N/A	—
Dir. resp. newsp.	9.8	N/A	—
Dir. resp. mag.	16.3	N/A	—
Telemarketing	1.1	N/A	—
Free-standing inserts	7.1	N/A	—

Workforce

	1986	1985	% chg
Worldwide	173	—	—
U.S.	173	—	—

1986 billings by major office

($ in millions)	City	Billings
MARCOA DR Group	New York	35.6
MARCOA DR Group	Newport Beach	N/A
MARCOA DR Group	Boston	35.4
MARCOA DR Group	Chicago	39.0

Annual review

The Omnicom agency was formed in December, 1986, from the merger of BBDO Direct, New York ('86 billings estimate: $35.6 million), MARCOA Direct, Chicago ($39 million)—both of which were BBDO subsidiaries—and DR Group, Boston and New York ($35.4 million), a former subsidiary of Needham Harper Worldwide. The U.S. billings figures have been consolidated for 1986 and 1985 for purposes of comparison in this report. The corporate chairman of the newly formed direct marketing amalgam is Jim Schaefer, who was president of DR Group. The unit is housed under Omnicom's Diversified Agency Ser-

vices group.

U.S. accounts

Gained: Bureau of National Affairs; Exploration Cruise Lines; Johnson & Johnson Dental Products; International Shoe; Wilton Enterprises; Ashton Drake; Mary Kay Cosmetics; Alfred J. Dunhill; Sybervision
Lost: Dictaphone; ITT; Franklin Library; Prudential; Bally Fitness; Cabot Corp., E-A-R div; Fisher-Price; Thousand Trails.

Officers

Jim Schaefer, chmn; David Hefter, president; George Zahka, chmn-exec comm; Ian MacKelden, president (New York); Ron Perrella, president (Chicago); David King, exec vp (Chicago); Ed Leiman, cfo; Lloyd Kieran, sr vp, genl mgr (Newport Beach, Calif.); Carmen Baez, exec vp (Boston); Arthur Wilson, exec vp (New York)
Phone: (312) 454-0660

RANK **75**

Martin Agency

Richmond, Va.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.5	7.8	73.3
Billings	90.3	52.1	73.4

☑

Workforce

	1986	1985	% chg
Worldwide	131	124	5.6
U.S.	131	124	5.6

Offices

Worldwide: 2; U.S.: 2

Annual review

A boost of $12.5 million in billings from existing clients and $25.7 million from new business kept the agency on a high performance level and in October, 1986, lured a successful suitor, Scali, McCabe, Sloves, a member of the Ogilvy Group. Major new clients included Signet Banking Corp. ($6.5 million in annual billings) and Blue Cross Blue Shield of Virginia, worth $3 million. A large roster of direct response clients came aboard with the acquisition of Stenrich Group in early 1986, a connection that now serves as Martin's New York office. Martin also has a service shop in Jacksonville, Fla. The big growth in 1986 has led the agency to estimate billings of $107 million by early 1988.

U.S. accounts

Gained: Signet Banks; Blue Cross/Blue Shield of Virginia; FMC Command; Student Loan Marketing Assn.; Bunker Hill Foods
Lost: DCA, Networking

Officers

David Martin, chmn, exec committee; Harry Jacobs, chmn; Donald Just, president, coo; James R. Hughes, vice chmn; John B. Adams, exec vp-acct svcs; Ralph L. Thompson, exec vp-admin; Thomas Robinson, sr vp-acct svcs; Dale Brown, sr vp; Harold Tench, Jerry Torchia, sr vps-creative; Thomas Weatherly, controller
Phone: (804) 254-3400

RANK **68**

William Douglas McAdams Inc.

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.6	15.4	1.3
Billings	103.7	102.3	1.3

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	44.2	49.6	(10.8)
Materials & services	16.8	16.6	1.3
Capitalized fees	42.7	36.2	17.9

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by ADVERTISING AGE. *See story on Page 6.*

Billings by media

($ in millions)	1986	1985	% chg
Medical journ.	74.0	73.0	1.4
Radio	0.7	0.3	104.6
Direct mail	18.0	18.0	0.0

Workforce

	1986	1985	% chg
Worldwide	165	185	(10.8)
U.S.	165	185	(10.8)

Offices

Worldwide: 1; U.S.: 1

Annual review

A shot in the arm from St. Luke's-Roosevelt Hospital Center helped edge billings upward at this 61-year-old medical advertising agency. During the year, the agency lost an estimated $4 million in annualized billings while gaining only a potential $2 million. To expand its services, the agency formed a new special projects division named Triclinica Communications. Billings gains for 1987 hinge in part on FDA approval granted existing clients for a number of new drugs under review.

U.S. accounts

Gained: Pharmacia, Inc, Dipentum; IBM, special prods; St Luke's-Roosevelt Hospital Center
Lost: Pfizer Pharmaceuticals; Roerig

Officers

Irwin C. Gerson, chmn, ceo; William M. Wolf, vice chmn; Anthony J. D'Onofrio, president, coo; Joseph Carobene, Howard Mandelbaum, Ron Vignone, exec vps; Victor Trasoff, sr vp, exec art dir; Thomas Haynes, Walter Scott, sr vps-art; Claire Anderley, sr vp-copy; Barnett Mennen, David Zackson, sr vps, medical dirs; Brian Boyle, treasurer, cfo; Eugene Fine, sr vp, mgmt super
Phone: (212) 698-4000

RANK **43**

McCaffrey & McCall

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	31.0	29.7	4.4
Billings	203.7	198.0	2.9

☑

Annual review

M&M's billings showed a 2.9% increase from 1985's $198 million to $203.6 million in 1986. In 1987, the loss of Norelco's $15-million business will be offset by solid growth from current and new clients. The next generation of management is in place.

U.S. accounts

Gained: Chase Manhattan Bank
Lost: ABC

Officers

David B. McCall, chmn; Robert H. Cherins, president, ceo; Bruce P.G. McCall, vice chmn-chief creative dir. Exec vps: Ralph H. Cohen, dir client svcs-M&M Direct Marketing; Linden A. Davis Jr., rsch; Timothy M. Fenton, creative dir-M&M Direct Marketing; Norman S. Freedman, William J. Vieser, acct mgmt; Patrick A. Hehir, cfo; H. Thomas Wilson, media.
Phone: (212) 421-7500.

RANK **7**

McCann-Erickson Worldwide

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	427.7	369.5	15.7
Billings	2,852.7	2,464.6	15.7
U.S.	**1986**	**1985**	**% chg**
Gross income	146.8	125.0	17.4
Billings	979.3	833.9	17.4

☑

Workforce

	1986	1985	% chg
Worldwide	7,412	6,943	6.8
U.S.	1,661	1,569	5.9

1986 billings by major office

($ in millions)	City	Billings
McCann Direct	New York	42.0
McCann-Erickson	Los Angeles	63.9
McCann-Erickson	Seattle	20.5
McCann-Erickson	Detroit	85.7
McCann-Erickson	Houston	58.6
McCann-Erickson	Atlanta	21.0
McCann-Erickson	Louisville	23.5
McCann-Erickson	Dallas	15.0
McCann-Erickson	New York	446.0
McCann-Erickson	San Francisco	103.0
Sieber & McIntyre	Chicago	79.3

Annual review

M-E had its best new business year, attracting $182 million in annualized gains against $32 million in annualized losses. The Interpublic subsidiary's largest annualized gains were Coca-Cola megabrand ($70 million), Black & Decker ($35 million), and RJR Nabisco ($20 million), while the largest decline came from Coca-Cola's Tab ($20 million) that was swapped with sister agency SSC&B:Lintas for the megabrand. ME bought Ohlmeyer, some Miller-Reid shops and Sieber & McIntyre, and formed sales promo, regional marketing and creative troubleshooting divisions.

U.S. accounts

Gained: Atlanta—Atlanta Coca-Cola Bottler. Detroit—A&W Restaurants, Buick Dealers (several). Houston—Eye & Tech Inc., eye care. Los Angeles—Winchell's Donut Houses, Air New Zealand, Phoenix and Honolulu Buick Dealers Assns., Louisville—Home Builders Assn. of Ky., Canadian Shield mineral water, Blue Cross dental insurance, Commonwealth of Ky., Louisiana Power & Light. New York—American Home Products Co.-Boule Midway div, Henkel's Sapur carpet cleaner, Black & Decker's small appliances. Seattle—J.C. Penney's broadcast buying, Puget Sound Power & Light. McCann Direct Inc.—Centurion Bank, Unilever's Promise margarine, Perth Mint's Australian Nugget, Shearson/American Express, Eye & Tech (optical/retail). Sieber & McIntyre Inc.—R.S. Landauer & Co., U. of I. Hospital, Westshire Retirement Center, St. Clare's Hospital
Lost: Detroit—Buick Dealers. Houston—Exxon industrial lubricants. Los Angeles—Qantas' Jetabout Tours. Louisville—Duling Optical, Heublein (KFC). New York—Kodak, Ebauche's Swatch. San Francisco—Poultry Farms. Sieber & McIntyre Inc.—Tandoz's Tavist, Kodak's Ektachem 400/700, Bristol-Myer's Nuprin

Foreign accounts

Gained: Austria—Inku, interior decoration. Belgium—Home Market carpets, American Express Gold Card, Bayer Aspirin, Tampax, *Het Laatste Nieuws* newspaper. Denmark—Nabisco biscuits, cookies, snacks. England—Tuborg Lager, Air New Zealand, L'Oreal hair care, American Express Gold Card, Mennen Speedstick deodorant, First National Bank of Boston, Sterling Drug's Ronseal Range, Shearson/Amex financial services, Periamar fozen seafoods. Finland—Suomen Yhdyspankki Oy, bank, Finn Flare Oy, women's clothing, Oy Electrolux vaccuum cleaners, Sanomaprint Oy magazines. France—American Express Gold Card, Buitoni pastas/sauces. Germany—Bayer Aspirin, Olivetti computer, Lowenbrau non-alcoholic beer, Ansell rubber prods. Greece—Grammi tv magazine. Italy—Barclay's Bank, Bayer Aspirin, Rizzoli's Annabella magazine, Olivetti computer, Mira Lanza paper tissues, Trento Wine Consortium, Buitoni pasta, American Express Gold Card. Netherlands—Sonesta Hotels, Bayer Aspirin, Borg Warner chemicals/plastics, Canon office equipment, NCR computers. Norway—ID Data entry control systems, Electrolux institutional kitchens. Portugal—Dechaize Pingo Doce supermarkets, Banco Comercio e Credito, L'Oreal (4 products), CTT (Post Office, Express Mail). Spain: McCann-Erickson—Bayer Aspirin, Goodyear Tires, RJR/Nabisco biscuits, *Mercado* magazine, Lovable lingerie. Spain: Clarin agency—Teinelsa Emerson tv, Buitoni pasta, Philips' Polygram. Sweden—Searle sweeteners, ICL computers. Switzerland—Union Suisse insurance, Ciba-Geigy's Turec, Ribomunyl. Turkey—*Sabah Yiidizi* newspaper, *Yeni Asir* daily, Karat's Benetton. Kenya—Data Equipment's Burroughs computers, NCR computers, Xerox business machines. South Africa—Traditional Brewing. Argentina—Martini & Rossi's Martini Bianco. Brazil—Brazilian Egg Board, Lego, Bayer Aspirin, Bank of Boston, Heineken Beer, Fuji Films, RJR/Nabisco cookies. Canada—British Columbia Wine Council, Nestle (4 coffees), Air New Zealand, Mennen (6 prods). Chile—General Motors' autos and trucks, Cientel computers. Colombia—Bavaria beer, Avianca airline, Cia. Nac. de Chocolates, American Express travelers' checks. Costa Rica—Black & Decker tools, Mennen cologne. Dominican Republic—Bayer Aspirin & Antacid. Ecuador—Bayer Dralon Fiber, Citicorp/Citibank, Coca-Cola Bottlers' Astesa and Ingaseosa, American Express traveler's checks. El Salvador—La Constancia beer, Omega computers. Guatemala—Pillsbury soups and syrups, Licoresa rum and brandy, Bayer Aspirin & Antacid, Glidden Paints, DHL courier services. Honduras—Bayer Aspirin, Industrias Alfa large appliances, Lovable lingerie, Glidden Paints. Jamaica—Grace Kennedy's Brooke Bond Tea and 7 Seas Oil, 3M office supplies. Mexico—Ekco, Casio watches/calculators, Ayerst Labs ointment, Sauza vodka/tequila. Panama—Armour dial soap, deodorant, Confecciones Comodoro (McGregor Shirts), Carnation Coffeemate/milk, Swiss Bank Corp. Peru—Del Mar seafood. Puerto Rico—Micro-Age of P.R., Mayaguez Hilton. Trinidad/Barbados—Goodyear, Royal Bank of Canada. Uruguay—R.J. Reynolds' Camels. Venezuela—Mennen (4 prods), Wrangler Jeans, Bayer Aspirin, Zanussi large appliances. Australia—Air New Zealand, Western Aust. Development Corp.'s Nugget, GEC lighting/lamps). Hong Kong—Carrier air conditioners, Federal Express, Digital computer equipment. Japan—MJB coffee, Chesebrough-Pond's after shave/Vaseline/cream, U.S. Poultry & Egg Council, American Motion Picture Video Assn. Malaysia—L'Oreal hair care. New Zealand—Hyatt Hotel, Kerridge Odeon Group (Canon business equipment). Philippines—Gillette dental care, Evenflo baby prods. Singapore—Standard Chartered Bank, Tyson Foods, Thorn EMI tv rental, Beiersdorf (5 new assignments), Club Med. Thailand—Martini & Rossi, Petroleum Authority of Thailand, Monsanto (Round-up herbicide.
Lost: Austria—Kodak, Texas Instruments. Belgium—Henkel (2 assignments). Denmark—Kodak. England—Warner-Lambert hair care, Kodak, Ebauche's Swatch, The Eggs Authority. London—Allied Lyons' vine prods. Finland—Kodak. France—Kodak, Texas Instruments. Germany—General Motors' Opel, Kodak. Greece—Kodak. Italy—Agusta Group's helicoper, Heinz baby food, Gillette's GII razors. Netherlands—Kodak, Spanish Tourist Board. Norway—Kodak. Portugal—Kodak, Banco Portugues de Atlantico. Spain: McCann-Erickson—Kodak, Banco Popular. Spain: Clarin agency—Domecq (Gordon's gin). Sweden—Texas Instruments calculators, Asea Skandia phones, Sportresor travel agents. Switzerland—Kodak, Ebauche's Swatch. Kenya—Standard Bank. South Africa—Plascon Paint. Brazil—Exxon. Canada—Kodak, Levi Strauss. Colombia—Creaciones Siluet lingerie. Costa Rica—Banco Nacional. Ecuador—Desarrollo Agropecuario's rum/vodka, Singer electrical appliances. El Salvador—Almacen Supersonido department store. Honduras—Bimbo bread/cookies. Mexico—La Madrilena rum. Panama—Quaker Oats, Cerveceria del Baru's Panama Beer. Peru—Banco Hipotecario. Puerto Rico—Woolworth's, Bella Intl., Beatrice/Hunt Wesson. Trinidad/Barbados—Charlesanne'a Weetabix. Venezuela—Banco Mercantil, Cerveceria Nacional beer. Australia—Reckitt & Colman, Carrier air conditioners. Hong Kong—Kodak, Dupont. Japan—Coca-Cola sports drink. Malaysia—Printemps department store, Hilton (Kuala Lumpur & Petaling Jaya). New Zealand—Ministry of Transport. Philippines—Kodak, San Miguel's Red Horse beer, Central department store (KFC). Singapore—Adidas, Finnair Reckitt & Colman.

Officers

Robert L. James, chmn-ceo; John J. McNamara, president-coo; Barry L. Day, John F. Bergin, vice chmns; Eugene H. Kummel, chmn exec committee; Exec vps/worldwide, regional dirs: Gianni Cottardo; Max Cusnir (Asia-Pacific); Michael C. Ferrier; Jens Olesen (Latin America); William J. Shively. Exec vps/worldwide: Bohdan I. Kurylko; Marcio M. Moreira; Michael Sennott; William C. Thompson Jr.
Phone: (212) 697-6000

RANK **69**

McKinney & Silver

Raleigh, N.C.

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.5	12.5	24.0
Billings	103.2	83.1	24.1

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	21.0	28.0	25.0
Business journ.	5.0	7.0	28.6
Magazine	22.0	22.0	0.0
Outdoor	6.0	5.0	20.0
TV	35.0	25.0	40.0
Radio	14.0	13.0	7.7

Workforce

	1986	1985	% chg
Worldwide	126	126	0.0
U.S.	126	126	0.0

Offices

Worldwide: 1; U.S.: 1

Annual review

The agency saw billings grow by $20 million, $14.8 million from existing clients and $5.2 million from new business. Even though Royal Caribbean Cruise Lines was resigned in December, the agency had a full year of its $10.2 million billings. Picked up in its place is Norwegian Caribbean Lines' $15 million account annualized.

U.S. accounts

Gained: Norwegian Caribbean Lines; Del Monte fruits; Ralston-Purina, Continental Baking div
Lost: Royal Caribbean Cruise Lines

Officers

Charles McKinney, chmn-ceo; Robert C. Doherty, president; Lloyd Jacobs, exec vp; Michael Winslow, Charles Ashby, sr vps-creative; Donald Heineman, sr vp, mktg dir; James DeVos, Rick Myracle, Dave Johnston, sr vps, mgmt supers; Toni Jordan, sr vp, controller; Lee Wellman, sr vp, production/traffic; Janice Hunter, sr vp, media dir
Phone: (919) 828-0691

RANK **47**

Medicus Intercon International

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	24.6	22.1	11.0
Billings	182.9	159.5	14.6
U.S.	**1986**	**1985**	**% chg**
Gross income	9.6	8.0	20.6
Billings	82.4	65.0	26.6

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	10.1	9.4	7.3
Materials & services	16.0	6.8	135.8
Capitalized fees	56.2	48.8	15.2

Billings by media

($ in millions)	1986	1985	% chg
Magazine	5.4	5.0	6.8
Medical journ.	3.5	3.4	2.9
Radio	0.8	0.5	50.0
Spot TV	0.5	0.5	0.0
Point of sale	60.9	50.4	21.0
Direct mail	11.3	5.2	116.0

Workforce

	1986	1985	% chg
Worldwide	397	369	7.6
U.S.	127	100	27.0

Offices

Worldwide: 19; U.S.: 3

Top 10 agencies in newspaper billings

Rank	Agency	Newspaper billings 1986	Newspaper billings 1985	U.S. billings 1986	U.S. billings 1985
1	Foote, Cone & Belding Communications	$250.6	$213.2	$1,616.7	$1,430.7
2	J. Walter Thompson Co.	178.7	132.5	1,732.1	1,672.9
3	Bozell, Jacobs, Kenyon & Eckhardt	165.4	138.0	1,125.0	1,030.0
4	DDB Needham Worldwide	154.1	159.7	1,613.7	1,682.5
5	Doremus Porter Novelli	115.5	88.1	234.6	173.2
6	Grey Advertising	96.8	97.7	1,358.0	1,221.9
7	Young & Rubicam	94.7	95.4	1,832.0	1,797.0
8	Wells, Rich, Greene	73.2	77.8	665	648.1
9	Leo Burnett Co.	70.3	79.3	1,361.6	1,269.9
10	BBDO Worldwide	52.4	47.0	1,872.8	1,701.7

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

1986 billings by major office

($ in millions)	City	Billings
Medicus Consumer	New York	11.5
Medicus Intercon	New York	47.3
Science & Medicine	New York	23.6

Annual review

Continued growth in new business acquisitions abroad and increased spending by existing clients at home largely accounted for a year-to-year billings improvement of 14% at this DMB&B subsidiary. Billings growth in its U.S. Science & Medicine Group was 73%. Abroad, capitalized billings growth was particularly strong in Hong Kong and the U.K., up 76%, and Japan, up 21%. The agency sold its office in France, closed several others, but added staff over-all. It established a new division in New York, Medicus Consumer Communications. Heavy activity continued to pump spending into point-of-sale, which jumped 74% to $60.9 million in billings, and direct mail, up 13%.

U.S. accounts

Gained: Hollister-Stier
Lost: None

Foreign accounts

Gained: Berlex Labs—Canada; Behring AG, Hoffmann-LaRoche, Klinge-Nattermann Puren, Roehm Pharma, SmithKline & Dauelsberg—Germany; Ayerst, Farmitalia, Glaxo, Roche—Hong Kong; Ayerst, Procter & Gamble, Wyeth—Italy; Bristol-Myer's, Takeda, Teijin, Torii, Wyeth—Japan. Hoechst, Merrell Dow, Syntex—Spain; Bayer, Boehringer Ingelheim, Duncan Flockhart, Glaxo, Norwich Eaton, P&G—United Kingdom
Lost: None

Officers

Lawrence J. Lesser, chmn-ceo; William G. Castagnoli, president—North America; Hartwig Ellmer, president, intl; Jay M. Cohen, exec vp, mg dir—U.S.; Stephen P. King, exec vp, creative dir—U.S.; Nicholas F. Maiale, Hamilton W. Dempsey, Wilhelm Rall, exec vps, group dirs, intl; Joseph L. Davis, exec vp, mng dir, consumer; Gerald S. Weinstein, exec vp, creative dir, consumer; Gary A. Elman, senior vp, controller; Kenneth F. Benjamin, senior vp, dir mktg and media; Francis R. Gace, Melissa Gryczka, John P. Ibelli, senior vps, dirs client svcs; Ralph Jacobsen, senior vp, medical dir; Geoffrey J.D. Bush, vp, intl controller; Johannes Aarden, president—Canada; Robert M. Ross, president—Science & Medicine
Phone: (212) 826-0760

Meldrum & Fewsmith

RANK 76

Cleveland

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.5	11.4	18.4
Billings	90.0	76.3	18.0
U.S.	**1986**	**1985**	**% chg**
Gross income	12.4	10.3	20.6
Billings	82.8	69.0	20.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	6.0	5.5	9.4
Magazine	5.1	2.9	74.3
Radio	7.5	7.0	7.1
Network TV	10.1	8.3	21.0
Spot TV	22.7	18.6	22.2
Cable TV	2.5	1.4	71.4
Outdoor	0.8	0.5	71.4
Bus. papers	15.0	12.7	18.0
Farm publications	4.6	4.5	3.4
Transit	0.1	0.1	20.0
Yellow Pages	8.4	7.5	12.3

Workforce

	1986	1985	% chg
Worldwide	149	157	(5.1)
U.S.	149	157	(5.1)

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Meldrum & Fewsmith	Chicago	19.0
Meldrum & Fewsmith	Cleveland	41.4
Meldrum & Fewsmith	Southfield	22.4

Annual review

A 20% billings gain recorded at M&F came 65% on the strength of existing clients, notably Owens-Illinois' Libbey div gained in late 1985, and 35% from new business. The 1% decline in international business came from reduced spending by Ford International. M&F also formed a special projects division, Target Communications.

U.S. accounts

Gained: Arthur Treacher's; Chautauqua Point Development; Metropolitan Chevrolet Dealers Assn.; Senior Health Connection, St. John Hospital; Mid America Title Co.
Lost: None

Officers

Arthur E. Earley, chmn emeritus; Chris N. Perry, chmn, president-ceo; Robert Iredell IV, exec vp, gm-Cleveland; Robert P. Huddilston, sr vp, secretary; Bruce S. Childers, sr vp, mktg svcs; Jeffrey H. Bryden, sr vp, mgmt super; John C. Bryan, sr vp, gm-Detroit; Richard H. Herrmann, sr vp, mgmt super-Detroit; Thomas E. Butterfield, sr vp, gm-Chicago
Phone: (216) 241-2141

Mojo MDA-Allen & Dorward

RANK 90

San Francisco

($ in millions)

Worldwide	1986	1985	% chg
Gross income	11.2	9.5	18.4
Billings	75.2	65.9	14.2

U.S. billings

($ in millions)	1986	1985	% chg
Media	63.7	58.1	9.6
Materials & services	11.5	7.8	47.8

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	6.0	4.6	30.5
Magazine	2.3	6.6	(65.8)
Radio	15.8	19.1	(17.3)
Network TV	11.3	9.9	14.2
Spot TV	29.3	19.1	53.5
Cable TV	0.8	—	—
Outdoor	0.8	0.7	14.2
Bus. papers	6.0	3.3	82.6
Farm publications	2.3	2.0	14.2
Transit	0.8	0.7	14.2

Workforce

	1986	1985	% chg
Worldwide	122	150	(18.7)
U.S.	122	150	(18.7)

Offices

Worldwide: 5; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Mojo MDA-A&D	Houston	7.1
Mojo MDA-A&D	San Francisco	68.1

Annual review

In late December, 1986, the agency was purchased by Austrialian agency Mojo MDA (Monahan Dayman Adams) for $9 million. The billings gain also was $9 million for the year, with $7 million of that coming from new business. The agency gained a potential $15 million in annualized billings, most of which came from Bank of America, but lost $25 million in annualized billings, including $13 million from Castle & Cooke. An over-all decline in billings in 1987 is predicted.

U.S. accounts

Gained: Ross Stores; Bank of America; Grant Auto; Philippine Airlines; Shamitoff; Sun World; Tahoe Visitors Authority; Superior Farms
Lost: New desserts (Fruit & Cream Bar, Dole Sorbet), and exploratory on fresh produce and new fruit juices, Castle & Cooke; Superior Farms; Fairmont Hotels; Breuners; Kaiser Aluminum; Citicorp; KKCY; Dialogic; Pac-Tel Infosystems

Officers

Donald Dorward, chmn; Bob Hoffman, president; Joe Van Trump, president, Houston; Art Able, sr vp-creative; Lois Breton, sr vp-prods & traffic; Richard Bell, Ed Bennett, John Galbraith, Fred Greene, Les Mullins, sr vps, mgmt supers; Bob Riddell, sr vp-finance & admin; Kurt Olson, Dawn Tognoli, sr vps, media dirs
Phone: (415) 956-7470

Nationwide Advertising

RANK 71

Cleveland

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.3	15.0	2.0
Billings	102.0	100.0	2.0

Annual review

Nationwide, a recruitment agency serving personnel/human relations departments of client companies in the U.S. and Canada, opened a new office in Orlando, bringing its U.S. offices to 30; the agency has five offices in Canada. With its business dependent on U.S. economic growth and regional fluctuations in hiring, the Northeast and Midwest regions have been strong while the Southwest has declined.

Officers

George Gund, Gordon Gund, co-chmn; Thomas A. Richey, president-coo; John W. Graham, ceo, vice chmn, treasurer; James Miller, cfo; Richard T. Watson, secretary, vp
Phone: (216) 579-0300

Ogilvy & Mather Direct Response

RANK 23

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	68.0	49.0	38.8
Billings	454.0	331.0	37.2
U.S.	**1986**	**1985**	**% chg**
Gross income	36.0	30.0	20.0
Billings	240.0	200.0	20.0

☑

Billings by media

($ in millions)	1986	1985	% chg
Yellow Pages	8.4	8.0	5.0
Direct mail	155.6	116.0	34.1
Dir. resp. TV	44.0	50.0	(12.0)
Dir. resp. radio	4.0	2.0	100.0
Dir. resp. newsp.	14.0	10.0	40.0
Dir. resp. mag.	14.0	14.0	0.0

Workforce

	1986	1985	% chg
Worldwide	1,100	830	32.5
U.S.	490	455	7.7

Offices

Worldwide: 43; U.S.: 9

Annual review

Greater acceptance of direct response advertising on the international front—non-U.S. billings sprinted 63% over the year earlier period—helped push billings up 37.2% worldwide. On the domestic side, a $40 million growth in billings, up 20%, was aided greatly by the acquisition of Target Communication, a McLean, Va.-based direct marketer with billings of $10 million. A potential $30 million in annualized billings was gained from new clients, Home Shopping Network, Quality Paperback Books, General Foods, and additional assignments from AT&T. On the downside, $17 million in billings left, with TWA accounting for $15 million. Along with seven pieces of new business, O&M Direct expects Ryder, a new client as of 1987, to boost billings this year.

U.S. accounts

Gained: American Federation of Teachers; Home Shopping Network; Quality Paperback Books; Forethought Group; House of Seagrams; Lever Brothers; General Foods
Lost: TWA; British Royal Mint

Officers

Jerome W. Pickholz, chmn-ceo; Stanley Winston, vice chmn, exec creative dir; William Morrissey, president-coo N.Y.; Rochelle Lazarus, sr vp gen mgr-N.Y.; Jerry Allston, sr vp, gen mgr-yellow pages; Alvin Eicoff, chmn-A. Eicoff & Co.; Ron Bliwas, president-A. Eicoff & Co.; Robert Smith, chmn-Targeted Communications
Phone: (212) 340-3500

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

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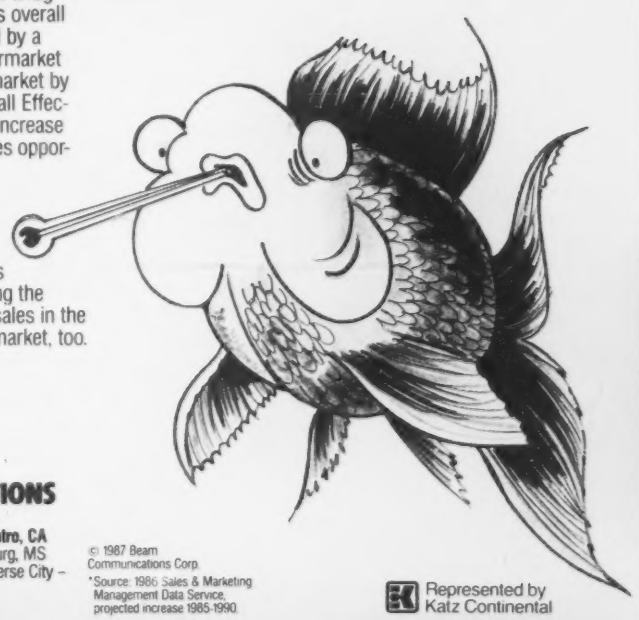

YUMA, ARIZONA EL CENTRO, CALIFORNIA

BE A BIG FISH.

BEAM COMMUNICATIONS

NBC KYEL-TV, NBC, Yuma, AZ-El Centro, CA
WDAM-TV, NBC, Laurel-Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

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*Source: 1986 Sales & Marketing Management Data Service, projected increase 1985-1990.

Represented by Katz Continental

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

Ogilvy & Mather Worldwide

RANK **5**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	459.6	402.3	14.2
Billings	3,154.6	2,752.1	14.6
U.S.	**1986**	**1985**	**% chg**
Gross income	249.7	242.9	2.8
Billings	1,665.3	1,620.4	2.8

☑

U.S. billings

($ in millions)	1986	1985	% chg

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	51.0	83.0	(38.6)
Magazine	193.0	212.0	(9.0)
Medical journ.	10.0	12.0	(16.7)
Supplements	2.0	7.0	(71.4)
Radio	54.0	49.0	10.2
Network TV	376.0	442.0	(14.9)
Spot TV	162.0	161.0	0.6
Cable TV	5.0	2.0	150.0
Outdoor	39.0	35.0	11.4
Yellow Pages	8.0	8.0	0.0
Direct mail	156.0	123.0	26.8
Dir. resp. TV	44.0	10.0	340.0
Dir. resp. radio	4.0	1.0	300.0
Dir. resp. newsp.	14.0	15.0	(6.7)
Dir. resp. mag.	14.0	15.0	(6.7)

Workforce

	1986	1985	% chg
Worldwide	7,449	7,416	0.4
U.S.	2,840	3,035	(6.4)

Offices

Worldwide: 244; U.S.: 46

1986 billings by major office

($ in millions)	City	Billings
Direct Response	New York	207.0
Ogilvy & Mather	Los Angeles	98.0
Ogilvy & Mather	Atlanta	55.0
Ogilvy & Mather	Chicago	145.0
Ogilvy & Mather	Dallas	17.0
Ogilvy & Mather	Houston	76.0
Ogilvy & Mather	New York	708.0
Ogilvy & Mather	Other	320.0
Promotions	New York	39.0

Annual review

Overseas billings rocketed 31.6%, while domestic operations at this Ogilvy Group subsidiary expanded only 2.8%. During 1986, O&M Worldwide consolidated O&M Partners into its N.Y. operation, and formed the O&M Public Relations Group, which includes Adams & Rinehart, Dudley, Anderson & Yutzey, Washington Public Affairs and Sage Group. On the domestic billings front, the year's largest gains came from new clients Harris 3/M and Hospital Corporation of America, while the largest billings declines were credited to TWA and Avon.

U.S. accounts

Gained: Seagram, Boodles Gin, Golden Spirits; Caterpillar; Cayman Britannia; *Fortune* magazine; Harris 3/M; Hospital Corp. of America; General Foods, Log Cabin Syrup, Maxim; Metier Management Systems; Metropolitan Transit Authority, Houston; North American Watch; QMS, laser printers for computers; Ryder System; Sears Soft Lines, catalog; United Technologies; Christian Children's Fund

Lost: Avon; Chesebrough-Pond's; Dial; Parker Pen; Peugeot; Sandoz; Squibb; TWA; Wagner Spray Tech

Foreign accounts

Gained: American Express—Germany, Philippines; BAT Industries—Switzerland; Beecham, Dow Chemical—Ecuador; Boeing—Australia, China, Germany, Philippines; California Prune Board—Finland, Germany, Italy, Norway, Spain, Sweden, U.K.; Compaq—Germany, Netherlands; Duracell—Austria, Germany; Kimberly-Clark, Philippines; Korean Air—Korea, Philippines; Mattel—Austria, India, Portugal, Thailand, U.K., Venezuela; Mercedes-Benz—China, Turkey; NutraSweet—Austria, Colombia, Denmark, Finland, Ireland, Mexico, New Zealand, Norway, Switzerland, Venezuela; Parker Pen—China, Philippines; Pepsico—Indonesia; Philips—Australia, Colombia; Polaroid—China, Philippines, Portugal, Taiwan; Rank Xerox—Denmark, Finland, Germany, Netherlands, United Kingdom; Shell—Denmark, Portugal, South Africa; Unilever—Japan, Philippines, Portugal; Warner-Lambert—Uruguay; Arrow Shirts, Finnair—Singapore; Burroughs—United Kingdom; Cotton Council—Japan, Korea, United Kingdom; Estee Lauder, General Electric, Budget Rent-A-Car—Malaysia; Hershey—Taiwan; Hong Kong Trade Development Council—Hong Kong, Japan; Jaguar, AT&T—Japan; Michelin—Ireland; Reebok—United Kingdom; Sheraton, Seagram—Mexico; Tambrands—South Africa

Lost: BAT Industries—Brazil; Boeing—Sweden; Chesebrough-Pond's—Brazil; Mercedes-Benz—Malaysia; Parker Penn—Argentina, Australia, Austria, Belgium, Canada, Chile, Denmark, Finland, Germany, Greece, Ireland, Mexico, New Zealand, Norway, Sweden, Switzerland, Uruguay; Pepsico—Norway, Sweden; Seagram—Netherlands; TWA—Denmark, Netherlands; Wagner Spray Tech—Canada; Woolworths—Australia

Officers

Ogilvy & Mather Worldwide: Kenneth Roman, president; Charles Walsh, cfo; Norman Berry, creative head—president N.Y., Graham Phillips, chmn—U.S.

Phone: (212) 907-3400

Richards Group

RANK **84**

Dallas

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.2	10.9	12.0
Billings	82.4	72.3	14.0

U.S. billings

($ in millions)	1986	1985	% chg
Media	12.4	10.9	13.3
Materials & services	12.7	8.8	44.6
Capitalized fees	57.4	52.6	9.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	5.8	13.0	(55.8)
Magazine	10.7	5.8	84.5
Radio	21.4	14.5	48.1
Spot TV	37.1	32.5	14.2
Outdoor	4.1	3.6	13.9
Direct mail	3.3	2.9	13.8

Workforce

	1986	1985	% chg
Worldwide	157	165	(4.8)
U.S.	157	165	(4.8)

Offices

Worldwide: 1; U.S.: 1

Annual review

The Richards Group actively pitched for new clients to buffer against the advertising budget cutbacks of existing clients in the oil-related business. This strategy paid off as new clients contributed 80% of the billings growth in 1986 and brought potential billings of $26 million to the agency.

The largest of the billings gains was for restaurant/bar chain TGI Friday's at $7 million, an account gained in 1986. Estimated annualized losses amounted to $9.5 million, with Metromedia Long Distance, the largest at $4 million, followed by Whataburger at $3 million.

U.S. accounts

Gained: Amdahl Communications div; American Catfish Institute; Aerobics Corp. of America; Axon; El Chico Corp.; Grandy's; Motel 6; Otasco; TGI Friday's

Lost: Crown Leasing Corp; Dallas Apparel Mart; Hogan Systems; Metromedia Long Distance; Whataburger; Metrocel Cellular Telephone

Officers

Stan Richards, president; Jim McGhee, Brad Todd, Cormac Ryan, mgmt supers; Scot Dykema, cfo; Gary Gibson, Glenn Dady, Ray Redding, David Fowler, Grant Richards, Mike Malone, Dave Mitchell, Steve Miller, creative group heads; Tave Campbell, acct group super; Martin Bybee, dir operations; Mark Cunningham, dir rsch, creative planning; Michael Leonard, media dir

Phone: (214) 891-5700

More about Florida's Money Market

Ft. Lauderdale/South Palm Beach is the #1 major Florida market in per capita retail sales.

The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

Fort Lauderdale/South Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.

Top 10 agencies in magazine billings

Rank	Agency	Magazine billings 1986	Magazine billings 1985	U.S. billings 1986	U.S. billings 1985
1	Bozell, Jacobs, Kenyon & Eckhardt	$262.1	$206.0	$1,125.0	$1,030.0
2	Foote, Cone & Belding Communications	226.3	197.4	1,616.7	1,430.7
3	DDB Needham Worldwide	212.0	215.3	1,613.7	1,682.5
4	Ogilvy & Mather Worldwide	193.0	212.0	1,425.3	1,420.4
5	BBDO Worldwide	192.4	163.6	1,872.8	1,701.7
6	J. Walter Thompson Co.	190.9	201.0	1,732.1	1,672.9
7	Grey Advertising	187.2	207.7	1,358.0	1,221.9
8	Young & Rubicam	184.5	181.7	1,832.0	1,797.0
9	Leo Burnett Co.	165.9	161.6	1,361.6	1,269.9
10	D'Arcy Masius Benton & Bowles	158.2	152.2	1,217.2	1,268.1

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

Rosenfeld, Sirowitz & Humphrey

RANK 57

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	19.7	18.4	7.1
Billings	149.6	139.0	7.6

U.S. billings

($ in millions)	1986	1985	% chg
Media	108.5	100.6	7.9
Materials & services	10.6	9.9	7.6
Capitalized fees	30.5	28.6	6.8

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	13.5	9.7	38.2
Magazine	20.9	23.6	(11.4)
Supplements	—	1.4	—
Radio	3.0	5.6	(46.2)
Network TV	37.4	27.8	34.5
Spot TV	58.3	57.0	2.4
Cable TV	1.5	2.8	(46.2)
Outdoor	—	1.4	—
Bus. papers	4.5	4.2	7.7
Point of sale	—	1.4	—
Direct mail	3.0	—	—
Catalogs	1.5	1.4	7.7
Dir. resp. newsp.	4.5	1.4	223.1
Dir. resp. mag.	1.5	—	—
Free-standing inserts	—	1.4	—

Workforce

	1986	1985	% chg
Worldwide	141	165	(14.5)
U.S.	141	165	(14.5)

Offices

Worldwide: 1; U.S.: 1

Annual review

New business from existing clients accounted for 90% of the increase in billings in 1986 over 1985, while new clients accounted for the remaining 10%. The largest annualized billings gain came from Thompson Medical, and the largest loss, from McDonald's New York/Michigan co-op advertising. Billings growth will continue in 1987 on the strength of new business gains added late in 1986 and existing client growth from accounts, particularly Charles of the Ritz and Chase Manhattan.

U.S. accounts

Gained: Thompson Medical, Ibuprin; Chase Home Mortgage Corp.; Chase Student Loans; Chase Bank of Florida; Charles of the Ritz, Fla.
Lost: McDonald's New York/Michigan Co-op; Yugo; Pennaco

Officers

Ron Rosenfeld, Len Sirowitz, co-chmns; Steve Humphrey, president; Linda Srere, exec vp, dir-acct svcs; Howie Brodsky, exec vp-cfo; Fred Turdik, exec vp, dir-operations; Leslie Amozig, sr vp, dir-media operations; Roberta Weinstein, vp, mgmt super-direct response
Phone: (212) 505-0200

Ross Roy Inc.

RANK 26

Detroit

($ in millions)

Worldwide	1986	1985	% chg
Gross income	62.4	55.5	12.4
Billings	416.0	370.0	12.4

U.S. billings

($ in millions)	1986	1985	% chg
Media	164.0	148.0	10.8
Materials & services	52.0	46.0	13.0
Capitalized fees	200.0	176.0	13.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	29.5	25.9	13.9
Magazine	42.3	37.0	14.3
Supplements	4.0	3.7	8.1
Radio	65.0	51.8	25.5
Network TV	77.0	70.3	9.5
Spot TV	105.0	96.2	9.1
Cable TV	4.2	3.7	13.5
Outdoor	4.2	3.7	13.5
Bus. papers	12.0	11.1	8.1
Point of sale	20.0	18.5	8.1
Yellow Pages	12.5	11.1	12.6
Direct mail	12.3	11.1	10.8
Catalogs	24.0	22.2	8.1
Telemarketing	4.0	3.7	8.1

Workforce

	1986	1985	% chg
Worldwide	811	707	14.7
U.S.	728	632	15.2

Offices

Worldwide: 10; U.S.: 8

1986 billings by major office

($ in millions)	City	Billings
Calet, Hirsch & Spector	New York	67.0
Gray & Kilgore	Troy	6.0
Griswold	Cleveland	40.2
Lerner Scott Corp.	Chicago	9.6
Ross Roy	Detroit	293.2

Annual review

RR added Calet, Hirsch & Spector to its lineup in January, 1986, after buildings its Cleveland strength in 1985 by buying out Griswold Advertising. The agency expects strong billings growth in 1987, related to its $26 million gain in annualized billings against annualized declines of $1.5 million in 1986.

U.S. accounts

Gained: Stroh Brewery, Sundance 100% Natural Juice Sparklers; Chrysler Credit; W.H. Rorer, Perdiem Fiber Laxative; Italian Government Travel Office
Lost: Coca-Cola Bottlers of Detroit

Officers

Glen W. Fortinberry, president-ceo & chmn; John L. Frakes, exec vp, exec creative dir; F. Robert Steiger, exec vp, creative dir; Peter C. Vetowich, exec vp, dir-retail operations; Bruce S. Wagner, exec vp, dir-client svcs; Richard C. Ward, exec vp-merch div; Michael L. Labiak, Francis M. Dattilo, sr vps, group creative dirs; Roy W. Edmonds, sr vp, exec producer, broadcast dir; Lance L. Aldrich, James C. Gorman, Sydney P. Houghton, sr vps, creative dirs; Chris A. Lawson, sr vp-finance & admin; Gerald N. Moody, sr vp, dir-mktg svcs; R. John Oliver, sr vp, genl mgr-Ross Roy Productions; Frank D. Wilberding, sr vp, dir mktg planning; Richard L. Simmons, James V. Vehko, Byron K. Shaffer, Roger F. Sherman, Donald C. Scheich, P. James Quigley, John J. Fox, Bruce W. Miller, sr vps, mgmt supers
Phone: (313) 568-6000

Rubin Postaer & Associates

RANK 72

Los Angeles

($ in millions)

Worldwide	1986	1985	% chg
Gross income	15.1	14.5	3.6
Billings	109.0	99.0	10.1

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	89.6	82.1	9.2
Materials & services	18.8	14.8	26.8
Capitalized fees	0.6	2.1	(70.6)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	5.5	5.9	(8.2)
Magazine	18.2	20.8	(12.4)
Radio	10.9	10.9	0.1
Network TV	34.9	43.6	(19.9)
Spot TV	38.1	16.8	126.7
Outdoor	1.1	0.2	450.6

Workforce

	1986	1985	% chg
Worldwide	156	160	(2.5)
U.S.	156	160	(2.5)

Offices

Worldwide: 4; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
Rubin Postaer	Los Angeles	99.0
Rubin Postaer	San Diego	10.0
Rubin Postaer	Sacramento	N/A
Rubin Postaer	Phoenix	N/A

Annual review

In October, the agency was created from a management-led buyout of Needham Harper/LA. Existing clients Home Federal Savings & Loan, California State Lottery and American Honda helped provide 70% of the billings growth during 1986, while new clients added the remainder. The agency expects strong billings growth in 1987 because it gained a potential $10 million in annualized billings—$8 million of that coming from New Century/Vista Film Co.

It lost an annualized $2 million from Chicagoland Honda Dealers Assn. The agency opened a New York office to service the New Century/Vista Film account.

U.S. accounts

Gained: Major Video; New Century/Vista Film Co.; Rabbit Computer Corp.; San Diego Chargers
Lost: Chicagoland Honda Dealers Assn.

Officers

Gerrold R. Rubin, president-ceo; Larry Postaer, exec vp-creative dir; Allan Shaw, exec vp, genl mgr-San Diego; Bob Coburn, sr vp, assoc creative dir; Bill Hagelstein, sr vp, group acct dir; Emil Iannaccone, sr vp, dir-media resources; Gary Wenzel, sr vp, dir-acct planning & devel; Gary Yoshida, sr vp, assoc creative dir; Julie Boston, Joan Egan, vps, acct supers; Stan Botello, vp, assoc media dir; Brad Fornaciari, Tom Kirk, vps, mgmt reps; Vincent Mancuso, vp, dir-finance & admin; Ken Jacobs, David Morgenstern, Carol Ogden, vps, assoc creative dirs; Jackie Ulery, vp, assoc media dir; Chuck Valentine, vp, acct dir
Phone: (213) 208-5000

Rumrill-Hoyt

RANK 49

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	23.9	21.1	13.5
Billings	163.9	149.5	9.6

☑

Annual review

With a renewed drive for consumer-goods business, resulting in new assignments in 1987 from R.T. French Co. and Kodak, the agency posted a 9.6% increase in billings in 1986, up $14.4 million. New accounts included Westinghouse Credit Corp. and two new Burroughs Wellcome products.

U.S. accounts

Gained: Westinghouse Credit Corp.; Burroughs Wellcome, Neosporin, Zovirax drug; Remington; DuPont Chemical & Pigment; Agway Country Foods
Lost: Russ Berrie, stuffed toys; CIT, financial svcs; Alenex

Officers

New York: Gary D. Landis, chmn-ceo, Paul J. Goldsmith, president. Henry E. Dunn III, Herbert W. Warden, Bernard J. Long, John E. Ryan, Richard Ferrante, Lila Sternglass, William R. Hamilton, sr vps; Edwin H. Baden, vp-ceo. Rochester: Dick Thomson, president-ceo; Don Weber, Nick Orloff, sr vps; Gale Johnson, vp, dir-pr; Kurt Minwell, vp-finance
Phone: (212) 872-4000

Saatchi & Saatchi Compton

RANK 2

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	490.5	440.9	11.2
Billings	3,320.0	3,033.1	9.5
U.S.	**1986**	**1985**	**% chg**
Gross income	194.6	169.7	14.6
Billings	1,377.3	1,233.4	11.7

1986 billings by major office

($ in millions)	City	Billings
Cochrane Chase	Newport Beach	78.5
Fairfax Advertising	Indianapolis	33.9
Klemtner Advertising	New York	60.0
McCaffrey & McCall	New York	203.7
Rumrill Hoyt	New York	163.9
Saatchi & Saatchi Inc.	New York	600.7

Annual review

This agency is essentially one of three main networks comprising London-based holding company, Saatchi & Saatchi PLC, whose intention is to operate the world's largest advertising network and have one of the top five agencies in the world's top 10 ad markets.

S&SCW contains three large groupings: Saatchi & Saatchi Compton-U.S., Saatchi & Saatchi U.K., and the large Saatchi network throughout the rest of the world. Both U.S. and overseas billings grew by about $144 million each, giving the U.S. a 12.5% growth compared with 7.9% abroad because of the smaller base in the U.S. Major U.S. business came from P&G Camay ($16 million billings annualized) and *Video Digest* ($10 million), but account conflicts related to Saatchi & Saatchi's acquisitiveness particularly hurt its other P&G business. It lost $70 million with the exit of Crisco and Duncan Hines. U.S. figures include only the advertising contributions from subsidiaries Hay Group, Irv Koons, Mayo Infurna, Siegel & Gale and BTD, and full returns from subsidiaries listed below. Ted Bates Worldwide, Backer & Spielvogel and Dancer Fitzgerald Sample, other S&S PLC units purchased in 1986, are not included in S&SCW totals.

U.S. accounts

Gained: Saatchi & Saatchi Compton Inc.—Mellon Bank; McNeil, Delsym; Johnson & Johnson, new prods; P&G Camay Soap; *Video Digest*; BVD, socks.
Lost: Saatchi & Saatchi Compton Inc.—Almay; P&G Crisco, Duncan Hines; Ludens; Dexatrim. Accounts lost and gained from the subsidiaries listed above can be found in their respective profiles in this issue.

Foreign accounts

Gained: Saatchi & Saatchi Compton Worldwide: France—Roc cosmetics; Belin-Nabisco; Krony, beer-cooler; *Modes & Travaux*, magazine; AGF Insurance. Mexico—Plough De Mexico. Puerto Rico—Wendy's; Radio Shack; Caribe Hilton Hotels; PepsiCo-Slice. Spain—Bank of London & South America; Bauknecht, household electric appliances; Gallaher; Juvena, cosmetics; Spanish Tourist, USA; Zanussi,household electric appliances; Basi Hermanos; Int'l Wool Council. Taiwan—Max Factor; Citicorp. Trinidad—Burroughs Wellcome. Venezuela—Bristol-Myers; JEEP de Venezuela. New Zealand—British Airways; Salmond Smith Biolab; TVNZ, media; *NZ Post*. Colombia—Banco Popular; Cervunion; Postobon; Berol. Philippines—San Miguel; Ministry of Tourism; Wellcome Philippines; De Beers; SKIL; Canon; Bauknecht; Gervais Danone. Australia—Mitsubishi; Malaysian Tourist Development; Seiko; Sunbeam; Tonka. India—Shri Ram Honda Gensets; Eureka Forbes, Electrolux; Petrosil, Gulf Oil; Shri Dinesh Mills Textiles; Kissan Soft Drink Concentrate. Korea—Desco de Schulthess Audemars Piguet Watch; Pepsi-Cola International; Chosun Brewery Co. Malaysia—P&G; British Airways. Denmark—Danish/Spanish Navarra Wine; Chamber of Commerce. Greece—Hiram Walker International; Hellenic Cypriot Mediterranean Lines. Netherlands—Harvey's Sherry. Zimbabwe—Bata Shoe Co. Crystal Candy; DHL International. Turkey—P&G; Nabisco; Bahlsen, biscuits. Italy—Renault; Agip Servizi; Citibank; Boehringer; Roc; Nabisco Saiwa; De Marchi. Canada—American Motors; Canadian Red Cross; Tim Horton Donuts; Royal LePage-Ontario West, real estate; Xerox Canada Inc. Belgium—Beiersdorf; IBM. New Zealand—Kiwifruits Authority; Upjohn; American Cyanamid, antibiotics. Portugal—BP; Fiatagri; Grundig, electric Shavers; Soc. Central Cervejas Soft Drinks. Germany—Richardson-Vick's, Oil of Olaz; Pirelli; Bongrain; Champion, sportswear; Puerto Rico Tourist Office. Ireland—Bank of Ireland; Crown Paints. Britain—Allied-Lyons; Reckitts; Richardson-Vick's, Oil of Ulay; Campbell Soup; Tonka Toys; Cadbury-Schweppes; KMG Thomson McLintock; Tobacco Advisory Council; Courvoisier; BP Prestige Cookware; P&G Ariel Liquid; Malaysian Tourist Bd; Portuguese Tourist Bd; Jim Beam Bourbon; Leukemia Research; BP Petrol Dynasty & Treasure Promotions; Nabisco Planters; Mars; London Philharmonic; Sugar Bureau
Lost: Saatchi & Saatchi Compton Worldwide: France—Kelton Watches; Taureau Aile Rice. Mexico—Hoteles Sheraton; Carter-Wallace. Puerto Rico—Faramcias Moscoso. Taiwan—A.O.C. TV Set; Mix Me Milk Powder. Trinidad—Charles Candy Co. Ltd.; Sunshine Snacks Ltd. Venezuela—B.H.O. Mortgage Bank; Vargas, C.A.; Alberto-Culver. New Zealand—Sanyo; Allied Foods. Philippines—Vitarich Corp.; Grosby KP Footwear, P&G; ELIN Household Appliances. Australia—Australia Consolidated Hosiery; Marshall Batteries; Smith & Nephew; Nestle; Readers' Digest Assn. India—Pressure Cooker & Appliances. Malaysia—Johnson & Johnson; McDonalds Malaysia; Pacific Bank. Denmark—Fogtdal Special Services; Boliden Chemicals & Metals; Nordisk Software. Netherlands—Hewlett-Packard. Zimbabwe—Dairy Marketing Board. Turkey—Eva Washing Machine. Canada—Armor All; Liquor License Board. Belgium—Spadel. Portugal—IBM; Novotel; Atlas Copco; Jeans Lusitania; Walter & Heller; Factoring. Germany—Vitamalz Malt Beer. Ireland—Ferguson Electrical Goods. Britain—McDonalds; Mattel; KP; Smith & Nephew; Air New Zealand; Polycell; Barker & Dobson; Rowntree; United Biscuits; *Sunday Times*; Nissan Dealers; Wharfedale.

Officers

Saatchi & Saatchi Compton Worldwide: Directors—O.M. Gossett (chmn-ceo), Terry Bannister, Alban Lloyd, Roderick More, David Miln, John Perriss, Jeremy Sinclair, Roy Warman, Edward Wax. Saatchi & Saatchi Compton Inc., New York—Edward Wax, president-ceo; Robert O. Jordan, chmn; Robert Levenson, vice chmn-chief creative officer. Exec vps: Gerald A. Kessler, cfo, secretary, treasurer; David Basch, Thomas Lom, acct mgmt; Christopher A. Mill, new business; Richard Earle, Nadeen Peterson, creative dirs; Edward Rosenstein, rsch dir; Paula Forman, Ernst deFlines, mgmt dirs; David Herzbrun, Charles Abrams, creative
Phone: (212) 754-1100

Sawdon & Bess Advertising

RANK 91

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	11.1	10.5	5.7
Billings	74.3	70.3	5.7

U.S. billings

($ in millions)	1986	1985	% chg
Media	62.0	58.5	6.0
Materials & services	9.6	9.1	5.5
Capitalized fees	2.7	2.7	0.0

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	2.3	1.8	26.4

($ in millions)	*1986*	*1985*	*% chg*
Magazine	3.8	3.0	25.8
Radio	9.8	7.8	25.0
Spot TV	50.3	46.4	8.4
Cable TV	7.0	10.3	(32.0)
Bus. papers	1.2	1.0	20.0

1986 billings by major office

($ in millions)	*City*	*Billings*
Sawdon & Bess	New York	65.3
Sawdon & Bess	Los Angeles	9.0

Annual review

Sawdon & Bess recorded a 5.7% increase in billings, with existing clients Footlocker, local Cadillac dealers, Southeast, Southern California, and Matchbox constituting the majority. S&B is being consolidated this year with other Ted Bates subsidiaries, AC&R and Diener/Hauser/Bates, into a new agency, AC&R/DHB & Bess, which will have a combined $321 million in worldwide 1986 billings. S&B brings a strong retail capability to the merged unit, which is expected to produce savings of $1 million. The move is the first consolidation engineered by parent, Saatchi & Saatchi PLC, to produce efficiencies. Jerome Bess will be the new agency's chmn.

U.S. accounts

Gained: Matchbox, Rubicks Magic Puzzle; Grid Comm; Natural Touch Cosmetics
Lost: None

Officers

Jerome Bess, chmn; Martin M. Mitchell, president
Phone: (212) 751-6660

Scali, McCabe, Sloves

RANK **20**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Gross income	77.5	50.2	54.4
Billings	556.6	334.7	66.3
U.S.	**1986**	**1985**	**% chg**
Gross income	62.4	36.6	70.5
Billings	455.6	243.9	86.8

☑

U.S. billings

($ in millions)	*1986*	*1985*	*% chg*
Media	455.6	243.9	86.8

Workforce

	1986	1985	% chg
Worldwide	1,253	841	49.0
U.S.	714	425	68.0

Offices

Worldwide: 14; U.S.: 7

1986 billings by major office

($ in millions)	*City*	*Billings*
Fallon McElligott	Minneapolis	178.8
Martin Agency	Richmond, Va.	90.3
Scali, McCabe, Sloves	New York	259.2
Scali, McCabe, Sloves	Los Angeles	2.0
Scali, McCabe, Sloves	Atlanta	8.0
Stevens & Buchsbaum	New York	N/A

Annual review

Acquisitions dominated the scene this year, for this subsidiary of the Ogilvy Group, as the agency purchased Fallon McElligott, Minneapolis, in April, Martin Agency, Richmond, Va., in October, and a 20% interest in Stevens & Buchsbaum, N.Y. The 1986 billings figures for Fallon McElligott, $187,829,200, and Martin Agency, $90,335,800 are consolidated into SM&S totals, while Stevens & Buchsbaum are not. Apart from these subsidaries, Scali, McCabe, Sloves billed $269,165,000 in 1986, which amounted to a 10.4% gain over billings of $243,875,300 in 1985. This growth came 70% from existing clients. During the year, the agency gained a potential $38 million in annualized billings with Champion and Harris Lanier accounting for the majority. It lost annualized billings of $20 million, when Continental Airlines left. Overseas billings grew 11.3%, but the purchase in February of the French agency, Audour Soum, should enable SM&S to top that in 1987. Stating he needed new challenges, Edward McCabe, left the agency as president, creative director worldwide, left the agency Jan. 1, 1987, and entered the Paris-to-Dakar auto rally.

U.S. accounts

Gained: Champion; Schering-Plough; Harris Lanier; Prince; Fred Joallier
Lost: Continental; Duffy Mott

Foreign accounts

Gained: Mexico—Ralston Purina; Famsa/Daimler Benz; Seguros America; Moulinex. AMV (Abbott Mead Vickers), London—London Commodity Exchange; Northern Foods; Orbis; Schwarzkopf; Sealink; Smith & Nephow; British Telecom. Canada—Champion; N. A. Decorative; Ralston Purina, Burger Crunch; Labatt Brewing, Guinness; Lipton, soup, fruits; Cadbury, fudge. Australia—*Time*; Pacific Pet Foods; Michigan Bayley. Germany—Bosch; Loewe; Siemens; Wella.
Lost: Mexico—Alberto-Culver. AMV—Arthur Andersen; Radio Marketing Bureau; Savacenter; Watney. Canada—Sara Lee. Australia—Met Transit; State Transit. Germany—Vitra.

Officers

Marvin Sloves, chmn, ceo; Sam Scali, vice chmn, creative dir, U.S. operations; Alan Pesky, vice chmn, coo; Keith Green, exec vp, dir stragtic planning and business devel; Judith Aiello, exec vp, mng dir; Mike Ephron, exec vp, media scvs; Stuart Epstein, Murray Gaylord, exec vps, mgmt reps; Gail F. Lieberman, exec vp, cfo; Barbara Titus, exec vp, rsch dir; Jerry Sherman, president, sales promo; Lee Graham, president, direct response
Phone: (212) 735-8000

SSC&B:Lintas Worldwide

RANK **13**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Gross income	237.0	208.6	13.6
Billings	1,647.5	1,435.5	14.8
U.S.	**1986**	**1985**	**% chg**
Gross income	69.0	67.4	2.3
Billings	460.0	449.6	2.3

☑

Workforce

	1986	*1985*	*% chg*
Worldwide	4,083	3,859	5.8
U.S.	690	731	(5.6)

Annual review

New assignments from existing clients provided 80% of billings growth at SSC&B, with the rest coming from new client Citizen. During 1986, annualized billings gains came to $33 million, $20 million from Coca-Cola's Tab, against declines of $22 million with $20 million of that from Citibank.

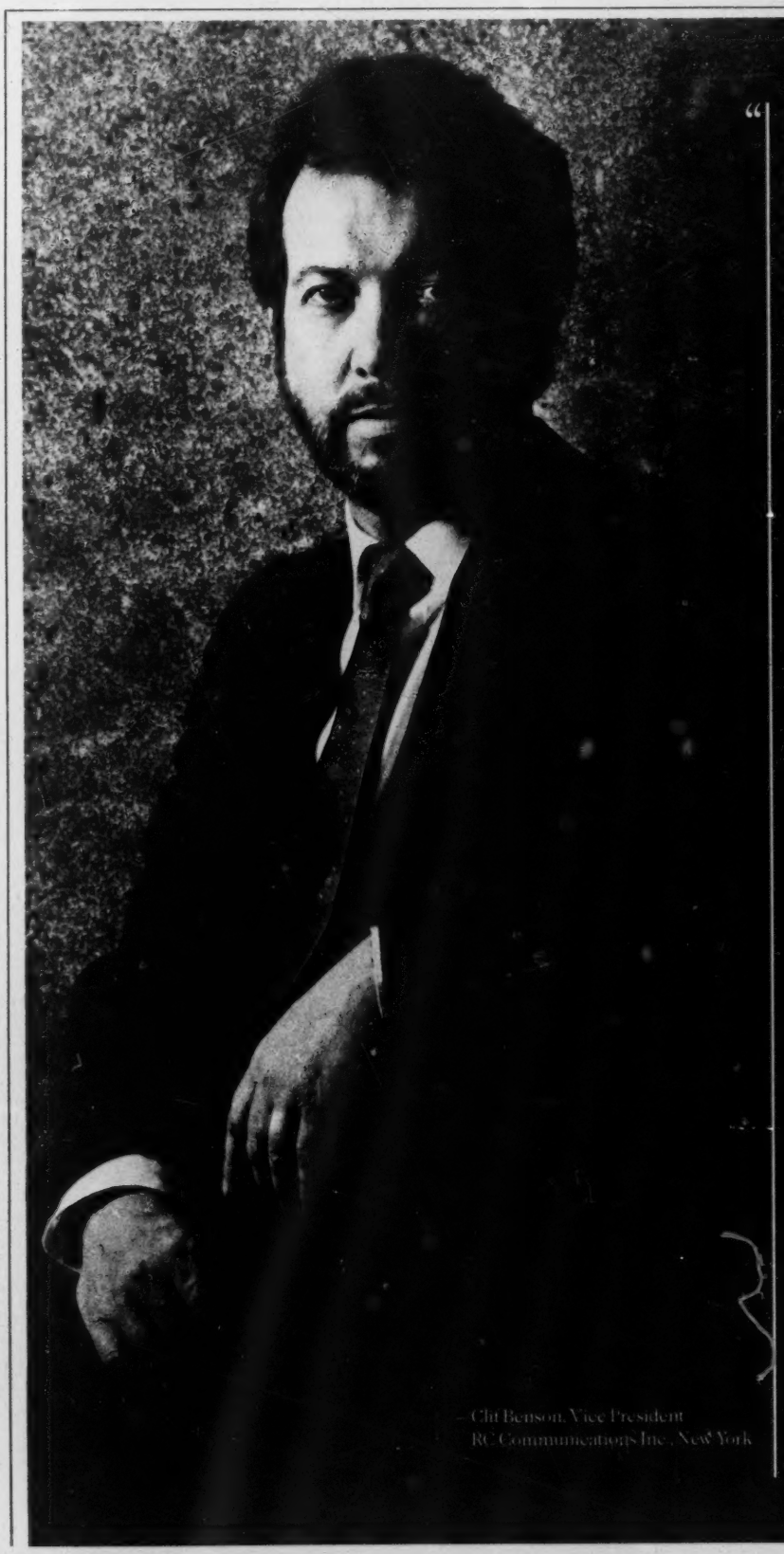
U.S. accounts

Gained: SSC&B, Inc., New York—Citizen Watches. SSC&B:Vos Direct, New York—Grolier Enterprises, Arthur de Moss Foundation, Metropolitan Life Ins. Co., Tenneco (Speedy Muffler)
Lost: SSC&B, Inc. New York—American Brands (cigarettes), Citibank/Citicorp. SSC&B:Vos Direct, New York—Lynchburg Hardware

Foreign accounts

Gained: Austria—OAMTC (Austrian Automobile Club), Ludwig Furniture (retailer), Bayer (Satina Medicated), Carrefour (hypermarket). Belgium—peugeot (cycles & mopeds), Heineken (Bokma gin), Jagermeister Liqueur. Denmark—City of Copenhagen, Berlitz, NEC (computers), Remy Martin (De Luze cognac), Pierre Robert (cosmetics), SAS (duty free cosmetic/perfumes). England—Timberland, Noxell (Cover Girl), Barclay's Bank (Debit Card). England—Johnson & Johnson (3 Sanpro assignments)-export, Philips (lighting, audio, video)-export, Minolta (word processor), Dubai Intl. Trade Center, Wanda (Ovaltime)-export. Finland—Post Office (direct

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.



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– Clit Benson, Vice President
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Top 10 agencies in radio billings

Rank	Agency	Radio billings 1986	Radio billings 1985	U.S. billings 1986	U.S. billings 1985
1	Bozell, Jacobs, Kenyon & Eckhardt	$148.5	$146.3	$1,125.0	$1,030.0
2	D'Arcy Masius Benton & Bowles	104.7	133.3	1,217.2	1,268.1
3	Foote, Cone & Belding Communications	100.2	84.3	1,616.7	1,430.7
4	J. Walter Thompson Co.	93.7	91.2	1,732.1	1,672.9
5	Ross Roy Inc.	65.0	51.8	416.0	370.0
6	BBDO Worldwide	63.3	72.2	1,872.8	1,701.7
7	Ted Bates Worldwide	54.5	42.7	1,784.6	1,810.1
8	Ogilvy & Mather Worldwide	54.0	49.0	1,665.3	1,620.4
9	Grey Advertising	48.0	36.7	1,358.0	1,221.9
10	DFS Dorland Worldwide	47.8	47.4	901.4	861.9

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

mail). Bank of Finland. France—William Grant (Glenfiddich), Bahlsen (biscuits & snacks), O.C.E. (Moroccan fruits & vegetables). NEC (computer peripherals, printer), Philips (batteries). Germany—Jagermeister Liqueur, Deutsch Granini (juices). Italy—Novo Industries (enzymes), N.Y. State Dept. (financial investments), Fiat (HDX oil). Netherlands—Hema (retailer), Maple Leaf (Sportlife Gum, Donals Bubble Gum). Norway—Thermex/Nidar Bergene (Deli-O canned food). Portugal—Michelin, Mobil Oil. Spain—Joyeria y Plateria (Dalia silverware). Sweden—NEC (printers & business machines). Switzerland—Telekurs (EC Direct Debit Card), Schweizerischer Bank (private pension fund). Argentina—Sterling (Panadol, Geniol), Seiko watches, Cia Americana de Ediciones (magazines), Timberland. Australia—NSW Dept. of Health (teen alcohol abuse), Tricontinental Group (bank). Brazil—Novo Industries (enzymes), Sterling Drug (Panadol, Melhoral), Citicorp/Citibank (credit card), Arthur de Moss Foundation. Canada—Carnation (Mighty Dog, Fancy Feast Cat Food), Standard Broadcasting (radio sta. CFRB). Nestle (Dr. Ballard's pet foods). Chile—Olympia, IBM (computers), Correos de Chile (postal service). Hong Kong—Jusco Dept. Store, Quaker Cereals. India—Electronic Corp. (EC tv), Govt. of India, Bajaj Auto (Kawasaki motorcycles). Indonesia—ABC Central Food (syrups, sauces). Japan—Novo Industries (enzymes), State of N.Y. (Financial Investment), Philips (corp). Malaysia—Quaker (oatmeal), ICL (computers). Malawi—Coca-Cola (Sobo mixers). New Zealand—KLM Airlines, RCA/Columbia (videotapes), Sterling Drug (3 prods), Union Carbide (Glad bags). Philippines—Hoechst, Philippine Refining (Lipton Tea, Deo.), Citicorp/Citibank (Gold Card). Singapore—Dunlop (tiles, mattresses), Quaker (oatmeal), Le Calssique (duty free specialty store). South Africa—Sterling Drug (2 prods), Raylite batteries, SmithKline French (animal medication). Taiwan—Unilever (6 prods), Philips (lamps), Sterling (Panadol), Wyeth Intl. (Promil). Thailand—Douwe Egberts (Moccona coffee), Canon (typewriter), Sterling Drug (Panadol), Bangkok Bank. Zimbabwe—Dairy Mktg. Bd., Coca-Cola (Classic Coke, Fanta, Sprite)

Lost: Austria—Fuji Film. Denmark—Dansk Natural Gas. England—Canon (office equipment), NEC (home entertainment. England—Unilever (Sunsilk shampoo)-export. Finland—Fuji (camera/films), Salora (tv, radio, stereo). France—Boursin (Boursault cheese), Unilever (Planta margarine). Germany—Chemical Industry, K-Tel Intl. Greece—Timberland. Italy—Unilever (Sofficini). Netherlands—RCA/Columbia (video tapes). Portugal—Banco Fonsecas & Burnay, Johnson & Johnson (Pink lotion). Spain—Galerias Preciados (promos). Australia—Amatil (cigarettes). Brazil—Firestone tires. Canada—Coca-Cola (Cherry Coke, MM Orange Soda). Chile—Unilever (Soft Fabric softener). India—Nirlon synthetic fiber. Malaysia—Genting Highlands (resorts), Castrol (oil, lubricants). New Zealand—Lundia (shelving). Singapore—SAS Amara Hotel, P.T. Indofood (noodles), Air India. Thailand—Petro Auth. of Thailand, Carnation (Coffeemate), Siam Cement Group. Zimbabwe—Crystal Candy

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

Stone & Adler

RANK 79

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.0	13.4	(2.7)
Billings	104.1	109.7	(5.0)
U.S.	**1986**	**1985**	**% chg**
Gross income	12.1	12.1	(0.6)
Billings	96.9	99.8	(2.9)

U.S. billings

($ in millions)	1986	1985	% chg
Media	2.2	0.5	383.7
Materials & services	19.3	21.7	(11.3)
Capitalized fees	75.4	78.0	(3.3)

Billings by media

($ in millions)	1986	1985	% chg
Direct mail	19.3	21.7	(11.3)
Dir. resp. TV	1.4	0.5	212.7
Dir. resp. radio	0.8	—	—

Workforce

	1986	1985	% chg
Worldwide	158	170	(7.1)
U.S.	141	170	(17.1)

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Stone & Adler	Chicago	52.0
Stone & Adler	New York	45.0

Annual review

With the departure of major clients Merrill Lynch, AT&T and Red Lobster, Stone & Adler suffered a 5% or $5.5 million decline in over-all billings in 1986. The agency expects to hold steady in 1987, with accounts gained in 1986 and new 1987 business having its impact.

U.S. accounts

Gained: Holiday Inn; Clorox; First City; Nynex Mobil; *Business Week*, Turner Broadcasting; Citibank.
Lost: Chicago Tribune; Moore Business; Red Lobster; 3M; Tupperware; Hickory Farm; West Bend; Jafra Cosmetics; Merrill Lynch; AT&T

Officers

Richard Colligan, ceo; William Sutherland, president, genl mgr; Linda Andrews, dir-client svcs; Richard Decicco, mgmt super; Michael Moore, exec vp-client svcs; Isabel Mueller, exec vp, treasurer; Bruce Murray, exec vp-mktg; Rosemary O'Brien, sr vp-mgmt svcs; Leonard Ross, sr vp-production; Michael Sugzda, sr vp-new business devel
Phone: (312) 346-6100

Sudler & Hennessey

RANK 46

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	25.5	23.0	10.9
Billings	170.0	153.4	10.8
U.S.	**1986**	**1985**	**% chg**
Gross income	18.6	18.2	2.2
Billings	124.0	121.4	2.1

☑

Billings by media

($ in millions)	1986	1985	% chg
Magazine	3.7	4.2	(11.9)
Medical journ.	10.2	32.0	(68.1)
Radio	4.0	—	—
Network TV	22.7	13.6	66.9
Spot TV	6.5	1.5	333.3
Cable TV	0.2	0.3	(33.3)

Workforce

	1986	1985	% chg
Worldwide	272	285	(4.6)
U.S.	192	206	(6.8)

Offices

Worldwide: 8; U.S.: 2

Annual review

A subsidiary of Y&R specializing in healthcare advertising, S&H secured its growth in 1986 from abroad—overseas billings grew 43.8% during the year-to-year period, while domestical growth slowed to 2.1% from 11% recorded in 1985 over 1984. A year ago, the agency had expected domestic billings to be stronger in 1986 because the FDA had approved at yearend 1985 the general distribution of a number of new products marketed by H&S clients.

U.S. accounts

Gained: Berlex Laboratories; Owen/Allencreme; Liposome Co.; Lever Brothers personal products div, Close-Up toothpaste; Warner-Lambert consumer health prods, Promega; Warner-Lambert International, Centrax, Comprecin, Ponstan
Lost: Ayerst Laboratories; Baker Instruments; Olin Chemical; Cos-Medica Medical Group; Jeffrey Martin Inc.

Foreign accounts

Gained: Australia—Kellogg. Germany—Behringwerke; Tyrolia. Japan—Colgate-Kendal Ltd.
Lost: Australia—Manoheoten Unity; Warner-Lambert Co. Japan—Becton-Dickinson Overseas; KCR Ltd.; Kendal Division; Nordisk

Officers

William B. Gibson, chmn, president-ceo; Robert Gouterman, exec vp, communications svcs; Arthur M. Rosen, exec vp, dir consumer group
Phone: (212) 265-8000

Tatham-Laird & Kudner

RANK 45

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Gross income	28.5	28.2	0.9
Billings	238.5	235.0	1.5

U.S. billings

($ in millions)	1986	1985	% chg
Media	145.2	136.0	6.8
Materials & services	26.5	28.8	(8.0)
Capitalized fees	66.8	70.2	(4.8)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	44.4	40.9	8.6
Magazine	38.6	32.2	19.9
Supplements	5.0	3.5	42.9
Radio	8.8	5.2	69.2
Network TV	62.7	67.2	(6.7)
Spot TV	61.3	65.8	(6.8)
Cable TV	8.6	6.3	36.5
Outdoor	2.6	3.3	(18.2)
Bus. papers	2.1	2.6	(19.2)
Transit	1.9	2.1	(9.5)
Free-standing inserts	2.4	—	—

Workforce

	1986	1985	% chg
Worldwide	345	357	(3.4)
U.S.	345	357	(3.4)

Offices

Worldwide: 1; U.S.: 1

Annual review

Unexpected belt tightening by existing clients hurt billings growth in 1986, holding TL&K to a modest 1.4% increase from the year earlier period. Large new business gains coming from Nabisco Brands and Continental Baking Co. helped push potential annualized billings gains to $56 million against an annualized decline of $18 million, some $17 million of that coming from Continential Bank. During 1986 Charlotte Beers became active chairman of the 4A's and took on the additional title of chmn, and William P. Youngclaus added the title of president.

U.S. accounts

Gained: Procter & Gamble Co., Mr. Clean Soft Cleanser, Metamucil; Nabisco Brands, Blue Bonnet Margarine, Fleischmann's Egg Beaters, Fleischmann's Margarine, Ortega Mexican Foods, Hawaiian Punch, Sugar Free Hawaiian Punch; Household Bank, div of Household International Co.; Nestle Enterprises, Panache; Continental Baking Co., Wonder Bread, Wonder Light Bread; Adolph Coors Co., new prods
Lost: Continental Bank; National Dairy Board, generic butter

Officers

Charlotte Beers, chmn, ceo; William P. Youngclaus, president, coo; John J. Valverde, sr partner, cfo; Phillip Gerber, sr partner, media operations dir; Robert A. Hielscher, sr partner client svcs dir; Michael F. Robinson, sr partner, rsch, planning dir; Lawrence A. Stillman, Ernest N. Vanover, sr partners, group creative dirs; Kirk R. Borland, Linda Garrison, Rawdon Parry, Thomas W. Schafer, sr partners, acct mgrs. Employees: 345.
Phone: (312) 337-4000

TBWA Advertising

RANK 25

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	65.7	49.6	32.3
Billings	453.5	330.9	37.0
U.S.	**1986**	**1985**	**% chg**
Gross income	15.7	13.2	19.1
Billings	104.7	87.9	19.1

U.S. billings

($ in millions)	1986	1985	% chg
Media	104.7	87.9	19.1

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	3.1	3.5	(11.4)
Magazine	36.6	29.9	22.4
Supplements	3.1	2.6	19.2
Radio	8.4	6.2	35.5
Network TV	6.3	6.2	1.6
Spot TV	44.0	37.8	16.4
Cable TV	1.1	0.9	22.2
Outdoor	1.1	0.9	22.2
Transit	1.0	—	—

Workforce

	1986	1985	% chg
Worldwide	618	572	8.0
U.S.	110	97	13.4

Offices

Worldwide: 12; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
TBWA Advertising	St. Louis	17.9
TBWA Advertising	New York	86.8

Annual review

One-half of TBWA's domestic billings increase of 19.1% came from existing clients, especially Carillon Importers, and Southern New England Telephone, and the remainder came from new clients like Del Labs. Overseas, the 43.7% increase in year-to-year billings came from internal growth and currency gains. During 1986, domestic annualized billings gains where $19 million compared to a potential $1 million in losses.

U.S. accounts

Gained: Del Labs, Sally Hansen prods, Flame Glow cosmetics, Lip Quencher; Meredith Corp., *Ladies Home Journal*; Fromageries Bel-Wispride cheese, Price's cheese spread Carillon Importers, Absolut Peppar Vodka; Barnes Hospital; Monsanto Chemical Co., Therminol; Southern New England Telephone Co., directory div
Lost: National Foods, meat prods

Foreign accounts

Gained: Henkel, Bref cubes, X'tra Saptil; Chase Manhattan Bank; Mobil Oil; Irish Tourist Board; Reckitt & Colman, Nubril; Nestle, Yes bars; Beiersdorf, Basis PH; Airplus credit card; Bahlsen; Ecco
Lost: Technics; Granini; Galena Blanca; Concordia Insurance; Ariston; Castiliao

Officers

William Tragos, chmn-ceo; Richard Costello, president; Arnold Arlow, Peter Lubalin, exec vps, co-creative dirs; Thomas Derderian, exec vp, dir-acct svcs, N.Y.; John Doman, exec vp, dir-business devel; Anthony Morgan, exec vp, dir-mktg svcs; William Oakey, exec vp, genl mgr, St. Louis; Brian Barry, sr vp, mgmt super; Claude Fromm, sr vp, media dir; Arthur Gramer, sr vp, dir-acct svcs, St. Louis; Geoff Hayes, sr vp, exec art dir; James Jolliffe, sr vp, creative dir, St. Louis; Stuart Loss, sr vp, financial dir
Phone: (212) 725-1150

Telephone Marketing Programs

RANK 59

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	18.8	15.4	21.7
Billings	126.1	103.3	22.0
U.S.	**1986**	**1985**	**% chg**
Gross income	17.7	15.0	18.3
Billings	118.0	99.7	18.3

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	118.0	99.7	18.3

Billings by media

($ in millions)	1986	1985	% chg
Yellow Pages	118.0	99.7	18.3

Workforce

	1986	1985	% chg
Worldwide	658	582	13.1
U.S.	586	528	11.0

Offices

Worldwide: 19 ; U.S.: 13

1986 billings by major office

($ in millions)	City	Billings
TMP	Ridgefield, Ct.	N/A
TMP	Minneapolis	N/A
TMP	Miami	N/A
TMP	Charlotte, N.C.	N/A
TMP	New York	118.0
TMP	Detroit	N/A
TMP	Chicago	N/A
TMP	Dallas	N/A
TMP Boston	Boston	N/A
TMP Midwest	Danville, Ill.	N/A
TMP West	Los Angeles	N/A
TMP West	San Francisco	N/A

Annual review

TMP had another year of solid growth, posting an over-all 22% increase in billings, with domestic billings up 18.3% to $118 million and overseas billings up 125% to $8.1 million. With telephone companies multiplying rapidly, TMP anticipates continued growth in 1987.

U.S. accounts

Gained: Conrail; Viking Pump Houdaille; Jostens Education Systems; Fireman's Fund Insurance; American Speedy; Colonial Penn Insurance; Haworth, Inc.; Purolator Courier Corp.; Adirondack Direct; Swiss-Bernina; Merillat Industries; TIE Communications; Humana Hospitals; Herman Miller, Inc.; Idealease; Echo; Pioneer Partner; Affordable Used Car Rental System; Ricoh Corp., Copier div; Manitowoc; Hinckley & Schmitt; E.F. Johnson
Lost: Commercial Credit; Computer Depot; Continental Airlines; Otis Elevators; Synergy; Ethan Allen; Admiral; Royal Optical; Deloitte Haskins & Sells

Officers

Andrew J. McKelvey, president; Paul Camara, sr vp-operations; Lance S. Johnson, sr vp-sales; Thomas G. Colli-

son, vp-finance; Robert Lamb, vp-mktg; Frank Troise, vp-operations; Harold L. Levy, vp-sales
Phone: (212) 977-4200

J. Walter Thompson Co.

RANK 4

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	471.0	434.7	8.4
Billings	3,141.5	2,899.1	8.4
U.S.	**1986**	**1985**	**% chg**
Gross income	259.7	250.8	3.5
Billings	1,732.1	1,672.9	3.5

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	1,732.1	1,672.9	3.5

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	187.1	143.6	30.3
Magazine	199.7	207.6	(3.8)
Radio	94.6	93.5	1.2
Network TV	626.8	580.7	7.9
Spot TV	363.6	347.2	4.7
Cable TV	—	23.3	—
Outdoor	21.1	18.3	15.5
Farm publications	42.2	41.5	1.6
Direct mail	8.1	16.6	(51.1)

Workforce

	1986	1985	% chg
Worldwide	7,662	8,031	(4.6)
U.S.	3,035	3,325	(8.7)

Offices

Worldwide: 182; U.S.: 71

1986 billings by major office

($ in millions)	City	Billings
Thompson Recruitment	Los Angeles	117.0
J. Walter Thompson	New York	600.0
J. Walter Thompson	Chicago	415.0
J. Walter Thompson	Los Angeles	118.0
J. Walter Thompson	Atlanta	33.5
J. Walter Thompson	Washington	44.5
J. Walter Thompson	San Francisco	151.0
J. Walter Thompson	Detroit	341.0

Annual review

A moderate 3.5% U.S. billings growth came largely from additional assignments: Warner-Lambert ($25 million), Kodak ($20 million) and new client IBM ($50 million). Product losses came from Kraft ($75 million) and Kodak ($15 million). Departing were USAir ($18 million) and Dole Pineapple ($15 million). Overseas billings grew 14%, which provided leverage for overall billings to climb 8.4%. Early this year Joseph O'Donnell, chairman-ceo, was fired after attempting to curry board member allegiance for a management buyout.

U.S. accounts

Gained: Digital Communications Associates, JWT/JWT Direct; Godfathers Pizza; American Greetings; Acemesa; Hyatt; Ames Department Stores; Phoenix Metro FDAF; Cellular Telephone, Los Angeles; Goodyear; American Learning; Presto Foods; Conroy's Flowers; IBM; Kodak; SEGA of America; Lignum 2; Black Angus Restaurant; North American Van Lines; Stanford Federal Savings & Loan; Cutter Group, Deltakos; Beth Israel Medical Center; Merit Mutual Foods; William Underwood; additional assignments—Warner-Lambert, S.C. Johnson, Oscar Mayer, Quaker Oats, Fischer Price, Beatrice, Kraft
Lost: Original Appalachian Artworks; Kraft; Anderson Co.; Champion Spark Plug; Ryder Truck Rental; Showtime, The Movie Channel; Kodak; Chef San Francisco; Dole Pineapple; USAir; Federal Home Loan Mortgage; Colonial Penn, Direct; Decision Resources, Direct; Sears Discover Card, Direct; US Sprint Communications, Direct

Foreign accounts

Gained: Europe—Aspirin Foundation; British Airports Authority; Canary Wharf, London Docks Redevelopment; Curtiriso Rice; Gruner & Jahr, *Prima* magazine; Harris Queensway; Levi Strauss jeans; Mattel; Pepsi Philips. Latin America—Bacardi Importers; Beiersdorf; Exxon; IBM; and Nestle, Philips and R.J. Reynolds, all additional assignments. Asia Pacific—Eastman Kodak; Metro Group; Ministry of Heaith; Nabisco; Philips; Pepsi Slice and Philipinas Shell, additional assinments. Canada—Carling O'Keefe; Schenley Canada; and RJR Macdonald, Kellogg and Pepsi-Cola, all additional assignments
Lost: Europe—Burger King; CPC Knorr; Ford; Magnet & Southerns; MeCo, Gioppini Bread; Ministry of Fashion; Nestle, Maggi; Peter Eckes, Trink 10 Juice; Warner-Lambert. Latin America—Champion; Topper. Asia Pacific—Pure Foods Corp.

Officers

Don Johnston, ceo; George M. Black, exec vp, chmn-ceo, West Germany; Harold F. Clark Jr.; John J. Cronin; Victor F. Gutierrez, exec vps; Terence D. Martin, exec vp-finance, admin; Stephen G. Bowen; William M. Lane; Kenneth R. Rogers; Peter Schweitzer; exec vps, USA; Bertram Metter, exec vp, chmn-ceo, USA; James B. Patterson, exec vp, exec creative dir, USA; Jeremy Bullmore, exec vp-chmn, U.K.; Ronald S. Burns, exec vp, president-ceo, Canada; Michael Cooper-Evans, exec vp, president, Europe; Miles Colebrook, exec vp, mng dir, U.K.; Manuel de Elexpuru, exec vp, president-ceo, Spain; James H. Foster, exec vp, president-ceo, Brouillard Communications; Marlene Hore, exec vp, vice chmn, national creative dir, Canada; Stephen King, exec vp, dir, U.K. Leonel M. Pavao, exec vp, president-ceo JWT Publicidade Ltd.; W. Lee Preschel, exec vp, president, Latin America, Central Pacific; Donald C. Robertson, exec vp, president-Thompson Recruitment Advertising; Stephen M. Salorio, exec vp, genl counsel, secretary; Allen Thomas, exec vp, exec creative dir, deputy chmn, U.K.; Donald F. Thompson, exec vp, president, Asia, Pacific, South Africa

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

Phone: (212) 210-7000

Towne, Silverstein, Rotter

RANK 83

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.2	10.5	16.4
Billings	81.5	70.0	16.4

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	81.5	70.0	16.4

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	1.6	3.5	(53.4)
Magazine	8.2	3.5	132.9
Radio	8.2	7.0	16.4
Network TV	28.5	21.0	35.8
Spot TV	26.9	24.5	9.8
Cable TV	4.1	3.5	16.4
Outdoor	4.1	3.5	16.4

Workforce

	1986	1985	% chg
Worldwide	56	50	12.0
U.S.	56	50	12.0

Offices

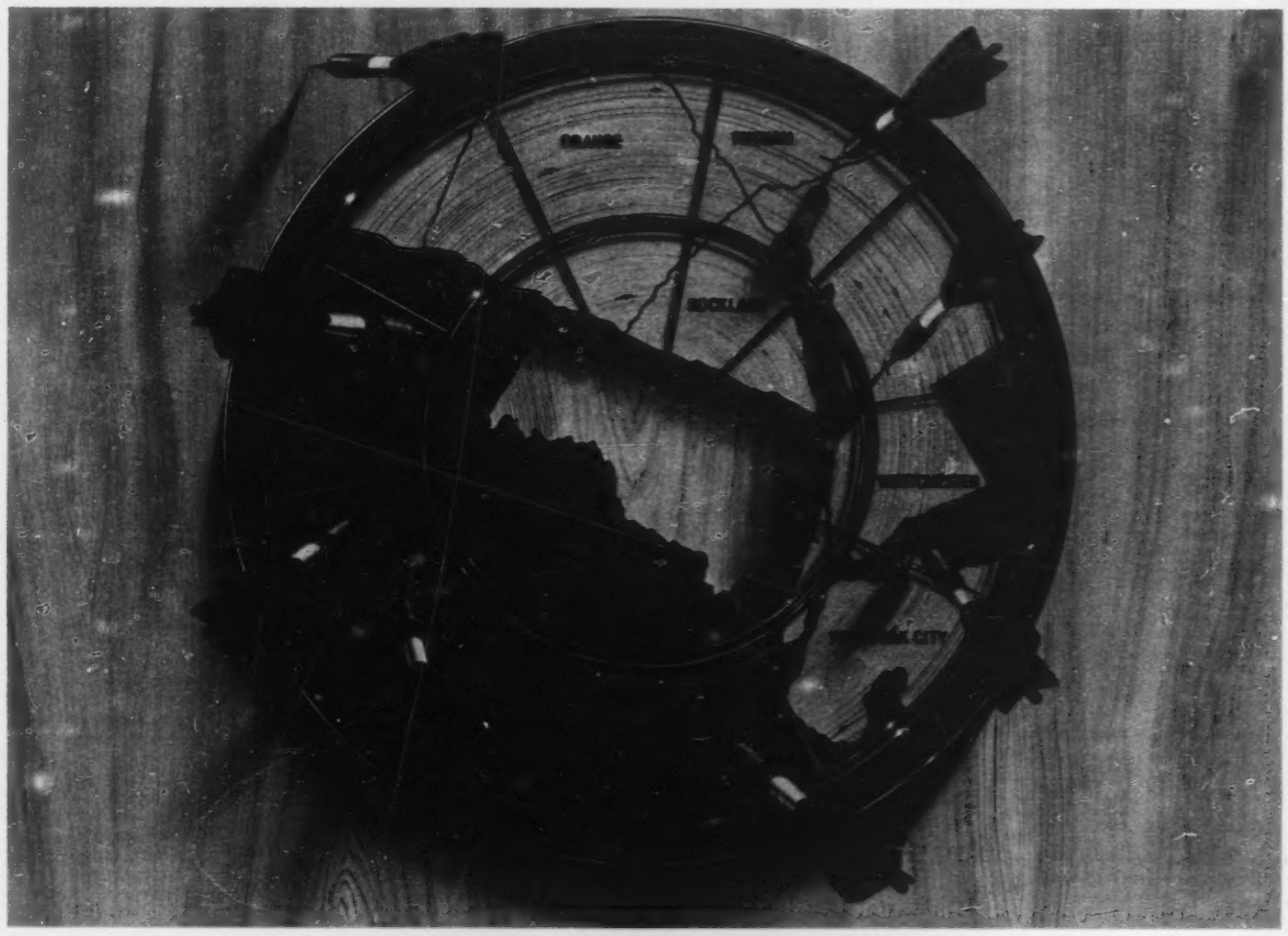
Worldwide: 1; U.S.: 1

Annual review

Existing clients provided 70% of the billings growth during 1986, notably additional assignments from Canandaigua Wine Co. and growth from Emerson Radio, while new clients added the remainder. The potential $10 million in annualized billings gains added during 1986 against no losses, along with the development of a proprietary marketing research system, has led the agency to predict good growth for 1987 billings.

U.S. accounts

Gained: Fisher-Price, diversified products/licensing, books; Widmers Wine Cellars; Manischewitz Wine Co.; Canandaigua Wine Co., Cool Breeze Dessert Wines



Your media plan may be missing the mark.

If you're taking aim at the New York ADI, make sure your media plan isn't missing an important part of its target audience: the affluent residents of Bergen and Passaic counties in northern New Jersey.

Only one newspaper gives you a clear shot at this lucrative market and the $20.7 billion in purchasing power wielded by the people who live there: The Record, New Jersey's largest evening newspaper.

The Record reaches more adults in the Bergen/Passaic market than any other newspaper, and targets readers with the greatest spending power.

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With The Record's Bergen/Passaic audience, you're taking aim at a market whose population of 1,293,400 makes it the 33rd largest in America. And sixty-five percent of this affluent audience cannot be reached regularly in any other newspaper. That's because no other newspaper covers their world so well or so colorfully. The Record's award-winning reporting, full-color graphics and eye-popping demographics give you an advertising forum that hits home with Bergen/Passaic residents like no other newspaper.

The Record. Try to target the Bergen/Passaic market without it, and you're just taking a shot in the dark.

The Record

We cover your world. All of it.

150 River Street, Hackensack, N.J. 07601
Call John E. Kimball, Director of Advertising at (201) 646-4259

Sources: The Scarborough Report, 1986 © S&MM Survey of Buying Power, 1986 Simmons-Scarborough National Newspaper Audience Ratings Study, 1985
National Representative: Sawyer-Ferguson-Walker Co.

Top 10 agencies in spot TV billings

Rank	Agency	Spot TV billings 1986	Spot TV billings 1985	U.S. billings 1986	U.S. billings 1985
1	Foote, Cone & Belding Communications	$367.0	$357.7	$1,616.7	$1,430.7
2	J. Walter Thompson Co.	358.2	341.2	1,732.1	1,672.9
3	Young & Rubicam	324.0	351.7	1,217.2	1,268.1
4	D'Arcy Masius Benton & Bowles	299.4	312.0	1,217.2	1,268.1
5	DFS Dorland Worldwide	299.1	299.1	901.4	861.9
6	Grey Advertising	269.3	213.8	1,358.0	1,221.9
7	BBDO Worldwide	251.3	218.4	1,872.8	1,701.7
8	DDB Needham Worldwide	236.8	228.6	1,613.7	1,682.5
9	Bozell, Jacobs, Kenyon & Eckhardt	226.1	257.5	1,125.0	1,030.0
10	Leo Burnett Co.	163.9	150.0	1,361.6	1,269.9

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

Lost: The agency did not report accounts lost

Officers

Les Towne, ceo; Bill Silverstein, chmn, creative dir; Steve Rotter, president; Binnie Levin, sr vp, comptroller; Amy Weltman, sr vp-acct svcs; Linda Wittenberg, sr vp-tv production
Phone: (212) 557-5570

RANK **32**

Tracy-Locke

Dallas

($ in millions)

Worldwide	1986	1985	% chg
Gross income	46.2	40.0	15.5
Billings	316.5	272.3	16.2

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	234.5	211.9	10.7
Materials & services	44.8	38.2	17.5
Capitalized fees	37.2	22.3	66.9

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	23.8	12.7	87.4
Magazine	11.8	8.5	38.8
Radio	40.6	36.0	12.8
Network TV	32.0	31.8	0.6
Spot TV	134.3	110.3	21.8
Cable TV	2.5	2.1	19.0
Outdoor	3.6	4.2	(14.3)
Bus. papers	0.6	2.1	(71.4)
Point of sale	1.0	2.1	(52.4)
Yellow Pages	0.3	—	—
Direct mail	3.1	2.1	47.6
Free-standing inserts	0.5	—	—

Workforce

	1986	1985	% chg
Worldwide	604	587	2.9
U.S.	604	587	2.9

1986 billings by major office

($ in millions)	City	Billings
Geographic Marketing	Philadelphia	16.2
Tracy-Locke	Los Angeles	62.8
Tracy-Locke	Denver	27.8
Tracy-Locke	Dallas	208.2
Tracy-Locke Promo.	Dallas	1.5

Annual review

A wide ranging client base and location of offices in different geographic regions has helped prevent billings declines in the face of depressed economic conditions in the Southwest and West. Credit for 1986 billing growth of $44.2 million was split between existing clients, notably Pepsi food service div., bottling div., and Taco Bell, and new clients, such as Curtis Mathes ($6.6 million) and McIlhenny. The potential value of annualized billings gains amounted to $16.8 million, while annualized billings declines amounted to $14 million with Labatts' Importers ($6.5 million) and Frontier Airlines ($3.5 million) accounting for the majority.

U.S. accounts

Gained: McIlhenny Co., Tabasco sauce; Curtis Mathes; Sunbelt Nursery Group; Vuarnet—France; HealthMark Centers; APT Managed Health Care Partnership
Lost: Frontier Airlines; CompuShop, Inc.; PACE Membership Warehouse; Labatts Importers

Officers

Dallas—Howard Davis, president-ceo & chmn; David Hudnall, cfo; Joey Cummings, exec vp, chief creative officer; Larry Spiegel, exec vp, dir-media svcs; Robert Largen, exec vp, dir-mktg planning & rsch; Lanny Houillion, sr vp, mgmt rep, genl mgr-promo mktg; Jim Wilson, Mike Rawlings, Linda Patston, Ron Askew, mgmt supers; Patrick Derby, sr vp, exec creative dir; Arthur Taylor, sr vp, creative svcs dir; Diane Fannon, Mark Choate, sr vps, sr creative dirs; John Seaton, sr vp, dir-broadcast production; Judy Miller, sr vp, media buying dir; Penny Plueckhahn, sr vp, dir-operations & svcs; Bruce Orr, Ken Runkel, Ed Westbury, Norman Teich, mgmt supers. Jean Farinelli, president, pr; David Kubes, president Tracy-Locke Direct; Steve Smith, vp, exec creative dir-promo mktg; Mel Korn, president-geographic mktg group; Margaret Dembowczyk, exec vp, coo-geographic mktg group. Denver—Garry Mitchell, president. Los Angeles—Ted Burnett, president.
Phone: (214) 969-9000

RANK **98**

Venet Advertising

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	10.4	9.5	9.6
Billings	69.1	63.0	9.6

U.S. billings

($ in millions)	1986	1985	% chg
Media	22.7	—	—
Materials & services	33.9	—	—
Capitalized fees			

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	5.2	—	—
Magazine	4.5	—	—
Radio	7.3	—	—
Spot TV	9.3	—	—
Outdoor	0.1	—	—
Bus. papers	0.6	—	—
Yellow Pages	1.7	—	—

Workforce

	1986	1985	% chg
Worldwide	140	135	3.7
U.S.	140	135	3.7

Offices

Worldwide: 1; U.S.: 1

Annual review

A new entrant to the top 100 agencies by worldwide income, Venet was acquired by Graphics Media, Fairfield, N.J., in August. Strategically, the merger will allow the agency to provide more integrative services to its clients. Venet's largest client is Pathmark, a division of Supermarket General.

Officers

Zal Venet, chmn & president; George A. Coscia, president-New Jersey; Murray Skarnik, exec vp-New York; Rona Siegel, vp, gen mgr-media div; Jack Maged, sr vp-New York; Saul Margulies, treasurer; Dotty Stofik, secretary
Phone: (212) 489-6700

RANK **55**

Warwick Advertising

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	20.7	21.0	(1.4)
Billings	138.0	140.0	(1.4)

U.S. billings

($ in millions)	1986	1985	% chg
Media	97.2	92.2	5.4
Materials & services	7.4	7.8	(5.1)
Capitalized fees	33.4	40.0	(16.5)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	5.5	11.2	(50.7)
Magazine	33.1	51.8	(36.1)
Radio	6.9	5.6	23.2
Outdoor	1.4	7.0	(80.3)
Bus. papers	2.8	5.6	(50.7)

Workforce

	1986	1985	% chg
Worldwide	190	202	(5.9)
U.S.	190	202	(5.9)

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Chapman/Warwick	San Diego	6.0
Warwick	New York	132.0

Annual review

The loss in January, 1986, of the $25 million Seagrams account held at the agency for 46 years particularly drew a pallor over 1986, but the future brightened up as the agency gained a potential $23 million in annualized billings, the majority of which came from Joseph Victori Wines. Existing clients, Jockey and Sandoz agricultural products, are expected to sustain growth in 1987.

U.S. accounts

Gained: Joseph Victori Wines, Calvin Cooler wine coolers; Homequity, corp relocation; Rocco Enterprises, Shady Brook Farms Turkey, new prods; Sterling Drugs, Bronkaid
Lost: Seagrams, corp adv, Leroux Cordials.

Officers

John P. Warwick, chmn; Wilder D. Baker, president-ceo; Robert J. Fiore, vice chmn, chief creative officer; Michael J. Mangano, Jerry Prestomburgo, exec vps, creative dirs; James R. Driscoll, D. Kyle Felt, exec vps, group mgmt supers; John J. Meskil, exec vp-media & admin; Sean Driscoll, group sr vp, group mgmt super; Alden R. Ludlow, III, group sr vp, mgr-creative svcs; Gerald Gross, sr vp, assoc creative dir; Walker Berwick, Peter L. Black, Marshall Dickman, Joseph G. Friel Jr., Michael M. Graham, Andrew H. Mockler, Bradford L. Moses, John D. Sloan, sr vps, mgmt supers; Ronald S. Fierman, sr vp, cfo; Susan Small-Weil, sr vp, strategic planning dir; William R. Christgau Jr., sr vp-corp affairs; Susan E. Donovan, sr vp, personnel dir; Madeline Lewis, sr vp, dir-corp devel, mgmt super
Phone: (212) 751-4700

RANK **86**

Tucker Wayne & Co.

Atlanta

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.1	10.6	13.5
Billings	82.3	71.6	15.1

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	62.4	54.5	14.6
Materials & services	7.0	6.9	1.1
Capitalized fees	12.9	10.2	26.9

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	8.3	9.0	(8.4)
Magazine	14.3	12.6	13.0
Supplements	0.0	0.0	584.1
Radio	12.3	8.4	45.5
Network TV	0.7	1.2	(39.2)
Spot TV	41.4	36.6	13.2
Outdoor	1.9	1.1	70.0
Direct mail	0.2	0.1	149.5

Workforce

	1986	1985	% chg
Worldwide	124	121	2.5
U.S.	124	121	2.5

Offices

Worldwide: 1; U.S.: 1

Annual review

Tucker Wayne experienced a growth of $10,788,500 in billings in 1986, influenced largely by the addition of new client, Sun Banks of Florida, part of Sun-Trust holding company. TW Direct, the direct marketing division founded in 1985, continued to add personnel and billings. Comments an agency official: "The creative side is undergoing expansion and we're going back to the basics of advertising."

U.S. accounts

Gained: Sun Banks of Florida; Reynolds Metals, Cut-Rite Wax Paper
Lost: Conwood Co., L.P.

Officers

Matthew Connor, chmn, treasurer; C. Knox Massey Jr., president; Sidney L. Smith, exec vp, secretary
Phone: (404) 521-7600

RANK **80**

Weightman Group

Philadelphia

($ in millions)

Worldwide	1986	1985	% chg
Gross income	13.0	11.6	11.9
Billings	86.0	80.1	7.3

☑

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	6.0	8.0	(24.9)
Magazine	12.9	11.2	15.0
Radio	10.3	9.6	7.3
Outdoor	0.9	0.8	7.3
Bus. papers	11.2	12.0	(7.0)
Yellow Pages	0.4	0.8	(46.3)
Direct mail	3.4	3.2	7.3
Free-standing inserts	0.4	0.8	(46.3)

Workforce

	1986	1985	% chg
Worldwide	220	195	12.8
U.S.	220	195	12.8

Offices

Worldwide: 3; U.S.: 3

1986 billings by major office

($ in millions)	City	Billings
Roska Direct Marketing	N. Wales, Pa.	6.0
Schaefer Advertising	Valley Forge	26.0
Weightman, Inc.	Philadelphia	54.0

Annual review

In January, 1986, Weightman purchased Schaefer Advertising, Valley Forge, Pa. whose numbers are included in the 1985 figures for comparative purposes. Existing clients contributed 66.7% of the 1986 billings growth while new clients added the rest. The group gained a potential $8 million in annualized billings with Wendy's International, eastern div, accounting for the majority, while declines in annualized billings amounted to $1 million.

The group expects billings growth trends to continue in 1987, led by new product introductions for existing clients. It also expects a boost in activity on the research side from newly formed Weightman Research, designed to service existing and outside clients. Paul Strasser is this fifth operating unit's president.

U.S. accounts

Gained: Weightman, Inc.: Wendy's International, eastern div, Schaefer Adv: Beverly Enterprises; Security Savings & Loan; Berwind Corp., Breyer Estates; Bell Atlantic; Du Pont. Roska Direct Marketing: PSFS Business Banking; Craftmatic; Blue Cross & Blue Shield Assns., Greater Philadelphia; CertainTeed Corp; ADP; Fashion Bug; Cigna.
Lost: Weightman, Inc.: None. Schaefer Adv: Ebeling & Reuss; Edpac; Roach Brothers. Roska Direct Marketing: None

Officers

Weightman Group: Charles Coffey, chmn, ceo; John C. Goodchild, president, coo; Dave Jordan, vice chmn, cfo.; Neil Harrison, sr vp, exec media dir; Paul Strasser, vp, dir mktg rsch; Ralph P. Day, vp, dir of strategic and new prods planning; George Corrigan, vp, business devel. Weightman, Inc: John C. Goodchild, president; H. John Burke, sr vp, dir client scvs; Paul Burger, Harry M. Gwyn, Mark Plamondon, Douglas Schores, sr vps, mgmt supers; William Lunsford, sr vp, creative dir. Schaefer Adv: A.O. Schaefer Jr., president; Charles Ferrare, exec vp; Thomas F. O'Neill, sr vp, dir client scvs; Jon Clinch, creative dir. Roska Direct Marketing: Jon Roska, president; Steve Emory, sr vp-mkgt. Weightman Schaefer PR: Dave Jordan, president; Jim Bruno, exec vp
Phone: (215) 561-6100

RANK **18**

Wells, Rich, Greene

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	99.7	97.2	2.6
Billings	665.2	648.1	2.6

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	73.2	77.8	(5.9)
Magazine	86.5	58.3	48.4
Supplements	—	6.5	—
Radio	46.6	38.9	19.8
Network TV	272.7	359.2	(24.1)
Spot TV	152.9	149.1	2.5
Cable TV	—	19.4	—
Outdoor	33.3	38.9	(14.4)

Workforce

	1986	1985	% chg
Worldwide	852	888	(4.1)
U.S.	852	888	(4.1)

Offices

Worldwide: 5; U.S.: 5

1986 billings by major office

($ in millions)	City	Billings
Gardner Advertising	St. Louis	121.0
Wells, Rich, Greene	Los Angeles	44.2
Wells, Rich, Greene	New York	420.0
Wells, Rich, Greene	Chicago	46.0
Wells, Rich, Greene	Detroit	34.0

Annual review

For the second year in a row, WRG had a modest billings increase and continued management reshuffling. The agency was hurt by some belt tighting at existing clients who accounted for 80% of year-to-year billings growth while new clients pitched in the remainder. WRG expects 1987 billings to show more movement because of the creation of a new Image Group division in N.Y. and from the potential $100 million in annualized billings gained during 1986 against declines of $30 million. The largest annualized gains came from Cadbury-Schweppes, estimated at $60 million, and Richardson-Vick's, $30 million, while the largest losses came from Purolator Courier, $12 million and *National Enquirer*, $9.2 million. The Image Group has been credited with saving the Philip Morris Benson & Hedges accounts and attracting the Warnaco business.

U.S. accounts

Gained: Richardson-Vick's, Oil of Olay prods; Cadbury Schweppes, Canada Dry, Sunkist, Peter Paul, York, Cadbury, Holland House, Rose's; Procter & Gamble, Citrus Hill Plus Calcium, Pringle's Butter & Herb; Warnaco, Pringle of Scotland, Lady Hathaway, Geoffrey Beene, Warnaco Corp, Olga Co.; Pan Am World Airways, Pan Am Shuttle; Continental Baking, Bread du Jour
Lost: Purolator Courier; *National Enquirer*

Officers

Wells, Rich, Greene: Mary Wells Lawrence, chmn-ceo; Charles Moss, vice chmn, chief creative officer; William Benton, vice chmn-international; Frederick L. Jacobs, vice chmn, secretary; Katherine Durham, sr vp-admin; Richard Freedman, sr vp-finance, asst treasurer; Stanley Haspel, sr vp-legal, asst secretary; Tom Fagan, sr vp-finance, treasurer; Phyllis Wagner, Ely Drogin, sr vps. Wells, Rich, Greene/Worldwide: Kenneth Olshan, chmn; Kelly O'Neill, president-Gardner Advertising; William Luceno, president; Richard Hopple, president-WRG/East, New York, Detroit; Hank Aneiro, sr vp, promo planning dir; Robert Geis, sr vp, corp media dir; Richard Cohen, sr vp, corp rsch dir; Paul Schulman, sr vp-tv production, creative mgr; Lewis Wechsler, sr vp, dir-network tv. Wells, Rich, Greene, New York: Richard Hopple, president; James Aaby, John H. Costello, Bill Mullen, Andre van Stom, Nancy Vaughan, Jim Weinstein, exec vps. Joel Benay, Jay Dixson Byrne, Ila Clarkson, Giff Crosby, Joanne Davis, Jayne Eastman, Martin Grant, Alex Hillenbrand, Bruce Kelley, Eileen McKenna, Vincent Minicucci, Robert E. Moehl, Herb Passberger, Frank

Sampogna, Harold Singer, Yolan Toro, Arnold Weinrib, Michael Wolff, sr vps. Wells, Rich, Greene/Image Group: Ron Albrecht, Marcia Bell Grace, Chris Hansen, William Yamada, exec vps. WRG/Image Group/Polo Group: Sandy Carlson, exec vp; Donald Sterzin, sr vp. Wells, Rich, Greene, Damon: Chuck Damon, president. Wells, Rich, Greene, Detroit: Jim Lawrence, sr vp, mng dir. Wells, Rich, Greene, Chicago: Larry Singer, president; Stanley Flaum, sr vp. Wells, Rich, Greene, West: Larry Olshan, president. Gardner Advertising: Kelly O'Neill, president; John R. Fox, William A. Lahrmann Jr., James L. Perabo, William H. Tylser Jr., exec vps; Robert Eckert, Karen Card, sr vps. Advancers: Donald A. Stork, president. Rose Busalacki, Charles Haines, Gordon Hendry, John Marlow, Joe Rousseau, Fred Webber, sr vps. Paul Schulman Co.: Paul Schulman, president
Phone: (212) 303-5000

Wunderman Ricotta & Kline

RANK **29**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	49.1	35.3	39.1
Billings	327.5	235.6	39.0
U.S.	**1986**	**1985**	**% chg**
Gross income	33.7	26.3	27.8
Billings	224.5	175.7	27.8

☑

Billings by media

($ in millions)	1986	1985	% chg
Direct mail	54.8	52.7	3.9
Dir. resp. TV	70.0	43.9	59.5
Dir. resp. newsp.	32.5	28.1	15.7
Dir. resp. mag.	67.4	43.9	53.3

Workforce

	1986	1985	% chg
Worldwide	698	545	28.1
U.S.	404	355	13.8

Offices

Worldwide: 17; U.S.: 4

1986 billings by major office

($ in millions)	City	Billings
WR&K	Detroit	20.0
WR&K	New York	204.5

Annual review

Existing clients accounted for 80% of the year-to-year billings growth at this Y&R subsidiary, while new clients added the rest. Overseas, billings of this direct marketing agency skyrocketed an estimated 72%, which the agency credits to currency gains, a greater acceptance in Europe of direct marketing, and the establishment of three new offices abroad. Overall, the agency gained a potential $50 million in annualized billings while losing only $2 million annualized. Significant new clients were American Express and U.S. Army recruitment. A more conservative billings growth is predicted for 1987, with domestic operations expanding at a rate of 10% and international operations at 20%, notes the agency.

U.S. accounts

The agency did not report accounts gained or lost in 1986.

Officers

Lester Wunderman, chmn; G. Steven Dapper, president-ceo; Michael Kilby, president-Europe; Stanley Stefanski, exec vp, cfo; William Butler, exec vp, creative dir; Polly Langbort, exec vp, media dir; Worthington Linen, exec vp, group acct dir; James Infantino, Lewis Dana, Paul Singer, sr vps, group creative dirs; Peter Rabar, Jerome Shereshewsky, Richard Stollenwerck, sr vps, group acct dirs; Joel Tucciarone, sr vp, strategic mktg dir; Pierre Passavant, sr vp-database devel
Phone: (212) 909-0234.

Wyse Advertising

RANK **85**

Cleveland

($ in millions)

Worldwide	1986	1985	% chg
Gross income	12.1	10.6	14.3
Billings	87.5	87.4	0.2

☑

U.S. billings

($ in millions)	1986	1985	% chg
Media	53.0	49.9	6.1
Materials & services	9.4	8.6	8.6
Capitalized fees	25.2	28.8	(12.6)

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	11.4	12.5	(9.2)
Magazine	22.8	23.3	(2.4)
Radio	14.6	10.4	39.5
Network TV	5.3	13.2	(59.8)
Spot TV	18.0	16.8	7.1
Outdoor	0.9	0.7	34.0
Yellow Pages	6.3	5.6	12.2

Workforce

	1986	1985	% chg
Worldwide	173	185	(6.5)
U.S.	173	185	(6.5)

Offices

Worldwide: 2; U.S.: 2

1986 billings by major office

($ in millions)	City	Billings
Wyse Advertising	Cleveland	73.2
Wyse Advertising	New York	14.3

Annual review

Wyse's slim growth in billings is attributed to the teeter-totter effect caused by the growth of existing client Stouffer Hotel & Restaurants and new clients General Dynamics and Standard Oil balanced against the loss of Goodyear Tire & Rubber auto stores in 1984 and Rax Restaurants in 1985. The restructuring of certain service fees, however, has helped total gross income increase 15.1% from the year earlier. Bigger things are expected in 1987 because of the gain of Ohio Mattress, Sealy div, a potential $6 million client.

U.S. accounts

Gained: AT&T; Central Cadillac; General Electric; General Dynamics; Lincoln Electric; Sandridge Gormet Salads; Standard Oil; Workbench
Lost: Vitamaster, Allegheny International Exercise Co.; Maidenform; Snappy

Officers

Marc A. Wyse, chmn; Lois Wyse, president; James B. Rucker Jr., vice chmn; Evelyn M. Reisz, secretary, treasurer
Phone: (216) 696-2424

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

Young & Rubicam

RANK **1**

New York

($ in millions)

Worldwide	1986	1985	% chg
Gross income	628.4	536.0	17.2
Billings	4,191.4	3,575.3	17.2
U.S.	**1986**	**1985**	**% chg**
Gross income	358.1	340.6	5.1
Billings	2,388.5	2,272.2	5.1

☑

Billings by media

($ in millions)	1986	1985	% chg
Newspaper	160.0	145.4	10.1
Magazine	329.6	338.5	(2.6)
Medical journ.	16.7	50.0	(66.6)
Radio	112.3	102.2	9.8
Network TV	857.5	774.8	10.7
Spot TV	504.0	50.0	908.3
Cable TV	97.9	52.3	87.4
Outdoor	14.3	25.0	(42.7)
Bus. papers	21.5	27.3	(21.2)
Farm publications	11.9	11.4	5.1
Transit	7.2	6.8	5.1
Yellow Pages	45.4	38.6	17.5
Direct mail	105.1	75.0	40.2
Dir. resp. TV	2.4	—	—
Dir. resp. radio	2.4	—	—
Dir. resp. newsp.	2.4	4.5	(47.4)
Dir. resp. mag.	2.4	4.5	(47.4)
Free-standing inserts	2.4	—	—

Workforce

	1986	1985	% chg
Worldwide	10,844	9,030	20.1
U.S.	4,949	4,611	7.3

Offices

Worldwide: 158; U.S.: 44

1986 billings by major office

($ in millions)	City	Billings
Burson Marsteller	New York	557.0
Cato Johnson	New York	40.0
Chapman/Stone	Chicago	96.9
CMF&Z	Iowa	71.9
DYR	NY/LA	65.6
HCM	Chicago	40.2
HCM	Los Angeles	11.2
HCM	Pittsburgh	2.8
HCM	Denver	0.1
HCM	New York	34.5
Hutchins	Rochester	60
Sive Associates	Cincinnati	38
Sudler & Hennessey	New York	124.0
WRK	Detroit	20.0
WRK	New York	204.5
Young & Rubicam	New York	794.6
Young & Rubicam	Detroit	182.0
Young & Rubicam	San Francisco	42.0
Young & Rubicam	Chicago	62.0
Zemp	St. Petersburg	N/A

Annual review

Riding the crest of the wave of clients leaving mega-merged shops for independent agencies with worldwide services and global resources, Y&R again this year posted top billings for the No. 1 position. U.S. billings rose a solid 5% from $2.27 billion in 1985 to $2.39 billion in 1986. The drop of the dollar and strong new business in Europe and Canada contributed to the 17.2% overall increase in billings from $3.58 billion in 1985 to $4.19 billion in 1986. New domestic clients who found a haven from merger-mania and assurance that Y&R intended to remain Y&R include Kodak ($18 million annualized), Heileman Beer ($15 million), TWA ($40 million), Warner-Lambert ($30 million), RJR ($50 million), Unisys ($50 million), and Pillsbury ($25 million). Overseas new accounts include the $40 million Ford account in Germany, the $15 million Kodak account in the U.K., as well as Kodak's $12 million account in Canada, and the $22 million British Gas account in the U.K. In November, just as insider trading deals were being exposed on Wall Street, Y&R and Paine Webber announced their new joint-venture, PaineWebber/Young & Rubicam Ventures, to aid companies in restructuring in line with consumer trends and a company's product capabilities. The move signals the innovative ideas that are sparking at Y&R at a time when ad agencies are looking toward long-term survival. Figures for Y&R subsidiaries are Ad Age estimates based on information gathered from a variety of sources. In December, Y&R and the *New York Daily News* entered into an agreement for an 18-month test of negotiating special rates for national package goods advertisers, to try to cut the differential between retail and national newspaper ad rates.

U.S. accounts

Gained: Kodak, videotape, electronics, cameras; American Home Products Boyle-Midway div, Pam, Wizard, Armstrong; Montgomery Ward; Heileman Beer; TWA; Colgate,

DOG FOOD

Woman's World THE WOMAN'S WEEKLY

Both Simmons* and MRI* confirm it. Woman's World gives you a greater percentage of women who are the heaviest buyers of dog food—greater than the Seven Sisters. And in case Fido's still hungry, Woman's World's numbers for dog biscuits and treats are just as good. Ready to be the client's pet? Call us at 212-953-3344.

*1986 SMRB, Fall 1986 MRI

Unique every week

Top 10 agencies in network TV billings

Rank	Agency	Network TV billings 1986	Network TV billings 1985	U.S. billings 1986	U.S. billings 1985
1	J. Walter Thompson Co.	$618.0	$570.6	$1,732.1	$1,672.9
2	Young & Rubicam	596.9	567.1	1,832.0	1,797.0
3	Leo Burnett Co.	591.9	550.2	1,361.6	1,269.9
4	D'Arcy Masius Benton & Bowles	566.0	570.7	1,217.2	1,268.1
5	Grey Advertising	534.7	623.2	1,358.0	1,221.9
6	Foote, Cone & Belding Communications	465.6	443.5	1,616.7	1,430.7
7	DDB Needham Worldwide	429.5	439.2	1,613.7	1,682.5
8	Ogilvy & Mather Worldwide	376.0	442.0	1,425.3	1,420.4
9	Ted Bates Worldwide	355.7	450.9	1,784.6	1,810.1
10	DFS Dorland Worldwide	334.3	307.7	901.4	861.9

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

toothpaste; Warner-Lambert, Rolaids, Remegel, Efferdent, Mediquell; RJR, More, Now; Uniroyal Dealers Assn.; Michigan AAA; Unisys; Hertz Car Sales; Pillsbury, cakes, frostings, microwave, toaster prods; Kraft, mayonnaise, Polly-O, jams, jellies

Lost: Merrill Lynch; Cadbury U.S.A.; American Greeting Cards; Richardson-Vicks, Oil of Olay, Vicks 44, Tempo

Foreign accounts

Gained: Ford—Germany; Kodak—Canada, U.K.; Toys 'R' Us—U.K.; British Gas—U.K.; Colgate toothpaste, Standa—Italy; Legal & General Ltd.—U.K.; Canada Dry—Canada

Lost: None

Officers

Alexander S. Kroll, chmn-ceo, Y&R; Harold Burson, chmn-ceo, Burson-Marsteller; Alexander Brody, president-ceo, DYR Worldwide; Peter A. Georgescu, exec vp, president-Y&R Advertising; R. John Cooper, exec vp, genl counsel, secretary-Y&R; Roger Craton, exec vp, cfo-Y&R; Joseph De Deo, exec vp, president-Y&R, Europe; James H. Dowling, exec vp, president, Burson-Marsteller; Roby Harrington, exec vp, chmn-major national mkts, national group & specialty cos., U.S.A.; Arthur R. Klein, exec vp, president-coo, direct mktg group, mng dir-Y&R, New York; John P. McGarry Jr., exec vp, chmn-client svcs worldwide, president-Y&R, New York; Lester Wunderman, exec vp, chmn-Wunderman, Ricotta & Kline; James McCoubrey, exec vp, area dir-Canada, Austria, Africa

Phone: (212) 210-3000.☑

The Ad Age 500, agencies 101 to 500

Profiles on U.S. agencies below No. 100 follow in alphabetical order. These agencies are listed numerically in the tables beginning on Page 8. Most provided verifiable data, however, a few miscalculated Ad Age's terminology for gross income or did not supply gross income. In those cases, editors supplied "estimates." Totals from the leading 400 of these agencies, are consolidated into statistics for the Ad Age 500. An index to agency profiles begins on Page 138.

Abelson-Taylor, Chicago, reported gross income of $4,047,902 in 1986 on billings of $33,637,949. In 1985, it reported gross income of $2,588,466 on billings of $21,917,440.

The agency's 1986 U.S. volume consisted of $2,946,647 in media, $3,691,796 in materials and services and $26,999,506 in capitalized fees. Its 1985 U.S. volume consisted of $2,451,523 in media, $2,200,849 in materials and services and $17,265,068 in capitalized fees.

In 1986, the agency gained: Damon Biotech; Dental Network of America; Mediflex Hospital Products; VHA Enterprises; Raytheon Medical Systems; Rydelle Labs, div of S.C. Johnson; Travacare, Travenol Respiratory Therapy. It lost: Meridian Instruments; Facelifters.

Billings breakdown by media: Newspapers 0.2%, magazines 1.1%, medical journals 43.5%, radio 1.1%, spot tv 0.6%, outdoor 0.2%, point of sale 5.3%, direct mail 40%.

Top execs: Marvin Abelson, chmn; Dale Taylor, president; Frank Catania, sr vp-creative svcs; Robert McCormick, sr vp; Fred Fitzsimmons, president—Abelson Taylor Fitzsimmons. Employees: 53, up from 42.

Phone: (312) 781-1700. ☑

Ackerman Advertising Communications, Glen Head, N.Y., reported gross income of $2,750,000 in 1986 on billings of $19,537,300. In 1985, it reported gross income of $1,900,000 on billings of $14,036,150.

The agency's 1986 U.S. volume consisted of $9,500,000 in media, $2,100,000 in materials and services and $7,937,300 in capitalized fees. Its 1985 U.S. volume consisted of $6,800,000 in media, $1,600,000 in materials and services and $5,636,150 in capitalized fees.

In 1986, the agency gained: Community Hospital; Spirit of America Government Fund; Unlisted Market Services Corp.

Billings breakdown by media: Newspapers 23.6%, magazines 6.7%, radio 21.7%, spot tv 12.3%, business papers 3.1%, transit 0.5%, point of sale 1.1%, direct mail 7.3%, catalogs 1.6%, freestanding inserts 11.3%, other 10.9%.

Top execs: Skip Ackerman, president; Ruth Haltman, sr vp; Debra Callahan, Robert Horan, vps, acct supers. Employees: 36.

Phone: (516) 759-3000. ☑

Ackerman, Hood & McQueen, Oklahoma City, reported gross income of $9,130,100 in 1986 on billings of $63,267,547. Ackerman & McQueen merged with Hood, Hope & Associates, Tulsa, in 1986. In 1985, the two companies had combined gross income of $8,042,071 on billings of $55,420,589.

The agency's 1986 U.S. volume consisted of $25,851,261 in media, $7,155,263 in materials and services and $30,261,023 in capitalized fees. U.S. volume for the two agencies in 1985 consisted of $24,921,835 in media, $5,382,682 in materials and services and $25,116,072 in capitalized fees.

In 1986, the agency gained: Food & Wines from France, Canadian div; Kearney & Trecker Corp., machine tools & factory automation systems; Fitz & Floyd, dinnerware, giftware & access.; Brunswick Corp., Brunswick div., bowling & billiard prods; Pizza Hut, Arkansas; National Rifle Assn., pr div. It lost: Sheraton Hotels, regional.

Billings breakdown by media: Newspapers 14%, magazines 34%, radio 8%, spot tv 32%, cable tv 1%, outdoor 2%, business papers 9%.

Top execs: Ray Ackerman, chmn-exec committee; Charles H. Hood, chmn; Angus McQueen, president; B.E. Fick, Bruce Anderson, Jim Roberts, exec vps; William F. Winkler, cfo; Peggy Howard, Jeff Nauser, Patti Weinbrenner, J.B. Bowers, Debby Johnson, Gail Daniels, Bill Hinkle, Bob Callaway, sr vps. Employees: 154 in 4 offices.

Phone: (405) 843-7777. ☑

Adair Associates/Advertising, Atlanta, reported gross income of $1,254,521 in 1986 on billings of $6,315,099. In 1985, it reported gross income of $1,028,614 on billings of $5,146,603.

The agency's 1986 U.S. volume consisted of $338,708 in media, $2,636,462 in materials and services and $3,339,929 in capitalized fees. Its 1985 U.S. volume consisted of $35,860 in media, $2,347,876 in materials and services and $2,762,867 in capitalized fees.

In 1986, the agency gained: China Chasers, finders of obsolete patterns; United Support Services, housekeeping services; White Electrical, contractors. It lost: Kwik Kopy Printers.

Billings breakdown by media: Newspapers 6.7%, magazines 4.2%, medical journals 12.9%, radio 6.8%, spot tv 44.9%, outdoor 18%, direct mail 0.5%, catalogs 6%.

Top execs: William M. Adair, president; Warren E. Greene, exec vp. Employees: 18.

Phone: (404) 351-8424. ☑

Adams, Rickard & Mason, Glastonbury, Conn., reported gross income of $1,520,000 in 1986 on billings of $10,138,400. In 1985, it reported gross income of $1,407,650 on billings of $9,389,025.

The agency's 1986 U.S. volume consisted of $1,958,000 in media, $256,400 in materials and services and $10,138,400 in capitalized fees. Its 1985 U.S. volume consisted of $1,869,630 in media, $211,350 in materials and services and $7,308,045 in capitalized fees.

In 1986, the agency gained: Derby Savings Bank; Morganti; Urbco. It lost: Connecticut Innkeepers; Simon Konover & Associates; Computech Corp.

Billings breakdown by media: Newspapers 15%, magazines 19%, supplements 1%, radio 5%, outdoor 2%, business papers 48%, yellow pages 7%, direct mail 3%.

Top exec: Frederick C. Adams, ceo. Employees: 31.

Phone: (203) 659-1311. ☑

Adelante Advertising, New York, reported gross income of $902,500 in 1986 on billings of $6,017,300. In 1985, it reported gross income of $905,000 on billings of $6,033,950.

The agency's 1986 U.S. volume consisted of $4,000,000 in media, $750,000 in materials and services and $1,267,300 in capitalized fees. Its 1985 U.S. volume consisted of $4,100,000 in media, $700,000 in materials and services and $1,233,950 in capitalized fees.

In 1986, the agency gained: Remy Martin Cognac. It lost: Heinz Instant Baby Foods.

Billings breakdown by media: Newspapers 5%, magazines 5%, radio 35%, spot tv 20%, outdoor 15%, transit 10%, point of sale 5%, direct mail 5%.

Top execs: Seymour Davis, president; Herb Fried, David Krieger, exec vps; Mary Baroutakis, dir, Spanish mktg svcs. Employees: 15.

Phone: (212) 696-0855. ☑

Ad Hoc Marketing Resources, New York, had estimated gross income of $1,210,000 in 1986 on billings of $7,940,000. In 1985, it had estimated gross income of $1,209,900 on billings of $7,937,000.

The agency did not break out billings.

In 1986, the agency gained: Bank of New York (Delaware); Comp-U-Corp. It lost: Sears Discover Card Savings, regional.

The agency did not break out billings by media.

Top execs: Karen Hockman, president; Philip Carlson, sr vp; Lucille Guardalla, creative dir. Employees: 15.

Phone: (212) 947-7100.

Adler, Schwartz, Englewood Cliffs, N.J., reported gross income of $1,194,904 in 1986 on billings of $8,018,048. In 1985, it reported gross income of $1,115,533 on billings of $7,350,916.

The agency's 1986 U.S. volume consisted of $276,223 in media, $752,825 in materials and services and $6,989,000 in capitalized fees. Its 1985 U.S. volume consisted of $288,649 in media, $537,000 in materials and services and $6,525,267 in capitalized fees.

In 1986, the agency gained: Bellemead Development Corp., div of Chubb, Inc.; Paquet Oneida, flexible pkg converters; Stillman Automotive, new and used car dealer; Swingline, Inc., office prods. It lost: Essex Specialty Products; Sansui Electronics; Seals Communications.

Billings breakdown by media: Newspapers 15%, magazines 15%, radio 5%, point of sale 20%, direct mail 10%, catalogs 35%.

Top execs: Peter Adler, president; George E. Lynn, vp-mktg; Judith M. Donovan, Laura Eisenman, Jan Kraner, vps. Employees: 20.

Phone: (201) 461-8450. ☑

Ad-Pro, Sycamore, Ill., reported gross income of $462,000 in 1986 on billings of $3,108,400. In 1985, it reported gross income of $355,400 on billings of $2,390,500.

The agency's 1986 U.S. volume consisted of $210,000 in media, $526,500 in materials and services and $2,371,900 in capitalized fees. Its 1985 U.S. volume consisted of $226,100 in media, $278,800 in materials and services and $1,885,600 in capitalized fees.

In 1986, the agency gained: Nordic Controls Co, electric motor controls; Oak Switch Systems, switches, solinoids, keyboards; Great Plains Products, landscape/garden supply lines. It lost: Falls Products, Sycamore Lawn Mowers.

Billings breakdown by media: newspapers 0.9%, magazines 8.3%, point of sale 6.2%, yellow pages 0.6%, direct mail 2.4%, catalogs 81.6%.

Top execs: Diana L. Leifheit, principal, president; Robbie R. Robbins, Robert E. Meierhans, principals. Employees: 10.

Phone: (815) 895-2000. ☑

Advertising Works, Honolulu, reported gross income of $2,400,000 in 1986 on billings of $16,000,000. In 1985, it reported gross income of $2,000,000 on billings of $13,500,000.

The agency did not report a billings breakout out billings by media.

In 1986 the agency gained: The Beijing Palace Hotel; Territorial Savings & Loan; Honolulu Cellular Telephone; Maui Molokai Club Lanai; State of Hawaii Department of Agriculture; Manila Hotel; Otaka Inc.; Pacific Asia Travel Association; Pineapple Hill Resort.

Top execs: Darrel Kloninger, president; Carol Apiki, vp; Jerry Keller, mng dir. Employees: 35 in 2 offices.

Phone: (808) 955-4416. ☑

Advertising Works, Honolulu, reported gross income of $2,400,000 in 1986 on billings of $16,000,000. In 1985, it reported gross income of $2,000,000 on billings of $13,500,000.

The agency did not break out its billings volume or break out billings by media.

Top execs: Darrel Kloninger, president; Carol Apiki, vp; Jerry Keller, mng dir. Employees: 35 in two offices.

Phone: (808) 955-4416. ☑

A.I.M. Inc., Foster City, Calif., reported gross income of $354,000 in 1986 on billings of $1,542,672. In 1985, it reported gross income of $303,380 on billings of $1,075,620.

The agency's 1986 U.S. volume consisted of $1,227,000 in media and $315,672 in materials and services. Its 1985 U.S. volume consisted of $848,000 in media and $227,620 in materials and services.

In 1986, the agency gained: Ames Taping Tool Systems; Boardwalk Motor Car Group; Hotel Sofitel; Major Lines of California, kitchen cabinetry. It lost: Autohaus Brugger, automotive; EPI-Center, environmental engineering.

Billings breakdown by media: Newspapers 33.9%, magazines 12.9%, radio 27.2%, spot tv 22.7%, direct mail 3.3%.

Top execs: James H. Fieler, president; Ed Macaulay, exec vp; Margaret Fieler, vp. Employees: 7.

Phone: (415) 349-5555. ☑

Alexander Marketing Services, Grand Rapids, Mich., reported gross income of $2,539,000 in 1986 on billings of $16,935,000. In 1985, it reported gross income of $2,700,200 on billings of $18,010,300.

The agency's U.S. volume was all in capitalized fees for both years.

In 1986, the agency gained: Warman International, centrifugal pumps; Gast Manufacturing, air motors and vacuum pumps. It lost: Amoco; Penberthy Houdaille, gauges and instruments.

The agency did not break out billings by media.

Top execs: James S. Alexander, president; Robert C. Milroy, exec vp; Richard N. Hill, vp, secretary, treasurer; Lloyd W. Dunlap, vp, Chicago mgr; Howard H. Rice, vp-pr. Employees: 38.

Phone: (616) 957-2000.

Altschiller Reitzfeld, New York, reported gross income of $10,095,000 in 1986 on billings of $67,300,000. In 1985, it reported gross income of $8,805,000 on billings of $58,700,000.

The agency's 1986 U.S. volume consisted of $49,700,000 in media, $5,600,000 in materials and services and $12,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $43,500,000 in media, $4,500,000 in materials and services and $10,700,000 in capitalized fees.

In 1986, the agency gained: Tultex Corp.; Los Angeles Hilton; Pasta & Cheese; Campari. It lost: Pioneer Electronics.

Billings breakdown by media: Newspapers 4%, magazines 20%, radio 6%, network tv 30%, spot tv 40%.

Top execs: David Altschiller, chmn-ceo; Robert Reitzfeld, vice chmn, creative dir; Steve Davis, president. Employees: 70.

Phone: (212) 586-1400. ☑

Anderson Communications Cos., Dallas, reported gross income of $3,736,495 in 1986 on billings of $25,737,906. In 1985, it reported gross income of $3,128,279 on billings of $21,670,165.

The agency's 1986 U.S. volume consisted of $5,407,513 in media, $1,264,478 in materials and services and $19,065,915 in capitalized fees. Its

1985 U.S. volume consisted of $6,608,494 in media, $1,680,737 in materials and services and $13,380,934 in capitalized fees.

Included in the agencies figures were returns from subsidaries:
- Anderson Video Productions
- Peterson & Co., design
- PrestonWord Typography, typesetting

In 1986, the agency gained: Family Medical Center; Mediplex; NAFAC; Encon; Sprecher & Schuh; Quazite; Uniroyal; Drake Univ; Iowa Trade Center; Party Pac Popcorn; Amdahl; Cigna Healthplan; Frito Lay; Pro-Staff Personal Services; Transport Insurance Co. It lost: Elder Oil Tools; Sun Exploration & Production, recruitment.

The agency did not breakout billings by media.

Top execs: Joe Anderson, chmn; Bert Fischel, president; Ron Jenkins, exec vp; Ken Benkstein, vp, genl mgr-Anderson Communications, Des Moines; Tom Prikryl, vp, genl mgr-Anderson Fischel, Houston; Lynne Treachler, vp, cfo; Bryan Peterson, president-Peterson Co.; Bobby Larson, vp, genl mgr-PrestonWord Typography. Employees: 68 in 4 offices.

Phone: (214) 233-8461. ☑

Warren Anderson Advertising & Public Relations, Davenport, Iowa, reported gross income of $1,216,336 in 1986 on billings of $8,108,824. In 1985, it reported gross income of $1,161,497 on billings of $7,743,719.

The agency's 1986 U.S. volume consisted of $1,266,620 in media, $483,114 in materials and services and $6,359,090 in capitalized fees. Its 1985 U.S. volume consisted of $944,212 in media, $725,327 in materials and services and $6,074,180 in capitalized fees.

In 1986, the agency gained: Americana Seeds; Fermenta Animal Health Co., livestock pharmaceuticals; Grinnell Mutual Reinsurance Co., FarMutual. It lost: American Institute of Commerce (AIC); Augustana College; Bank of Silvis; Diamond V Mills, mfr of yeast culture; Wyffels Hybrids.

Billings breakdown by media: Newspapers 4.8%, magazines 24.6%, radio 21.0%, network tv 23.4%, outdoor 2.2%, farm publications 22%, yellow pages 2%.

Top execs: Gerald D. Jacks, chmn-coo; David J. Hansen, president-ceo; Arlen Stensrud, exec vp. Employees: 30.

Phone: (319) 326-2596. ☑

Andrews/Mautner, Milwaukee, reported gross income of $1,577,916 in 1986 on billings of $11,490,807. In 1985, it reported gross income of $1,537,963 on billings of $11,153,592.

The agency's 1986 U.S. volume consisted of $4,073,125 in media, $1,722,836 in materials and services and $5,694,846 in capitalized fees. Its 1985 U.S. volume consisted of $3,748,379 in media, $1,924,234 in materials and services and $5,480,979 in capitalized fees.

In 1986, the agency gained: Flexible Steel Lacing; Pick Heaters; Products for Power; Tekra. It lost: N.A. Philips SMD Technology; Krones, Inc; Micro Design, Bell & Howell div; Thomas Industries, Power Air div; National Metal Fabricators.

Billings breakdown by media: Newspapers 1%, magazines 13%, business papers 61%, point of sale 1%, direct mail 5%, catalogs 13%, direct response magazines 1%, other 5%.

Top execs: Christopher M. Vernon, president; Kenneth W. Snyder, sr vp; Eugene Vogel, exec vp; Don Orlaska, chmn. Employees: 32 in 2 offices.

Phone: (414) 272-4482. ☑

Donald L. Arends Inc., Oak Brook, Ill., reported gross income of $1,422,000 in 1986 on billings of $9,485,000. In 1985, it reported gross income of $1,339,250 on billings of $8,932,800.

The agency's 1986 U.S. volume consisted of $2,561,000 in media, $5,191,000 in materials and services and $1,733,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,402,000 in media, $4,931,000 in materials and services and $1,559,800 in capitalized fees.

In 1986, the agency gained: National Refractories & Minerals Corp; LPC, Inc., computer software for mailing industry. It lost: None.

Billings breakdown by media: Newspapers 5.1%, magazines 1.2%, radio 29.5%, spot tv 4.3%, business papers 51.4%, point of sale 1.4%, yellow pages 1.6%, direct mail 5.5%.

Top execs: Donald L. Arends, ceo; Robert K. Erickson, president. Employees: 23.

Phone: (312) 990-0220. ☑

Nelda Armstrong Advertising Agency, Lubbock, Texas, reported gross income of $91,010 in 1986 on billings of $701,809. In 1985, it reported gross income of $110,000 on billings of $889,480.

The agency's 1986 U.S. volume consisted of $512,455 in media, $31,922 in materials and services and $157,432 in capitalized fees. Its 1985 U.S. volume consisted of $607,200 in media, $55,500 in materials and services and $226,780 in capitalized fees.

In 1986, the agency gained: NTS Communications; Computer System Services; Dynasty, hair salon; Garden Sandwich Shoppe; Blue Chip Gifts. The agency did not report accounts gained in 1986.

Billings breakdown by media: Newspapers 19%, magazines 0.6%, radio 15.5%, network tv 25.4%, cable tv 1.1%, outdoor 1.7%, farm publications 0.4%, direct mail 1.3%, other 35%.

Top exec: Nelda Armstrong, president. Employees: 4.

Phone: (806) 765-6283.

Arnold & Co., Boston, reported gross income of $5,841,215 in 1986 on billings of $33,530,291. In 1985, it reported gross income of $7,279,412 on billings of $58,455,686.

The agency's 1986 U.S. volume consisted of $27,533,067 in media and $5,997,224 in capitalized fees. Its 1985 U.S. volume consisted of $47,597,253 in media and $10,858,433 in capitalized fees.

In 1986, the agency gained: Lowell Shoe; Legal Sea Foods; Keystone Foods; NAPA; Nasoya Foods; Pyramid Cos.; Venus Wafers; Wear Guard; Combined Jewish Philanthropies; Mass Restaurant Assn.; State of Maine State Development Office; WEZO, WNYR.

Billing breakdown by media: Newspapers 21%, radio 76%, outdoor 3%.

Top execs: Gerald T. Broderick, president, ceo; Paul Regan, sr vp, exec creative dir; Jos. Teixeira, sr vp, treasurer; Jos. Burnieika, Thomas Boggs, James Buckley, Cynthia Connelly, Dennis Bailen, Leonard Karsakov, Ronald Tomashkin, sr vp. Employees: 128 and five offices.

Phone: (617) 357-1900.

Noble Arnold & Associates, Schaumburg, Ill., had estimated gross income of $521,200 in 1986 on billings of $3,367,847. In 1985, it had estimated gross income of $483,800 on estimated billings of $3,124,480.

The agency's 1986 U.S. volume consisted of $449,912 in media, $610,115 in materials and services and $2,307,820 in capitalized fees. Its estimated 1985 U.S. volume consisted of $411,880 in media, $578,200 in materials and services and $2,134,400 in capitalized fees.

The agency did not report accounts gained and lost in 1986.

Billings breakdown by media: Magazines 65.8%, farm publications 3.2%, direct mail 18.8%, catalogs 12.2%.

Top execs: Noble Arnold, president; John Perkins, exec vp. Employees: 10.

Phone: (312) 882-8808.

Asher Agency, Fort Wayne, Ind., reported gross income of $482,000 in 1986 on billings of $2,788,734. In 1985, it reported gross income of

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Top 10 agencies in cable billings

Rank	Agency	Cable billings 1986	Cable billings 1985	U.S. billings 1986	U.S. billings 1985
1	Young & Rubicam	$73.6	$39.6	$1,217.2	$1,268.1
2	Grey Advertising	24.5	36.7	1,358.0	1,221.9
3	Bozell, Jacobs, Kenyon & Eckhardt	23.6	21.6	1,125.0	1,030.0
4	DFS Dorland Worldwide	23.4	19.8	901.4	861.9
5	DDB Needham Worldwide	16.1	14.8	1,613.7	1,682.5
6	BBDO Worldwide	15.9	18.3	1,872.8	1,701.7
7	Ted Bates Worldwide	14.6	7.2	1,784.6	1,810.1
8	Leo Burnett Co.	14.4	0.0	1,361.6	1,269.9
9	Jordan, Manning, Case, Taylor	12.0	8.4	240.0	210.0
10	Ally Gargano/MCA Advertising	8.9	7.4	296.1	330.0

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

$448,000 on billings of $2,250,712.

The agency's 1986 U.S. volume consisted of $1,469,000 in media, $546,014 in materials and services and $773,720 in capitalized fees. Its 1985 U.S. volume consisted of $1,158,000 in media, $492,412 in materials and services and $600,300 in capitalized fees.

In 1986, the agency gained: National Mill Supply; National Mill Automotive; Whitley County Memorial Hospital; Ponderosa Co-op; Fort Wayne Nephrology; Burger King, Fort Wayne; Chemical Waste Management; Cardiology Consultants. It lost: Mid America Pontiac Dealers; Famous Recipe.

Billings breakdown by media: newspapers 9%, magazines 8%, radio 16%, spot tv 62%, cable tv 1%, outdoor 2%, yellow pages 2%.

Top execs: Timothy S. Borne, president; Thomas J. Price, sr vp. Employees: 9.

Phone: (219) 424-3373. ☑

Asher/Gould Advertising, Los Angeles, reported gross income of $7,856,000 in 1986 on billings of $51,000,000. In 1985, it reported gross income of $5,543,000 on billings of $36,000,000.

The agency's U.S. volume was all in capitalized for both years.

In 1986, the agency gained: Megaphone International; Desert Inn Hotel & Casino; Pearl Brewing Co. The agency did not report any accounts lost.

Billings breakdown by media: Newspapers 14.4%, magazines 5.2%, radio 25.8%, network tv 46.4%, outdoor 5.2%, transit adv 1.0%.

Top execs: Hal Asher, chmn; Morley Gould, president; Bruce Silverman, exec vp, creative dir; Ron Herman, exec vp, dir-acct svcs; Lee Leibman, vp-exec committee, promo dir; Trevor Goodman, vp-exec committee, group acct dir. Employees: 68.

Phone: (213) 931-4151.

Austin Kelley Advertising, had estimated gross income of $5,500,000 in 1986 on billings of $36,500,000. In 1985, it had estimated gross income of $5,100,000 on billings of $34,000,000.

The agency did not report a billings breakout for 1986 and 1985, accounts gained or lost for 1986 or a billings break out by media.

Top execs: Austin Kelley, chmn; Jeff Nixon, president. Employees: 83 in 2 offices.

Phone: (404) 396-6666.

Badalamenti Advertising Agency Ltd., Brooklyn, N.Y., reported estimated gross income of $2,000,000 in 1986 on estimated billings of $13,300,000. In 1985, it reported estimated gross income of $1,500,000 on billings of $10,000,000.

The agency did not break out volume by media billings, materials and services and capitalized fees for either 1986 or 1985. The agency, a full-service agency handling retail accounts, did not report clients gained or lost other than noting it had 575 clients, all local advertisers, at year-end 1986.

No billings breakdown by media was provided.

Top execs: Vince Badalamenti, president; Vincent J. Badalamenti, vp; Linda Marcot, gm. Employees: 20 in 2 offices.

Phone: (718) 236-0700.

Bader Rutter & Associates, Brookfield, Wis., reported gross income of $7,022,894 in 1986 on billings of $46,819,359. In 1985, it reported gross income of $6,524,593 on billings of $43,503,897.

The agency's 1986 U.S. volume consisted of $24,940,812 in media, $7,842,213 in materials and services and $14,036,334 in capitalized fees. Its 1985 U.S. volume consisted of $22,935,839 in media, $7,346,184 in materials and services and $13,221,874 in capitalized fees.

In 1986, the agency gained: American Breeders Service; DeForest; Cross & Trecker; Inland Buildings; LEWI-Systems; Beloit Corp; Cenex/Land O'Lakes Agricultural Services. It lost: St. Mary's Hospital, Milwaukee; Kearney & Trecker.

Billings breakdown by media: newspapers 8%, magazines 2%, radio 12%, spot tv 19%, outdoor 1%, business papers 19%, farm publications 32%, direct mail 4%, catalogs 3%.

Top execs: Ronald L. Bader, president; Richard S. Jensen, exec vp. Employees: 109.

Phone: (414) 784-7200. ☑

Bailey Lewis & Associates, Lincoln, Neb., reported gross income of $1,452,140 in 1986 on billings of $9,680,934. In 1985, it reported gross income of $1,460,613 on billings of $9,737,403.

The agency's 1986 U.S. volume consisted of $3,274,000 in media, $1,265,321 in materials and services and $5,141,613 in capitalized fees. Its 1985 U.S. volume consisted of $3,212,533 in media, $1,513,117 in materials and services and $5,011,753 in capitalized fees.

In 1986, the agency gained: BLN Investment Corp.; Gooch Foods, Food Service div.; Green Furnace & Plumbing Co.; KNEB FM Radio; Lincoln General Hospital; Metromail Corp., Fund Raising Services Group; National Bank of Commerce; NEBHELP, Inc.; Overland National Bank; Notifier Co.; Opera/Omaha; Project Family; Cizek Homes; First Employer Services; Northwestern Bell Phones; Folsom Children's Zoo. It lost: A&R Services, Ltd.; Dal-Worth Developers; Saunders Archery Co.; HMO Nebraska; Midlands Mall.

Billings breakdown by media: Newspapers 12.7%, magazines 11.5%, supplements 0.5%, radio 22.4%, spot tv 23.9%, cable tv 0.4%, outdoor 7.5%, business papers 7.6%, farm publications 3.7%, transit 0.5%, point of sale 0.5%, yellow pages 0.1%, direct mail 0.6%, direct response newspapers 0.6%, direct response magazines 6%, free-standing inserts 1.5%.

Top execs: Richard W. Bailey, chmn, ceo; Jim Lauerman, president-Lincoln Div; Tracy Zaiss, president-Omaha Div; George Meininger, sr exec vp-creative svcs; Ron Plageman, exec vp, cfo. Employees: 37 in 2 offices.

Phone: (402) 475-2800. ☑

Baker, Abbs, Cunningham & Klepinger, Birmingham, Mich., reported gross income of $2,215,368 in 1986 on billings of $16,548,683. In 1985, it reported gross income of $1,897,281 on billings of $14,261,974.

The agency's 1986 U.S. volume consisted of $5,012,479 in media, $2,631,787 in materials and services and $8,904,417 in capitalized fees. Its 1985 U.S. volume consisted of $4,609,803 in media, $1,968,651 in materials and services and $7,683,520 in capitalized fees.

In 1986, the agency gained: Ladbroke DRC Racetrack; Michigan Dental Plan; Oakland County Parks; Sterling Engineered Products, decorative laminates. It lost: St. Joseph Mercy Hospital.

Billings breakdown by media: newspapers 14.7%, magazines 9.6%, radio 2.6%, spot tv 2.5%, outdoor 0.6%, point of sale 29.4%, yellow pages 1.3%, direct mail 13%, catalogs 22.8%, free-standing inserts 3.5%.

Top execs: Ernest W. Baker, Jr., chmn; Kathryn King, president; B.H. Cunningham, treasurer; Robert J. Cunningham, exec vp; John R. Ballantyne, sr vp. Employees: 41.

Phone: (313) 540-5400. ☑

Perry Ballard/Advertising, St. Joseph, Mich., reported gross income of $506,499 in 1986 on billings of $3,200,578. In 1985, it reported gross income of $360,964 on billings of $2,474,274.

The agency's 1986 U.S. volume consisted of $399,808 in media, $225,910 in materials and services and $2,574,860 in capitalized fees. Its 1985 U.S. volume consisted of $245,766 in media, $158,874 in materials and services and $2,069,634 in capitalized fees.

In 1986, the agency gained: MAC/Digitron, testing equipment; KitchenAid, special projects; FIBERBOND, non-linear woven pads; Kirkhof, welding transformers; HomeCrest, cabinetry; Ohmite Manufacturing. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 19.1%, magazines 31.8%, radio 10.9%, spot tv 30.5%, outdoor 7.7%.

Top execs: Perry O. Ballard Jr., president & chmn; Annette Ballard, vp-media; James Dominello, vp-mktg; Nancy Rodell, genl mgr-technical div. Employees: 16.

Phone:(616) 983-0611. ☑

Barker Campbell & Farley, Virginia Beach, Va., reported gross income of $2,100,000 in 1986 on billings of $14,000,000. In 1985, it reported gross income of $1,573,429 on billings of $10,500,000.

The agency did not break out figures for 1986 and 1985 media, materials and services and capitalized fees.

In 1986, the agency gained: Virginia Federal Savings & Loan; South Carolina National Bank; Hampton General Hospital. It lost: *Virginian Pilot/Leogen Star Newspapers.*

Billings breakdown by media: Newspapers 30%, magazines 25%, radio 10%, spot tv 20%, outdoor 5%, farm publications 10%.

Top execs: Robert A. Barker, president; William T. Campbell, exec vp-creative, A. Palmer Farley, exec vp; Robert Stiffler, sr vp-agricultural; Richard S. Gearhart, vp, media dir; Sharon Brady, art dir. Employees: 30.

Phone: (804) 497-4811. ☑

Barnhart & Co., Denver, reported gross income of $2,765,955 in 1986 on billings of $19,232,353. In 1985, it reported gross income of $2,683,111 on billings of $17,896,350.

The agency's 1986 U.S. volume consisted of $5,166,038 in media, $2,498,665 in materials and services and $11,567,680 in capitalized fees. The agency did not report figures for 1985 media, materials and services and capitalized fees.

Billings breakdown by media: newspapers 7.7%, magazines 18.6%, radio 21.7%, network and spot tv 46.0%, outdoor 6.0%.

Top execs: Terry L. Barnhart, chmn; Bob Wolper, president. Gary Krauss, Nancy Haven, sr vps; Art Mahoney, Ginger MacIntyre, David H., vps. Employees: 41.

Phone: (303) 744-3211. ☑

Barnum Communications, New York, reported gross income of $4,852,000 in 1986 on billings of $40,450,100. In 1985, it reported gross income of $6,761,000 on billings of $45,072,000. Unlike 1986, figures in 1985 included returns from the Barnum Group, an association of six independent agencies.

The agency's 1986 U.S. volume consisted of $12,398,000 in media, $2,206,100 in materials and services and $25,846,000 in capitalized fees. Its 1985 U.S. volume, which includes figures from the Barnum Group, consisted of $18,930,500 in media, $4,056,500 in materials and services and $22,085,000 in capitalized fees.

In 1986, the agency gained: Bio-Technica Diagnostics; Travenol Laboratories. It lost: Boehringer Mannheim Diagnostics; Estee Corp.

Billings breakdown by media: Newspapers 4.6%, magazines 13.8%, medical journals 63.2%, radio 1.2%, network tv 3.4%, spot tv 4.6%, cable tv 1.2%, direct mail 8%.

Top execs: H.J. Barnum Jr., chmn; Dorothy M. Philips, president; Peter G. Neaman, Burton P. Pollack, Judith B. Smith, sr vps. Employees: 60.

Phone: (212) 221-7363.

Baron & Zaretsky Advertising, New York, reported gross income of $2,800,000 in 1986 on billings of $15,200,000. In 1985, it reported gross income of $1,987,500 on billings of $13,250,000.

The agency did not break out billings.

In 1986, the agency gained: M. Fortunoff, Backyard Store; Nielson Bainbridge, mfrs of matboard and frames; Hearst Woman Power, Hearst Magazine Group; Lucille Roberts, health spas.

Billings breakdown by media: Newspapers 30%, magazines 35%, radio 10%, spot tv 5%, business papers 20%.

Top execs: Ken Baron, president; Burton Zaretsky, vp. Employees: 23.

Phone: (212) 677-1747.

Battenberg, Fillhardt & Wright, San Jose, Calif., reported gross income of $1,597,932 in 1986 on billings of $11,812,846. In 1985, it reported gross income of $1,947,183 on billings of $13,047,598.

The agency's 1986 U.S. volume consisted of $4,766,015 in media, $857,978 in materials and services and $6,188,853 in capitalized fees. Its 1985 U.S. volume consisted of $6,552,227 in media, $1,097,280 in materials and services and $5,398,091 in capitalized fees.

In 1986, the agency gained: Newex, Inc., touchware controls. It lost: Wyse Technology, terminal mfr; Guerdon Industries, mfred housing.

Billings breakdown by media: Newspapers 4%, magazines 34%, radio 6%, spot tv 1%, outdoor 3%, business papers 47%, point of sale 1%, direct mail 4%.

Top execs: Curtis L. Wright, president; Charles H. Fillhardt, vp, creative dir; Lynn M. Battenberg, vp, treasurer. Employees: 15.

Phone: (408) 287-8500. ☑

Bauerlein Inc., New Orleans, reported gross income of $2,289,526 in 1986 on billings of $15,374,386. In 1985, it reported gross income of $2,211,402 on billings of $14,574,980.

The agency's 1986 U.S. volume consisted of $7,427,192 in media, $1,587,849 in materials and services and $6,359,345 in capitalized fees. Its 1985 U.S. volume consisted of $6,649,213 in media, $1,320,069 in materials and services and $6,605,698 in capitalized fees.

In 1986, the agency gained: Piccadilly Cafeterias; Oak Hill Llama Ranch; Audubon Park Zoo Aquarium; Bohn Bros. Toyota; Intrepid Enterprises; Kentwood Spring Water; WBYU Stereo. It lost: McKenzie's Pastry Shoppes; Metropolitan National Bank; Orleans Parish School Board; Columbia Pictures.

Billings breakdown by media: Newspapers 19.3%, magazines 21%, radio 18.1%, network tv 35.9%, spot tv 35.9%, cable tv 35.9%, outdoor 5.7%.

Top execs: John Green, president, creative dir; Thomas Long, exec vp; Eugene G. Barnes, chmn. Employees: 43.

Phone: (504) 522-5461. ☑

Baxter, Gurian & Mazzei, Beverly Hills, Calif., reported gross income of $2,132,000 in 1986 on billings of $14,220,000. In 1985, it reported gross income of $1,900,000 on billings of $13,300,000. BG&M is an Omnicom agency.

The agency's 1986 U.S. volume consisted of $3,250,000 in media, $5,381,000 in materials and services and $5,589,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,200,000 in media, $6,431,000 in materials and services and $4,669,000 in capitalized fees.

In 1986, the agency gained: St. John's Hospital. It lost: A.T.L.; Daleco/Zila; Everest & Jennings; Intermedics; Oculabs; Rabbitt Computer; Squibb Medical Systems.

Billings breakdown by media: newspapers 10%, medical journals 40%, catalogs 50%.

Top execs: Donald J. Baxter, chmn; Kenneth J. Gurián, president; Michael J. Byrnes, vp. Employees: 29 in 2 offices.

Phone: (213) 657-5050. ☑

Beaumont, Heller & Sperling, Reading, Pa., reported gross income of $1,390,032 in 1986 on billings of $9,424,344. In 1985, it reported gross income of $1,274,779 on billings of $8,581,398.

The agency's 1986 U.S. volume consisted of $467,441 in media, $820,984 in materials and services and $8,135,919 in capitalized fees. Its 1985 U.S. volume consisted of $378,719 in media, $609,071 in materials and services and $7,593,608 in capitalized fees.

In 1986, the agency gained: Columbia Boiler Co.; Grace Community, continuing care residential community; Windon Capital Management, real estate developer. It lost: Speaksman Co.

Billings breakdown by media: Newspapers 0.08%, radio 0.01%, outdoor 0.04%, business papers 10.78%, yellow pages 0.46%, direct mail 64.73%, catalogs 23.9%

Top execs: Robert D. Beaumont, president; Donald T. Beaumont Jr., sr exec vp, secretary, treasurer; Alfred K. Walter, sr vp-pr div; James Buchanan, sr vp, media, mktg svcs dir; William E. Kemper Jr., James E. Ludwig Jr., vps; John R. Sergeant Jr., vp, direct mail, printing production mgr. Employees: 40.

Phone: (215) 375-4311.

Robert A. Becker Inc., New York, reported gross income of $7,000,000 in 1986 on billings of $47,000,000. In 1985, it reported gross income of $7,000,000 on billings of $47,100,000.

The agency's 1986 U.S. volume consisted of $4,600,000 in media, $5,000,000 in materials and services and $37,400,000 in capitalized fees. Its 1985 U.S. volume consisted of $3,900,000 in media, $3,200,000 in materials and services and $40,000,000 in capitalized fees.

The agency did not report accounts gained and lost in 1986.

Billings breakdown by media: magazines 76.9%, direct mail 23.1%.

Top execs: Robert A. Becker, president, ceo; Joel Lauber, Edward Maitland, Raymond Perry, Norman Franklin, David Charney, sr vps. Employees: 80.

Phone: (212) 382-0780.

Benito Advertising, Tampa, Fla., reported gross income of $4,340,000 in 1986 on billings of $27,384,000. In 1985, it reported gross income of $3,580,000 on billings of $24,930,000.

The agency's 1986 U.S. volume consisted of $8,408,000 in media and $18,976,000 in capitalized fees. Its 1985 U.S. volume consisted of $18,950,000 in media and $5,980,000 in capitalized fees.

The agency did not report any figures for materials and services. Offices in Tampa, Orlando, Jacksonville and Miami were included in totals.

In 1986, the agency gained: Publix Supermarkets; WXFL Channel 8; Mercharter, boat rental. It lost: Cigar Manufacturers Assn.; Ferman Oldsmobile; Group W Cable; Baromoor; M&N Cigar; Robbins Mfg.; Sheraton Maitland; Butrena; Robinsons; Leisure Entertainment; Alessi Promotions; Spicola Hardware.

Billings breakdown by media: Newspapers 14%, magazines 6.8%, radio 16.6%, network tv 1.1%, spot tv 46.2%, outdoor 8.3%, business papers 3%, direct mail 4%.

Top execs: Jack S. Painter, chmn & president; Duke Miller, exec vp-client svcs; Ken Bernhardt, exec vp, creative dir. Employees: 92 in 4 offices.

Phone: (813) 877-8200. ☑

Bentley, Barnes & Lynn, Chicago, reported gross income of $6,109,182 in 1986 on billings of $40,727,880. In 1985, it reported gross income of $5,449,381 on billings of $36,329,210.

The agency's 1986 U.S. volume consisted of $36,663,313 in media, $2,110,334 in materials and services and $1,954,153 in capitalized fees. Its 1985 U.S. volume consisted of $31,666,374 in media, $2,241,846 in materials and services and $2,420,990 in capitalized fees.

In 1986, the agency gained: Electronic Realty Associates, national acct; Bank & Trust of Arlington Heights; Dae-Julie, importers of fine candies; Konami, mfr computer software for games; DePaul University; Paddor's, women's stores; Pella Windows, local dealers. It lost: Century Broadcasting; Gonnella Bread; RCA Distributors.

Billings breakdown by media: newspapers 83.1%, magazines 5%, radio 2.5%, spot tv 2.4%, outdoor 1%, business papers 3%, direct mail 1%, catalogs 2%.

Top execs: Paul Oleff, president; Merrill Litow, exec vp; Samuel Conforti, secretary, treasurer; Jay Ducan, exec vp, gen mgr; Linda Konitz, exec vp, dir creative scvs; Edward Suffrin, exec vp, creative dir. Employees: 126 in 3 offices.

Phone: (312) 467-9350.

Berenson, Isham & Partners, Boston, reported gross income of $1,862,537 in 1986 on billings of $13,839,184. In 1985, it reported gross income of $1,878,929 on billings of $11,804,060.

The agency's 1986 U.S. volume consisted of $3,726,827 in media, $792,513 in materials and services and $9,319,844 in capitalized fees. Its 1985 U.S. volume consisted of $3,117,967 in media, $676,033 in materials and services and $7,950,060 in capitalized fees.

In 1986, the agency gained: Atlantic Yogurt Co.; Pioneer Financial, a cooperative bank; Sensititre, Inc., microbiological prods. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 14.5%, magazines 11.6%, radio 8.7%, spot tv 8%, cable tv 0.7%, outdoor 0.7%, point of sale 2.2%, direct mail 18.8%, direct response tv 3.6%, direct response radio 8.7%, direct response newspapers, 13.8%, direct response magazines 8.7%.

Top execs: Paul S. Berenson, president-ceo; Carolynn C. Isham, exec vp; Louis H. Flanders III, sr vp. Employees: 17.

Phone: (617) 423-1120. ☑

Berger, Stone & Partners, New York, reported gross income of $2,430,000 in 1986 on billings of $16,200,000. The agency did not report figures for 1985.

The agency did not report a billings breakout.

In 1986, the agency gained: Central Savannah River Chevrolet Dealers, Augusta, Ga.; Twin County Chevrolet Dealers, Western Pa.; N.I.C.E. Chevrolet Dealers, Dayton, Ohio; Miltons, Mass. & R.I. Fashion Retail Chain. It lost: None.

Billings breakdown by media: Newspapers 45%, magazines 14%, radio 8%, spot tv 9%, cable tv 12%, transit 2%, yellow pages 10%.

Top execs: Joseph Stone, president; John Yakata, Allen Schwartz, sr vps; Kenneth Rhodes, vp, genl mgr. Employees: 22.

Phone: (212) 752-6333. ☑

Bermudez & Associates, Los Angeles, reported gross income of $2,241,363 in 1986 on billings of $14,949,886. In 1985, it reported gross income of $1,733,598 on billings of $11,563,099.

The agency's 1986 U.S. volume consisted of $3,221,019 in media, $217,668 in materials and services and $11,511,199 in capitalized fees. Its 1985 U.S. volume consisted of $985,708 in media, $25,284 in materials and services and $10,552,107 in capitalized fees.

In 1986, the agency gained: AT&T International; Pepsico, project basis. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 3.4%, magazines 3.4%, radio 33.9%, network tv 54.2%, outdoor 3.4%, transit 1.7%.

Top execs: Eduardo Bermudez, ceo; James P. Golightly, coo; Fernando Tamayo, exec vp, creative dir; Richard Chase, exec vp, cfo. Employees: 44 in 2 offices.

Phone: (213) 207-4606. ☑

Bernstein-Rein Advertising, Kansas City, Mo., reported gross income of $7,602,000 in 1986 on billings of $70,066,000. In 1985, it reported gross income of $5,625,000 on billings of $52,911,000.

The agency's 1986 U.S. volume consisted of $61,989,000 in media, $4,982,000 in materials and services and $3,095,000 in capitalized fees. Its 1985 U.S. volume consisted of $45,471,000 in media, $4,513,000 in materials and services and $2,927,000 in capitalized fees.

In 1986, the agency gained: Tallgrass Technologies; Diamond Shield; WDAF-AM; Farmland Foods; McDonalds of Nebraska; American Royal; Sterling Drug, D-Con Co. It lost: John Knox Village, KSHB-TV.

Billings breakdown by media: newspapers 8%, magazines 5%, radio 13%, spot tv 68%, cable tv 2%, outdoor 3%, business papers 1%.

Top execs: Robert A. Bernstein, president; Irwin D. Rein, exec vp. Employees: 120 in 2 offices.

Phone: (816) 756-0640.

Bertucci Maren Associates, Bristol, Pa., reported gross income of $503,000 in 1986 on billings of $3,161,280. In 1985, it reported gross income of $468,750 on billings of $2,959,550.

The agency's 1986 U.S. volume consisted of $310,000 in media, $290,000 in materials and services and $2,561,280 in capitalized fees. Its 1985 U.S. volume consisted of $275,000 in media, $250,000 in materials and services and $2,434,550 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 1.9%, radio 0.6%, outdoor 1.9%, business papers 9.2%, point of sale, 23.7%, yellow pages 3.2%, direct mail 35%, catalogs 8%, direct response newspapers 3%, direct response magazines 11%, telemarketing 2.5%.

Top execs: Andrew D. Bertucci, president; Nancy Maren, vp. Employees: 14.

Phone: (215) 785-1920. ☑

BHH Advertising & Public Relations, St. Louis, reported gross income of $4,441,566 in 1986 on billings of $31,871,891. In 1985, it reported gross income of $4,808,849 on billings of $34,377,621.

The agency's 1986 U.S. volume consisted of $13,102,613 in media, $3,983,155 in materials and services and $14,786,123 in capitalized fees. Its 1985 U.S. volume consisted of $16,089,666 in media, $4,008,212 in materials and services and $14,279,743 in capitalized fees.

Included in the agency's figures were returns from subsidiary, BHN/YP, yellow pages placement.

In 1986, the agency gained: Bennett Tool & Die; Calgon Corp.; Suburban Newspapers of St. Louis & New Jersey; Virginia Orthodontic Society; DataMax; Kraft, projects; M&R Industries; Monsanto-Saflex; Rousseau Co.; Control Devices; Milliken Publishing; Starrco; Realex; Total Health Care; Mallinckrodt-Diagnostic Products; Wick Homes; Teleconnect. It lost: Optical Outlets; Gusdorf; Landmark Bank; United Telespectrum; Labconco; Wichita Area Pepsi Bottlers; Mid Kansas Federal Savings & Loan.

Billings breakdown by media: Newspapers 9.5%, magazines 3.8%, radio 18.6%, spot tv 32.11%, outdoor 1.8%, business papers 24.3%, farm publications 0.02%, transit 0.1%, yellow pages 9.6%; direct mail 0.17%.

Top execs: Kennett C. Johnson, chmn-ceo; Robert F. Rubin, secretary, treasurer; George T. Gale, exec vp, president-St. Louis; John Bell II, president, BHN/PR; Walter Balzerick, president BHN, Wichita; Peter Langmack, president BHN, Cedar Rapids; Daniel Fineberg, president BHN/YP; John Blakemore, president, BHN, Columbia; Irv Jensen, president, Strategic Alternatives Co. Employees: 94 in 5 offices.

Phone: (314) 241-1200. ☑

Biederman & Co, New York, reported gross income of $4,100,000 in 1986 on billings of $35,500,000. In 1985, it reported gross income of $3,997,000 on billings of $29,036,900.

The agency's 1986 U.S. volume consisted of $23,100,000 in media, $3,300,000 in materials and services and $9,100,000 in capitalized fees. Its 1985 U.S. volume consisted of $22,030,000 in media, $2,528,000 in materials and services and $4,478,900 in capitalized fees.

Included in the agencies figures were returns from subsidaries:

- Betacom, production
- Murray Salit & Associates

In 1986, the agency gained: TRINOVA, Inc; ITT, communications services group; Friexenet, South Africa; MCA; New York University; Watney, Mann and Truman Brewers; Syncsort; Tri-state Cadillac. It lost: None.

Murray Salit & Associates, the ad agency subsidary, gained Le Clip USA and *Vogue*. It lost: None.

Billings breakdown by media: Newspapers 22%, magazines 27%, radio 14%, network tv 27%, spot tv 7%, cable tv 1%, outdoor 1%, direct response magazines 1%.

Top execs: Barry Biederman, chmn, creative dir; John Kelly, coo, dir acct mgmt; Howard Benson, exec vp, co-creative dir; Monica Shaffer, sr vp, media dir; Murray Salit, president, Murray Salit & Associates div. Employees: 54.

Phone: (212) 929-7200.

William R. Biggs/Gilmore Associates, Kalamazoo, Mich., reported gross income of $5,996,000 in 1986 on billings of $60,292,000. In 1985, it reported gross income of $5,055,000 on billings of $52,950,000.

The agency's 1986 U.S. volume consisted of $21,455,000 in media, $5,460,000 in materials and services and $33,377,000 in capitalized fees. Its 1985 U.S. volume consisted of $19,798,000 in media, $4,985,000 in materials and services and $28,167,000 in capitalized fees.

In 1986, the agency gained: Manatron; Michigan Cherry Committee; Michigan State University; North American Van Lines; Travenol Labs; Union Carbide; Wells Lamont; Clarion Hotels; Hilton Head Health Institute; S-2 Yacht; School Zone Publishing; D&W Foods; Knape & Vogt. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 3%, magazines 37%, medical journals 10%, radio 4%, network tv 3%, cable tv 2%, outdoor 1%, business papers 35%, farm publications 4%, direct mail 1%.

Top execs: William R. Biggs, president; Ron Davis, exec vp; David Hunt, sr vp; Don DeGroot, secretary, treasurer; Peter Horst, sr vp, dir-creative svc; Jeff White, vp-business dev; Harold Bennett, vp-media; Phillip Long, vp-pr. Employees: 103 in 7 offices.

Phone: (616) 349-7711.

Black & Musen, East Longmeadow, Mass., reported gross income of $258,000 in 1986 on billings of $1,517,000. In 1985, it reported gross income of $253,000 on billings of $1,474,000.

The agency's 1986 U.S. volume consisted of $700,000 in media, $150,000 in materials and services and $667,000 in capitalized fees. Its 1985 U.S. volume consisted of $600,000 in media, $160,000 in materials and services and $714,000 in capitalized fees.

In 1986, the agency gained: Massasoit Trading Corp., furniture components. The agency did not report any accounts lost.

Billings breakdown by media: Newspapers 5%, magazines 25%, radio 5%, spot tv 15%, business papers 25%, direct mail 10%, catalogs 15%.

Top execs: Arthur Musen, president; Merle Black, treasurer. Employees: 6.

Phone: (413) 567-0361.

Blair/BBDO, Rochester, N.Y., reported gross income of $3,696,677 in 1986 on billings of $24,644,513. In 1985, it reported gross income of $3,277,349 on billings of $21,848,993.

The agency's 1986 U.S. volume consisted of $9,048,039 in media, $5,620,055 in materials and services and $9,976,419 in capitalized fees. Its 1985 U.S. volume consisted of $7,278,569 in media, $4,687,224 in materials and services and $9,883,200 in capitalized fees. Figures represent offices in Rochester and Pittsburgh.

In 1986, the agency gained: Genesee Valley Group Health, health centers; Ultra Technologies, Eastman Kodak Co., batteries; Graphic Imaging Systems div, Eastman Kodak Co., electronic systems; Corporate/Marketing Communications, Eastman Kodak Co., special projects; Edicon, Eastman Technology, computer software. It lost: Beacon Milling, farm feed; John D. Brush & Co., safes.

Billings breakdown by media: Newspapers 12.9%, magazines 15.5%, radio 25.3%, spot tv 35%, cable tv 4%, outdoor 0.9%, business papers 4.4%, transit adv 0.8%, yellow pages 0.6%, direct mail 0.6%.

Top execs: John F. Kraushaar, president-ceo; Jack Matott, exec vp, exec creative dir; John Brown, sr vp, creative dir; Jon Sims, sr vp, mgmt super. Employees: 38 in 2 offices.

Phone: (716) 473-0440. ☑

Blanchard & Associates, Minneapolis, reported gross income of $138,284 in 1986 on billings of $2,337,288. In 1985, it reported gross income of $159,051 on billings of $2,069,297.

The agency's 1986 U.S. volume consisted of $655,096 in media, $233,655 in materials and services and $1,489,537 in capitalized fees. Its 1985 U.S. volume consisted of $699,910 in media, $269,244 in materials and services and $1,100,143 in capitalized fees.

The agency did not report accounts gained or lost, or break out billings by media for 1985 and 1986.

Top exec: Ike Austin, president. Employees: 7.

Phone: (612) 332-1557.

Barry Blau & Partners, Fairfield, Conn., reported gross income of $8,455,000 in 1986 on billings of $60,010,000. In 1985, it reported gross income of $6,365,600 on billings of $44,451,000.

The agency's 1986 U.S. volume consisted of $1,418,000 in media, $26,636,000 in materials and services and $31,956,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,351,000 in media, $17,476,000 in materials and services and $25,624,000 in capitalized fees.

The agency did not consolidate subsidiary, IOCC, Ltd.

In 1986, the agency gained: Connecticut Mutual Life Insurance; Connecticut National Bank; Royal Canadian Mint. It lost: Citytrust.

Billings breakdown by media: Newspapers 2.9%, magazines 2.7%, supplements 1.3%, radio 1.2%, spot tv 3%, cable tv 3.2%, direct mail 85.7%.

Top execs: Barry Blau, president-ceo; Dennis Eastham, Ronald Friedman, exec vps; Peter Blau, sr vp, creative dir; Fred Kaseff, cfo; J. Donald Gartland III, Mark Goroff, Carla Hendra, Thomas Lemke, Irving Mayer, John Miller, Leslie Paterson, Robert Wilke, sr vps. Employees: 102 in 4 offices.

Phone: (203) 254-3700. ☑

James Bloom Agency, Great Neck, N.Y., had estimated gross income of $225,000 in 1986 on billings of $1,500,000. In 1985, it had estimated gross income of $180,000 on billings of $1,200,000.

The agency did not break out billings volume.

Billings breakdown by media: Newspapers 12.2%, magazines 17.9%, radio 4.5%, business papers 64.1%, farm publications 1.3%.

Top execs: James M. Bloom, president; Douglas A. Graham, vp; S.S. Rand, art dir. Employees: 7.

Phone: (516) 482-4660.

Bonneville Media Communications, Salt Lake City, had estimated gross income of $1,900,000 in 1986 on billings of $11,200,000. The agency did not report figures for 1985.

The agency's 1986 U.S. volume consisted of $3,000,000 in media, $8,200,000 in materials and services.

In 1986, the agency gained: Boy Scouts of America; Church World Services. The agency did not report accounts lost in 1986.

Billings breakdown by media: magazines 10%, radio 26.7%, spot tv 63.3%.

Top execs: Richard Alsop, president; Jeff Hilton, vp-mktg scvs. Employees: 100.

Phone: (801) 237-2600. ☑

Borders, Perrin & Norrander, Portland, Ore., reported gross income of $2,770,000 in 1986 on billings of $20,189,289. In 1985, it reported gross income of $2,413,000 on billings of $13,303,000.

The agency's 1986 U.S. volume consisted of $8,133,289 in media, $5,513,000 in materials and services and $6,543,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,307,000 in media, $4,054,000 in materials and services and $3,942,000 in capitalized fees.

The agency did not consolidate subsidiary:

- Ager/BPN Public Relations

In 1986, the agency gained: Bailey, Banks & Biddle Jewelers; Blitz-Weinhard, brewery; Danner Shoe Co, sporting shoes; American Plywood Assn., Timber Industry Assn.; Kenworth Truck Co; Washington State Lottery. It lost: American Network, long distance telephone service; Gerber Legendary Blades, cutting and sporting knives; Mannesmann Tally Co, computer printer mfr; Tri-Met Mass Transit.

Billings breakdown by media: newspapers 7.9%, magazines 21.6%, radio 11.2%, spot tv 7.2%, outdoor 1.4%, transit 0.2%, point of sale 50.3%, yellow pages 0.2%.

Top execs: William Borders, Jr., president; Peter M. Hatt, coo; Mark Norrander, exec vp, co-chmn. Employees: 65 in 2 offices.

Phone: (503) 227-2506. ☑

Earle Bower Associates, New York, reported gross income of $577,746 in 1986 on billings of $3,701,729. In 1985, it reported gross income of $546,080 on billings of $3,676,637.

The agency's 1986 U.S. volume consisted of $1,758,536 in media, $607,359 in materials and services and $1,335,834 in capitalized fees. Its 1985 U.S. volume consisted of $1,638,082

Top 10 agencies in point of sale billings

Rank	Agency	Point of sale billings 1986	Point of sale billings 1985	U.S. billings 1986	U.S. billings 1985
1	Medicus Intercon International	$60.9	$50.4	$82.4	$65.0
2	Grey Advertising	42.8	N/A	1,358.0	1,221.9
3	Foote, Cone & Belding Communications	34.0	28.6	1,616.7	1,430.7
4	QLM Associates	31.4	6.7	41.5	22.9
5	Ross Roy Inc.	20.0	18.5	416.0	370.0
6	S.J. Weinstein Associates	11.1	11.0	14.5	14.3
7	Borders, Perrin & Norrander	10.1	6.4	20.2	13.3
8	Leo Burnett Co.	9.0	9.5	1,361.6	1,269.9
9	Long, Haymes & Carr	7.2	6.0	51.3	42.6
10	Baker, Abbs, Cunningham & Klepinger	4.7	3.9	16.5	14.3

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

in media, $590,832 in materials and services and $1,447,723 in capitalized fees.

In 1986, the agency gained: Rebate Books. It lost: None.

Billings breakdown by media: Newspapers 10%, magazines 20%, radio 5%, spot tv 10%, cable tv 20%, outdoor 2.5%, business papers 7.5%, transit adv 2.5%, direct response tv 17.5%, direct response magazines 5%.

Top execs: Earl Bower, president. The agency did not report number of employees.

Phone: (212) 682-3920. ☑

Brady Co., Menomonee Falls, Wis., reported gross income of $2,304,468 in 1986 on billings of $15,590,028. In 1985, it reported gross income of $2,279,582 on billings of $16,076,546.

The agency's 1986 U.S. volume consisted of $2,972,980 in media, $2,826,616 in materials and services and $9,790,432 in capitalized fees. Its 1985 U.S. volume consisted of $2,941,226 in media, $3,064,294 in materials and services and $10,071,026 in capitalized fees. Figures also include those from the agency's Madison, Wis., office.

In 1986, the agency gained: DJ Medical Instrument Corp.; Systems, Inc. It lost: Landauer.

Billings breakdown by media: Newspapers 0.7%, magazines 8.3%, medical journals 56.1%, radio 1.4%, farm publications 23.6%, direct mail 9.9%.

Top exec: Karl F. Ohm, president. Employees: 52 in 2 offices.

Phone: (414) 255-0100. ☑

Brashe Advertising, Jericho, N.Y., had estimated gross income of $721,700 in 1986 on billings of $2,641,654. In 1985, it had estimated gross income of $657,000 on billings of $4,371,585.

The agency's 1986 U.S. volume consisted of $2,086,010 in media, $72,195 in materials and services and $2,641,654 in capitalized fees. Its 1985 U.S. volume consisted of $1,986,055 in media, $61,081 in materials and services and $2,324,449 in capitalized fees.

In 1986, the agency gained: Island Office Furniture; Bast Chevrolet/Isuzu; Wantagh Mitsubishi; Lady Peppera!, special projects; Accounts on Call, personnel agency. It lost: Grumman Data Systems Institute.

Billings breakdown by media: Newspapers 67%, magazines 8%, radio 13%, cable tv 5%, business papers 2%, point of sale 2%, direct mail 2%.

Top exec: Harvey Cherkis, president. Employees: 7.

Phone: (516) 935-5544. ☑

Brewster Advertising, Cambridge, Mass., reported gross income of $346,000 in 1986 on billings of $2,382,000. In 1985, it reported gross income of $284,000 on billings of $1,895,000.

The agency's 1986 U.S. volume consisted of $412,000 in media, $205,000 in materials and services and $1,765,000 in capitalized fees. Its 1985 U.S. volume consisted of $516,000 in media, $305,000 in materials and services and $1,074,000 in capitalized fees.

In 1986, the agency gained: M/A-COM MAC, microwave systems; Micrologic, security prods; Zephyr Weather Information Services; High Seas, outdoor clothing; Soverel Performance Yachts. It lost: Atlantis Weathergear, outdoor clothing.

Billings breakdown by media: newspapers 2%, magazines 73%, business papers 25%.

Top execs: Donald R. Brewster, president; Marjorie W. Rines, exec vp. Employees: 5.

Phone: (617) 661-8318.

Brigham/Scully, Los Angeles, had estimated gross income of $281,000 in 1986 on billings of $1,816,577. In 1985. it had an estimated gross income of $266,000 on billings of $1,716,600.

The agency's 1986 U.S. volume consisted of $862,070 in media, $312,840 in materials and services and $641,667 in capitalized fees. Its 1985 U.S. volume consisted of $943,262 in media, $314,355 in materials and services and $458,983 in capitalized fees.

In 1986, the agency gained: *Previews* magazine; Miramar Publishing Co.; Digital Hydraulics; Comfy Products Corp.; Rhodes/Maloney, law firm. It lost: Isles Industries.

Billings breakdown by media: Newspapers 25%, magazines 39%, point of sale 1%, direct mail 10%, catalogs 23%, direct response magazines 2%.

Top execs: Thomas G. Brigham, president; Leslie McGee-Brigham, vp. Employees: 6.

Phone: (213) 550-7145. ☑

Brouillard Communications, New York, a subsidiary of J. Walter Thompson Co., reported gross income of $9,990,772 in 1986 on billings of $66,638,449. In 1985, it reported gross income of $10,687,838 on billings of $71,287,879.

The agency did not break out billings by volume.

In 1986, the agency gained: American Physical Therapy Assn., Plus System; American Legal Systems. It lost: Mellon Bank, Signal Cos.; Signal Environmental Systems; National Knitwear & Sportswear Assn.; Monroe Systems for Business.

Billings breakdown by media: Newspapers 22%, magazines 22.5%, supplements 16.2%, radio 2.3%, network tv 22.7%, spot tv 13.9%, outdoor 0.4%.

Top execs: James H. Foster, president; Irene A. Hansen, sr vp-admin, agency svcs; Terrence Hill, sr vp, exec creative dir; Richard Eyman, Miranda Lee, J. Douglas Lonmire, Robert Scott, sr vps, acct dirs; Michael Faulkner, sr vp, group creative dir; Betsy Halpern, sr vp, pr dir; Frank Massaro, sr vp, media dir; Carl LeVander, sr vp, group creative dir; Jeff Lewis, sr vp, sr writer; Larry Scaglione, sr vp-adv svcs. Employees: 96.

Phone: (212) 867-8300. ☑

E.H. Brown Advertising, Chicago, reported gross income of $1,843,229 in 1986 on billings of $12,288,191. In 1985, it reported gross income of $1,552,968 on billings of $10,353,120.

The agency's 1986 U.S. volume consisted of $10,496,795 in media and $1,791,396 in materials and services. Its 1985 U.S. volume consisted of $8,252,810 in media and $1,500,230 in materials and services.

In 1986, the agency gained: Art Institute of Chicago; Catholic Charities; Lynfred Wineries. It lost: None.

Billings breakdown by media: Newspapers 12%, magazines 24%, radio 4%, network tv 21%, cable tv 8%, point of sale 2%, direct mail 3%, direct response tv 22%, direct response radio 4%.

Top execs: Edward H. Brown Jr., chmn; Edward H. Brown Sr., vice chmn; Richard L. McCullough, president; Dennis C. Schrage, exec vp, creative dir; Edward J. Murnane, Allan H. Schullman, sr vps. Employees: 28.

Phone: (312) 372-9494.

Buckheim & Rowland, Ann Arbor, Mich., had estimated gross income of $1,875,000 in 1986 on billings of $12,500,000. In 1985, it had estimated gross income of $1,800,000 on billings of $12,000,000.

The agency did not report figures for 1985 and 1986 media, materials and services and capitalized fees.

In 1986, the agency gained: *Ann Arbor News*; D&N Savings Bank; Perkins Engines; University of Michigan Medical Center, HMO. It lost: Century Boat Co. Citizens Trust; Executive Technology Data Systems.

Billings breakdown by media: Newspapers 4%, magazines 14%, radio & tv 6%, outdoor 1%, business papers 29%, direct mail 2%, collateral 24%, other 20%.

Top execs: Richard H. Rowland, chmn; Harvey A. Bailey, president, creative dir; Richard A. Buckheim, dir, acct super; Melvin L. Medrich, vp, assoc creative dir; E. Margaret Eich, secretary, treasurer; Mark T. Paris, vp; Richard B. Williams, vp, acct super. Employees: 30.

Phone: (313) 769-6771.

Burrell Advertising, Chicago, reported gross income of $7,941,300 in 1986 on billings of $52,942,000. In 1985, it reported gross income of $7,890,800 on billings of $52,605,000.

The agency's 1986 U.S. volume consisted of $16,622,700 in media, $3,430,000 in materials and services and $32,889,300 in capitalized fees. Its 1985 U.S. volume consisted of $15,905,800 in media, $3,497,600 in materials and services and $33,201,600 in capitalized fees.

The agency did not consolidate subsidiary:

• Burrell Public Relations

In 1986, the agency gained: California Cooler; Stroh, Schlitz Malt Liquor; WBBM-TV. It lost: Beatrice U.S. Food; Johnson Products Co; Johnson Publishing Co.

Billings breakdown by media: newspapers 1.5%, magazines 15.1%, radio 11.3%, network tv 39.3%, spot tv 28.5%, outdoor 4.3%.

Top execs: Thomas Burrell, chmn; Barbara Burrell-Glover, vice chmn; Sarah Burroughs, sr vp-special projects; William Sharp, sr vp, genl mgr Atlanta; John Stanek, sr vp-finance; Charles Wimbley, sr vp-dir client svc; Curtis Young , sr vp-creative dir. Employees: 105 in 2 offices.

Phone: (312) 443-8600.

Burton-Campbell, Atlanta, reported gross income of $9,610,542 in 1986 on billings of $68,205,116. In 1985, it reported gross income of $7,910,946 on billings of $57,389,828.

The agency's 1986 U.S. volume consisted of $44,132,564 in media, $4,369,185 in materials and services and $19,703,367 in capitalized fees. Its 1985 U.S. volume consisted of $39,600,908 in media, $6,070,644 in materials and services and $11,718,276 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:

• Southmark, graphic design
• BC/Direct, direct mktg
• BC/Public Relations
• Face-To-Face, typography/camera

In 1986, the agency gained: China-America Resources Corp.; Griffin Ag Products Co.; Hertz Corp.; Hotel Inter-Continental Atlanta; Independent Sector; LAW-PAC of Georgia; National Prepared Foods; Pet Dairy; Vitamaster. It lost: Colony Square Hotel; First Union National Bank; National Bank of Georgia.

Billings breakdown by media: Newspapers 20.4%, magazines 21.2%, radio 3.7%, network tv 53.7%, outdoor 1%.

Top execs: Ron Scharbo, chmn & president; Gabe Massimi, vice chmn, creative dir; Mike Reineck, sr vp, cfo; Jane Bedford, sr vp, coo; Alan Burks, Ed Martin, sr vps, acct group dirs; Colleen O'Kane, sr vp, media & rsch svcs; Alan Campbell, sr vp, mng dir. Employees: 110.

Phone: (404) 881-8585. ☑

Lawrence Butner Advertising, New York, reported gross income of $3,617,660, of which $27,550 was in non-U.S. contributions, in 1986 on billings of $24,301,330. In 1985, it reported gross income of $3,015,750 on billings of $20,115,000.

The agency's 1986 U.S. volume consisted of $20,377,800 in media, $1,078,500 in materials and services and $2,661,330 in capitalized fees. Its 1985 U.S. volume consisted of $17,013,900 in media, $900,000 in materials and services and $2,201,100 in capitalized fees.

In 1986, the agency gained: *Weight Watchers* magazine. It lost: None.

Billings breakdown by media: Newspapers 4%, business papers 1%, transit 1%; point of sale 0.5%, direct mail 0.7%, direct response tv 38%, direct response radio 13%, direct response magazines 1%, telemarketing 5.8%, other 35%.

Top execs: Lawrence Butner, president; Eleanor Butner, exec vp; Nevil Cross, Pam Weinberg, Bob Beatty, vps. Employees: 36.

Phone: (212) 682-3200. ☑

Harold Cabot & Co., Boston, reported gross income of $10,048,778 in 1986 on billings of $67,982,571. In 1985, it reported gross income of $8,840,328 on billings of $62,299,979.

The agency's 1986 U.S. volume consisted of $47,489,880 in media, $7,410,420 in materials and services and $13,082,271 in capitalized fees. Its 1985 U.S. volume consisted of $45,248,514 in media, $6,468,476 in materials and services and $10,582,989 in capitalized fees.

In 1986, the agency gained: Ground Round; Hanover/Meyers, pkg foods; New England Shrimp; Algemene Bank; Coalition for Reliable Energy; ETICAM, waste disposal; Pearl Meat Packing. It lost: Papa Gino's; WEEI-AM; Alpha Software; World Trade Center, rental space.

The agency did not break down billings by media.

Top execs: Courtney A. Crandall, chmn; William H. Monaghan, president-ceo; Robert P. Linderman III, sr vp, creative dir; Dale Castro Jr., Edmund C. Fitzmaurice, sr vps; Charles F. Kiefer III, treasurer.

Phone: (617) 242-6200.

Calvillo, Shevack & Partners, New York, part of the Mickelberry Group, had estimated gross income of $10,000,000 in 1986 on billings of $67,000,000. In 1985, it reported gross income of $6,886,000 on billings of $52,000,000.

The agency did break out billings.

In 1986, the agency gained: American Home Products; Sony Corp.; Pony Sports & Leisure; Swatch Watch; Omega Watch Corp.; American Kefir; Beall's Department Stores; Firestone Building Products; Cointreau. It lost: Wild Turkey Bourbon.

Billings breakdown by media: Newspapers 10.5%, magazines 21%, supplements 0.7%, radio 12%, network tv 17.2%, spot tv 28.4%, cable tv 2.2%, outdoor 1%, business papers 0.4%, transit 0.3%, point of sale 2.2%, direct mail 2.5%, catalogs 0.9%, free-standing inserts 0.7%.

Top execs: Ric Calvillo, chmn-ceo; Brett Shevack, president, chief creative officer; Eva Schmatz, exec vp, dir-mktg; Burt Blum, exec vp, creative dir; Charlie Parlato, sr vp, dir-media; Elliot Rittenband, president Rittenband/CS&P. Employees: 85.

Phone: (212) 245-7300.

Caravetta Allen Kimbrough/-BBDO, Miami, part of the Omnicom Group, reported gross income of $1,549,614 in 1986 on billings of $10,335,925. In 1985, it reported gross income of $1,280,537 on billings of $8,541,182.

The agency's 1986 U.S. volume consisted of $6,816,373 in media, $1,842,987 in materials and services and $1,676,565 in capitalized fees. Its 1985 U.S. volume consisted of $5,603,507 in media, $923,809 in materials and services and $2,013,866 in capitalized fees.

In 1986, the agency gained U.S. accounts: Spring-Lite Water. It lost: Bloc Development, computer software; Commwealth Brewery. Overseas it gained VISA, Latin America; Ecuatoriana Airlines.

Billings breakdown by media: Newspapers 37.5%, magazines 6%, radio 29.5%, spot tv 22%, outdoor 5%.

Top execs: Raymond F. Allen, chmn, creative super; Nina Cohen, president; Richard Flury, sr vp, finance, admin; Lane Atkins, sr vp, creative dir. Employees: 29.

Phone: (305) 594-1896. ☑

Caraway Kemp Communications, Jacksonville, Fla., had estimated gross income of $4,900,000 in 1986 on billings of $32,800,000. In 1985, it had estimated gross income of $4,200,000 on billings of $28,300,000.

The agency did not break out billings, report accounts gained or lost in 1986 or break out billings by media.

Top execs: John E. Caraway, chmn, creative dir; William D. Kemp Jr., president; Michael R. Winner, exec vp; James E. Sanders, sr vp. Employees: 70 in 3 offices.

Phone: (904) 737-0300. ☑

Cargill Wilson & Acree, Atlanta, a subsidiary of DDB Needham Worldwide, reported gross income of $4,580,000 in 1986 on billings of $30,549,000. In 1985, it reported gross income of $4,494,000 on billings of $29,975,000.

The agency's 1986 U.S. volume consisted of $13,286,000 in media and $17,263,000 in capitalized fees. Its 1985 U.S. volume consisted of $15,000,000 in media and $14,975,000 in capitalized fees.

In 1986, the agency gained: Deliver Ease; First Union National Bank; Orion Pictures, S.E.; Weight Watchers of Metro Atlanta. It lost: Intercontinental Hotel, Hilton Head; Interface Flooring Co.

Billings breakdown by media: Newspapers 25.1%, magazines 22.5%, radio 13.5%, spot tv 28.8%, direct mail 10%.

Top execs: Watson Mundy, chmn & ceo; Robert Geary, exec vp-media & rsch; Padam Dhakad, sr vp, cfo; George Lemmond, sr vp, dir-acct mgmt; Harris Milligan, sr vp, creative dir; Denise Steiner, sr vp, dir-creative svcs; Hal Pearman, vp-pr; Rena Kilgannon, vp-direct mktg; David Nasser Ph.D., vp, dir-rsch; Glen Dougherty, vp, new business mgr; Peter Balkissoon, vp, controller; Tom Scott, vp, acct super; Nick Halliday, vp-print production; Martin Danaher, vp, acct super; Jane Foreman, vp, sr copywriter. Employees: 77 in 2 offices.

Phone: (404) 261-8700. ☑

Carmichael-Lynch, Minneapolis, reported gross income of $9,525,000 in 1986 on billings of $63,516,000. In 1985, it reported gross income of $8,031,000 on billings of $53,551,000.

The agency's 1986 U.S. volume consisted of $21,201,000 in media, $9,852.000 in materials and services and $32,463,000 in capitalized fees. Its 1985 U.S. volume consisted of $17,080,000 in media, $9,337,000 in materials and services and $27,134,000 in capitalized fees.

In 1986, the agency gained: Musicland & Sam Goody Stores; Lifetouch Portrait Studios; Litton microwave cooking prods; Cardiac Pacemakers; Bonita Bay Properties; Mt. Sinai Hospital; Jones Dairy Farm; Hotel Sofitels; Honeywell, avionics systems, corp recruiting, aerospace & defense. It lost: Twin City Amoco Certicare Dealers; Coast to Coast Stores; Gedney Pickles.

Billings breakdown by media: News-

papers 9.4%, magazines 29.7%, radio 5.9%, network tv 5%, spot tv 37.9%, cable tv 1.9%, outdoor 1.9%, business papers 3.8%, point of sale 2.1%; direct mail 3.1%.

Top execs: Lee Lynch, chmn-ceo; Lou Bacig, president; Phil Waggoner, Jerry Ferris, Steve Chase, Jerry Stahl, sr vps, mgmt supers; Neal Burns, Dan Krumwiede, Ron Sackett, Jack Supple, Dick Wilson, sr vps, creative dirs; Perry Forster, sr vp, dir rsch; Sumer Bileydi, sr vp, dir media; Henry Fiola, sr vp, pr; Ted Loken, sr vp, direct response; Mary Paulson, sr vp, operations. Employees: 165, up from 130 in 1985.

Phone: (612) 871-8300. ☑

Carson Group, Houston, reported gross income of $714,000 in 1986 on billings of $4,200,000. In 1985, it reported gross income of $680,000 on billings of $4,000,000.

The agency did not report figures for 1985 and 1986 media, materials and services and capitalized fees. It did not report accounts gained and lost or break out billings by media.

Top exec: Paul Carson, president. Employees: 9.

Phone: (713) 496-2600.

Carter Callahan, San Jose, Calif., had estimated gross income of $1,455,000 in 1986 on billings of $9,558,482. In 1985, it had estimated gross income of $1,497,000 on billings of $9,832,568.

The agency's 1986 U.S. volume consisted of $1,503,615 in media, $826,868 in materials and services and $7,227,999 in capitalized fees. Its 1985 U.S. volume consisted of $1,568,981 in media, $848,328 in materials and services and $7,415,259 in capitalized fees.

In 1986, the agency gained: Grosvenor/Chevron Land/American Savings, a joint venture in high priced condos; Good Samaritan Hospital; Northern Group, real estate developer; Callahan Sweeney O'Brien, real estate developer; AMB Investments, real estate investment brokers; Metropolitan Life; Primary Care Network; Urgent Care Centers; ProCure, medical group; Triad Systems, real estate developer. It lost: Icot Corp, data communications; Oceanic, real estate developer; Jet Center, private planes.

Billings breakdown by media: newspapers 32.8%, magazines 18%, radio 13.1%, spot tv 11.5%, outdoor 4.9%, business papers 11.5%, direct mail 8.2%.

Top execs: Peter S. Carter, president; Edna M. Markham, ceo, cfo. Employees: 22.

Phone: (408) 998-5433.

Cascino & Purcell, Atlanta, reported gross income of $833,776 in 1986 on billings of $5,657,911. In 1985, it reported gross income of $814,786 on billings of $5,434,232.

The agency's 1986 U.S. volume consisted of $599,346 in media, $96,625 in materials and services and $4,961,940 in capitalized fees. Its 1985 U.S. volume consisted of $687,320 in media, $93,120 in materials and services and $4,653,792 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 7%, magazines 30%, radio 11%, spot tv 16%, outdoor 1%, business papers 13%, farm publications 22%.

Top exec: Alfred M. Cascino, president. Employees: 15.

Phone: (404) 237-9945. ☑

Chase Pickett, Hillside, Ill., had estimated gross income of $53,800 in 1986 on billings of $322,200. In 1985, it had estimated income of $58,800 on billings of $351,143.

The agency's 1986 U.S. volume consisted of $116,100 in media and $206,100 in materials and services. Its 1985 U.S. volume consisted of $118,243 in media and $232,900 in materials and services.

The agency did not report accounts gained or lost in 1986 and 1985.

Billings breakdown by media: Magazines 36%, yellow pages 4%, catalogs 60%.

Top exec: Ralph Chase, president. Employees: 2.

Phone: (312) 449-0450. ☑

Ted Chin & Co., New York, reported gross income of $2,050,000 in 1986 on billings of $13,578,000. In 1985, it reported gross income of $2,100,000 on billings of $13,570,000.

The agency's 1986 U.S. volume consisted of $6,008,000 in media, $920,000 in materials and services and $6,650,000 in capitalized fees. Its 1985 U.S. volume consisted of $6,003,000 in media, $930,000 in materials and services and $6,637,000 in capitalized fees.

In 1986, the agency gained: Carnation Frozen Seafoods, new Crab Crisps line; WNBC-AM; Edward S. Gordon Co., Metrotech Devel. It lost: WCBS-AM; Nabisco Royal Desserts.

Billings breakdown by media: Newspapers 12%, magazines 16%, radio 5%, network tv 15%, spot tv 37%, cable tv 3%, business papers 4%, transit adv 4%, direct response newspapers 1%, direct response magazines 2%, free-standing inserts 1%.

Top exec: Ted Chin, president. Employees: 17.

Phone: (212) 421-8989. ☑

Clarity Coverdale Rueff Advertising, Minneapolis, reported gross income of $1,094,000 in 1986 on billings of $12,678,000. In 1985, it reported gross income of $900,500 on billings of $9,385,000.

The agency's 1986 U.S. volume consisted of $6,970,000 in media, $572,000 in materials and services and $5,136,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,631,000 in media, $422,000 in materials and services and $3,332,000 in capitalized fees.

In 1986, the agency gained: Office Writer, office solutions; Cheetah Pizza; Dain Bosworth; Norstan Communications, telephone systems. It lost: Convenience Stores, mini-mart, Casper, Wyo.

Billings breakdown by media: newspapers 20%, magazines 10%, medical journals 2%, supplements 3%, radio 5%, spot tv 25%, cable tv 2%, outdoor 1%, business papers 10%, transit 1%, point of sale 4%, direct mail 10%, catalogs 5%, free-standing inserts 2%.

Top execs: Robert J. Rueff, ceo; Timothy Clarity, president. Employees: 22.

Phone: (612) 339-3902. ☑

George P. Clarke Advertising, New York, reported gross income in 1986 of $1,105,790 on billings of $7,371,930. In 1985, it reported gross income of $1,094,345 on billings of $7,296,073.

The agency's 1986 U.S. volume consisted of $3,182,164 in media, $363,361 in materials and services and $3,826,405 in capitalized fees. Its 1985 U.S. volume consisted of $2,991,730 in media, $353,002 in materials and services and $3,951,341 in capitalized fees.

In 1986, the agency gained: Carroll, McEntee & McGinley. It lost: Derby Savings.

Billings breakdown by media: Newspapers 31.3%, magazines 18.8%, radio 12.5%, spot tv 18.8%, business papers 6.2%, point of sale 6.2%, catalogs 6.2%.

Top execs: George P. Clarke, president; James McLoughlin, exec vp. Employees: 16.

Phone: (212) 490-2212. ☑

Coakley Heagerty Cos., Santa Clara, Calif., reported gross income of $1,147,471 in 1986 on billings of $8,922,732. In 1985, it reported gross income of $1,188,965 on billings of $8,922,706.

The agency's 1986 U.S. volume consisted of $1,711,319 in media, $512,539 in materials and services and $6,698,874 in capitalized fees. Its 1985 U.S. volume consisted of $1,637,215 in media, $583,248 in materials and services and $6,702,063 in capitalized fees.

In 1986, the agency gained: Waste Management of California; Sunset Homes, builder; Home Bingo Network, tv game; Kaufman & Broad, home builder; San Jose Symphony; Venture Out, rv sales; Yosemite National Bank. It lost: Redwood Shores, commerical developer; Ampex, high technology; Tri State Engineering; Wilson & Associates, developer; Westside Bank.

Billings breakdown by media: newspapers 55%, magazines 9%, radio 9%, spot tv 21%, outdoor 1%, business papers 5%.

Top execs: David A. Heagerty, ceo; John D. Heagerty, president. Employees: 23.

Phone: (408) 249-6242. ☑

Colle & McVoy Advertising Agency, Bloomington, Minn., had estimated gross income of $9,429,000 in 1986 on billings of $57,642,844. In 1985, it had estimated gross income of $7,942,000 on billings of $48,678,025.

The agency's 1986 U.S. volume consisted of $17,432,482 in media, $29,552,102 in materials and services and $10,658,260 in capitalized fees. Its 1985 U.S. volume consisted of $15,268.897 in media, $24,206,453 in materials and services and $9,202,675 in capitalized fees. Figures represent contributions from offices in Minneapolis, Coral Gables, Fla., Waterloo, Iowa, Sioux Falls, S.D., and Englewood, Colo.

In 1986, the agency gained: Eaton Corp., hydraulic prods; Enhanced Telemanagement, info networking systems; USTV/Divison Hubbard Broadcasting, syndicated entertainment programming; Pizza Hut, N.D., S.D., Canada; Supersweet Feeds, livestock feed and supplements; First American National Bank, Wausau, Wis.; Aid Assn. for Lutherans; Control Data Institute; Pitman Moore, animal health; E. W. Blanch Co., reinsurance services; Copal, photofinishing. It lost: Bandana Square, shopping center; Griffin Co., agricultural prods; Our Own Hardware.

Billings breakdown by media: Newspapers 26%, magazines 24%, radio 14%, spot tv 24%, outdoor 2%, farm publications 9%, yellow pages 1%.

Top execs: Clarence M. Thompson, Jr., chmn-ceo; Al Hietala, exec vp-agricultural; Bill Lau, exec vp-mktg svcs; Rod Booth, sr vp, exec art dir; Duncan Ross, sr vp-western div; Jon Anderson, sr vp, creative svcs mgr; Wayne Engelman, sr vp, secretary, treasurer; Jim Heinz, Jim Hansen, Tom Kuhn, Dick Moore, sr vps. Employees: 167.

Phone: (612) 851-2500. ☑

Communication Trends, Atlanta, reported gross income of $1,157,253 in 1986 on billings of $10,063,075. In 1985, it reported gross income of $1,084,451 on billings of $9,596,914.

The agency's 1986 U.S. volume consisted of $5,350,200 in media, $1,910,342 in materials and services and $2,802,533 in capitalized fees. Its 1985 U.S. volume consisted of $4,837,051 in media, $1,825,063 in materials and services and $2,934,800 in capitalized fees.

The agency did not consolidate its A.A. Dwyer & Associates, design subsidairy.

In 1986, the agency gained: Black Entertainment Television; Home Box Office, Hotel and Motel Group; Turner Broadcasting Sales; Hospice Atlanta. It lost: Falcone International; Control Communication.

Billings breakdown by media: newspapers 10%, magazines 63.4%, radio 0.8%, spot tv 1.2%, cable tv 0.5%, outdoor 3%, business papers 5%, point of sale 0.7%, direct mail 7.5%, direct response radio 0.3%, direct response newspapers 1%, free-standing inserts 4.5%, other 2.1%.

Top execs: Toni A. Dwyer, president, ceo; Anthony G. Bost, sr vp, creative dir; Thomas J. Dunn, sr vp-acct services; Carol Toler, vp, controller. Employees: 14.

Phone: (404) 352-2200.

Communique Direct Marketing, Brookfield, Wis., reported gross income of $822,000 in 1986 on billings of $5,564,980. In 1985, it reported gross income of $560,000 on billings of $4,043,250.

The agency's 1986 U.S. volume consisted of $650,000 in media, $475,000 in materials and services and $4,439,485 in capitalized fees. Its 1985 U.S. volume consisted of $450,000 in media, $425,000 in materials and services and $3,168,250 in capitalized fees.

The agency did not report accounts gained and lost in 1986.

Billings breakdown by media: direct mail 72.2%, direct response magazines 11.1%, telemarketing 16.7%.

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Represented nationally by:
Crosier, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

Top 10 agencies in supplements billings

Rank	Agency	Supplements billings 1986	Supplements billings 1985	U.S. billings 1986	U.S. billings 1985
1	Foote, Cone & Belding Communications	$22.6	$7.2	$1,616.7	$1,430.7
2	Leo Burnett Co.	16.3	28.9	1,361.6	1,269.9
3	BBDO Worldwide	9.0	16.8	1,872.8	1,701.7
4	DFS Dorland Worldwide	8.1	18.1	901.4	861.9
5	Brouillard Communications	6.3	6.8	66.6	71.3
6	Campbell-Mithun	5.7	5.4	380.2	331.8
7	William Esty Advertising Co.	5.1	5.1	510.0	510.0
8	Tatham-Laird & Kudner	5.0	3.5	238.5	235.0
9	Levy, King & White Cos.	4.2	4.2	46.8	29.5
10	Ross Roy Inc.	4.0	3.7	416.0	370.0

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

Top execs: W. Thomas MacArthur, chmn; Timothy J. Keane, president; James D. Marks, vp. Employees: 32.
Phone: (414) 785-0400. ☑

William Cook Advertising, Jacksonville, Fla., reported gross income of $8,269,194 in 1986 on billings of $56,484,562. In 1985, it reported gross income of $6,814,680 on billings of $46,206,703.

Included in the agency's figures were returns from subsidiary, William Cook Public Relations. The agency did not break out its volume.

In 1986, the agency gained: Avondale Travel; Corral Wodiska, Bering Cigars; First Union National Bank; Methodist Hospital, Jacksonville; Neder Properties, builder; SmithKline & French Laboratories; Blackbeard's Forge, Swanks Pizza, Tony Roma's, all restaurants in the Bahamas; Commonwealth Brewery, Bahamas; Private Industry Council of South Fla.; Center for Market Intelligence; D.W. Hutson Construction; Jacksonville Visitors & Convention Bureau; Eastern Foods, Naturally Fresh, Atlanta; Federal Express, Atlanta; Greenwich Group, Atlanta; Haverpride Farms, Birmingham; Tri Data, Bell South affiliate, Atlanta; WXIA-TV, Atlanta; Yancey Bros., Atlanta caterpillar distributor.

It lost: P.I.E. Nationwide, freight carrier; Salvat America; Summerhomes, residential builder & developer; Venture South, resort condos, Gate Lands, Epping Forest development.

Billings breakdown by media: Newspapers 8%, magazines 9%, radio 7%, network tv 6%, spot tv 63%, cable tv 1%, outdoor 2%, business papers 2%, point of sale 0.5%, direct mail 1.5%.

Top execs: William W. Cook, chmn; Bernard C. Schramm Jr., president; J. Carson Eddings, exec vp; Stanley Norton, sr vp, dir-creative svcs; Vps—Robert Cargell, gm pr; Barry Hough, genl mgr-Miami. Shay McNeal, senior vp, gm-Atlanta. Employees: 143 in 3 offices.
Phone: (904) 353-3911. ☑

Frank J. Corbett Inc., Chicago, reported gross income of $5,508,000 in 1986 on billings of $36,738,360. In 1985, it reported gross income of $4,957,000 on billings of $33,063,190. The agency's U.S. volume was in capitalized fees for both years. Corbett is part of Omnicom Group.

Included in the agency's figures were returns from subsidiaries:
- Corbett Market Research, healthcare rsch
- Pragmaton, educational mktg
- Corbett Direct Access, computer assisted programs
- FJC Hospital Group, hospital mktg

In 1986, the agency gained: Abbott Pharmaceuticals; Depakot; Searle Pharmaceuticals; Beta Blocker. It lost: Medical Engineering Corp.

Billings breakdown by media: Medical journals 31.8%, point of sale 22.7%, direct mail 45.5%.

Top execs: Frank J. Corbett, chmn; John J. Fisher, president; James H. Miller, exec vp; John P. Burns sr vp, dir-operations; Judy H. Raymond, vp, secretary & treasurer. Employees: 60.
Phone: (312) 664-5310. ☑

Cosmopulos, Crowley & Daly, Boston, had estimated gross income of $3,000,000 in 1986 on billings of $20,000,000. In 1985, it had estimated gross income of $2,700,000 on billings of $18,000,000.

The agency did not break out billings.

Included in the agency's figures were returns from subsidiary, Cosmopulos, Crowley & Daly Public Relations.

In 1986, the agency gained: Candela Laser Corp.; Dorfman Jewelers; Health Data Institute; Restaurant Suntory; Unique Furnishings. It lost: Droll Yankees Bird Feeders; Cambridge Tire and Car Centers.

Billings breakdown by media: Newspapers 29.495%, magazines 30.5%, radio 26.5%, spot tv 6.0%, outdoor 7.5%, transit 0.005%.

Top execs: Harry Daley, president; Robert Crowley, vp. Employees: 40.
Phone: (617) 266-5500.

Covey & Koons, Canton, Ohio, reported gross income of $494,387 in 1986 on billings of $3,296,868. In 1985, it reported gross income of $484,105 on billings of $3,228,158.

The agency's 1986 U.S. volume consisted of $974,434 in media, $417,615 in materials and services and $1,904,819 in capitalized fees. Its 1985 U.S. volume consisted of $1,152,495 in media, $493,926 in materials and services and $1,581,737 in capitalized fees.

In 1986, the agency gained: Deming Pump; Ekstrom Industries; Meter Devices. It lost: Danner Press Corp.

Billings breakdown by media: newspapers 5%, radio 15%, business papers 78%, direct mail 2%.

Top exec: W. Roderic Covey, president. Employees: 10.
Phone: (216) 456-7381. ☑

Craig, Lamm, Hensley, & Alderman, Houston, reported gross income of $1,577,632 in 1986 on billings of $10,522,805. In 1985, it reported gross income of $1,990,890 on billings of $13,279,236.

The agency's 1986 U.S. volume consisted of $3,476,924 in media, $1,757,238 in materials and services and $5,288,643 in capitalized fees. Its 1985 U.S. volume consisted of $4,161,393 in media, $3,153,556 in materials and services and $5,964,287 in capitalized fees.

In 1986, the agency gained: CCCS-Denver; Memorial City Medical Center; Payne Air Conditioning; Flexitallic; Stewart & Stevenson; Watson Distributing; Wilma Realty Southwest. It lost: United Savings of Texas.

The agency did not breakout billings by media.

Top execs: Don Lamm, chmn, president; Doris Britton, exec vp; Donald Alderman, exec vp-creative; Robert Godwin, exec vp-mktg; Thomas Hensley, exec vp-operations. Employees: 25.
Phone: (713) 621-2680.

Cranford Johnson Robinson Associates, Little Rock, Ark., reported gross income of $2,998,502 in 1986 on billings of $20,000,000. In 1985, it reported gross income of $2,972,849 on billings of $19,828,902.

The agency's 1986 U.S. volume consisted of $5,464,616 in media and $14,535,384 in capitalized fees. Its 1985 U.S. volume consisted of $6,643,873 in media and $13,185,029 in capitalized fees. The agency did not report figures for materials and services in 1986 and 1985.

Included in the agency's figures were returns from subsidiaries:
- Area Marketing/Research Associates
- GraphicType
- American Medical Marketing

The agency opened an office in Shreveport, La., in 1986.

In 1986, the agency gained: Action Material Handling; Arkansas Cash Network; Arkansas Heat Pump Assn.; Blue Cross & Blue Shield of Arkansas; Central Arkansas Co-Operative of McDonald's Restaurants; Central Arkansas Library System; Chenal Properties; Citizens Bank of Jonesboro; Coco Lopez, USA; Committee for Arkansas' Future, Revenue Bond Amendment; Day's Inn, Little Rock; Farm Fresh Catfish Co.; Fasweet; First National Bank of Eastern Arkansas; International Paper; Kaufman & Broad; Kentucky Kingdom; Magic Springs Family Fun Park; Maumelle Land Development; Meyer's Bakeries; Morrilton Security Bank; Newport Hospital; Shreveport Chamber of Commerce; St. Michael Hospital; State Senator Mike Kinard; Stebbins & Roberts, Sterling 12 Star Paints; Stephens Diversified Leasing; Sun Industries; System Energy Resources; U.S. Senator Dale Bumpers; Weight Watchers of Greater Arkansas; Willis-Knighton Medical Center.

It lost: Little Rock Excelsior Hotel; Hunt-Howell Banks.

Billings breakdown by media: Newspapers 31.5%, magazines 17.2%, supplements 0.3%, radio 12%, spot tv 31%, outdoor 8%.

Top execs: Wayne Cranford, chmn; Ron Robinson, president; Jim Johnson, sr vp, creative svcs; Bob Anderson, vp-operations. Employees: 63 in 2 offices. Phone: (501) 376-6251.

CRE Inc., Indianapolis, reported gross income of $1,235,143 in 1986 on billings of $9,871,066. In 1985, it reported gross income of $1,259,522 on billings of $7,280,456.

The agency's 1986 U.S. volume consisted of $1,210,034 in media, $1,059,013 in materials and services and $7,602,019 in capitalized fees. Its 1985 U.S. volume consisted of $1,370,122 in media, $616,555 in materials and services and $5,293,799 in capitalized fees.

In 1986, the agency gained: Kimball International, office furniture div, national furniture div; Artec Furniture div, hospitality div, hospitality furniture, healthcare furniture div; General Devices, cabinetry; Tuchman Cleaners, dry cleaners; CRC Products, restaurant and institutional equipment; Vincennes Univ. It lost: Hugh J. Baker & Co, scaffolding; Mutual Federal Savings & Loan; General Plastics Corp, vinyl siding and related prods.

Billings breakdown by media: newspapers 17.7%, magazines 61.8%, radio 2.8%, spot tv 13.2%, outdoor 3.1%, yellow pages 1.4%.

Top execs: Michael L. Brooks, president; Leslie L. Boyle, exec vp. Employees: 28.
Phone: (317) 631-0260.

Creel Associates, Oak Brook, Ill., reported gross income of $277,000 in 1986 on billings of $1,452,852. In 1985, it reported gross income of $266,850 on billings of $1,280,340.

The agency's 1986 U.S. volume consisted of $165,850 in media, $249,150 in materials and services and $1,037,852 in capitalized fees. Its 1985 U.S. volume consisted of $170,500 in media, $96,000 in materials and services and $1,013,840 in capitalized fees.

In 1986, the agency gained: Land of Lincoln Savings & Loan; Selfix; Consultants Group Benefit Trust. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 40%, magazines 25%, radio 5%, business papers 15%, point of sale 13%, direct mail 2%.

Top exec: David R. Creel, president. Employees: 8.
Phone: (312) 990-0402. ☑

Cronin & Co., Glastonbury, Conn., reported gross income of $1,880,000 in 1986 on billings of $12,100,300. In 1985, it reported gross income of $1,700,000 on billings of $11,000,000.

The agency's 1986 U.S. volume consisted of $3,850,000 in media, $980,000 in materials and services and $7,270,300 in capitalized fees. Its 1985 U.S. volume consisted of $4,464,000 in media, $800,000 in materials and services and $5,736,000 in capitalized fees.

In 1986, the agency gained: National Industrial Bancorp; Barden Corp., bearing mfg; CUSO Management Group, credit union data processing systems; Valmet, Inc., precision measuring equipment. It lost: WTIC-TV; Summit Hotel; Ocean Beach Park.

Billings breakdown by media: Newspapers 43.5%, magazines 19.5%, radio 20.9%, spot tv 8.9%, cable tv 1.9%, outdoor 4%, direct mail 1%.

Top execs: William J. Cronin Jr., president; John N. Riccio, Michael G. Wheeler, principals. Employees: 38.
Phone: (203) 659-0514.

CS&A Advertising, Normal, Ill., had estimated gross income of $1,468,000 in 1986 on billings of $9,512,215. In 1985, it had estimated gross income of $1,046,000 on billings of $6,832,168.

The agency's 1986 U.S. volume consisted of $794,095 in media, $1,567,933 in materials and services and $7,150,187 in capitalized fees. Its 1985 U.S. volume consisted of $253,464 in media, $827,403 in materials and services and $5,751,301 in capitalized fees.

In 1986, the agency gained: Healthtech, Inc., orthotics; Nestle-Beich, fund raising candy. It lost: None.

Billings breakdown by media: Newspapers 1%, magazines 17%, medical journals 2%, point of sale 6%, direct mail 19%, catalogs 55%.

Top execs: Wilson H. Burge, president; Judy Kessinger, vp; W.W. Kessinger, treasurer; Art Calamari, vp, creative scvs; Harold Balagna, finance mgr. Employees: 28.
Phone: (309) 452-0707. ☑

Culver International, Dedham, Mass., had estimated gross income of $50,000 in 1986 on billings of $300,000. The agency did not report data for 1986 and 1985.

Top exec: E.H. Culver, president. Employees: 3.
Phone: (617) 326-8675.

D.P.L. Advertising, Battle Creek, Mich., reported gross income of $423,914 in 1986 on billings of $2,715,466. In 1985, it reported gross income of $500,376 on billings of $3,187,757.

The agency's 1986 U.S. volume consisted of $295,778 in media, $334,993 in materials and services and $2,084,695 in capitalized fees. Its 1985 U.S. volume consisted of $220,000 in media, $448,630 in materials and services and $2,518,726 in capitalized fees.

In 1986, the agency gained: Harc Mercantile Ltd., clothing mfr; Domestic/Dr Kern, appliance mfg; Federal Hose Mfg. Corp.: Midwest Saddlery Co. It lost: Interbake Foods; Hi-lex Corp., cable mfg.

Billings breakdown by media: Newspapers 0.8%, magazines 1.9%, radio 0.4%, business papers 12.4%, farm publications 0.4%, point of sale 3.7%, yellow pages 0.2%, direct mail 4.5%, catalogs 74.3%.

Top execs: Perry Phillips, president; Mark Barry, genl mgr; Lois Munn, production mgr; Harry Kneeland, creative dir. Employees: 12.
Phone: (616) 965-7255. ☑

Darien, Russell, Hill & Dahl, San Jose, Calif., reported gross income of $746,106 in 1986 on billings of $5,485,892. In 1985, it reported gross income of $851,956 on billings of $5,764,555.

The agency's 1986 U.S. volume consisted of $4,571,005 in media, $361,597 in materials and services and $553,290 in capitalized fees. Its 1985 U.S. volume consisted of $4,340,129 in media, $487,677 in materials and services and $936,749 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 15%, magazines 2%, radio 29%, spot tv 49%, cable tv 2.5%, outdoor 0.5%, business papers 1.0%, transit adv 0.5%, direct mail 0.5%.

Top execs: Frank Darien Jr., president; Danny Hill, vp, treasurer; Gary Dahl, vp, secretary; Earle Russell, vp. Agency did not report number of employees.
Phone: (408) 247-2622. ☑

Davidoff & Partners, Fairfield, Conn., reported gross income of $1,996,585 in 1986 on billings of $[illegible]477,249. In 1985, it reported gross income of $1,507,045 on billings of $8,867,350.

The agency's 1986 U.S. volume consisted of $5,271,384 in media, $2,177,912 in materials and services and $4,027,953 in capitalized fees. Its 1985 U.S. volume consisted of $4,371,900 in media, $2,156,808 in materials and services and $2,338,642 in capitalized fees.

In 1986, the agency gained: Alvin Ailey Dance Foundation; Beazley Co, realtors; Cheshire Management Co.; Lindblad Travel; Showtime, the movie channel; UCONN; VSOE Hotels. It lost: Nathan Hale's; Norwich Savings Society; Remington Products.

Billings breakdown by media: Newspapers 16%, magazines 37%, radio 18%, spot tv 15%, outdoor 2%, business papers 9%, direct mail 3%.

Top execs: Denise T. Davidoff, president; Phil La Borie, sr vp, creative dir; Ric Hendee, sr vp, dir-acct svcs; Joni Marks, vp, acct super; Larry Guadagno, vp, production mgr. Employees: 36.
Phone: (203) 255-3425. ☑

DBG&H Unlimited, Dallas, reported gross income of $9,495,000 in 1986 on billings of $63,800,000. In 1985, it reported gross income of $9,729,000 on billings of $64,860,000.

Billings volume for both years was all in media, and included reports from offices in Albuquerque and Santa Fe, N.M., Phoenix, Ariz., and Austin, Dallas, Fort Worth, Houston and San Antonio in Texas. Returns did not include those of subsidiaries:
- TypeHouse, typography
- A Stat in Time, photostats

In 1986, the agency gained: Cinco Ranch, Houston; Tamarron, Durango, Colo.; Lake Ridge Development Co.; Bay Colony Property Co.; McDonald's in San Antonio, pr; Brookhollow Corp.; Hospital Corp of America, Houston; Lower Colorado River Authority; Criswell Development; Harbord Group; Taliesin Gate, Phoenix; Santa Fe Pacific Realty, Phoenix; Skweezin's Corp.; American Assn. of Orthodontists; San Antonio Savings Assn.; One International Centre, San Antonio. It lost: State of New Mexico Economic Development & Tourism. It resigned: The Crescent, Dallas.

Billings breakdown by media: Newspapers 29.2%, magazines 17.7%, radio 23.5%, network tv 17.7%, outdoor 5.9%, direct mail 5.9%.

Top execs: David C. Dozier, chmn; Martha L. Gailier, president DBG&H/Dallas; Sharon J. Baca, exec vp. Employees: 125 in 8 offices, down from 235 in 7 offices in 1985.
Phone: (214) 871-2151. ☑

Decker Guertin Cheyne, Hartford, Conn., reported gross income of $1,796,091 in 1986 on billings of $13,070,641. In 1985, it reported gross income of $1,502,310 on billings of $10,986,200.

The agency's 1986 U.S. volume consisted of $634,942 in media, $2,066,110 in materials and services and $10,369,589 in capitalized fees. Its 1985 U.S. volume consisted of $175,950 in media, $2,436,865 in materials and services and $8,373,385 in capitalized fees.

In 1986, the agency gained: Aetna Life & Casualty, exec recruiting; Cigna

Health Plan of Connecticut, pr; Connecticut National Life Insurance Co.; Contromatics, industrial; Connecticut Resource Recovery Authority, pr; Infertility Center of New York, pr; Suffield Savings Bank; Torrington Co., industrial; WFSB-TV. It lost: Glacial Confections; Simon Konover & Associates; Lightnet, fiber optic network.

The agency did not break out billings by media.

Top execs: James B. Decker, chmn; Paul D. Guertin, ceo; Craig F. Cheyne, president; Ronald Nonken, sr vp, creative dir; Arthur C. Savage, mng partner-Business Communications Group; Jay S. Durepo, vp, chief copywriter; Carol J. Despres, vp, prod mgr; Joanne Croteau, vp, acct mgr; Margaret J. Chatey, vp, acct super; Louis J. Golden, vp, dir pr. Employees: 34.

Phone: (203) 522-6633. ☑

Dektas & Eger, Cincinnati, reported gross income of $941,045 in 1986 on billings of $8,693,001. In 1985, it reported gross income of $657,678 on billings of $5,635,352.

The agency's 1986 U.S. volume consisted of $3,666,766 in media, $1,943,321 in materials and services and $3,082,914 in capitalized fees. Its 1985 U.S. volume consisted of $2,742,465 in media, $811,634 in materials and services and $2,081,253 in capitalized fees.

In 1986, the agency gained: Santa Catalina; Retirement Community; Deaconess Recruitment; CRI, Inc., a united appeal organization. It lost: Getz Jewelers; Brendamour's.

Billings breakdown by media: newspapers 1.3%, magazines 36.1%, radio 17.4%, spot tv 37.9%, outdoor 3.7%, yellow pages 0.8%, direct mail 2.8%.

Top execs: Michael C. Dektas, president; Donald L. Eger Jr., exec vp; John D. MacDonald, sr vp; Jackie Duffy, vp-production; Ken Gunkel, vp-health care. Employees: 18.

Phone: (513) 621-7070. ☑

Detrow & Underwood, Ashland, Ohio, reported gross income of $1,909,590 in 1986 on billings of $4,875,754. In 1985, it reported gross income of $1,956,787 on billings of $5,017,855.

The agency's 1986 U.S. volume consisted of $710,266 in media, $676,191 in materials and services and $3,489,297 in capitalized fees. Its 1985 U.S. volume consisted of $656,095 in media, $760,821 in materials and services and $3,600,939 in capitalized fees.

Included in the agencies figures were returns from its Promotion One subsidary.

In 1986, the agency gained: Singer Products Corp, industrial div. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 5%, magazines 25%, business papers 55%, yellow pages 5%, direct mail 10%.

Top execs: Jack M. Detrow, ceo; Gary D. Underwood, exec vp-creative; Michael W. Detrow, exec vp-media and finance. Employees: 16.

Phone: (419) 289-0265. ☑

David Deutsch Associates, New York, reported gross income of $6,067,550 in 1986 on billings of $40,451,800. In 1985, it reported gross income of $5,848,600 on billings of $38,992,000.

The agency's 1986 U.S. volume consisted of $36,100,000 in media, $1,415,000 in materials and services and $2,936,800 in capitalized fees. Its 1985 U.S. volume consisted of $34,800,000 in media, $1,389,000 in materials and services and $2,803,000 in capitalized fees.

In 1986, the agency gained: Loewe, Madrid, Spain, leather goods; New American Library, publisher; GMC Truck Dealers, N.Y., N.J., Conn.; Long Island Jewish Hospital. It lost: Commtek Publishing, *Satellite Orbit Magazine.*

Billings breakdown by media: newspapers 10%, magazines 29%, radio 15%, spot tv 31%, cable tv 5%, outdoor 2%, business papers 4%, transit 1%, point of sale 0.5%, direct mail 2.5%.

Top execs: David Deutsch, chmn; James Aucone, president; Rocco Campanelli, vice chmn; Donald Deutsch, exec vp; J. Kevin Buckley, sr vp. Employees: 66.

Phone: (212) 867-0044. ☑

Devon Direct Marketing & Advertising, Malvern, Pa., had estimated gross income of $3,190,135 in 1986 on billings of $21,278,200. In 1985, it had estimated gross income of $876,935 on billings of $5,849,156.

The agency is a general direct marketing agency and reports all its volume as capitalized fees.

In 1986, the agency gained: US Sprint, Telecommunications/Dial "1; QVC Network, home shopping; Manfra, Tordella, Brookes, coin and precious metals. It resigned: MCI Communications.

Billings breakdown by media: Newspapers 0.2%, magazines 0.2%, direct mail 99.7%.

Top execs: Ronald D. Greene, James T. Perry, mg partners. Employees: 30, up from 8 in 1985.

Phone: (215) 644-0333. ☑

Didday & Branch, Cincinnati, reported gross income of $858,388 in 1986 on billings of $5,543,913. In 1985, it reported gross income of $682,930 on billings of $4,479,513.

The agency's 1986 U.S. volume consisted of $109,912 in media, $1,129,149 in materials and services and $4,304,852 in capitalized fees. Its 1985 U.S. volume consisted of $98,217 in media, $511,102 in materials and services and $3,870,194 in capitalized fees.

The agency did not report any accounts gained or lost in 1986.

Billings breakdown by media: Magazines 5%, point of sale 25%, direct mail 20%, catalogs 50%.

Top execs: Kerry B. Didday, president; Harold Branch, exec vp, treasurer. Employees: 19.

Phone: (513) 751-1730. ☑

Direct Marketing Agency, Stamford, Conn., reported gross income of $9,128,210 in 1986 on billings of $60,361,021. In 1985, it reported gross income of $9,610,469 on billings of $63,398,500.

The agency's 1986 U.S. volume consisted of $2,957,000 in materials and services and $57,404,021 in capitalized fees. Its 1985 U.S. volume consisted of $67,800 in media, $3,967,700 in materials and services and $59,365,000 in capitalized fees.

In 1986, the agency gained: CoreStates Bank of Delaware, NA; Range Rover of NA; Ayerst Laboratories; TM Marketing; Burroughs Wellcome Co.; Janssen Pharmaceutical; Medicus Intercon International; Resource Control Systems; Bartlett Tree Expert Co.; Beiersdorf, Inc.; Marine Midland Bank; Fidelity Investment. It lost: None.

Billings breakdown by media: Direct mail 95%; other 5%.

Top execs: Norman J. Suslock, chmn & president; Ira Wolff, Robert J. McKeown, exec vps; Samuel Raskin, Richard C. Wharton, sr vps. Employees: 98.

Phone: (203) 357-7895. ☑

Dodson, Craddock & Born Advertising, Pensacola, Fla., had estimated gross income of $515,000 in 1986 on billings of $3,378,150. In 1985, it had estimated gross income of $417,000 on billings of $2,746,416.

The agency's 1986 U.S. volume consisted of $1,047,921 in media, $310,500 in materials and services and $2,019,729 in capitalized fees. Its 1985 U.S. volume consisted of $857,600 in media, $194,700 in materials and services and $1,694,116 in capitalized fees.

In 1986, the agency gained: West Florida Hospital; Phillips & Walker Financial Services; Air Design Systems; Sun Coast Cruises. It lost: McDonald's, Pensacola; All Pro Auto Parts.

Billings breakdown by media: Newspapers 21.4%, magazines 11.7%, supplements 10.4%, radio 17.2%, spot tv 22.4%, cable tv 0.7%, outdoor 7.9%, point of sale 2.6%, yellow pages 3.6%, direct mail 0.5%, catalogs 1.5%, free-standing inserts 0.05%.

Top execs: Frank Craddock, president; Harriet Krippes, vp. Employees: 10.

Phone: (904) 433-8314. ☑

Doe-Anderson Advertising Agency, Louisville, Ky., reported gross income of $4,025,512 in 1986 on billings of $27,285,058. In 1985, it reported gross income of $3,918,995 on billings of $26,452,903.

The agency's 1986 U.S. volume consisted of $13,212,519 in media, $3,180,196 in materials and services and $10,892,343 in capitalized fees. Its 1985 U.S. volume consisted of $13,855,283 in media, $2,328,862 in materials and services and $10,268,758 in capitalized fees.

In 1986, the agency gained: Instant Products, Inc.; Druther's Restaurants; Alcan Aluminum Corp.; Dairymen, Inc., aseptic prods. It lost: McDonald's Co-op; North American Van Lines, yellow pages.

Billings breakdown by media: Newspapers 12.6%, magazines 28.1%, radio 5.4%, spot tv 14.1%, outdoor 5.4%, business papers 20.8%, yellow pages 13.6%.

Top execs: Robert S. Allison, president-ceo; James S. Lindsey, Philip D. Payne, exec vps; James E. Broome, Barbara Dutschke, James H. Giles, Martin Jewett, David G. Wilkins, vps. Employees: 69.

Phone: (508) 589-1700. ☑

Dorland & Sweeney, Philadelphia, reported gross income of $1,354,936 in 1986 on billings of $9,069,440. In 1985, it reported gross income of $1,270,425 on billings of $8,577,839.

The agency's 1986 U.S. volume consisted of $301,637 in media, $745,387 in materials and services and $8,022,416 in capitalized fees. Its 1985 U.S. volume consisted of $481,849 in media, $877,976 in materials and services and $7,218,014 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 16.5%, magazines 46.7%, point of sale 7.3%, direct mail 29.5%.

Top execs: Harry A. Sweeney Jr., president, creative dir; Richard Jones, exec vp, design dir; Maryrita F. Sweeney, Barbara G. Zehender, sr vps. Employees: 22.

Phone: (215) 625-0111. ☑

Dallas C. Dort & Co., Flint, Mich., reported gross income of $881,238 in 1986 on billings of $5,875,169. In 1985, it reported gross income of $868,858 on billings of $5,795,283.

The agency's 1986 U.S. volume consisted of $142,685 in media, $6,097 in materials and services and $5,726,387 in capitalized fees. Its 1985 U.S. volume was all in capitalized fees.

In 1986, the agency gained: Kessel Food Markets; Gil Sabuco Associates, real estate; Citizens Banking Corp.; Total Video; HealthPlus of Puerto Rico, HMO; WNEM-TV; NewCentury Bank. It lost: NewCentury Bank; Skaff, carpet and furniture; Saratoga Hospital.

The agency did not break out media billings.

Top exec: Dallas C. Dort, president. Employees: 14.

Phone: (313) 238-4677. ☑

Doyle Graf Mabley, New York, reported gross income of $5,136,600 in 1986 on billings of $34,245,400. In 1985, it reported gross income of $4,747,300 on billings of $31,650,000.

The agency's 1986 U.S. volume consisted of $22,716,300 in media, $8,268,800 in materials and services and $3,260,300 in capitalized fees. Its 1985 U.S. volume consisted of $21,387,600 in media, $7,140,900 in materials and services and $3,121,500 in capitalized fees.

In 1986, the agency gained: Steuben Glass; Penn Mutual; Olivetti, USA; Commercial Office of Spain. It lost: Olympia USA.

Billings breakdown by media: Newspapers 11.8%, magazines 41.2%, radio 11.8%, spot tv 33.0%, outdoor 1.1%, business papers 0.6%, direct mail 0.5%.

Top execs: William S. Doyle, president-ceo; Hubert Graf, exec vp, creative dir worldwide; Charles Fredericks, Jr., exec vp, coo; Thomas Mabley III, exec vp, creative dir, U.S. Employees: 71.

Phone: (212) 687-2300.

Drossman Lehmann Marino, New York, reported gross income of $2,350,000 in 1986 on billings of $22,492,000. In 1985, it reported gross income of $1,765,000 on billings of $17,332,000.

The agency's 1986 U.S. volume consisted of $14,920,000 in media, $2,650,000 in materials and services and $4,922,000 in capitalized fees. Its 1985 U.S. volume consisted of $11,694,000 in media, $1,869,000 in materials and services and $3,769,000 in capitalized fees.

In 1986, the agency gained: Bolton's, women's clothing; J&D Brauner, butcher block; Best Foods, new prods. It lost: Friendly Press Publications.

Billings breakdown by media: News-

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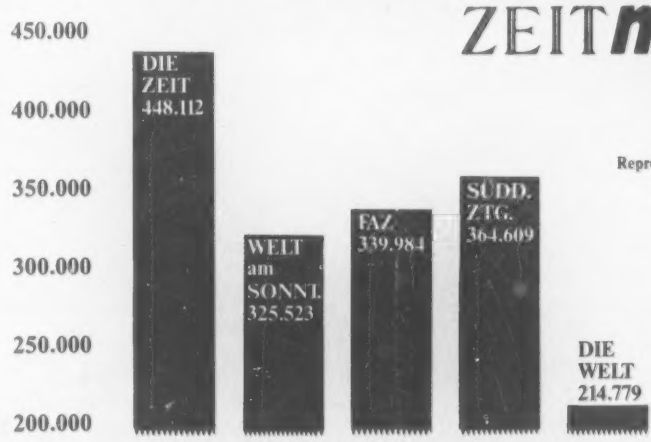

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*) IVW daily newspapers monday - saturday

Top 10 agencies in business paper billings

Rank	Agency	Business paper billings 1986	Business paper billings 1985	U.S. billings 1986	U.S. billings 1985
1	Fahlgren & Swink	$25.1	$24.5	$113.9	$84.6
2	Ketchum Communications	24.4	19.8	488.5	379.5
3	BBDO Worldwide	22.2	31.2	1,872.8	1,701.7
4	HCM	22.2	28.5	177.6	165.4
5	William R. Biggs/Gilmore Associates	21.1	21.2	60.3	53.0
6	NW Ayer	18.7	25.5	672.0	652.0
7	Cole & Weber	16.3	16.6	90.5	110.5
8	DFS Dorland Worldwide	15.3	22.4	901.4	861.9
9	Meldrum & Fewsmith	15.0	12.7	82.8	69.0
10	Sullivan Higdon & Sink	13.5	14.7	17.4	19.0

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

papers 10%, magazines 10.3%, radio 5%, network tv 69.7%, spot tv 5%.

Top execs: Neil Drossman, chmn; Charles Lehmann, president; Domenick Marino, exec vp. Employees: 25.

Phone: (212) 627-9340. ☑

Dudrock DePaul Ficco & Morgan, Pittsburgh, reported gross income of $2,372,000 in 1986 on billings of $17,500,000. In 1985, it reported gross income of $2,020,000 on billings of $15,250,000.

The agency's 1986 U.S. volume consisted of $8,645,000 in media, $2,500,000 in materials and services and $6,355,000 in capitalized fees. Its 1985 U.S. volume consisted of $6,420,000 in media, $2,180,000 in materials and services and $6,650,000 in capitalized fees.

In 1986, the agency gained: Security Savings Mortgage; Ryan Homes Pittsburgh Market; Profile Corp.; Deep Rock Water Co.; Florida Eastern Development; Angelisanti Winery. It lost: Verosol U.S.A.; Manor House Stores; Hedstrom Co.

Billings breakdown by media: Newspapers 13%, magazines 4.4%, radio 13.3%, spot tv 50.3%, cable tv 2.3%, outdoor 4.%, business papers 6.9%, transit 0.3%, point of sale 0.9%, direct mail 4.6%.

Top execs: Albert W. Dudreck, chmn & ceo; John D. DePaul, president; James V. Ficco Jr., exec vp; Paul J. Morgan, exec vp-creative operations. Lee Karon, sr vp-media; Gary L. Doughty, sr vp-finance; Edward M. Zebert, sr vp-operations. Employees: 41 in 2 offices.

Phone: (412) 261-2580.

Duffy & Shanley, Providence, R.I., reported gross income of $2,441,833 in 1986 on billings of $16,287,026. In 1985, it reported gross income of $2,124,000 on billings of $14,233,900.

The agency's 1986 U.S. volume consisted of $4,202,830 in media, $2,364,092 in materials and services and $9,720,104 in capitalized fees. Its 1985 U.S. volume consisted of $2,968,784 in media, $1,660,396 in materials and services and $9,604,720 in capitalized fees.

In 1986, the agency gained: Days Inns of America, Northeast Region; Inn America; Quincy Savings; Ocean State Physicians Health Corp.; Nestle Co., Confection div; Chili's Grill & Bar Restaurants, div of Dunkin'; Ventures Corp. It lost: MARCAM, computer software; MetroNet, paging svcs.

Billings breakdown by media: Newspapers 39%, magazines 19%, radio 12%, spot tv 20%, outdoor 10%.

Top execs: David A. Duffy, president; Joseph V. Shanley, Robert L. Newbert Jr., exec vps. Employees: 50.

Phone: (401) 274-0001. ☑

Dugan/Farley Communications Association, Upper Saddle River, N.J., reported gross income of $5,976,150 in 1986 on billings of $39,222,408. In 1985, it reported gross income of $5,238,215 on billings of $34,291,977.

The agency's 1986 U.S. volume consisted of $5,512,070 in media, $4,090,276 in materials and services and $29,620,062 in capitalized fees. Its 1985 U.S. volume consisted of $4,899,618 in media, $3,635,801 in materials and services and $25,756,558 in capitalized fees.

In 1986, the agency gained: Lederle Laboratories, Materna, Neptazane, Diamox; Merck Sharp & Dohme, Recombivax. The agency did not report accounts lost in 1986.

Billings breakdown by media: Medical journals 70%, direct mail 12%, telemarketing 3%, other 15%.

Top execs: John P. Dugan, president; E. John Farley, exec vp; Eric Rathje, Martin Ross, sr vps; Clayton L. Warrington Jr., sr vp-client svcs. Employees: 48.

Phone: (201) 934-0720.

Durfee Advertising, Boston, reported gross income of $465,000 in 1986 on billings of $3,100,000. In 1985, it reported gross income of $350,000 on billings of $2,330,000.

The agency did not break out billings.

In 1986, the agency gained: Teli telephones; Avco Systems Textron; Bay State Savings Bank; Coyle Insurance; The Hilton, Dedham Place; Lotus Development Corp., projects; Keystone Investments, projects. It lost: Triangle Capital Corp.; Daniels Printing Co.

Billings breakdown by media: Newspapers 10%, magazines 65%, medical journals 10%, radio 5.2%, spot tv 5.2%, outdoor 2%, direct mail 0.6%, direct response newspapers 1.1%, free-standing inserts 0.9%.

Top execs: William Durfee, president, creative dir; Joan Wright, media dir; Todd Hoffman, acct super. Employees: 9.

Phone: (617) 350-0949. ☑

Charles Edelstein Advertising, Holland, Pa., had estimated gross income of $44,200 in 1986 on billings of $289,900. In 1985, it had estimated gross income of $29,800 on billings of $198,815.

The agency's 1986 U.S. volume consisted of $150,000 in media, $6,500 in materials and services and $133,400 in capitalized fees. Its 1985 U.S. volume consisted of $108,000 in media, $6,333 in materials and services and $84,482 in capitalized fees.

In 1986, the agency gained: UWE Sunstream; Thermal Instrument. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 7%, magazines 5%, radio 3%, spot tv 10%, business papers 60%, direct mail 15.

Top execs: Charles Edelstein, president; Susan Edelstein, vp-media; E. Cohen, creative; L. Edelstein, vp, office mgr; D. Edelstein, vp-traffic. Employees: 5.

Phone: (215) 355-5015. ☑

Edwin Bird Wilson, New York, reported gross income of $6,394,317 in 1986 on billings of $45,778,825. In 1985, it reported gross income of $5,231,819 on billings of $40,138,765.

The agency's 1986 U.S. volume consisted of $18,142,832 in media, $7,361,401 in materials and services and $20,274,592 in capitalized fees. Its 1985 U.S. volume consisted of $20,892,177 in media, $5,524,370 in materials and services and $13,722,218 in capitalized fees.

In 1986, the agency gained: *Business Week*; Arts & Entertainment Network; CIT Corp; Hamilton Watch Corp. It lost: Ricoh Cameras.

Billings breakdown by media: Newspapers 25%, magazines 30%, radio 8%, network tv 5%, spot tv 10%, cable tv 4%, outdoor 3%, business papers 10%, catalogs 2%; direct response tv 2%; direct response newspapers 1%.

Top execs: Delano W. Ladd, chmn; James N. Harvey, president; Hubert J. Donlon, vice chmn; Howard Gelman, sr vp, treasurer; Larry M. Adler, Laurence Boschetto, Bruce Wager, sr vps. Employees: 81.

Phone: (212) 684-5220. ☑

Ehrig & Associates, Seattle, reported gross income of $2,101,400 in 1986 on billings of $14,017,017. In 1985, it reported gross income of $2,550,600 on billings of $17,004,182.

The agency's 1986 U.S. volume consisted of $8,686,100 in media, $1,486,756 in materials and services and $3,844,161 in capitalized fees. Its 1985 U.S. volume consisted of $9,077,207 in media, $2,094,100 in materials and services and $5,832,875 in capitalized fees.

In 1986, the agency gained: Admiral Cruise Lines; HUD, Seattle region; West America Associates, real estate developer; Apple Computer, northwest region. It lost: Bellevue Square Managers; Family Life Insurance; Bekins Moving & Storage.

Billings breakdown by media: Newspapers 52%, magazines 7%, radio 14%, spot tv 13%, outdoor 3%, business papers 7%, transit 3%, yellow pages 1%.

Top execs: Jack Ehrig, president-chmn; Vicki Brems, exec vp, creative dir. Employees: 38.

Phone: (206) 441-6666. ☑

Eisner & Associates, Baltimore, reported gross income of $5,069,126 in 1986 on billings of $37,718,045. In 1985, it reported gross income of $4,314,049 on billings of $30,097,866.

The agency's 1986 U.S. volume consisted of $21,686,750 in media, $4,235,400 in materials and services and $11,795,895 in capitalized fees. Its 1985 U.S. volume consisted of $18,471,988 in media, $3,228,785 in materials and services and $8,397,083 in capitalized fees.

Included in the agencies returns were subsidiaries:

- Eisner/Seder
- Sojourn Productions
- Eisner, Held & Petrou
- Eisner Market Research

In 1986, the agency gained: Carpet Fair/Bill's Carpet Warehouse; Popeye's Fried Chicken; Ramada Inns, East Coast; MTA, Baltimore mass transit; Sylvania Shoes; WJZ-TV; Minolta. It lost: Luskin's, appliance dealer; English's, restaurant; Horn & Horn, restaurant.

Billings breakdown by media: newspapers 15.6%, magazines 4%, radio 10%, network tv 9.1%, spot tv 16.1%, cable tv 3%, business papers 4%, point of sale 3%, direct mail 3%, direct response tv 16.1%, direct response radio 9%, direct response newspapers 4.8%, direct response magazines 2%, free-standing inserts 0.3%.

Top execs: Henry W. Eisner, chmn; Steven C. Eisner, president; John Ciotti, sr vp, cfo; Thomas Bodiker, Sidney Cohen, Dan Stachurski, Sharyn Williamson, sr vps; Byron Tucker, sr vp-creative. Employees: 80 in 4 offices.

Phone: (301) 685-3390. ☑

Elgee Corp., Spokane, Wash., reported gross income of $306,215 in 1986 on billings of $2,041,539. In 1985, it reported gross income of $297,542 on billings of $2,230,459.

The agency's 1986 U.S. volume consisted of $1,061,675 in media, $769,926 in materials and services and $209,938 in capitalized fees. Its 1985 U.S. volume consisted of $1,010,578 in media, $715,946 in materials and services and $257,215 in capitalized fees.

In 1986, the agency gained: Jeans Chateau Petit, children clothing; Ron's Thrift Foods; Carousel, Italian Food; Columbia Motors, Mercedes dealership; Express Line Communications, pay phone mfr; Alec Gordon Enterprises, toilet seats; Williams & Macias, MacIntosh disk labeler; Spokane Precision Spring, spring mfr. It lost: Carousel, Italian Food; Jeans Chateau Petit.

The agency did not break out billings by media.

Top execs: Mike Elgee, president; Mary Ann Sleeth, vp acct services. Employees: 7.

Phone: (509) 535-0631.

Elgin/Syferd, Seattle, reported gross income of $3,896,555 in 1986 on billings of $28,228,083. In 1985, it reported gross income of $3,060,349 on billings of $21,753,156.

The agency's 1986 U.S. volume consisted of $13,330,888 in media, $3,189,324 in materials and services and $11,707,871 in capitalized fees. Its 1985 U.S. volume consisted of $11,598,977 in media, $2,561,238 in materials and services and $7,592,941 in capitalized fees.

The agency did not consolidate subsidiary, Hornall-Anderson Design Works, graphic arts.

In 1986, the agency gained: Adworks, retail ad service; American Composite Tech, composite material consulting engineers; E.J. Bartells, distribution & mfr of industrial insulation; Cameras West; Foss Maritime, marine tugboat service; Golen & Harris, pr service; Gray Line of Alaska; Harris & Love, adv svc; Idaho First, banking svc; Jansport, recreational equipment; McDonald's of Alaska; Nordstrom, retail clothing; Prudential Bank; Software Research, mini computer software; Weyerhaeuser Paper; Muzak.

It lost: Alaska Airlines, PR; Hart Crowser, engineering consultant; Nintendo, electronic games mfr; Pacific Linen.

Billings breakdown by media: Newspapers 28%, magazines 33%, radio 15%, spot tv 22%, outdoor 0.5%, business papers 1%, transit 0.5%.

Top execs: Ron Elgin, president; Dave Syferd, exec vp. Employees: 66.

Phone: (206) 442-9900. ☑

Elkman Advertising, Bala Cynwyd, Pa., reported gross income of $6,940,000 in 1986 on billings of $46,289,000. In 1985, it reported gross income of $5,965,250 on billings of $36,500,000.

The agency's 1986 U.S. volume consisted of $15,900,000 in media, $4,376,000 in materials and services and $26,013,000 in capitalized fees. Its 1985 U.S. volume consisted of $15,000,000 in media, $3,500,000 in materials and services and $18,009,000 in capitalized fees.

In 1986, the agency gained: Wall to Wall Sound & Video; Schatz Management, American Greetings div; Hollin Corp.; Hilton of Philadelphia; Chestnut Hill Hospital. It lost: Herr Foods; Lionel Leisure.

Billings breakdown by media: Newspapers 35.5%, magazines 3.1%, radio 15.7%, spot tv 40.2%, cable tv 0.5%, outdoor 2.2%, direct response newspapers 2.8%.

Top execs: Stanley Elkman, ceo; Donald M. Tuckerman, president; Donald Rosenblit, sr exec vp; David Phillips, exec vp; Tim Colestock, Martin Sherman, sr vps. Employees: 117 in 2 offices.

Phone: (215) 835-2400. ☑

Emerson Lane Fortuna, Boston, reported gross income of $2,518,000 in 1986 on billings of $20,524,000. In 1985, it reported gross income of $1,827,000 on billings of $15,123,000.

The agency's 1986 U.S. volume consisted of $7,019,000 in media, $2,613,000 in materials and services and $10,892,000 in capitalized fees. Its 1985 U.S. volume consisted of $4,538,000 in media, $1,787,000 in materials and services and $8,798,000 in capitalized fees.

In 1986, the agency gained: Almys Department Stores; Eliot Bank; WMJX/WMEX. It lost: Harvard Community Health Plan.

Billings breakdown by media: Newspapers 10.3%, magazines 7.7%, radio 31.3%, spot tv 28.9%, cable tv 1.2%, outdoor 2.8%, business papers 2.2%, transit 1.7%, point of sale 2.6%, yellow pages 0.5%, direct mail 2.4%, catalogs 0.4%, direct response tv 0.3%, direct response radio 0.2%, direct response newspapers 3.1%, direct response magazines 3.1%, free-standing inserts 1.3%.

Top execs: Richard B. Emerson, president; Keith D. Lane, sr vp, creative dir; Michael B. Fortuna, sr vp, creative dir; James M. Casey, sr vp, dir-client svcs. Employees: 46.

Phone: (617) 720-2424. ☑

Emerson Marketing Agency, New York, reported gross income of $892,403 in 1986 on billings of $5,790,025. In 1985, it reported gross income of $866,411 on billings of $5,621,384.

The agency's 1986 U.S. volume consisted of $644,162 in media, $438,471 in materials and services and $4,708,079 in capitalized fees. Its 1985 U.S. volume consisted of $625,400 in media, $425,700 in materials and services and $4,579,284 in capitalized fees.

In 1986, the agency gained: Printronic Corp. of America; Retrieval Masters Creditors Bureau; *Inc.* magazine, special projects; Parfums Phenix, special projects; Dailey-Thurp Travel; Super Connection. It lost: CCMI, McGraw-Hill.

Billings breakdown by media: Newspapers 3%, supplements 5%, business papers 8%, direct mail 21%, catalogs 14%, direct response radio 2%, direct response newspapers 19%, direct response magazines 23%, free-standing inserts 5%.

Top exec: Andi Emerson, president. Employees: 5.

Phone: (712) 213-0320.

John Emmerling Inc., New York, reported gross income of $2,201,000 in 1986 on billings of $15,277,000. In 1985, it reported gross income of $2,103,970 on billings of $14,027,000.

The agency's 1986 U.S. volume consisted of $11,432,000 in media, $3,107,000 in materials and services and $738,000 in capitalized fees. Its 1985 U.S. volume consisted of $10,135,130 in media, $2,820,000 in materials and services and $1,071,870 in capitalized fees.

In 1986, the agency gained: Dean International, foreign currency & precious metals; Italian Trade Commission. Italian shoes; Magazine Publishers Assn.; New York Hall of Science. It lost: Showell Farms, Cookin' Good brand chicken.

Billings breakdown by media: Newspapers 10%, magazines 40%, radio 20%, spot tv 20%, outdoor 5%, business papers 5%.

Top execs: John Emmerling, chmn; James R. Guthrie, president; Arthur P. Gilmore, exec vp; Russell G. Finley, sr vp. Employees: 18.

Phone: (212) 751-7460.

Enselin & Hall Advertising, Tampa, Fla., reported gross income of $2,592,720 in 1986 on billings of $17,293,442. In 1985, it reported gross income of $2,307,855 on billings of $15,393,392.

The agency's 1986 U.S. volume consisted of $7,152,119 in media, $1,436,179 in materials and services and $8,705,144 in capitalized fees. Its 1985 U.S. volume consisted of $5,869,703 in media, $1,611,301 in materials and services and $7,912,388 in capitalized fees.

In 1986, the agency gained: Gulfcoast AMC/Jeep/Renault; Innova, Qualicorp, Inc.; United div of Pfizer; Wendy's Alabama; GTE Data Services; St. Joseph's Hospital. It lost: Mrs. T's; Tampa Airport Hilton; Sheraton Sand Key; Linder Industrial; Good Property Co.

Billings breakdown by media: Newspapers 12.4%, magazines 6.4%, medical journals 0.9%, radio 24.3%, spot tv 45%, outdoor 8.4%, business papers 1.8%, direct mail, 0.2%; free-standing inserts, 0.6%.

Top execs: H. Thomas Hall III, chmn; Glen C. Peak, president; Keith D. Gold, sr vp, creative; Timothy F. Gardner, vp-treasurer. Employees: 44,

down from 50 in 1985.
Phone: (813) 223-5684.

Ephron, Raboy, Tsao & Kurnit Advertising, New York, reported gross income of $6,590,400 in 1986 on billings of $43,936,200. In 1985, it reported gross income of $6,429,600 on billings of $42,864,600.

The agency's 1986 U.S. volume consisted of $40,509,200 in media, $2,724,000 in materials and services and $703,000 in capitalized fees. Its 1985 U.S. volume consisted of $39,161,700 in media, $2,961,900 in materials and services and $741,000 in capitalized fees.

In 1986, the agency gained: DataEase International, pc business software; Sanofi Beauty Products, Stendhal Cosmetics & Skincare, Krizia Fragrances, Van Cleef & Arpel Fragrances, Charles Jourdan Fragrances; Russell Corp., fleece wear manufacturers. It lost: Caldor, discount department store chain.

Billings breakdown by media: Newspapers 3.1%, magazines 12.7%, supplements 1%, radio 4.6%, network tv 9%, spot tv 49%, cable tv 1.5%, outdoor 0.3%, business papers 5.8%, transit 0.6%, direct mail 1.7%, direct response tv 1.6%, direct response newspapers 8%; direct response magazines 1.1%.

Top execs: Dick Raboy, chmn, co-creative director; Erwin Ephron, president-coo; Alex Tsao, exec vp, co-creative dir; Richard Sawyer, sr vp, dir-client svcs; Robert Marks, sr vp, group acct dir; Arnold Wechter, sr vp, dir corp dev; Ann-Marie Light, sr vp, exec art dir; Edythe Stevenson, sr vp, copy super; Ruby Gottlieb, sr vp, media dir. Employees: 56.
Phone: (212) 688-4000. ☑

Epsilon, Burlington, Mass., had estimated gross income of $7,200,000 in 1986 on billings of $47,739,000. In 1985, it had estimated gross income of $5,930,000 on billings of $35,772,000.

The agency's 1986 U.S. volume consisted of $24,677,000 in materials and services and $18,956,000 in capitalized fees. Its 1985 U.S. volume consisted of $21,458,000 in materials and services and $14,314,000 in capitalized fees.

In 1986, the agency gained: Lotus Development Corp; Covenant House, New Yo[illegible]ARP. The agency did not report a[illegible]ts lost in 1986.

Top execs: Thomas O. Jones, president, chmn; John E. Groman, sr vp-direct response; Robert J. Drummond, sr vp-mkgt; Timothy F. Hult, sr vp-info services. Employees: 730 in 4 offices.
Phone: (617) 273-0250.

Eric Ericson & Associates, Nashville, Tenn., reported gross income of $5,081,032 in 1986 on billings of $35,952,638. In 1985, it reported gross income of $4,372,007 on billings of $31,179,943.

The agency's 1986 U.S. volume consisted of $13,649,483 in media, $5,685,710 in materials and services and $16,617,445 in capitalized fees. Its 1985 U.S. volume consisted of $12,135,236 in media, $4,619,518 in materials and services and $14,425,189 in capitalized fees.

In 1986, the agency gained: Equicor; Murray bikes and mowers; Winners Corp.; Thomas Nelson Publishing. The agency did not report any accounts lost. Billings breakdown by media: Newspapers 12.6%, magazines 19.1%, supplements 13.3%, network tv 47.8%, spot tv 4.2%, cable tv 2.8%, yellow pages 0.2%.

Top execs: Eric N. Ericson, chmn; Janice Wendell, vice chmn; Gary R. Haynes, president. Employees: 94.
Phone: (615) 242-1050. ☑

Fairfax Advertising, Indianapolis, reported gross income of $4,925,000 in 1986 on billings of $33,850,000. In 1985, it reported gross income of $3,633,000 on billings of $34,153,000.

The agency did not break out its U.S. volume.

In 1986, the agency gained: Epson, White Consolidated, Andi Co., Uniden. Losses: None.

Top execs: Robert D. McQuade, ceo; James W. Lindsey, vice chmn; Brad Unroe; sr vp; Milt Stewart, cfo. The agency has offices in New York and Irvine, Calif.
Phone: (317) 873-5900 ☑

Faller, Klenk & Quinlan, Buffalo, N.Y., reported gross income of $8,035,982 in 1986 on billings of $53,617,432. In 1985, it reported gross income of $8,027,642 on billings of $51,456,480.

The agency's 1986 U.S. volume consisted of $19,711,926 in media, $16,743,095 in materials and services and $17,162,411 in capitalized fees. Its 1985 U.S. volume consisted of $24,583,494 in media, $14,437,925 in materials and services and $12,435,061 in capitalized fees.

Included in the agencies figures were returns from subsidiaries:
- Direct Marketing Division
- Public Relations Division
- Runco Photo Studios

In 1986, the agency gained: Super Duper Markets; Fisher-Price Toys; Marvel Comics Group; Goldome Bank; Cookin' Good Chicken; Dash n' Karry; Dollar Rent-A-Car; Crystal Beach Park; Seabreeze Amusement Park. It lost: Lockport Savings Bank; Empire of America; Paramount Pictures; Gallery of Homes; Walden Lakes; Valid Logic.

Billings breakdown by media: Newspapers 16.8%, magazines 20.2%, medical journals 3.2%, supplements 0.9%, radio 11.4%, network tv 3.2%, spot tv 8.6%, cable tv 1.6%, outdoor 1.7%, business papers 2.8%, farm publications 0.3%, transit 1.1%, point of sale 6.5%, yellow pages 0.7%, direct mail 7.6%, catalogs 2.6%, direct response tv 0.3%, direct response radio 0.2%, direct response newspapers 0.4%, direct response magazines 0.2%, telemarketing 2.8%, free-standing inserts 6%, other 0.9%.

Top execs: Robert O. Faller, chmn; Reginald V. Williams III, president; Raymond D. Owczarzak, exec vp-mktg; Alvin I. Klenk, exec vp, creative chmn; Thomas Bolling, Christye Peterson, exec vps, co-creative dirs; Larry Spada, exec vp-acct svcs; Douglas E. Kellner, vp-finance, adm, cfo. Employees: 127 in 6 offices.
Phone: (716) 688-1177.

Fensholt Inc, Lombard, Ill., reported gross income of $769,033 in 1986 on billings of $5,524,033. In 1985, it reported gross income of $753,145 on billings of $5,608,336.

The agency's 1986 U.S. volume consisted of $1,489,925 in media, $1,173,125 in materials and services and $2,860,983 in capitalized fees. Its 1985 U.S. volume consisted of $1,438,949 in media, $1,301,621 in materials and services and $2,867,766 in capitalized fees.

In 1986, the agency gained: Kiene Diesel Accessories. It lost: Belden, automotive div.

Billings breakdown by media: Magazines 91%, business papers 5%, farm publications 4%.

Top execs: Daniel D. Glaubke, chmn, ceo; Charles R. Muth, president, coo. Employees: 13 in 2 offices.
Phone: (312) 953-2300. ☑

Thomas G. Ferguson Associates, Parsippany, N.J., reported gross income of $8,704,000 in 1986 on billings of $61,788,996. In 1985, it reported gross income of $5,345,000 on billings of $44,780,460.

The agency's 1986 U.S. volume consisted of $3,005,620 in media, $7,879,250 in materials and services and $50,904,126 in capitalized fees. Its 1985 U.S. volume consisted of $2,755,000 in media, $7,088,000 in materials and services and $34,937,460 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:
- Pro/Com Enterprises
- Medesign

In 1986, the agency gained: Astra Pharmaceutical Products; Ortho Biotech div, Johnson & Johnson; Mennen Co.; Warner-Lambert American Chicle, Trident; Warner-Lambert Capsugel; Warner-Lambert Consumer Health Products Group, Concentrin, new prods, Rolaids, Therafirm Hosiery; Schering International. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 2%; medical journals 20%, cable tv 1%; transit 1%; direct mail 15%; other 61%.

Top execs: Thomas G. Ferguson, president & chmn; John F. Zweig, sr vp, dir operations; John P. Sziasa, sr vp, mgmt super; Pamela A. Rosetti, vp, controller; Robert P. Muratore, vp, acct group super; Edward J. Gorzalski, vp-mkt planning, mktg rsch, media svcs. Employees: 70.
Phone:(201) 884-2200. ☑

Fern/Hanaway, Providence, R.I., reported estimated gross income of $1,975,000 in FY1986 ended Jan. 31 on billings of $13,173,250. In 1985, it reported gross income of $1,892,400 on billings of $12,622,308.

The agency's estimated 1986 U.S. volume consisted of $5,330,000 in media, $4,867,000 in materials and services and $2,976,250 in capitalized fees. Its 1985 U.S. volume consisted of $5,107,000 in media, $4,662,500 in materials and services and $2,852,808 in capitalized fees.

The agency did not report accounts gained or lost 1986.

Billings breakdown by media: Newspapers 5%; magazines 5%, radio 4%, spot tv 8%, business papers 15%, direct response tv 3%, collateral, consultation, pr, mktg 60%.

Top execs: Sanford M. Fern, president; James F. Hanaway Jr., exec vp. Employees: 38.
Phone: (401) 421-7202. ☑

Fessel, Siegfriedt & Moeller Advertising, Louisville, Ky., reported gross income of $1,709,708 in 1986 on billings of $11,226,948. In 1985, it reported gross income of $1,397,648 on billings of $7,834,910.

The agency's 1986 U.S. volume consisted of $6,753,434 in media, $1,166,554 in materials and services and $3,306,960 in capitalized fees. Its 1985 U.S. volume consisted of $5,727,990 in media, $1,143,858 in materials and services and $963,062 in capitalized fees.

In 1986, the agency gained: Appalachian Computer Services; Barbee Co.; Decora Cabinets; Landmark Land; Laura's Lean Beef; K-Paul's Cajun Martini; Sona, World Sight & Sound; Vulcan-Hart Corp., cook, chill food prep equip; Your Maid; Grand Junction Restaurants, Holiday Inn; Forum Center, pr; Chamber Commerce; Highlands Investment; Omega Group; Sazarec Inc., importer, rectifier. It lost: Dectect-Aids, pr; Kentucky Business Ledger; Grindmaster; Riney-Hancock, CPA.

Billings breakdown by media: Newspapers 36.3%, magazines 13.8%, radio 13.1%, spot tv 11.6%, cable tv 0.3%, outdoor 3.3%, point of sale 13.5%, direct mail 7.3%, catalogs 0.8%.

Top execs: E.F. Siegfriedt, chmn; R.F. Moeller Sr., president; W.D. Falvey, president-pr. Employees: 33.
Phone: (502) 585-5154. ☑

Martin Fiderer Associates, Englewood Cliffs, N.J., reported gross income of $756,000 in 1986 on billings of $5,042,260. In 1985, it reported gross income of $521,000 on billings of $3,962,000.

The agency's 1986 U.S. volume consisted of $522,000 in materials and services and $4,520,260 in capitalized fees. Its 1985 U.S. volume consisted of $487,000 in materials and services and $3,475,000 in capitalized fees. The agency did not report figures for 1986 and 1985 media.

In 1986, the agency gained: Bristol-Myers, Nuprin; Deknatel div, Pfizer Hospital Products Group, Deklene 8/0, Pleur-evac; ALK America, allergenic line; CustomLine; Commerce Drug, Pronto. It lost: None.

Billings breakdown by media: Medical journals 24%, direct mail 50%, catalogs 12%, other 14%.

Top execs: Martin Fiderer, president. Employees: 10.
Phone: (201) 871-0422.

Firestone & Associates Advertising, New York, reported gross income of $2,843,700 in 1986 on billings of $18,957,978. In 1985, it reported gross income of $2,785,272 on billings of $18,545,414.

The agency's 1986 U.S. volume consisted of $11,127,200 in media, $1,871,800 in materials and services and $5,958,978 in capitalized fees. Its 1985 U.S. volume consisted of $10,922,600 in media, $1,791,900, in materials and services and $5,830,914 in capitalized fees.

In 1986 the agency gained: None. It lost: None. Billings breakdown by media: Newspapers 12%, magazines 26%, supplements 5%, radio 5%, spot tv 47%, business papers 3%.

Top execs: Murray Firestone, president, creative dir; Don Turner, exec vp. Employees: 27.
Phone: (212) 247-4900.

Fisher Jackson Levy Flaxman, New York, reported gross income of $4,726,350 in 1986 on billings of $31,511,072. In 1985, it reported gross income of $4,507,081 on billings of $30,048,340.

The agency's 1986 U.S. volume consisted of $22,739,627 in media, $4,626,080 in materials and services

Profiles with a checked box (☑) indicate an independent CPA or accounting firm has reviewed the gross income reported and signed a statement of verification supplied or approved by Advertising Age. See story on Page 6.

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Top 10 agencies in farm publication billings

Rank	Agency	Farm publication billings 1986	Farm publication billings 1985	U.S. billings 1986	U.S. billings 1985
1	J. Walter Thompson Co.	$42.2	$41.5	$1,732.1	$1,672.9
2	DDB Needham	31.9	43.0	1,613.7	1,682.5
3	Valentine-Radford	17.7	14.9	70.8	59.7
4	Bader Rutter & Associates	15.0	17.0	46.8	43.5
5	Creswell, Munsell, Fultz & Zirbel	13.7	16.2	71.9	67.5
6	Martin-Williams	8.0	3.0	65.0	54.7
7	John Volk Co.	7.7	5.4	9.9	7.7
8	DFS Dorland Worldwide	7.2	8.6	901.4	861.9
9	Kenrick Advertising	5.2	11.0	52.0	49.8
10	Colle & McVoy Advertising Agency	5.2	3.9	57.6	48.7

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

and $4,145,365 in capitalized fees. Its 1985 U.S. volume consisted of $24,402,220 in media, $3,365,233 in materials and services and $2,280,887 in capitalized fees.

In 1986, the agency gained: B. Altman's Department Stores; Four Seasons Greenhouses; Marcal Paper Mill, personal care div; Philadelphia Oldsmobile Dealers Assn. It lost: None.

Billings breakdown by media: Newspapers 28.2%, magazines 11.7%, radio 7.6%, network tv 16.8%, spot tv 32.4%, cable tv 3.3%.

Top execs: Joseph K. Fisher, chmn, ceo; Bruce N. Jackson, vice chmn; Richard Flaxman, president, coo; Richard Levy, vice chmn, exec creative dir; Ellen Cohen Fisher, Peter LeDonne, creative dirs, sr vps; Jon Wilner, Jo-Ann Harding, Judie Owens, Daniel Feld, Dick Horowitz, Leslie Marshall, acct dirs, sr vps; Michael Haggerty, dir of media scvs, sr vp; Rose Christantiello, cfo, sr vp. Employees: 54.

Phone: (212) 246-3900. ☑

FitzSimons Advertising, Cleveland, reported gross income of $458,865 in 1986 on billings of $3,407,142. In 1985, it reported gross income of $445,500 on billings of $3,306,310.

The agency's 1986 U.S. volume consisted of $1,293,612 in media, $444,096 in materials and services and $1,669,434 in capitalized fees. Its 1985 U.S. volume consisted of $1,253,500 in media, $432,000 in materials and services and $1,620,810 in capitalized fees.

In 1986, the agency gained: Ohio Motorists Assn. It lost: Hausser & Taylor, CPA.

Billings breakdown by media: Newspapers 30.5%, magazines 11.1%, radio 13.9%, spot tv 18%, cable tv 1.4%, outdoor 1.4%, business papers 13.9%, point of sale 2.8%, direct mail 7%.

Top execs: Daniel A. FitzSimons, president; Richard C. Wright, vp-mktg; M. Ellen Leighty, vp-adm. Employees: 11.

Phone: (216) 241-5656.

Fogarty & Klein, Houston, reported gross income of $2,793,400 in 1986 on billings of $18,571,087. In 1985, it reported gross income of $2,351,715 on billings of $16,158,105.

The agency's billings are expected to double in 1987 because of three new accounts gained in December that have added $5.5 million in annualized billings, and the merging of Bozell, Jacobs, Kenyon & Eckhardt's Houston operations into Fogarty & Klein in January that added $12 million more in annualized billings. The merger helped swell the Houston office staff to 38 from 19.

The agency's 1986 U.S. volume consisted of $15,006,100 in media, $1,816,000 in materials and services and $1,748,987 in capitalized fees. Its 1985 U.S. volume consisted of $12,812,066 in media, $901,444 in materials and services and $2,444,595 in capitalized fees.

In 1986, the agency gained: Browning-Ferris Industries; E.F. Hutton & Co., Southwest region; Fantastic Sam's Haircutters; Universal Glass Industries; Warner Cable-Houston; Greater Houston Builders Assn., Parade of Homes. It lost: Pilgrim Industries, laundry-cleaners.

Billings breakdown by media: Newspapers 15%, magazines 3%, radio 30%, spot tv 38%, cable tv 2%, outdoor 6%, business papers 2%, point of sale 1%, yellow pages 1%, direct mail 2%.

Top execs: William H. Fogarty, Richard E. Klein, principals. Employees: 19 in 1986.

Phone: (713) 528-3354.

Fotheringham & Associates, Salt Lake City, reported gross income of $1,510,710 in 1986 on billings of $9,008,809. In 1985, it reported gross income of $1,185,244 on billings of $7,671,577.

The agency's 1986 U.S. volume consisted of $1,999,236 in media, $821,821 in materials and services and $6,187,752 in capitalized fees. Its 1985 U.S. volume consisted of $1,504,648 in media, $1,070,575 in materials and services and $5,096,354 in capitalized fees.

In 1986, the agency gained: Cellular One of Utah; Jiffy Lube; Mountain Fuel Supply Co.; Arby's; Garff Motor Center; Murdock International, pharmaceutical supplies; Little America, hotel; R&H Distributing; Trolley Square, shopping center; Wallace Associates, real estate mgmt; Bank of Utah; IHC Physician Finders and IHC Instacare Centers. It lost: American Savings & Loan.

Billings breakdown by media: Newspapers 21%, magazines 7%, radio 20%, spot tv 45%, outdoor 2%, direct mail 5%.

Top execs: Robert S. Fotheringham, chmn-ceo; Bruce H. Jensen, president, creative dir; Samuel M. Williams, sr vp-cfo. Employees: 23.

Phone: (801) 521-2903.

Albert Frank-Guenther Law, New York, reported gross income of $8,387,000 in 1986 on billings of $55,941,000. In 1985, it reported gross income of $7,717,000 on billings of $51,472,000.

The agency's 1986 U.S. volume consisted of $44,805,000 in media, $6,040,000 in materials and services and $5,096,000 in capitalized fees. Its 1985 U.S. volume consisted of $36,025,000 in media, $8,904,000 in materials and services and $6,543,000 in capitalized fees.

In 1986, the agency gained: Bear Stearns. It lost: New Jersey National Bank.

Billings breakdown by media: Newspapers 82%, magazines 17.6%, spot tv 0.4%.

Top execs: Stephen J. Witt, chmn; Michael A. Taylor, vice chmn; John F. Cowell III, president; Robert D. Washburn, secretary, treasurer; Walter H. Liebman, exec vp, dir pr; A. Paul Marrocco, sr vp, dir acct scvs; Jerome M. Morea, sr vp, financial adv. Employees: 79 in 2 offices.

Phone: (212) 248-5200. ☑

Frank/James Direct Marketing, St. Louis, had estimated gross income of $1,320,000 in 1986 on billings of $7,500,000. In 1985, it had estimated gross income of $1,720,000 on billings of $9,800,000.

The agency's 1986 U.S. volume consisted of $200,000 in media and $7,300,000 in materials and services. Its 1985 U.S. volume consisted of $522,000 in media and $9,278,000 in materials and services.

In 1986, the agency gained: Farm Credit Banks of St. Louis; Huyck USA; Laboratory Products; Gregory Poole Equipment; Purina Mills; Rand Automated Compaction Systems; Six Flags over Mid-America. It lost: Sabreliner Corp.; American Hawaii Cruises.

Billings breakdown by media: Magazines 2.7%, direct mail 96.6%, telemarketing 0.7%.

Top execs: Dennis J. Maginn, president; Robert Zeitinger, exec vp; William W. Shewman, sr vp; Patricia Biggerstaff, vp, dir-acct svc; David Joest, vp-finance. Employees: 21.

Phone: (314) 726-4600.

Frankenberry, Laughlin, Constable, Milwaukee, reported gross income of $5,220,000 in 1986 on billings of $34,800,000. In 1985, it reported gross income of $5,025,000 on billings of $33,500,000.

The agency did not report figures for 1986 and 1985 media, materials and services and capitalized fees.

In 1986, the agency gained: Rocky Rococo; Joseph Huber Brewing Co; Kettle Moraine Hospital. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 19.8%, magazines 12.1%, radio 20.8%, network tv 4.4%, spot tv 33%, outdoor 4.4%, business papers 5.5%.

Top execs: Dennis Frankenberry, Steve Laughlin, John Constable, partners. Employees: 62.

Phone: (414) 272-2400.

Franznick & Cusatis Advertising, New York, reported gross income of $1,768,000 in 1986 on billings of $10,692,765. In 1985, it reported gross income of $1,733,335 on billings of $10,400,995.

The agency's 1986 U.S. volume consisted of $4,800,250 in media, $2,373,750 in materials and services and $3,518,765 in capitalized fees. Its 1985 U.S. volume consisted of $4,628,442 in media, $2,340,223 in materials and services and $3,432,330 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Copy Graphic Promotions, production services.

In 1986, the agency gained: T.C. Timber; Habermaas Corp., toys; IDE Interstate, pharmaceuticals; Broadway National Bank. It lost: Sleepy's (Bedding Discount Centers).

Billings breakdown by media: Newspapers 5%, magazines 30%, medical journals 1%, radio 20%, spot tv 25%, point of sale 10%, free-standing inserts 9%.

Top execs: Philip Franznick, president, creative dir; Ellen Deutsch, Kevin Franznick, vps. Employees: 24.

Phone: (212) 696-4260. ☑

Fredericks Kullberg Amato Pisacane, New York, reported gross income of $2,500,000 in 1986 on billings of $21,005,000. In 1985, it reported gross income of $2,235,000 on billings of $15,167,000.

The agency's 1986 U.S. volume consisted of $18,000,000 in media, $2,000,000 in materials and services and $1,005,000 in capitalized fees. Its 1985 U.S. volume consisted of $12,600,000 in media, $1,900,000 in materials and services and $667,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Media/Marketing Directions, media planning and buying.

In 1986, the agency gained: Brown, Bridgeman & Co.; Bernstein Management; Garrick-Aug Associates; Merringoff Properties.

In 1986 the agency lost: Brown Bridgeman & Co.; Bernstein Management; Garrick-Ave. Associates; Merringoff Properties.

Billings breakdown by media: Newspapers 20%, magazines 20%, radio 4%, network tv 4%, spot tv 35%, business papers 13%, point of sale 1%, yellow pages 1%, direct mail 2%.

Top execs: Gary W. Kullberg, president-ceo; Alphosono Amato, Nick Pisacane, exec vps, creative dirs; Joe Murray, sr vp, media dir; Audrey Kullberg, sr vp, mktg dir; Dale Barlow, managing dir, FKAP, Barlow. Employees: 19.

Phone: (212) 730-1630.

Furman, Roth Advertising, New York, reported gross income of $1,210,000 in 1986 on billings of $7,720,000. In 1985, it reported gross income of $1,143,750 on billings of $7,480,000.

The agency's 1986 U.S. volume consisted of $6,510,000 in media $410,000 in materials and services and $800,000 in capitalized fees. Its 1985 U.S. volume consisted of $6,200,000 in media, $450,000 in materials and services and $830,000 in capitalized fees.

In 1986, the agency gained: New Life Health Spa; Duty Free Shops; Petrie Stores, recruitment. It lost: None.

Billings breakdown by media: Newspapers 16%, magazines 11.4%, radio 27.6%, network tv 13%, spot tv 31%, cable tv 1%.

Top execs: Nat Roth, chmn; Ernie Roth, president-ceo. Employees: 25.

Phone: (212) 757-7393. ☑

J. Ronald Gaffe Inc., Okemos, Mich., reported gross income of $219,309 in 1986 on billings of $2,841,678. In 1985, it reported gross income of $188,132 on billings of $2,565,095.

The agency's 1986 U.S. volume consisted of $944,924 in media, $465,760 in materials and services and $1,430,994 in capitalized fees. Its 1985 U.S. volume consisted of $959,122 in media, $473,234 in materials and services and $1,132,739 in capitalized fees.

Billings breakdown by media: Newspapers 40%, magazines 5%, radio 35%, network tv 20%.

Top execs: J. Ronald Gaffe, president; Diane Patrick, secretary. Employees: 10.

Phone: (517) 349-6770.

Gallagher Group, New York, had estimated gross income of $675,000 in 1986 on billings of 4,500,000. In 1985, it reported gross income of $981,000 on billings of $6,540,000.

The agency did not break out billings or report agency account gains and losses.

Billings breakdown by media: Newspapers 25%, magazines 3%, radio 18%, spot tv 48%, outdoor 3%, yellow pages, 3%.

Top exec: James J. Gallagher, president. Employees: 5.

Phone: (212) 836-0616. ☑

Gardner Communications, San Francisco, reported gross income of $1,670,239 in 1986 on billings of $10,916,597. In 1985, it reported gross income of $1,617,193 on billings of $9,924,388.

The agency's 1986 U.S. volume consisted of $8,521,512 in media, $1,700,071 in materials and services and $695,014 in capitalized fees. Its 1985 U.S. volume consisted of $7,677,038 in media, $1,859,656 in materials and services and $387,694 in capitalized fees.

In 1986, the agency gained: Fairmont Hotels; AGS, yogurt drink; Sonoma Mission Inn. It lost: Claremont Hotel.

Billings breakdown by media: Newspapers 20%, magazines 12.7%, radio 15.4%, network tv 15%, spot tv 27.8%, cable tv 8.1%, business papers 1%.

Top execs: Robert K. Gardner, president, creative dir; Gayle Geary, dir-mktg svcs; Karen Young, dir-acct svcs; Gretchen Gardner, creative super. Employees: 19.

Phone: (415) 434-2191. ☑

Gerber Advertising, Portland, Ore., reported gross income of $2,550,000 in 1986 on billings of $17,000,000. In 1985, it reported gross income of $2,296,000 on billings of $15,500,000.

The agency's 1986 U.S. volume consisted of $7,670,000 in media, $6,737,000 in materials and services and $2,593,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,700,000 in media, $7,400,000 in materials and services and $2,400,000 in capitalized fees.

In 1986, the agency gained: Louisiana-Pacific; Port of Vancouver; PacifiCorp; and Key Bank of Oregon. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 20.7%, magazines 20.5%, radio 17.9%, spot tv 39.3%, outdoor/transit 0.6%, yellow pages 1%.

Top execs: Tom M. Hougan, president; Philip Stevens, exec vp; Norm Friant, vp, creative dir; Betty Chimenti, vp, media dir; Chuck King, vp-production; Lloyd Allen, vp-art; Mary Dugan, vp-copy; Elaine Miller, Sally Auguston, Don Dickinson, Ron Gayer, Dennis Rossman, vps. Employees: 46.

Phone:(503) 221-0100. ☑

Gerbig, Snell, Weisheimer & Associates, Dublin, Ohio, reported gross income of $2,065,914 in 1986 on billings of $13,914,313. In 1985, it reported gross income of $1,807,169 on billings of $11,851,931.

The agency's 1986 U.S. volume consisted of $3,259,834 in media, $1,656,976 in materials and services and $8,997,503 in capitalized fees. Its 1985 U.S. volume consisted of $2,431,452 in media, $1,394,855 in materials and services and $8,025,624 in capitalized fees.

In 1986, the agency gained: Beulah Park Race Track; State Savings Bank. It lost: Columbus Coated Fabrics; Columbus Show Case; Doctors Hospital; Great Lakes Subaru; Physicians Health Plan, HMO; Snyder Laboratories, pharmaceuticals.

Billings breakdown by media: Newspapers 11%, magazines 36%, radio 4.6%, network tv 36.4%, other 12%.

Top execs: Robert L. Gerbig, president. Employees: 35.

Phone: (614) 764-3838.

Gilbert, Whitney & Johns, Whippany, N.J., reported gross income of $3,100,000 in 1986 on billings of $20,700,000. In 1985, it reported gross income of $2,950,000 on billings of $19,675,000.

The agency did not break out billings or media.

In 1986, the agency gained: Chubb Insurance; General Chemical; Kordet Group; American Home Products. It lost: Mepco.

Top Execs: John Daltner, president; John Mimnaugh, exec vp, creative dir; Kenneth Van Reekum, secretary, treasurer; Ted Trevorrow, exec vp-media, new business; Arthur Zimmerman, sr vp, acct super. Employees: 40.

Phone: (201) 386-1776.

Daniel Glassman Advertising, Fairfield, N.J., reported gross income of $4,100,000 in 1986 on billings of $27,750,000. In 1985, it reported gross income of $4,049,735 on billings of $27,133,608.

The agency's 1986 U.S. volume consisted of $750,000 in media and $27,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $225,000 in media and $26,908,608 in capitalized fees.

In 1986, the agency gained: Forest Pharmaceuticals, Banalg arthritic pain reliever. It lost: None.

Billings breakdown by media: Magazines 17.9%, medical journals 23.1%, point of sale 2.6%, direct mail 28.2%, telemarketing 28.2%.

Top execs: Daniel Glassman, chmn, president; Gene Goldberg, group vp, acct mgmt; David Hillman, president-Hospital Research Associates; Carl S. Raphael, sr vp, gen mgr, Danis Research; Allen Blum, sr vp, Danis Research; Marianne Stephen, vp, research services; Richard Romanelli, sr vp-info scvs; Iris Baker, vp-financial scvs. Employees: 100 in 2 offices.

Phone: (201) 575-3507. ☑

Goble & Associates, Chicago, had estimated gross income of $816,500 in 1986 on billings of $5,064,400. In 1985, it had estimated gross income of $603,500 on billings of $3,759,200.

The agency's 1986 U.S. volume consisted of $780,000 in media, $2,150,000 in materials and services

and $2,134,400 in capitalized fees. Its 1985 U.S. volume consisted of $525,000 in media, $1,500,000 in materials and services and $1,734,200 in capitalized fees.

In 1986, the agency gained: Upjohn International; Health O Meter. It lost: None.

Billings breakdown by media: Newspapers 2%, magazines 1.2%, medical journals 10.6%, radio 1.7%, point of sale, 41.5%, direct mail 33%, catalogs 3%, telemarketing 7%.

Top execs: Edward G. Goble, president & chmn; Jacqueline Fitzgerald, James Robinson, exec vps; Al Adas, vp, creative dir; Dean Yannias, Peter Siegel, vps. Employees: 17.

Phone: (312) 565-0552.

Goodwin, Dannenbaum, Littman & Wingfield, Houston, reported gross income of $6,100,000 in 1986 on billings of $42,000,000. In 1985, it reported gross income of $5,400,000 on billings of $38,000,000.

The agency's 1986 U.S. volume consisted of $22,159,000 in media, $4,500,000 in materials and services and $15,341,000 in capitalized fees. Its 1985 U.S. volume consisted of $21,000,000 in media, $4,270,000 in materials and services and $12,730,000 in capitalized fees.

In 1986, the agency gained: American Medical International; Finger Furniture; Gordon's Jewelry, traditional div; Gordon's Jewelry, catalog showroom; National Convenience Stores; Hill Country Wine Cooler; Rice Menger Olds; Charlie Thomas Autoworld; Team Wholesale Club; Cogen Technology. It lost: Belin & Associates; Homecraft; Barnes/Connally; Barnes Eye Center.

Billings breakdown by media: Newspapers 20%, magazines 5%, radio 10%, spot tv 50%, outdoor 5%, business papers 10%.

Top execs: Earl Littman, chmn; Barry Silverman, president; Anna Wingfield, exec vp; Rich Witmer, sr vp, treasurer; Mildred Edwards, sr vp, controller; Gene Key Monigold, sr vp; Jake Edwards, sr vp-pr; Bruce Eskowitz, Sarah Smith, vps. Employees: 70.

Phone: (713) 622-7676.

Gordon Bailey & Associates, Stone Mountain, Ga., had estimated gross income of $2,258,043 in 1986 on billings of $14,930,237. In 1985, it reported gross income of $2,716,129 on billings of $17,871,640.

The agency's 1986 U.S. volume consisted of $83,259 in media, $1,381,640 in materials and services and $16,406,741 in capitalized fees. Its 1985 U.S. volume consisted of $83,259 in media, $1,381,640 in materials and services and $16,406,741 in capitalized fees.

In 1986, the agency gained: Sangamo, electric meters; Rollins Protective Services, security systems. It lost: Continental Carlisle, food service supplier; Market-Tote, mobil, grocery bags.

Billings breakdown by media: Business papers 65%, point of sale 15%, direct mail 10%, catalogs 10%.

Top execs: Gordon R. Bailey, president; Al J. Schoelles, exec vp. Employees: 33.

Phone: (404) 296-2777. ☑

Grant/Jacoby, Chicago, reported gross income of $5,450,000 in 1986 on billings of $55,500,000. In 1985, it reported gross income of $5,200,000 on billings of $50,200,000.

The agency's 1986 U.S. volume consisted of $17,000,000 in media, $12,500,000 in materials and services and $26,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $15,000,000 in media, $7,500,000 in materials and services and $27,787,000 in capitalized fees.

In 1986, the agency gained: Chicago-Land Auto Dealers Assn., Acura; Culligan International, bottled water; Ceco, building prods; International Food Equipment, household appliances; Rydelle Laboratories, div of S.C. Johnson; WRXR-FM, Chicago. It lost: Storck, USA, Bun Candy; Management Group, hotel management.

Billings breakdown by media: Newspapers 21.6%, magazines 3.6%, radio 3.6%, network tv 9%, spot tv 27%, cable tv 3.6%, outdoor 1.8%, business papers 5.4%, point of sale 1.8%, direct mail 12.6%, direct response newspapers 3.6%, free-standing inserts 5.4%, other 1%.

Top execs: Robert L. Flink, chmn; Bruce I. Carlson, president; R. Milton Lynnes, exec vp, creative; Robert W. Lavender, sr vp; Malcolm Gordon, sr vp, media; John Willie, sr vp, mgmt group super; Brian Buda, sr vp, mgmt group super. Employees: 96.

Phone: (312) 664-2053. ☑

Gray Baumgarten Layport, Pittsburgh, had estimated gross income of $1,104,000 in 1986 on billings of $7,213,844. In 1985, it reported gross income of $1,026,458 on billings of $6,699,438.

The agency's 1986 U.S. volume consisted of $1,735,917 in media, $825,010 in materials and services and $4,652,917 in capitalized fees. Its 1985 U.S. volume consisted of $1,342,474 in media, $825,753 in materials and services and $4,531,211 in capitalized fees.

In 1986, the agency gained: Altoona Hospital; Baltimore Luggage; GMD Systems; Hartwell Corp.; Physicians Health Plan of Western Pa.; Riverside Markets; Western Psychiatric Institute & Clinic. It lost: National Draeger; Warner Centre Restaurants.

Billings breakdown by media: newspapers 20%, magazines 15%, radio 14%, spot tv 12%, outdoor 10%, business papers 25%, point of sale 4%.

Top exec: Mark H. Gray, president. Employees: 22.

Phone: (412) 279-3732. ☑

Gray & Rogers, Philadelphia, reported gross income of $3,705,000 in 1986 on billings of $26,450,000. In 1985, it reported gross income of $3,670,000 on billings of $26,050,000.

The agency's 1986 U.S. volume consisted of $12,334,000 in media, $5,222,000 in materials and services and $8,894,000 in capitalized fees. Its 1985 U.S. volume consisted of $12,110,000 in media, $5,238,000 in materials and services and $8,702,000 in capitalized fees.

In 1986, the agency gained: American Society CLU/ChFC; BBC Brown Boveri; Delaware County Memorial Hospital; K-Tron International; Pennsylvania House Furniture; Ocean Federal Savings & Loan; Sanofi Inc., Satelec div; Utility Software Associates. It lost: Philadelphia Suburban Corp; Safeguard Business Systems; Sun Lubes div.

The agency did not breakout billings by media.

Top execs: James W. Finegan, chmn, ceo; Robert T. Butler, president, coo; Charles C. Rose, Henry T. Inman Jr.; Arthur E. Benning, sr vps; William D. Owen, sr vp, dir pr; David Delman, Elmer Pizzi, sr vps, co-creative dirs; Michael A. Walsh, sr vp, media dir. Employees: 73 in 2 offices.

Phone: (215) 864-6800. ☑

Greenwald/Christian Advertising, Philadelphia, reported gross income of $1,424,830 in 1986 on billings of $9,500,000. In 1985, it reported gross income of $1,184,882 on billings of $7,900,000.

The agency's 1986 U.S. volume consisted of $6,600,000 in media, $650,000 in materials and services and $2,250,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,750,000 in media, $565,000 in materials and services and $1,585,000 in capitalized fees.

In 1986, the agency gained: Holiday Inn, Fort Lee; A. Pomerantz & Co.; Holiday Inn, Raritan; Willow Grove Park Mall; C.A.P.; Korman Co. It lost: Industrial Valley Title Insurance Co.

Media billings were not broken out.

Top execs: Joseph T. Greenwald, president; Caye Christian, exec vp; Suzanne E. Salsbury, sr vp-acct svcs; Nancy Johnson, vp-media svcs. Employees: 18.

Phone: (215) 568-9797.

Gregory Inc., Cleveland, reported gross income of $1,925,105 in 1986 on billings of $12,670,747. In 1985, it reported gross income of $2,729,700 on billings of $20,160,612.

The agency's 1986 U.S. volume consisted of $5,382,838 in media, $1,319,400 in materials and services and $5,968,509 in capitalized fees. Its 1985 U.S. volume consisted of $6,384,077 in media, $2,327,367 in materials and services and $11,449,168 in capitalized fees.

Included in the agency figures were returns from Gregory PR subsidiary.

In 1986, the agency gained: CS Technologies, technical automation, quality control and control services; Reliance Fuse/Brush Fuses; Eicon Systems, copier sales; Woodhawk Club, condominum sale; MacIntosh Farms, real estate development; NPK Construction, hydraulic hammers; Zaremba Management Services, real estate mgmt; Standard Oil Technologies, ferrographic instruments; Horizon Savings & Loan; Imaging Technology, bar code printers. It lost: Jiffy Auto Rental, auto leasing and rental; Lubriquip Corp, centralized lubrication services.

Billings breakdown by media: Newspapers 7.4%, magazines 66.4%, radio 0.2%, yellow pages 21.8%, catalogs 4.2%.

Top execs: Joseph A. Rini, president. Employees: 34.

Phone: (216) 621-9632. ☑

Gross Townsend Frank Hoffman, New York, an independent agency in the Grey Advertising network, reported gross income of $5,102,225 in 1986 on billings of $34,031,184. In 1985, it reported gross income of $4,203,303 on billings of $28,036,031.

The agency did not break out billings.

Included in the agencies figures were returns from subsidiary:

- GTFH Public Relations

In 1986, the agency gained: Sandoz, new prods; Merck Sharp & Dohme, new prods; Abbott Laboratories, new prod; Squibb ConvaTec, ostomy prods; Johnson & Johnson, new prods. It lost: None.

Overseas, the agency gained: CooperVision; VLI Corp. The agency did not report overseas accounts lost in 1986.

Billings breakdown by media: Newspapers 2.1%, magazines 2.1%, medical journals 52%, radio 4.2%, cable tv 8.3%, point of sale 4.2%, direct mail 25%; free-standing inserts 2.1%.

Top execs: Alan Gross, president; Jane Townsend, exec vp; David Frank, Ronnie Hoffman, exec vps, creative dirs; Risa Janoff, Lynn O'Conner Vos, vp, group acct supers; Orin Kimball, assoc creative dir; Clare Macken, vp-production; Ilyssa Levins, vp, group acct super-pr; Debra Gaynor, vp, dir-pr. Employees: 66 in 2 offices.

Phone: (212) 475-4040. ☑

Group 3hree Advertising, Pompano Beach, Fla., had gross income of $10,200,000 on billings of $34,000,000 in 1986, compared with $11,531,005 in gross income on billings of $38,350,000 in 1985.

The agency did not break out volume.

During 1986, decreased ad spending by long-time client Piper Aircraft (hit by high costs of liability insurance) coupled with the loss of two major bank clients as a result of mergers were not offset by the return of former client Gould and three other new clients.

However, 1987 looks to be more promising: Orlando Zone Chrysler-Plymouth Dealer Advertising Assn.'s ($3.5 million) has come aboard along with Mitel Corp., a telecommunications company, and Pompano Outlet Mall.

In 1986, it gained Gould Computer Systems div; Gould Information Systems Sector; Grant & Thornton PR; Holland & Knight, statewide Florida law firm; H.B. Kedney & Assoc., a retirement community management company. It lost: Southeast Bank; First Bank.

Top exec: Philip L. Rushlow, chmn; O. Leslie Nell, president; David Rushlow, Lee Rushlow, exec vps; John Baldari, vp, dir acct svcs. Employees: 43 in 2 offices.

Phone: (305) 785-9000

Group 243, Ann Arbor, Mich., reported gross income of $9,908,913 in 1986 on billings of $50,900,000. In 1985, it reported gross income of $6,761,122 on billings of $47,200,000.

The agency's 1986 U.S. volume consisted of $42,500,000 in media, $3,630,950 in materials and services and $4,769,050 in capitalized fees. Its 1985 U.S. volume consisted of $39,600,000 in media, $3,397,900 in materials and services and $4,202,100 in capitalized fees.

The agency did not consolidate subsidiaries:

- Image Masters, offset printing
- Portfolio Contract Furniture, residential & office furniture

In 1986, the agency gained: Wolverine Technologies, vinyl building prods; Eden Foods; St. Luke's Hospital; Business Resources, office furniture and supplies. It lost: None.

Billings breakdown by media: Newspapers 7.3%, magazines 9.4%, radio 9.2%, network tv 28.2%, spot tv 36.9%,

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- 1st in Florida in effective buying income
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S&MM Survey of Buying Power®, 1986

The Medium:
- More 25-54 year-old readers
- More readers in top-level occupations
- More food buyers spending $150+ per week
- More readers who are affluent adults ($50,000+ HHI) than any daily newspaper in the market

Simmons-Scarborough National Newspaper Rating Study, 1985

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For more detailed information, send your business card to Joe Gess, General Advertising Manager, The Tampa Tribune, P.O. Box 191, Tampa, FL 33601-4005. Or call (813) 272-7447 to request your free copy of the current edition of The Quality Buy or other market and product information.

Top 10 agencies in medical journal billings

Rank	Agency	Medical journal billings 1986	Medical journal billings 1985	U.S. billings 1986	U.S. billings 1985
1	William Douglas McAdams Inc.	$74.0	$73.0	$103.7	$102.3
2	Kallir, Philips, Ross	61.0	61.5	113.0	111.8
3	Rolf Werner Rosenthal	43.3	43.7	58.5	56.0
4	Lavey/Wolff/Swift	29.8	28.5	59.7	57.0
5	Klemtner Advertising	28.2	23.0	60.0	47.0
6	Dugan/Farley Communications	27.5	24.0	39.2	34.3
7	Robert A. Becker Inc.	23.5	23.6	47.0	47.1
8	Barnum Communications	22.2	24.8	40.5	45.1
9	Vicom/FCB	15.5	20.1	51.8	50.3
10	Gross Townsend Frank Hoffman	12.5	12.8	34.0	28.0

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

outdoor 1.2%, business papers 1.2%, point of sale 2.8%, direct mail 3.8%.

Top execs: Janet C. Muhleman, president; Christi Y. Thomas, sr vp, mng dir; Ernest G. Perich, sr vp, creative svcs; Stephen Y. Seyferth, vp, acct svcs dir; Bruce E. Smith, vp, media dir; Carey J. Ferchland, vp, admin; Ronald S. Lipiec, sr vp, cfo. Employees: 175 in 2 offices.

Phone: (3130 995-0243 ☑

Gumpertz/Bentley/Fried, Los Angeles, reported gross income of $2,362,414 in 1986 on billings of $18,700,000. In 1985, it reported gross income of $2,294,580 on billings of $18,184,347.

The agency's 1986 U.S. volume consisted of $12,525,087 in media, $1,979,765 in materials and services and $4,195,148 in capitalized fees. Its 1985 U.S. volume consisted of $12,320,425 in media, $1,857,072 in materials and services and $4,006,850 in capitalized fees.

In 1986, the agency gained: American Diabetes Assn. of Southern California; Los Angeles Department of Water and Power. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 7%, magazines 13%, radio 18%, network tv 13%, spot tv 43%, outdoor 2%, business papers 4%.

Top execs: Richard H. Fried, president; Robert L. Porter, Gerald W. Wright, Robert F. Vanderstok, sr vps. Employees: 30.

Phone: (213) 931-6301.

Haddad, Lawrence Communications, Studio City, Calif., reported gross income of $750,000 in 1986 on billings of $5,000,000. In 1985, it reported gross income of $1,000,000 on billings of $6,667,000.

The agency did not break out billings or media for either year.

In 1986, the agency gained: Modulite; BWF Mfg., outdoor lighting; Hollywood Community Hospital; Famous Amos, cookies; Silverstone Cellars. It lost: Ma Bell Potato Chips, Sunshine Biscuits.

Top execs: Daniel E. Lawrence, president-ceo; Karen N. Bunde, exec vp; Deborah Saale, mng dir. Employees: 12.

Phone:(818) 508-6100. ☑

Haddon Advertising, Chicago, reported gross income of $3,300,000 in 1986 on billings of $28,044,000. In 1985, it reported gross income of $3,200,000 on billings of $27,077,000.

The agency's 1986 U.S. volume consisted of $3,400,000 in media, $3,300,000 in materials and services and $21,344,000 in capitalized fees. Its 1985 U.S. volume consisted of $3,300,000 in media, $3,100,000 in materials and services and $20,677,000 in capitalized fees.

Included in the agency figures were returns from its Haddon, Lynch & Baughman pr subsidiary.

In 1986, the agency gained: American Express Travel Related Services, payment products div; EZ POR Corp, MicroEase Cookware line; METRA, Northeastern Illinois Regional Commuter Rail Corp; Miglin-Beitler Devels; PCM Corp, design & mfg of pharmaceutical pkg; Money Station of Illinois; Spangler Candy Co. It lost: Cartan; Thomas Cook; USAA Federal Savings Bank.

Billings breakdown by media: newspapers 12.3%, magazines 18.33%, radio 12.3%, spot tv 5.9%, outdoor 0.9%, business papers 18.3%, direct mail 32%.

Top execs: Harvey L. Haddon, president; Jacqueline Wagner, Yale Gordon, Adrianne Richmond-Sell, vps. Employees: 50.

Phone: (312) 943-6266. ☑

Halcyon Associates, Brooklyn, N.Y., reported gross income of $200,000 in 1986 on billings of $1,505,000. In 1985, it reported gross income of $225,000 on billings of $1,501,000.

The agency's 1986 U.S. volume consisted of $200,000 in media, $300,000 in materials and services and $1,005,000 in capitalized fees. Its 1985 U.S. volume consisted of $280,000 in media, $214,000 in materials and services and $1,007,000 in capitalized fees.

In 1986, the agency gained: New York Futures Exchange, Knight-Ridder Money Center. It reported no losses.

Billings breakdown by media: Newspapers 5%, magazines 40%, business papers 5%, direct mail 30%, other, 20%.

Top exec: Donald R. Fleck, president. Employees: 6.

Phone: (718) 636-9800.

Haley & Ruckle Advertising, Boston, reported gross income of $704,225 in 1986 on billings of $3,061,850. In 1985, it reported gross income of $745,740 on billings of $3,242,350.

The agency's 1986 U.S. volume consisted of $2,379,731 in media, $568,918 in materials and services and $113,201 in capitalized fees. Its 1985 U.S. volume consisted of $1,812,624 in media, $663,243 in materials and services and $766,483 in capitalized fees.

In 1986, the agency gained: Four Seasons Place, condominium; Sandy Corp., Learncom div, computer based training; Shearson Lehman Brothers, institutional funds mktg. It lost: Charles Hotel.

Billings breakdown by media: newspapers 30%, radio 20%, outdoor 5%, business papers 10%, direct mail 15%, direct response magazines 20%.

Top execs: Edgar Ruckle, president; Dianne Driscoll, vp-operations; George Brewer, vp-creative. Employees: 12.

Phone: (617) 542-7777. ☑

Haller Schwarz, Los Angeles, reported gross income of $875,000 in 1986 on billings of $6,200,000. In 1985, it reported gross income of $1,148,000 on billings of $7,659,000.

The agency did not break out billings.

Included in the agency's figures were returns from subsidiary, Plummer & Friends, art production.

In 1986, the agency gained: American Sunroof Co.; Newporter Resort; Palm Springs Hilton; Point 4 Computers. It lost: RB Furniture.

Billings breakdown by media: Newspapers 25%, magazines 30%, radio 5%, spot tv 5%, outdoor 10%, business papers 15%, point of sale 5%, direct mail 5%.

Top execs: Henry Schwarz, president, principal; Anthony Haller, sr vp, principal; Richard Chodkowski, creative dir, principal; Missy Powell, vp-acct svcs; Allene Gray, media dir. Employees: 15.

Phone: (213) 977-1111. ☑

Hallmark Advertising, Pittsburgh, reported gross income of $2,128,770 in 1986 on billings of $14,085,000. In 1985, it reported gross income of $1,915,200 on billings of $12,768,000.

The agency's 1986 U.S. volume consisted of $8,900,000 in media, $1,850,000 in materials and services and $3,335,000 in capitalized fees. Its 1985 U.S. volume consisted of $8,500,000 in media, $1,600,000 in materials and services and $2,668,000 in capitalized fees.

In 1986, the agency gained: Monroeville Mall; Pontiac dealers, Northwest Pa. It lost: None.

Billings breakdown by media: Newspapers 4%, magazines 3%, supplements 4%, radio 25%, spot tv 46%, cable tv 3%, outdoor 2%, business papers 1%, transit 1%, point of sale 6%, direct mail 2%; direct response tv 1%, free-standing inserts 2%.

Top execs: Marvin S. Jacobson, president; William S. Binstock, vp-accts; Debbie Sigal, corp vp; Evelyn Stone, corp secretary; Tracy Irani, acct super; Christine Bartosik, art director. Employees: 45.

Phone: (412) 687-0400.

Hammerman & Morse, Chicago, had estimated gross income of $1,093,000 in 1986 on billings of $7,174,434. In 1985, it had estimated gross income of $608,000 on billings of $4,007,599.

The agency's 1986 U.S. volume consisted of $1,896,384 in media, $635,477 in materials and services and $4,642,573 in capitalized fees. Its 1985 U.S. volume consisted of $1,037,464 in media, $254,747 in materials and services and $2,715,388 in capitalized fees.

In 1986, the agency gained: Advanced Systems, data processing; Hi-Fi Hutch; WMAQ-AM; McDermott, Will & Emery, attorneys. It lost: Conservation Technology Ltd.; Ohm Electronics; Engler, Zoghlin, Mann.

The agency did not break out billings by media.

Top execs: Edward L. Hammerman, president; Gayle Morse, chmn, vp. Employees: 11.

Phone: (312) 337-0404. ☑

Harland & Tine & White, Hartford, Conn., reported gross income of $3,066,648 in 1986 on billings of $23,417,736. In 1985, it reported gross income of $2,966,411 on billings of $20,252,422.

The agency's 1986 U.S. volume consisted of $5,793,749 in media, $2,966,088 in materials and services and $14,657,899 in capitalized fees. Its 1985 U.S. volume consisted of $5,681,497 in media, $2,007,854 in materials and services and $12,563,671 in capitalized fees.

In 1986, the agency gained: Pro Data; CT Anesthesiologists; Federal Paper Board; Residence Inn. It lost: Coldwater Seafood.

Billings breakdown by media: Newspapers 8%, magazines 41%, network tv 10%, cable tv 22%, outdoor 2%, business papers 1%, direct mail 2%, catalogs 4%, other 10%.

Top execs: Will W. White III, president-ceo; Sandra H. Bailey, secretary, comptroller. Employees: 33 in 2 offices.

Phone: (203) 728-0000.

Harmon Smith Inc., Kansas City, Mo., reported gross income of $1,347,464 in 1986 on billings of $10,746,746. In 1985, it reported gross income of $1,312,285 on billings of $8,935,538.

The agency's 1986 U.S. volume consisted of $2,227,401 in media, $4,074,177 in materials and services and $4,445,168 in capitalized fees. Its 1985 U.S. volume consisted of $1,756,712 in media, $3,965,526 in materials and services and $3,213,300 in capitalized fees.

The agency did not report accounts gained or lost in 1986 and 1985.

Billings breakdown by media: Newspapers 12%, magazines 51%, radio 5%, spot tv 2%, business papers 30%.

Top execs: Austin Harmon, president; John Lee Smith, exec vp; John Rylee, exec vp-client svcs; Chuck Bua, exec vp-creative svcs. Employees: 25.

Phone: (816) 756-0756.

Harris, Baio & McCullough, Willow Grove, Pa., had an estimated gross income of $1,196,000 in 1986 on billings of $7,887,721. In 1985, it had an estimated gross income of $857,000 on billings of $5,619,984.

The agency's 1986 U.S. volume consisted of $1,227,390 in media, $499,332 in materials and services and $6,160,999 in capitalized fees. Its 1985 U.S. volume consisted of $1,023,976 in media, $529,816 in materials and services and $4,066,192 in capitalized fees.

In 1986, the agency gained: Edpac; Campbell Soup; Phoenix Contact; Pei-Genesis; Morgard Insurance; Gilbert Commonwealth; Short Brothers Aircraft. It lost: S.S. White Industrial Products.

Billings breakdown by media: Newspapers 5.4%, magazines 86%, yellow pages 3.2%, direct mail 5.4%.

Top execs: George J. Harris, president-ceo; Richard A. Baio, exec vp, creative dir; Robert H. McCullough, exec vp; John H. Meader, sr vp. Employees: 18.

Phone: (215) 657-8760. ☑

Harris-Edward, Philadelphia, re-

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ported gross income of $2,499,583 in 1986 on billings of $18,792,935. In 1985, it reported gross income of $1,264,153 on billings of $8,423,726.

The agency's 1986 U.S. volume consisted of $1,272,430 in media, $848,287 in materials and services and $16,672,218 in capitalized fees. Its 1985 U.S. volume consisted of $866,925 in media, $43,700 in materials and services and $7,513,101 in capitalized fees.

In 1986, the agency gained: Decision Industries; Decision Data Computer; Decision Data Service; Crystal Pools; American Dream Lease; Wheaton Industries; RMS Technologies; National Liberty; Cheung Laboratories. It lost: Interstate Realty; Brooks Instrument div, Emerson Electric.

The agency did not break out billings by media.

Top execs: Elizabeth F. Harris, president, creative dir; Edward J. DiUlio, exec vp; Mark V. Weisse, vp-operations. Employees: 29.

Phone: (215) 735-3003.

Hart/Conway Co., Rochester, N.Y., reported gross income of $936,572 in 1986 on billings of $6,246,935. In 1985, it reported gross income of $790,121 on billings of $5,270,106.

The agency's 1986 U.S. volume consisted of $3,975,287 in media, $84,722 in materials and services and $2,186,926 in capitalized fees. Its 1985 U.S. volume consisted of $2,716,544 in media, $264,458 in materials and services and $2,289,103 in capitalized fees.

In 1986, the agency gained: Heinrich Associates, restaurants & lodging; Holtz Acura; Miracle Toyota; Odenbach Properties, restaurants; Patrick Mitsubishi; Price Waterhouse, regional promos; Rochester War Memorial, special promos; E.J. Scheer, jewelers. It lost: Hallman Central Chevrolet.

Billings breakdown by media: Newspapers 39%, magazines 2%, radio 32%, spot tv 23%, outdoor 4%.

Top execs: Peter B. Whitcombe, president, treasurer; William A. Westerfeld, exec vp. Employees: 20.

Phone: (716) 232-2930. ⊖

Haselow & Associates, Cleveland, reported gross income of $763,221 in 1986 on billings of $5,700,480. In 1985, it reported gross income of $570,000 on billings of $4,051,900.

The agency's 1986 U.S. volume consisted of $609,795 in materials and services and $5,090,685 in capitalized fees. Its 1985 U.S. volume consisted of $250,000 in materials and services and $3,801,900 in capitalized fees.

In 1986, the agency gained: Uddeholm Corp.; Newbury Industries. It lost: None.

Billings breakdown by media: Business papers 48%, direct mail 5%, catalogs/sales literature 47%.

Top execs: John H. Haselow, president; John W. Cross, vp-client svcs; Scott H. Collins, vp-pr; Alexis D. Tomoff, treasurer. Employees: 16.

Phone: (216) 831-6060. ☑

Henry-Gill, Denver, reported gross income of $663,938 in 1986 on billings of $6,033,278. In 1985, it reported gross income of $611,327 on billings of $4,656,832.

The agency's 1986 U.S. volume consisted of $653,895 in media, $337,954 in materials and services and $5,041,339 in capitalized fees. Its 1985 U.S. volume consisted of $715,942 in media, $317,686 in materials and services and $3,623,204 in capitalized fees.

In 1986, the agency gained: Stapleton Plaza Hotel, Denver; Moreno International Trade Center; American Directory; Baird-Warner; Tellabs; Software AG. It lost: Center for Eye Surgery.

Billings breakdown by media: Newspapers 29.5%, magazines 4.7%, radio 17.6%, spot tv 35.3%, outdoor 1.2%, business papers 4.7%, transit 1.2%, point of sale 2.3%, direct mail 3.5%.

Top execs: David A. Henry, president; Walter A. Gill, exec vp; Terry A. Datz, vp; Patti J. Peri, pr dir. Employees: 16.

Phone: (303) 320-0939. ☑

Hesselbart & Mitten Cos., Fairlawn, Ohio, reported gross income of $7,036,540 in 1986 on billings of $48,608,692. In 1985, it reported gross income of $6,335,886 on billings of $44,250,909.

The agency's 1986 U.S. volume consisted of $2,617,258 in media, $6,352,064 in materials and services and $39,639,370 in capitalized fees. Its 1985 U.S. volume consisted of $2,380,047 in media, $5,780,833 in materials and services and $36,090,029 in capitalized fees.

In 1986, the agency gained: Girves' Brown Derby Encore Grille; Society National Bank of Ohio; Society Corp.; Akron Plus/Akron Regional Development Board; Steakhouse Outlets. It lost: Second National Bank of Warren, Ohio; Genie Home Products.

Billings breakdown by media: Newspapers 13.4%, magazines 43%, supplements 0.8%, radio 9.5%, network tv 10.5%, spot tv 12.3%, cable tv 4%, outdoor 0.1%, direct mail 6.4%.

Top execs: Robert Mitten, chmn, president & ceo; Leo J. Lefort, vice chmn, president, Arocom Group; Michael J. Atwell, John G. Ragsdale, exec vps, creative dirs; William C. Waldman, exec vp, agency operations; Stephen A. Zweig, exec vp, dir-acct svcs; Michael Kormushoff, J. Keith Sutton, Howard R. Cleveland, Guy Shirk, sr vps. Employees: 96.

Phone: (216) 867-7950. ☑

Roni Hicks & Associates, San Diego, reported gross income of $519,473 in 1986 on billings of $8,657,524. In 1985, it reported gross income of $1,079,551 on billings of $6,773,095.

The agency's 1986 U.S. volume consisted of $1,297,060 in media, $1,066,152 in materials and services and $6,294,312 in capitalized fees. Its 1985 U.S. volume consisted of $1,065,207 in media, $1,346,656 in materials and services and $4,361,232 in capitalized fees.

In 1986, the agency gained: L.J. Hooker International, corp & investment real estate; Rimrock/Teleklew Productions; 1988 Super Bowl Task Force; Presley of San Diego; Renaissance Fitness Training and Consulting. It lost: Rams Hill/Di Giorgio Development Corp.; Wayne Foster Entertainment Productions; San Dieguito Group.

Billings breakdown by media: Newspapers 75.1%, magazines 13.4%, radio 5.1%, outdoor 3.5%, point of sale 0.4%, direct mail 2.5%.

Top exec: Veronica 'Roni' Hicks, president. Employees: 16.

Phone: (619) 296-8806. ☑

Hickman & Associates, Indianapolis, reported gross income of $1,827,290 in 1986 on billings of $5,080,214. In 1985, it reported gross income of $1,388,547 on billings of $4,543,562.

The agency's 1986 U.S. volume consisted of $626,426 in media, $627,109 in materials and services and $3,826,679 in capitalized fees. Its 1985 U.S. volume consisted of $247,885 in media, $552,460 in materials and services and $3,743,217 in capitalized fees.

In 1986, the agency gained: Puller Mortgage; Charter Hospital; University Heights Hospital; Oxford Development Corp.; Kutche Chevrolet-Oldsmobile-Pontiac-Buick; Economy Plumbing; House Federal Savings Bank. It lost: None.

Billings breakdown by media: Newspapers 1%, magazines 20%, medical journals 20%, radio 25%, spot tv 29%, cable tv 1%, outdoor 3%, yellow pages 1%.

Top exec: Vaughn B. Hickman, president. Employees: 20.

Phone: (317) 843-1113. ☑

Hicks & Grayson, Coral Gables, Fla., reported gross income of $356,306 in 1986 on billings of $2,034,667. In 1985, it reported gross income of $394,465 on billings of $2,089,731.

The agency's 1986 U.S. volume consisted of $1,248,270 in media, $525,887 in materials and services and $260,510 in capitalized fees. Its 1985 U.S. volume consisted of $1,172,945 in media, $633,798 in materials and services and $282,988 in capitalized fees.

In 1986, the agency gained: First National Bank of South Miami; Penton Publishing, *Machine Design*; Southern Underwriters Insurance; Dade County Cadillac Dealers; Commercial Realty Alliance. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 20%, magazines 15%, radio 15%, spot tv 30%, cable tv 4%, business papers 15%, direct mail 1%.

Top execs: Donald J. Hicks, president; Stephen A. Grayson, vp. Employees: 3.

Phone: (805) 444-7463. ☑

Hiebling Group, Madison, Wis., reported gross income of $929,971 in 1986 on billings of $8,575,307. In 1985, it reported gross income of $801,436 on billings of $6,305,981.

The agency's 1986 U.S. volume consisted of $2,172,997 in media, $808,128 in materials and services and $5,594,182 in capitalized fees. Its 1985 U.S. volume consisted of $1,088,584 in media, $835,514 in materials and services and $4,381,883 in capitalized fees.

In 1986, the agency gained: Anchor Investment Advisors; Chalet Ski & Patio; Meriter Health Services; Famous Footwear (named agency of record after serving in mktg and rsch capacity). It lost: MPA.

Billings breakdown by media: Newspapers 18.9%, magazines 4.4%, radio 8.9%, spot tv 56.7%, outdoor 3.3%, point of sale 1.1%, yellow pages 1.1%, direct mail, 5.6%.

Top exec: Roman G. Hiebing Jr., president. Employees: 22.

Phone: (608) 256-6357. ☑

High Plains Advertising, Dodge City, Kan., reported gross income of $8,100 in 1986 on billings of $54,738. In 1985, it reported gross income of $6,660 on billings of $44,418.

The agency did not break out billings.

In 1986, the agency gained: Parker-Haskins Insurance; ST Enterprises, communications; Gateway Farm Expo, farm show. It lost: Servi-Tech, consulting svc.

Billings breakdown by media: Newspapers 29%, magazines 2%, radio 50%, network tv 2%, outdoor 1%, farm publications 15%, yellow pages 1%.

Top execs: Joe Berkely, president. Employees: 7.

Phone: (316) 227-7171. ☑

Hinton & Steel, Seattle, reported gross income of $496,754 in 1986 on billings of $4,410,358. In 1985, it reported gross income of $405,095 on billings of $3,163,531.

The agency's 1986 U.S. volume consisted of $948,089 in media, $564,835 in materials and services and $2,897,434 in capitalized fees. Its 1985 U.S. volume consisted of $822,620 in media, $447,368 in materials and services and $1,893,553 in capitalized fees.

In 1986, the agency gained: University Federal Savings Bank; Atomic Press, printer; George Hawkins, seminars. It lost: Savings Bank of Puget Sound.

Billings breakdown by media: Newspapers 25%, magazines 5%, radio 20%, spot tv 20%, outdoor 5%, business papers 10%, direct mail 15%.

Top execs: Dennis D. Hinton, president; David C. Steel Jr., secretary, treasurer. Employees: 12.

Phone: (206) 441-3455). ☑

Hirsch Elliott, New York, reported gross income of $759,000 in 1986 on billings of $5,059,600. In 1985, it reported gross income of $752,000 on billings of $5,012,900.

The agency's 1986 U.S. volume consisted of $704,000 in media, $1,200,690 in materials and services and $3,154,910 in capitalized fees. Its 1985 U.S. volume consisted of $688,000 in media, $1,190,000 in materials and services and $3,134,900 in capitalized fees.

In 1986, the agency gained: Gift Box Corp. of America; Safeguard International, holding company. It lost: CenterCore, systems furniture.

Overseas, the agency gained: Safeguard Systems G.B. Ltd.; Crewe, UK; TriStar Data Systems, Ltd., London, UK; TriStar Data Systems, Waterloo, Ontario, Canada. It lost: None.

Billings breakdown by media: Newspapers 30.9%, magazines 1.2%, radio 3.7%, business papers 33.3%, direct mail 30.9%.

Top execs: Don Elliott, president; Bernie Hirsch, exec vp. Employees: 13.

Phone: (212) 819-9320.

HMK Advertising, Chestnut Hill, Mass., reported gross income of $779,749 in 1986 on billings of $9,148,411. In 1985, it reported gross income of $619,907 on billings of $5,595,400.

The agency did not break out billings.

In 1986, the agency gained: Holiday Inns, Boston; Moduform; Sonitrol, Inc.; Cable Beach Resort Assn.

The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 85%, magazines 15%.

Top execs: Harvey Karp, president; Holly Patmore, vp. Employees: 25.

Phone: (617) 969-7777.

J.P. Hogan & Co., Knoxville, Tenn. reported gross income of $1,633,895 in 1986 on billings of $10,892,625. In 1985, it reported gross income of $1,512,865 on billings of $10,085,765. The agency also had net income of $262,040 in 1986 and $195,330 in 1985.

The agency's 1986 U.S. volume consisted of $2,405,000 in media, $1,836,420 in materials and services and $6,650,705 in capitalized fees. Its 1985 U.S. volume consisted of $2,426,465 in media, $1,522,860 in materials and services and $6,303,105 in capitalized fees.

In 1986, the agency gained: Crestwood Hospital; WestPoint Pepperell Carpet & Rug div; Cloud Rest Mattress Pad Co. It lost: Recticel Foam

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Top 10 agencies in transit billings

Rank	Agency	Transit billings 1986	Transit billings 1985	U.S. billings 1986	U.S. billings 1985
1	Ally Gargano/MCA Advertising	$6.3	$5.5	$296.1	$330.0
2	Young & Rubicam	5.5	5.4	1,217.2	1,268.1
3	Laurence, Charles, Free & Lawson	2.9	11.8	287.0	235.0
4	Tatham-Laird & Kudner	1.9	2.1	238.5	235.0
5	Schenkein & Associates	1.7	0.9	13.2	12.2
6	Levine, Huntley, Schmidt & Beaver	1.4	2.3	125.2	87.4
7	TBWA Advertising	1.0	N/A	104.7	87.9
8	Lois Pitts Gershon Pon/GGK	1.0	1.1	75.0	63.0
9	Hicks & Greist	1.0	1.0	96.2	94.0
10	Brown, Earle Palmer Cos.	1.0	N/A	142.1	103.6

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

Corp.; Piedmont Energy Co., textile equipment; Ten-Tec, Inc., electronic components.

Billings breakdown by media: Newspapers 0.9%, magazines 5.3%, radio 3%, spot tv 3.5%, outdoor 0.3%, business papers 3.4%, point of sale 8.3%, yellow pages 0.3%, direct mail 26.7%, catalogs 48.3%.

Top execs: Joseph P. Hogan, president-ceo; Ray V. Anthony, exec vp; Robert J. Luedeka, James V. Peek, vps, accts supers; Elinor Chapman, corp secretary. Employees: 26.

Phone: (615) 546-7661.

Homer & Durham Advertising, Ltd., New York, reported gross income of $3,611,955 in 1986 on billings of $23,498,994. In 1985, it reported gross income of $2,708,022 on billings of $20,376,384.

The agency's 1986 U.S. volume consisted of $10,993,286 in media, $2,720,578 in materials and services and $9,785,130. 1985 U.S. volume consisted of $6,183,875 in media, $1,338,557 in materials and services and $12,853,952 in capitalized fees.

In 1986, the agency gained: Allied Signal; Boston Co.; March of Dimes, New York; Druker Co., Boston real estate. It lost: Barber Blue Sea, shipping.

Billings breakdown by media: newspapers 14%, magazines 26%, supplements 2%, radio 5%, spot tv 7%, business papers 23%, point of sale 11%, yellow pages 1%, direct mail 9%, direct response magazine 1%, free-standing inserts 1%.

Top execs: Tamara K. Homer, president; Guy F. Durham, exec vp; John Fisher, vp-mktg; June Wohlhorn, vp-media; John Gruntkowski, vp-production, Donald A. Adley, vp-mktg devel. Employees: 40.

Phone: (212) 477-5400.

Hood, Light & Geise, Harrisburg, Pa., had estimated gross income of $638,000 in 1986 on billings of $4,168,000. In 1985, it had estimated gross income of $546,000 on billings of $3,570,000.

The agency's 1986 U.S. volume consisted of $1,272,000 in media, $481,000 in materials and services and $2,415,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,090,000 in media, $412,000 in materials and services and $2,068,000 in capitalized fees.

The agency did not report accounts gained or lost, or break out billings by media.

Top exec: George Geise, president. Employees: 14.

Phone: (717) 234-8091. ☑

Hughes Advertising, St. Louis, reported gross income of $1,784,476 in 1986 on billings of $14,500,116. In 1985, it reported gross income of $1,722,446 on billings of $14,028,921.

The agency's 1986 U.S. volume consisted of $4,974,988 in media, $1,621,225 in materials and services and $7,903,903 in capitalized fees. Its 1985 U.S. volume consisted of $4,975,222 in media, $1,318,103 in materials and services and $7,735,596 in capitalized fees.

In 1986, the agency gained: Consolidated Aluminum; Cricket Lighters, Alucobond Technologies; DePaul Hospital. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 6%, magazines 6%, medical journals 3%, radio 19%, spot tv 28%, cable tv 1%, outdoor 1%, business papers 20%, point of sale 2%, yellow pages 1%, direct mail 5%, catalogs 8%.

Top execs: Jack A. Hughes, president; Larry R. McLane, exec vp; Donald H. Fosher, Henry George, sr vps. Employees: 33.

Phone: (314) 862-9111. ☑

Humphrey, Herbert & Alber, Pittsburgh, reported gross income of $756,400 in 1986 on billings of $4,902,200. In 1985, it reported gross income of $750,000 on billings of $4,836,000.

The agency's 1986 U.S. volume consisted of $2,800,000 in media, $798,900 in materials and services and $1,303,300 in capitalized fees. Its 1985 U.S. volume consisted of $2,750,000 in media, $788,000 in materials and services and $1,298,000 in capitalized fees.

In 1986, the agency gained: R&J Chevrolet. It lost: West Penn Hospital; Valley Buick.

Billings breakdown by media: Newspapers 25.1%, magazines 17.4%, medical journals 0.2%, radio 14.6%, spot tv 1.3%, cable tv 0.2%, outdoor 3.4%, business papers 0.5%, point of sale 0.2%, yellow pages 0.4%, direct mail 3.9%, catalogs 32.8%.

Top execs: John J. Humphrey, chmn-ceo; Richard G. Herbert, president; Steve A. Alber, coo. Employees: 13.

Phone: (412) 261-4611. ☑

Image Dynamics, Baltimore, had estimated gross income of $2,433,000 in 1986 on billings of $16,673,250. In 1985, it had estimated gross income of $1,855,000 on billings of $12,374,889.

The agency's 1986 U.S. volume consisted of $3,058,040 in media, and $13,173,250 in capitalized fees. Its 1985 U.S. volume consisted of $2,857,113 in media, and $9,517,777 in capitalized fees.

In 1986, the agency gained: Alabama Health Plan; Baltimore Arena; Baltimore Blast; Baltimore City Police; Bancroft Homes; Belmar Homes; Riverside Park; Six Slade. It lost: Greetings & Readings.

Billings breakdown by media: Newspapers 23%, magazines 13%, medical journals 1%, supplements 1%, radio 24%, spot tv 15%, cable tv 3%, outdoor 5%, business papers 5%, transit 1%, direct mail 2%, catalogs 1%, direct response tv 1%, direct response radio 1%, direct response newspapers 1%, direct response magazines 1%, free-standing inserts 1%, other 1%.

Top exec: Phyllis B. Brotman, president. Employees: 30.

Phone: (301) 539-7730. ☑

Impact Marketing & Communications, Boston, reported gross income of $1,350,000 in 1986 on billings of $8,637,000. In 1985, it reported gross income of $1,365,000 on billings of $8,102,000.

The agency's 1986 U.S. volume consisted of $1,600,000 in media, $700,000 in materials and services and $6,337,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,600,000 in media, $1,500,000 in materials and services and $4,002,000 in capitalized fees.

In 1986, the agency gained: Proteon, Inc; Cilas, Inc; W.R. Grace & Co. It lost: Rabbit Software.

Billings breakdown by media: newspapers 5%, magazines 50%, radio 5%, direct mail 20%, catalogs 20%.

Top execs: Betsyann Duval, president; Robert J. Clawson, exec vp; Dorothy Woglom, sr vp. Employees: 20.

Phone: (617) 542-3130. ☑

InterCommunications Inc., Newport Beach, Calif., reported gross income of $1,663,294 in 1986 on billings of $13,744,171. In 1985, it reported gross income of $1,626,661 on billings of $11,349,829.

The agency's 1986 U.S. volume consisted of $2,000,000 in media, $650,000 in materials and services and $11,094,171 in capitalized fees. Its 1985 U.S. volume consisted of $500,000 in materials and services and $10,849,829 in capitalized fees.

In 1986, the agency gained: Disney/Arvida; Fritz Duda Co.; RCS/Gibraltar Savings; Robert Mayer Corp.; Gerson Bakar & Associates; Opera Pacific; American Magnetics; Very Incredible Products, cosmetics. It lost: Jack Nicklaus Devel.

Billings breakdown by media: Newspapers 35%, magazines 20%, radio 10.3%, spot tv 9.8%, outdoor 19.9%, direct mail 5%.

Top exec: Toni Alexander, president. Employees: 20.

Phone: (714) 644-7520.

Intermarco Advertising, New York, a member of the Publicis Group, reported gross income of $1,677,700 in 1986 on billings of $11,184,880. In 1985, it reported gross income of $1,700,000 on billings of $15,175,600.

The agency's 1986 U.S. volume consisted of $8,190,000 in media, $1,567,500 in materials and services and $1,427,380 in capitalized fees. Its 1985 U.S. volume consisted of $10,992,300 in media and $4,183,300 in capitalized fees.

In 1986, the agency gained: Icelandair; Caroll Boutiques. It lost: Goldin-Feldman; Marine Midland; Home Insurance.

Billings breakdown by media: Newspapers 5%, magazines 80%, radio 2%, spot tv 8%, business papers 5%.

Top execs: Frederick W. Rhines, president-ceo; Nick LaMicela, vp, creative dir; Hilary Coghran, vp, media dir; Robert Zimmermacher, vp, office mgr. The agency did not report number of employees.

Phone: (212) 980-8550. ☑

Isidore & Paulson, New York, reported gross income of $3,905,434 in 1986 on billings of $28,006,000. In 1985, it reported gross income of $2,307,503 on billings of $24,036,492.

The agency's 1986 U.S. volume consisted of $15,350,348 in media, $4,950,782 in materials and services and $7,704,870 in capitalized fees. Its 1985 U.S. volume consisted of $13,500,195 in media, $4,225,075 in materials and services and $6,231,222 in capitalized fees.

In 1986, the agency gained: Lightolier; Weiss, Peck & Greer, mutual fund; Evan Kristen, fresh herbs; Menly & James Laboratories; William H. Rorer Co., drugs. It lost: Big Yank.

Billings breakdown by media: Newspapers 27%, magazines 15%, radio 2%, spot tv 50%, business papers 6%.

Top execs: Paul J. Paulson, president-ceo; Anthony Isidore, chmn, creative dir. Employees: 27.

Phone: (212) 972-7500.

Jackson/Ridey, Cincinnati, had estimated gross income of $1,700,000 in 1986 on estimated billings of $11,400,000. The agency did not report financial data for 1985, or break out of billings in 1986.

Top exec: Ron Jackson, chmn & ceo.

Phone: (513) 621-8440

James & Thomas, Chicago, reported gross income of $388,275 in 1986 on billings of $3,287,800. In 1985, it reported gross income of $395,393 on billings of $3,207,331.

The agency's 1986 U.S. volume consisted of $724,220 in media, $304,240 in materials and services and $2,259,340 in capitalized fees. Its 1985 U.S. volume consisted of $683,227 in media, $295,954 in materials and services and $2,228,150 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Urban Market Research.

In 1986, the agency gained: PruCare of Illinois, special projects; Cook DuPage Transportation Systems; Stewart Bus; VSI. It lost: Transportation Services Corp.

Billings breakdown by media: Newspapers 52%, magazines 28%, radio 10%, outdoor 3%, business papers 2%, yellow pages 2%, direct mail 3%.

Top execs: William J. Bloch, president. Employees: 8 in 2 offices.

Phone: (312) 799-6224. ☑

Jameson Advertising, New York, had gross income of $1,300,000 in 1986 on billings of $7,800,000. In 1985, it reported gross income of $980,000 on billings of $5,600,000.

Included in the agency's figures were returns from subsidiary, Grybauskas & Partners Marketing, marketing consultants.

The agency's 1986 U.S. volume consisted of $3,800,000 in media, $1,100,000 in materials and services and $2,900,000 in capitalized fees. Its 1985 U.S. volume consisted of $3,000,000 in media, $700,000 in materials and services and $1,900,000 in capitalized fees.

In 1986, the agency gained: Glenmore Distilleries, new prod; Kepner-Tregoe, mgmt consulting; Quintessence, new frozen food prod; *Savvy* magazine, Family Media; Trusthouse Forte Hotels, Western Atlantic div. It lost: Charles Scribner's Sons, publishers; Albert B. Ashforth, Inc., real estate.

Billings breakdown by media: Newspapers 17%, magazines 26%, radio 10%, network tv 2%, spot tv 14%, cable tv 2%, direct mail 17%, direct response tv 2%, direct response newspapers 4 %, direct response magazines 6%.

Top execs: Austen Ettinger, chmn; James A. Fairbrother, president; Jonathan B. Cranin, exec vp, creative dir; Lee Northshield, sr vp, dir-mktg svcs; Patrice Clay, vp, dir-acct svcs; Dan Silverstone, vp, assoc creative dir; Florence Coyne, vp-admin. G&PM—Roland Grybauskas, president-Grybauskas & Partners Marketing; James Overall, sr vp, creative dir-Grybauskas & Partners Marketing. Employees: 27.

Phone: (212) 645-4646. ☑

JanklowBender, New York, reported gross income of $1,387,650 in 1986 on billings of $12,449,998. In 1985, it had estimated gross income of $1,036,000 on billings of $9,295,000.

The agency's 1986 U.S. volume consisted of $5,255,000 in media, $1,875,000 in materials and services and $5,319,998 in capitalized fees. The agency did not report a billings breakout for 1985.

In 1986, the agency gained: Campus Sportswear, Le Tigre, J.J. Cochran, Campus brand; Walt Disney Productions, consumer prods div, licensing div; El Greco, crayon div. The agency did not report accounts lost.

Billings breakdown by media: Magazines 34%, network tv 20.8%, spot tv 22.6%, cable tv 7.5%, business papers 15.1%.

Top execs: Bruce H. Janklow, president; David Bender, exec vp, creative dir; Murray Gerber, vp, production mgr; Joyce Crawford, vp, acct super. Employees: 15.

Phone: (212) 475-8030. ☑

Jarman, Spitzer & Felix, New York, reported gross income of $2,175,545 in 1986 on billings of $14,336,563. In 1985, it reported gross income of $2,719,431 on billings of $16,610,000.

The agency's 1986 U.S. volume consisted of $6,248,000 in media, $4,901,817 in materials and services and $3,186,746 in capitalized fees. Its 1985 U.S. volume consisted of $7,810,000 in media, $5,446,463 in materials and services and $3,353,536 in capitalized fees.

In 1986, the agency gained: Fuji Electric, circuit breakers and motor starters; Fujinon, Inc., mfr of closed circuit tv lenses; Lambda Semiconductor, discrete semiconductors; Mitsubishi International Corp., paper, paper materials, photographic paper; Oxoid U.S.A., mfr of microbiology reagents and media; Skatron, Inc., mfr of instrumentation for clinical and life science laboratories.

Billings breakdown by media: Newspapers 10%, magazines 12%, medical journals 20%, supplements 5%, radio 5%, direct mail 35%, direct response newspapers 10%, direct response magazines 10%, telemarketing 3%.

Top execs: John Spitzer, president; Richard Felix, chmn. Employees: 50 in 2 offices.

Phone: (212) 661-3322. ☑

Jason Group, New York, reported gross income of $900,225 in 1986 on billings of $9,750,000. In 1985, it reported gross income of $800,250 on billings of $8,809,000.

The agency's 1986 U.S. volume consisted of $6,500,000 in media, $3,250,000 in materials and services and $9,750,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,822,000 in media, $2,987,000 in materials and services and $8,809,000 in capitalized fees.

In 1986, the agency gained: Bleyle of America, women's fashions; NYNEX, computer svcs div. It lost: MicroEdge, computer software.

Billings breakdown by media: Newspapers 10%, magazines 55%, radio 10%, network tv 15%, business papers 10%.

Top execs: Art Sasso, president; Vince Scotti, exec vp. Employees: 12.

Phone: (212) 967-6550. ☑

Jayme Organization, Cleveland, reported gross income of $4,408,000 in 1986 on billings of $34,095,627. In 1985, it reported gross income of $3,420,000 on billings of $27,283,071.

The agency's 1986 U.S. volume consisted of $2,607,470 in media, $2,400,287 in materials and services and $29,087,870 in capitalized fees. Its 1985 U.S. volume consisted of $2,440,416 in media, $2,258,035 in materials and services and $22,584,620 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:

- Publicom, pr
- Strategic Research Center, mktg rsch/strategic analysis
- The Boardroom, graphic & design

In 1986, the agency gained: Eaton Corp., Truck Parts Division; Mannesmann Demag, material handling systems; WCPN Radio; Diebold, Inc., Electronic Products Group, Retail Products Group, Customer Service Group, self-service automated transaction systems & security systems. It lost: Zipp-Davis Technical Service Co., Information Marketing International, info retrieval systems.

Billings breakdown by media: Newspapers 0.1%, magazines 0.3%, radio 0.2%, business papers 6.6%, yellow pages 0.4%, other (materials, svcs and agency fees) 92.4%.

Top execs: George N. Havens, chmn & ceo; Michael E. Cargile, president; Lawrence R. Kavanaugh, exec vp; Allen B. Straka, vp-finance; Cathy A. Pokorny, president-Publicom; Kathleen M. Wallace, president-Strategic Research Center; Kim F. Zarney, president-The Boardroom; James E. Horn, sr vp; Edward D. Young, honorary chmn. Employees: 90.

Phone: (216) 831-0110. ☑

T.S. Jenkins & Associates, Flint, Mich., reported gross income of $693,500 in 1986 on billings of $4,550,409. In 1985, it reported gross income of $598,974 on billings of $4,120,906.

The agency's 1986 U.S. volume consisted of $1,339,669 in media, $267,365 in materials and services and

$2,875,937 in capitalized fees. Its 1985 U.S. volume consisted of $1,226,335 in media, $267,365 in materials and services and $2,627,206 in capitalized fees.

In 1986, the agency gained: Baker College; Genesee/Shiawassee Employment Training Administrative Unit.

Billings breakdown by media: Newspapers 38%, magazines 3%, radio 17%, spot tv 25.5%, outdoor 13%, business papers 2.5%.

Top execs: John G. LeSage, president; Kenneth C. Rice, exec vp; James M. Owsinski, vp; Patricia A. Franklin, secretary, treasurer. Employees: 13.

Phone: (313) 235-5654. ☑

Rick Johnson & Co., Albuquerque, reported gross income of $1,701,487 in 1986 on billings of $13,109,527. In 1985, it reported gross income of $1,650,000 on billings of $11,005,500.

The agency's 1986 U.S. volume consisted of $3,999,669 in media, $1,222,576 in materials and services and $7,887,282 in capitalized fees. The agency did not break out billings for 1985.

Included in the agency figures were returns from Sterling Tape, video tape sales.

Billings breakdown by media: Newspapers 13.9%, magazines 6.9%, radio 13.9%, network tv 27.8%, outdoor 20.8%, business papers 2.8%, point of sale 2.8%, direct mail 6.9%, catalogs 1.4%, free-standing inserts 2.8%.

Top execs: Eric D. Johnson, president; Deborah U. Johnson, exec vp; Sterling R. Grant, Patricia Mannino, sr vps. Employees: 45.

Phone: (505) 266-1100. ☑

Jordan/Tamraz/Caruso Advertising, Chicago, reported gross income of $4,530,000 in 1986 on billings of $30,200,000. In 1985, it reported gross income of $4,300,000 on billings of $28,680,000.

The agency's 1986 U.S. volume consisted of $22,100,000 in media, $5,158,000 in materials and services and $2,942,000 in capitalized fees. Its 1985 U.S. volume consisted of $20,600,000 in media, $5,480,000 in materials and services and $2,600,000 in capitalized fees.

In 1986, the agency gained: Vestron Motion Pictures; Galaxy Pictures; General Optimization, computer software. It lost: Western Development.

Billings breakdown by media: Newspapers 30.4%, magazines 6.5%, radio 18.5%, spot tv 37%, cable tv 1%, outdoor 2.2%, business papers 2.2%, point of sale 2.2%.

Top execs: Joe Caruso, president; Chuck Jordan, exec vp; Ron Mondlock, vp, creative dir. Employees: 69.

Phone: (312) 951-2000.

Juhl Agency, Elkhart, Ind., had estimated gross income of $4,132,000 in 1986 on billings of $27,121,991. In 1985, it had estimated gross income of $3,338,000 on billings of $23,569,982.

The agency's 1986 U.S. volume consisted of $5,736,942 in media, $2,355,561 in materials and services and $19,049,488 in capitalized fees. Its 1985 U.S. volume consisted of $5,141,000 in media, $2,669,000 in materials and services and $15,759,982 in capitalized fees.

Figures also include those from its eastern office in Valhalla, N.Y., an Indianapolis office opened January, 1986, and subsidiary, Juhl Public Relations.

In 1986, the agency gained: Aristokraft, Inc.; Castle Mortgage; J. Chatillon & Sons; E-A-R, Cabot Labs div; Goshen General Hospital; Ingall's; Mercy College; Ringling Bros. Barnum & Bailey; Sleepy Hollow Restorations. It lost: Abu-Garcia; Control Resource; Geocel; Hacienda; Pepe Co.; Walker Downriggers.

Billings breakdown by media: Newspapers 4.4%, magazines 47.9%, radio 4.4%, spot tv 8.6%, business papers 26.1%, yellow pages 8.6%.

Top execs: Howard J. Blackwood, president & ceo; Max B. Barrick, exec vp; Stephen Patton, sr vp. Employees: 67 in 3 offices, down from 83 in 2 in 1985.

Phone: (219) 293-5621. ☑

Kaprielian O'Leary Advertising, New York, reported gross income of $1,612,500 in 1986 on billings of $10,630,450. In 1985, it reported gross income of $1,625,000 on billings of $10,700,000.

The agency's 1986 U.S. volume consisted of $7,775,000 in media, $1,955,000 in materials and services and $900,450 in capitalized fees. Its 1985 U.S. volume consisted of $10,000,000 in media, $700,000 in materials and services.

In 1986, the agency gained: Paradise Island Tourism Development Assn.; Piedmont Industries, Kaynee Shirts, Eagle Shirts.

Billings breakdown by media: Newspapers 22%, magazines 34%, radio 7%, spot tv 20%, cable tv 3%, outdoor 3%, transit 2%, point of sale 5%, direct mail 3%, direct response magazines 1%.

Top execs: Walter Kaprielian, chmn, creative dir; Alice O'Leary, president, ceo; Andrew Frothingham, sr vp. Employees: 19.

Phone: (212) 580-9494. ☑

Karsh & Hagan, Englewood, Colo., reported gross income of $8,677,909 in 1986 on billings of $24,382,793. In 1985, it reported gross income of $2,412,592 on billings of $20,022,824.

The agency's 1986 U.S. volume consisted of $8,677,909 in media, $4,122,036 in materials and services and $10,984,349 in capitalized fees. Its 1985 U.S. volume consisted of $5,391,121 in media, $3,647,354 in materials and services and $10,984,349 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Karsh & Hagan Public Relations.

In 1986, Karsh & Hagan gained: Whirlpool Kitchens, cabinets; Great West Life; Porter Memorial Hospital, health care. It lost: Grupe Development Co.

Billings breakdown by media: Newspapers 26.5%, magazines 2.9%, radio 15.3%, spot tv 53.7%, outdoor 1.6%,.

Top execs: Philip H. Karsh, Thomas P. Hagan, co-chmns; P.L. Marranzino, Jr., president; Phillip S. Wood, exec vp; Joan R. Hawley, vp-finance, treasurer. Employees: 52.

Phone: (303) 770-8088.

Kaufman Goldman Stral, Chicago, reported gross income of $659,777 in 1986 on billings of $3,693,614. In 1985, it reported gross income of $662,602 on billings of $3,963,596.

The agency's 1986 U.S. volume consisted of $1,465,664 in media, $616,138 in materials and services and $1,611,812 in capitalized fees. Its 1985 U.S. volume consisted of $1,517,157 in media, $785,756 in materials and services and $1,660,683 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Market Communication Associates, pr.

In 1986, the agency gained: Progressive Computing; Harris Publishing.

The agency's 1986 U.S. billings were all in business papers.

Top execs: Harold M. Stral, chmn; Laurence Kaufman, president; Morrie Goldman, vp, treasurer; Lee Stral, vp, secretary. Employees: 22.

Phone: (312) 944-0300. ☑

Henry J. Kaufman & Associates, Washington, reported gross income of $5,100,000 in 1986 on billings of $24,000,000. The agency did not report figures for 1985.

The agency did not break out billings or provide a breakdown of media.

Included in the agency's figures were returns from subsidiaries:

- Market Research Bureau
- Kaufman Public Relations
- Creative Directions

In 1986, the agency gained: American Automobile Assn.; International Apple Institute; National Satellite Paging; National Dairy Board; U.S. Departmemnt of State; Rodime.

Top exec: Michael Carberry, president. Employees: 72.

Phone: (202) 333-2700.

Kaufman & Maraffi, New York, reported gross income of $1,100,000 in 1986 on billings of $13,215,620. In 1985, it reported gross income of $1,093,100 on billings of $12,867,000.

The agency's 1986 U.S. volume consisted of $10,100,000 in media, $1,875,000 in materials and services and $1,240,620 in capitalized fees. Its 1985 U.S. volume consisted of $10,100,000 in media, $2,100,000 in materials and services and $667,000 in capitalized fees.

In 1986, the agency gained: Waldorf-Astoria Hotel; Johnson Geneva Corp., showboat; Hotel and Casino, Atlantic City.

Billings breakdown by media: Newspapers 41%, magazines 25%, supplements 5%, radio 15%, spot tv 10%, outdoor 2%, business papers 2%.

Top execs: Jack Kaufman, chmn; Jack Maraffi, president; Caryl Rogers, secretary; Mort Yunger, Rick Del Rossi, Claire Mangers, Cathy Connors, vps. Employees: 22.

Phone: (212) 867-0670.

Keller Haver, New York, reported gross income of $340,000 in 1986 on billings of $2,100,000. In 1985, it reported gross income of $360,000 on billings of $2,300,000.

The agency's 1986 U.S. volume consisted of $1,700,000 in media and $400,000 in materials and services. Its 1985 U.S. volume consisted of $1,950,000 in media and $350,000 in materials and services.

Billings breakdown: Newspapers 15%, magazines 10%, radio 2.5%, spot tv 5%, outdoor 15%, farm publications 2.5%, transit 30%, point of sale 10%, catalogs 10%.

Top exec: Joe Keller. Employees: 6.

Phone: (212) 867-9494.

Kerker & Associates, Minneapolis, reported gross income of $3,626,143 in 1986 on billings of $24,285,963. In 1985, it reported gross income of $3,072,272 on billings of $20,575,244.

The agency's 1986 U.S. volume consisted of $12,770,091 in media, $2,681,471 in materials and services and $8,834,401 in capitalized fees. Its 1985 U.S. volume consisted of $9,437,745 in media, $2,636,678 in materials and services and $8,500,821 in capitalized fees.

In 1986, the agency gained: Deli-Express; Hennepin Faculty Associates; Minnesota North Stars; Minnesota Valley Engineering; Minnwest Banks; Vollrath Refrigeration. It lost: Brutger Hospitality Group; Lyon Foods; Despatch Industries.

The agency did not include a billings breakdown.

Top execs: Douglas A. Freeman, chmn; Charles C. Wanous, president; Robert E. Marlow, ceo; Charles H. Kelly, vp. Employees: 45.

Phone: (612) 835-7922. ☑

Keroff & Rosenberg Advertising, Chicago, reported gross income of $2,775,000 in 1986 on billings of $18,504,015. In 1985, it reported gross income of $2,244,958 on billings of $14,973,869.

The agency's 1986 U.S. volume consisted of $10,079,370 in media, $1,803,876 in materials and services and $6,620,769 in capitalized fees. Its 1985 U.S. volume consisted of $7,513,129 in media, $1,563,209 in materials and services and $5,897,531 in capitalized fees.

In 1986, the agency gained: Arlington Park Racetrack, Ltd. It lost: Azteca Tortillas.

Billings breakdown by media: Newspapers 20%, magazines 6.7%, radio 16.7%, spot tv 20%, cable tv 3.3%, outdoor 6.7%, business papers 6.7%, point of sale 3.2%, direct mail 16.7%.

Top execs: William B. Keroff, president; Charles I. Rosenberg, exec vp. Employees: 40.

Phone: (314) 321-9000. ☑

Kort Advertising, Fort Lauderdale, Fla., reported gross income of $2,826,000, of which $2,511,000 was non-U.S. contributions, in 1986 on billings of $19,341,000, of which $16,823,250 was non-U.S. contributions. In 1985, it reported gross income of $2,641,000, of which $2,400,000 was non-U.S. contributions, on billings of $18,200,000, of which $16,560,855 was non-U.S. contributions.

The agency's 1986 U.S. volume consisted of $1,893,000 in media, $458,000 in materials and services and $166,750 in capitalized fees. Its 1985 U.S. volume consisted of $925,000 in media, $424,000 in materials and services and $290,145 in capitalized fees.

In 1986, the agency gained: Nutri/System of Florida, weight loss prods; Pasta Fasta, pizza chain; Spirits Inc., liquor, wine stores. It lost: Best Wishes Card Shoppes, gift shop chain; Workers Compensation Board, govt svc.

Billings breakdown by media: Newspapers 55%, magazines 0.5%, radio 18%, spot tv 3%, outdoor 0.5%, point of sale 23%'

Top execs: Norman Kert, president; Les Hill, vp. Employees: 51 in 4 offices.

Phone: (305) 971-4646. ☑

Keye/Donna/Pearlstein, Los Angeles, reported gross income of $9,488,939 in 1986 on billings of $63,291,223. In 1985, it reported gross income of $8,184,207 on billings of $54,588,661.

The agency's 1986 U.S. volume consisted of $52,550,262 in media, $6,060,569 in materials and services and $4,680,392 in capitalized fees. Its 1985 U.S. volume consisted of $44,513,239 in media, $5,867,192 in materials and services and $4,208,230 in capitalized fees.

In 1986, the agency gained: Jerseymaid Milk Products Co.; Pavilions, supermarkets; Suzuki Dealers Assns. in Colorado, Texas and the Northeast.

Billings breakdown by media: Newspapers 6%, magazines 33%, radio 4%, network tv 5%, spot tv 46%, outdoor 6%.

Top execs: Leonard Pearlstein, president & ceo; Paul Keye, chmn, creative dir; Mario Donna, principal; William J. Bragg, exec vp. Employees: 103 in 3 offices.

Phone: (213) 477-0061. ☑

Keye Advertising, Brooklyn, N.Y., reported gross income of $684,191 in 1986 on billings of $6,394,307. In 1985, it reported gross income of $682,140 on billings of $6,255,224.

The agency did not report a billings breakout.

Billings breakdown by media: Direct mail 26%; direct response tv 8%, direct response newspapers and magazines 66%.

Top execs: Murray Schechter, president & ceo; David Corbin, exec vp. Employees: 6.

Phone: (718) 339-9048. ☑

Keyes Martin Gaby Linett, Springfield, N.J., reported gross income of $8,215,000 in 1986 on billings of $53,000,000. In 1985, it reported gross income of $7,350,000 on billings of $45,900,000.

The agency, known only as Keyes Martin until Nov. 1, 1986, added

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Top 10 agencies in outdoor billings

Rank	Agency	Outdoor billings 1986	Outdoor billings 1985	U.S. billings 1986	U.S. billings 1985
1	Leo Burnett	$97.8	$82.8	$1,361.6	$1,269.9
2	William Esty Advertising Co.	51.0	61.2	510.0	510.0
3	Ogilvy & Mather Worldwide	39.0	35.0	1,425.3	1,420.4
4	Foote, Cone & Belding Communications	34.0	10.0	1,616.7	1,430.7
5	Wells, Rich, Greene	33.3	38.9	665.2	648.1
6	Ally Gargano/MCA Advertising	28.0	26.1	296.1	330.0
7	D'Arcy Masius Benton & Bowles	24.3	25.4	1,217.2	1,268.1
8	DDB Needham Worldwide	21.9	23.7	1,613.7	1,682.5
9	J. Walter Thompson Co.	20.9	17.8	1,732.1	1,672.9
10	Bozell, Jacobs, Kenyon & Eckhardt	20.3	12.4	1,125.0	1,030.0

NOTES: Dollars in millions.
Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media.

Gaby and Linett to the title to reflect both an ownership and management change. Daniel M. Gaby purchased the agency from Martin Steinhardt in late 1986 and became chairman, moving up from president. Caryl Linett, creative director for a number of years, moved up to president.

The agency's 1986 U.S. volume consisted of $16,400,000 in media, $4,100,000 in materials and services and $32,500,000 in capitalized fees. Its 1985 U.S. volume consisted of $12,700,000 in media, $3,200,000 in materials and services and $30,000,000 in capitalized fees.

In 1986, the agency gained: Citicorp; Brazil Contempo Furniture; National Patent Dental Products; Mortco Mortgage; Atlantic Insurance; Joseph Cory; First Jersey National/South; Films for the Humanities; Channel Club; DKM Properties; Energy Marketing Exchange; Matterhorn Hotel & Conference Center; Prudential/Karli. It lost: American Woman Figure Salons; Kaufelt's Fancy Groceries.

Billings breakdown by media: Newspapers 22%, magazines 11%, radio 12%, spot tv 12%, outdoor 10%, business papers 14%, point of sale 1%, direct response magazines 3%, free-standing inserts 9%.

Top execs: Daniel M. Gaby, chmn; Caryl Linett, president, creative dir; Jack Tucker, president-Keyes Martin Public Relations; Linda Mezo, exec vp, dir-acct svcs; Samuel J. Harrison, sr vp, dir-business devel; Alfred H. Lies, Harvey Victor, Leonard B. Brown, sr vps. Employees: 100 in 2 offices.

Phone: (201) 376-7300. ☑

Kinzie & Green, Wausau, Wis., reported gross income of $222,610 in 1986 on billings of $1,624,250. In 1985, it reported gross income of $289,598 on billings of $2,309,139.

The agency's 1986 U.S. volume consisted of $761,423 in media, $103,608 in materials and services and $759,219 in capitalized fees. Its 1985 U.S. volume consisted of $985,115 in media, $164,198 in materials and services and $1,159,826 in capitalized fees.

In 1986, the agency gained: Marathon Electric, electric motors; Kid's Korner Pizza; Murray Machinery, paper making machinery; Lionite Hardboard, decorative hardboard; Wausau Metals, aluminum windows. It lost: Floors Unlimited; Tri County State Bank; Norco Windows; Red Car Auto Parts; Marquip.

Billings breakdown by media: Newspapers 14.2%, magazines 20.6%, radio 6.3%, spot tv 7.2%, outdoor 3.6%, business papers 43.4%, yellow pages 4.7%.

Top execs: Kirk E. Howard, president. Employees: 6.

Phone: (715) 845-4251. ☑

Klein/Richardson, Beverly Hills, Calif., reported gross income of $728,100 in 1986 on billings of $4,856,427. In 1985, it reported gross income of $565,300 on billings of $3,770,600.

In 1986, the agency gained: Akai America; Hoag Hospital; Hospital Cost Consultants; Natural Nectar. It lost: Golden State Sanwa Bank; Reading Game; Los Angeles Hilton.

Billings breakdown by media: Newspapers 29%, magazines 9%, medical journals 2%, radio 32%, spot tv 9%, outdoor 4%, business papers 3%, point of sale 6%, direct mail 6%.

Top execs: Niel K. Klein, president, creative dir; Glenn W. Richardson, exec vp, acct scvs dir. Employees: 13.

Phone: (213) 652-4450.

Klemtner Advertising, New York, reported gross income of $8,600,000 in 1986 on billings of $60,000,000. In 1985, it reported gross income of $4,800,000 on billings of $47,000,000. Klemtner is part of Saatchi & Saatchi Compton Worldwide.

The agency's 1986 U.S. volume consisted of $8,350,000 in media, $5,500,000 in materials and services and $46,150,000 in capitalized fees. Its 1985 U.S. volume consisted of $4,800,000 in media, $3,150,000 in materials and services and $39,050,000 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:

- Comtact Corp., audiovisuals
- Medical Service Projects

In 1986, the agency gained: McNeil Labs, Medipren, new prods; Cyanamid, Felbinac; Procter & Gamble, Folger's; Rorer, Inc., Nitrolingual; Rorer International, new prod; Lupus Research Institute, Premarin, Ayerst. It lost: Baxter Travenol.

Billings breakdown by media: Magazines 3.9%, medical journals 64.2%, network tv 15.7%, cable tv 2.8%, direct mail 13.4%, collateral 16.1%.

Top execs: Albert P. Molinaro Jr., president & ceo; Gavin A. Scotti, R. Jay Conlan, Sander Flaum, exec vps; Robert Brilliant, David Best, Roger Musich, George Constantinoff, Robert Levine, Ray Dutch, E. Chris Woodbury, Joe Noel, exec vps. Employees: 102.

Phone: (212) 350-0400. ☑

Knudsen Moore Schropfer, Stamford, Conn., reported gross income of $2,050,000 in 1986 on billings of $14,800,00. In 1985, it reported gross income of $2,050,000 on billings of $14,800,000.

The agency's 1986 U.S. volume consisted of $10,500,000 in media, $2,100,000 in materials and services and $2,200,000 in capitalized fees. Its 1985 U.S. volume consisted of $10,000,000 in media, $2,600,000 in materials and services and $2,200,000 in capitalized fees.

In 1986, the agency gained: World Wrestling Federation; King Oscar Foods; McKleans. It lost: Mexican Foods of America.

Billings breakdown by media: Newspapers 6%, magazines 18%, radio 6%, spot tv 64%, business papers 6%.

Top execs: David W. Schropfer, president; Joseph A. DelGaldo, exec vp; William K. Hoag, sr vp, media dir; Harry Matthei, sr vp, creative dir; C. Chandler Pohl, sr vp; Gerry Fox, vp. Employees: 30.

Phone: (203) 967-7200.

Kocs, Wesson & Associates, Elm Grove, Wis., reported gross income of $435,000 in 1986 on billings of $2,900,000. In 1985, it reported gross income of $465,000 on billings of $3,100,000.

The agency's 1986 U.S. volume consisted of $200,000 in media, $75,000 in materials and services and $2,625,000 in capitalized fees. Its 1985 U.S. volume consisted of $375,000 in media, $100,000 in materials and services and $2,625,000 in capitalized fees.

In 1986, the agency gained: Gordon Flesch Co., office equiment; Carley Management, commercial property; Kartes Video; Security Health Plan. It lost: Fiserv, data processing; Hall Chevrolet; ADE, protective pkg.

Billings breakdown by media: Newspapers 7.4%, magazines 6.0%, radio 9.8%, spot tv 4%, business papers 30.9%, point of sale 2.9%, direct mail 3.8%; catalogs 16.9%, pr 18.3%.

Top execs: Warren R. Eulgen, president, acct super; Dennis W. Kocs, vp, art dir; Phil H. Wesson, vp, producer. Employees: 6.

Phone: (414) 786-6624. ☑

Kolon, Bittker & Desmond, Troy, Mich., reported gross income of $2,900,000 in 1986 on billings of $23,000,000. In 1985, it reported gross income of $2,500,000 on billings of $17,035,000.

The agency's 1986 U.S. volume consisted of $12,000,000 in media, $3,000,000 in materials and services and $8,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $11,000,000 in media, $2,700,000 in materials and services and $3,335,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Heritage Graphic Services.

In 1986, the agency gained: Crain Communications, sales promotion; Four Seasons Formal Wear; Hyatt Regency, Dearborn, special projects; The Vertical Club, N.Y.C.; Van Horn's, Inc., men's wear chain; Automotive Powerboat Assn., sports mktg; Michigan Retailers Assn. It lost: Westin Hotel, Detroit.

Billings breakdown by media: Newspapers 20%, magazines 4%, radio 15%, spot tv 35%, outdoor 4%, business papers 5%, point of sale 5%, direct mail 10%, other 5%.

Top execs: John S. Kolon, president; Joseph J. Bittker, chmn; Phillip L. Bittker, vice chmn. Employees: 50.

Phone: (313) 524-2500.

Kopf & Isaacson Advertising, Melville, N.Y., reported gross income of $705,000 in 1986 on billings of $5,053,420. In 1985, it reported gross income of $580,000 on billings of $4,226,740.

The agency's 1986 U.S. volume consisted of $2,930,000 in media, $1,950,000 in materials and services and $173,420 in capitalized fees. Its 1985 U.S. volume consisted of $2,460,000 in media, $1,620,000 in materials and services and $146,740 in capitalized fees.

In 1986, the agency gained: Beacon Federal Savings Bank; General Instruments, Power Semiconductor Division; Leviton Telecom Products. It lost: Patient Technology.

Billings breakdown by media: Newspapers 5%, magazines 75%, business papers 15%, direct mail 2%, other 3%.

Top execs: Andrew Isaacson, president; Ken Kopf, secretary, treasurer. Employees: 16.

Phone: (516) 293-6115. ☑

Korey, Kay & Partners, New York, reported gross income of $3,306,025 in 1986 on billings of $25,604,191. In 1985, it reported gross income of $2,675,090 on billings of $17,554,422.

The agency's 1986 U.S. volume consisted of $15,639,017 in media, $1,716,578 in materials and services and $8,248,596 in capitalized fees. Its 1985 U.S. volume consisted of $7,838,907 in media, $1,605,082 in materials and services and $8,110,433 in capitalized fees.

In 1986, the agency gained: Almay cosmetics; Hospital Corp. of America; Members Only apparel and other fine prods; Savin copiers; Tri-Honda dealerships. It lost: El-Al Israel Airlines, corp.

Billings breakdown by media: Newspapers 8%, magazines 19%, radio 3%, spot tv 65%, outdoor 5%.

Top execs: Allen Kay, chmn; Lois Korey, president. Employees: 41, up from 28 in 1985.

Phone: (212) 620-4300. ☑

Kresser, Craig/D.I.K., Los Angeles, reported gross income of $6,000,000 in 1986 on billings of $40,000,000. In 1985, the agency reported gross income of $2,925,000 on billings of $19,500,000.

The agency's 1986 U.S. volume consisted of $33,500,000 in media, $5,200,000 in materials and services and $1,300,000 in capitalized fees. Its 1985 U.S. volume consisted of $15,100,000 in media, $2,800,000 in materials and services and $1,300,000 in capitalized fees.

Figures do not include those of its research subsidiary, L&J Research.

In 1986, the agency gained: Kenwood Electronics; Pacific Basin; Restaurant Concepts. It lost: Alpine.

Billings breakdown by media: Newspapers 5%, magazines 12%, radio 10%, network tv 8%, spot tv 60%, outdoor 5%.

Top execs: Robert Kresser, chmn; Jean Craig, president, creative dir; Paul Anton, exec vp, dir-mktg; Ron Goodwin, exec vp, co-creative dir; Yushi Ebihara, exec vp. Employees: 70, up from 55 in 1985.

Phone: (213) 553-8254. ☑

Krupp/TaylorUSA, had estimated gross income of $9,720,000 in 1986 on billings of $64,810,000. In 1985, it had estimated gross income of $7,561,000 on billings of $50,404,000.

The agency's 1986 U.S. volume consisted of $46,574,000 in media and $18,236,000 in capitalized fees. Its 1985 U.S. volume consisted of $48,404,000 in media and $2,000,000 in capitalized fees.

In 1986, the agency gained: Home Shopping Network; Pritikin Diet Centers; America West Airlines; GT Global. It lost: GTE Sprint.

Billings breakdown by media: Direct mail 90%, direct response newspapers 4%, direct response magazines 4%, telemarketing 2%.

Top execs: Robert W. Buckingham, president; Murray R. Bowes, Norton Weinstein, exec vp; Robert G. Schiesser Jr., vp, cfo; Richard Brickner, sr vp, creative dir; Derrik Van Nimwegen, sr vp-business devel. Employees: 321 in 9 offices.

Phone: (213) 306-3646. ☑

KSK Communications Ltd., McLean, Va., reported gross income of $1,440,399 in 1986 on billings of $9,134,299. In 1985, it reported gross income of $1,202,510 on billings of $8,083,450.

The agency's 1986 U.S. volume consisted of $1,755,814 in media, $1,275,889 in materials and services and $6,102,596 in capitalized fees. Its 1985 U.S. volume consisted of $1,436,533 in media, $1,801,649 in materials and services and $4,845,248 in capitalized fees.

In 1986, the agency gained: Mead Imaging; Atlantic Research Corp; Area Network Products; SCOPE, Inc.; ARIES Group; Bancshares 2000; EDS, P&C group; Friedman & Fuller Group; HCI; Washington International Teleport.

The agency lost: M.D-IPA; TRT Telecommunications; GTE Spacenet Corp.

Billings breakdown by media: Newspapers 24.6%, magazines 33.9%, radio 6.1%, spot tv 9.6%, outdoor 1.2%, business papers 22.5%, transit 2.1%.

Top execs: Karen S. Kennedy, president; Carole M. Bowns, exec vp. Employees: 27.

Phone: (703) 734-1880. ☑

Lally, McFarland & Pantello, New York, reported gross income of $9,685,826 in 1986 on billings of $43,260,861. In 1985, it reported gross income of $8,930,200 on billings of $34,535,619.

The agency's 1986 U.S. volume consisted of $3,764,303 in media and $39,496,558 in capitalized fees. Its 1985 U.S. volume consisted of $4,414,253 in media, and $30,121,366 in capitalized fees.

In 1986, the agency gained: American Home Products, Ayerst Laboratories div, Inderal prods; Procter & Gamble, Richardson-Vick's div, Chloraseptic; Bristol-Myers, Xomed div, Audiant. It lost: G.D. Searle & Co., Cytotec.

Overseas the agency gained: Ayerst Laboratories, Inderal, Canada.

Billings breakdown by media: Medical journals 13.1%, direct mail 86.9%.

Top execs: Ronald G. Pantello, president; John M. Lally, creative dir-copy; James R. McFarland, creative dir. Employees: 70 in 2 offices.

Phone: (212) 532-1000. ☑

Hal Langerman Co., Center Square, Pa., reported gross income of $1,245,815 in 1986 on billings of $6,744,666. In 1985, it reported gross income of $1,083,317 on billings of $5,864,924.

The agency's 1986 U.S. volume consisted of $276,000 in materials and services and $6,468,666 in capitalized fees. Its 1985 U.S. volume consisted of $240,000 in materials and services and $5,864,924 in capitalized fees.

In 1986, the agency gained: The Travelers; Monumental General Insurance; AIG Life; National Liberty Marketing; First Pennsylvania Bank. Billings breakdown by media: Direct mail 60%, direct response tv 10%, direct response newspapers 10%, direct response magazines 10%, free-standing inserts 10%.

Top execs: Hal Langerman, president; Doris Tustin, mng partner. Employees: 8.

Phone: (215) 275-1901.

Lardis, McCurdy & Co., Meriden, Conn., reported gross income of $570,000 in 1986 on billings of $3,392,000. In 1985, it reported gross income of $1,327,000 on billings of $3,496,000.

The agency's 1986 U.S. volume consisted of $1,470,000 in media, $1,055,000 in materials and services and $867,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,327,000 in media, $1,315,000 in materials and services and $854,000 in capitalized fees.

In 1986 the agency gained: Dataproducts New England. It lost: None.

Billings breakdown by media: Newspapers 16.4%, magazines 3.5%, radio 4.1%, outdoor 3.8%, business papers 33.9%, point of sale 14.2%, yellow pages 7.4%, catalogs 10.8%, free-standing inserts 5.9%.

Top execs: John S. McCurdy, president; Jack A. Lardis, exec vp. Employees: 12.

Phone: (203) 235-7040. ☑

Larwin/Livers Associated, Huntingdon Valley, Pa., reported gross income of $1,200,000 in 1986 on billings of $9,230,000. In 1985, it reported gross income of $1,235,000 on billings of $9,500,000.

The agency's 1986 U.S. volume consisted of $1,590,350 in media, $1,003,000 in materials and services and $6,636,650 in capitalized fees. Its 1985 U.S. volume consisted of $1,659,062 in media, $1,106,037 in materials and services and $6,734,899 in capitalized fees.

In 1986, the agency gained: EM Science, div of EM Industries; Henry Mann, Inc., electronic mfg equipment; First Pennsylvania Bank. It lost: J.T. Stimy, Inc., electronic assembly systems; Quad Systems, electronic assembly equipment; R.F. Products, defense electronic equipment; Static, control prods; Automated Production Systems.

Billings breakdown by media: Newspapers 1.2%, business papers 50%, point of sale 1.3%, direct mail 21.3%, catalogs 26.2%.

Top execs: Stephen S. Livers, president. Employees: 20.

Phone: (215) 938-0400. ☑

Lauerer Markin Gibbs, Maumee, Ohio, reported gross income of $7,235,930 in 1986 on billings of $23,055,496. In 1985, it reported gross income of $6,307,371 on billings of $16,760,123.

The agency's 1986 U.S. volume consisted of $2,499,138 in media, $1,945,268 in materials and services and $18,611,090 in capitalized fees. Its 1985 U.S. volume consisted of

$1,832,700 in media, $1,745,736 in materials and services and $13,181,687 in capitalized fees.

Included in the agencies figures were returns from subsidiary, Flournoy & Gibbs, pr.

In 1986, the agency gained: Norteck Co., Universal Rundle Corp., plumbing fixtures; Crestline, windows and patio doors; AIMCOR, minerals processor; Champion Aviation Products; Imperial Cup, vending cups and foodservice prods. It lost: Therma-Tru Products, entry doors.

Billings breakdown by media: Newspapers 3.3%, magazines 25.5%, radio 11%, spot tv 16.7%, cable tv 5.6%, outdoor 2.2%, point of sale 5.6%, yellow pages 2.2%, direct mail 5.6%, catalogs 16.7, free-standing inserts 5.6%.

Top execs: Kenneth G. Lauerer, sr partner-acct services; G. Edward Gibbs, sr partner-creative services; William R. Markin, sr partner-mktg services. Employees: 72.

Phone: (419) 893-2500. ☑

Launey, Hachmann & Harris, New York, reported gross income of $2,311,550 in 1986 on billings of $15,413,000. In 1985, it reported gross income of $2,268,000 on billings of $15,124,000.

The agency's 1986 U.S. volume consisted of $8,642,000 in media, $1,295,000 in materials and services and $5,476,000 in capitalized fees. Its 1985 U.S. volume consisted of $8,365,000 in media, $1,236,000 in materials and services and $5,523,000 in capitalized fees.

Billings breakdown by media: Newspapers 5%, magazines 31%, supplements 6%, radio 8%, spot tv 10%, outdoor 1%, business papers 20%, point of sale 1%, direct mail 9%, direct response magazines 8%, telemarketing 1%.

Top execs: Robert E. Launey, president; Henry Hachmann, vp, creative dir; Deborah D. Fineout, vp-acct scv; Joesph Harris, vp, media planner. Employees: 16.

Phone: (212) 679-1702.

Martin A. Lave Marketing, Indianapolis, had estimated gross income of $591,000 in 1986 on billings of $3,868,339. In 1985, it had estimated gross income of $559,000 on billings of $3,638,294.

The agency's 1986 U.S. volume consisted of $3,210,927 in media, $416,312 in materials and services and $241,100 in capitalized fees. Its 1985 U.S. volume consisted of $2,350,650 in media, $509,782 in materials and services and $777,862 in capitalized fees.

In 1986, the agency gained: Tremco, B.F. Goodrich div, mobile home roofs; First National Bank; University Ford; Globe Business College. It lost: None.

Billings breakdown by media: Newspapers 7.3%, magazines 3.5%, radio 6%, spot tv 9.9%, cable tv 1.5%, outdoor 1%, business papers 1%, point of sale 2.5%, direct mail 8%, catalogs 0.5%, direct response tv 50.1%, direct response newspapers 6.7%, direct response magazines 1%, telemarketing 1%.

Top exec: Martin A Lave, president. Employees: 15.

Phone: (317) 872-0971. ☑

Laven, Fuller & Perkins Advertising/Marketing, Chicago, reported gross income of $1,350,902 in 1986 on billings of $7,505,010. In 1985, it reported gross income of $1,218,244 on billings of $6,585,000.

The agency's 1986 U.S. volume consisted of $5,547,300 in media, $203,500 in materials and services and $1,754,210 in capitalized fees. Its 1985 U.S. volume consisted of $5,218,500 in media, $186,000, in materials and services and $1,180,600 in capitalized fees.

Included in the agencies figures were returns from offices in Orlando, Fla., and New York. The agency did not consolidate subsidiary, Cosmotops.

In 1986, the agency gained: Fountain Park Hotel; Sarasota Memorial Hospital; El Poco Loco Restaurants; Action Threaded Products; Melvin Simon & Associates; Restaurant Raffael; Sea World, Orlando; Tenneco Automotive; Trident Marina. It lost: United Stationers; Wm. P. Northey Co.; Majers Corp.; Active Tire Stores; Auxton Computer Enterprises.

Billings breakdown by media: Newspapers 81%, magazines 1.6%, medical journals 2.1%, supplements 0.4%, radio 2%, spot tv 2.6%, cable tv 1.3%, business papers 3%, direct mail 1%; catalogs 2%; direct response newspapers 1%; free-standing inserts 2%.

Top execs: James P. Perkins, president, creative dir; Mary Anne Miller, exec vp, secretary; John P. Fox, sr vp, treasurer; Don W. Bonesteel, exec vp-southeast region; Karen Hirsh, sr vp-client svc. Employees: 24 in 3 offices.

Phone: (312) 440-1818. ☑

Lavey/Wolff/Swift, New York, reported gross income of $8,949,709 in 1986 on billings of $59,695,000. In 1985, it reported gross income of $8,540,000 on billings of $56,962,000. Billings were capitalized fees for both years. LWS is an Omnicom agency.

Included in the agency's figures were returns from subsidiaries:

- Health Education Technologies
- PRISM International, pr

In 1986, the agency gained: Support Systems International; Becton-Dickinson; SmithKline consumer; Organon; Alcon-Medical; Ultrasonics. It lost: None.

Overseas the agency gained: Rousel, Paris; Ciba-Geigy, Ireland. It lost: None.

Billings breakdown by media: Magazines 5%, medical journals 50%, network tv 2%, point of sale 5%, other 38%.

Top execs: John F. Swift, president & ceo; Kenneth H. Lavey, chmn, creative dir; Charles A. Rockefeller, exec vp; Al Gerstein, sr vp, assoc creative dir; Ronald J. Furedi, Jeremy S. Lee, Robert P. Smith, sr vps, acct group supers. Employees: 112 in 5 offices.

Phone: (212) 593-3630. ☑

Lawler Ballard Advertising, Norfolk, Va., reported gross income of $7,710,000 in 1986 on billings of $51,425,000. In 1985, it reported gross income of $7,503,000 on billings of $50,045,000.

The agency did not break out billings, which included contributions from its five offices in Norfolk, Va., Kalamazoo, Mich., Richmond, Va., Birmingham, Ala., and Cincinnati.

In 1986, the agency gained: Community Hospitals Indianapolis; Columbia Presbyterian Medical Center; Marshall Durbin Cos., poultry producer; Glaval, recreational vehicles; *Virginia-Pilot/Ledger-Star*, Norfolk; Riviera Cabinets; United Dairy Farmers; Coburn Clinic. It lost: Travelmaster Motorhomes; Onduline; This End Up Furniture; Woodlake Development Corp.

Billings breakdown by media: Newspapers 34%, magazines 5%, medical journals 1%, radio 19%, spot tv 32%, outdoor 6%, business papers 3%.

Top execs: B.R. Lawler, chmn; J. Daniel Ballard, president; William H. Pritchett Jr., exec vp. Employees: 142 in 5 offices.

Phone: (804) 627-0261. ☑

Lempert Co., Belleville, N.J., reported gross income of $2,935,000 in 1986 on billings of $20,669,350. In 1985, it reported gross income of $2,100,000 on billings of $16,500,000.

The agency's 1986 U.S. volume consisted of $11,800,000 in media, $3,500,000 in materials and services and $5,369,350 in capitalized fees. Its 1985 U.S. volume consisted of $9,200,000 in media, $4,100,000 in materials and services and $3,200,000 in capitalized fees.

In 1986, the agency gained: International Dairy Deli Assn., New England Dairy Deli Assn., Tuscan Farms, Lyons Tea. It lost: Marielle Foods, J&J Snack Foods.

Billings breakdown by media: Newspapers 7%, magazines 15%, radio 20%, spot tv 35%, point of sale 3%, telemarketing 20%.

Top execs: Philip Lempert, president, creative dir; Richard Friedel, exec vp; William X. Beadle, cfo. Employees: 35.

Phone: (201) 759-2900. ☑

Leonard Monahan Saabye, Providence, R.I. reported gross income of $3,272,000 in 1986 on billings of $21,824,000. In 1985, it reported gross income of $2,850,000 on billings of $19,000,000.

The agency's 1986 U.S. volume consisted of $2,500,000 in media, $1,764,000 in materials and services and $17,560,000 in capitalized fees. Its 1985 U.S. volume consisted of $4,438,000 in media, $2,590,000 in materials and services and $11,972,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, LMS/Barrett Public Relations.

In 1986, the agency gained: Etonic, athletic and golf shoes; Lotus, software; Abu Garcia, fishing tackle; American Tourister, luggage; Spalding, golf clubs; Codex, networking equipment; Interactive Data, software; Livewire, electronic yellow pages; Vermont Castings, wood stoves; Wang DVX, voice mail network, service emergency backup. It lost: Commonwealth Cadillac Dealers; Bill Rodgers & Co., running clothes; Blue Cross/Blue Shield of R.I.; Gilbane Properties, Fleet Center Leasing; N.E. Cable Marketing Coop, cable systems operators; Wright Line Mfg. Co.; Providence Gravure.

Billings breakdown by media: Newspapers 20%, magazines 24%, radio 12%, network tv 4%, spot tv 20%, cable tv 1%, outdoor 0.5%, business papers 18.5%.

Top execs: Bruce N. Leonard, president; Thomas J. Monahan, Robert H. Saabye, Terrance K. O'Leary, exec vps; Roni Jordan, vp, media dir; Catherine Ottaviano, Linda Ahearn, vps. Employees: 54.

Phone: (401) 277-9020. ☑

S. R. Leon Co., Great Neck, N.Y., reported gross income of $4,200,000 in 1986 on billings of $29,108,000. In 1985, it reported gross income of $3,720,000 on billings of $25,780,000.

The agency's 1986 U.S. volume consisted of $24,600,000 in media, $500,000 in materials and services and $4,008,000 in capitalized fees. Its 1985 U.S. volume consisted of $21,800,000 in media, $450,000 in materials and services and $3,530,000 in capitalized fees.

Included in the agencies figures were returns from subsidiaries:

- Tomlin Enterprises, direct mail
- Leon Media, media buying
- Cloud Nine Productions, tv production
- Apothecus, Inc., healthcare div.

In 1986, the agency gained: Airwick Corp., special projects; Charles of the Ritz, direct response tv for Bain De Soleil, new prods; Purdue Frederick, Fibermed, Senokot, Betadine; Holiday Inn, direct response for Priority Club; Wella Corp, So Fine Conditioner. It lost: Polaner Jams.

Billings breakdown by media: Newspapers 5%, magazines 12%, supplements 4%, radio 3%, network tv 12%, spot tv 33%, cable tv 21%, direct mail 3%, direct response tv 7%.

Top execs: Thomas Leon, president, creative dir; Max Brookmeyer, exec vp, media dir; Sanford Lunt, exec vp, dir of mktg; John Whitmer, exec vp; Max Firetog, exec vp, art dir; C. John Davis, sr vp-tv production; Dan Leon, sr vp, mgmt acct super. Employees: 28 in 2 offices.

Phone: (516) 487-0500. ☑

Leslie Advertising Agency, Greenville, S.C., reported gross income of $4,081,158 in 1986 on billings of $28,062,622. In 1985, it reported gross income of $4,176,282 on billings of $28,266,141.

The agency's 1986 U.S. volume consisted of $16,410,887 in media, $3,499,788 in materials and services and $8,151,947 in capitalized fees. Its 1985 U.S. volume consisted of $17,049,510 in media, $3,094,372 in materials and services and $8,122,259 in capitalized fees.

In 1986, the agency gained: United Carolina Bank. It lost: Southern Bank and Trust Co., merged with First Union National Bank.

Billings breakdown by media: Newspapers 8.4%, magazines 12.1%, radio 15.7%, spot tv 54.2%, outdoor 1.2%, point of sale 1.2%, direct mail 4.8%, direct response tv 1.2%, direct response magazines 1.2%.

Edwin D. Anderson, president; Eugene McN. Dickson, exec vp; David M. Chesson, Carlos R. Jimenez, sr vps. Employees: 72.

Phone: (803) 271-8340. ☑

Levenson, Levenson & Hill, Irving, Texas, reported gross income of $4,451,754 in 1986 on billings of $38,190,853. In 1985, it reported gross income of $3,534,837 on billings of $29,418,585.

The agency's 1986 U.S. volume consisted of $21,242,237 in media, $5,134,845 in materials and services and $11,813,771 in capitalized fees. Its 1985 U.S. volume consisted of $17,502,099 in media, $1,138,148 in materials and services and $10,778,338 in capitalized fees.

In 1986, the agency gained: Sunworld Airlines; Baylor Health Care Systems; DeLaurentiis Entertainment Group. It lost: Walt Disney Pictures, media & promo.

Billings breakdown by media: Newspapers 25.7%, magazines 2.8%, radio 21.7%, network tv 2.2%, spot tv 37.6%, cable tv 1.8%, outdoor 4.9%, direct mail 0.6%, free-standing inserts 2.7%, prod pr & promo 20.6%.

Top execs: Barbara Levenson, president; Stanley R. Levenson, ceo; William L. Hill, dir; Robert N. McEnany, exec vp-mktg; Gail Moore, sr vp, cfo; Richie Kahn, sr vp, creative dir; Michael Lehman, media dir. Employees: 69.

Phone: (214) 556-0944.

Jack Levy & Associates, Chicago, reported gross income of $3,312,793 in 1986 on billings of $22,085,286. In 1985, it reported gross income of $4,284,592 on billings of $28,563,950.

The agency's 1986 U.S. volume consisted of $13,911,185 in media, $1,872,418 in materials and services and $6,301,683 in capitalized fees. Its 1985 U.S. volume consisted of $15,532,500 in media, $2,060,300 in materials and services and $10,971,150 in capitalized fees.

In 1986, the agency gained: USRobotics; Unionmutual Insurance Co., direct mktg special projects; Sears Communications. It lost: Balmoral Park Race Track; Nikko America; Chicago Bulls; Motorola Communications.

Billings breakdown by media: Newspapers 11%, magazines 20%, radio 15%, spot tv 40%, business papers 4%, direct mail 6%, free-standing inserts 4%.

Top execs: Jack Levy, president; Mark Goldstein, sr vp-operations, media; Richard Stack, sr vp, dir-client svcs; Ward Wixon, sr vp, exec creative dir. Employees: 48.

Phone: (312) 332-7540.

Levy, King & White Cos., Buffalo, N.Y., reported gross income of $6,420,000 in 1986 on billings of $46,800,000. In 1985, it reported gross income of $4,100,000 on billings of $29,501,000.

The agency's 1986 U.S. volume consisted of $21.604,000 in media, $5,600,000 in materials and services and $19,596,000 in capitalized fees. Its 1985 U.S. volume consisted of $16,330,000 in media, $4,500,000 in materials and services and $8,671,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, William Collins Associates, pr, and from Pearson, Thomas/Levy, King & White in West

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Top 10 agencies in direct response billings

Rank	Agency	Direct response billings 1986	Direct response billings 1985	U.S. billings 1986	U.S. billings 1985
1	Ogilvy & Mather Direct Response	$240.0	$200.0	$240.0	$200.0
2	Wunderman Ricotta & Kline	224.7	168.7	224.5	175.7
3	Direct Marketing Group	134.5	101.6	138.7	101.6
4	Telephone Marketing Programs	118.0	99.7	118.0	99.7
5	Foote, Cone & Belding Communications	116.4	88.7	1,616.7	1,430.7
6	MARCOA DR Group	90.7	N/A	110.0	101.0
7	Kobs & Brady Advertising	81.0	52.0	81.0	70.3
8	Ketchum Communications	70.5	61.5	488.5	379.5
9	Krupp/TaylorUSA	67.4	50.4	64.8	50.4
10	Direct Marketing Agency	57.3	60.2	60.4	63.4

NOTES: Dollars in millions. Billings of subsidiaries charted elsewhere in this issue are not included in parent company totals in this chart. Data taken from 473 of 544 agencies reporting billings by media. Direct response includes Yellow Pages, direct mail, catalogs, DR TV, DR radio, DR newspaper, DR magazine, telemarketing and free-standing inserts. See chart on Page 120 for billings totals in these media.

Palm Beach, Fla. In 1986, the agency gained: Pharmacraft, div of Pennwalt; Gioia Pasta; Empire of America Federal Savings Bank; Gallery of Homes; First American Bank of Florida; Fiesco, health care; Hyatt Regency, regional. It lost: Goldome Bank; Barnes Hind, contact solutions; Vivadent Dental Supplies; Pennbank.

Billings breakdown by media: Newspapers 26.1%, magazines 4.8%, supplements 8.9%, radio 19.9%, network tv 15.1%, spot tv 3.8%, cable tv 6%, outdoor 1.3%, business papers 3.1%, point of sale 2.3%, yellow pages 0.2%, direct mail 1.7%, catalogs 0.4%, free-standing inserts 6.4%.

Top execs: Peter King, chmn & ceo; Strattan S. White, president & coo; Michael C. Thomas, president& ceo-Florida; William Collins, president-William Collins Associates; Carmen R. Fasula, sr vp, cfo, treasurer-LKW cos; Ken Dobmeier, sr vp-media, rsch svcs; Robert Travers, sr vp-acct svcs, national; Judi Hojnacki, sr vp-acct svcs, regional; Don Ryan, vp-creative svcs. Employees: 135 in 3 offices.

Phone: (716) 853-6755. ☑

J. H. Lewis Advertising, Mobile, Ala., reported gross income of $1,679,721 in 1986 on billings of $11,848,576. The agency did not report for 1985.

The agency's 1986 U.S. volume consisted of $2,511,529 in media, $715,578 in materials and services and $8,621,869 in capitalized fees.

Billings breakdown by media: Newspapers 24.9%, magazines 20%, radio 19.1%, spot tv 21.6%, outdoor 14.4%.

Top exec: John Lewis, president. Employees: 35.

Phone: (205) 438-2507.

Lieberman-Appalucci, Allentown, Pa., reported gross income of $1,897,602 in 1986 on billings of $13,215,610. In 1985, it reported gross income of $1,649,150 on billings of $11,673,672.

The agency's 1986 U.S. volume consisted of $3,819,290 in media, $1,394,007 in materials and services and $8,002,313 in capitalized fees. Its 1985 U.S. volume consisted of $3,934,179 in media, $1,173,842 in materials and services and $6,565,741 in capitalized fees.

Billings breakdown by media: Newspapers 13%, magazines 30%, radio 9%, spot tv 8%, outdoor 6%, yellow pages 10%, direct mail 24%.

Top execs: George R. Lieberman, chmn; Joseph L. Appalucci, president. Employees: 36.

Phone: (215) 395-7111. ☑

Liggett-Stashower, Cleveland, had estimated gross income of $10,100,000 in 1986 on billings of $65,100,000. In 1985, it had estimated gross income of $9,600,000 on billings of $61,854,000.

The agency's 1986 U.S. volume consisted of $22,676,000 in media, $8,860,000 in materials and services and $33,904,000 in capitalized fees. The agency did not report a billings breakout for 1985.

Liggett-Stashower is a merger Jan. 1, 1987, of Carr Liggett, with 1985 billings of $34,307,127, and Lang, Fisher & Stashower, with 1985 billings $27,546,873. The combination of these Cleveland-based agencies draws its strength from the consumer and retail skills of LF&S and the technical and business-to-business of CL. The agency has foreign offices in London, Toronto, and Zurich, and consolidates Studio Group, an art studio, and Liggett-Stashower in Canada.

In 1986, the agency gained: VME Americas; Instrument Society of America; Thompson, Hine & Flory; Cole-National Vision Care; Red Devil; Carlton Cards, formerly the Drawing Board. It lost: Society Corp.; Euclid Chemical; Sebring Forest Industry.

Overseas it gained: BFGoodrich, Europe, selected prods; Nordson Corp, Europe; Sebring Forest Industry.

Billings breakdown by media: Newspapers 18.3%, magazines 15.7%, radio 25.3%, spot tv 32.3%, outdoor 0.4%, business papers 2.1%, yellow pages 5.9%.

Top execs: David L. Stashower, chmn; Harold A. Shoup, president; John M. Morton, exec vp, secretary; James W. Upson, vp, treasurer; Michael W. Carlton, exec vp, gen mgr; Richard S. Bailys, Thomas S. Case, C. Henry Foltz, Edmund M. Kagy, James H. Liberatore, Terrence J. McGovern, Davis Young, exec vps. Employees: 140.

Phone: (216) 348-8500. ☑

Lipman Advertising Co., New York, reported gross income of $1,924,525 in 1986 on billings of $14,324,048. In 1985, it reported gross income of $1,347,911 on billings of $10,187,811.

The agency's 1986 U.S. volume consisted of $9,560,868 in media and $4,763,180 in capitalized fees. Its 1985 U.S. volume consisted of $5,428,392 in media and $4,759,419 in capitalized fees.

In 1986, the agency gained: Westin Hotel; Pelican Fashions, div of Gelmart Industries; Bettina Equities Corp.; Comfort Inn Murray Hill; B&L Management, real estate.

Overseas account gained: Royal Classic Hotels, Copenhagen.

Billings breakdown by media: Newspapers 41.9%, magazines 17.5%, radio 7%, spot tv 26.7%, outdoor 3.5%, transit adv 3.5%.

Top exec: Robert S. Lipman, president. Employees: 37.

Phone: (212) 684-1100. ☑

K.I. Lipton Inc., Doylestown, Pa., reported gross income of $787,870 in 1986 on billings of $4,079,902. In 1985, it reported gross income of $655,382 on billings of $3,323,145.

The agency's 1986 U.S. volume consisted of $894,547 in media, $1,145,400 in materials and services and $2,039,955 in capitalized fees. Its 1985 U.S. volume consisted of $700,032 in media, $965,291 in materials and services and $1,657,822 in capitalized fees.

In 1986, the agency gained: Armand Products Co., potassium carbonate.

Billings breakdown by media: Medical journals 50%, business papers 10%, direct mail 40%.

Top exec: Kenneth I. Lipton, president. Employees: 12.

Phone: (215) 345-4525. ☑

Lockhart & Pettus, New York, reported gross income of $1,694,000 in 1986 on billings of $11,293,000. In 1985, it reported gross income of $1,650,000 on billings of $11,000,000.

The agency's 1986 U.S. volume consisted of $8,415,000 in media and $2,300,000 in materials and services. Its 1985 U.S. volume consisted of $8,700,000 in media and $2,300,000 in materials and services.

In 1986, the agency gained: Cameo Beauty Products. It lost: Equitable Life Assurance Society of the United States.

Billings breakdown by media: Newspapers 2.3%, magazines 16.5%, radio 33%, network, spot & cable tv 42%, outdoor 6.2%.

Top execs: Keith E. Lockhart, president; Theodore D. Pettus, exec vp. Employees: 25.

Phone: (212) 725-2828. ☑

Loeffler Mountjoy, Charlotte, N.C., reported gross income of $1,388,712 in 1986 on billings of $9,262,709. In 1985, it reported gross income of $1,004,963 on billings of $6,703,000.

The agency's 1986 U.S. volume consisted of $5,288,582 in media, $2,998,478 in materials and services and $975,649 in capitalized fees. The agency did not break out billings for 1985.

In 1986, the agency gained: Chanel 46; Charlotte Economic Development Corp.; First Federal Savings & Loan, Charleston; Folger Buick; Lowes Foods; Orthopaedic Hospital; Paces Communities; Spectrum Glass; Thomasville Furniture Galleries.

Billings breakdown by media: Newspapers 22%, magazines 0.9%, radio 6.8%, spot tv 51.2%, outdoor 0.3%, business papers 15.5%, catalogs 1.8%, free-standing inserts 1.5%.

Top execs: William G. Loeffler, president; James W. Mountjoy, John W. Ketchum, sr vps. Employees: 25.

Phone: (704) 542-8131. ☑

Lois Pitts Gershon Pon/GGK, New York, reported gross income of $8,950,000 in 1986 on billings of $75,000,000. In 1985, it reported gross income of $8,000,000 on billings of $63,000,000.

The agency's 1986 U.S. volume consisted of $66,500,000 in media and $8,500,000 in capitalized fees. Its 1985 U.S. volume consisted of $54,329,000 in media and $8,671,000 in capitalized fees.

In 1986, the agency gained: ABC Sports, Greek National Tourist Organization; International Continental Hotels; *National Enquirer*; Purolator Courier; Actmedia; Trump Castle. It lost: Lafayette Stores; Harrahs Marina Casino; United Technologies; Porsche Design.

Billings breakdown by media: Newspapers 10.5%, magazines 14%, radio 11.3%, network tv 9%, spot tv 40.6%, cable tv 2.6%, outdoor 3%, business papers 2.2%, transit 1.5%, point of sale 2.2%, direct mail 0.8%, direct response tv 2.3%.

Top execs: George Lois, chmn, creative dir; Bill Pitts, vice chmn; Dick Gershon, president, media dir; Dale Pon, exec vp; Jon Tracosas, exec vp-acct svcs; Neil Brownlee, sr vp, copy chief; Dennis Mazzella, sr vp-creative; John Deangelis, sr vp-finance. Employees: 90.

Phone: (212) 757-6700. ☑

Long, Haymes & Carr, Winston-Salem, N.C., reported gross income of $7,691,840 in 1986 on billings of $51,300,000. In 1985, it reported gross income of $6,311,600 on billings of $42,600,000.

The agency's 1986 U.S. volume consisted of $28,800,000 in media, $6,830,000 in materials and services and $15,670,000 in capitalized fees. Its 1985 U.S. volume consisted of $26,650,000 in media, $7,075,000 in materials and services and $8,875,000 in capitalized fees.

In 1986, the agency gained: CSX Corp., corp adv; Hanes Her Way Cotton Panties, Hanes Underwear div, Sara Lee Corp. It lost: Century Furniture.

Billings breakdown by media: Newspapers 15.8%, consumer magazine 11.6%, radio 3.2%, network tv 33.7%, spot tv 11.6%, outdoor 3.2%, trade magazine 4.2%, sales promotion 4.7%, direct mail 2%.

Top execs: Joseph A. Haymes Jr., president-ceo; Curtis E. Long, chmn; Austin H. Carr, sr exec vp; Donald N. Adams, Loren Chamberlain, Robert E. Fly, Robert Graham, exec vps; Robert Fellows, Erling S. Tronnes, sr vps; Pat N. Thomas, sr vp, treasurer. Employees: 130.

Phone: (919) 765-3630. ☑

Lord & Emerson Co., Jackson, Mich., had estimated gross income of $9,000 in 1986 on billings of $60,000. In 1985, it had estimated gross income of $7,200 on billings of $48,000.

The agency's U.S. volume, all in magazines, consisted of $60,000 in 1986 and $48,000 in 1985.

The agency did not break out its billings by media.

Top exec: J.A. Knight, president. Employees: 1.

Phone: (517) 787-2100.

Lord, Sullivan & Yoder, Columbus, Ohio, reported gross income of $5,676,133 in 1986 on billings of $41,084,118. In 1985, it reported gross income of $5,107,279 on billings of $36,476,495.

The agency's 1986 U.S. volume consisted of $15,547,378 in media, $5,008,601 in materials and services and $20,528,139 in capitalized fees. Its 1985 U.S. volume consisted of $12,370,040 in media, $4,748,041 in materials and services and $19,358,414 in capitalized fees.

In 1986, the agency gained: Alcoa Building Products; Borden Chemical; BancOhio National Bank; Litel; Gulfnet; Money Station POS; Unistrut; Warren Rupp; Versa Ferguson. It lost: Diebold; Andersons.

Billings breakdown by media: Newspapers 20.6%, magazines 2.3%, radio 21.3%, spot tv 28.1%, cable tv 0.7%, outdoor 1.9%, business papers 21.5%, farm publications 1.1%, transit 1%, point of sale 1.2%; yellow pages 0.2%, direct mail 0.1%.

Top execs: Robert E. Sullivan, president, treasurer; Robert D. Ackerman, Robert L. Bender, exec vps. Employees: 78 in 3 offices.

Phone:(614) 846-8500. ☑

LSGE Advertising, Avon, Conn., reported gross income of $2,415,000 in 1986 on billings of $16,615,561. In 1985, it reported gross income of $1,370,625 on billings of $9,137,506. On Jan. 1, 1986, Lessner, Slossberg, Gahl & Partners bought Marvin Elbaum & Co. agency in Hartford, Conn., to become LSGE Advertising.

The agency's 1986 U.S. volume consisted of $3,606,000 in media, $2,549,000 in materials and services and $10,460,561 in capitalized fees. Its 1985 U.S. volume consisted of $2,464,964 in media, $1,057,096 in materials and services and $5,615,446 in capitalized fees.

The agency's 1986 figures comprise combined figures of Lessner, Slossberg, Gahl & Partners and the Marvin Elbaum & Co. Its 1985 figures are for Lessner, Slossberg, Gahl & Partners only.

In 1986, the agency gained: Travelers Cos.; State of Connecticut Dept. of Economic Development. It lost: Michaels Jewelers; Bank of Boston Connecticut.

Billings breakdown by media: Newspapers 15%, magazines 15%, radio 17%, spot tv 10%, outdoor 2%, business papers 10%, point of sale, 5%, direct mail 18%, catalogs 5%, telemarketing 3%.

Top execs: Gary Lessner, chmn & ceo; Marvin B. Elbaum, president; Richard A. Slossberg, exec vp; John J. Gahl, sr vp, creative dir; Frances P. Ryder, sr vp-pr; Albert A. Curt Jr., sr vp; Roberta Abend, Judith Pawlowski, Shirley A. MacGregor, Terry McCarthy, vps. Employees: 28.

Phone: (203) 674-1902.

Luckie & Forney, Birmingham, Ala., had estimated gross income of $7,200,000 in 1986 on billings of $46,909,355. In 1985, it had estimated gross income of $7,400,000 on billings of $47,961,214.

The agency's 1986 U.S. volume consisted of $29,103,422 in media, $6,163,582 in materials and services and $11,642,351 in capitalized fees. Its 1985 U.S. volume consisted of $29,945,738 in media, $8,035,569 in materials and services and $9,979,907 in capitalized fees.

In 1986, the agency gained: Whitfield Syrups; J. Gordon Gaines, insurance; Bradford Group, health care; Olin Corp. It lost: QMS; Godfather's Pizza franchise, Mobile.

The agency did not breakdown billings by media.

Top execs: Bob Luckie, chmn; Frank Lee, president. Employees: 100 in 2 offices.

Phone: (205) 879-212.

Lyons, Inc., Wilmington, Del., reported gross income of $3,945,600 in 1986 on billings of $23,484,300. In 1985, it reported gross income of $2,873,475 on billings of $18,370,000.

The agency's 1986 U.S. volume consisted of $3,025,000 in media, $3,462,500 in materials and services and $16,997,800 in capitalized fees. Its 1985 U.S. volume consisted of $2,789,000 in media, $3,198,000 in materials and services and $12,392,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Lyons Simpson & Associates, pr. The agency did not consolidate subsidiary, LSI Publishing.

In 1986, the agency gained: Sussex Trust; Atlantic Electric; Meadow Wood. It lost: Hunter Douglas Architectural Products, Inc.

Billings breakdown by media: Newspapers 15%, magazines 40%, radio 5%, spot tv 5%, point of sale 10%, direct mail 15%, catalogs 10%.

Top execs: William N. Spiker, president; Robert Simpson, mng partner. Employees: 75.

Phone:(302) 654-6146. ☑

MacNamara Clapp & Klein, New York, reported gross income of $6,261,000 in 1986 on billings of $41,760,870. In 1985, it reported gross income of $4,055,000 on billings of $27,046,850. Billings for both years was all in capitalized fees.

The agency did not consolidate subsidaries:

- Promotion Planning
- MCK Direct

In 1986, the agency gained: Whitbread North America, Buckingham Wile div, Cutty Sark, Dry Sack, Anitori Wines, Bollinger, Molinar, Mextaxa, Waterford, Murphy's Irish Whiskey, Delamain, Cutty Sark 12, Florio Marsala; Keystone Camera, Le Clic Camera; Protocom Devices; Honda dealers, Western Pa.; MEM Co., Love's Baby Soft; Smithsonian Institution, Art & Space Smithsonian; AT&T target mkgt. It lost: Winchester Ammunition.

Billings breakdown by media: newspapers 2%, magazines 15%, supplements 1%, radio 7%, network tv 51%, spot tv 15%, cable tv 5%, outdoor 2%, business papers 1%, free-standing inserts 1%.

Top execs: Jeffrey W. Clapp, Jr., chmn; Donald Klein, president, creative dir; Frank MacNamara, exec vp; John Scott, sr vp, mgmt dir; Jack Wheaton, Michael Silver, sr vps, mgmt reps; Charles Guarino, Diana Timmerman, David Essertier, sr vps, assoc creative dirs. Employees: 42.

Phone: (212) 206-8484. ☑

Madison Ave. East, Melville, N.Y., reported gross income of $1,000,000 in 1986 on billings of $6,700,000. In 1985, it reported gross income of $800,000 on billings of $5,300,000. Billings for both years was all in media.

In 1986, the agency gained: Century 21; Long Island Brokers' Council; University Genetics; Audio Video Exchange; First Federal Savings DeSimone; Alcott, staff leasing. The agency did not report accounts lost or break out billings by media.

Top exec: Bob Feldheim, president.

Employees: 27.
Phone: (516) 293-3680.

Mallof, Abruzino & Nash Marketing, Lombard, Ill., had estimated gross income of $780,000 in 1986 on billings of $5,200,000. In 1985, it had estimated gross income of $630,000 on billings of $4,200,000.

The agency did not break out billings.

In 1986, the agency gained: Heritage Auto Village; Bank of the North Shore. The agency did not report accounts lost for 1986.

Billings breakdown by media: Newspapers 53.9%, radio 23.1%, spot tv 16.3%, outdoor 1%, direct mail 1.9%, free-standing inserts 3.8%.

Top execs: Edward G. Mallof, president; Matt Nash, exec vp. Employees: 15.

Phone: (312) 964-7722. ☑

Malone Advertising, Akron, Ohio, reported gross income of $5,155,000 in 1986 on billings of $66,254,000. In 1985, it reported gross income of $4,625,000 on billings of $62,718,000.

The agency's 1986 U.S. volume consisted of $31,870,000 in media and $34,384,000 in capitalized fees. Its 1985 U.S. volume consisted of $31,870,000 in media and $30,848,000 in capitalized fees.

In 1986, the agency gained: Westinghouse, Kelvinator, Gibson-White Consolidated Industries; Manufactured Housing; Camelot Music Stores; Brad Ragan Auto Service. It lost: None.

Billings breakdown by media: Newspapers 4.5%, magazines 2.3%, radio 5.9%, spot tv 42.2%, outdoor 1.5%, business papers 3%, point of sale 2.3%, yellow pages 1.5%, direct mail 3.6%, other 33.2%.

Top execs: Harry P. Stitzlein, chmn ceo; Bain L. Malone, president-coo; W. Lawrence Weltin, sr vp; John R. Wirtz, sr vp-corp communications; Don Casselman, sr vp; Larry Lubenow, Dick Nagy, Pamela Harkness-Boileau, Don VanMeter, Lynne Abramovich, vps; Terry Barnes, vp, creative dir; Fred Bidwell, Louis Nonno, vps, assoc creative dirs. Employees: 94 in 4 offices.

Phone: (216) 376-6148. ☑

MARC & Co., Pittsburgh, reported gross income of $5,550,000 in 1986 on billings of $37,000,000. In 1985, it reported gross income of $4,600,000 on billings of $30,800,000.

The agency's 1986 U.S. volume consisted of $17,500,000 in media, $3,500,000 in materials and services and $16,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $16,000,000 in media, $5,500,000 in materials and services and $9,300,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, MARC Direct.

In 1986, the agency gained: West Penn Hospital; Royal Appliance Manufacturing; Atlantic Luggage; Sears, Roebuck, Boston, Dallas, Denver, St. Louis, Dayton; Buick Dealers Assn. It lost: Kennywood, amusement park; Ryan Homes; Sheetz, convenience store chain.

Billings breakdown by media: Newspapers 16.5%, radio 22%, spot tv 58%, outdoor 3.5%.

Top execs: Louis J. Cardamone, president-ceo; Anthony L. Bucci, sr vp, dir-client svcs; Cynthia L. Zeth, sr vp, dir-creative svcs; Gary P Boens, sr vp, dir-mktg srvcs; Norbert J. Sieber, dir operations. Employees: 93.

Phone: (414) 562-200. ☑

Marcus Advertising, Cleveland, Ohio, reported gross income of $3,023,978 in 1986 on billings of $24,507,481. In 1985, it reported gross income of $2,857,138 on billings of $20,020,006.

The agency's 1986 U.S. volume consisted of $19,422,770 in media, $1,539,013 in materials and services and $3,545,698 in capitalized fees. Its 1985 U.S. volume consisted of $13,987,624 in media, $1,384,066 in materials and services and $4,648,316 in capitalized fees.

In 1986, the agency gained: Snyder of Berlin; J.C. Penney; Pizza Hut. It lost: U.S. Air Force Recruitment Squadron 3553; Strous Department Stores.

Billings breakdown by media: Newspapers 11.9%, magazines 10%, radio 2.3%, spot tv 43%, outdoor 4%, transit 1%, point of sale 7%, yellow pages 0.1%.

Top execs: Donald H. Marcus, chmn; Harvey Scholnick, president; Andrew Meldrum, sr vp; James Reed, Donald Campbell, William Greenwald, exec vps. Employees: 42.

Phone: (216) 292-4700. ☑

Margeotes Fertitta & Weiss, New York, reported gross income of $6,125,000 in 1986 on billings of $38,633,000. In 1985, it reported gross income of $4,712,000 on billings of $27,488,000.

The agency's 1986 U.S. volume consisted of $25,700,000 in media, $5,930,000 in materials and services and $7,003,000 in capitalized fees. Its 1985 U.S. volume consisted of $17,802,000 in media, $4,237,000 in materials and services and $5,449,000 in capitalized fees.

In 1986, the agency gained: Germaine Monteil, fragrances and cosmetics; Kirin USA, Campbell Soup Co, U.S. trading div, imported biscuits and cookies. It lost: Dansk International Design.

Billings breakdown by media: Newspapers 15.1%, magazines 46.1%, radio 8.9%, spot tv 11.9%, outdoor 3.6%, business papers 5.2%, transit 1.1%, point of sale 2.5%, direct mail 5.6%.

Top execs: John Margeotes, chmn; George Fertitta, president. Employees: 55.

Phone: (212) 620-3838. ☑

Maris, West & Baker, Jackson, Miss., reported gross income of $2,194,937 in 1986 on billings of $14,640,234. In 1985, it reported gross income of $1,800,842 on billings of $12,011,615.

The agency's 1986 U.S. volume consisted of $1,774,327 in media, $1,437,652 in materials and services and $11,428,255 in capitalized fees. Its 1985 U.S. volume consisted of $2,008,096 in media, $614,987 in materials and services and $9,388,532 in capitalized fees.

In 1986, the agency gained: American Cellular, telephone; Capital City Petroleum Club; Coastal Training, telephone; Council for Support of Higher Education; Country Skillet Catfish; Gulf States Manufacturers; Millsaps College; Ms. Cellular, telephone; MISSCO, office supplies; Shoals Industrial Development Authority.

Billings breakdown by media: Newspapers 30.4%, magazines 18.85%, radio 6.24%, spot tv 32.33%, outdoor 6.97%.

Top execs: Gerrit A. Maris, president; Norman L. West, exec vp; Harry C. Brown, vp, secretary. Employees: 37 in 2 offices.

Phone: (601) 362-6306.

MarketAide, Salina, Kan., reported gross income of $645,616 in 1986 on billings of $4,641,837. In 1985, it reported gross income of $631,892 on billings of $4,241,607.

The agency's 1986 U.S. volume consisted of $484,306 in media, $1,360,573 in materials and services and $2,796,958 in capitalized fees. Its 1985 U.S. volume consisted of $347,887 in media, $1,082,368 in materials and services and $2,811,352 in capitalized fees.

In 1986, the agency gained: Peoples Heritage Saving; Premier Pneumatics; T.J. Cinnamons. It lost: DewEze Manufacturing; Planters Bank & Trust.

Billings breakdown by media: Newspapers 20%, magazines 1%, radio 25%, spot tv 20%, outdoor 2%, business papers 7%, farm publications 3%, point of sale 1%, direct mail 21%.

Top execs: Russ Norwood, president; Gary Ray, chmn, ceo; Phyllis Pickel, exec vp; Jim Johnson, vp-direct mail. Employees: 13.

Phone: (913) 825-7161. ☑

Marketing Direction, Newport Beach, Calif., reported gross income of $1,219,275 in 1986 on billings of $7,830,276. In 1985, it reported gross income of $1,360,312 on billings of $8,872,781.

The agency's 1986 U.S. volume consisted of $1,232,785 in media, $640,928 in materials and services and $5,956,563 in capitalized fees. Its 1985 U.S. volume consisted of $1,256,681 in media, $1,005,556 in materials and services and $6,610,544 in capitalized fees.

In 1986, the agency gained: Anaheim Memorial Hospital; Optical Radiation, corp, Ophthalmic prods div; Bentech Labs. It lost: American Abbey Homecare; Vari-X; Inland Health Plan.

Billings breakdown by media: Newspapers 27.1%, medical journals 61.4%, radio 1.8%, direct mail, 9.7%. Top execs: Richard L. Lawrence, chmn; Michael B. Cole, president; James J. Lawrence, exec vp, creative dir; Timothy J. Friday, vp, professional svcs; Diane E. Manning, vp, finance. Employees: 21.

Phone: (714) 752-6211. ☑

Marketing Group, Ft. Washington, Pa., had estimated gross income of $895,000 in 1986 on billings of $5,660,000. In 1985, it had estimated gross income of $803,000 on billings of $5,093,620.

The agency's 1986 U.S. volume consisted of $418,250 in media, $1,740,000 in materials and services and $3,501,750 in capitalized fees. Its 1985 U.S. volume consisted of $367,870 in media, $1,487,465 in materials and services and $3,238,285 in capitalized fees.

In 1986, the agency gained: N. Jonas, pool chemicals and supplies; IOA-RE, specialists in reinsurance; Cantor & Co., management consultants to legal profession; Goldberg Marine, national mail order. It lost: Liberty Federal Bank.

Billings breakdown by media: Newspapers 10%, magazines 10%, supplements 5%, cable tv 5%, business papers 20%, point of sale 10%, direct mail 15%, catalogs 15%, direct response magazines 5%, free-standing inserts 5%.

Top execs: James Notte, president; Robert Dean, exec vp; Robert Miller, creative dir. Employees: 21.

Phone: (215) 628-2121. ☑

Marketing Resources, Lenexa, Kan., reported gross income of $3,076,900 in 1986 on billings of $20,523,000. In 1985, it reported gross income of $1,650,000 on billings of $11,000,000.

The agency's 1986 U.S. volume consisted of $6,107,000 in media, $3,223,000 in materials and services and $11,193,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,741,700 in media, $2,588,800 in materials and services and $11,000,000 in capitalized fees.

In 1986, the agency gained: Moog Automotive; Paccar International, truck parts; Coca-Cola; Scherer Truck, bigfoot cruiser. It lost: Rawlings Sporting Goods.

Billings breakdown by media: Newspapers 3.9%, magazines 3%, radio 3%, spot tv 6.8%, outdoor 1%, business papers 6.8%, point of sale 3%, yellow pages 1%, direct mail 45.9%, catalogs 6.8%, other 18.9%.

Top execs: Frank G. Weyforth, chmn & president; Tom Hyder, exec vp; Holly Moore, vp-mktg svcs; Alan Hunsaker, Ken Karnstedt, sr vps, acct supers; Terry Burnside, vp, creative dir; Ann Lotko, vp, media dir; Susan Perrin, vp, production dir; Robert Higney, vp, mktg dir; Lori Hisle, vp, controller. Employees: 75.

Phone: (913) 492-9494.

Marketing Support, Chicago, reported gross income of $3,639,426 in 1986 on billings of $33,525,463. In 1985, it reported gross income of $3,383,234 on billings of $30,397,854.

The agency's 1986 U.S. volume consisted of $?,811,161 in media, $4,620,742 in materials and services and $26,093,560 in capitalized fees. Its 1985 U.S. volume consisted of $1,997,581 in media, $3,206,009 in materials and services and $25,194,264 in capitalized fees.

In 1986, the agency gained: Allegretti & Co., Paramount brand lawn trimmers and blowers; Allied Hardware; Snap-Cut garden tools; Terradex radon gas detectors; Marley electric heating div; Spray-Doc tank sprayers. It lost: None.

Billings breakdown by media: Newspapers 24%, magazines 13%, supplements 5.6%, radio 7.9%, network tv 6%, spot tv 15%, cable tv 2.6%, outdoor 2.8%, business papers 4.2%, transit adv 1.2%, point of sale 6.8%, yellow pages 1.6%, direct mail 0.6%, catalogs 8.4%.

Top exec: David L. Weiner, president. Employees: 50.

Phone: (312) 565-0044. ☑

Marquardt & Roche, Stamford, Conn., reported gross income of $2,976,713 in 1986 on billings of $20,087,549. In 1985, it reported gross income of $2,431,322 on billings of $17,760,946.

The agency's 1986 U.S. volume consisted of $2,356,045 in media, $2,145,602 in materials and services and $15,585,902 in capitalized fees. Its 1985 U.S. volume consisted of $2,566,656 in media, $2,497,712 in materials and services and $12,696,578 in capitalized fees.

Included in the agency's figures were returns from its public relations and direct mail subsidiaries.

In 1986, the agency gained: American Equine Products; Axiom Systems; Landis & Gyr; Premium Beverages, Seagrams Mixers. It lost: Union Carbide Corp.; The Macton Corp.

Billings breakdown by media: Newspapers 18.1%, magazines 8.4%, radio 18.1%, spot tv 12.1%, cable tv 2.4%, business papers 28.9%, transit 2.4%, direct mail 9.6%.

Top execs: James Marquardt, president; Edwin Roche, exec vp; Allan Clamage, George Pryde, sr vps. Employees: 45.

Phone: (203) 327-0890.

Martcom Inc., Columbus, Ohio, reported gross income of $1,511,000 in 1986 on billings of $11,840,735. In 1985, it reported gross income of $1,862,000 on billings of $12,398,300.

The agency's 1986 U.S. volume consisted of $2,049,990 in media, $192,415 in materials and services and $9,598,330 in capitalized fees. Its 1985 U.S. volume consisted of $1,800,000 in media, $126,000 in materials and services and $10,472,300 in capitalized fees.

The agency did not consolidate subsidiaries:

- Faye Clack Public Relations
- Venture Marketing

In 1986, the agency gained: Manor-House Inc. Foods div; Wendy's International, intl div; Princeton Confections, Inc.; Shoemakers Inc., Cocoa; American Thermometer Corp.; Chrysler Corp., VPSI div; Chartwell Technology; Computer Group; Perry County Cheese Co.; Ross Laboratories pediatric Nutritional; Ross Laboratories Consumer Products. It lost: Van melle, Inc., Mentos.

Billings breakdown by media: Newspapers 0.02%, magazines 9.7%, medical journals 6.6%, supplements 2.6%, radio 3.5%, network tv 28.2%, spot tv 15.0%, cable tv 14.1%, business papers 4.0%, point of sale 11.46%, direct mail 0.02%, events 4.8%.

Top execs: Kenneth A. Burke, president-ceo; Jeffry P. Hartnell, exec vp; Owen J. Gallagher, Thomas A. Lounds, vps; Gary Rizzardi, vp, controller. Employees: 17.

Phone:(614) 457-2400. ☑

Martin-Williams, Minneapolis, reported gross income of $6,550,000 in 1986 on billings of $65,000,000. In 1985, it reported gross income of $6,125,000 on billings of $54,666,000.

The agency's 1986 U.S. volume consisted of $25,930,000 in media, $4,556,000 in materials and services and $34,514,000 in capitalized fees. Its

TOPS
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Mature
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GRIT & CAPPER'S
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Which one of these agencies would you like to work for?

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LEO BURNETT
CUNNINGHAM & WALSH
DDB NEEDHAM
DFS DORLAND
FCB
LEBER KATZ PARTNERS
GEER, DuBOIS
GREY
GRIFFIN BACAL
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LAURENCE, CHARLES, FREE & LAWSON
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1985 U.S. volume consisted of $19,761,000 in media, $4,150,000 in materials and services and $30,755,000 in capitalized fees.

In 1986, the agency gained: Marigold Foods, Kemps Ice Cream and Yogurt; Skippers Seafood Restaurants; Excel Corp., pkg beef prods; 3M Commercial Office Supply div, Scotch Binding Systems; 3M Home Products div, Scotch Brand tape; 3M Office Products div; 3M Pharmaceutics & Medical Systems Dept.; Activair, div of Duracell; Mercury High Performance Products; Whitney Hotel; National Corn Growers Assn.; Renewable Fuels Assn.; Investors Fiduciary Trust Co.; Big Brothers/Big Sisters, Minneapolis; United Way of Minneapolis; Minneapolis Public Schools.

The agency lost: KMSP-TV; HealthLink, hospitals.

Billings breakdown by media: Newspapers 8.3%, magazines 13%, radio 7.5%, network tv 19.3%, spot tv 21.3%, outdoor 3.4%, business publications 14.3%, farm publications 12.3%, yellow pages 0.2%, direct mail 0.4%.

Top execs: David D. Foren, president; Tom F. Weyl, exec vp; Tim C. Frojd, treasurer; D. Steven Collins, Ronald N. Counton, Gerry W. Kleckner, Joseph R. Rabaglia, vps, mgmt supers; Kenneth M. Morrison, vp, exec art dir; Willaim W. Zabowski, Lyle D. Wedemeyer, Peter P. Smith, vps, creative dirs; Kathleen M. Garrity, vp, rsch dir; James J. Christy, vp, mgr direct mktg; Daniel R. Woodbury, media dir. Employees: 93.

Phone: (612) 340-0800.

Martiny & Co, Cincinnati, had gross income of $1,009,794 in 1986 on billings of $2,741,944. In 1985, the agency reported gross income of $687,048 and had estimated billings of $1,866,000.

The agency's 1986 U.S. volume consisted of $941,317 in media, $1,800,627 in materials and services. Billings were not broken out in 1985.

In 1986, the agency gained: American Health Resources; Bartlett & Co; Batesville Casket Co; Chavez Properties; Litton Industries, integrated systems div; Parking Co. of America; Emerson Electric, Sweco, div. It lost: Volstatic, Inc.

Billings breakdown by media: newspapers 6.4%, magazines 79.9%, radio 4.1%, spot tv 3.7%, outdoor 5.9%.

Top execs: Kim Martiny, president. Employees: 17.

Phone: (513) 784-0400. ☑

Mason & Madison, New Haven, Conn., had estimated gross income of $2,375,000, in 1986 on billings of $14,700,000. In 1985, it had estimated gross income of $2,237,000 on billings of $13,800,000.

The agency's 1986 U.S. volume consisted of $2,300,000 in media, $6,400,000 in materials and services and $6,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,100,000 in media, $6,300,000 in materials and services and $5,400,000 in capitalized fees.

In 1986, the agency gained: Scandinavian Airline System, air cargo; Duracell; Connecticut Nutmeg Buick Dealers Assn.; Gerben Garment Technologies, garment CAD/CAM systems; United Way of Greater New Haven. It lost: None.

Billings breakdown by media: newspapers 16%, magazines 15%, radio 15%, spot tv 14%, outdoor 3%, business papers 25%, catalogs 12%.

Top execs: Charles Mason, president; Harry Viens, exec vp, creative dir; Judy Boncek, vp-finance. Employees: 35 in 2 offices.

Phone: (203) 393-1101.

J.D. Mathis & Co., Baltimore, reported gross income of $933,115 in 1986 on billings of $7,142,530. In 1985, it reported gross income of $846,500 on billings of $6,247,000.

The agency's 1986 U.S. volume consisted of $3,694,100 in media, $920,500 in materials and services and $2,527,930 in capitalized fees. Its 1985 U.S. volume consisted of $3,244,100 in media, $868,500 in materials and services and $2,134,400 in capitalized fees.

In 1986, the agency gained: Better Homes & Gardens/Magill Yerman Realtors; ManTech International, Staff Builders Temporary Services & Health Care Services; Sunny's Surplus. It lost: SCF, Inc.; Tylers Clothes; News American.

Billings breakdown by media: Newspapers 15%, magazines 20%, radio 20%, spot tv 35%, business papers 5%.

Top execs: James D. Mathis, president-ceo; Steven D. Cline, sr vp, dir acct services; Peggy P. Crossley, assoc creative dir. Employees: 13.

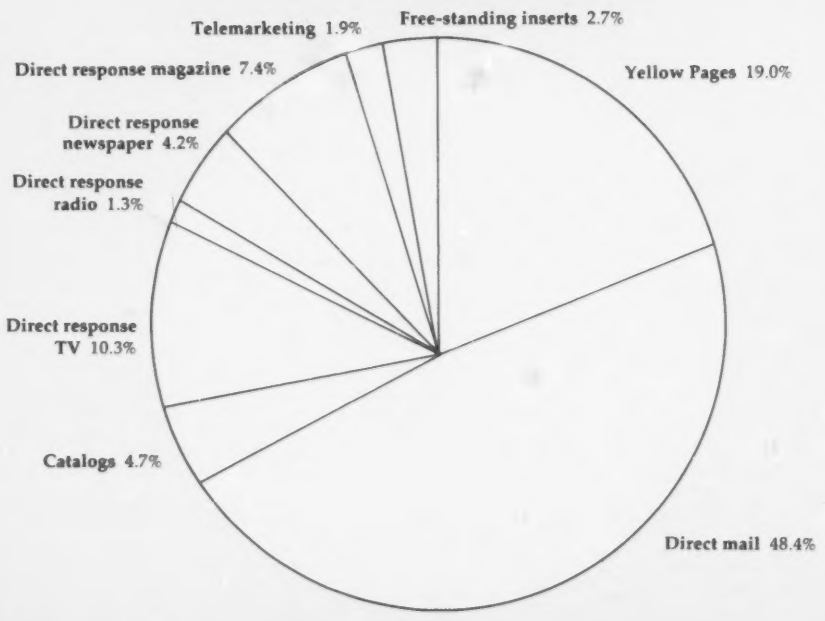
Phone: (301) 837-7171. ☑

Direct response billings by nine categories

Media	Top 25 agencies Billings 1986	Top 25 agencies $ as % of top 500's	Top 100 agencies Billings 1986	Top 100 agencies $ as % of top 500's	Top 500's billings 1986
Yellow Pages	$259.7	52.8	$423.4	86.2	$491.4
Direct mail	229.5	18.3	598.9	47.9	1,251.1
Catalogs	0.0	0.0	37.8	31.1	121.4
Direct response TV	99.8	37.3	236.9	88.6	267.4
Direct response radio	7.2	21.1	16.5	48.5	34.0
Direct response newspaper	25.8	23.7	79.6	73.1	108.9
Direct response magazine	30.8	16.1	160.2	83.8	191.1
Telemarketing	0.0	0.0	31.5	62.6	50.3
Free-standing inserts	2.4	3.4	20.9	29.9	69.8
Total direct response	655.2	25.3	1,605.7	62.1	2,585.4

NOTE:Dollars in millions.

Top 500 direct response billings as % of $2.6 billion



Jack Mathis Advertising, Libertyville, Ill., reported gross income of $210,548 in 1986 on billings of $1,404,067. In 1985, it reported gross income of $195,231 on billings of $1,301,916.

The agency's 1986 U.S. volume consisted of $470,168 in media, $107,339 in materials and services and $826,560 in capitalized fees. Its 1985 U.S. volume consisted of $452,919 in media, $101,817 in materials and services and $747,180 in capitalized fees.

In 1986, the agency gained: None. It lost: None.

Billings breakdown by media: Business papers 74%, yellow pages 6.4%, direct mail 14.9%, direct response magazines 4.7%.

Top execs: Jack Mathis, president; Dene Hoffman, exec vp. Employees: 3.

Phone: (312) 367-1826.

McCaffery & Ratner, New York, reported gross income of $3,755,000 in 1986 on billings of $25,036,250. In 1985, it reported gross income of $3,540,000 on billings of $23,400,000.

The agency's 1986 U.S. volume consisted of $16,200,000 in media, $3,000,000 in materials and services and $5,836,250 in capitalized fees. Its 1985 U.S. volume consisted of $15,600,000 in media, $2,797,500 in materials and services and $5,002,500 in capitalized fees.

In 1986, the agency gained: Bulova Watch Co.; Leading Edge World Trade, computer; Cluett Peabody & Co., shirtmakers; RPM Fashions. It lost: *House Beautiful*, Seidman, Seidman.

Billings breakdown by media: Newspapers 18%, magazines 31%, supplements 1%, radio 13%, network tv 3%, spot tv 21%, outdoor 2%, business papers 3%, point of sale 3%, direct mail 3%, catalogs 2%.

Top execs: Samuel I. Ratner, chmn; William McCaffery, president; Sheila McCaffery, sr vp-art; Jay Cheek, sr vp-copy; David Hooper, sr vp-mktg. Employees: 36.

Phone: (212) 661-8940.

McFarland Group, Elm Grove, Wis., reported gross income of $1,275,000 in 1986 on billings of $8,334,500. In 1985, it reported gross income of $800,000 on billings of $6,567,950.

The agency's 1986 U.S. volume consisted of $3,500,000 in media, $2,500,000 in materials and services and $2,334,500 in capitalized fees. Its 1985 U.S. volume consisted of $2,500,000 in media, $1,500,000 in materials and services and $2,567,950 in capitalized fees.

The agency did not consolidate its subsidiary, McFarland Group Plus.

In 1986, the agency gained: Apple Chevrolet; Arrow Oldsmobile; Horst Distributing; Peabody's Interiors; Provimi Veal; Rreef Funds Shopping Centers; Reinders Garden Center; Algonquin Mills Shopping Center; T.H. Mandy Shopping Center; Mt. Prospect Fashion Center; Bloomingdale Fashion Center. It lost: Scag Power Equipment; Chappel Formalwear.

Billings breakdown by media: Newspapers 15%, magazines 10%, radio 15%, spot tv 20%, outdoor 2.5%, business papers 2.5%, farm publications 20%, direct mail 7.5%, catalogs 7.5%.

Top execs: Michael McFarland, president; Byron Foster, exec vp; Janice Penlesky, media/admin vp. Employees: 19.

Phone: (414) 786-5891. ☑

McKee Advertising, Elk Grove Village, Ill., reported gross income of $704,392 in 1986 on billings of $6,767,653. In 1985, it reported gross income of $655,729 on billings of $6,308,889.

The agency's 1986 U.S. volume consisted of $1,367,154 in media, $1,672,763 in materials and services and $3,727,736 in capitalized fees. Its 1985 U.S. volume consisted of $1,174,969 in media, $1,452,100 in materials and services and $3,681,820 in capitalized fees.

In 1986, the agency gained: American Lock Co.; American Moulding;

Draper & Kramer; Dur-O-Wal; Cabtron Systems; Wolfcraft, power tools; American Colloid Co., bldg materials. It lost: Eder Instrument; Premier Coatings.

Billings breakdown by media: Newspapers 8.7%, magazines 34.6%, spot tv 0.3%, cable tv 0.4%, outdoor 0.1%, business papers 0.2%, farm publications 1%, point of sale 6.6%, direct mail 17.7%, catalogs/literature 29.9%.

Top execs: Edward H. McKee, president; Thomas M. Behan, exec vp. Employees: 16.

Phone: (312) 956-8188. ☑

Robert McKim & Co., Los Angeles, reported gross income of $854,446 in 1986 on billings of $10,229,180. In 1985, it reported gross income of $655,000 on billings of $5,951,500.

The agency's 1986 U.S. volume consisted of $2,600,000 in media, $2,600,000 in materials and services and $5,029,180 in capitalized fees. Its 1985 U.S. volume consisted of $1,550,000 in media, $1,400,000 in materials and services and $3,001,500 in capitalized fees.

In 1986, the agency gained: Watt America; Watt Pacific; Pacific Financial Cos.; Pan Metal Corp.; Consumer Automotive Network; Australian Sun Research. The agency did not report any accounts lost.

Billings breakdown by media: Newspapers 9.7%, magazines 18%, radio 4.2%, spot tv 28.3%, outdoor 4.5%, business papers 19.3%, transit adv 1.5%, point of sale 0.7%, direct mail 1.6%, catalogs 3.2%, direct response magazines 2.6%, free-standing inserts 6.4%.

Top execs: Robert McKim, president; Evelyn Schlaphoff, vp-genl mgr; Daniel Bockman, creative dir; Phil Callihan, vp-client svcs; Michael Ochinero, sr copy writer; Linda Hadel, controller; Carol Agern-Gorton, traffic mgr. Employees: 16.

Phone: (213) 382-2358.

McKinney, Inc., Philadelphia, reported gross income of $4,046,000 in 1986 on billings of $26,677,000. In 1985, it reported gross income of $3,977,000 on billings of $26,389,000.

The agency's 1986 U.S. volume consisted of $5,795,000 in media, $2,326,000 in materials and services and $18,556,000 in capitalized fees. Its 1985 U.S. volume consisted of $6,161,000 in media, $2,172,000 in materials and services and $18,056,000 in capitalized fees.

The agency did not consolidate subsidiary, Matrix International.

In 1986, the agency gained: Chilton Book Co.; Heritage Health Plan; VME Americas; Traffic Safety Now; Advantest America; Ideal Industries; Greenwood Grille; Kratos Analytical; Windsor Publishing. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 3%, magazines 1%, radio 2%, business papers 88%, yellow pages 1%, direct mail 5%.

Top execs: George G. Thompson, chmn; Frank W. Callahan, president. Employees: 84 in 3 offices.

Phone: (215) 922-2635.

McKone & Co, Irving, Texas, reported gross income of $3,438,981 in 1986 on billings of $26,376,984. In 1985, it reported gross income of $2,542,739 on billings of $19,502,808.

The agency's 1986 U.S. volume consisted of $1,588,305 in media, $1,850,676 in materials and services and $22,938,003 in capitalized fees. Its 1985 U.S. volume consisted of $1,296,931 in media, $1,245,808 in materials and services and $16,960,069 in capitalized fees.

In 1986, the agency gained: Aerospatiale General Aviation, American Woodworking Institute; Alumax; Commodore Savings; Dallas Hilton; Redbird Nissan; Westgate Fabrics. It lost: Sani-Fresh; Krestmark.

The agency did not breakout billings by media.

Top execs: Peter McKone, president; Jerry Gladysz, Robert Kowynia, Jack Pariseau, vps; Paul Rafferty, vp-pr; Steve Maxfield, vp-creative; George Puskar, vp-media scvs. Employees: 52.

Phone: (214) 550-7433. ☑

McLean-Stewart Advertising, San Francisco, reported gross income of $1,500,000 in 1986 on billings of $10,000,000. In 1985, it reported gross income of $900,000 on billings of $6,000,000. During 1986, McLean-Stewart merged Wenger Associates into its operation.

The agency's 1986 U.S. volume consisted of $4,900,000 in media, $3,800,100 in materials and services and $1,300,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,300,000 in media, $3,700,000 in materials and services and $1,000,000 in capitalized fees.

In 1986, the agency gained: Tele-Cake International; Ben Franks, fast food; Foster Farms, corp project; Megaphone, special projects. It lost: San Francisco Airport Hilton; Smith's.

Billings breakdown by media: Newspapers 14.4%, magazines 8.3%, radio 18.2%, spot tv 27.3%, outdoor 1.5%, point of sale 15.2%, yellow pages 4.5%, catalogs 10.6%.

Top execs: R.A. 'Sandy' McLean Jr., president; William S. Hart Sr., chmn; Lou Snyder, dir-business devel; William S. Hart Jr., acct exec; Garry Stern, acct super. Employees: 16.

Phone: (415) 397-7741. ☑

M.E.D. Communications, Woodbridge, N.J., reported gross income of $7,690,000 in 1986 on billings of $67,900,000. In 1985, it reported gross income of $6,300,000 on billings of $54,821,000.

The agency's 1986 U.S. volume consisted of $11,000,000 in media, $5,600,000 in materials and services and $51,300,000 in capitalized fees. Its 1985 U.S. volume consisted of $7,500,000 in media, $5,300,000 in materials and services and $42,020,000 in capitalized fees.

In 1986, the agency gained: Ethicon Inc; Oral Research Laboratories, Plax; Doctors Hospital, corp; Sandoz Pharmaceuticals, Sandostatin; PPG Biomedical Systems; Du Pont, Pharmaceuticals div, Narcan, Anti-coagulants, Imaging div, Healthcare div, corporate. It lost: None.

Billings breakdown by media: Medical journals 65%, direct mail 30%, free-standing inserts 5%.

Top execs: Robert Portman, president; David I. Portman, exec vp; Tom Rosenwald, sr vp, dir client svcs; Fanita Taskier, sr vp, scientific svcs; Skip Hurley, Ed Cohen, sr vps, creative dirs. Employees: 97.

Phone: (201) 636-6600.

Mendoza, Dillon & Asociados, Newport Beach, Calif., had estimated gross income of $4,521,000 in 1986 on billings of $29,308,340. In 1985, it had estimated gross income of $4,031,000 on billings of $26,027,944.

The agency's 1986 U.S. volume consisted of $10,333,733 in media, $4,739,493 in materials and services and $14,235,114 in capitalized fees. Its 1985 U.S. volume consisted of $8,215,113 in media, $4,834,185 in materials and services and $12,978,626 in capitalized fees.

In 1986, the agency gained: McNeil, Medipren, Pediacare; Oscar Mayer, product line; James River, Northern bathroom tissue; G.D. Searle, NutraSweet (Equal); Seagram Wine, wine coolers; Kraft Dairy, Breyer's ice cream. It lost: Mattel, toy div; Lever Brothers, Ban, Vitalis; Six Flags, Magic Mountain, Atlantis, 6 Flags over Texas.

Billings breakdown by media: Newspapers 3%, radio 15.6%, network tv 39%, spot tv 39.3%, outdoor 3%.

Top execs: Richard E. Dillon, president; Andres Sullivan, sr vp, creative dir. Employees: 37.

Phone: (714) 851-1811 ☑

Merling Marx & Seidman, New York, reported gross income of $3,100,000 in 1986 on billings of $18,000,000. In 1985, it reported gross income of $2,900,000 on billings of $16,000,000.

The agency did not break out billings or report accounts gained and lost in 1986.

Billings breakdown by media: Newspapers 60%, magazines 15%, spot tv 15%, business papers 10%.

Top execs: Arthur A. Marx, president, ceo; Vito R. Toto, vp-mktg; Wendy Pearlroth, vp-client scvs; David Levine, vp-acct scvs; Irving Friss, vp-production; Robert Stark, vp-finance. Employees: 55.

Phone: (212) 683-2100.

Stan Merritt Advertising, New York, reported gross income of $2,290,760 in 1986 on billings of $20,552,126. In 1985, it reported gross income of $2,061,684 on estimated billings of $18,500,000.

The agency's 1986 U.S. volume consisted of $16,260,900 in media, $801,849 in materials and services and $3,489,377 in capitalized fees. The agency did not break out billings in 1985.

The agency did not consolidate subsidaries:

- Goodworth & Young, market rsch
- Stan Merritt Productions

In 1986, the agency gained: Blistex Inc., Lip Medex, Daily Conditioning Treatment, Blistex Lip Balm, Blistex Ointment; CPC International, Best Foods div, Niagara Spray Starch, Niagara Sizing Fabric Finish, Argo Corn Starch, Kingsford Corn Starch, Niagara new prods.

It lost: R.T. French, Herb-Ox bouillon and broth.

Billings breakdown by media: newspapers 10%, magazines 20%, supplements 5%, radio 15%, network tv 5% spot tv 35%, cable tv 1%, outdoor 2% business papers 3%, transit 1%, point of sale 2%, direct mail 1%.

Top execs: Stanley S. Merritt, chmn, president; William H. Croke, exec vp; James S. Witherell, mng dir-Chicago. Employees: 18 in 2 offices.

Phone: (212) 867-4650.

Messner, Vetere, Berger, Carey, New York, reported gross income of $3,200,000 in 1986 on annualized billings of an estimated $22,000,000. The agency was just founded in September, 1986, by four principals who were on President Ronald Reagan's Tuesday Team in 1984.

Messrs. Vetere, Messner and Berger are former Ally & Gargano/MCA execs. The agency had built annualized billings to $40,000,000 by March, 1987, including $16 million in annualized billings from Regina Co. (electric brooms), and $15 million in annualized billings from Atari.

The agency did not break out U.S. volume.

In 1986, the agency gained: Windstar Co. luxury sailboat cruises; Frye Shoe Co.; Group W/WBZ-TV, Boston; Regina Co.; Atari. It lost: None.

Top execs: Walley Carey, president, Tom Messner, Barry Vetere, Ron Berger, creative dirs.
Phone: (212) 832-7722

R.L. Meyer Advertising, Milwaukee, reported gross income of $1,529,064 in 1986 on billings of $13,776,340. In 1985, it reported gross income of $953,089 on billings of $5,788,759. The agency reported net income of $204,919 in 1986 and $54,525 in 1985.

The agency's 1986 U.S. volume consisted of $9,922,136 in media, $864,537 in materials and services and $2,989,667 in capitalized fees. Its 1985 U.S. volume consisted of $2,212,806 in media, $864,092 in materials and services and $2,711,861 in capitalized fees.

In 1986, the agency gained: Warner Cable Communications; Mazzone Enterprises, food mfg; Omni Super Store, food retail. It lost: Kohl's Food Stores.

Billings breakdown by media: Newspapers 8.1%, magazines 0.38%, radio 1.1%, network tv, spot tv and cable tv 90.35%, transit 0.07%.

Top exec: Robert L. Meyer, president. Employees: 18.

Phone: (414) 933-3344. ☑

Michael & Partners, Dallas, reported gross income of $1,447,000 in 1986 on billings of $9,651,000. In 1985, it reported gross income of $1,116,000 on billings of $7,443,000.

The agency did not break out billings.

Included in the agency's figures were returns from subsidiary, Michael & Lane, pr.

In 1986, the agency gained: Babbage's Softwear Centers; Donaldson, Lufkin & Jenrette; McGraw-Hill, CCMI: Nationwide Insurance, Texas; Olivetti USA, Bunker Ramo. It lost: Olivetti USA, Office Products div.

The agency did not break out billings by media.

Top execs: Peggy McCurry, Kelly Lane, Carlo Flores, Cecilia Davis, group vps; Michael Lawrence, creative dir. Employees: 26.

Phone: (214) 520-1200. ☑

Miller Addison Steele, New York, had estimated gross income of $501,000 in 1986 on billings of $3,167,000. The agency did not report figures for 1985.

The agency's 1986 U.S. volume consisted of $1,500,000 in media, $1,000,000 in materials and services and $667,000 in capitalized fees. The agency did not report figures for 1985.

Included in the agency's figures were returns from subsidiary, Miller Marketing Network, mkt consulting.

In 1986, the agency gained: York Caribe Resort, Dominican Republic; Bahoruco Beach Resort, Dominican Republic; Webb & Bruola. The agency did not report accounts lost in 1986.

The agency did not break out billings by media.

Top execs: Ken Miller, president; Asa K. Miller, vp; Lauri Macht, media dir; Frank Dinoto, art dir; Shama Powtin, creative dir; Joseph Addison, comptroller; Richard Steele, pr dir; Bruce Neiter, new business; Bruce Mortimer, mktg dir. Employees: 12.

Phone: (212) 247-6060.

Miller Advertising Agency, New York, reported gross income of $9,100,000 in 1986 on billings of $59,200,000. In 1985, it reported gross income of $8,000,000 on billings of $48,700,000.

The agency's 1986 U.S. volume consisted of $52,000,000 in media, $1,200,000 in materials and services and $6,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $43,000,000 in media, $700,000 in materials and services and $5,000,000 in capitalized fees.

Included in the agency's figures were returns from its offices in Needham, Mass., and Hempstead, N.Y.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 78%, radio & tv 22%.

Top execs: Leonard J. Miller, chmn; Robert Miller, president. Employees: 150 in 4 offices.

Phone: (212) 929-2200. ☑

Miller Meester Advertising, Minneapolis, Minn., reported gross income of $5,730,000 in 1986 on billings of $38,200,000. In 1985, it reported gross income of $5,120,000 on billings of $34,100,000.

The agency did not report a billings breakout.

In 1986, the agency gained: American Cyanamid, Animal Nutrition & Health; American Farm Products; Illinois Soybean Assn.; AIR-vend Inc.; International Multifoods, bakery mixes & flour; Polka Dot Dairy; 3M Broadcast & Related Products; 3M Equipment Service & Support div; Sandoz Nutrition Products, "Resource." It lost: Bio-Techniques Laboratories; Collateral Control Corp.; Davis, Thomas & Associates; GTA Feeds; L.B. White; World Trade Center; Tri-State Breeders.

The agency did not break out billings by media.

Top execs: Robert V. Miller, president-ceo; Karen Kangas, exec vp, coo; Ted Priebe, exec vp; Dick Damrow, Tom Atkinson, Amelia Grinstead, sr vps. Employees: 80.

Phone: (612) 854-8944.

Miller-Reid, Chattanooga, Tenn., reported gross income of $3,025,000 in 1986 on billings of $34,036,000. In 1985, it reported gross income of $2,991,000 on billings of $33,011,000.

The report is for the agency's remaining Chattanooga office. It sold its offices in Atlanta, Baton Rouge, La., Dallas, Denver, Houston, Orlando, Fla., and Phoenix, Ariz., to McCann-Erickson on Nov. 30, 1986.

The agency's 1986 U.S. volume consisted of $29,592,000 in media, $1,349,000 in materials and services and $3,095,000 in capitalized fees. Its 1985 U.S. volume consisted of $29,187,000 in media, $969,000 in materials and services and $2,855,000 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 1.5%, magazines 0.08%, radio 53.3%, spot tv 38.9%, cable tv 0.2%, outdoor 1.1%, point of sale 0.5%, yellow pages 0.1%, direct mail 0.08%, direct response newspapers 0.03%, free-standing inserts 0.06%, other 4.24%.

Top exec: Kent Keasler, president. The agency did not report number of employees.

Phone: (615) 756-2131.

Mills Marketing, Rancho Dominguez, Calif., reported gross income of $185,000 in 1986 on estimated billings of $1,750,250. In 1985, it reported gross income of $185,000 on estimated billings of $1,700,250.

The agency's 1986 U.S. volume consisted of $750,000 in media, $500,000 in materials and services and $500,250 in capitalized fees. Its 1985 U.S. volume consisted of $850,000 in media, $350,000 in materials and services and $500,250 in capitalized fees.

In 1986, the agency did not report accounts gained or lost.

Billings breakdown by media: Newspapers 10%, magazines 75%, business papers 10%, direct mail 5%.

Top exec: Ezra Millstein, president. Employees: 4.

Phone: (213) 604-0777. ☑

William Mills Advertising & Marketing, reported gross income of $475,470 in 1986 on billings of $2,079,358. In 1985, it reported gross income of $513,028 on billings of $2,274,296.

The agency's 1986 U.S. volume consisted of $398,090 in media, $654,575 in materials and services and $1,026,693 in capitalized fees. Its 1985 U.S. volume consisted of $594,887 in media, $700,400 in materials and services and $979,009 in capitalized fees.

In 1986, the agency gained: MBI; Falconer; Korb; KLC; Atek, check printers; TransAm; Atlantic Historical Society. It lost: None.

Billings breakdown by media: Newspapers 10%, magazines 65%, radio 2%, business papers 10%, yellow pages 2%, direct mail 11%.

Top execs: William E. Mills Jr., president; Eloise B. Mills, corp secretary, media dir; Herbert C. Morgan III, exec art dir. Employees: 13.

Phone: (404) 261-4900. ☑

Minturn Advertising, Shawnee Mission, Kan., had estimated gross income of $615,000 in 1986 on billings of $4,100,000. In 1985, it had estimated gross income of $450,000 on billings of $3,200,000.

The agency did not break out billings, report accounts gained and lost in 1986 or break down billings by media.

Top execs: Brian N. Minturn, dir acct scvs; Richard G. Hopkins, dir creative services. Employees: 14.

Phone: (913) 831-3601.

Mintz & Hoke, Avon, Conn., reported gross income of $6,150,000 in 1986 on billings of $41,000,000. In 1985, it reported gross income of $4,436,000 on billings of $29,588,000.

The agency's 1986 U.S. volume consisted of $1,033,000 in media and $39,967,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,016,000 in media, $58,000 in materials and services and $28,514,000 in capitalized fees.

The agency reported no figure for 1986 materials and services.

In 1986, the agency gained: Cannondale; Fisher Controls; Multi-Group; Traffic Safety Now (CT); American Excess Insurance Assn.; Archdiocese of Hartford; Aetna Actuarial Recruiting. The agency did not report any accounts lost.

Billings breakdown by media: Newspapers 13.9%, magazines 10.7%, radio 14.4%, spot tv 31.5%, cable tv 3.4%, outdoor 1.5%, business papers 19.1%, transit adv 0.6%, point of sale 1%, yellow pages 1.1%, direct mail 2.1%, free-standing inserts 0.7%.

Top execs: Joseph Hoke, president, creative dir, ceo; Alan Mintz, chmn; Dale Kesel, exec vp, gm; Tim Adams, Stephen G. Sullivan, sr vps-acct mgmt; Dik Haddad, sr vp, assoc creative dir; James C. Steuer, sr vp, dir of mkt rsch; John F. Mennis, cfo. Employees: 110.

Phone: (203) 678-0473. ☑

Mitchell & Comer, Toledo, Ohio, reported gross income of $1,458,016 in 1986 on billings of $10,485,957. In 1985, it reported gross income of $1,252,525 on billings of $8,203,400.

The agency's 1986 U.S. volume consisted of $300,000 in media, $961,240 in materials and services and $9,224,717 in capitalized fees. Its 1985 U.S. volume consisted of $550,000 in media, $850,000 in materials and services and $6,803,400 in capitalized fees.

In 1986, the agency gained: Commodore Island Venture Group; Sail Tech; Garrett Industries; Instalert, Bionix. It lost: Ed Schmidt Pontiac; Ajusto.

Billings breakdown by media: Newspapers 10%, magazines 5%, radio 5%, spot tv 5%, point of sale 40%, direct mail 10%, catalogs 20%, other 5%.

Top execs: Lee Comer, president and creative dir; Mark Mitchell, exec vp; Mike Hardman, Vyto Bendoraitis, sr vps; Jim Lundberg, treasurer. Employees: 32.

Phone: (419) 243-7600. ☑

Monk Communications, Rockford, Ill., reported gross income of $2,753,733 in 1986 on billings of $18,852,106. In 1985, it reported gross income of $1,287,411 on billings of $8,586,334.

The agency's 1986 U.S. volume consisted of $2,439,889 in media, $907,229 in materials and services and $15,504,988 in capitalized fees. Its 1985 U.S. volume consisted of $1,039,541 in media, $362,096 in materials and services and $7,184,697 in capitalized fees.

Included in the agencies figures were returns of Monk/Hultman Communication, advertising, Chicago, and Kolb & Bauman Advertising, Chicago, that were acquried midyear.

In 1986, the agency gained: Advanced Cybernetic Technologies; First Financial Realty; Illinois Department of Conservation; International Marketing Network; Motorola; Northrop Corp, defense systems div; Penberthy; Permaban; Stoneridge Products; Studio Network; U.S. Insulfoam Co.; Valley Bank; Video Replay; Ron Wald Productions; Web Printing Controls; Williamsburg Recovery Center; Cherry Corp; Eagle Belting; Guardian Electric; Monitor Manufacturing; Spraying Systems Corp. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 2%, magazines 80%, radio 5%, spot tv 5%, cable tv 2%, outdoor 3%, direct mail 3%.

Top execs: E. Daniel Bors Jr., chmn, president, ceo, Monk Communications, Howard H. Monk & Associates, Monk/Hultman Communications; Robert J. Silletti, exec vp, coo; Monk Communications, Howard H. Monk & Associates; Greg E. Hultman, exec vp, Monk/Hultman Communications; E. Daniel Bors Jr., chmn, ceo, Kolb & Bauman Advertising; William H. Bauman, president, coo, Kolb & Bauman Advertising. Employees: 50 in 3 offices.

Phone: (815) 964-4631. ☑

More Communications, Minneapolis, reported gross income of $4,300,000 in 1986 on billings of $28,700,000. The agency did not report gross income or billings in 1985.

The agency did not report figures for 1986 and 1985 media, materials and services and capitalized fees.

Included in the agencies figures were figures from subsidaries:

- More Advertising
- More Direct
- Techno Trak, inquiry fulfillment
- City Graphics

The agency did not report accounts gained and lost 1986.

The agency did not break down billings by media.

Top execs: Mark Morris, president, More Communications; Daniel Oberpriller, Dean Oberpriller, exec vps-More Advertising; Norm Dodd, president, City Graphics; Jesse Taggart, exec vp-More Direct. Employees: 70 in 2 offices.

Phone: (612) 872-1616.

Morris Direct Marketing, Tuckahoe, N.Y., reported gross income of $135,297 in 1986 on billings of $472,118. In 1985, it reported gross income of $110,000 on billings of $324,270.

The agency's 1986 U.S. volume consisted of $75,893 in media and and $396,225 in capitalized fees. Its 1985 U.S. volume consisted of $72,210 in media and $252,060 in capitalized fees.

In 1986, the agency gained: Paragon House Publishers; *International Journal on World Peace*. It lost: List Technology Systems Group.

Billings breakdown by media: Newspapers 40.7%, magazines 59.3%.

Top exec: Kenneth P. Morris, president.

Employees: 2.

Phone: (914) 793-1724. ☑

Morrow Lewis & Kelley, New York, reported gross income of $250,000 in 1986 on billings of $900,000. In 1985, it reported gross income of $275,000 on billings of $990,000.

The agency's 1986 U.S. volume consisted of $400,000 in media and $500,000 in materials and services. The agency did not report a billings breakout for 1985.

In 1986 the agency gained: None. It lost: None.

Billings breakdown by media: Magazines 60%, radio 10%, business papers 20%, point of sale 10%.

Top execs: William Lewis, president; Carol Lewis, vp. Employees: 3.

Phone: (212) 608-1345. ☑

Eric Mower & Associates, Syracuse, N.Y., reported gross income of $6,351,660 in 1986 on billings of $42,344,400. In 1985, it reported gross income of $6,702,124 on billings of $35,615,600.

The agency's 1986 U.S. volume consisted of $14,580,000 in media, $11,180,400 in materials and services and $16,584,000 in capitalized fees. Its 1985 U.S. volume consisted of $11,428,000 in media, $8,006,600 in materials and services and $16,181,000 in capitalized fees. Figures are from the agency's Syracuse and New York City offices.

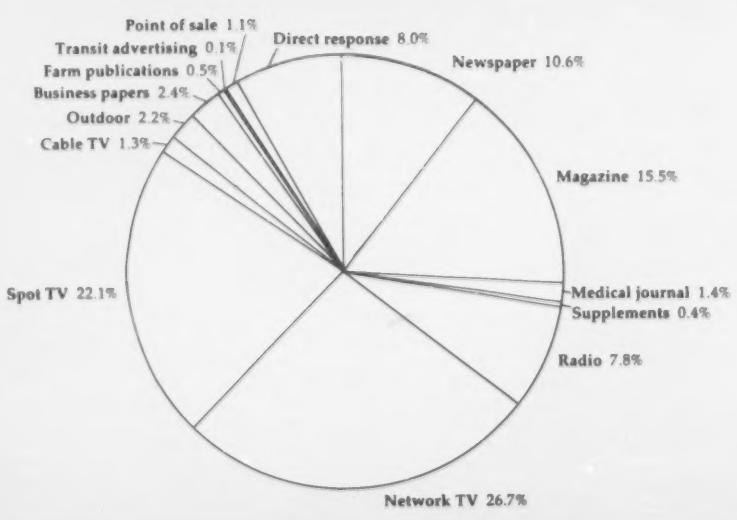
In 1986, the agency gained: Agway Farm Computer Systems; Crouse Irving Memorial Hospital; D'Allaird's; General Electric Co.; Hobe CIE Ltd.; Grumman; Hoffman Air & Filtration Systems; Health Care Data Systems; Jena Bridal Gowns; Niagara Mohawk Power Corp.; Nutri/System; Pepsi-Cola; Telmark, Inc.; Twincraft. It lost: Champion Factory Outlet Stores; Dierckx Equipment Corp.; McKenzie's Frozen Foods; Raymond Corp.;

Total domestic billings by 14 major media for Ad Age 500

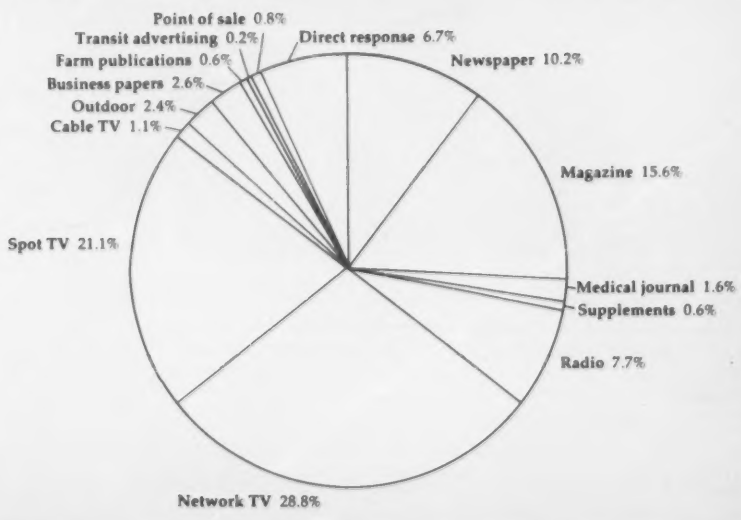
	Top 25 agencies					Top 100 agencies					Top 500 agencies		
	U.S. billings			$ as % of top 500 U.S. billings		U.S. billings			$ as % of top 500 U.S. billings		U.S. billings		
Media	1986	1985	% chg	1986	1985	1986	1985	% chg	1986	1985	1986	1985	% chg
Newspaper	$1,462.3	$1,289.4	13.4	43.0	47.1	$2,274.8	$1,909.5	19.1	66.8	69.7	$3,403.0	$2,739.7	24.2
Magazine	2,729.1	2,409.9	13.2	54.8	57.4	3,960.1	3,401.0	16.4	79.6	81.0	4,976.1	4,199.8	18.5
Medical journal	16.5	30.0	(44.9)	3.6	6.8	166.5	200.4	(16.9)	36.6	45.2	454.6	443.2	2.6
Supplements	67.2	100.6	(33.3)	52.9	60.9	93.8	124.1	(24.5)	73.8	75.1	127.0	165.3	(23.1)
Radio	1,014.2	872.3	16.3	40.5	42.3	1,690.9	1,485.3	13.8	67.6	72.1	2,501.4	2,060.0	21.4
Network TV	6,581.7	6,126.0	7.4	76.7	79.1	8,127.2	7,407.4	9.7	94.7	95.6	8,579.3	7,745.7	10.8
Spot TV	3,684.1	2,881.5	27.9	51.9	50.8	5,731.7	4,625.5	23.9	80.8	81.6	7,094.2	5,671.9	25.1
Cable TV	240.8	183.6	31.2	55.8	60.0	330.4	255.7	29.2	76.6	83.5	431.4	306.2	40.9
Outdoor	409.3	384.2	6.5	58.8	59.4	555.5	534.3	4.0	79.7	82.6	696.5	646.8	7.7
Business papers	160.2	199.9	(19.9)	20.6	28.8	362.4	368.7	(1.7)	46.7	53.1	776.3	694.1	11.8
Farm publications	49.5	50.1	(1.2)	31.9	33.1	82.5	89.8	(8.2)	53.0	59.2	155.5	151.6	2.6
Transit advertising	8.4	6.8	23.1	21.1	15.9	24.2	28.6	(15.3)	60.7	66.7	39.8	42.8	(7.0)
Point of sale	85.8	38.1	125.2	24.9	17.1	186.2	122.6	51.9	54.0	55.1	344.5	222.4	54.9
Direct response	655.2	530.0	23.6	25.3	29.3	1,605.7	1,185.8	35.4	62.1	65.6	2,585.4	1,806.7	43.1
Total	17,164.1	15,102.4	13.7	53.4	56.2	25,191.8	21,738.5	15.9	78.3	80.8	32,165.1	26,896.2	19.6

NOTES: Dollars in millions. Direct response includes Yellow Pages, direct mail, catalogues, DR TV, DR radio, DR newspaper, DR magazine, telemarketing and free-standing inserts. Media totals do not include agency subsidiaries if subsidiary and parent agency are profiled separately in this issue.

Top 500 agencies' U.S. media billings as % of $32.2 billion total in 1986



Top 500 agencies' U.S. media billings as % of $26.9 billion total in 1985



Rotelcom, Inc.

Billings breakdown by media: Newspapers 16.3%, magazines 36.8%, radio 11.2%, network tv 6.1%, spot tv 15.3%, outdoor 1%, point of sale 3.1%, direct mail 10.2%.

Top execs: Eric Mower, president-ceo; Francis T. Nichols, sr vp-cfo; Jay Quinn, sr vp, client svcs; Fredric Kocher, sr vp, production svcs; Ann Higbee, sr vp, pr; John Huppertz, sr vp-Market & Opinion Research. Employees: 102 in 2 offices.

Phone: (315) 472-4703.

MRI Advertising, Bala Cynwyd, Pa., reported gross income of $3,800,000 in 1986 on billings of $25,524,500. In 1985, it reported gross income of $4,250,000 on billings of $28,500,000.

The agency's 1986 U.S. volume consisted of $11,600,000 in media, $4,920,000 in materials and services and $9,004,500 in capitalized fees. Its 1985 U.S. volume consisted of $13,000,000 in media, $5,500,000 in materials and services and $10,000,000 in capitalized fees.

Included in the agencies figures were returns from subsidiary, MRI Design & Promotion Services.

In 1986, the agency gained: Beneficial National Bank; Johnson & Johnson, div to be announced; KARMA Jewels; Mediq Orthodontist; Yorktowne Kitchen Cabinets. It lost: Industrial Valley Bank; Keystone HMO, Camp Hill, Pa.; Mediq Orthodontist.

Billings breakdown by media: newspapers 20%, magazines 5%, radio 20%, spot tv 20%, business papers 10%, point of sale 5%, direct mail 5%, catalogs 5%, direct response newspapers 10%.

Top execs: Henry J. Kozlowski, president; Richard Keith, exec vp, creative dir; Alan Kline, sr vp, assoc creative dir; Frank Mercurio, sr vp, mgmt super; Ralph Riggins, sr vp, acct super; Robert Bach, sr vp, special projects; William Graham, sr vp, media services; Richard Booth, exec vp, cfo. Employees: 59 in 2 offices.

Phone: (215) 667-8900 ☑

MSA Advertising, Philadelphia, reported gross income of $522,600 in 1986 on billings of $2,903,851. In 1985, it reported gross income of $572,600 on billings of $3,553,476.

The agency's 1986 U.S. volume consisted of $1,240,000 in media, $361,200 in materials and services and $1,302,651 in capitalized fees. Its 1985 U.S. volume consisted of $2,080,500 in media, $320,400 in materials and services and $1,152,576 in capitalized fees.

In 1986, the agency gained: Heller Industries; Maxima Magnetics; Thompcomp; Video Marketing Concepts; Young Adjustment. It lost: Henry Mann Inc.

Billings breakdown by media: Newspapers 42.9%, magazines 13.7%, radio 6.1%, business papers 19.4%, point of sale 3.3%, direct mail 14.6.

Top exec: Michael Schwartz, president. Employees: 7.

Phone:(215) 546-8000.

MSSM Advertising, New York, reported gross income of $4,100,000 in 1986 on billings of $27,500,000. In 1985, it reported gross income of $3,900,000 on billings of $26,000,000.

The agency's 1986 U.S. volume consisted of $21,500,000 in media and $6,000,000 in materials and services. Its 1985 U.S. volume consisted of $22,000,000 in media and $4,000,000 in materials and services.

In 1986, the agency gained: Ralston Purina, new prods devel; Regency Cruises; Health-Tex, children's clothing; Pfaelzer Bros., gourmet food by mail. It lost: National Tourist Office of Spain; New York Racing Assn., print.

Billings breakdown by media: Newspapers 18.2%, magazines 18.2%, radio 7.3%, spot tv 3.6%, outdoor 3.6%, business papers 25.5%, point of sale 1.8%, direct mail 7.3%, catalogs 1.8%, direct response newspapers 3.6%, direct response magazines 7.3%, free-standing inserts 1.8%.

Top execs: John C. Martin, president-ceo; Dan S. Marshall, George E. Jaccoma, exec vps, creative dirs; R.B. Mitchell, dir-client svcs, coo; Neil S. Fox, president-Fox/MSSM Direct Response. Employees: 37.

Phone: (212) 832-3750.

Muir Cornelius Moore, New York, reported gross income of $9,466,053 in 1986 on billings of $63,138,573. In 1985, it reported gross income of $9,487,520 on billings of $63,281,758.

The agency did not break out its billings.

In 1986, the agency gained: IBM Information Systems Group, sales promo; Long Island Savings Bank; North American Philips, Mepco/Centralab; Boca Raton Hotel & Club. It lost: Emerson Electric, govt and defense group.

Billings breakdown by media: Newspapers 15%, magazines 5%, radio 3%, spot tv 5%, outdoor 2%, business papers 20%, sales promo, direct mktg 50%.

Top execs: William P. Muir, chairman-ceo; James Cornelius, vice chmn, devel and admin; Richard Moore, vice chmn, chief creative officer; Peter P. Post, president—MCM Advertising; Peter R. Wells, president—MCM Sales Promotion; C. Farese, L.O. Roberts, V. McQueeney, R. Hensley, sr vps. Employees: 125.

Phone: (212) 687-4055. ☑

Mullen Advertising & Public Relations, Prides Crossing, Mass., reported gross income of $5,125,755 in 1986 on billings of $34,171,700. In 1985, it reported gross income of $3,015,150 on billings of $20,101,000.

The agency's 1986 U.S. volume consisted of $23,236,450 in media, $4,100,600 in materials and services and $6,834,650 in capitalized fees. Its 1985 U.S. volume consisted of $12,976,000 in media, $2,325,000 in materials and services and $4,800,000 in capitalized fees.

In 1986, the agency gained: Unionmutual Life Insurance; Adelphia Communications; Okemo Mountain; Venus Wafers; *Worcester Telegram & Gazette*; Exercycle; Carroll Reed; Analog Devices. It lost: Near East Foods; Bostik, Emhart div.

Billings breakdown by media: Newspapers 7%, magazines 38%, radio 10%, network tv 1%, spot tv 19%, cable tv 2%, outdoor 3%, business papers 12%, point of sale 1%, catalogs 7%.

Top execs: James X. Mullen, president-ceo; Joseph M. Grimaldi, exec vp, dir-client svcs; Paul Silverman, exec vp, creative dir; Steve Haesche, sr vp, art dir; James Hartrich, vp, dir-rsch; Alan Johnson, vp, dir-media svcs; Richard Riccelli, vp, creative, direct response; Carin Warner, vp, dir, pr; Edward Boches, vp, copy writer; John Doyle, vp, sr art dir; Ray V. Belles, vp, acct dir; Jeanne P. Ridgway, vp-finance. Employees: 58.

Phone: (617) 927-7222.

Muller Jordan Weiss, New York, reported worldwide gross income of $6,900,000 in 1986 on billings of $46,700,000. In 1985, it reported worldwide gross income of $6,750,000 on billings of $45,100,000. Of the total, U.S. income was $6,750,000 in 1986 and $6,575,000 in 1985.

The agency's U.S. volume of $45,100,000 consisted of $31,800,000 in media, $6,200,000 in materials and services and $7,100,000 in capitalized fees. Its 1985 U.S. volume of $43,300,000 consisted of $29,400,000 in media, $6,500,000 in materials and services and $7,400,000 in capitalized fees.

Included in the agency figures were returns from subsidiary, Producers Row, sales promo.

In 1986, the agency gained: Hino Diesel Trucks; *Town & Country Magazine*; Sherwood Candy. It lost: Broadcast Music.

Billings breakdown by U.S. media: newspapers 4.4%, magazines 18.6%, radio 8.9%, network tv 8.9%, spot tv 31%, outdoor 4.4%, business papers 12.2%, farm publications 7.8%, direct mail 1.8%, catalogs 2%.

Top execs: John T. Jordan, chmn, ceo; Jane Maas, president; Frank B. Muller, exec vp, treasurer; Andrew M. Weiss, exec vp, secretary. Employees: 106 in 3 office.

Phone: (212) 399-2700. ☑

Frank C. Nahser Inc., Chicago, reported gross income of $3,495,336 in 1986 on billings of $22,987,981. In 1985, it reported gross income of $3,117,850 on billings of $20,492,427.

The agency's 1986 U.S. volume consisted of $13,971,385 in media, $1,779,250 in materials and services and $7,217,346 in capitalized fees. Its 1985 U.S. volume consisted of $10,442,692 in media, $1,612,082 in materials and services and $8,437,653 in capitalized fees.

In 1986, the agency gained: Schwinn Bicycle Co., Moore Business Centers, Fellowes Mfg. Co. It lost: None.

Billings breakdown by media: Newspapers 2%, magazines 33%, radio 10%, network tv 14%, spot tv 16%, cable tv 2%, business papers 20%, yellow pages 3%.

Top execs: F. Byron Nahser, president-ceo; R. Bruce Marsh, exec vp; Andrew A. Vallozzi, president—Frank C. Nahser of Wisconsin, Inc. Employees: 41 in 2 offices.

Phone: (312) 845-5000. ☑

Nelson Panullo Jutkins Direct Marketing, Santa Monica, Calif., reported gross income of $1,600,364 in 1986 on billings of $10,673,729. In 1985, it reported gross income of $1,068,152 on billings of $7,123,930.

The agency's 1986 U.S. volume consisted of $203,939 in media, $879,961 in materials and services and $9,589,829 in capitalized fees. Its 1985 U.S. volume consisted of $608,492 in media, $680,456 in materials and services and $5,834,982 in capitalized fees.

In 1986, the agency gained: First Interstate Bank of California; Transamerica Corp.; Microage Computer Stores; National Swimming Foundation; Medallion Books. It lost: Eczel Corp.

Billings breakdown by media: Direct mail 85%, direct response newspapers 5%; direct response magazines 10%.

Top execs: Paul Nelson, president, creative dir; David Panullo, vp, graphics dir; Nancy Jutkins, cfo, acct svcs dir. Employees: 22.

Phone: (213) 829-3444. ☑

Newmark, Posner & Mitchell, New York, had estimated gross income of $4,800,000 in 1986 on billings of $31,388,640. In 1985, it had estimated gross income of $4,000,000 on billings of $26,120,160.

The agency's 1986 U.S. volume consisted of $27,800,000 in media, $2,975,000 in materials and services and $613,640 in capitalized fees. Its 1985 U.S. volume consisted of $23,450,000 in media, $2,350,000 in materials and services and $320,160 in capitalized fees.

The agency did not consolidate subsidiary, Business Counselors Corp.

The agency did not report accounts gained or lost in 1986 and 1985.

Billings breakdown by media: Newspapers 80%, magazines 13.4%, radio 2%, spot tv 0.3%, outdoor 0.1%, transit 0.2%, point of sale 0.2%, direct mail 1.1%, direct response newspapers 1.3%, direct response magazines 0.8%, telemarketing 0.3%.

Top execs: Sidney Posner, president; Peter Posner, sr vp; Steven Posner, operations div; Richard Pines, Nick Chavin, Lanny Lambert, Ron Shafran, vps. Employees: 58.

Phone: (212) 867-3900.

Newton Associates, St. David, Pa., reported gross income of $632,492 in 1986 on billings of $3,294,541. The agency did not report 1985 figures.

The agency's 1986 U.S. volume consisted of $1,021,964 in media, $539,277 in materials and services and $1,733,300 in capitalized fees.

In 1986, the agency gained: Capital Controls, disinfection instrumentation; DCA, Inc, exhibits and interiors; Drug Plastics, speciality containers: Gain Electronics, semiconductor products; Independent Products Co, household convenience prods; Mattec, plant automation systems; Metrologic Instruments, bar code scanning systems; Weed Instrument, temperature sensors and transmitters; Widener University. It lost: Enterra Instrumentation; Rouse/Chamberlin, residential home developer; Villanova University; Welding Engineers, extruding machines.

Billings breakdown by media: Newspapers 20%, magazines 45%, radio 30%, spot tv 5%.

Top execs: Jon Newton, president; Harry A. Streamer, exec vp; LeRoy H. Keeler Jr., Linda D. Hawley, vps. Employees: 11.

Phone: (215) 964-9300. ☑

New Trend Advertising, Hackensack, N.J., reported gross income of $628,128 in 1986 on billings of $3,453,401. In 1985, it reported gross income of $582,588 on billings of $3,243,812.

The agency's 1986 U.S. volume consisted of $1,024,645 in media, $94,256 in materials and services and $2,334,500 in capitalized fees. Its 1985 U.S. volume consisted of $953,159 in media, $89,553 in materials and services and $2,201,100 in capitalized fees.

In 1986, the agency gained: Trader Horn; Auto Rite, Medallion Oil Co.; Gene Hacker, Inc.; Leonard Kreusch Wines; Lakeview Motors. It lost: Direct Audio/Video.

Billings breakdown by media: Newspapers 35%, magazines 2%, supplements 1%, radio 15%, spot tv 40%, business papers 1%, point of sale 3%, yellow pages 1%, direct mail 1%.

Top exec: Geri Boxer, president. Employees: 12.

Phone: (201) 342-3444. ☑

New Venture Advertising, Los Angeles, reported gross income of $805,000 in 1986 on billings of $5,521,450. In 1985, it reported gross income of $630,000 on billings of $4,405,500.

The agency's 1986 U.S. volume consisted of $3,769,800 in media, $384,300 in materials and services and $1,367,350 in capitalized fees. Its 1985 U.S. volume consisted of $3,090,000 in media, $315,000 in materials and services and $1,000,500 in capitalized fees.

Included in the agencies figures are returns from subsidiaries:

- New Venture News, pr
- New Venture Financing, business plan preparation
- New Venture Telemarketing

In 1986, the agency gained: Adray's, discount audio-video retail chain; Bellair Expediting, int'l pkg courier; Torrance Savings; Rocky Mountain Planned Parenthood, fund raising campaign; *International Gymnast*. It lost: California Professional Saving & Loan.

Billings breakdown by media: Newspapers 15%, magazines 15%, radio 5%, spot tv 35%, cable tv 10%, point of sale 3%, yellow pages 2%, direct mail 10%, telemarketing 5%.

Top execs: Doug Hedlund, president, creative dir; Cheryl Guice, art dir; Steve Frlekin, controller. Employees: 7.

Phone: (213) 473-1547. ☑

NKH&W Marketing Communications, Kansas City, Mo., reported gross income of $1,351,000 in 1986 on billings of $9,011,000. In 1985, it reported gross income of $1,037,000 on billings of $6,917,000.

Billings for both years was all in capitalized fees.

In 1986, the agency gained: First Federal S&L; United Telephone; Interstate Seed Co. It lost: Interstate Seed; MFA Inc.

Billings breakdown by media: Newspapers 2.7%, magazines 56.2%, radio 5.5%, spot tv 35.6%.

Top execs: F. Peter Kovac, president; Paul Welsh, exec vp; John Nicholson, exec vp-creative svcs; Dan Belcher, sr vp; Clarence Foxworthy, treasurer. Employees: 36.

Phone: ((816) 753-8881. ☑

Noble Communications, Springfield, Mo., reported gross income of $7,104,050 in 1986 on billings of $50,000,484. In 1985, it reported gross income of $5,249,372 on billings of $36,498,743.

The agency's 1986 U.S. volume consisted of $25,444,001 in media, $3,898,979 in materials and services and $20,857,504 in capitalized fees. Its 1985 U.S. volume consisted of $13,859,184 in media, $3,787,831 in materials and services and $18,851,728 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Noble Marketing Group. The agency did not consolidate subsidiary, Consumer Brands.

In 1986, the agency gained: Golden Dipt Co.; Knouse Foods Cooperative; Ozark Mountain Country; Pace Foods; J.R. Simplot Co. It lost: National Pork

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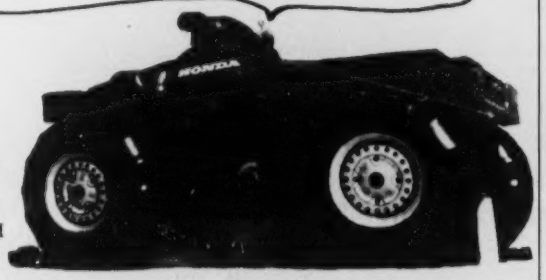

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Billings breakdown by media: Newspapers 10.8%, magazines 17.2%, radio, network tv, spot tv 69.7%, outdoor 0.9%, free-standing inserts 1.4%.

Top execs: Robert B. Noble, chmn-ceo; Terry H. Fisher, vice chmn; Jon T. Baker, president, coo; Gary L. Waldron, mng dir, Chicago. Employees: 151 in 2 offices.

Phone: (417) 882-5050. ☑

North Castle Partners, Greenwich, Conn., reported gross income of $5,925,000 in 1986 on billings of $40,653,000. In 1985, it reported gross income of $6,850,000 on billings of $43,602,000.

The agency's 1986 U.S. volume consisted of $21,408,000 in media, $2,815,000 in materials and services and $16,430,000 in capitalized fees. Its 1985 U.S. volume consisted of $23,150,000 in media, $3,600,000 in materials and services and $16,852,000 in capitalized fees.

In 1986, the agency gained: Bank of Boston Connecticut; Ocean Spray, cranberry sauce; Arnolds Foods; Champale. It lost: Joseph E. Seagram.

Billings breakdown by media: Newspapers 6%, magazines 17%, radio 19%, network tv 6%, spot tv 47%, outdoor 5%.

Top execs: William L. Ballard, chmn; Lynn Andrew Rotando, president; Barrington Boardman, vice chmn; Hal Rosen, exec creative dir; Len Ferraguzzi, exec vp. Employees: 40.

Phone: (203) 622-1122. ☑

Omni Marketing, Oakbrook Terrace, Ill., had estimated gross income of $6,900,000 in 1986 on billings of $46,000,000. In 1985, it had estimated gross income of $4,500,000 on billings of $30,000,000.

The agency did not break out billings for either year.

Included in the agency figures are returns from its Instant Response Information System, marketing analysis, response processing, fulfillment and billing, subsidiary.

In 1986, the agency gained on a project basis: Blue Cross & Blue Shield Assn. of Florida, Medicare supplement insurance; Blue Cross & Blue Shield Assn., physician's mailings; Commercial Travellers, hospital income, protection insurance; Monumental General, insurance fulfillment; Exxon, credit card solicitation; Maryland Casualty, agent and consumer mailings regarding credit cards. It lost: None.

Billings breakdown by media: Newspapers 5.9%, point of sale 11.7%, direct mail 76.5%, direct response magazines 5.9%.

Top execs: Gerald E. Graunke, chmn, ceo; Terence M. Graunke, president, coo; Donna M. Blomquist, vp, creative and production; James P. Anderson, vp-mktg. Employees: 92 in 2 offices.

Phone: (312) 932-8400.

Paolin & Sweeney, Cherry Hill, N.J., reported gross income of $3,200,000 in 1986 on billings of $16,300,000. In 1985, it reported gross income of $2,500,000 on billings of $11,200,000.

The agency's 1986 U.S. volume consisted of $3,100,000 in media, $1,400,000 in materials and services and $11,800,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,400,000 in media, $1,100,000 in materials and services and $7,600,000 in capitalized fees.

In 1986, the agency gained: Hill International, consultants; Delaware Valley La-Z-Boy Showcase Shoppes, furniture; DeSimone Cadillac & BMW; Farmers' & Mechanics' Savings & Loan; Weingartner Development, real estate. It lost: Gold Factory Outlet, jewelry; South Jersey Gas; Suzuki Motor Corp.

Billings breakdown by media: Newspapers 30%, magazines 11%, radio 18%, spot tv 22%, outdoor 7%, point of sale 2%, yellow pages 10%.

Top execs: John R. Paolin, president; Thomas B. Sweeney, exec vp. The agency did not report number of employees.

Phone: (609) 667-7700. ☑

Patchen Brownfield Inc., Phoenix, Ariz., reported gross income of $1,836,360 in 1986 on billings of $11,325,384. In 1985, it reported gross income of $955,982 on billings of $8,815,964.

The agency's 1986 U.S. volume consisted of $9,294,173 in media, $1,417,158 in materials and services and $614,053 in capitalized fees. Its 1985 U.S. volume consisted of $6,769,644 in media, $992,460 in materials and services and $1,053,860 in capitalized fees.

In 1986, the agency gained: Paradise Valley Resort; National Health Enhancement Systems; KMEO Radio, media buying only. It lost: Arizona Biltmore.

Billings breakdown by media: Newspapers 38%, magazines 14%, medical journals 0.5%, radio 11%, spot tv 18%, cable tv 0.5%, outdoor 8%, business papers 0.5%, transit 0.5%, point of sale 4%, direct mail 5%.

Top execs: Steve Patchen, president, acct svcs; Fred Brownfield, president-creative svcs; Jim Wichterman, sr vp, dir-mktg & rsch svcs. Employees: 35.

Phone: (602) 274-7707. ☑

Patterson Advertising Agency, Topeka, Kan., reported gross income of $765,533 in 1986 on billings of $5,104,970. In 1985, it reported gross income of $885,012 on billings of $5,903,333.

The agency's 1986 U.S. volume consisted of $1,559,695 in media, $710,752 in materials and services and $2,834,523 in capitalized fees. Its 1985 U.S. volume consisted of $1,842,422 in media, $658,502 in materials and services and $3,408,409 in capitalized fees.

In 1986, the agency gained: Fidelity State Bank of Topeka; Vic Yarrington Oldsmobile; Productivity Training; Highland Park Bank; Schlotzsky's. It lost: First National Bank of Topeka, Laird Noller Ford, Shawnee Federal Savings.

Billings breakdown by media: Newspapers 21.8%, magazines 12.6%, medical journals 5.2%, radio 25.2%, spot tv 31.1%, outdoor 2.8%, business papers 1.3%.

Top exec: Donald M. Shurtz, president. Employees: 18.

Phone: (913) 266-3636.

Pearlman/Wohl/Olshever/Marchese, Los Angeles, reported gross income of $1,676,862 in 1986 on billings of $15,244,200. In 1985, it reported gross income of $1,089,000 on billings of $10,663,800.

The agency's 1986 U.S. volume consisted of $12,700,000 in media, $810,000 in materials and services and $1,734,200 in capitalized fees. Its 1985 U.S. volume consisted of $9,210,000 in media, $520,000 in materials and services and $933,800 in capitalized fees.

In 1986, the agency gained: ZZZZ Best; The Boston Stores; Record-A-Call; Keyes Motor City; Mercantile National Bank; U.S. Suzuki Motorcycles. It lost: Halispechts Lighting.

Billings breakdown by media: Newspapers 5.9%, magazines 3.5%, radio 10.6%, spot tv 48.2%, outdoor 4.7%, business papers 3.5%, point of sale 2.4%, yellow pages 2.4%, direct mail 8.2%, catalogs 2.4%, direct response tv 4.7%, direct response radio 2.4%, direct response newspapers 1.1%.

Top execs: Daniel L. Pearlman, president-ceo; Wally B. Wohl, chmn, creative dir; Leon Olshever, vp-corporate dev; David N. Marchese, vp, coo. Employees: 18.

Phone: (213) 277-4684. ☑

Penny/Ohlmann/Neiman, Dayton, Ohio, reported gross income of $2,076,580 in 1986 on billings of $16,085,798. In 1985, it reported gross income of $1,909,536 on billings of $14,858,909.

The agency's 1986 U.S. volume consisted of $4,231,184 in media, $1,731,961 in materials and services and $10,122,653 in capitalized fees. Its 1985 U.S. volume consisted of $3,500,429 in media, $1,910,112 in materials and services and $9,448,368 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Telad International.

The agency did not consolidate subsidiaries:

- P/O/N Product Marketing
- P/O/N Service Marketing

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 5.9%, magazines 3.2%, medical journals 0.03%, radio 5.3%, spot tv 6.3%, cable tv 0.06%, outdoor 0.4%, business papers 1.9%, point of sale 33.6%, yellow pages 9.1%, direct mail 0.7%, catalogs 16.8%, free-standing inserts 16.71%.

Top execs: Walter Ohlmann, president-ceo; Robert Penny, chmn; Ralph Neiman, exec vp. Employees: 48.

Phone: (513) 278-0681. ☑

Penny & Speier, Houston, reported gross income of $1,549,214 in 1986 on billings of $14,002,269. In 1985, it reported gross income of $1,873,746 on billings of $15,061,253.

The agency's 1986 U.S. volume consisted of $3,131,824 in media, $1,006,271 in materials and services and $9,864,174 in capitalized fees. Its 1985 U.S. volume consisted of $3,575,868 in media, $1,325,594 in materials and services and $10,159,791 in capitalized fees.

In 1986, the agency gained: Doug Sanders Golf Tournament; Memorial Preservation & Restoration; Riverbrook Land Development; Houston Engineering Prod.; Gem Marketing. It lost: Juarez Mexican Restaurants; Flaky Jake's Hamburgers; New Territory Land Development; National Cremation Society; Kelley Mfg.

Billings breakdown by media: Newspapers 27.8%, magazines 15.3%, radio 4.6%, spot tv 19.7%, outdoor 14.9%, business papers 8%, point of sale 5.8%, direct mail 3.9%, brochures 7%.

Top execs: C.R. Penny, chmn; Stephen S. Speier, president. Employees: 27.

Phone: (713) 965-0331.

Perri Debes Looney & Crane Advertising, Rochester, N.Y., reported gross income of $1,274,322 in 1986 on billings of $8,464,983. In 1985, it reported gross income of $918,687 on billings of $6,231,666.

The agency's 1986 U.S. volume consisted of $2,577,600 in media, $1,085,650 in materials and services and $4,801,733 in capitalized fees. Its 1985 U.S. volume consisted of $1,878,800 in media, $1,085,900 in materials and services and $3,266,966 in capitalized fees.

In 1986, the agency gained: Shimano Canada Ltd., sporting goods; Lapp Insulator; Alling & Cory, paper prods; Remington; A.C. Teleconnect; American Footware; Black Finn Yacht; Eastman Kodak Co. It lost: A.C. Teleconnect; Johnson Camping; Grumman Boats; PUCH, sporting goods.

Billings breakdown by media: Newspapers 9.5%, magazines 55.7%, radio 3.9%, network tv 11.1%, point of sale 8.2%, direct mail 2%, catalogs 9.6%.

Top execs: Daniel R. Lytle, president, sr acct group coordinator; C. Stephen Crane, exec vp, creative dir; Robert Looney, sr vp, sr acct exec; Paul Debes, vp, sr art dir; Stuart P. Norris, comptroller, treasurer. Employees: 22.

Phone: (716) 442-9030. ☑

Peterson-Morris MacLachlan, Minneapolis, had an estimated gross income of $1,162,000 in 1986 on billings of $7,750,000. In 1985, it had estimated gross income of $765,000 on billings of $5,100,000.

The agency did not break out billings for either year.

In 1986, the agency gained: Betaseed, Inc, hybrid seed corn; Bonanza Restaurants of Eastern S.D.; Area Vocational/Technical Institutes; Builder's Source; Century Motor Freight; Crescent Industries, Champion Mills, Waconia elevators, Tioga heaters; Cub Foods, supermarkets; Dobbs Temporary Services; Evergreen, residential real estate devel; FutureCare Systems, cardiac rehab monitoring equipment; Liv Horneland Inc, interior design prods; Management Graphics, presentation graphics systems; Manufacturing & Trading Corp of Minn., importers; Mikro-Tel, demand side electrical mgmt systems; Minn. Title Insurance; Qnetics, patient care software; West Central Cooperative, grain mktg and feed prods; Woodlake Point, condos. It lost: Stuart Corp.

The agency did not break out billings by media.

Top execs: Jack Morris, president, creative dir; Harlan Stoehr, sr vp. Employees: 24.

Phone: (612) 331-8000.

Phillips-Ramsey, San Diego, reported gross income of $7,980,000 in 1986 on billings of $58,851,000. In 1985, it reported gross income of $7,668,000 on billings of $50,590,600.

The agency's 1986 U.S. volume consisted of $26,029,000 in media, $8,274,000 in materials and services and $24,548,000 in capitalized fees. Its 1985 U.S. volume consisted of $17,720,900 in media, $7,340,700 in materials and services and $25,529,000 in capitalized fees.

In 1986, the agency gained: Hybritech; Bell & Howell; Rancho Palo Verde; Epson; McClain Airlines; Las Vegas and Reno Hilton Hotels & Casinos. It lost: PSA Airlines; Scripps; Scottsdale Memorial Hospital; Northrup; Ticor.

The agency did not break down billings by media.

Top execs: Richard D. Brooks, president; Richard Badami, Winfield Holden III, Robert Kwait, Robert Lewis, exec vps. Employees: 124 in 3 offices.

Phone: (619) 574-0808.

Pierson & Co., Chicago, had estimated gross income of $900,000 in 1986 on billings of $6,000,000. In 1985, it had estimated gross income of $675,000 on billings of $4,500,000.

The agency did not break out billings for either year.

In 1986, the agency gained: Shade Information Systems, Wisard Software Division; Forest Foods, Woodland Pantry Brand; Air-Ride Limousine; Nelson Brothers Furniture Corp. It lost: Air-Ride Limousine.

Billings breakdown by media: Newspapers 3.3%, magazines 8.3%, radio 4.2%, spot tv 75%, business papers 5%, direct mail 4.2%.

Top execs: Arthur P.C. Pierson, president, creative dir; Thomas L. Schmidt, vp, dir of client services. Employees: 12.

Phone: (312) 644-6090. ☑

Pihas, Schmidt, Westerdahl Co., Portland, Ore., reported gross income of $2,381,405 in 1986 on billings of $17,691,566. In 1985, it reported gross income of $2,143,582 on billings of $15,047,778.

The agency's 1986 U.S. volume consisted of $6,098,375 in media, $2,991,011 in materials and services and $8,602,180 in capitalized fees. Its 1985 U.S. volume consisted of $5,449,737 in media, $3,084,521 in materials and services and $6,513,520 in capitalized fees.

In 1986, the agency gained: Convention Center; Tax Free Trust of Oregon; Aquilla Distributors. It lost: KFC-Columbia Cascade; Sizzler.

Billings breakdown by media: Newspapers 23%, magazines 2%, radio 20%, spot tv 41%, cable tv 2%, outdoor 1%, transit 0.5%, point of sale 2%, direct mail 4.5%, direct response tv 4%.

Top execs: John S. Pihas, president; Ronald G. Schmidt, exec vp; Edward G. Westerdahl, chmn. Employees: 50.

Phone: (503) 279-4000.

Poindexter Associates Advertising, Roanoke, Va., reported gross income of $844,154 in 1986 on billings of $5,035,983. In 1985, it reported gross income of $616,448 on billings of $3,721,940.

The agency's 1986 U.S. volume consisted of $2,721,117 in media, $514,006 in materials and services and $1,800,860 in capitalized fees. Its 1985 U.S. volume consisted of $1,710,599 in media, $423,274 in materials and services and $1,588,067 in capitalized fees.

In 1986, the agency gained: Hart Motor; Valley Rich Dairy; Sherertz, Franklin, Crawford, Shaffner, architecture; Huff-Cook Mutual Burial Assn. It lost: Snyder Hunt, apartments.

Billings breakdown by media: Newspapers 32%, magazines 6%, radio 18%, spot tv 38%, outdoor 4%, direct mail 2%.

Top execs: Dale Poindexter, president; Lee Garth exec vp; Herb Weaver, vp-operations; Dave Purdum, assoc creative dir; Kathy Poff, production mgr-traffic mgr; Marty Ryan, media dir. Employees: 12.

Phone: (703) 345-2400.

Pool/Sarraille, Los Angeles, had estimated gross income of $2,100,000 in 1986 on estimated billings of $13,687,000. In 1985, it had estimated gross income of $1,600,000 on estimated billings of $10,524,000.

The agency's 1986 U.S. volume consisted of $10,600,000 in media, $1,840,000 in materials and services and an estimated $1,247,000 in capitalized fees. Its 1985 U.S. volume consisted of $8,250,000 in media, $1,514,000 in materials and services and an estimated $760,000 in capitalized fees.

The agency did not report accounts gained or lost in 1986 or billings breakdown by media.

Top execs: Harvey Pool, president, creative dir; Edmond Sarraille, exec vp. Employees: 23 in 3 offices.

Phone: (213) 479-4166. ☑

Bernard Popick Associates, Atlantic City, N.J., reported gross income of $338,276 in 1986 on billings of $2,256,301. In 1985, it reported gross income of $350,760 on billings of $2,339,569.

Billings was all in capitalized fees for both years.

In 1986, the agency gained: Eastern Shore Seafood Products; Sand Casino-Hotel, Atlantic City. It lost: Gateway Associates; Boardwalk Marketplace.

The agency did not break out billings by media.

Top execs: Bernard A. Popick, president; Frances L. Popick, vp, treasurer; Fay Catando, vp-operations. Employees: 7.

Phone: (609) 348-2600.

Posey Quest Genova, Greenwich, Conn., reported gross income of $2,000,000 in 1986 on billings of $21,000,000. In 1985, it reported gross income of $2,500,000 on billings of $21,700,000.

The agency's 1986 U.S. volume consisted of $6,400,000 in media, $2,600,000 in materials and services and $12,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $4,700,000 in media, $2,800,000 in materials and services and $14,200,000 in capitalized fees.

In 1986, the agency gained: Sandoz Consumer Health Care Group; American Maize Co, Helme Tobacco div, Swisher Cigar div; Beiersdorf, Nivea Visage, face moisturizer. It lost: Southern New England Telephone; Penta Hotel.

Billings breakdown by media: newspapers 9.5%, magazines 54.8%, radio 9.5%, spot tv 23.8%, business papers 2.4%.

Top execs: James H. Quest, president, ceo; Joe Genova, exec vp, creative dir; Robert Liddel, vp, dir media and programming; Matthew C. Tokatlian, vp, dir finance; Louise Erdman, vp, dir acct service. Employees: 24.

Phone: (203) 531-4900. ☑

Praco, Ltd., Cold Springs, Colo., reported gross income of $628,301 in 1986 on billings of $4,196,565. In 1985, it reported gross income of $201,957 on billings of $3,852,294.

The agency's 1986 U.S. volume consisted of $944,642 in media, $800,087 in materials and services and $2,451,835 in capitalized fees. Its 1985 U.S. volume consisted of $833,666 in

media, $512,714 in materials and services and $2,505,914 in capitalized fees.

In 1986, the agency gained: Colo. Amateur Sports, non-profit organization to solicit Olympic Hall of Fame; Aries Properties; Colorado Springs Board of Realtors. It lost: Jocque Shops, sporting goods retail.

Billings breakdown by media: Newspapers 34%, magazines 8%, supplements 1%, radio 20%, spot tv 28%, outdoor 2%, transit 1%, point of sale 1%, direct mail 3%, direct response magazines 2%.

Top execs: James W. Hall, president; Nechie T. Hall, vp, secretary; Geri Vanderwarren, vp, treasurer. Employees: 15.

Phone: (303) 473-0704. ☑

PR Associates, Akron, Ohio, reported gross income of $1,745,000 in 1986 on billings of $11,265,000. In 1985, it reported gross income of $1,512,000 on billings of $10,352,000.

The agency's 1986 U.S. volume consisted of $2,100,000 in media, $725,000 in materials and services and $8,440,000 in capitalized fees. Its 1985 U.S. volume consisted of $2,165,000 in media, $950,000 in materials and services and $7,237,000 in capitalized fees.

In 1986, the agency gained: Go-Jo Industries, hand cleaners; White Rubber, electrical worker safety equipment; C&A Products, engineering & mfg of position control prods. The agency did not report U.S. accounts lost in 1986.

Overseas, the agency gained: General Extrusions, extruders of aluminum profiles; O&M Folders, mfg paper folding machines. The agency did not report overseas accounts lost.

Billings breakdown by media: Newspapers 5%, magazines 10%, radio 10%, yellow pages 10%, direct mail 5%.

Top execs: Paul L. Schmitz, president; Alan R. Kliskey, exec vp. Employees: 35.

Phone: (216) 928-8000.

Price McNabb Advertising Agency, Asheville, N.C., reported gross income of $3,383,000 in 1986 on billings of $25,567,700. In 1985, it reported gross income of $3,502,100 on billings of $26,763,400.

The agency's 1986 U.S. volume consisted of $11,463,300 in media, $3,023,500 in materials and services and $11,080,900 in capitalized fees. Its 1985 U.S. volume consisted of $11,967,700 in media, $4,816,700 in materials and services and $9,979,000 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:

- Price/McNabb Public Relations
- Price/McNabb Direct Marketing

The agency also consolidated returns for its offices in Raleigh and Charlotte, N.C., and Columbus, S.C.

In 1986, the agency gained: Broyhill Furniture Industries; Carolina Honda Dealers Assn.; *Raleigh News & Observer*; Coca-Cola Bottling, Charleston, S.C.; Coca-Cola Bottling Co. Consolidated, 10 additional markets. It lost: Carolina Marriott Portfolio; McDonald's Raleigh Co-op; McDonald's Chattanooga Co-op.

Billings breakdown by media: Newspapers 8%, magazines 9.6%, radio 22.7%, spot tv 55.2%, outdoor 4.5%.

Top execs: Charles R. Price Jr., chmn; Robert B. Boettcher-Asheville, Ron Campana-Raleigh, presidents; Powell G. Blue, exec vp-finance; Harris J. Fields, exec vp, creative dir-Asheville; Craig Jackson, sr vp, creative dir-Raleigh; David E. Rogers, sr vp-media svcs; Thomas E. Eppes, vp-pr div; Peter F. Lloyd-Columbia; S. Christopher Starin-Charlotte, vps; Judy Dalton, vp-media svcs; David L Moody, vp-mktg strategic devel. Employees: 74 in 4 offices.

Phone: (704) 254-7461. ☑

Pringle Dixon Pringle, Atlanta, reported gross income of $2,730,000 in 1986 on billings of $19,700,000. In 1985, it reported gross income of $2,675,000 on billings of $18,500,000.

The agency's 1986 U.S. volume consisted of $10,600,000 in media, $5,100,000 in materials and services and $4,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $10,000,000 in media, $5,000,000 in materials and services and $3,500,000 in capitalized fees.

In 1986, the agency gained: Cumberland; J.C. Bradford & Co; Gerber Alley Co; Bell South Mobility; Ford Motor Co, pr. It lost: Tropitone; E-Z-Go; Connecticut Valley Arms; Bankers First; Sun Bank.

Billings breakdown by media: Newspapers 18.5%, magazines 25.4%, medical journals 3.8%, supplements 3%, radio 33%, spot tv 2.6%, outdoor 6.4%, business papers 3.8%, point of sale 1.7%, yellow pages 0.2%, direct mail 1.2%, catalogs 0.4%.

Top execs: James A. Pringle, president, ceo; Janice S. Pringle, president pr div; R. Jobie Dixon, sr vp mktg; Mary Adams, vp-operations; Douglas M. Hancock, vp-finance; Hallett M. Parker, vp-acct scvs; Perry Mitchell, vp-creative; Robert Binney, vp-business devel. Employees: 48.

Phone: (404) 688-6720. ☑

QLM Associates, Princeton, N.J., reported gross income of $6,217,224 in 1986 on billings of $41,468,541. In 1985, it reported gross income of $1,551,622 on billings of $22,945,557.

The agency's 1986 U.S. volume consisted of $687,287 in media and $40,781,254 in capitalized fees. Its 1985 U.S. volume consisted of $451,876 in media and $22,945,557 in capitalized fees.

In 1986, the agency gained: Colgate; Georgia-Pacific; Lennox; Lever Bros.; Mettler Industries; Prince; Shulton. It did not report any losses.

Billings breakdown by media: Magazines 4.4%, point of sale 75.6%, free-standing inserts 20%.

Top execs: Employees: W.R. Lipsky, president; L.A. Quintman, vp, creative; J.A. Mitchell, vp, operations; W. Westbo, vp, creative dir.

Phone: (609) 683-1177. ☑

Qually & Co., Chicago, reported gross income of $471,483 in 1986 on billings of $3,800,000. In 1985, it reported gross income of $401,335 on billings of $3,280,000.

The agency did not break out it's volume for 1985 and 1986.

In 1986, the agency gained: Chicago Computer Connection; Corpacct CPA Affiliates; Magna Group, Inc.; Lane Banks; Adolph Coors; *Chicago Sun-Times*; Illinois Trade Assn. It lost: None.

Billings breakdown by media: Newspapers 10%, magazines 5%, radio 20%, network tv 5%, spot tv 30%, business papers 10%, transit 5%.

Top execs: Robert Qually, president, creative dir; Robb Ross, vp, acct super; Michael Iva, media, rsch dir; Fred Saleh, genl mgr; Holly Thomas, sr art dir; Dennis McInerney, sales; Chris Peldo, creative; Luther Bowens, Jr., communications mgr. Employees: 14.

Phone: (312) 944-0237. ☑

L. Quillin & Associates, La Crosse, Wis., reported gross income of $286,077 in 1986 on billings of $1,806,481. In 1985, it reported gross income of $207,687 on billings of $1,240,750.

The agency's 1986 U.S. volume consisted of $296,665 in media, $152,064 in materials and services and $1,357,752 in capitalized fees. Its 1985 U.S. volume consisted of $244,401 in media, $216,327 in materials and services and $780,022 in capitalized fees.

In 1986, the agency gained: Contrary Gardens, vegetable farms; National Walleye/Northern Tournament; International Challenge Snowmobile; St. James Hotel/Shopping Court. It lost: Super Cooler; Oktoberfest; Kolpin Manufacturing, sporting equipment; Mortgage Options; Brunner Drilling.

Billings breakdown by media: Newspapers 2.5%, magazines 10%, radio 6%, spot tv 8%, cable tv 0.2%, outdoor 2%, point of sale 26%, yellow pages 0.3%, catalogs 45%.

Top execs: Lawrence Quillin, president; Wayne Krause, exec vp. Employees: 7.

Phone: (608) 8292. ☑

Jules Rabin Associates, Valley Stream, N.Y., had estimated gross income of $740,400 in 1986 on billings of $4,938,300. In 1985, it had estimated gross income of $697,200 on billings of $4,650,000.

The agency did not break out billings.

In 1986, the agency gained: New York Guardian Mortgage Corp.; Nassau County Medical Center; Long Island Publishers Assn. It lost: Line Master.

The agency did not break out billings by media.

Top execs: Jules W. Rabin, president; Melvin Weber, exec vp; Melvin Kaplan, vp. Employees: 20.

Phone: (576) 561-9160.

Rahm Advertising & Public Relations, Oakland, Calif., had estimated gross income of $511,400 in 1986 on billings of $3,213,412. In 1985, it had estimated gross income of $352,400 on billings of $2,284,899.

The agency's 1986 U.S. volume consisted of $596,595 in media, $647,253 in materials and services and $1,969,564 in capitalized fees. Its 1985 U.S. volume consisted of $685,015 in media, $369,582 in materials and services and $1,230,302 in capitalized fees.

In 1986, the agency gained: Pacific Bell, mktg div; Pacific Bell, Mobiletelephone service; Harrison's Marine; United Cable, Alameda, mktg, cable tv. Agency did not list any accounts lost.

Billings breakdown by media: Newspapers 2.6%, magazines 4.4%, medical journals 0.1%, radio 3.1%, spot tv 7.2%, cable tv 0.2%, outdoor 0.6%, business papers 0.1%, direct mail 81.7%.

Top execs: John Hermansky, president; James C. Resor, secretary, treasurer. Employees: 7.

Phone: (415) 832-1500. ☑

Reimel Carter Advertising, Philadelphia, had estimated gross income of $2,824,300 in 1986 on billings of $18,500,000. In 1985, it had estimated gross income of $2,452,300 on billings of $16,100,000.

The agency's 1986 U.S. volume consisted of $9,474,000 in media, $1,882,000 in materials and services and $7,144,000 in capitalized fees. Its 1985 U.S. volume consisted of $9,015,000 in media, $1,422,000 in materials and services and $5,663,000 in capitalized fees.

In 1986, the agency gained: Addison Capital Shares; Blue Ridge Real Estate Co.; Kaselaan & D'Angelo Associates; Robert Half/Accountemps of Philadelphia; Yorkship Business Supply. It lost: WZGO-FM.

Billings breakdown by media: Newspapers 39%, magazines 7%, radio 30%, spot tv 18%, outdoor 5%, transit 1%.

Top execs: Theodore L. Reimel, president, treasurer; Edward P. Carter, exec vp, secretary; Karen L. Connor, sr vp-acct services; David M. Rackow, sr vp, creative director; Laurence L. Bazar, vp-finance & operations; Donald F. Danese, vp-sr acct group; Mark Von Zech, vp, art dir; Judith M. Titch, vp, media dir. Employees: 31.

Phone: (215) 735-3200.

Reynolds-Sullivan Advertising, Mobile, Ala., reported gross income of $672,360 in 1986 on billings of $3,000,297. In 1985, it reported gross income of $666,066 on billings of $2,868,660.

The agency's 1986 U.S. volume consisted of $2,168,776 in media, $831,521 in materials and services. Its 1985 U.S. volume consisted of $2,086,480 in media, $782,180 in materials and services.

In 1986, the agency gained: Bank of Mobile; Craft Farms, recreational facility; Barnett-Simmons, retail men's store. It lost: Colonial Bank of Mobile; Sansing Chevrolet; Gulf Coast Eight Chevrolet Dealers Assn.

Billings breakdown by media: Newspapers 20%, magazines 5%, radio 20%, spot tv 22%, cable tv 1%, outdoor 10%, business papers 15%, point of sale 2%, yellow pages 1%, direct mail 3%, free-standing inserts 1%.

Top execs: Richard C. Sullivan, president; Bruce H. Reynolds, exec vp, secretary; Karen St. Clair, vp. Employees: 15.

Phone: (205) 432-2780.

Richard & Edward's, New York, had estimated gross income of $8,700,000 in 1986 on billings of $58,000,000. In 1985, it had estimated gross income of $9,200,000 on billings of $61,000,000.

The agency did not break out billings by media.

Included in the agency's figures were returns from subsidiary, Richard & Edward's pr.

In 1986, the agency gained: Atari Corp. (U.S.); Penguin Products, electronic jewelry; Andre Publishing, children's books. The agency did not report accounts lost in 1986.

Billings breakdown by media: Magazines 4%, network tv 3%, spot tv 93%.

Top execs: Richard Schwarzchild, president; Edward Mandell, exec vp; Shelly Hirsch, sr vp, media dir. Employees: 29.

Phone: (212) 557-1600.

Richardson, Myers & Donofrio, Baltimore, reported gross income of $7,826,432 in 1986 on billings of $56,942,000. In 1985, it reported gross income of $8,295,000 on billings of $53,500,000.

The agency's 1986 U.S. volume consisted of $37,127,000 in media, $11,892,000 in materials and services and $7,923,000 in capitalized fees. Its 1985 U.S. volume consisted of $36,500,000 in media, $9,950,000 in materials and services and $7,050,000 in capitalized fees.

In 1986, the agency gained: Contrail; ICI Americas, Gramoxone Super; Georgetown University Hospital; Blue Cross/Blue Shield of Maryland, pr; State of Maryland, Department of Economic and Community Development, pr; State of Maryland, BWT Airport, pr. It lost: Eagle's Eye; Wilmington Trust; Cort Furniture Rental.

The agency did not break out billings by media.

Top execs: Hal Donofrio, president-ceo; Tyson Janney, exec vp; Chris Hartman, exec vp, genl mgr-pr; Clif Aldrich, cfo; Jamie Rice, exec vp; Lou Gunshol, vp, creative dir; Bill Porter, vp, dir-media svcs; Lew Isner, vp, dir-graphic arts production; Chuck Donofrio, Sarah Adams, Jed Lafferty, Paul Field, vps; Jim Fitzwater, Connie Whittington, vps-pr. Employees: 97.

Phone: (301) 576-9000.

Rizzo Simons Cohn, Boston, reported gross income of $3,572,746 in 1986 on billings of $23,826,319. In 1985, it reported gross income of $3,316,302 on billings of $22,115,627.

The agency's 1986 U.S. volume consisted of $4,852,234 in media, $2,942,013 in materials and services and $16,032,072 in capitalized fees. Its 1985 U.S. volume consisted of $5,644,272 in media, $2,568,060 in materials and services and $13,903,295 in capitalized fees.

In 1986, the agency gained: Alliant Computer, supercomputers; Arity Corp., personal computer software; NYNEX Mobile Communications, cellular car phones; Safer, Inc, natural plant care prods; Staples, office products superstore. It lost: Cullinet Softwrae, mainframe software; Kendall Co, hospital prods; Mutual Bank for Saving.

Billings breakdown by media: newspapers 14.7%, magazines 22.9%, medical journals 0.5%, radio 14.5%, network tv 4.3%, spot tv 8.4%, cable tv 2%, outdoor 2.2%, business papers 19%, point of sale 5.7%, direct mail 2.7%, catalogs 2%, direct response newspapers 0.2%, direct response magazines 0.3%, free-standing inserts 0.6%.

Top execs: J. Peter Rizzo, president; Thomas S. Simons, exec vp, co-creative dir-art; Richard E. Cohn, exec vp, co-creative-copy; John G. Maruskin, exec vp, mkgt scvs dir. Employees: 41.

Phone: (617) 423-2700. ☑

Robinson, Yesawich & Pepperdine, Orlando, Fla., had estimated gross income of $5,100,000 in 1986 on billings of $30,804,192. The agency reported $3,944,015 in gross income on billings of $26,303,985 in 1985.

The agency's 1986 U.S. volume consisted of $8,035,040 in media, $16,834,466 in materials and services and $5,934,686 in capitalized fees. In 1985, volume consisted of $5,188,673 in media and $21,115,312 in capitalized fees.

In 1986, the agency gained: Tamiment Resort; Pavilion Towers Hotel and Conference Center; Signature Club; White Plains Hotel; Daytona Beach Marriott; Wyndham Bristol Hotel; Wyndham Hotel Palm Springs. It lost: None.

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Billings breakdown by media: Newspapers 20%, magazines 40%, supplements 5%, radio 5%, spot tv 5%, outdoor 5%, business papers 10%, direct mail 5%, free-standing inserts 5%.

Top execs: John Robinson Jr, chmn; Peter C. Yesawich; James Pepperdine. Employees: 60 in 4 offices.

Phone: (305) 896-8787.

Rolf Werner Rosenthal, New York, a subsidiary of Ogilvy Group, reported gross income of $8,760,500 in 1986 on billings of $58,450,000. In 1985, it reported gross income of $8,415,000 on billings of $56,000,000.

The agency's 1986 U.S. volume consisted of $11,900,000 in media, $8,200,000 in materials and services and $38,350,000 in capitalized fees. Its 1985 U.S. volume consisted of $9,575,000 in media, $8,575,000 in materials and services and $37,850,000 in capitalized fees.

Included in the agencies figures were returns from its World Health Communications, special promotions, subsidary.

In 1986, the agency gained: Hospital Corp. of America, special projects; Connaught, H. flu vaccine; Boehringer Mannheim Diagnostics. It lost: Alcon Labs. In 1986, the agency did not report accounts gained overseas. It lost overseas: Burroughs Wellcome, Canada.

Billings breakdown by media: Newspapers 2%, magazines 2%, medical journals 74%, radio 1%, spot tv 1%, cable tv 2%, point of sale 2%, direct mail 5%.

Top execs: Rolf Werner Rosenthal, chmn, ceo; Ronald J. Souza, president, coo; Sylvio de Rouin, sr vp, creative dir; Philip T. Brady, sr vp, dir of client svcs; Howard Reiss, sr vp, mgmt super-World Health Communications; Richard A. Nuzzo, sr vp-acct mgmt super. Employees: 84.

Phone: (212) 684-0909. ☑

Ross Advertising, Peoria, Ill., reported gross income of $1,223,886 in 1986 on billings of $9,361,757. In 1985, it reported gross income of $1,057,170 on billings of $7,874,349.

The agency's 1986 U.S. volume consisted of $987,029 in media, $957,542 in materials and services and $7,417,186 in capitalized fees. Its 1985 U.S. volume consisted of $1,245,619 in media, $717,996 in materials and services and $5,910,734 in capitalized fees.

In 1986, the agency gained: Cranes Potato Chips; Lamont, Inc., housewares; PMP Inc., Peoria, chemical processor. It lost: None.

Billings breakdown by media: newspapers 8%, magazines 5%, radio 3.8%, spot tv 11.7%, cable tv 8.5%, outdoor 1%, business papers 40%, farm publications 5%, point of sale 5%, direct mail 4.5%, catalogs, 7.5%.

Top execs: A. Wayne Flittner, president; Ken Westerdale, Fred Kowalske, exec vps. Employees: 28.

Phone: (309) 691-4436.

Ruhr/Paragon, Minneapolis, reported gross income of $6,656,000 in 1986 on billings of $54,800,000. In 1985, it reported gross income of $6,341,000 on billings of $46,977,100. The agency had $182,000 in net income in 1986, and $190,200 in 1985.

The agency's 1986 U.S. volume consisted of $22,453,000 in media, $7,847,000 in materials and services and $24,500,000 in capitalized fees. Its 1985 U.S. volume consisted of $19,240,000 in media, $6,552,600 in materials and services and $46,977,100 in capitalized fees.

The agency did not consolidate subsidiary, Wallace Public Relations.

In 1986, the agency gained: BCE Development; Froedtert Memorial Hospital, Land O' Lakes Age Services; KTMA-TV; Chunk Products. It lost: Dain Bosworth; Mister Donut; Republic Telcom.

Billings breakdown by media: Newspapers 20.5%, magazines 21.5%, radio 17.7%, network tv 6.2%, spot tv 26.3%, outdoor 3.2%, direct mail 0.9%, catalogs 0.4%, other 3.3%.

Top execs: Charles F. Ruhr, chmn; Robert L. Jones, president-ceo. Employees: 100.

Phone: (612) 332-4565.

Richard Sackett Executive Consultants, New Orleans, reported gross income of $1,270,185 in 1986 on billings of $7,602,300. The agency did not report for 1985.

The agency's 1986 U.S. volume consisted of $153,410 in materials and services and $7,448,890 in capitalized fees.

The agency listed no accounts gained or lost and did not break out media.

Top execs: Richard Sackett, president; Schwan Quen, Michael Lea, exec vps. Employees: 8.

Phone:(604) 282-2568. ☑

Sacks & Rosen Advertising, New York, reported gross income of $5,870,000 in 1986 on billings of $33,400,000. In 1985, it reported gross income of $5,470,000 on billings of $31,000,000.

The agency's 1986 U.S. volume consisted of $18,560,000 in media, $4,800,000 in materials and services and $10,040,000 in capitalized fees. The agency did not break out billings for 1985.

Included in the agency's figures were returns from subsidiary, Response Strategems.

In 1986, the agency gained: Brown Group, Arnold Dunn Division; *Bride's Magazine*, Conde Nast Publications; Miele Appliances; Sweet Soles, socks, hosiery, pantyhose; U.S. Ingots; Richard Holstein, vitamin direct mktr. It lost: Metrotran.

Billings breakdown by media: Newspapers 11.3%, magazines 45.3%, supplements 6.5%, radio 3.2%, spot tv 6.5%, cable tv 1%, outdoor 1.6%, business papers 5.1%, point of sale 2.2%; direct mail 9.2; direct response newspapers 3.5%, direct response magazines 4.6%.

Top execs: Leonard Sacks, president; Michael Rosen, exec vp; Amy Gold, David Griffing, creative dirs; Jonathan Bond, acct svcs dir; Gerald Jacobs, comptroller; Ronnie Madoff, genl mgr-direct response. Employees: 49.

Phone:(212) 986-4004. ☑

Saunders, Lubinski & White, Dallas, reported gross income of $2,859,741 in 1986 on billings of $21,211,977. In 1985, it reported gross income of $2,319,861 on billings of $16,478,341.

The agency's 1986 U.S. volume consisted of $4,033,372 in media, $3,633,969 in materials and services and $13,544,636 in capitalized fees. Its 1985 U.S. volume consisted of $3,737,659 in media, $2,379,364 in materials and services and $10,361,318 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 51.9%, magazines 1.6%, radio 25.2%, spot tv 18.9%, outdoor 2.3%, yellow pages 0.1%.

Top execs: William C. Saunders, chmn; Stephen V. Morelock, president; Robert Cook, exec vp; Tracy Griffin, secretary, treasurer. Employees: 49.

Phone: (214) 630-6160. ☑

Sawyer Riley Compton, Gainesville, Ga., had estimated gross income of $2,625,000 in 1986 on billings of $17,251,080. In 1985, it had estimated gross income of $2,832,000 on billings of $18,558,491.

The agency's 1986 U.S. volume consisted of $4,314,930 in media, $1,423,926 in materials and services and $11,512,233 in capitalized fees. Its 1985 U.S. volume consisted of $5,515,797 in media, $1,857,531 in materials and services and $11,185,163 in capitalized fees.

In 1986, the agency gained: Adolph Coors Co., BioTech Products div; Elanco Products Co.; Jamesway Incubator Co.; Municipal Electric Authority of Georgia; Southcon; Sunbelt Power Systems; T&S Brass and Bronze Works; Primas, Inc. It lost: Farm Credit Banks; AVL; Chateau Elan.

Billings breakdown by media: Newspapers 3%, magazines 1%, radio 13%, spot tv 6%, outdoor 1%, business papers 57%, farm publications 14%, point of sale 1%, direct mail 4%.

Top execs: L. Gordon Sawyer, chmn; Franklin C. Compton, president; Richard W. Riley, exec vp; S. Jack Waters, president-The Waters Group; Louis G. Sawyer, sr vp; Sandra K. Whitaker, vp-prods. Employees: 30.

Phone: (404) 532-6285. ☑

Peter Scannell Inc., New York, reported gross income of $1,053,026 in 1986 on billings of $10,708,279. In 1985, it reported gross income of $724,730 on billings of $7,652,878.

The agency's 1986 U.S. volume consisted of $7,023,683 in media, $348,636 in materials and services and $3,335,960 in capitalized fees. Its 1985 U.S. volume consisted of $4,833,774 in media, $310,558 in materials and services and $2,508,546 in capitalized fees.

In 1986, the agency gained: Citicorp; Citibank N.A.; AT&T; N.Y. Health & Hospital Corp.; Nestle; Showtime; General Reinsurance; Deloitte Haskins & Sells. The agency did not report any accounts lost.

No billings breakdown by media was provided.

Top execs: Peter Scannell, president, Carol T. Savage, vp, David N. Lee, creative director. Employees: 12, up from 7 in 1985.

Phone: (212) 947-3822. ☑

Scharfbert & Associates, Ltd. Advertising, Jenkintown, Pa., reported gross income of $1,900,000 in 1986 on billings of $12,447,850. In 1985, it reported gross income of $1,750,000 on billings of $11,527,650.

The agency's 1986 U.S. volume consisted of $9,475,000 in media, $605,000 in materials and services and $2,367,850 in capitalized fees. Its 1985 U.S. volume consisted of $9,050,000 in media, $510,000 in materials and services and $1,967,650 in capitalized fees.

The agency gained: Eye Institute of the Pennsylvania College of Optometry; Showcase Stores; Maryland AMC/Jeep/Renault Dealer Group; Joe Hand Promotions; Arena Marketing Group, entertainment promos; D&H Distributors, regional RCA distributors. It lost: Wholesale Furniture Distributors.

Billings breakdown by media: Newspapers 25%, magazines 7%, supplements 1%, radio 20%, spot tv 30%, cable tv 3%, outdoor 2%, business papers 2%, transit 2%, point of sale 3%, direct mail 3%, telemarketing 2%.

Top execs: Sheldon Scharfberg, president; Richard S. Menapace Jr., exec vp; Douglas Scharfberg, vp. Employees: 30.

Phone: (215) 885-7050. ☑

Schenkein & Associates, Englewood, Colo., reported gross income of $1,999,000 in 1986 on billings of $13,214,000. In 1985, it reported gross income of $1,802,000 on billings of $12,195,000.

The agency's 1986 U.S. volume consisted of $513,000 in media, $175,000 in materials and services and $12,526,000 in capitalized fees. Its 1985 U.S. volume consisted of $927,000 in media, $62,000 in materials and services and $11,206,000 in capitalized fees.

In 1986, the agency gained: Financial Programs; Lutheran Medical Center; Little Caesar's Pizza; Candy's Tortilla Factory; Evans Furs. It lost: Leo Payne, auto.

Billings breakdown by media: Newspapers 8.1%, magazines 12.4%, radio 25.6%, spot tv 12%, outdoor 7.1%, transit 13.2%, point of sale 1.5%, direct mail 16.8%, catalogs 3.3%.

Top execs: Robert A. Schenkein, president; Gregory M. Taucher, vp-acct svcs; Jean E. Hathaway, vp-creative; Carl R. Kay, vp-pr; Wade Blacketor, vp-finance. Employees: 30.

Phone: (303) 790-1773. ☑

Ken Schmidt Co., Milwaukee, reported gross income of $1,670,500 in 1986 on billings of $10,526,900. In 1985, it reported gross income of $1,425,000 on billings of $8,995,000.

The agency's 1986 U.S. volume consisted of $4,838,200 in media, $1,950,000 in materials and services and $3,738,700 in capitalized fees. Its 1985 U.S. volume consisted of $4,767,500 in media, $1,875,700 in materials and services and $2,351,800 in capitalized fees.

In 1986, the agency gained: Flserv, Inc., a financial data processing svc; Toyota Industrial Equipment, Skid Steer Loader div. It lost: Harnischfeger Corp.

Billings breakdown by media: Newspapers 2%, magazines 56%, radio 1.8%, spot tv 1.6%, farm publications 28.6%, direct mail 5.5%, free-standing inserts 4.5%.

Top execs: Kenneth W. Schmidt, chmn, ceo; Cecil M. Hunt, president. Employees: 28.

Phone: (414) 224-0210.

Schroeder Advertising, New York, had estimated gross income of $558,109 in 1986 on estimated billings of $3,000,000 for calendar 1986. It did not report for 1985.

The agency's 1986 U.S. volume consisted of $2,600,000 in media, and $400,000 in capitalized fees.

In 1986, the agency gained: Harmonic Research, investment advisory service; Kitchen Co., wholesale and retail kitchen/bath distributors. It lost: Brown Cow Farm Yogurt. Overseas, the agency gained: Pandick Ltd., office support and technology, United Kingdom. It lost: None.

Billings breakdown by media: Newspapers 27%, magazines 73%.

Top execs: Charles W. Schroeder, president, creative dir; Greg Crossley, exec art dir; Lyn Machleidra, media dir. Employees: 6.

Phone: (212) 674-3030. ☑

Semel/Kaye & Co., Northbrok, Ill., reported gross income of $977,220 in 1986 on billings of $7,066,833. In 1985, it reported gross income of $900,263 on billings of $6,225,419.

The agency's 1986 U.S. volume consisted of $681,266 in media, $1,915,000 in materials and services and $4,470,567 in capitalized fees. Its 1985 U.S. volume consisted of $615,932 in media, $1,723,252 in materials and services and $3,886,235 in capitalized fees.

Figures include those of subsidiaries:

- Semel/Kaye Public Relations
- Semel/Kaye Outdoor div

In 1986, the agency gained: Rush Presbyterian-St. Lukes Hospital; AM International, Multigraphics div (pr); Wabash Electronics; Reli Financial Corp.; Universal Trim; Albert Trostel Packings. It lost: Enterprise Systems; Hako Minuteman.

Billings breakdown by media: Newspapers 5%, medical journals 5%, outdoor 5%, business papers 20%, point of sale 2%, yellow pages 3%, direct mail 17%, catalogs 23%, telemarketing 5%, other 15%.

Top execs: Richard L. Kaye, president-ceo; Charles E. Semel, exec vp; Robert Tucker, vp, mktg; James Leman, dir pr. Employees: 20.

Phone: (312) 564-8860.

Serino, Coyne & Nappi, New York, reported gross income of $4,628,426 in 1986 on billings of $24,987,000. In 1985, it reported gross income of $3,719,662 on billings of $21,989,000.

The agency did not break out billings or report accounts gained and lost in 1986.

Media breakdown: Newspapers 72.2%, radio 6.5%, network tv 21.3%.

Top execs: Matthew Serino, president; Nancy Coyne, creative dir; Nicholas Nappi, art dir. Employees: 42.

Phone: (212) 704-3900. ☑

Shaffer/MacGill & Associates, Chicago, reported gross income of $1,669,386 in 1986 on billings of $12,740,650. In 1985, it reported gross income of $1,742,345 on billings of $11,787,046.

The agency's 1986 U.S. volume consisted of $3,429,340 in media, $1,893,283 in materials and services and $7,418,027 in capitalized fees. Its 1985 U.S. volume consisted of $5,209,540 in media, $2,060,342 in materials and services and $4,517,164 in capitalized fees.

Figures include those of subsidiary, CoAMS, Inc., involved in co-op advertising administration and inquiry trucking analysis.

In 1986, the agency gained: Belden Automotive Products, wire and cable; Intrupa Mfg., lift truck parts; New Concepts, auto chemicals; Unity Mfg., lighting. It lost: Tonka, toy co-op adv.

Billings breakdown by media: Newspapers 5.8%, magazines 1.5%, radio 0.8%, spot tv 4.8%, business papers 16%, point of sale 3%, yellow pages 1.1%, direct mail 21%, catalogs 17%, co-op adv and misc 29%.

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Top execs: Jerome B. Shaffer, president; Bert Grout, sr vp, acct svcs; Larry Heisler, sr vp, creative; Mike Josvanger, vp; Rich Lattanzio, vp, genl mgr, CoAMS; Renee Dulkin, genl mgr, foreign language. Employees: 38 in 2 offices.

Phone: (312) 467-0920. ☑

Shaker Advertising Agency, Oak Park, Ill., had estimated gross income of $4,100,000 in 1986 on billings of $27,000,000. In 1985, it had estimated gross income of $3,300,000 on billings of $22,000,000.

The agency did not break out billings. Included in the agency's estimated figures were returns from its Tampa, Fla., office.

The agency did not report accounts gained in 1986, but reported that it lost none.

Billings breakdown by media: Newspapers 90%, magazines 5%, radio 3%, direct mail, 2%.

Top execs: Joseph R. Shaker, chmn; Joseph G. Shaker, president; Anthony R. Shaker, vp. Employees: 60 in 2 offices.

Phone: (312) 383-5320.

Sharp Hartwig, Seattle, reported gross income of $1,995,692 on billings of $13,311,266 for its FY1986, ending Sept. 30. In FY1985, the agency reported gross income of $1,895,630 on billings of $13,347,184.

The agency's 1986 U.S. volume consisted of $1,547,787 in media, $6,543,257 in materials and services and $5,220,222 in capitalized fees. In 1985, its U.S. volume consisted of $9,209,849 in media and materials and services combined and $4,137,335 in capitalized fees.

In 1986, the agency gained: Domino's Pizza, LaCroix region; Plum Creek Timber; Good Health Plan of Washington; Airborne Express; Children's Hospital & Medical Center; Freightliner Trucks. It lost: Flow Systems, waterjet cutting equipment.

Billings breakdown by media: Newspapers 11%, magazines 41%, medical journals 0.5%, radio 12%, spot tv 4%, cable tv 0.5%, outdoor 1.5%, business papers 0.5%, transit 3%, point of sale 0.5%, direct mail 22%, direct response magazines 3.5%.

Top execs: David L. Sharp, president-ceo; Cynthia Hartwig, exec vp, creative dir; Dick Pattison, exec vp, coo. Employees: 44.

Phone: (206) 282-6242. ☑

Shea & Ziegler, Darien, Conn., a new agency incorporated Aug. 14, 1986, reported gross income of $24,631 in 1986 on billings of $161,876.

The agency's 1986 U.S. volume consisted of $20,294 in media, $17,887 in materials and services and $123,695 in capitalized fees.

In 1986, the agency gained: Energy Concepts, Inc.; L.J. Scully Manufacturing Corp.

Billings breakdown by media: Business papers 51.3%, direct mail, 48.7%.

Top execs: Michael S. Ziegler, president. Employees: 1.

Phone: (203) 655-9100. ☑

Sheehy & Knopf, Louisville, Ky., reported gross income of $1,346,853 in 1986 on billings of $11,001,311. In 1985, it reported gross income of $1,244,491 on billings of $9,042,985.

The agency's 1986 U.S. volume consisted of $4,946,358 in media, $1,408,835 in materials and services and $4,646,118 in capitalized fees. Its 1985 U.S. volume consisted of $5,149,118 in media, $1,341,757 in materials and services and $2,552,110 in capitalized fees.

In 1986, the agency gained: Kentucky Kingdom; Sears, special project; Kentucky Home Mutual Life Insurance; Tower Investment Management; Citizens National Bank of Bowling Green. It lost: Cut Rate Liquors; SR Wood; Creasey Co.

Billings breakdown by media: Newspapers 29.9%, magazines 10.2%, radio 21.1%, spot tv 33.1%, outdoor 5.7%.

Top execs: William J. Sheehy, chmn; Paul R. Knopf, president. Employees: 38.

Phone: (502) 426-1314. ☑

Sheldon Fredericks Advertising, New York, reported gross income of $553,000 in 1986 on billings of $5,296,370. In 1985, it reported gross income of $527,000 on billings of $5,118,000.

The agency's 1986 U.S. volume consisted of $3,067,000 in media, $822,000 in materials and services and $1,407,370 in capitalized fees. Its 1985 U.S. volume consisted of $2,940,000 in media, $866,000 in materials and services and $1,322,000 in capitalized fees.

In 1986, the agency gained: Sunbeam Structures, greenhouses. It lost: None.

Billings breakdown by media: Newspapers 22.9%, magazines 6.3%, medical journals 2.2%, yellow pages 3.1%, direct mail 18.4%, catalogs 5.8%, direct response tv 8.3%, direct response radio 1.7%, direct response newspapers 18.7%, direct response magazines 12.6%.

Top execs: Frederick A. Schwartz, president; Sheldon O. Schwartz, exec vp. Employees: 19.

Phone: (212) 867-0110. ☑

Shorey & Associates, Greenville, S.C., had estimated gross income of $589,000 in 1986 on billings of $3,788,000. In 1985, it had estimated gross income of $909,500 on billings of $5,800,000.

The agency's 1986 U.S. volume consisted of $750,000 in media, $1,000,000 in materials and services, and an estimated $2,000,000 in capitalized fees. Its 1985 U.S. volume consisted of $1,300,000 in media, $1,500,000 in materials and services and an estimated $3,100,000 in capitalized fees.

In 1986, the agency gained: Alcoa Conductor Accessories Inc.; Anderson Hardwood Floors; Ascoe Felts Inc., Asten Group; Tranter Inc.; Communications Properties. It lost: Boiler Tube Co.; Financial Services Group.

Billings breakdown by media: Newspapers 5%, radio 5%, outdoor 2%, business papers 80%, point of sale 2%, direct mail 3%, telemarketing 4%.

Top execs: G.D. Shorey Jr., president-ceo; G. Day Shorey III, exec vp. Employees: 20.

Phone: (803) 242-5407. ☑

Siddall, Matus & Coughter, Richmond, Va., reported gross income of $2,984,982 in 1986 on billings of $15,585,216. In 1985, it reported gross income of $2,710,620 on billings of $15,221,254.

The agency's 1986 U.S. volume consisted of $7,063,530 in media, $4,055,027 in materials and services and $4,466,659 in capitalized fees. Its 1985 U.S. volume consisted of $9,253,857 in media, $2,529,192 in materials and services and $3,438,205 in capitalized fees.

In 1986, the agency gained: Entre Computer Centers; Keystone Financial; Chesapeake Bay Brewing Co. It lost: Mobil Land Development Corp, Florida and Georgia.

Billings breakdown by media: Newspapers 25.1%, magazines 22.7%, radio & tv 49.8%, outdoor 2.4%.

Top execs: John N. Siddall, chmn-ceo; Stanley Matus, vice chmn; Peter J. Coughter Jr., president; Donna Weaver, exec vp. Employees: 51 in 2 offices.

Phone: (804) 788-8011. ☑

Silberman Whitebrow Dolan, Philadelphia, had estimated gross income of $1,665,000 in 1986 on billings of $11,100,000. In 1985, it had estimated gross income of $7,450,000 on billings of $12,600,000.

The agency's 1986 U.S. volume consisted of $5,745,000 in media, $975,000 in materials and services and $4,380,000 in capitalized fees. Its 1985 U.S. volume consisted of $7,450,000 in media, $1,250,000 in materials and services and $3,900,000 in capitalized fees.

In 1986, the agency gained: Aloette, cosmetics; Best Foods; Cooper Hospital/University Medical Center; Family Walk-In Medical Center; Freedom Health Care, HMO; Health Plan Southeast, HMO; Liberty Health Plan, HMO; Mitchell Sports USA, fishing tackle; Network Health Care, HMO; Richardson Foods; Samaritan Health Plans, HMO/PPO. It lost: Healthwin, HMO; Weight Watchers, Eastern Pennsylvania.

Billings breakdown by media: newspapers 12%, magazines 22%, supplements 1%, radio 20%, spot tv 27%, outdoor 5%, business papers 2%, point of sale 1%, direct response tv 10%.

Top execs: Eli Silberman, president; Leo J. Dolan Jr., exec vp; Harold Smith Ziebelman, sr vp. Employes: 20.

Phone: (215) 665-1202. ☑

Simms & McIvor, Round Rock, N.J., reported gross income of $1,854,000 in 1986 on billings of $12,869,053. In 1985, it reported gross income of $1,767,000 on billings of $12,187,000.

The agency's 1986 U.S. volume consisted of $872,373 in media, $1,998,680 in materials and services and $9,998,000 in capitalized fees. Its 1985 U.S. volume consisted of $936,000 in media, $1,813,000 in materials and services and $9,438,000 in capitalized fees.

In 1986, the agency gained: Squibb ConvaTec; Somerset Medical Center; Colin Medical; Mediq Inc.; Organon; Zenith Labs; Pfizer. It lost: Ethicon.

The agency did not break out billings by media.

Top execs: Patrick J. McIvor, president; Gene E. Hollen, exec vp-acct svcs; Doug Barton, vp, creative dir; Stan Cohen, vp-production; Eugene T. McLoughlin, vp, accts super. Employees: 36.

Phone: (201) 560-1410. ☑

Simons Michelson Zieve, Troy, Mich., reported gross income of $2,925,000 in 1986 on billings of $19,500,000. In 1985, it reported gross income of $3,300,000 on billings of $18,450,000.

The agency's 1986 U.S. volume consisted of $12,436,327 in media, $1,102,245 in materials and services and $5,961,428 in capitalized fees. Its 1985 U.S. volume consisted of $12,378,000 in media, $1,505,825 in materials and services and $4,566,175 in capitalized fees.

In 1986, the agency gained: Fretter Inc.; Hazel Park Racing Assn.; Bloodsafe Inc.; American Transmission; Lawn Equipment; Somerset Inn; Top Hat Restaurants. It lost: Ladbroke Racing Corp.; Sentry Mortgage Corp.

Billings breakdown by media: Newspapers 25%, magazines 12%, radio 20%, spot tv 30%, outdoor 6.5%, transit 0.5%, point of sale 2%, yellow pages 3%, direct mail 1%.

Top execs: Morton Zieve, chmn; James A. Michelson, president. Employees: 56.

Phone: (313) 649-5600. ☑

Slater Hanft Martin, New York, reported gross income of $5,948,000 in 1986 on billings of $40,439,000. In 1985, the agency reported gross income of $5,847,000 on billings of $38,981,000.

The agency's 1986 U.S. volume consisted of $32,316,700 in media, $5,145,500 in materials and services and $2,976,800 in capitalized fees. Its 1985 U.S. volume consisted of $31,007,600 in media, $5,228,900 in materials and services and $2,744,500 in capitalized fees.

In 1986, the agency gained: Chase Manhattan Bank, Bank Card div; Sony Corp., computer peripherals &new prods; Mailorder Plus Corp. It lost: Oral Research Laboratory; Sidgei Corp., pasta; Musak.

Billings breakdown by media: Newspapers 11%, magazines 32%, radio 4%, network tv 45%, spot tv 5%, cable tv 1%, direct mail 1%, free-standing inserts 1%.

Top execs: Jerry Martin, chmn; Adam Hanft, president, creative dir; Don Slater, exec vp, creative dir; Gary Roberts, exec vp, coo. Employees: 50.

Phone: (212) 674-3100.

Smith Advertising & Associates, Fayetteville, N.C., reported gross income of $635,673 in 1986 on billings of $4,087,651. In 1985, it reported gross income of $614,455 on billings of $4,091,539.

The agency's 1986 U.S. volume consisted of $670,767 in media, $448,506 in materials and services and $2,968,378 in capitalized fees. Its 1985 U.S. volume consisted of $529,550 in media, $676,879 in materials and services and $2,885,110 in capitalized fees.

In 1986, the agency gained: D.R. Allen & Son, concrete svc; North Raleigh Hilton & Towers; Carolina Manor, alcohol & drug treatment center; Southeastern General Hospital; Fayetteville Area Convention & Visitor's Bureau; Walsh Corp., real estate dev.; Home Federal Savings & Loan; Charleston Mills House; Myrtle Beach Area Convention Bureau. It lost: Fasco Industries, home comfort prods.

Billings breakdown by media: Newspapers 29%, magazines 14%, medical journals 0.5%, radio 22%, spot tv 13%, outdoor 1.5%, direct mail 20%.

Top exec: Gary T. Smith, president. Employees: 14.

Phone: (919) 323-0920. ☑

Smith, Badofsky & Raffel, Chicago, reported gross income of $1,376,000 in 1986 on billings of $15,995,451. In 1985, it reported gross income of $1,369,970 on billings of $15,824,024.

The agency's 1986 U.S. volume consisted of $6,109,069 in media, $2,233,325 in materials and services and $7,653,057 in capitalized fees. Its 1985 U.S. volume consisted of $6,108,409 in media, $2,205,008 in materials and services and $7,510,607 in capitalized fees.

In 1986, the agency gained: *Chicago Sun-Times*, Restaurant Suntory Chicago; Reggie Packing Co.; Regensteiner Press. It lost: WMAQ-TV; The Great Frame Up.

Billings breakdown by media: Newspapers 24%, magazines 5%, supplements 1%, radio 22%, spot tv 35%, outdoor 1%, business papers 5%, transit 2%, point of sale 1%, direct mail 4%.

Top execs: Robert J. Smith, president; William D. Raffel, Jack Badofsky, exec vps. Employees: 20.

Phone: (312) 642-0500.

Smith Burke & Azzam, Baltimore, reported gross income of $5,194,400 in 1986 on billings of $40,300,000. In 1985, it reported gross income of $4,700,000, on billings of $37,100,000.

The agency's 1986 U.S. volume consisted of $21,343,935 in media, $150,000 in materials and services and $18,806,065 in capitalized fees. Its 1985 U.S. volume consisted of $15,780,000 in media, $2,900,000 in materials and services and $18.420,000 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:

- Big Picture Production
- Charles Street Graphics

In 1986, the agency gained: Trump Plaza Hotel & Casino, Atlantic City, N.J.; Rax Restaurants; Cort Furniture Rental; MD-IPA, Health Maintenance Organization; Jaragua Hotel, Santo Domingo. It lost: Marriott, Roy Rogers Restaurants.

Billings breakdown by media: Newspapers 9%, magazines 7.2%, supplements 0.5%, radio 11.9%, network tv 17.4%, spot tv 45.2%, outdoor 2.6%, business papers 1.5%, point of sale 0.5%, direct mail 4.2%.

Top execs: Barry L. Smith, president; Graham V. Kirk, exec vp; Roger L. Gray, Jeffrey Millman, sr vps. Employees: 53.

Phone: (301) 727-4306. ☑

Smith/Greenland, New York, reported gross income of $6,317,000 in 1986 on billings of $41,290,000. In 1985, the agency reported gross income of $6,200,000 on billings of $41,100,000.

The agency's 1986 U.S. volume consisted of $31,003,430 in media, $3,810,430 in materials and services and $6,476,570 in capitalized fees. Its 1985 U.S. volume consisted of $30,663,300 in media, $3,700,000 in materials and services and $6,736,700 in capitalized fees.

In 1986, the agency gained: Citicorp Investment Bank, worldwide; Cabot Corp, E.A.R. div; Hoffman-La Roche; Pfizer, Leeming Pacquin, new prods; Wilfred American Educational Corp. It lost: George F. Valassis & Co. Overseas, the agency gained Citicorp Investment Bank; Distillers Co. Canada Ltd. It lost: None.

Billings breakdown by media: Newspapers 21%, magazines 35.5%, radio 5.4%, spot tv 26.8%, outdoor 7%, business papers 3.1%, transit 1%, other 0.2%.

Top execs: Leo Greenland, chmn, ceo; Norman Goluskin, president; Murray Platte, Bert Rosenberg, exec vps; Oscar H. Haffner, sr vp, cfo; Murray Klein, sr vp, creative dir; Harry Wenthen, sr vp-acct scvs; Beryl Seidenberg, sr vp-media; Rita Greenland, sr vp-human resources. Employees: 98.

Phone: (212) 757-3200.

Smith, Kaplan, Allen & Reynolds, Omaha, Neb., reported gross income of $1,601,491 in 1986 on billings of $10,676,609. In 1985, it reported gross income of $1,350,770 on billings of $9,005,145.

The agency's 1986 U.S. volume consisted of $7,080,722 in media, $1,882,098 in materials and services

Top 25 U.S. cities by total agency domestic billings

Rank	City	Total agency billings 1986	1985	% chg
1	New York	$16,872.4	$15,637.4	7.9
2	Chicago	5,023.8	4,766.7	5.4
3	Los Angeles	2,648.0	2,459.5	7.7
4	Detroit	2,352.3	2,097.1	12.2
5	San Francisco	1,273.9	1,186.3	7.4
6	Dallas	930.3	834.6	11.5
7	Minneapolis	832.2	739.5	12.5
8	Boston	745.7	612.6	21.7
9	Atlanta	594.7	666.1	(10.7)
10	St. Louis	489.9	498.0	(1.6)
11	Cleveland	461.5	440.1	4.9
12	Philadelphia	384.3	350.0	9.8
13	Houston	347.5	328.5	5.8
14	Pittsburgh	300.2	541.5	(44.6)
15	Baltimore	262.8	224.7	17.0
16	Seattle	175.0	180.3	(2.9)
17	Kansas City	168.8	136.3	23.8
18	Washington	152.4	155.6	(2.1)
19	Torrance, Calif.	150.0	95.0	57.9
20	Columbus	119.3	99.1	20.4
21	Miami	115.4	99.0	16.5
22	Denver	112.3	109.4	2.7
23	Greenville, S.C.	111.9	112.4	(0.4)
24	Richmond, Va.	111.9	71.3	56.9
25	Milwaukee	106.8	92.5	15.4

NOTE: Dollars in millions. Where possible, billings of large agencies were apportioned to individual offices. Some estimates were used.

How the top 50 agency 'brands' line up

Brand name agency rank 1986	1985	Agency	Agency group	U.S. billings 1986	1985	chg
1	1	J. Walter Thompson Co.	JWT Group	$1,536.4	$1,484.2	3.5
2	2	Leo Burnett Co.		1,361.6	1,269.9	7.2
3	3	DDB Needham Worldwide	Omnicom Group	1,230.5	1,269.8	(3.1)
4	5	Foote, Cone & Belding Communications		1,215.0	1,124.4	8.1
5	4	Ogilvy & Mather Worldwide	Ogilvy Group	1,184.0	1,125.6	5.2
6	7	Young & Rubicam		1,079.0	1,100.0	(1.9)
7	8	Grey Advertising		1,072.8	916.4	17.1
8	6	Bozell, Jacobs, Kenyon & Eckhardt	Lorimar-Telepictures Corp.	1,005.0	1,100.0	(8.6)
9	9	D'Arcy Masius Benton & Bowles		998.0	878.4	13.6
10	14	BBDO Worldwide	Omnicom Group	985.2	615.0	60.2
11	10	DFS Dorland Worldwide	Saatchi & Saatchi PLC	877.4	836.9	4.8
12	11	McCann-Erickson	Interpublic Group of Cos.	858.0	808.2	6.2
13	13	N W Ayer		672.0	652.0	3.1
14	15	Saatchi & Saatchi Compton Inc.	Saatchi & Saatchi PLC	600.7	590.0	1.8
15	12	Ted Bates Advertising	Saatchi & Saatchi PLC	581.5	754.4	(22.9)
16	16	Campbell-Ewald Worldwide	Interpublic Group of Cos.	570.0	548.3	4.0
17	17	Wells, Rich, Greene		544.6	521.8	4.4
18	18	William Esty	Saatchi & Saatchi PLC	510.0	510.0	0.0
19	20	Backer & Spielvogel	Saatchi & Saatchi PLC	453.3	385.1	17.7
20	19	SSC&B:Lintas Worldwide	Interpublic Group of Cos.	434.8	449.6	(3.3)
21	24	Campbell-Mithun	Saatchi & Saatchi PLC	353.6	308.6	14.6
22	25	Lowe Marschalk	Interpublic Group of Cos.	326.9	299.8	9.0
23	26	Chiat/Day		314.1	294.3	6.7
24	23	Ketchum Communications		304.8	311.0	(2.0)
25	27	Tracy-Locke	Omnicom Group (BBDO)	298.8	272.3	9.7
26	21	Ally & Gargano/MCA Advertising	Marketing Corp. of America	296.1	373.0	(20.6)
27	30	Ross Roy Inc.		293.2	241.3	21.5
28	32	Laurence, Charles, Free & Lawson	Mickelberry Corp.	287.0	235.0	22.1
29	29	Scali, McCabe, Sloves	Ogilvy Group	269.2	243.9	10.4
30	22	HBM/Creamer	WCRS PLC	258.3	318.0	(18.8)
31	33	Tatham-Laird & Kudner		238.5	235.0	1.5
32	34	Jordan, Manning, Case, Taylor & McGrath		236.6	208.7	13.4
33	39	Wunderman, Ricotta & Kline	Young & Rubicam	224.5	175.7	27.8
34	37	Lord, Geller, Federico, Einstein	JWT Group	212.2	185.7	14
35	36	Hill, Holliday, Conners, Cosmopulos		211.4	192.0	10.1
36	38	W.B. Doner & Co.		210.1	185.2	13.5
37	35	McCaffrey & McCall	Saatchi & Saatchi PLC	203.7	198.0	2.9
38	—	Ogilvy & Mather Direct Response	Ogilvy Group	196.6	172.0	14.3
39	41	Bloom Cos.		189.0	170.0	11.2
40	40	Admarketing		184.0	170.5	7.9
41	31	Cunningham & Walsh	Mickelberry Corp. (C&W Group)	182.0	239.9	(24.1)
42	43	HCM	Y&R, Eurocom (joint venture)	177.6	165.4	7.4
43	42	Geers Gross Advertising		170.0	170.0	—
44	—	Rumrill-Hoyt	Saatchi & Saatchi PLC	163.9	121.6	34.8
45	49	Ammirati & Puris		150.0	130.0	15.4
46	28	Della Femina, Travisano & Partners	WCRS PLC	150.0	245.0	(38.8)
47	48	Rosenfeld, Sirowitz & Humphrey		149.6	139.0	7.6
48	50	Evans Communication		145.0	122.0	18.9
49	45	Bernard Hodes	Omnicom Group	143.2	141.0	1.6
50	—	Griffin Bacal		142.3	117.0	21.6

NOTE: Dollars in millions

Composition of brand name agencies

Agency	Included	Excluded
Ted Bates Advertising	Ted Bates named shops	AC&R Advertising, Campbell-Mithun, Diener/Hauser/Bates, William Esty, Kobs & Brady, Sawdon & Bess, Stern Walter/Earle Ludgin, Conill
BBDO Worldwide	BBDO, BBDO Chicago, BBDO/West, BDA/BBDO	Baxter Gurian & Mazzei, Blair BBDO, Carvetta, Allen, Kimbrough/BBDO, Frank Corbett Inc., Doremus & Co., Franklin Spier Inc., GM DuBois, Ingalls Quinn & Johnson, Lavey/Wolff/Swift, MARCOA/DR Group, Promotion Dynamics, RC Communications, Tracy-Locke, Waring & LaRosa
Bozell, Jacobs, Kenyon & Echardt	BJK&E named shops	Custom Production Services, Robinson, Lake & Lerer
Campbell-Ewald	C-E named shops	CECO Communications
Campbell-Mithun	C-M named shops	Cash Plus, Promotion Works Inc.
Cunningham & Walsh	Cunningham & Walsh Inc., BBDM/C&W	Direct Marketing Agency, Reiser Williams deYong
DFS Dorland Worldwide	DFS Dorland named shops	DFS Dorland Program Exchange, Program Syndication Services, DFS Dorland Direct
D'Arcy Masius Benton & Bowles	DMB&B named shops	Ted Colangelo, Direct Inc., Intergroup Marketing & Promotions, Latino Americana, Manning, Selvage & Lee, Medicus Intercon, Medicus Consumer Communications, Poppe Tyson, Science & Medicine, Telecom Entmt.
DDB Needham Worldwide	DDB Needham, DDB Needham/West	Cargill Wilson Acree, Doremus/Porter Novelli, Bernard Hodes Advertising, Kallir Philips Ross, MARCOA/DR Group, Milici, Valenti, Smith, Park, Rapp & Collins, York, Alpern
Foote Cone & Belding	FCB named shops, FCB/Leber Katz Partners	Albert Frank-Guenther Law, FCB Direct, Golen/Harris Communications, Lewis, Gilman & Kynett, Smith-Hemmings-Gosden, VICOM Associates, Wahlstrom & Co.
Grey Advertising	Grey named shops	Beaumont-Bennett, GreyCom, Inc. Grey Direct, Grey Entertainment & Media, Gross, Townsend, Frank, Hoffman Inc., LBS Communication
HBM/Creamer	HBM/Creamer named shops	Creamer Dickson Basford
Jordan, Manning, Case, Taylor & McGrath	JMCT&M named shops	C.L. Stawasz
Ketchum Communications	Ketchum named shops	Ketchum Direct, Ketchum Public Relations, Ketchum Yellow Pages
McCann Erickson Worldwide	M-E named shops	McCann Direct, Sieber & McIntyre
Ogilvy & Mather Direct Response	O & M Direct Response	A. Eicoff & Co., Ogilvy & Mather Yellow Pages, Targeted Communications Corp.
Ogilvy & Mather Worldwide	O & M named shops	Adams & Rinehart, Ball Partnership, Euramerica Translations, Eyepatch, Graphic Services, O&M Direct Response, O&M Presents, O&M Promotions, O&M Public Relations, Rolf Werner Rosenthal, Sage Group, Speech Dynamics, Sussman & Sugar, Charles E. Walker
Ross Roy, Inc.	Ross Roy named shops	Calet, Hirsch & Spector, Gray & Kilgore, Griswold, Lerner Scott
SSC&B:Lintas Worldwide	SSC&B:Lintas named shops	SSC&B:Vos Direct
Saatchi & Saatchi Compton Inc.	Saatchi & Saatchi Compton, N.Y.	Backer & Spielvogel, Ted Bates Worldwide, BTD, Cadwell Davis Partners, Cochrane Chase Livingston, Fairfax, Hay Group, Hoffman York, Kleid Co., Klemtner Advertising, Irv Koons, Mayo Infurna Design, McCaffrey & McCall, Rumrill-Hoyt, Siegel & Gale
Scali, McCabe, Sloves	SMS named shops	Fallon McElligott, Martin Agency, Stevens & Buchsbaum (20% interest)
Tracy-Locke	Tracy-Locke named shops	Geographic Marketing Group, Tracy-Locke Promotions
J. Walter Thompson	JWT named shops	Brouillard Communications, Lord, Geller, Federico, Einstein, Hill & Knowlton, JWT Direct, JWT Healthcare, Market Behavior, Marti Floures Prietro, Simmons Market Research, Thompson Recruitment, Winnona Rach.
Wells, Rich, Greene	WRG named shops	Gardner Advertising
Young & Rubicam	Y&R named shops	Burson-Marsteller, Cato Johnson, Chapman, Creswell, Munsell, Fultz & Zirbel, DYR, HCM, Hutchins/Y&R, Rives Smith Baldwin, Carlberg, Sander Associates, Sive Associates, Stone & Adler, Sudler & Hennessy, Wunderman Ricotta & Kline, Zemp/Y&R

'Brands' explained

The billings scorecards of agencies traditionally lump together the agency's subsidiary revenues to arrive at total company revenue. But many advertisers want to assign business to a leading agency without getting involved with the subsidiaries that handle pr, direct response, Yellow Pages, medical journals or sales promotion, to name a few.

Who are these leading U.S. advertising agencies, the so-called "brand" or core shops once their support elements are peeled away, and what are their billings?

Ad Age for the second consecutive year has unbundled the merged and megamerged agencies or holding companies to arrive at the core "brand" agency in a replay of the "brand" chart published July 21, 1986, that was based on figures supplied the publication by agencies for last year's Agency Income Report.

In compiling the list, all units that are subsidiaries of a "brand" name agency were excluded from "brand" totals, but branch offices, most of which bear the name of the "brand" parent, were included. This may prove to be more controversial than last year, because a number of the larger shops, particularly BBDO Worldwide, DDB Needham, Foote, Cone & Belding and Young & Rubicam, are now seeking to become "seamless," though in the case of some subsidiaries, they maintain separate identities—a sort of loosely woven cloth at this point.

Ad Age editors pared down the shops based on their reporting of figures for subsidiaries as part of their totals in this 43rd annual Agency Income Report. Where such information was not provided, agencies were asked to provide the information. Estimates were assigned the various components by editors when they could not be obtained from the agency.

In streamlining agencies by unconsolidating the consolidated, a number of "seamless" agencies emerged.

Heading the "brand" list was J. Walter Thompson Co., which ranked No. 4 in the rankings for consolidated agencies beginning on Page 8. Omitted from the core agency's billings were Brouillard Communications, JWT Direct, JWT Healthcare, Thompson Recruitment and pr units.

The No. 2 brand agency was Leo Burnett, which ranked No. 9 among consolidated agencies. Burnett is the largest U.S. agency under one roof—that of Prudential Plaza bordering Chicago's Michigan Avenue—and currently building its own corporate headquarters several blocks away.

DDB Needham edged out Foote, Cone & Belding for the No. 3 "brand" agency. DDB Needham, an Omnicom combo, is No. 5 among consolidated agencies in this report, and FCB is No. 7 in U.S. billings. DDB Needham's sister Omnicom unit, BBDO Worldwide, made one of the biggest climbs compared with last year's chart—from No. 14 to No. 10. BBDO was aided by a reorganization that turned previous subsidiaries—BBDO Chicago, BDA/BBDO, Atlanta and BBDO West—essentially into branch offices.

Such a listing of core shops has the most impact on subsidiary-packed agencies like Young & Rubicam, although Y&R has stated its move toward "seamlessness." The No. 1 agency on a consolidated basis in the U.S., Y&R, drops to No. 6 among brand agencies.

Ted Bates, the No. 3 agency in consolidated U.S. billings, ranks No. 15 when unbundled.

New entries on the list for 1986 billings include Doremus Porter Novelli, the Omnicom unit that rose to No. 33 among "brand" charts; Ogilvy & Mather Direct Response, No. 39 and Rumrill-Hoyt, No. 45. Dailey & Associates, Warwick Advertising and DYR Worldwide dropped from the top 50 "brand" chart, all of which lost U.S. billings in 1986 over 1985.

and $1,713,789 in capitalized fees. Its 1985 U.S. volume consisted of $6,354,345 in media, $1,342,553 in materials and services and $1,308,247 in capitalized fees.

The agency did not report accounts gained in 1986. It lost: WOWT-TV, Western Development Corp., Sioux Tool.

Billings breakdown by media: Newspapers 10%, magazines 12%, radio 17%, network tv 3%, spot tv 30%, outdoor 5%, business papers 2%, farm publications 3%, transit 1%, point of sale 2%, yellow pages 1%, direct mail 1%, free-standing inserts 2%, other 11%.

Top execs: H.W. Smith, president,treasurer; R.N. Kaplan, exec vp, secretary. Employees: 40.

Phone: (402) 330-0110.

Smith & Yehle, Kansas City, Mo., reported gross income of $799,759 in 1986 on billings of $5,334,393. In 1985, it reported gross income of $803,928 on billings of $5,362,200.

The agency's 1986 U.S. volume consisted of $1,092,685 in media, $1,036,013 in materials and services and $3,205,695 in capitalized fees. Its 1985 U.S. volume consisted of $1,926,086 in media, $1,048,808 in materials and services and $2,387,306 in capitalized fees.

In 1986, the agency gained: Microtel Inc., producer, mktr of microcomputer based telemetry systems. It lost: United Telephone System.

Billings breakdown by media: Newspapers 15%, magazines 6%, supplements 1%, radio 25%, spot tv 38%, outdoor 2%, point of sale 1%, direct mail 12%.

Top execs: Karl J. Yehle, president; Harold F. Smith, chmn; S. Brad Hirni, sr vp. Employees: 18.

Phone: (816) 842-4900. ☑

Soghigian & Macuga Advertising, Washington, reported gross income of $2,418,000 in 1986 on billings of $16,160,000. In 1985, it reported gross income of $1,582,602 on billings of $10,058,020. Its net income was $145,080 in 1986 and $109,121 in 1985.

The agency's 1986 U.S. volume consisted of $13,499,300 in media, $1,220,000 in materials and services and $1,440,700 in capitalized fees. Its 1985 U.S. volume consisted of $9,102,350 in media, $482,100 in materials and services and $473,570 in capitalized fees. Figures also include the agency's office in Philadelphia.

In 1986, the agency gained: *Philadelphia* magazine; Roach Bros.; Hyatt Regency Washington; Frazier; Gross & Kadlec; PGA Sheraton; Alexander Hotel; Donohoe Cos.; Chateau Builders; The Kaempfer Co.; R.E. Developers; Oliver T. Carr Co.; R.E. Developers. It lost: Meritor Savings Bank; Frenchman's Reef Resort.

Billings breakdown by media: Newspapers 20%, magazines 20%, radio 10%, spot tv 10%, point of sale 5%, direct mail 10%, direct response newspapers 15%, direct response magazines 10%.

Top execs: Harant Soghigian, chmn; Sarah A. Macuga, president; John Tyers, Michele Biden, Jim Higgins, vps. Employees: 24 in 2 offices.

Phone: (202) 337-5151. ☑

Sommer Inc., Englewood, N.J., reported gross income of $1,756,000 in 1986 on billings of $11,703,000. In 1985, it reported gross income of $1,600,000 on billings of $10,663,650.

The agency's 1986 U.S. volume consisted of $5,829,000 in media, $2,392,000 in materials and services and $3,482,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,147,000 in media, $2,215,000 in materials and services and $3,301,650 in capitalized fees.

Included in the agencies figures were returns from subsidiaries:
- Sommer Public Relations
- Sommer Market Research

In 1986, the agency gained: Bogen; Windsor & Newton; Nitech; Brother, typewriter div. It lost: T&B Ansley.

Billings breakdown by media: newspapers 9%, magazines 87%, spot tv 2%, outdoor 2%.

Top execs: Bernard Sommer, president; William Brennan, vp. Employees: 25.

Phone: (201) 568-3838. ☑

Spangler/Fischer Advertising, Minneapolis, had estimated gross income of $946,700 in 1986 on billings of $6,150,900. In 1985, it had estimated gross income of $675,800 on billings of $4,359,600.

The agency's 1986 U.S. volume consisted of $2,150,500 in media, $920,200 in materials and services and $3,080,200 in capitalized fees. Its 1985 U.S. volume consisted of $1,632,500 in media, $832,800 in materials and services and $1,894,300 in capitalized fees.

In 1986, the agency gained: F. Domen Co., Better Way Drug; Waconia Ridgeview Hospital; Cabinetree; Freehold American Title of Minnesota; CAN-AM Development, financial svcs; Minnesota Department of Health; MCP, publisher; Marceau Sports, ski wear mfr; Institute of Cosmetic Surgery & Hair Transplants. It lost: Sugar Hills and Lodge; Northstar Pizza; Cabinetree.

Billings breakdown by media: Newspapers 15%, magazines 2%, supplements 40%, spot tv 20%, outdoor 5%, point of sale 5%.

Top exec: Phil Fischer, president. Employees: 12.

Phone:(612) 339-0549. ☑

Neal Spelce Communications, Austin, Texas, reported gross income of $965,442 in 1986 on billings of $6,492,706. In 1985, it reported gross income of $1,270,798 on billings of $8,674,675.

The agency's 1986 U.S. volume consisted of $1,331,094 in media, $451,905 in materials and services and $4,709,707 in capitalized fees. Its 1985 U.S. volume consisted of $2,277,558 in media, $1,476,865 in materials and services and $4,920,252 in capitalized fees.

The agency did not report any accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 24.4%, magazines 46.2%, radio 3.2%, spot tv 21.9%, outdoor 4.3%,.

Top execs: Neal L. Spelce, chmn; William Bennett Spelce, vice chmn. Employees: 21.

Phone: (512) 476-4644.

Spencer Bennett Nowak, Seekonk, Mass., reported gross income of $2,463,000 in 1986 on billings of $16,222,000. In 1985, it reported gross income of $2,450,000 on billings of $16,543,000.

The agency's 1986 U.S. volume consisted of $2,575,000 in media, $2,461,000 in materials and services and $11,186,000 in capitalized fees. Its 1985 U.S. volume consisted of $3,274,000 in media, $2,644,000 in materials and services and $10,625,000 in capitalized fees.

Included in the agency's figures were returns from subsidiaries:
- SBN-Public Relations
- SBN-Marketing

In 1986, the agency gained: Augat Interconnection Componets div; Image Management Systems; Monsanto Plastics; Advanced Technology; Royal Electric; JP Stevens; Grinnell Corp. Supply Sales. It lost: Worcester Controls; Victor Electric.

The agency did not break out billings by media.

Top execs: Sheldon D. Spencer, chmn; Edward G. Nowak Jr., president-ceo; Richard E. Donnelly, exec vp; Glenn M. Spencer, sr vp. Employees: 38.

Phone: (617) 336-5801.

Franklin Spier Inc., New York, a subsidiary of Omnicom Group, reported a gross income of $3,431,000 in 1986 on billings of $22,885,000. In 1985, it reported gross income of $3,030,000 on billings of $20,210,000.

The agency's 1986 U.S. volume consisted of $15,928,000 in media, $2,710,000 in materials and services and $4,247,000 in capitalized fees. Its 1985 U.S. volume consisted of $13,209,000 in media, $2,452,000 in materials and services and $4,549,000 in capitalized fees.

Included in the agency's figures were returns from Spier/BBDO, a division of Franklin Spier, Inc. Their offices are shared.

In 1986, Franklin Spier gained: Bantam Books; Weidenfeld & Nicolson; Grove Press; Checkerboard Press, Macmillan; Sequoia Press. Spier/BBDO gained: "Beehive," an Off-Broadway production; "Fences," a Broadway production. It lost: None.

Billings breakdown by media: Newspapers 45%, magazines 28.8%, radio 7%, spot tv 3%, cable tv 1%, outdoor 2.1%, business papers 5%, transit 2%, point of sale 1%, direct mail 2%, direct response newspapers 1%, direct response magazines 2.1%.

Top execs: Franklin Spier—Alix Nelson, president-ceo; David Cathers, exec vp, dir-client svcs; Robert Adler, sr vp-finance & admin; Dorsey Gray, sr vp, mgmt super; Robert Grekin, sr vp, dir print & broadcast production; Philip Cimo, sr vp, exec art dir; Ken Atkatz, vp, assoc creative dir; Lou D'Angelo, vp-copy; Erin McHugh, vp, assoc creative dir; Rhonda Hall, vp, acct exec; Phil Mendelson, vp, print production mgr; Helen Strauss, media dir. Spier/BBDO—Tom Wells, president; George Grant, vp,acct mgr, creative super; Lee Tannen, creative dir. Employees: 46.

Phone: (212) 679-4441. ☑

Spiro & Associates, Philadelphia, reported gross income of $6,858,000 in 1986 on billings of $55,278,000. In 1985, it reported gross income of $6,470,000 on billings of $52,516,000.

The agency's 1986 U.S. volume consisted of $19,242,000 in media, $5,820,000 in materials and services and $30,216,000 in capitalized fees. Its 1985 U.S. volume consisted of $16,534,560 in media, $5,795,440 in materials and services and $30,186,000 in capitalized fees.

In 1986, the agency gained: Strawbridge & Clothier, Clover div; Blue Cross of Greater Philadelphia; Paramount Pictures Corp.; Dorsey Corp.; Universal Health Services. It lost: Deer Valley Resort; Star States Mortgage; Morgard Home Protection Insurance; Kiesling Hess Finishing Co; Grossinger's Hotel & Country Club.

Billings breakdown by media: Newspapers 22.3%, magazines 12.3%, radio 24.5%, spot tv 25.2%, outdoor 1.1%, business papers 5.7%, yellow pages 3.3%, direct mail 5.6%.

Top execs: Walter A. Spiro, chmn, ceo; Harry A. Egbert, vice chmn; Norman R. Tissian, president; Nelson M. Fellman Jr., Gerald D. Oakes, exec vps; Timothy S. Denison, Gordon G. Lawrence, H. Robert Lesnick, Bernice Slosberg, Herbert Smith, Robert L. Wolf, sr vps; Charles Bofinger, asst to chmn. Employees: 116.

Phone: (215) 923-5400.

Starmark, Chicago, reported gross income of $3,025,700 in 1986 on billings of $17,442,162. In 1985, it reported gross income of $2,750,300 on billings of $16,407,631.

The agency's 1986 U.S. volume consisted of $5,269,000 in media, $1,976,400 in materials and services and $10,196,762 in capitalized fees. Its 1985 U.S. volume consisted of $4,875,000 in media, $1,932,500 in materials and services and $9,600,131 in capitalized fees.

Figures include those of offices in Chicago, Denver and Brookfield, Wis., and subsidiaries:
- Adfacts
- Starmark Photography
- Starmark Public Relations

In 1986, the agency gained: GATX; Spacesaver Corp.; Pansophic Applications Software; Square D Co., Automated Products div. It lost no accounts.

Billings breakdown by media: Newspapers 5.2%, magazines 29.7%, supplements 1.4%, radio 3.2%, spot tv 6.2%, outdoor 1.5%, business papers 23.1%, transit adv 0.8%, point of sale 2.6%, Yellow Pages 2.3%, direct mail 12.1%, catalogs 2%, direct response newspapers 3%, direct response magazines 2%, telemarketing 1.9%, free-standing inserts 3%.

Top execs: Dan L. Estes, ceo-creative dir; Peggy Nordeen, president; Matthew P. Geyer, partner, vp, acct svcs-Chicago; Dennis J. Faltis, vp, acct svcs-Milwaukee; Sue Ann Hoover, vp, acct svcs-Denver; Charles R. Huttinger, cfo. Employees: 39 in 3 offices.

Phone: (312) 564-8860.

Stephan & Brady, Madison, Wis., reported gross income of $2,229,671 in 1986 on billings of $17,010,052. In 1985, it reported gross income of $2,161,069 on billings of $16,628,470.

The agency's 1986 U.S. volume consisted of $4,204,630 in media, $1,601,723 in materials and services and $11,203,699 in capitalized fees. Its 1985 U.S. volume consisted of $4,260,572 in media, $1,506,430 in materials and services and $10,861,468 in capitalized fees.

In 1986, the agency gained: Wisconsin Milk Marketing Board, foodservice; Oscar Mayer & Co, foodservice div prods; Speed Queen, on-premise laundry. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 12%, magazines 15%, medical journals 1.5%, supplements 1%, radio 5%, spot tv 14%, outdoor 0.6%, business papers 24%, farm publications 2.4%, point of sale 4%, yellow pages 0.1%, direct mail 11%, catalogs and collateral 9.4%.

Top execs: Hugh Brady, chmn, ceo; Jack Ragel, president, coo; Frank Fueger, sr vp. Employees: 41.

Phone: (608) 241-4141.

Stern/Monroe Advertising, Dallas, reported gross income of $4,965,000 in 1986 on billings of $33,100,000. In 1985, it reported gross income of $4,710,000 on billings of $31,400,000.

The agency did not break out billings.

In 1986, the agency gained: Republic Health Corp; Wealth Planning Resource Center.

The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 16.6%, magazines 25.4%, radio 19%, network tv 20%, spot tv 14.5%, cable tv 0.9%, outdoor 0.6%, business papers 2.7%, point of sale 0.3%.

Top execs: Lawrence N. Stern, president; Jim Hradecky, creative dir; Lee Andrews, Michael Gallant, mgmt supers; Tom Bolger, media dir. Employees: 51.

Phone: (214) 871-7171. ☑

Stern Walters/Earle Ludgin, Chicago, part of the Bates Worldwide network bought by Saatchi & Saatchi in mid-1986, reported gross income of $3,606,566 in 1986 on billings of $25,711,566. In 1985, it reported gross income of $3,834,862 on billings of $30,709,101.

The agency's 1986 U.S. volume consisted of $11,465,694 in media, $3,628,633 in materials and services and $10,617,239 in capitalized fees. Its 1985 U.S. volume consisted of $14,919,048 in media, $3,237,213 in materials and services and $12,552,840 in capitalized fees.

In 1986, the agency gained: Baskin-Robbins; Creamland Dairies. It lost: Blue Cross/Blue Shield Assn. of Ill.; Mrs. Grass; Sears, Roebuck & Co., catalogue, contract sales.

Billings breakdown by media: Newspapers 6.3%, magazines 9.7%, radio 13.8%, network tv 7.7%, spot tv 58.9%, outdoor 0.4%, business papers 3.2%.

Top execs: William Quigley, Jr., chmn, ceo; Eileen Healy, exec vp-finance and admin; Maryanne Friend, William Thomas, sr vp, mgmt rep; Kathleen Harrington, sr vp, creative dir; Don Kaminky, vp, media dir; Warren Menaker, sr vp-new prod devel. Employees: 58.

Phone: (312) 642-4990.

Stiegler Wells & Brunswick, Bethlehem, Pa., reported gross income of $13,099,343. In 1985, it reported gross income of $1,880,000 on billings of $9,646,853.

The agency's 1986 U.S. volume consisted of $2,643,662 in media, $1,518,501 in materials and services and $8,937,180 in capitalized fees. Its 1985 U.S. volume consisted of $1,528,373 in media, $1,267,664 in materials and services and $6,858,816 in capitalized fees.

In 1986, the agency gained: Remstar International; Pocono Hospital; Just Born; Stainless, Inc.; Micro Specialties; Binney & Smith International; Instrument Specialty Systems. It lost: Interspec; Beneficial National Bank; Cybotech; Farmers Bank; Philips Electronics Instruments; Electro Space Fabricators.

Billings breakdown by media: Newspapers 16.9%, magazines 54.5%, radio 11.7%, spot tv 5.2%, outdoor 1.3%, point of sale 2.6%, direct mail 7.8%.

Top execs: Ernie G. Stiegler, chmn; Daniel C. Wells, president; Paul E. Brunswick, Ernie R. Stiegler, exec vps. Employees: 36.

Phone: (215) 866-0611.

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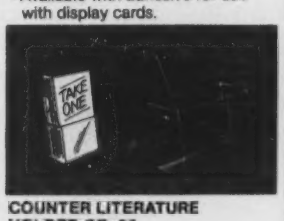

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Stogel Cos., New York, had estimated gross income of $2,530,000 in 1986 on billings of $16,245,780. In 1985, it had estimated gross income of $2,400,000 on billings of $15,097,439.

The agency's 1986 U.S. volume consisted of $11,007,600 in media, $3,462,535 in materials and services and $1,775,645 in capitalized fees. Its 1985 U.S. volume consisted of $10,069,802 in media, $3,177,637 in materials and services and $1,850,000 in capitalized fees.

In 1986, the agency gained: Peppertree Commons; Westchester County Civil Services. It lost: None.

Billings breakdown by media: Newspapers 7.6%, magazines 61%, radio 4.4%, network tv 2.2%, spot tv 13.1%, outdoor 2.2%, point of sale 5.1%, direct mail 2.2%, catalogs 2.2%.

Top exec: Philip Stogel, president. Employees: 42.

Phone: (212) 302-5500.

Stone, August & Co., Birmingham, Mich., reported gross income of $2,840,800 in 1986 on billings of $18,400,046. In 1985, it reported gross income of $2,710,000 on billings of $17,800,089.

The agency's 1986 U.S. volume consisted of $8,940,768 in media, $2,483,025 in materials and services and $6,976,253 in capitalized fees. Its 1985 U.S. volume consisted of $8,743,717 in media, $2,346,932 in materials and services and $6,709,440 in capitalized fees.

In 1986, the agency gained: Weight Watchers of Baltimore and North Carolina; Weight Watchers Resorts & Spas; Pulte Homes; Sensible Software; Polar Molecular Corp.; Lionel Trains. It lost: Franks Nursery; Health Alliance Plan, Weight Watchers of Erie (Pa.) and of Syracuse (N.Y.).

Billings breakdown by media: Newspapers 11%, magazines 1%, radio 13.3%, spot tv 74.5%, yellow pages 0.2%.

Top execs: Ronald Stone, chmn; James August, president; William C. Ford, exec vp, creative dir; Sandra Grossman, treasurer; Richard Saybaugh, sr vp, dir pr; Harry Goldberg, sr vp; Pat Pearce-Martin, vp, media dir. Employees: 40.

Phone: (313) 646-9200.

Stone & Simons Advertising, Southfield, Mich., reported gross income of $4,738,745 in 1986 on billings of $29,678,665. In 1985, it reported gross income of $4,036,545 on billings of $24,390,000.

The agency's 1986 U.S. volume consisted of $21,301,079 in media, $2,976,680 in materials and services and $5,400,906 in capitalized fees. Its 1985 U.S. volume consisted of $16,310,890 in media, $3,688,416 in materials and services and $4,390,694 in capitalized fees.

In 1986, the agency gained: Mrs. Filbert's Brand, Lever Brothers U.S.; Horizon Health Systems, Hospitals and Allied Services, Detroit; Suburban Newspapers/Observer & Eccentric Newspapers. It lost: WWJ/WJOI am, fm radio, Detroit.

Billings breakdown by media: Newspapers 9.8%, magazines 8.8%, radio 18.1%, network tv 21.6%, spot tv 18.4%, cable tv 0.8%, outdoor 1.1%, business papers 3%, transit 1%, point of sale 0.5%, yellow pages 0.5%, direct mail 6.2%, catalogs 3.0%, direct response newspapers 3%, direct response magazines 0.5%, free-standing inserts 3.7%.

Top execs: Charles G. Stone, president-ceo; Sarah Martin, treasurer; Christopher Gaffield, Robert Sorock, exec vps-acct svcs; Paul Stevens, exec vp-creative svcs. Employees: 62 in 2 offices.

Phone: (313) 358-4800.

Storey, Berman & Freer, Chicago, reported gross income of $1,195,000 in 1986 on billings of $8,950,000. In 1985, the agency reported gross income of $980,000 on billings of $6,822,000.

The agency's 1986 U.S. volume consisted of $6,110,000 in media, $1,860,000 in materials and services and $980,000 in capitalized fees. Its 1985 U.S. volume consisted of $4,807,000 in media, $1,060,000 in materials and services and $955,000 in capitalized fees.

In 1986, the agency gained: Swiss Bernina. It did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 20%, magazines 25%, radio 20%, spot tv 5%, business papers 25%, direct mail 5%.

Top execs: Jane C. Storey, Robert A Berman, William B. Freer, dirs. Employees: 16.

Phone: (312) 280-8900.

Sturm Communications, Chicago, reported gross income of $1,593,400 in 1986 on billings of $11,436,400. In 1985, the agency reported gross income of $1,398,100 on billings of $9,435,100.

The agency's 1986 U.S. volume consisted of $1,347,500 in media, $1,255,800 in materials and services and $8,833,100 in capitalized fees. Its 1985 U.S. volume consisted of $628,200 in media, $919,600 in materials and services and $7,888,300 in capitalized fees.

Not included in the agency's figures were returns from subsidiary, Health Communications, video publishing.

In 1986, the agency gained: Ames Division, Miles Labs, Clinistat; Holmes Regional Medical Center; Lakeland Regional Medical Center; Pro-Health Illinois HMO; VHA, Florida. It lost: Compass Health Care; United Health Services.

Billings breakdown by media: Newspapers 25%, magazines 10%, radio 20%, spot tv 25%, point of sale 5%, direct mail 15%.

Top execs: Arthur C. Sturm Jr., president, exec creative dir; David C. Loveland, vp, dir-acct svcs; Steven R. Braver, vp, treasurer. Employees: 30.

Phone: (312) 943-1881. ☑

Sullivan & Findsen Advertising, Cincinnati, reported gross income of $468,800 in 1986 on billings of $3,949,482. In 1985, it reported gross income of $327,435 on billings of $2,417,361.

The agency's 1986 U.S. volume consisted of $600,186 in media, $616,730 in materials and services and $2,732,566 in capitalized fees. Its 1985 U.S. volume was $514,168 in media, $246,098 in materials and services and $1,657,095 in capitalized fees.

In 1986, the agency gained: Clark, Schaeffer & Hackett, accounting firm; Dandridge Murdaugh, businessman; *Cincinnati Business Courier*, newspaper; Linclay Corp, property mgmt; American Village, retirement community; Wilmington College; New England Club, retirement community; Clifton Shirt; Showtime; Communicare, retirement commmunity. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 13.4%, magazines 1.2%, radio 16.7%, network tv 38.6%, outdoor 10.9%, yellow pages 18.9%, direct mail 0.3%.

Top execs: Kirby Sullivan, president; Shirley Findsen, vp. Employees: 11.

Phone: (513) 281-2700. ☑

Sullivan, Higdon & Sink, Wichita, Kan., reported gross income of $2,036,633 in 1986 on billings of $17,416,751. In 1985, it reported gross income of $2,398,018 on billings of $18,992,064.

The agency's 1986 U.S. volume consisted of $3,845,013 in media, $2,787,402 in materials and services and $10,784,336 in capitalized fees. Its 1985 U.S. volume consisted of $3,774,022 in media, $2,403,585 in materials and services and $12,814,457 in capitalized fees.

In 1986, the agency gained: ATM/CPT, distributor of word processing hard/software; Charter Hospital, mental health facility; Coleman Co., outing prods; Kansas Hospital Assn.; Kansas State Bank & Trust; Mid-American Restaurant Systems; Wichita Hilton Inn East. It lost: Boulevard State Bank; Universal Motor Oils; W.W. Grinder, mfr of shredders and grinders.

Billings breakdown by media: Newspapers 2.8%, magazines 4.9%, radio 0.6%, spot tv 11.2%, outdoor 0.3%, business papers 77.4%, farm publications 2.8%.

Top execs: Exec committee members-Wendell R. Sullivan, Allan K. Higdon, B. Vaughn Sink. Employees: 38.

Phone: (316) 263-0124. ☑

Summit Advertising, Norfolk, Va., reported gross income of $402,638 in 1986 on billings of $2,513,365. In 1985, it reported gross income of $494,620 on billings of $3,119,580.

The agency's 1986 U.S. volume consisted of $1,142,768 in media, $204,901 in materials and services and $1,165,696 in capitalized fees. Its 1985 U.S. volume consisted of $712,398 in media, $368,830 in materials and services and $2,038,352 in capitalized fees.

In 1986, the agency gained: Larasan Realty; People's Bank of Virginia Beach; Radisson Hotel Hampton. It lost: None.

Billings breakdown by media: Newspapers 24%, magazines 10%, supplements 2%, radio 10%, spot tv 34%, outdoor 15%, direct mail 5%.

Top execs: Harry E. Padgett, chmn; J. Edward Watson, president; Roger W. Clark, Michael C. Lambert, Cathy W. Jones, vps. Employees: 13.

Phone: (804) 625-1677. ☑

Sutton Communications, New York, reported gross income of $2,000,000, of which $200,000 was non-U.S. contributions, in 1986 on billings of $18,000,000. In 1985, it reported gross income of $1,500,000, of which $200,000 was in non-U.S. contributions, on billings of $14,000,000.

The agency's 1986 U.S. volume of $16,300,000 consisted of $1,500,000 in media, $1,500,000 in materials and services and $13,300,000 in capitalized fees. Its 1985 U.S. volume of $12,500,000 consisted of $1,500,000 in media, $1,000,000 in materials and services and $10,000,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Infocus, special projects, consulting.

Included in the agency's figures were returns from its office in Northbrook, Ill.

In 1986, the agency gained: Abbokinas, Abbott Laboratories; Abbott Diagnostics, additional assignments; Becton Dickinson Labware, Pimaria; MLG Labs; Winthrop Consumer Products; Becton Dickinson Infusion Systems; DuPont Critical Care, Olympus.

Overseas accounts gained: Colprone, Premarin Ayerst International Projects; Searle Worldwide, Aldactone, Aldactazide.

Billings breakdown by media: Medical journals, 61.5% and direct mail 38.5%.

Top execs: Glenn DeSimone, president; Norton Bramesco, exec vp; Steve Spittel, sr vp; Stan Dornfest, Kinton Hall, Nancy Larsen, vps; Roy Weidemann, genl mgr, Infocus. Employees: 35.

Phone: (212) 682-7090. ☑

Taube-Violante, Norwalk, Conn., reported gross income of $138,735 in 1986 on billings of $574,057. The agency did not report for 1985.

Top exec: George S. Taube, president, creative dir.

Phone: (203) 838-5587. ☑

TCI Advertising, Stamford, Conn., reported gross income of $1,263,277 in 1986 on billings of $9,504,665. In 1985, it reported gross income of $1,209,615 on billings of $9,330,274.

The agency's 1986 U.S. volume consisted of $2,225,342 in media, $730,477 in materials and services and $6,548,846 in capitalized fees. Its 1985 U.S. volume consisted of $2,569,133 in media, $931,388 in materials and services and $5,829,753 in capitalized fees.

In 1986, the agency gained: NEC America, communications; CGI, software; CMP Publications; EnMasse Computer Corp. It lost: Printdata.

Billings breakdown by media: Newspapers 15%, magazines 25%, supplements 7%, radio 2%, business papers 40%, point of sale 5%, yellow pages 1%, direct mail 5%.

Top execs: Michael F. Murphy, president; William P. Kennedy, exec vp, creative dir; Jack Wilimott, vp. Employees: 22.

Phone: (203) 327-9900. ☑

G. Temple Associates Ltd., Southfield, Mich., reported gross income of $1,510,000 in 1986 on billings of $6,411,000. In 1985, it reported gross income of $1,347,000 on billings of $5,776,000.

The agency's 1986 U.S. volume consisted of $801,000 in media, $634,000 in materials and services and $4,976,000 in capitalized fees. Its 1985 U.S. volume consisted of $564,000 in media, $770,000 in materials and services and $4,442,000 in capitalized fees.

Included in the agency's figures were returns from subsidiary, Wide Angle Productions, films.

In 1986, the agency gained: Phillips Service Industries; Allen Automated Systems div, Allen Group. It lost: None.

Billings breakdown by media: Magazines 75%, direct mail 25%.

Top execs: Gerald L. Temple, president; Eric C. Doherty, treasurer. Employees: 16.

Phone: (313) 353-9750. ☑

Tepe, Hensler & Westerkamp, Cincinnati, reported gross income of $1,128,400 in 1986 on billings of $8,313,700. In 1985, it reported gross income of $827,100 on billings of $6,122,600.

The agency's 1986 U.S. volume consisted of $3,019,000 in media, $755,100 in materials and services and $4,539,600 in capitalized fees. Its 1985 U.S. volume consisted of $2,358,200 in media, $729,500 in materials and services and $3,034,900 in capitalized fees.

In 1986, the agency gained: Corporex, commercial real estate devel; Commonwealth Hilton; Precision Lens Crafters. The agency did not report accounts lost in 1986.

Billings breakdown by media: Newspapers 9%, magazines 16%, radio 22%, spot tv 5%, outdoor 1%, business papers 28%, direct mail 1%, catalogs 15%, other 3%.

Top exec: John Tepe, president. Employees: 20.

Phone:(513) 241-0100. ☑

Townsend Agency, Ltd., Arlington Heights, Ill., reported gross income of $1,922,399 in 1986 on billings of $10,548,119. In 1985, it reported gross income of $1,046,364 on billings of $6,450,517.

The agency's 1986 U.S. volume consisted of $163,636 in media, $1,769,798 in materials and services and $8,614,685 in capitalized fees. Its 1985 U.S. volume consisted of $63,960 in media, $571,017 in materials and services and $5,815,540 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Direct mail 97.9%, catalogs 0.5%, direct response magazines 1.6%.

Top execs: Philip Walkenshaw, president; Gary Tillory, vp. Employees: 23.

Phone: (312) 981-9010. ☑

Tri-State Advertising, Warsaw, Ind., reported gross income of $757,044 in 1986 on billings of $5,445,100. In 1985, it reported gross income of $679,360 on billings of $4,529,074.

The agency's 1986 U.S. volume consisted of $2,443,476 in media, $784,039 in materials and services and $2,217,585 in capitalized fees. Its 1985 U.S. volume consisted of $2,178,372 in media, $788,524 in materials and services and $1,562,177 in capitalized fees.

In 1986, the agency gained: Partner Industrial Products, cut-off saws; Pioneer Partner, chain saws; Euroclean, asbestos removal vacuum cleaners; Voris Seeds; Whallon Machinery, paletizing equipment, material handling equipment. It lost: Da-Lite Screen Co., projection screens; Eagle Iron Works, sand & gravel processing equipment.

Billings breakdown by media: Newspapers 3.6%, magazines 2.6%, business papers 51.4%, farm publications 5.5%, yellow pages 1.4%, direct mail 8%, catalogs 27.5%.

Top execs: William L. Kreicker, president; E. Tweed Robinson, sr vp. Employees: 16.

Phone: (219) 267-5178. ☑

Tycer Fultz Bellac, Ltd., Palo Alto, Calif., reported gross income of $4,394,079 in 1986 on billings of $37,874,446. In 1985, it reported gross income of $3,699,197 on billings of $31,614,615.

The agency's 1986 U.S. volume consisted of $6,758,479 in media, $1,807,460 in materials and services and $29,308,507 in capitalized fees. Its 1985 U.S. volume consisted of $5,781,543 in media, $1,170,526 in materials and services and $24,772,546 in capitalized fees.

In 1986, the agency gained: Leasametric; Viasoft; San Jose Airport; Adept Technology; Outlook Technology; Applied Microsystems; Emerald Technology; Family Life; Lawrence Medical. It lost: Digital Research; CXI; Sophia Computer; Qualogy; Ask Computer; XCI; Xidex.

Billings breakdown by media: Newspapers 0.8%, magazines 16.9%, spot tv 0.02%, cable tv 0.009%, outdoor 0.07%, other 82.201%.

Top execs: Robert D. Fultz, president; Daniel W. Bellack, principal; Peter C. Horan, president-TFB/Davis. Employees: 60 in 2 offices.

Phone: (415) 856-1600. ☑

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Unger Associates, Atlanta, had estimated gross income of $1,646,000 in 1986 and $1,605,037 in 1985 on billings of $10,700,250 for both years.

The agency's 1986 and 1985 U.S. volume consisted of $8,666,125 in media, $1,533,875 in materials and services and $500,250 in capitalized fees.

The agency did not report accounts gained or lost in 1986.

Billings breakdown by media: Newspapers 35%, magazines 3%, radio 35%, spot tv 5%, cable tv 4%, outdoor 1%, business papers 12%, point of sale 1%, direct mail 4%.

Top execs: Robert M. Unger, president; Kathryn Unger, sr vp; Mark Havard, director-operations, Washington D.C. Employees: 25 in 2 offices.

Phone: (404) 892-1555.

Valentine-Radford, Kansas City, reported gross income of $9,947,536 in 1986 on billings of $70,792,812. In 1985, it reported gross income of $8,519,007 on billings of $59,659,148.

The agency's 1986 U.S. volume consisted of $28,451,713 in media, $11,675,427 in materials and services and $30,665,672 in capitalized fees. Its 1985 U.S. volume consisted of $24,226,277 in media, $11,072,650 in materials and services and $24,360,221 in capitalized fees.

In 1986, the agency gained: Missouri Lottery, On-Line Games; Directories America; Hallmark; Mobay Specialty Chemicals; Pizza Hut Delivery; Ralston-Purina, Protein Technology. It lost: OMC-Lincoln, lawn, turf care equipment; Crown Center Redevelopment Corp.

Billings breakdown by media: Newspapers 15.1%, magazines 7.8%,supplements 2%, radio 13%, network tv 1%, spot tv 24.7%, cable tv 1%, outdoor 2%, farm publications 25%, point of sale 0.7%, yellow pages 7.1%, direct mail 0.6%.

Top execs: Robert A. Brooks Jr., president; George W. Hawley, chmn; Robert C. Lang, exec vp; Rowena L. Langford, Charles L. Curtis, sr vps. Employees: 152 in 2 offices.

Phone: (816) 842-5021 ☑

Van Brunt & Co. Advertising & Marketing, New York, reported gross income of $2,900,000, of which $400,000 was in non-U.S. contributions, in 1986 on billings of $27,036,800. In 1985, the agency reported gross income of $3,020,000, of which $420,000 was in non-U.S. contributions, on billings of $27,643,000.

The agency's 1986 U.S. volume of $19,936,800 consisted of $11,000,000 in media, $2,000,000 in materials and services and $6,936,800 in capitalized fees. Its 1985 U.S. volume of $20,143,000 consisted of $11,073,000 in media, $2,067,000 in materials and services and $7,003,500 in capitalized fees.

Included in the agencies figures were returns from subsidiaries:

- Van Brunt/Mahta, travel mktg
- Van Brunt/Schaffer, pr

In 1986, the agency gained: El Al Israel Airlines; U.S. Baseball, commissioner's office; *ABA Banking Journal*, Simmons Boardman; Polimeni Enterprises, property development; Aventuras/Akumal, resort devel; North American Fashions, Rigolletto Sportswear; Moroci Inc., apparel. It lost: *Science Digest*, Hearst Corp.; Jacques Moret, bodywear.

Billings breakdown by media: Newspapers 20%, magazines 24%, radio 19%, spot tv 12%, business papers 12%, transit 2%, direct mail 11%.

Top execs: Edwin Van Brunt, chmn; Albert Van Brunt, president; Arlene Jaffe, creative dir; Thomas Breckenridge, media dir; William D. Buckley, dir-broadcasting; Peter F. Mahta, president-travel, mktg, mgmt div; Philip Growick, Burton Zelner, sr vps, acct group supers; Frank A. Caporaso, controller; Dot Smith, corp secretary; John Krasina, mgr-production, traffic; Al Kaplan, president-Cannon adv div; Barbara Kaplan, vp-Cannon adv div. Employees: 40 in 1 U.S. office.

Phone: (212) 949-1300.

VanSant, Dugdale & Co., Baltimore, reported gross income of $4,083,713 in 1986 on billings of $27,224,753. In 1985, it reported gross income of $4,559,450 on billings of $30,396,334.

The agency's 1986 U.S. volume consisted of $20,234,627 in media, $3,969,713 in materials and services and $3,020,413 in capitalized fees. Its 1985 U.S. volume consisted of $23,273,087 in media, $3,572,080 in materials and services and $3,551,167 in capitalized fees.

In 1986, the agency gained: Lightnet; Jiffy Lube Baltimore Co-op.; Martin Marietta Data Systems; Capital Blue Cross, Pa.

It lost: General Business Services, to in house; Metrophone; Virginia Chemicals.

Billings breakdown by media: Newspapers 12%, magazines 14%, radio 6%, network tv 34%, spot tv 13%, outdoor 1%, business papers 20%.

Top execs: Kenneth E. Mayhorne, president; Robert G. Duke, exec vp, client svcs dir; Glen M. Bentley, sr vp, creative dir; E. Patrick McDonough, sr vp, finance, admin; J. Stanley Paulus, sr vp, exec creative dir; Sheldon T. Taule, sr vp, media dir; C. Barry Truax, sr vp, acct super; James R. Williams, sr vp-business devel. Employees: 64 in 2 offices.

Phone: (301) 539-5400. ☑

Vicom/FCB, San Francisco, reported gross income of $7,425,000 in 1986 on billings of $51,797,000. In 1985, it reported gross income of $5,350,000 on billings of $50,327,000.

The agency's 1986 U.S. volume consisted of $4,605,000 in media, $9,975,000 in materials and services and $37,217,000 in capitalized fees. Its 1985 U.S. volume consisted of $5,752,000 in media, $8,891,000 in materials and services and $35,684,000 in capitalized fees.

In 1986, the agency gained: Barnes-Hind; Stanford University Hopital; MSD-Prinivil; Syntex-Cyovene; Lifescan; Teledyne, Waterpick; Agfa Gaevert; Clintec; Carnation. It lost: Coopervision Optics; Upjohn, E-Mycin, Cleocint; Forest Labs.

Billings breakdown by media: Medical journals 42.9%, cable tv 7.1%, direct mail 35.7%, telemarketing 14.3%.

Top execs: Robert Buechert, chmn, ceo; Thomas Spooner, president, coo; Reginald Bowes, vice chmn; Charles Mathias, Lester Barnett, exec vps; Lawrence Wolheim, James Pittinos, Thomas Domanico, sr vps. Employees: 92 in 3 offices.

Phone: (415) 391-8700. ☑

John Volk Co., Chicago, reported gross income of $1,451,894 in 1986 on billings of $9,891,906. In 1985, it reported gross income of $1,138,601 on billings of $7,657,629.

The agency's 1986 U.S. volume consisted of $2,719,762 in media, $1,244,121 in materials and services and $5,928,023 in capitalized fees. Its 1985 U.S. volume consisted of $1,926,503 in media, $517,387 in materials and services and $5,213,739 in capitalized fees.

In 1986, the agency gained: Stanley Continental. It lost: Heartland Lysine; Americana Seeds.

Billings breakdown by media: Medical journals 2%, radio 20%, farm publications 78%.

Top execs: John Volk, president; John Larkin, vp-acct super; Tom Wright, vp-assoc creative dir; Mary Kowalczyk, vp-pr; Margaret O'Brien, vp-business mgr. Employees: 21.

Phone: (312) 787-7117. ☑

Waldbillig & Besteman, Madison, Wis., reported gross income of $2,163,300 in 1986 on billings of $15,983,971. In 1985, it reported gross income of $1,921,960 on billings of $15,118,215.

The agency's 1986 U.S. volume consisted of $3,555,150 in media, $1,915,300 in materials and services and $10,513,521 in capitalized fees. Its 1985 U.S. volume consisted of $2,915,200 in media, $1,902,000 in materials and services and $10,301,015 in capitalized fees.

In 1986, the agency gained: Capital Brewing; Community Health Care Council; Heurikon, computer prods design & mfg; Virchow Krause & Co., accounting; Wisconsin Higher Education, student loan guarantee program. It lost: Verex Assurance; Complete Channel Tv.

Billings breakdown by media: Newspapers 11.5%, magazines 5.%, radio 15.4%, spot tv 12.8%, cable tv 1.3%, outdoor 3.9%, business papers 19.2%, farm publications 3.9%, point of sale 10.3%, direct mail 16.7%.

Top execs: William J. Waldbillig, president; Robert H. Besteman, exec vp, creative dir; Michael Knapstein, vp, acct svc dir; Thomas Senatori, vp, art dir; David Genschaw, vp, controller. Employees: 38.

Phone: (608) 238-4767.

Wardrop, Murtaugh, Temple & Frank, Chicago, reported gross income of $1,921,000 in 1986 on billings of $11,300,000. In 1985, it reported gross income of $2,266,000 on billings of $13,400,000.

The agency's 1986 U.S. volume consisted of $6,720,000 in media, $4,480,000 in materials and services and $100,000 in capitalized fees. Its 1985 U.S. volume consisted of $6,800,000 in media, $5,120,000 in materials and services and $1,400,000 in capitalized fees.

In 1986, the agency gained: PACE-Transportation. It did not report any accounts lost.

Billings breakdown by media: Newspapers 20%, magazines 5%, radio 38%, spot tv 27%, business papers 8%, direct mail 2%.

Top execs: John C. Wardrop, president; Philip R. Murtaugh, exec vp; Marvin H. Frank, sr vp; John Temple, vp, creative dir; Robert J. Milhizer, treasurer. Employees: 20.

Phone: (312) 750-9200.

Warner, Bicking & Fenwick, New York, reported gross income of $2,997,833 in 1986 on billings of $19,991,000. In 1985, it reported gross income of $2,845,852 on billings of $18,640,008.

The agency's 1986 U.S. volume consisted of $7,816,470 in media, $1,269,080 in materials and services and $10,905,450 in capitalized fees. Its 1985 U.S. volume consisted of $6,798,680 in media, $1,013,250 in materials and services and $10,828,078 in capitalized fees.

The agency did not consolidate subsidiaries:

- Communications Research
- TRIAD Computer Systems

In 1986, the agency gained: AT&T, special projects; Thomas Regional Directory Co.; *Industrial Equipment* magazine; Wear-ever/Proctor Silex, new prods. It lost: Konica USA; Martin Marietta Data Systems.

Billings breakdown by media: Newspapers 6.7%, magazines 33.3%, radio 6.7%, spot tv 13.3%, business papers 20%, point of sale 6.7%, direct mail 13.3%, sales promo 25%.

Top execs: Jack Warner, chmn; Andrew Morris, president; John F. Bicking, treasurer; Michael Buri, vp-acct svcs; Nancy Foster, vp-creative dir. Employees: 26.

Phone: (212) 759-7900.

Warren/Kremer Advertising, New York, reported gross income of $4,020,650 in 1986 on billings of $27,270,000. In 1985, it reported gross income of $3,374,265 on billings of $23,985,000.

The agency did not break out billings.

In 1986, the agency gained: Inter-Continental, Hilton Head, S.C., Miami, San Diego, Calif.; Grand Bay, New York, Fla.; Four Seasons, New York, Boston, Washington, Philadelphia; Marriott Park Ridge. It lost: Americana Hotels, *Brides* magazine, Treadway Inns & Resorts; Rank Hotels U.K.

Billings breakdown by media: Newspapers 28.1%, magazines 34.1%, radio 4.8%, network tv 1.1%, outdoor 2.9%,

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Source: 1986 Survey of Buying Power

business papers 16.1%, transit 1.1%, point of sale, 4.8%, direct mail 7%.

Top execs: Peter Warren, president; John H. Pollok, exec vp; A.J. Kremer, Sydney J. Cohn, sr vps; Jane Nielsen, Ira Goldberg, Olive McShane, vps. Employees: 56.

Phone: (212) 686-2914. ☑

S.J. Weinstein Associates, New York, reported gross income of $2,022,000 in 1986 on billings of $14,532,000. In 1985, it reported gross income of $1,991,000 on billings of $14,264,000. All figures are for fiscal year ending Sept. 30 for both years.

The agency's 1986 U.S. volume consisted of $1,045,000 in media, and $13,487,000 in capitalized fees. Its 1985 U.S. volume consisted of $984,000 in media, and $13,280,00 in capitalized fees.

In 1986, the agency gained: ChoiceCare, HMO; Hospal Medical Corp; Pfizer, Inc, Leeming and Pacquin divs, new prods. Overseas, the agency gained no new accounts, but lost Farmitalia Carlo Erba, Sermion, Minidiab, Kelfippim, Tolmicen.

Billings breakdown by media: Medical journals 7.2%, radio 0.4%, point of sale 76.6%, direct mail 13.8%, telemarketing 2%.

Top execs: Stephen J. Weinstein, president; Mel H. Getzoff, Barry R. Frankel, exec vps; Richard C. Siegel, sr vp. Employees: 21.

Phone: (212) 206-0222. ☑

Wettstein/Bolchalk Advertising & Public Relations, Tucson, Ariz., reported gross income of $1,297,175 in 1986 on billings of $8,458,589. In 1985, it reported gross income of $1,021,950 on billings of $6,833,320.

The agency's 1986 U.S. volume consisted of $3,544,282 in media, $731,110 in materials and services and $4,183,197 in capitalized fees. Its 1985 U.S. volume consisted of $2,359,025 in media, $589,100 in materials and services and $3,885,195 in capitalized fees. Included in the agency's figures were returns from its branch office in Phoenix, and subsidiary, Public Relations Dept.

In 1986, the agency gained: Allen & Philip Architect, Inc., Pensus Group, Keramont Advanced Ceramics Product Corp., McCaw Cablevision, Infincom Tucson Corp., Pima Assn. of Governments Rideshare, Information Systems Consultants, Camelview/A Radisson Resort, HNC, Inc. It lost: Metropolitan Tucson Convention & Visitors Bureau, K-Tron, Scale Division, Transform Logic Corp.

Billings breakdown by media: Newspapers 56%, magazines 2.7%, radio 25%, spot tv 9.4%, outdoor 3.3%, business papers 3.4%.

Top execs: Earl R. Wettstein, chmn; Michael T. Bolchaik, president-ceo; Berkley Cooke, managing partner-Phoenix. Employees: 35 in 2 offices.

Phone: (602) 745-8221. ☑

White, Good & Co., Lebanon, Pa., reported gross income of $526,320 in 1986 on billings of $3,450,332. In 1985, it reported gross income of $488,451 on billings of $3,054,968.

The agency's 1986 U.S. volume consisted of $857,580 in media, $294,898 in materials and services and $2,297,854 in capitalized fees. Its 1985 U.S. volume was $999,552 in media, $325,555 in materials and services and $1,729,861 in capitalized fees.

In 1986, the agency gained: Star States Mortgage Co, commercial mortgages; Carlisle Hospital; Cornwall Manor, retirement community; Microdata, computer svcs; Lebanon County Industrial Development Corp. It lost: None.

Billings breakdown by media: Newspapers 35%, magazines 12%, radio 11.5%, spot tv 20.9%, outdoor 5.9%, business papers 4%, point of sale 4%, direct mail 4%, catalogs 2.7%.

Top execs: Robert F. Good, president; Ann S. White, exec vp; Jeffrey Miller, Benjamin Neideigh, vps, cocreative dirs; Wanda Martin, vp, media dir. Employees: 11.

Phone: (717) 274-8301. ☑

Winius-Brandon Advertising, Bellaire, Texas, reported gross income of $3,336,876 in 1986 on billings of $31,596,214. In 1985, it reported gross income of $2,421,394 on billings of $24,496,913.

The agency's 1986 U.S. volume consisted of $18,107,782 in media, $3,391,740 in materials and services and $10,096,692 in capitalized fees. Its 1985 U.S. volume consisted of $12,104,200 in media, $1,740,490 in materials and services and $10,652,323 in capitalized fees.

In 1986, the agency gained: Fame City Enterprises, Inc.; Pilgrim Enterprises; CRSS; British Caledonian Airways, direct mktg—North America; Capitol Information network; Pizza Hut, El Paso co-op; Kelsey-Seybold Clinic, P.A.; KTRH (am); KLOL (fm). It lost: Finger Furniture; Sakowitz.

Top execs: Art Casper, chmn & president; Ed Kennard, exec vp, creative dir; Harold Green, vice chmn; Steve Haber, sr vp; Heidi Askew, vp, media dir; Roger Beckstead, vp, cfo; Alice Chadwell, vp-admin. Employees: 42.

Phone: (713) 666-1765. ☑

Winkler McDermott Winkler, New York, reported gross income of $813,374 in 1986 on billings of $5,039,592. In 1985, it reported gross income of $675,264 on billings of $4,177,395.

The agency's 1986 U.S. volume consisted of $394,991 in media, $577,399 in materials and services and $4,067,203 in capitalized fees. Its 1985 U.S. volume consisted of $348,191 in media, $639,327 in materials and services and $3,189,877 in capitalized fees.

In 1986, the agency gained: Citicorp Institutional Bank; Citicorp Investmant Bank. It lost: None.

Billings breakdown by media: Magazines 69%, direct mail 31%.

Top execs: Robert K. Winkler, chmn, creative dir; Arlene G. Winkler, president, dir of client scvs. Employees: 14.

Phone: (212) 673-2500. ☑

Don Wise & Co, New York, had estimated gross income of $975,000 in 1986 on billings of $6,500,000. No figures were reported for 1985.

In 1986, the agency gained: Manhattan Industries, John Henry men's shirts div; Caswell Massey Co, apothecary prods; Harve Benard, men's and women's fashions.

Billings breakdown by media: Newspapers 3.9%, magazines 69.2%, business papers 13.1%, point of sale 6.2%, direct mail 6.2%, catalogs 1.4%.

Top exec: Don Wise, president, creative dir. Employees: 15.

Phone: (212) 371-3333.

Jack Wodell Associates, San Francisco, had estimated gross income of $2,342,000 in 1986 on billings of $15,534,501. No figures were reported for 1985.

The agency's 1986 U.S. volume consisted of $11,967,003 in media, $436,532 in materials and services and $3,130,964 in capitalized fees.

In 1986, the agency gained: New Century Vista, motion picture adv; Atlantic Releasing Corp., motion picture adv. It lost: Walt Disney Productions, motion picture adv.

Billings breakdown by media: Newspapers 80%, magazines 2.9%, radio 5.5%, spot tv 9.6%, outdoor 0.97%, transit 0.97%, other 0.06%.

Top execs: Jack Wodell, president, chmn; Tony Cuneo, vp, dir of pr; Al Gonzales, vp, art dir; Robert Short vp, client scvs, operations; Valerie Bailey, media dir; Dick Riopelle, controller, cfo. Employees: 28.

Phone: (415) 391-1350.

Wolkcas Advertising, Albany, N.Y., had estimated gross income of $836,000 in 1986 on billings of $5,435,120. In 1985, it had estimated gross income of $613,000 on billings of $3,976,720.

The agency's 1986 U.S. volume consisted of $2,325,120 in media, $775,500 in materials and services and $2,334,500 in capitalized fees. Its 1985 U.S. volume was $1,900,000 in media, $636,000 in materials and services and $1,440,720 in capitalized fees.

In 1986, the agency gained: Duross Design, leather goods; Edwards, Williams, McManus Ricciardelli & Coffey, accountants; Mooradians, furniture retail; New York & New England Apple Institute; Schenectady Chamber of Commerce, county tourism. It lost: Albany Public Markets, grocer; Amfast, Mr. B's Fast Food Shops; Off Price Center, shopping center.

Billings breakdown by media: Newspapers 40%, magazines 6%, radio 25%, spot tv 8%, cable tv 0.5%, outdoor 1%, business papers 1%, transit 1%, direct mail 5%, catalogs 1, other, 11.95%.

Top execs: Stewart Sacklow, president; Harriette Sacklow, vp. Employees: 17 in 2 offices.

Phone: (518) 869-4846. ☑

Wooding & Housley, Providence, R.I., reported gross income of $1,050,000 in 1986 on billings of $7,000,000. In 1985, it reported gross income of $1,056,000 on billings of $7,000,000.

The agency's 1986 U.S. volume consisted of $2,872,000 in media and $4,128,000 in both materials and services and capitalized fees. Its 1985 U.S. volume consisted of $1,445,000 in media and $5,555,000 in both materials and services and capitalized fees.

In 1986, the agency gained: Turntec Shoes; Bill Rogers & Co; Bostik; Reed Plastics; Worcester Controls. It lost: Coleman Shoes; Brooks Shoes; Amtrol. Billings breakdown by media: Newspapers 5%, magazines 30%, radio 5%, outdoor 5%, business papers 40%, point of sale 5%, yellow pages 5%, direct mail 5%.

Top execs: Benjamin E. Wooding, president, principal; John Housley, vp, principal. Employees: 23.

Phone: (401) 272-9494. ☑

Wray/Ward Advertising, Charlotte, N.C., reported gross income of $1,549,420 in 1986 on billings of $10,595,418. In 1985, it reported gross income of $1,485,707 on billings of $9,723,052.

For the billings volume, the agency provided only capitalized fees, reporting capitalized fees of $3,105,945 in 1986 and $2,791,228 in 1985.

In 1986, the agency gained: Nucor Corp., steel joists; Econo Lodges of America.

Billings breakdown by media: Newspapers 12%, magazines 8%, radio 8.4%, spot tv 57.4%, outdoor 2.2%, business papers 12%.

Top execs: Charles W. Wray Jr., president, treasurer; Robert L. Ward, exec vp, secretary; Sylvia J. Cope, sr vp. Employees: 24.

Phone: (704) 332-9071. ☑

Yaffe & Co., Southfield, Mich., reported gross income of $2,410,933 in 1986 on billings of $16,013,522. In 1985, it reported gross income of $2,748,530 on billings of $16,511,067.

The agency's 1986 U.S. volume consisted of $8,762,180 in media, $1,864,263 in materials and services and $5,387,079 in capitalized fees. Its 1985 U.S. volume consisted of $10,070,019 in media, $1,796,000 in materials and services and $4,645,048 in capitalized fees.

In 1986, the agency gained: American Motors Metro Dealers Assn., Detroit; Allied Stores, Great Scott Supermarkets div; Perry Drug Stores, Auto Works div. It lost: Diamond Mortgage Corp; *Detroit News*; Murray's Auto Stores; Orthodonic Treatment Centers.

Billings breakdown by media: Newspapers 17%, magazines 2%, radio 35%, spot tv 39%, cable tv 3%, outdoor 2%, direct mail 2%.

Top execs: Fred Yaffe, chmn, ceo; Robert Popa, sr vp-pr; Michael Morin, sr vp-client svcs. Employees: 37.

Phone: (313) 552-7800.

Richard Yeager Associates, Moorestown, N.J., reported gross income of $663,891 in 1986 on billings of $5,504,664. In 1985, it reported gross income of $626,412 on billings of $4,364,072.

The agency's 1986 U.S. volume consisted of $613,402 in media, $563,313 in materials and services and $4,327,949 in capitalized fees. Its 1985 U.S. volume was $549,502 in media, $449,962 in materials and services and $3,364,608 in capitalized fees.

In 1986, the agency gained: Urix Corp; Wiley Retirement Community; Viskake Inc. The agency did not breakout billings by media.

Top execs: Richard A. Yeager, president; Frank J. Larkin, vp-acct scvs.

Ten-year gross income review of top 25/100/500 agencies

	Worldwide gross income					U.S. gross income				Non-U.S.
	Top 25		Top 100		Top 500	Top 25		Top 100		Top 500	Top 25
Year	Gross income	$ as % of top 500	Gross income	$ as % of top 500	Gross income	Gross income	$ as % of top 500	Gross income	$ as % of top 500	Gross income	Gross income
1986	$5,698.0	65.9	$7,366.7	85.2	$8,648.9	$3,655.1	56.2	$5,223.9	80.3	$6,502.2	$2,146.7
1985	5,157.8	66.5	6,649.7	85.7	7,760.4	3,444.0	57.8	4,855.8	81.5	5,959.6	1,800.8
1984	5,115.3	72.2	6,162.1	86.9	7,089.8	3,377.4	64.5	4,374.0	83.5	5,237.2	1,852.6
1983	4,463.0	73.7	5,381.4	88.9	6,055.9	2,850.0	64.4	3,736.3	84.4	4,425.4	1,630.6
1982	4,086.4	72.0	4,999.9	88.1	5,676.1	2,461.7	61.4	3,319.9	82.7	4,012.4	1,663.7
1981	3,682.5	73.6	4,447.4	88.9	5,003.0	2,134.9	62.3	2,847.1	83.1	3,425.1	1,577.9
1980	3,313.0	71.3	3,990.6	85.9	4,645.0	1,839.8	58.6	2,467.2	78.5	3,141.3	1,503.7
1979	2,771.7	71.5	3,395.0	87.6	3,877.3	1,566.4	58.8	2,149.9	80.7	2,662.8	1,214.5
1978	2,341.5	68.7	2,935.8	86.2	3,407.5	1,311.3	56.1	1,855.8	79.4	2,336.7	1,070.8
1977	1,954.7	68.9	2,453.5	86.4	2,838.5	1,106.7	56.3	1,570.8	79.9	1,965.2	873.3

Ten-year billings review of top 25/100/500 agencies

	Worldwide total billings					U.S. total billings				Non-U.S.
	Top 25		Top 100		Top 500	Top 25		Top 100		Top 500	Top 25
Year	Total billings	$ as % of top 500	Total billings	$ as % of top 500	Total billings	Total billings	$ as % of top 500	Total billings	$ as % of top 500	Total billings	Total billings
1986	$38,868.4	65.5	$50,513.5	85.2	$59,318.8	$24,966.6	55.8	$35,937.3	80.3	$44,740.8	$14,577.9
1985	35,049.8	66.1	45,382.7	85.6	52,990.8	23,429.9	57.4	33,218.8	81.4	40,802.2	12,188.6
1984	34,635.5	71.9	41,879.3	87.0	48,152.8	22,874.3	64.2	29,781.9	83.6	35,604.6	12,548.1
1983	30,103.8	73.2	36,484.3	88.7	41,122.3	19,188.4	63.8	25,378.2	84.3	30,092.9	11,029.4
1982	27,596.5	71.9	33,843.1	88.2	38,369.4	16,713.5	61.8	22,400.8	82.9	27,036.2	11,333.2
1981	23,920.4	72.4	29,261.1	88.6	33,039.1	14,330.3	62.4	19,096.2	83.1	22,979.9	10,059.2
1980	22,345.9	70.7	27,013.5	85.5	31,601.6	12,463.8	57.8	16,833.3	78.1	21,552.5	10,049.1
1979	18,826.4	71.2	23,060.6	87.2	26,436.0	10,687.8	58.6	14,655.0	80.4	18,235.6	8,200.4
1978	15,745.4	68.5	19,714.3	85.7	22,997.5	8,879.9	54.9	12,568.4	77.7	16,184.7	6,812.7
1977	13,209.5	68.8	16,527.4	86.1	19,206.6	7,548.2	54.0	10,692.5	76.5	13,986.0	5,220.6

NOTE: Dollars in millions.

Leading agencies in top 75 markets

Advertisers are increasingly rejecting the shotgun approach to reaching a national audience through network tv, for example, for more selective firepower that focuses on the demographics within the nation's top markets.

AD AGE spotlighted developments within the nation's 100 Leading markets in a special issue, Dec. 8, 1986, and as part of the reporting for that issue, obtained estimated rankings of the leading agencies in those markets.

Presented here are AD AGE's estimates of the top agencies in each market. Most of these agencies reported their financial information in this issue, and therefore have confirmed billings. However, those with asterisks (*) did not report for this issue. Their figures were requested, and if not received, were estimated based largely on their number of employes in the local market.

The top 100 markets were whittled down to 75 mainly because few agencies of size are found in the markets, Nos. 75-100. The 75 were further consolidated into 68 either because of the dearth of agencies or because the market relys heavily on services from adjacent markets. Agencies in the immediate New York-area markets, for example, dominate markets such as Ocean-Monmouth, New Jersey, further down the commuting line.

Further significance of these markets as marketing foci is that much of the growth in media is happening in media reaching deep into local markets: Newspapers grew 24.3% from 1985 to 1986 among the AD AGE 500; radio, mostly spot, increased 21.4%, and spot tv grew by 25.1%.

Market rankings are based on U.S. Census data for Jan. 1, 1986.

1. New York: 8,465,800

($ in millions)	1986	1985
Grey Advertising	1,122.8	—
Young & Rubicam	794.6	756.0
Ogilvy & Mather	708.0	675.0
J. Walter Thompson	600.0	511.7
Ted Bates Worldwide	581.0	754.4

2. Los Angeles: 8,108,700

($ in millions)	1986	1985
Foote, Cone & Belding	229.0	225.0
Admarketing	184.0	170.5
Chiat/Day	141.0	151.1
Dailey & Associates	140.6	140.9
BJK&E	121.5	85.5

3. Chicago: 6,176,900

($ in millions)	1986	1985
Leo Burnett Co.	2,061.8	1,868.5
Foote, Cone & Belding	459.0	387.0
J. Walter Thompson	415.0	470.0
DDB Needham	405.0	366.1
T-L&K	238.5	235.0

4. Philadelphia: 4,784,200

($ in millions)	1986	1985
Lewis, Gilman & Kynett	113.0	108.0
Spiro & Associates	55.3	52.5
Weightman Group	54.0	50.8
Ketchum Comm.	53.6	34.5
Earle Palmer Brown	31.0	28.0

5. Detroit[1]: 4,318,600

($ in millions)	1986	1985
Campbell-Ewald	464.6	436.0
Ross Roy Inc.	293.2	260.0
D'Arcy Masius B&B	234.2	180.0
Young & Rubicam	156.1	148.5
BJK&E	140.0	125.0
**Mitchell & Comer	10.5	8.2

6. Washington D.C.: 3,489,500

($ in millions)	1986	1985
Earle Palmer Brown	105.0	71.0
J. Walter Thompson	44.5	67.1
*Elrlich-Manes	38.4	35.0
Henry J. Kaufman	34.0	—
DDB Needham	27.7	26.1

7. Houston: 3,221,700

($ in millions)	1986	1985
Ogilvy & Mather	76.0	66.0
McCann-Erickson	58.6	60.0
Goodwin, D, L & W	42.0	38.0
Winius-Brandon Adv.	31.6	24.5
RSB&C	29.4	28.0

8. Boston: 2,831,700

($ in millions)	1986	1985
HHC&C	187.7	148.2
HBM/Creamer	142.0	96.0
Ingall, Q & J	117.4	49.3
Harold Cabot & Co.	68.0	62.3
BJK&E	40.0	34.3

9. Nassau-Suffolk: 2,644,700

($ in millions)	1986	1985
*J. Richard Smith Inc.	28.9	24.0
S.R. Leon Co.	27.0	25.8
*Chris. Thomas&Assoc.	22.0	17.5
Ackerman Adv. Comm.	19.5	14.0
*Greenstone & Rabasca	18.0	18.0

10. Atlanta: 2,471,700

($ in millions)	1986	1985
BDA/BBDO	83.5	85.0
Tucker Wayne & Co.	82.3	71.6
Burton-Campbell	68.2	57.4
J. Walter Thompson	33.5	44.8
McCann-Erickson	21.0	133.0

11. St. Louis, Mo.-Ill.: 2,412,400

($ in millions)	1986	1985
D'Arcy Masius B&B	196.0	200.0
Gardner Advertising	121.0	112.0
Kenrick Advertising	52.0	49.8
BHN Advertising & PR	20.2	18.3
TBWA Advertising	17.9	14.5

12. Dallas[1]: 2,311,700

($ in millions)	1986	1985
BJK&E	225.0	235.2
Tracy-Locke	208.2	163.5
Bloom Agency	150.0	125.0
Richards Group	82.4	72.3
DBG&H Unlimited	54.5	53.3

13. Minneapolis: 2,262,400

($ in millions)	1986	1985
Campbell-Mithun	246.0	221.8
Fallon McElligott	93.3	81.2
BJK&E	72.5	79.5
Martin-Williams	65.0	54.7
Carmichael-Lynch	63.5	53.6

14. Baltimore: 2,252,800

($ in millions)	1986	1985
W.B. Doner & Co.	66.1	47.1
Richardson, M & D	56.9	53.5
Smith, Burke & Azzam	40.3	37.1
Eisner & Associates	37.7	30.1
VanSant, Dugdale & Co.	27.2	30.4

15. Pittsburgh: 2,142,700

($ in millions)	1986	1985
Ketchum Comm.	115.4	112.8
HBM/Creamer	97.0	77.0
MARC & Co.	37.0	30.8
Dudreck DePaul F&M	16.4	13.9
Hallmark Advertising	14.1	12.8

16. San Diego: 2,132,700

($ in millions)	1986	1985
Phillips-Ramsey	29.0	24.4
Roni Hicks & Assoc.	8.7	6.8
Chapman/Warwick	6.0	5.0
Diener/Hauser/Bates	3.2	3.5
*Wilson, Frank&Assoc.	2.7	2.9

17. Anaheim, Calif.: 2,122,700

($ in millions)	1986	1985
Cochrane Chase	78.5	69.5
Mendoza, Dillon	29.3	26.0
Reiser Williams deYong	15.6	12.3
*Salvati Montgomery	14.3	10.0
InterCommunications	13.7	11.3

18. Riverside, Calif[1]: 1,906,700

($ in millions)	1986	1985
*Trend Setters	8.5	5.0
*Zimmer Advertising	2.0	1.5
*Sutton Place	1.0	0.5
*Ford Advertising	0.9	0.8
*Butler Agency	0.4	0.4

19. Newark, N.J.: 1,882,200

($ in millions)	1986	1985
Keyes Martin	53.0	45.9
BJK&E	24.0	18.3
Lenipert Co.	20.7	16.5
*Cheranson Group	11.0	9.3
*Lewis Advertising	10.5	9.5

20. Tampa-St. Pete: 1,868,700

($ in millions)	1986	1985
W.B. Doner & Co.	20.3	18.9
Benito Advertising	20.0	20.9
Ensslin & Hall Adv.	17.3	15.4
Faller, Klenk & Quinlan	4.1	3.6

21. Cleveland: 1,860,000

($ in millions)	1986	1985
Nationwide Advertising	102.0	100.0
Wyse Advertising	73.2	69.9
Liggett-Stashower	65.1	—
Meldrum & Fewsmith	41.4	34.5
Griswold Inc.	40.2	35.0

22. Phoenix, Ariz.: 1,846,600

($ in millions)	1986	1985
Evans/Motta	15.0	12.5
Patchen Brownfeld Adv.	11.3	8.8
BBG&H Unlimited	2.5	2.2

23. Miami: 1,753,100

($ in millions)	1986	1985
Beber Silverstein	70.0	62.0
*Tinsley Advertising	42.0	39.0
*McFarland & Dyer	33.0	26.1
*Ad Team	30.0	23.8
*Ryder & Schild	21.0	19.5

24. Seattle: 1,724,000

($ in millions)	1986	1985
Cole & Weber	53.0	72.0
Evans/Kraft	41.5	36.0
Elgin/Syferd	28.2	21.8
*Livingston & Co.	19.0	20.0
Ehrig & Associates	14.0	17.0

25. Denver: 1,614,000

($ in millions)	1986	1985
Tracy-Locke	27.8	33.9
Karsh & Hagan	24.4	20.0
Barnhart & Co.	19.2	17.9
Evans/Bartholmew	13.5	11.0
Schenkein & Assoc.	13.2	12.2

26. San Francisco[1]: 1,576,000

($ in millions)	1986	1985
Foote, Cone & Belding	205.0	201.0
J. Walter Thompson	151.0	134.3
Ketchum Comm.	147.4	135.0
Hal Riney & Partners	130.0	—
McCann-Erickson	103.0	117.0

28. Kansas City: 1,493,900

($ in millions)	1986	1985
Bernstein-Rein Adv.	69.1	52.1
Valentine-Radford	66.4	59.7
*Barkley & Evergreen	33.0	31.0
Marketing Resources	20.5	11.0
*Christenson, B&S	20.0	18.0

29. Cincinnati: 1,412,000

($ in millions)	1986	1985
Sives Associates	43.7	41.6
*Stockton West	36.0	38.0
*Northlich Stolley	27.0	22.0
*Wolf Blumberg Krody	18.3	15.5

30. San Jose, Calif.: 1,398,500

($ in millions)	1986	1985
Tycer Fultz Bellack	31.6	44.3
Battenberg, F&W	11.8	13.0
Carter Callahan	9.6	9.8
Coakley Heagerty Cos.	8.9	9.0
Darien Russell H&D	5.5	5.8

31. Milwaukee: 1,378,600

($ in millions)	1986	1985
Bader, Rutter & Assoc.	46.8	43.5
Yellow Pages Mktg	34.8	31.2
Frankenberry, Laughlin	34.8	33.5
*Hoffman Y&C	31.5	30.0
*McDonald Davis	31.0	27.0

32. New Orleans: 1,324,400

($ in millions)	1986	1985
Bauerlein Inc.	15.4	14.6
*Bon Adv. Agency	14.0	12.0
*Fitzgerald Advertising	10.5	12.8
*Peter A. Mayer Adv.	9.5	10.0
Richard Sackett	7.6	—

33. Bergen-Passaic: 1,301,000

($ in millions)	1986	1985
QLM Associates	41.5	22.9
Dugan/Farley Comm.	39.2	34.3
Sommer Inc.	11.7	10.7
*Arthur Falconer Assoc.	11.6	11.0
*Wimmershoff & Assoc.	9.7	6.5

34. Norfolk, Va.: 1,289,500

($ in millions)	1986	1985
Lawler Ballard Adv.	22.2	22.9
Barker, Campbell	14.0	10.5
*Redmond, A&R	9.0	8.3
Summit Advertising	2.5	3.1

35. Columbus, Ohio: 1,287,600

($ in millions)	1986	1985
Fahlgren & Swink	66.3	50.2
Lord, Sullivan & Yoder	29.5	23.5
*Hameroff/Milenthal	27.0	22.0
Gerbig, Snell	13.9	11.9
*Shelly Berman	13.5	12.7

36. Sacramento, Cal.: 1,258,200

($ in millions)	1986	1985
*E. Clark & Associates	12.1	7.8
*Curran,Hitomi&Assoc.	8.5	7.5

37. San Antonio: 1,235,700

($ in millions)	1986	1985
*Pitluk Group	24.0	26.0
*Sosa & Associates	13.5	9.6
*Atkins & Associates	12.8	11.8
*Anderson Advertising	12.3	9.5
*Reed Ham Jackson	8.5	8.1

38. Indianapolis[1]: 1,203,100

($ in millions)	1986	1985
*Caldwell-Van Riper	39.4	—
Fairfax Advertising	33.9	34.2
*Montgomery Z D	30.0	27.5
*Handley & Miller	16.0	11.0
*Pearson, C&F Group	14.0	13.0

40. Portland, Ore.: 1,146,600

($ in millions)	1986	1985
*Wieden & Kennedy	30.0	18.0
*Young & Roehr	18.0	17.5
Pihas, Schmidt	17.7	15.0
Gerber Advertising	17.0	15.5
Borders, P&N	10.9	9.9

41. Ft. Lauderdale: 1,125,200

($ in millions)	1986	1985
Group 3hree	34.0	38.4
*Harris & Drury	19.3	17.5
*Forsyth & Connors	17.2	11.3
*Wexler, McCarron	12.3	10.5
*Levy & Asch	9.5	7.5

42. Charlotte, N.C.: 1,049,000

($ in millions)	1986	1985
Wray/Ward Advertising	10.6	9.7
Loeffler Mountjoy	9.3	6.7
Faller Klenk & Quinlan	3.8	3.7

43. Salt Lake City: 1,024,800

($ in millions)	1986	1985
Evans Communications	22.0	24.0
*Harris & Love	11.5	10.7
Bonneville Media	11.2	—
*Gillham Advertsing	9.2	8.4
Fotheringham & Assoc.	9.0	7.7

44. Rochester, N.Y.: 982,300

($ in millions)	1986	1985
*Rumrill-Hoyt	50.0	42.4
Blair/BBDO	23.1	20.4
Perri, Debes, L&C	8.5	6.2
Hart/Conway Co.	6.2	5.3

45. Oklahoma City[1]: 975,900

($ in millions)	1986	1985
Ackerman, H&M	63.3	55.4
*Jordan Associates	16.8	14.4
*Lowe Runkle Co.	12.0	10.0
*Sully & Rozier	5.5	6.0
*Adsociates Inc.	5.2	6.3

46. Buffalo: 971,400

($ in millions)	1986	1985
*Ellis Singer Group	41.6	31.6
Faller, Klenk & Quinlan	40.3	42.8
Levy, King & White	29.1	22.7
*Healy Schutte & Co.	22.8	21.4
*Tavco Marketing	13.7	12.0

47. Louisville, Ky.-Ind.: 964,300

($ in millions)	1986	1985
Doe-Anderson	27.3	26.5
McCann-Erickson	23.5	20.0
*Fessel, S&M Adv.	11.3	10.0
Sheehy & Knopf	11.0	9.0

48. Memphis, Tenn.: 944,700

($ in millions)	1986	1985
*Walker & Associates	22.3	19.5
*John Malmo Adv.	19.0	17.0
*Ward Archer & Assoc.	10.2	8.6
*Cochran & Sandford	9.5	12.0

49. Dayton, Ohio: 931,100

($ in millions)	1986	1985
*David K. Burnap Inc.	17.0	13.7
Penny/Ohlmann	16.1	14.9
*Flynn/Sabatino	15.8	13.1
*Willis Case Harwood	12.0	11.0
*ICON Inc.	3.1	2.1

50. Middle N.J.[7]: 930,400

($ in millions)	1986	1985
M.E.D. Comm.	67.9	54.8
Simms & McIvor	12.9	12.2
*Cummins M&N	12.4	11.0
*H.T. Fenton	3.8	3.7
*Rodney Luery & Assoc.	2.4	2.9

52. Nashville, Tenn.: 909,700

($ in millions)	1986	1985
Eric Ericson & Assoc.	36.0	31.2
*Bill Hudson & Assoc.	15.0	12.0
*Brumfeld-Gallagher	12.0	11.0
*Dye, Van Mol, L&E	3.6	2.6

53. Birmingham, Ala.: 903,800

($ in millions)	1986	1985
Luckie & Forney	46.9	48.0
*Barry, Huey & Bullock	12.0	9.5
*Steiner Bressler Adv.	7.3	7.0
Lawler Ballard	3.4	—

54. Greensboro: 892,500

($ in millions)	1986	1985
Long, Haymes & Carr	51.3	42.6
*Trone, D&J	10.0	7.9
*Barnes, Dennis	9.1	10.7
*Vickers & Co.	4.5	3.2

55. Orlando, Fla.: 866,400

($ in millions)	1986	1985
Robinson, Y&P	30.8	26.3
*Gilpin,Peyton&Pierce	14.5	15.0
*Fry/Hammond/Barr	13.6	11.2
*Gouchenour Inc.	13.5	11.0
Benito Advertising	2.4	2.5

56. Albany, N.Y.: 841,400

($ in millions)	1986	1985
*R.T. Blass Inc.	29.0	28.0
*Beckman Associates	8.9	8.0
*Nowak Barlow	6.0	5.0
*Comm. & Design	5.6	4.3
Arnold & Co.	1.9	1.5

57. Jacksonville, Fla.: 823,500

($ in millions)	1986	1985
William Cook Adv.	56.5	46.2
Caraway Kemp Comm.	32.8	28.3
*West & Co.	15.8	10.7
*Robinson & St. John	12.6	12.1
Benito Advertising	1.5	1.5

58. Honolulu: 814,600

($ in millions)	1986	1985
*Starr Seigle McCombs	34.8	29.5
Milici Valenti Smith	20.0	23.5
Advertising Works	16.0	13.5
Ogilvy & Mather	7.2	9.1

59. Richmond, Va.: 800,700

($ in millions)	1986	1985
Martin Agency	90.3	52.1
Siddall M&C	15.6	15.2
Lawler Ballard Adv.	10.3	12.5
Earle Palmer Brown	6.0	4.0

61. Hartford, Conn.: 732,100

($ in millions)	1986	1985
Mintz & Hoke	41.0	29.6
*Maher/Hartford	31.0	25.0
*Keiler Advertising	25.0	21.5
Harland, Tine & White	23.4	20.3
LSGE Advertising	16.6	9.1

62. Scranton, Pa.: 723,400

($ in millions)	1986	1985
*Don Bennett Adv.	8.0	8.0
*Gann-Dawson	4.1	3.8
*Media Productions	1.6	1.6
*R.D.H. Associates	0.8	0.8
*Russoniello Associates	0.7	0.7

63. West Palm Beach: 723,100

($ in millions)	1986	1985
*Southland Adv.	8.1	4.4
*Colee & Co.	5.6	4.5
*J.R. Gibson Inc.	3.2	2.6
Pearson,Thomas	3.1	2.6

64. Austin, Texas: 695,500

($ in millions)	1986	1985
GSD&M	60.0	57.0
*Fellers, Lacy & Gaddis	20.0	14.0
Neal Spelce Comm.	6.5	8.7
*Staats-Falkenberg	3.5	3.3
*Sherry Matthews Adv.	2.4	1.6

65. Syracuse, N.Y.: 651,200

($ in millions)	1986	1985
Eric Mower & Assoc.	42.3	35.6
Arnold & Co.	3.2	2.6

66. Allentown, Pa.: 650,000

($ in millions)	1986	1985
*Musselman Adv.	4.8	3.7
Lieberman-Appalucci	13.2	11.7
Stiegler, W&B	13.1	9.6

67. Akron, Ohio: 646,200

($ in millions)	1986	1985
Malone Advertising	66.3	62.7
*Hitchcock Fleming	16.4	13.3
PR Associates	11.3	10.4
*Jonethis Organization	7.1	6.4
*Smiley/Hanchulak	6.7	5.7

68. Grand Rapids: 634,900

($ in millions)	1986	1985
*Sefton Associates	19.0	17.0
*Johnson & Dean	17.1	14.0
Alexander Mktg. Svcs.	13.0	14.1
*Jaqua Co.	10.8	9.0
William R. Briggs	9.9	6.6

69. Raleigh-Durham: 632,000

($ in millions)	1986	1985
McKinney& Silver	103.2	83.1
*HowardMerrel	30.5	20.3
*Rockett& Burkhead	6.6	—
*Howard & Taylor	6.0	6.0

70. Providence, R.I.: 630,400

($ in millions)	1986	1985
Leonard Monahan	21.8	19.0
*Potter Hazlehurst	19.5	17.5
HBM/Creamer	18.0	18.0
Duffy & Shanley	16.3	14.2
Spencer Bennett Nowak	16.2	16.5

72. Omaha, Neb.-Iowa: 611,600

($ in millions)	1986	1985
BJK&E	40.0	50.3
Smith, Kaplan, A&R	10.7	9.0
*Ayres & Associates	10.3	9.6
Bailey Lewis & Assoc.	9.7	9.7
*Rollheiser, Holland	9.4	12.0

75. Greenville: 599,600

($ in millions)	1986	1985
Henderson Advertising	80.1	78.3
Leslie Adv. Agency	28.1	28.3
Price McNabb Adv.	14.9	14.6
*Goudelock Adv.	4.5	4.4
Shorey & Associates	3.8	5.8

**Leading Toledo, Ohio, agency.

1. Includes 73. Toledo, Ohio, market (608,100).
2. Includes 39. Fort Worth-Arlington, Texas, market (1,199,900).
3. Includes 74. Oxnard-Ventura, Calif., market (600,000).
4. Includes 18. Oakland, Calif., market (1,907,800).
5. Includes 71. Gary-Hammond, Ind., market (621,500).
6. Includes 60. Tulsa, Okla., market (733,100).
7. Includes 50. Middlesex-Somerset-Hunterdon, N.J., market (930,400) & 51. Monmouth-Ocean, N.J., market (918,000).

—Reporting by Julie Doherty and Sandra Davis

Saatchi is new group leader

Saatchi & Saatchi PLC made the race for leadership of agency groups a cakewalk as it sprinted from second place last year past Interpublic to hit $1.2 billion gross income worldwide on billings of $8.25 billion. But the race was not without drama. Omnicom Group entered with great fanfare, and events at JWT Group showed the vulnerability of bigness.

Saatchi's surge to the front from second place a year-earlier was so strong that the race for second place took on more interest. The perennial leader among the groups, Interpublic, in being passed by Saatchi & Saatchi, held off Omnicom by only a $2.3 million margin in world gross income, or $822.4 million for Interpublic to $820.1 million for Omnicom. On the billings side, Omnicom slipped past Interpublic's $5.59 billion to $5.56 billion.

Omnicom's entry to the field in the spring of 1986 came with the pomp and circumstance of a coronation. Omnicom appeared the heir apparent to Interpublic in total billings. But as soon as all the hoopla over its entry to the market died down, Saatchi & Saatchi stepped in to buy Ted Bates Worldwide to gain the top.

Omnicom's presence pushed JWT Group, No. 3 in last year's issue, back to fourth, and Ogilvy Group, the previous No. 4, fell to fifth.

Saatchi & Saatchi world gross income rose a phenomenal 107% from 1985 to 1986 largely because the acquisition of Ted Bates Worldwide, Dancer Fitzgerald Sample and Backer & Spielvogel, fueled the Saatchi machine with an additional $674 million in gross income and $4.6 billion in billings.

The Bates presence also pushed Saatchi into the No. 1 position in U.S. gross income and billings. Omnicom, an amalgam of three agency groups previously known as BBDO International, Doyle Dane Bernbach and Needham Harper Worldwide, ranked No. 2 in the same categories, with JWT coming in third just ahead of Interpublic.

Agency groups are not ranked in this issue because they are holding companies not operating agencies. Their emergence in the past few years since Interpublic was formed in the early 1960s generally has been encouraged by an evolution in the advertising market toward bigness.

Factors influencing the evolution: Global reach is required to serve many clients that are consolidating their worldwide advertising into a single network. Bigger ad budgets require bigger agencies. A covey of agencies under a single umbrella can lead to one-stop shopping and efficiencies for the client and agencies. Margins at agencies are thinning as a result of greater in-house capability by clients, especially in media buying—historically the major source of income for agencies. A loss of several big clients can devastate an agency without the resources of a parent. Vast sums of money are open to holding companies because most are public.

The events at JWT earlier this year show the flipside of one of those virtues—that access to public money can mean public access to the company, and that access can lead to a hostile takeover, particularly if stock prices begin to drop. Apparently afraid of such action, JWT last fall bought back a half-million shares of its stock, then trading at depressed levels. That action pointed to its intention to remain independent. Then earlier this year when upper management discovered that Joseph W. O'Donnell, chairman-ceo of J. Walter Thompson Co., had held discussions with Claremont Group Ltd. about buying out or recapitalizing JWT, it was viewed as seditious and led to his dismissal in January, 1987.

Another big issue is client conflict. Conflicts arise when agencies with competing clients merge. P&G, for example, took its $70 million business elsewhere from Saatchi, citing account conflict. Saatchi has attempted to minimize the problem by structuring the holding company so that networks and certain agencies are autonomous.

Top five agency megagroups by worldwide gross income

Rank '86	Rank '85	Group	Worldwide gross income 1986	Worldwide gross income 1985	% chg	U.S. gross income 1986	U.S. gross income 1985	Worldwide billings 1986	Worldwide billings 1985	U.S. billings 1986	U.S. billings 1985
1	3	Saatchi & Saatchi PLC	$1,209.6	$583.9	107.2	$661.2	$169.7	$8,255.4	$3,190.0	$4,628.8	$1,233.4
2	1	Interpublic Group of Cos.	822.4	752.6	9.3	373.5	340.7	5,552.0	5,066.2	2,491.1	2,272.5
3	—	Omnicom Group	820.1	—	—	557.4	—	5,586.1	—	3,834.1	—
4	2	JWT Group	644.8	590.1	9.3	395.6	372.7	4,300.6	3,935.9	2,638.5	2,486.2
5	4	Ogilvy Group	548.7	481.1	14.1	319.3	307.2	3,802.4	3.318.7	2,129.5	2,048.9

NOTES: Dollars in millions.

Saatchi & Saatchi PLC

Saatchi & Saatchi PLC, London, had 1986 gross income of $1,209,600,000 on billings of $8,255,400,000, compared with gross income of $583,900,000 on billings of $3,190,000,000 in 1985.

The advertising sector of the holding company comprises:
- Saatchi & Saatchi Compton Worldwide
- Ted Bates Worldwide
- Backer & Spielvogel
- DFS/Dorland Worldwide
- KHBB, London

Essentially, Saatchi & Saatchi PLC runs three advertising networks: Saatchi & Saatchi Compton Worldwide, Ted Bates Worldwide and DFS/Dorland Worldwide. The holding company structure is designed to enhance these operations by keeping their reporting structures separate. Falling outside these three networks are Backer & Spielvogel, New York, and KHBB, London, primarily to minimize client conflicts with network shops in their markets.

The holding company's expressed aim is to operate the world's largest advertising network in addition to having one of the top five agencies in the world's top 10 ad markets. It claims it is short of achieving such recognition only in Canada. Saatchi entered Canada in 1985, purchasing Hayhurst Advertising, Toronto, which ranked 13th in gross income among Canadian agencies reporting to Ad Age's 1986 International Agency Report (April 21, 1986).

But apart from advertising, Saatchi has made noises in the past year of developing a more wholistic business service that integrates advertising and consulting, a "merging of the external with the internal," according to a Saatchi official. Saatchi in late 1986 hired Victor E. Millar from Arthur Andersen & Co. to head Saatchi & Saatchi Consulting, its consulting unit.

The holding company had $150 million in cash at the end of the year and raised an additional $95 million in capital from a private placement of shares in Europe. It plans to use these funds to build its consulting side through acquisition. The company recently purchased for $2 million, Cleveland Consulting Associates, an Ohio-based company involved in retail distribution.

Saatchi & Saatchi PLC for its yearend results ended Sept. 30, 1986 reported net income of $58.4 million, up 72% from the prior year period. Revenue jumped 47% to $693 million. Results should be even more favorable in 1987 because in fiscal 1986 only partial year contributions were included from three profitable U.S.-based agencies acquired by Saatchi in 1986: Bates, purchased for $450 million in July, 1986, Backer & Spielvogel, for about $50 million in April, 1986, and Dancer Fitzgerald Sample (DFS), for about $75 million in February, 1986.

Saatchi & Saatchi Compton Worldwide contains three large groupings: Saatchi & Saatchi Compton-U.S., Saatchi & Saatchi U.K., and the Saatchi & Saatchi network throughout the rest of the world.

Only the advertising sectors of Hay Group, Irv Koons, Mayo Infurna, Siegel & Gale and BTD are included in totals for Saatchi & Saatchi Compton Worldwide, and full returns are included for subsidiaries: Saatchi & Saatchi Compton Inc., New York, Klemtner, Fairfax, Rumrill-Hoyt, Cochrane Chase Livingston and McCaffrey & McCall.

The worldwide network of agencies outside the U.S. and U.K. reported gross income of $203,468,400 in 1986 on billings of $1,326,236,000, and gross income of $195,475,600 on billings of $1,306,870,000 in 1985.

Top execs for Saatchi & Saatchi PLC: Maurice Saatchi, chairman; Kenneth Gill, president; David Perring, secretary. Directors: Simon Mellor, Victor Millar, David Newlands, Charles Saatchi, Anthony Simonds-Gooding, Andrew Woods.

Interpublic Group of Cos.

Interpublic, New York, reported worldwide gross income of $822,398,000 in 1986 on billings of $5,551,980,000, compared with $752,640,000 in gross income on billings of $5,066,162,000 in 1985.

Of the worldwide totals, U.S. gross income was $373,475,000 on billings of $2,491,079,000 in 1986, compared with gross income of $340,698,000 on billings of $2,272,456,000 in 1985.

Interpublic, which had not made a major U.S. acquisition or divestiture the past few years, encountered that arena on several fronts in 1986. McCann-Erickson bought out Ohlmeyer, largely a media-buying unit of RJR Nabisco, and purchased the Chicago medical shop, Sieber & McIntyre, and several Miller-Reid units in the South.

Agencies assembled under the Interpublic umbrella:
- McCann-Erickson Worldwide
- SSC&B:Lintas Worldwide
- Campbell-Ewald Worldwide
- Lowe Marschalk Inc.
- Dailey & Associates

Interpublic did some legerdemain with what was previously called Marschalk/Campbell-Ewald Worldwide. Marschalk became Lowe Marschalk, the Lowe borrowed from the British holding company, Lowe Howard-Spink & Bell PLC. LH-SB gained a 30% interest in the agency and with it its long-sought U.S. entry. LH-SB also got Campbell-Ewald's non-U.S. offices in the deal that saw Interpublic become the largest stockholder (about 27%) in publicly-held LH-SB. Lowe Marschalk is now the U.S. entity of London-based Lowe Marschalk Worldwide whose U.K. entity is Lowe Howard-Spinks Marschalk.

Interpublic agencies employed 13,201 worldwide in 1986, compared with 13,026 in 1985.

The holding company staff in 1986 numbered 209, down from 214 in 1985. Top officials at Interpublic: Philip H. Geier Jr., chairman-ceo; Eugene P. Beard, exec vp-finance & operations, cfo; Edwin A. Kiernan Jr., senior vp, general counsel and secretary; C. Kent Kroeber, senior vp-human resources; Charles A. Mittelstadt, senior vp-Center for Advertising Services; Henry Strock, senior vp and controller; Thomas J. Volpe, senior vp-finance operations and treasurer; Arthur E. Wilen, senior vp-development and professional services.

Omnicom Group

Omnicom, New York, reported gross income of $820,069,000 in 1986 on billings of $5,586,047,000. In 1985, it reported gross income of $762,150,000 on billings of $5,223,343,000. U.S. income was $557,402,000 in 1986 and $529,165,000 in 1985. Figures for 1985 are on a historic basis.

The holding company's U.S. billings were $3,834,063,000 in 1986 and $3,669,337,000 in 1985.

Omnicom was formed in the spring, 1986, with the merger of BBDO International, Doyle Dane Bernbach and Needham Harper Worldwide. Omnicom, under the leadership of Allen Rosenshine, president-ceo, is the umbrella organization for: BBDO Worldwide, DDB Needham Worldwide and Diversified Agency Services.

BBDO Worldwide includes old BBDO Inc. shops in New York, Detroit and Minneapolis, BBDO Chicago, BBDO/West and BDA/BBDO, Atlanta. BBDO Worldwide is headed by Norm Campbell, chairman-ceo. DDB Needham, headed by Keith Reinhard, chairman-ceo, includes the old DDB and Needham-named shops.

Diversified Agency Services, led by Barry Loughrane, chairman-ceo, includes: Tracy-Locke, Ingalls, Quinn & Johnson, Waring & LaRosa, Blair, CAK, Kresser Craig, Doremus Porter Novelli, MARCOA DR Group, Rapp & Collins, Kallir Philips Ross, Lavey/Wolff/Swift, Frank J. Corbett, Baxter Gurian & Mazzei, Franklin Spier, Cargill Wilson Acree, York, Alpern, Bernard Hodes, GM Dubois, Hannaford, RC Communications, and TELERx Marketing.

For 1986, Omnicom posted a loss of $4 million compared with 1985 earnings of $30.1 million. Revenue climbed 12% to $753.5 million from $673.4 million. The loss for the year reflected a fourth quarter charge of $5.9 million for restructuring (consolidating staff and facilities), and a third quarter charge of $25.5 million.

Top execs: Allen Rosenshine, president-ceo; Barry E. Loughrane, chairman, ceo-Diversified Agency Services; Robert G. Pfundstein, cfo; James A. Cannon, comptroller; Edward A. Haymes, treasurer; Raymond E. McGovern, secretary, general counsel; Stephen B. Oresman, corporate administrative officer; Thomas Watson, president-Diversified Agency Services. Employees: 10,340.

JWT Group Inc.

JWT Group, New York, had worldwide gross income of $644,771,000 in 1986 on billings of $4,300,622,000, compared with $590,083,000 in gross income on billings of $3,935,853,000 in 1985. Figures for 1985 were readjusted to reflect the acquisition in 1986 of Gray & Co.

International activity at JWT Group slightly outpaced the domestic growth rate in 1986 as non-U.S. gross income grew 14.7% to $249,193,000 from $217,341,000 on the same percentage growth in billings to $1,662,117,000 from $1,449,664,000.

In the U.S., gross income grew 6.1% to $395,578,000 from $372,742,000 the year earlier, and billings grew the same rate to $2,638,505,000 from $2,486,189,000.

JWT Group earned $5.9 million in 1986, down from $19.4 million in net income in 1985. Revenue (commissions and fees) rose 11% to $641 million. Poor fourth quarter results—a loss of $4.9 million compared with net income of $8 million in the period the previous year—had a particularly negative impact.

JWT Group figures include:
- Walter Thompson U.S.A.
- Thompson Recruitment Advertising
- Brouillard Communications
- Lord, Geller, Federico, Einstein
- Hill & Knowlton, pr
- MRB Group, market research

JWT Group is headed by Don Johnston, chairman-ceo, who also assumed the post of ceo at J. Walter Thompson Co. in late January, 1987, after the dismissal of Joseph W. O'Donnell, then chairman-ceo of the agency.

Other top executives at JWT Group: Ronald A. Kovas, exec vp; Terence D. Martin, exec vp-finance & administration; Stephen M. Salorio, exec vp, general counsel and secretary; Ralph A. Daiuto, senior vp; Kenneth A. Drucker, senior vp-treasurer; Douglas L. Heerdt, senior vp; and board member, Robert L. Dilenschneider, president, ceo-Hill & Knowlton.

Worldwide, the group employed 10,440 in 1986 in 264 offices, compared with 10,277 employees in 269 offices the year earlier. In the U.S., the group has 4,994 employees in 1986 in 102 offices, compared with 4,807 employees in 100 offices the prior year.

Ogilvy Group

Ogilvy Group Inc., New York, reported worldwide gross income of $548,695,000 in 1986 on billings of $3,802,426,000. In 1985, the agency reported worldwide gross income of $481,102,000 on billings of $3,318,657,000.

Most of the growth came on the international side: Non-U.S. gross income rose 31.9% to $229,426,000 in 1986 from $173,917,000 in 1985, and non-U.S. billings rose 31.8% to $1,672,902,000 from $1,269,733,000. Both domestic gross income and billings rose 3.9%, the former to $319,269,000 from $307,185,000, and the latter to $2,129,524,000 from $2,048,924,000. Figures do not include those of Research International, acquired in January, 1987.

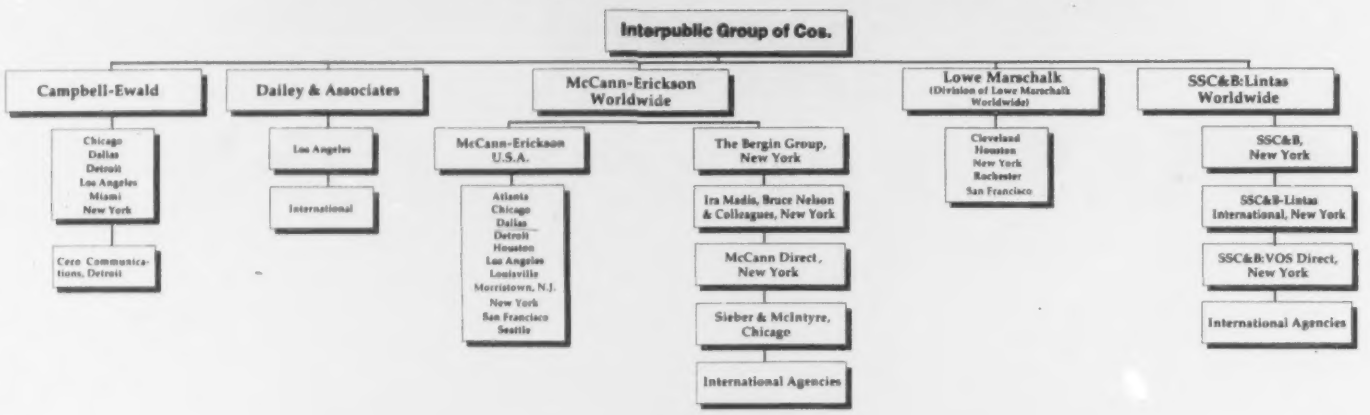
Major agencies comprising Ogilvy Group:
- Ogilvy & Mather Worldwide
- Scali, McCabe, Sloves Group
- Cole & Weber

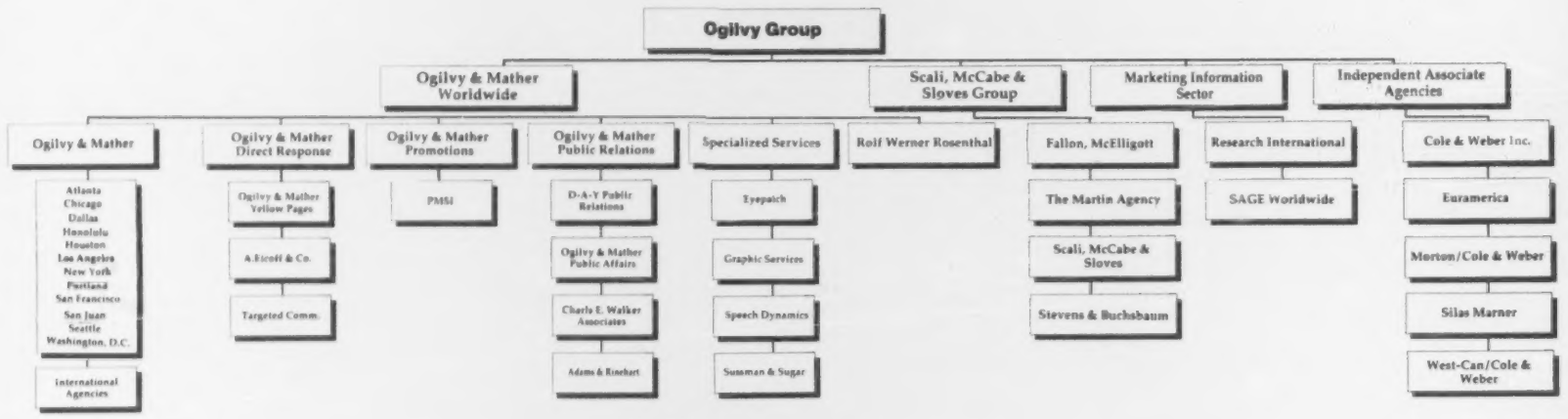
Scali was particularly active in 1986 buying Fallon McElligott, the highly creative Minneapolis shop and Martin Agency, Richmond, Va., which ranked as the top agency in year-to-year percentage gain in U.S. and world gross income and in world billings among the top 100 agencies in this issue. Scali led all U.S. agencies by percentage growth in U.S. billings.

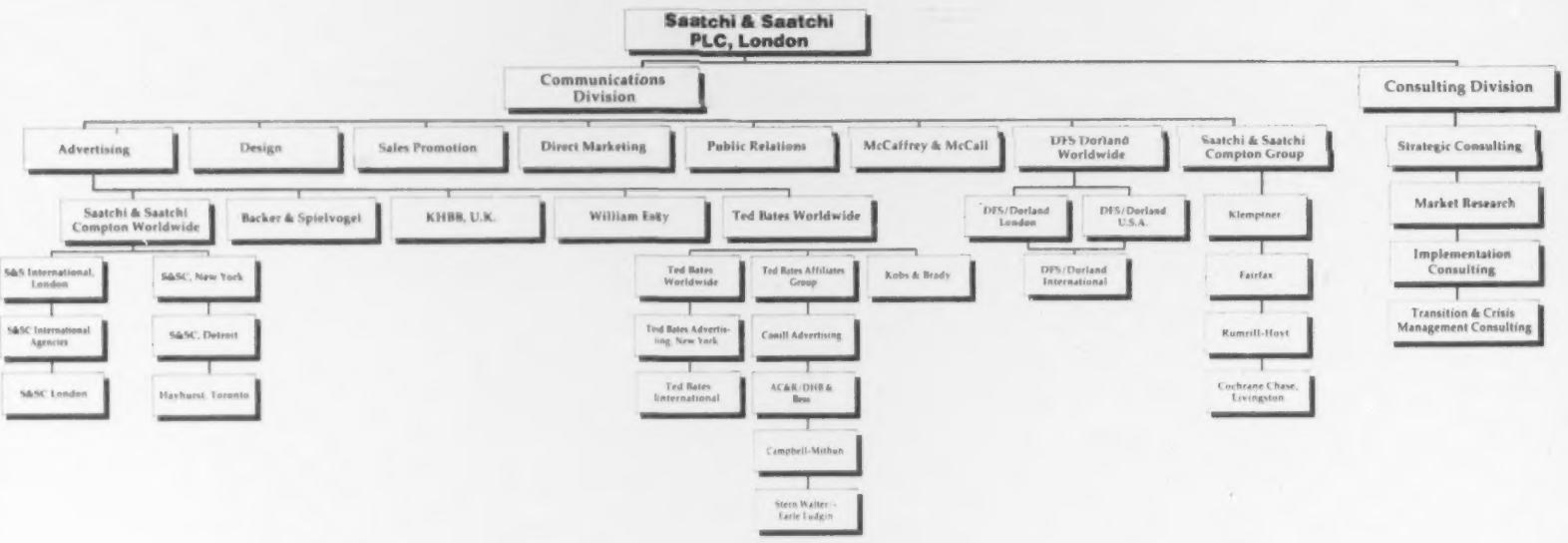
Ogilvy Group is run by an executive committee comprised of William E. Phillips, chairman-ceo; Kenneth Roman, vice-chairman, president-Ogilvy & Mather Worldwide; Norman Berry, creative director, president-Ogilvy & Mather, N.Y.; Graham Phillips, chairman-Ogilvy & Mather, U.S.; John P. Gill, secretary and treasurer.

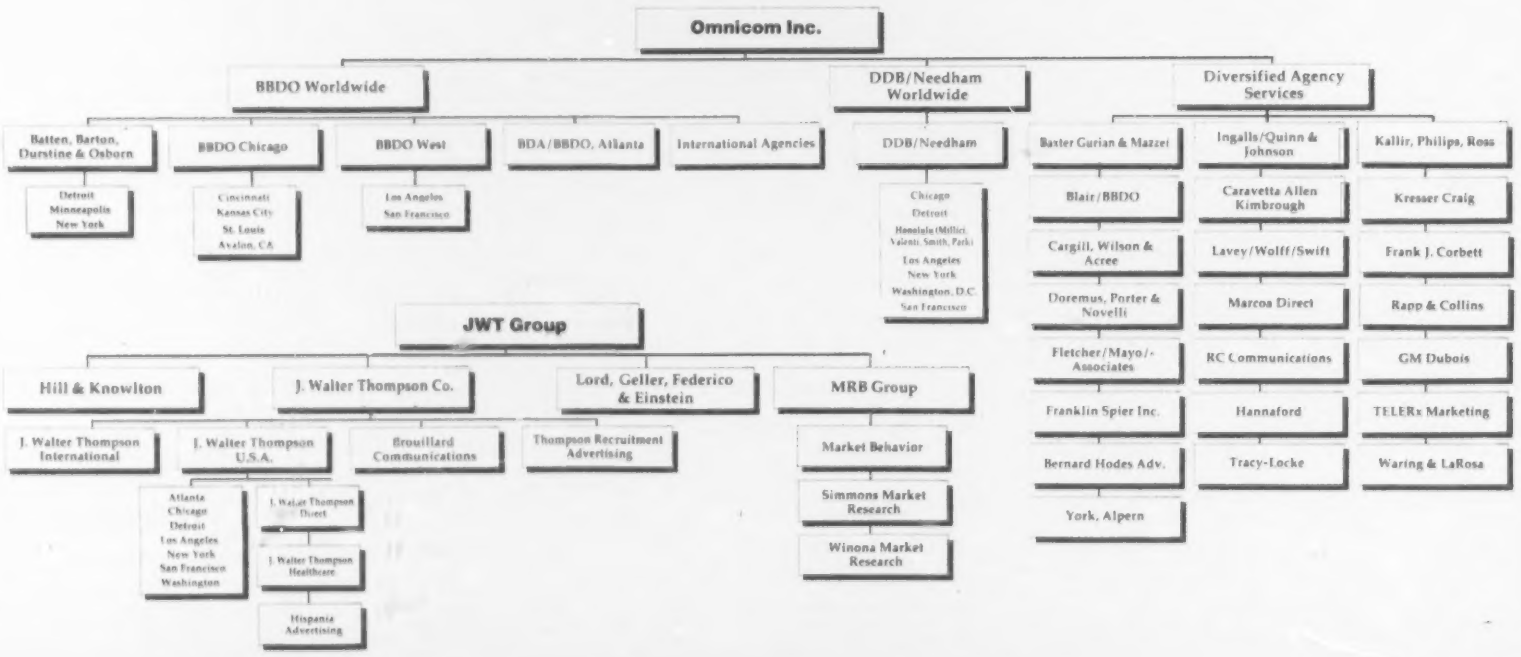
The group had 8,817 employees in 271 offices in 1986, up from 8,781 employees in 266 offices in 1985. In the U.S., there were 3,845 employees in 65 offices, up from 3,755 employees in 60 offices the prior year.

Organizational charts for agency groups









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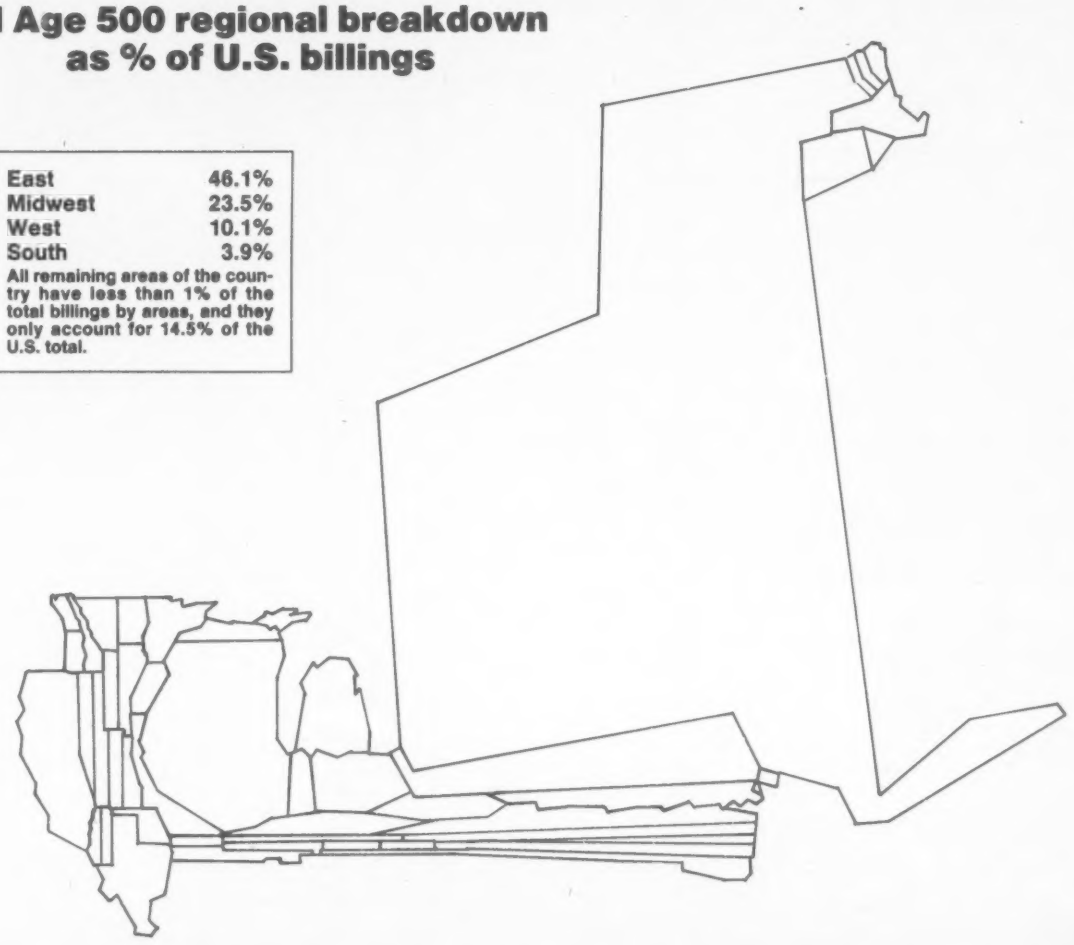
Ad Age 500 regional breakdown as % of U.S. billings

East	46.1%
Midwest	23.5%
West	10.1%
South	3.9%

All remaining areas of the country have less than 1% of the total billings by areas, and they only account for 14.5% of the U.S. total.



Top 100 by productivity

Rank	Agency	Employees/$1 million U.S. billings 1986	1985	% chg	Total U.S. employees 1986	1985	% chg
1	Avrett, Free & Ginsberg	0.63	0.57	9.6	54	51	5.9
2	Towne, Silverstein, Rotter	0.69	0.71	(3.8)	56	50	12.0
3	Admarketing	0.72	0.81	(10.7)	133	138	(3.6)
4	Ally Gargano/MCA Advertising	0.93	1.01	(8.0)	274	332	(17.5)
5	Rosenfeld, Sirowitz & Humphrey	0.94	1.19	(20.6)	141	165	(14.5)
6	William Esty Advertising Co.	0.98	1.10	(10.7)	500	560	(10.7)
7	Geers Gross Advertising	0.98	1.06	(7.2)	167	180	(7.2)
8	Kornhauser & Calene	1.02	1.02	0.6	125	113	10.6
9	TBWA Advertising	1.05	1.10	(4.8)	110	97	13.4
10	Laurence, Charles, Free & Lawson	1.10	1.19	(7.0)	317	279	13.6
11	Fallon McElligott	1.16	1.21	(4.1)	108	98	10.2
12	Jordan, Manning, Case, Taylor & McGrath	1.19	1.31	(9.6)	285	276	3.3
13	McKinney & Silver	1.22	1.52	(19.4)	126	126	—
14	Griffin Bacal	1.23	1.30	(5.4)	175	152	15.1
15	Wells, Rich, Greene	1.28	1.37	(6.5)	852	888	(4.1)
16	Leo Burnett Co.	1.30	1.30	(0.5)	1,768	1,657	6.7
17	Hicks & Greist	1.33	1.33	0.1	128	125	2.4
18	Ted Bates Worldwide	1.35	1.40	(3.8)	2,556	2,684	(4.8)
19	Kallir, Philips, Ross	1.37	1.34	2.3	155	150	3.3
20	Campbell-Ewald Worldwide	1.38	1.48	(6.7)	804	809	(0.6)
21	Warwick Advertising	1.38	1.36	1.4	190	190	—
22	Diener/Hauser/Bates Co.	1.40	1.47	(4.6)	185	166	11.4
23	Rubin Postaer & Associates	1.43	1.62	(11.5)	156	160	(2.5)
24	Tatham-Laird & Kudner	1.45	1.52	(4.8)	345	357	(3.4)
25	Martin Agency	1.45	2.38	(39.1)	131	124	5.6
26	Stone & Adler	1.46	1.70	(14.6)	141	170	(17.1)
27	Lord, Geller, Federico, Einstein	1.48	1.54	(3.6)	314	285	10.2
28	Henderson Advertising	1.50	1.74	(13.7)	120	136	(11.8)
29	SSC&B:Lintas Worldwide	1.50	1.63	(7.7)	690	731	(5.6)
30	Backer & Spielvogel	1.50	1.62	(7.6)	680	625	8.8
31	Tucker Wayne & Co.	1.51	1.69	(10.9)	124	121	2.5
32	Ammirati & Puris	1.53	1.77	(13.3)	230	230	—
33	Medicus Intercon International	1.54	1.54	0.3	127	100	27.0
34	Sudler & Hennessey	1.55	1.70	(8.8)	192	206	(6.8)
35	Scali, McCabe, Sloves	1.57	1.74	(10.1)	714	425	68.0
36	MARCOA DR Group	1.57	1.71	(8.2)	173	173	—
37	HCM	1.58	2.06	(23.5)	280	341	(17.9)
38	GSDM	1.59	2.03	(22.0)	135	155	(12.9)
39	Doremus Porter Novelli	1.59	1.82	(12.8)	373	316	18.0
40	William Douglas McAdams Inc.	1.59	1.81	(12.0)	165	185	(10.8)
41	Bloom Cos.	1.61	1.82	(11.8)	304	310	(1.9)
42	DDB Needham Worldwide	1.61	1.80	(10.4)	2,783	3,227	(13.8)
43	Mojo MDA-Allen & Dorward	1.62	2.28	(28.7)	122	150	(18.7)
44	Grey Advertising	1.65	1.83	(9.9)	2,238	2,234	0.2
45	DFS Dorland Worldwide	1.65	1.86	(11.0)	1,490	1,601	(6.9)
46	Hill, Holliday, Connors, Cosmopulos	1.66	2.06	(19.5)	350	395	(11.4)
47	Levine, Huntley, Schmidt & Beaver	1.66	1.79	(7.0)	208	156	33.3
48	McCann-Erickson Worldwide	1.70	1.88	(9.9)	1,661	1,569	5.9
49	Ogilvy & Mather Worldwide	1.71	1.87	(8.9)	2,840	3,035	(6.4)
50	Beber Silverstein & Partners	1.71	1.87	(8.4)	120	116	3.4
51	BBDO Worldwide	1.74	1.71	1.7	3,665	3,205	14.4
52	Kobs & Brady Advertising	1.74	1.89	(8.0)	141	133	6.0
53	Ross Roy Inc.	1.75	1.71	2.5	728	632	15.2
54	J. Walter Thompson Co.	1.75	1.99	(11.8)	3,035	3,325	(8.7)
55	DYR Worldwide	1.75	1.75	—	230	251	(8.4)
56	Eisaman, Johns & Laws	1.77	1.67	6.0	158	142	11.3
57	NW Ayer & Son	1.80	1.82	(1.0)	1,208	1,184	2.0
58	Meldrum & Fewsmith	1.80	2.28	(20.9)	149	157	(5.1)
59	Wunderman Ricotta & Kline	1.80	2.02	(10.9)	404	355	13.8
60	C&W Group	1.82	1.65	10.4	499	560	(10.9)
61	Bozell, Jacobs, Kenyon & Eckhardt	1.84	2.14	(13.9)	2,068	2,200	(6.0)
62	Davis, Johnson, Mogul & Colombatto	1.84	1.75	5.2	240	215	11.6
63	Ketchum Communications	1.85	2.28	(18.6)	905	864	4.7
64	Richards Group	1.91	2.28	(16.5)	157	165	(4.8)
65	Tracy-Locke	1.91	2.16	(11.5)	604	587	2.9
66	Campbell-Mithun	1.91	2.10	(9.0)	726	696	4.3
67	D'Arcy Masius Benton & Bowles	1.95	2.11	(7.7)	2,528	2,809	(10.0)
68	Cramer-Krasselt Co.	1.98	2.15	(8.0)	139	127	9.4
69	Wyse Advertising	1.98	2.12	(6.7)	173	185	(6.5)
70	Earle Palmer Brown Cos.	2.01	N/A	—	285	N/A	—
71	AC&R Advertising	2.01	2.07	(3.0)	225	220	2.3
72	Ogilvy & Mather Direct Response	2.04	2.28	(10.3)	490	455	7.7
73	Foote, Cone & Belding Communications	2.06	2.29	(10.3)	3,326	3,282	1.3
74	Young & Rubicam	2.07	2.03	2.1	4,949	4,611	7.3
75	HBM/Creamer	2.09	N/A	—	558	N/A	—
76	Cole & Weber	2.25	2.02	11.6	204	223	(8.5)
77	W.B. Doner & Co.	2.32	2.33	(0.5)	488	403	21.1
78	Ingalls, Quinn & Johnson	2.33	2.23	4.3	273	110	148.2
79	Evans Communications	2.38	2.42	(1.6)	345	295	16.9
80	Creswell, Munsell, Fultz & Zirbel	2.42	2.55	(5.1)	174	172	1.2
81	Weightman Group	2.56	2.43	5.1	220	195	12.8
82	Fahlgren & Swink	2.67	2.82	(5.5)	304	239	27.2
83	Al Paul Lefton Co.	2.69	2.81	(4.3)	185	180	2.8
84	Venet Advertising	2.94	3.22	(8.7)	203	203	—
85	Kenrick Advertising	3.42	4.11	(16.8)	178	205	(13.2)
86	Direct Marketing Group	4.46	3.44	29.3	618	350	76.6
87	Telephone Marketing Programs	4.97	5.29	(6.2)	586	528	11.0
88	Keller-Crescent Co.	5.14	4.76	7.9	560	560	—
—	Chiat/Day Advertising	N/A	N/A	N/A	N/A	N/A	—
—	Cochrane Chase Livingston	N/A	N/A	N/A	N/A	N/A	—
—	Dailey & Associates	N/A	N/A	N/A	N/A	N/A	—
—	Della Femina, Travisano & Partners	N/A	N/A	N/A	N/A	N/A	—
—	Geer, DuBois	N/A	N/A	N/A	N/A	N/A	—
—	Hal Riney & Partners	N/A	N/A	N/A	N/A	N/A	—
—	Lowe Marschalk	N/A	N/A	N/A	N/A	N/A	—
—	McCaffrey & McCall	N/A	N/A	N/A	N/A	N/A	—
—	Nationwide Advertising	N/A	N/A	N/A	N/A	N/A	—
—	Rumrill-Hoyt	N/A	N/A	N/A	N/A	N/A	—
—	Saatchi & Saatchi Compton Worldwide	N/A	N/A	N/A	N/A	N/A	—
—	Sawdon & Bess Advertising	N/A	N/A	N/A	N/A	N/A	—

NOTES: Employees per $1 million in billings is computed by dividing total U.S. employees by total U.S. billings in millions of dollars. A negative percent change in employees per $1 million in U.S. billings—in parentheses—indicates an improvement in productivity from 1985 to 1986. Twelve agencies, listed at the bottom of this chart, did not report total U.S. employees.

Employees: 12.
Phone: (609) 235-5768. ☑

Yellow Pages Marketing Services, Mequon, Wis., reported gross income of $5,318,000, of which $99,000 was non-U.S. contributions, in 1986 on billings of $34,810,730. In 1985, it reported gross income of $4,767,000, of which $91,000 was non-U.S. contributions, on billings of $31,281,000.

Billings for both years was all in media.

Included in the agency's figures were returns from the offices in Milwaukee, Fort Lee, N.J., Los Angeles, Chicago, Kansas City, Minneapolis, Houston and Cleveland.

Included in the agency's figures were returns from subsidiary, Creative Media.

The agency did not report accounts gained or lost in 1986 and 1985.

Billings breakdown by media: Yellow pages 100%.

Top execs: Richard C. Miller, president; Robert B. Kennedy, James F. Ponce, sr vps; David J. Madison, vp-eastern district mgr; Rudy N. Magnolia, vp-western district mgr; George R. Boehm, Mark O. Brown, Cynthia M. Dzikowski, Helen B. Harper, Ann J. Kosack, Jeffrey S. Miller, Kathleen L. Smith, Richard M. Tuchalski, Marilyn G. Young, Donald A. Zimmel, vps. Employees: 104 in 8 offices.
Phone: (414) 241-8600. ☑

Zam + Kirshner + Geller, Garden City, N.J., reported gross income of $861,400 in 1986 on billings of $6,250,426. In 1985, it reported gross income of $781,400 on billings of $5,701,478.

The agency's 1986 U.S. volume consisted of $1,562,175 in media, $1,518,000 in materials and services and $3,170,251 in capitalized fees. Its 1985 U.S. volume consisted of $1,412,300 in media, $1,385,020 in materials and services and $2,904,158 in capitalized fees.

In 1986, the agency gained: Pall Corp, Ultrafine Filtration Corp., nuclear prods; Canon USA, electronic components div; De Ge Marketing, locks and hardware; Krone Inc, electronic connectors. It lost: Dom Lock.

The agency did not breakout billings by media.

Top execs: Samuel J. Kirshner, president; Marvin Geller, vp; Iz Zam, chmn. Employees: 11.
Phone: (516) 227-2277. ☑

Zechman & Associates Advertising, Chicago, reported gross income of $3,102,528 in FY1986 on billings of $19,812,530. In FY1985, it reported gross income of $2,429,101 on billings of $16,621,162.

The agency's fiscal 1986 U.S. volume consisted of $16,150,680 in media and $3,661,850 in materials and services. Its fiscal 1985 U.S. volume consisted of $13,723,001 in media and $2,898,161 in materials and services.

In fiscal 1986, the agency gained: Bravo! Premium Pizza; Henri's Food Products; Nichols-Homeshield; Wabash Valley Broadcasting. It lost: Jos. Huber Brewing Co.; WTPI-FM, Indianapolis.

Billings breakdown by media: Newspapers 7%, magazines 16%, medical journals 2%, radio 26%, spot tv 45%, cable tv 1%, outdoor 1%, business papers 2%.

Top execs: Jan E. Zechman, president; Philip D. Davis, sr vp-client svcs; Jackie Morgan, sr vp-media; Richard Lemmon, vp, exec art dir; Richard Bach, dir-mktg & rsch. Employees: 30.
Phone: (312) 346-0551. ☑

Zubi Advertising Services, Miami, had estimated gross income of $893,400 in 1986 on billings of $5,700,000. In 1985, had estimated gross income of $815,100 on billings of $5,200,000.

The agency's 1986 U.S. volume consisted of $3,400,844 in media, $1,453,000 in materials and services and $846,156 in capitalized fees. Its 1985 U.S. volume consisted of $3,102,960 in media, $1,325,000 in materials and services and $772,040 in capitalized fees.

In 1986, the agency gained: Six Flags Atlantis; Avianca Airlines; Woodlawn Park Cemetery. It lost: Masters Beer.

Billings breakdown by media: Newspapers 15%, magazines 5%, radio 30%, spot tv 30%, outdoor 5%, point of sale 5%, direct mail 10%.

Top execs: Teresa Zubizarreta, president; Marta Calvo, creative dir; Aymara del Aguila, art dir; Julie Diaz, comptroller; Maria Triana, production & office mgr; Ileana Garcia, traffic dir; Lourdes Torres, media dir; Any Ribero, Maria T. Suarez, Patricia Ruiz-Garcia, Maria del Carmen Mayoral, acct execs. Employees: 13.
Phone: (305) 854-6807.

Zylke & Associates, Northbrook, Ill., reported gross income of $1,879,371 in 1986 on billings of $12,902,880. In 1985, it reported gross income of $1,640,252 on billings of $11,732,338.

The agency's 1986 U.S. volume consisted of $2,968,377 in media, $1,381,195 in materials and services and $8,553,308 in capitalized fees. Its 1985 U.S. volume consisted of $3,723,536 in media, $1,287,723 in materials and services and $6,721,079 in capitalized fees.

In 1986, the agency gained: Interlake Materials Handling; Bruning; Bazzoni & Co; Concrete Doctor; Ceco Door div; J. Cotey, Inc; McIntosh, Ltd; Occusafe, Inc; SFS Stadler; T.L. Swint Industries. It lost: Charmilles Technologies; Labour Pump; Technical Publishing.

Billings breakdown by media: Newspapers 1.4%, magazines 10.1%, radio 2%, outdoor 0.4%, business papers 60%, farm publications 1%, yellow pages 4%, direct mail 20%.

Top execs: Ralph B. Zylke, president; Charles H. Puls, exec vp. Employees: 27.
Phone: (312) 498-9300. ☑

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March 30, 1987

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Staff photo by Mary Hershey

Charlotte Beers, formally elected chairman at the Four A's meeting, is flanked by association President Len Matthews (l.) and new Vice Chairman William Weithas.

4A's message: Rebuild trust

By STEWART ALTER and GARY LEVIN

Boca Raton, Fla.—Disruptions caused by mergers and a slowdown in ad spending last year have given way to a sobering new perspective at ad agencies.

One major concern is a "crisis in advertiser confidence in [ad] agencies," American Association of Advertising Agencies President Leonard Matthews was scheduled to say in his windup speech for the group's 69th annual meeting here.

"The bottom line is that many advertiser top-management people view us in a less favorable light than ... two years ago. We appear less responsible, less accountable, less businesslike. We appear more money-oriented and less creative-oriented. We are less likely to be considered business-marketing partners than we were."

Agency executives gathered here last week pointed to three areas of concern: rebuilding trust in agency-client relationships; remaining lean and efficient while ad budgets begin to come back this year; and pursuing opportunities presented by last year's megamergers.

Also, in marked contrast to other meetings where food and cosmetics & beauty aids clients announced plans for major increases in marketing expenditures (AA, Feb. 23, *et seq.*), most of the 700 agency executives, guests and spouses at the Boca Raton Hotel & Club did not share the same exhilaration.

In a prepared text scheduled to be delivered March 28, Mr. Matthews said that three-quarters of the Four A's 60-member sampling panel "are projecting improved income and profits in 1987 and more than half expect to see improved profit margins."

But, cautioning against too much optimism, Mr. Matthews explained that "this projection is relevant to 1986, and 1986 was a lousy year. So my reading is that 1987 will be better than 1986, but it may be far from the best years we've experienced in the late '70s."

And while many agency employees lost their jobs last year as revenues declined, the business is far from the "lean and mean" machine it might fantasize itself to be, he said.

Using the number of employees per $1

(Continued on Page 74)

Frito play

New 'basics' strategy takes on regional rivals

By JENNIFER LAWRENCE

Dallas—Frito-Lay, the nation's largest salty-snack marketer, is implementing a regional marketing program that will redirect part of its national promotion budget to eight offices across the country.

Field marketing staff for the first time will have the authority—and the funds—to tailor programs against strong, local competitors.

At the same time, the $3 billion company is putting marketing emphasis back on its existing, powerhouse brands—Cheetos, Doritos, Fritos, Lay's, Ruffles and Tostitos.

The reason for this shift is that Frito-Lay, the "financial underpinning" of parent PepsiCo as its traditionally top profit contributor, had a disappointing 1986, mostly because of a bungled new-product binge.

Although F-L's net sales were up 6% to $3.01 billion last year, profits were flat before a $52 million write-off resulting from the unsuccessful new items, namely three specialty snacks earlier—now ironically—dubbed Max Snax.

The unit's operating profits accounted for 47% of PepsiCo's profits in 1985, but '86 profits of $343 million contributed only 38% to the parent's total. It was the second consecutive year of lackluster profit growth at F-L.

The man behind the refocused strategy is Michael H. Jordan, 50, who since December has been at F-L's helm as president-ceo of the newly organized PepsiCo Worldwide Foods (AA, Dec. 1).

Formerly exec VP-chief financial officer and then president of the Purchase, N.Y.-based parent, Mr. Jordan had been F-L's president in 1983 and '84. He reassumed the reins from Willard C. Korn, who resigned as F-L president after leading what was possibly the most aggressive new-product push in the company's history.

In his first interview since taking his new post, Mr. Jordan told Advertising Age that his mission is not only to bring a return to profit growth but to marketing discipline as well. That includes the attention being paid to the regions.

"Traditionally, Frito-Lay spent less than 10% of resources on a regional basis—but we will be spending a significantly larger amount," Mr. Jordan said.

Back in charge, Michael Jordan returns to the basics of chip marketing.

Frito-Lay's new top executive also intends to change things by reasserting the strength of F-L's well-known brands (any new brands on the agenda will be delayed until 1988).

The company already is pushing hard with one of last year's winners: A Cool Ranch flavor addition for its Doritos tortilla chips.

Doritos' Salsa Rio, a picante-flavored tortilla chip, will be put into test next month in the Pacific Northwest.

One of the lessons learned from Max Snax: The test marketing of new products is essential, even for Frito-Lay.

Management agrees that Max Snax—actually Rumbles, a granola snack; Stuffers, a cheese-filled snack; and Toppels, a cheese-coated cracker, all introduced simultaneously (AA, April 14)—suffered from premature rollout.

Perhaps more significant for Mr. Jordan's turnaround effort, long-term, is his vision of F-L as a national brand marketer with a strong regionally differentiated promotion strategy.

"Our [new] strategy," Mr. Jordan said, "will be much more flexibly driven and

(Continued on Page 70)

Last Minute News

Four A's voices opposition to ad tax

Boca Raton, Fla.—American Association of Advertising Agencies at its meeting here issued a statement formally opposing Florida's proposal to extend its 5% sales tax to advertising (AA, March 9). The tax, if passed by the Legislature, would take effect July 1.

Taco Bell throws in towel for Tarkanian

Irvine, Calif.—Taco Bell signed University of Nevada-Las Vegas basketball coach Jerry Tarkanian to an endorsement agreement involving the white towel he nervously chews during games *(see related story on Page 3)*. The deal was made in time to get several Taco Bell logos on each of Mr. Tarkanian's towels for UNLV's Final Four game against Indiana University March 28 in New Orleans, to be

(Continued on Page 8)

Federal: Goodbye Ally

By BRIAN MORAN

New York—Ally Gargano/MCA Advertising's loss of the $20 million Federal Express Corp. domestic account to Fallon McElligott triggered an immediate flurry of employee dismissals and raised questions about the once high-flying agency's future.

The layoffs extend into all Ally Gargano/MCA departments and are expected to total about 50 employees, or 25% of the staff.

Dismissals last week included Larry Dexheimer, exec VP and former agency president; Gene Willhoft, VP-associate media director, and Marsha Cohen, VP-manager, research; and Mark Hurst, VP.

Layoffs in the agency's creative department were not expected to begin until March 27, when Amil Gargano, chairman-creative head, returned from an out-of-town trip. Mr. Gargano, who gave up the agency ceo post in January to MCA's Robert Kamerschen, could not be reached for comment. Mr. Kamerschen and President William Bishop also did not return.

A staff memo issued by Mr. Kamerschen on March 24, the day of the account loss, said in part that "FedEx's decision will have a major adverse economic impact on our operations, necessitating some substantial and immediate personnel reductions. ... We will complete the necessary staff reductions within a week

(Continued on Page 72)

Highlights

Tracer's blitz 4

Ford Motor Co.'s Lincoln-Mercury division is backing its new upscale subcompact Mercury Tracer with the division's biggest-ever advertising blitz, topping even the $35 million media launch for the Sable. The estimated $38 million Tracer campaign represents about 30% of the division's total 1987 spending.

Raisins lead ad awareness 6

With a yearly budget that pales in comparison to McDonald's Corp.'s monthly spending, the California Raisin Advisory Board inched past the fast-food marketer in advertising awareness. The board's "grapevine" spots came to mind first for 2.3% of respondents asked to recall the first ad they had seen, heard or read in the past 30 days.

Hush Puppies step out 12

Wolverine World Wide is determined to get its Hush Puppies footwear division out of the doghouse. Contemporary image-oriented print ads, breaking in late April issues of consumer magazines and a trade publication, are designed to shed Hush Puppies' staid image as a marketer of only pigskin shoes.

Apple of Seattle's eye 26

The Washington State Apple Commission's decision to hire McCann-Erickson's Seattle office for its $6 million account is the latest indication that the city has begun to recover from a slew of account departures that began 18 months ago.

Automakers try to recoup 28

New promotions that offer detergent and paper towel buyers a chance to win automobiles are attempts to solve a problem caused by the automakers themselves. The problem is that a previous marketing tool—expensive, deep-discount consumer loans—has helped dry up demand and consumer excitement.

No holds barred at nets 58

Major TV networks will go all-out with miniseries, specials, TV movies and fresh episodes of their strongest series to boost ratings during the next rating sweeps period in May.

Extending coffee's yield 62

Chock Full o'Nuts is banking on continuing growth of the $550 million extended-yield coffee segment—despite declines in coffee prices. Going national with new Ultra Blend, company officials said they are optimistic about extended yield, one of the fastest-growing segments of the $5.5 billion coffee market.

Malt liquor king 63

G. Heileman Brewing Co. is moving to increase its dominance of the malt liquor segment with a $3 million campaign for its recently acquired Champale brand. Malt liquors, with higher alcohol content than regular beer, accounted for only 3% of total beer industry shipments last year, but La Crosse, Wis.-based Heileman is close to making the segment a private fiefdom.

INTERNATIONAL

Hyundai loses momentum in Canada 46

The honeymoon seems to be over for Hyundai Auto Canada, but the Korean automaker plans to remain a force in the Canadian market. Sales slipped last year to 70,000 cars, compared with 79,000 units in 1985.

U.K. shops stake out France 48

Three large British-owned ad agencies are taking a closer look at buys in France, a market U.S. shops have found tough to penetrate. France's most creative agencies—including Boulet Dru Dupuy Petit and Roux, Seguela, Cayzac & Goudard—are increasingly looking for U.S. and U.K. buys themselves, rather than be acquired.

OTHER NEWS

General Foods Corp. this week starts its first network TV advertising for Post Natural Bran Flakes—more than tripling ad spending for the high-fiber cereal targeted to consumers age 45 and over. Page 6.

A host of advertisers, ad agencies and media companies have adopted or considered new shareholder structures in recent months. Interest in limited partnerships and Subchapter S filings is a reaction to the new tax law, which makes personal tax rates lower than corporate rates. Page 24.

The explosive growth of TV shopping services is both threatening and beckoning to marketers that traditionally have thrived on selling goods and services directly to consumers. Page 34.

Producers of marginally rated TV series trying to fend off cancellation may have an edge on negotiating renewals if they have scored impressively with black audiences. Doug Alligood, VP-special markets at BBDO, reached this conclusion after comparing viewing in black and non-black households last October, December and January. Page 50.

The way Black & Decker Corp. sees it, the next best thing to putting a Dustbuster mini-vacuum into the hands of today's consumer is putting a replica into the hands of tomorrow's consumer. The company's vacuums, mixers, toasters and irons soon will appear as toys for kids through a licensing agreement with Creative Design, Jenkintown, Pa. Page 62.

SPECIAL REPORT

***Cable Television**—With most of the nation wired for cable, the industry's future growth depends heavily on its ability to market itself. Multiple system operators, networks and premium pay services are stepping up their activities.*

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Scali, BJK&E garner major toy business

By SARA E. STERN

Major toy marketers and the industry's major retailer are cleaning out their ad-agency toyboxes.

In the largest single reassignment, New Rochelle, N.Y.-based retailer Toys "R" Us last week moved creative responsibility for its estimated $15 million account to Scali, McCabe, Sloves, New York, from Grey Advertising.

DDB Needham Worldwide, SSC&B and Bozell, Jacobs, Kenyon & Eckhardt, all New York, were the other finalists in the review (AA, March 9).

Bohbot & Cohn, New York, remains Toys "R" Us' media-buying agency.

Similarly, the marketer that did much to boost the toy-chain's sales over the past few years, Coleco Industries of West Hartford, Conn., moved an estimated $14 million in billings from longtime shop Richard & Edward's, naming BJK&E for creative on its Furskin plush bears and Rambo action-figure line. Media buying is going to Admerex International, N.Y.

Loss of its largest client could be a crippling blow to Richard & Edward's. An agency spokeswoman said the agency is considering a "restructuring."

Pawtucket, R.I.-based Hasbro, meanwhile, will add a third ad agency next month, this one to handle a joint-venture electronic-toy subsidiary it is creating with Axlon of Sunnyvale, Calif.

Al Carosi, Hasbro corporate VP-marketing services, said this new unit will be called either Hasbro Electronics Division or Hasbro Technology. Six agencies are involved in the review, he said, including incumbents DDB Needham Worldwide, Chicago, and Griffin Bacal, New York.

Billings will exceed $5 million, Mr. Carosi said, with new products to be unveiled as early as summer.

Toys "R" Us VP-Marketing Ernie Speranza said Scali's creative will focus on the chain's reputation as a "children's supermarket."

Despite a modest 5% growth last year in the $12.5 billion toy industry, Toys "R" Us in 1986 reported sales of $2.5 billion, a 24% increase over 1985. While it credits Coleco's Cabbage Patch Kids dolls with helping to boost sales over the past five years, sales of the adoptable dolls have plummeted 58%, to $250 million, causing the retailer to look elsewhere.

> While "Coleco can't afford not to advertise, we have to be very careful how to spend our money."
>
> —*Coleco's Dean Heitler*

Mr. Speranza foresees interactive toys—including possibly Coleco's new Talking Cabbage Patch Kids—as best-sellers.

Coleco, too, is banking on Talking Cabbage Patch Kids as well as a talking ALF doll and its StarCom action-figure line to relieve its 1986 loss of $110 million on sales of $500

(Continued on Page 72)

Northrop severs Lord, Geller ties

Los Angeles—Northrop Corp. will end its one-year relationship with Lord, Geller, Federico, Einstein, New York, when their contract expires April 30.

Jim Taft, Northrop director of corporate advertising, said the agency was unable to deliver acceptable creative. Northrop is contacting West Coast agencies concerning its $4 million-plus corporate image account.

Northrop is using BBDO/-Slightly Further West for a project, but Mr. Taft wouldn't comment on the potential for a greater commitment.

West Coast News

Northern California Chevrolet Dealers, San Francisco, hired Graham Advertising, Walnut Creek, for its $5 million account, previously at Mojo MDA-Allen & Dorward. Also competing were Girvin, Conrad & Girvin, Rancho Cordova; J.W. Messner Inc., Grand Rapids, Mich.; and Pinne, Garvin, Herbers & Hock, San Francisco.

Atlantis Dairy Products, Huntington Park, is introducing Bon Lait Fromage Frais, a yogurt-like cheese product, in southern California. Light-hearted TV spots use Robin Leach, host of "Lifestyles of the Rich and Famous," as narrator. He takes viewers on a journey through the "Refrigerators of the rich and famous"—those belonging to model Christie Brinkley and actress Lauren Bacall. Mendelsohn/-Zien, Los Angeles, created the campaign, which breaks today. Another TV flight starts in June.

Safeway Stores' southern California division on April 2 begins a one-month joint promotion with Long Beach-based Jet America Airlines, offering 10% discount coupons on air fares and free flights. The grocery chain is distributing the coupons in newspaper ads in southern California, Arizona and Nevada. Radio spots support. Italia & Associates, Long Beach, Safeway's agency, is handling the promotion. Basso & Associates, Newport Beach, is Jet America's agency.

GF's Post puts ad bulk behind its bran flakes

By JUDANN DAGNOLI

General Foods Corp. this week starts its first network TV advertising for Post Natural Bran Flakes —more than tripling ad spending for the high-fiber cereal targeted to consumers aged 45 and over.

The estimated $7 million campaign is further evidence of a renewed push in the $5 billion ready-to-eat cereal market by GF, which earlier said it will test two new cereals this year (AA, Feb. 23). The perennial No. 3 in the category with a 13.3% share, GF trails No. 1 Kellogg Co.'s 41.6% share and General Mills' 21% share.

The TV spots breaking March 31 feature entertainer Steve Allen and Rue McClanahan of NBC-TV's "Golden Girls." The two appear in separate 15-second spots, whose initial six-week run will be back-to-back on morning news programs and daytime slots, said Peter Isaia, VP-management supervisor at Grey Advertising, New York. The spots later will run separately.

Rye Brook, N.Y.-based GF is trying to line up other celebrity spokesmen for the cereal.

GF appears to be trying to revitalize its cold-cereal line, which analysts say suffered in recent years from a cutback in new-product introductions and ad spending. The Post unit's volume dropped by 4% in 1985, compared with 8% growth for Kellogg and 5% growth for General Mills.

During the first nine months of 1986, the Post bran entry received $1.9 million in media spending, according to Leading National Advertisers.#

ADWATCH

Raisin' recall

Grapevine beats Big Mac

By JULIE FRANZ

When it comes to pitching food products on their nutritional value, which are consumers most likely to remember: McDonald's, the nation's largest restaurant chain, or a bunch of dancing raisins?

TV spots for the California Raisin Advisory Board featuring three completely cool, Claymation raisins danced past McDonald's last month to claim the crown as the best-recalled advertisement.

With a yearly budget that pales in comparison with what McDonald's spends in a month, the board's raisins came to mind first for 2.3% of respondents asked to recall the first ad they had seen, heard or read in the past 30 days.

McDonald's ads pulled 2.1% of first mentions. It has been combining a TV push for its five breakfast sandwiches with its continuing $12 million print effort showing its responsiveness to consumers' nutritional concerns. McDonald's garnered 2.7% of first mentions in the January survey.

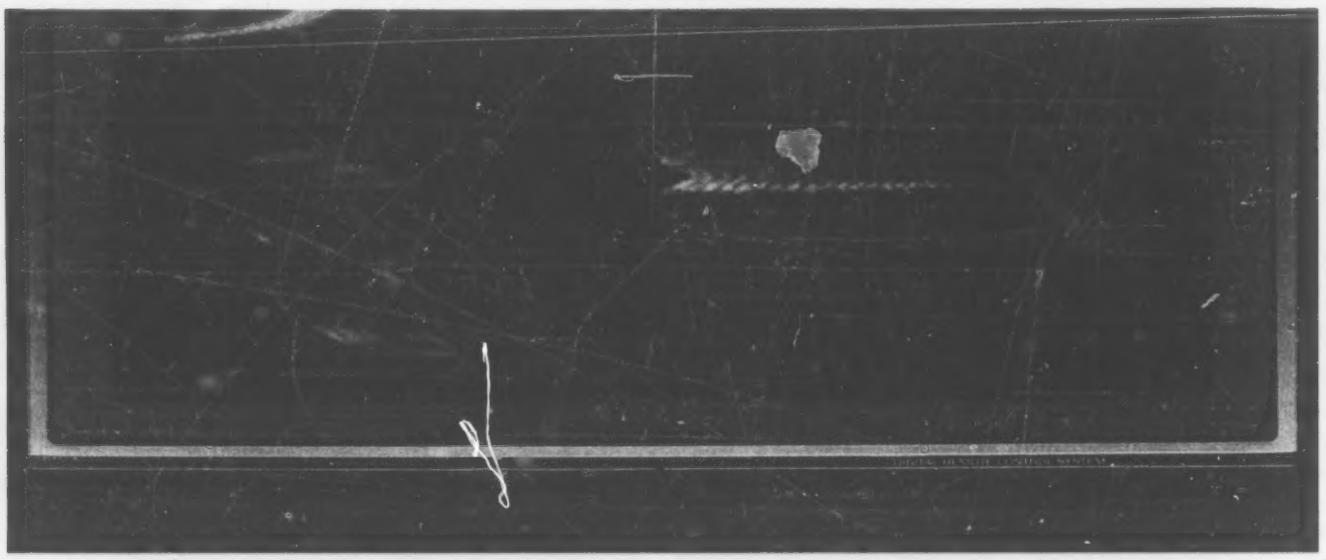
The singing, dancing clay raisins appeared among the top 10 recalled ads as soon as they hit the airwaves, placing No. 6 in October. They moved into the top spot in both November and December, but fell back to No. 5 in January when McDonald's first broke its nutrition campaign.

Those raisins are hip, but they've got a long way to go if they hope to beat McDonald's amazing record. Big Mac's advertising consisently has placed among the top 10 in unaided awareness since April 1982,

(Continued on Page 71)

CORRECTIONS & CLARIFICATIONS

- One of the creators of Inc.'s salt-and-pepper shaker set promotion (AA, Feb. 16, P. 46) was misidentified. The monthly's Boston office and Amy Krakow, a New York-based free-lance copywriter, created the promotion.
- In the Bank of Baltimore spot in Global Gallery (AA, March 2, P. 40), the name of the director was erroneously listed as Ralph Boda. It should have read Jeff Millman; Mr. Boda was the cameraman on the production.
- Mark Liu's age was misstated in an item on his appointment at *Lear's* (AA, March 23, P. 8). He is 40.
- The sales and earnings chart accompanying the Wilson Sporting Goods Co. corporate close-up was incorrectly plotted (AA, March 23, P. 83). The left-axis numbers should have started with $350 million at the top and $50 million at the bottom.#



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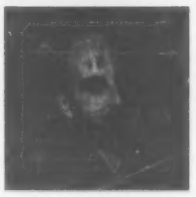

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CBN's image campaign spreads the gospel truth

By Janet Meyers

CBN may well be the Rodney Dangerfield of cable networks—it gets no respect.

From its inception in April, 1977 as a religious broadcaster, CBN has struggled to grab onto mainstream advertisers and their dollars. The high-profile campaigning of founder Rev. Pat Robertson, an expected Republican presidential candidate in 1988, has only added to that struggle, even though CBN Cable Network tries to maintain a distinct identity from parent Christian Broadcasting Network.

Ad agency executives sniffed at the channel's "holy-roller" beginnings as part of Rev. Robertson's Network, and refused to buy it for fear their clients would be linked in viewers' minds with the electronic ministry. Agency buyers who did deign to examine CBN's healthy ratings often dismissed the network's programming as stodgy and boring. Having headquarters in Virginia Beach, Va., also didn't help much in selling ads to New York executives.

Those were just a few of the special problems besetting CBN, the fourth-largest cable network in terms of viewership according to A.C. Nielsen Co.'s fourth quarter, 1986 ratings, as it battled for advertising dollars.

Only recently has CBN programming expanded sufficiently that the channel's touchstone, the "700 Club" talk show hosted by Rev. Robertson, comprises only four hours of its daily fare compared to six hours five years ago and five hours last fall.

Ad-supported, non-religious programming currently represents 75% of the network's offerings, according to John Roos, CBN VP-advertising and marketing. Over the past year, Mr. Roos adds, the channel's religious programming has decreased 25%.

"They're trying to come across as a mainstream cable network," says Alec Gerster, exec VP-media for Grey Advertising, New York. "They're trying to say, 'We're not just the '700 Club' or 'Mr. Ed.'"

CBN now has 34.1 million viewers according to Nielsen's January figures, and is flexing its developing muscles.

In February, some 17 basic cable networks, including CBN, ESPN, Lifetime, USA Network and Ted Turner's WTBS superstation, formed a consortium called CableOne. The central buying office will negotiate with agencies on behalf of the networks; it plans to offer clients a buy that will run on all 17 networks, with a guaranteed rating level. The consortium's collective clout should help CBN diffuse its lingering image as a religion channel.

But CBN also wants to take care of itself. In the past two years, it has aggressively produced and pursued fresh, original programming, such as its upcoming, brand-new "Lassie" series. And last September, it tripled its trade budget to nearly $1 million and launched its first major trade campaign that dared advertisers to "Just Watch Us."

That campaign, created by Wunderman, Ricotta & Kline, New York, deluged the New York ad community with telephone kiosk ads and subway posters; radio spots and direct mailings blitzed New York and other markets as well. The campaign continues this year with special emphasis on CBN's programming.

Original programming, however, is expensive to produce, so now CBN has to convince advertisers not only to buy the network, but to buy it at higher prices than in the past. CBN Cable President Tim Robertson admits that's a "classic marketing problem. How do you go from being a discount shop to being a boutique?"

The network saw its ad revenues rise 30% last year. "We've seen an increase, but we need to be up more," says Mr. Roos.

Progress is slow. One ad exec says CBN's image is still "tarnished"; others look positively at CBN's new programming.

Before embarking on its "Just Watch Us" campaign, CBN commissioned Wunderman in late 1985 to find out why it couldn't score with advertisers, despite its healthy viewership.

Research showed that the ad community believed CBN was "too bland, too conservative," says Mr. Roos. "We took that thought and addressed it directly with an ad headlined, 'So you never thought CBN had an original idea.'" The ad, which ran in trade publications last year, featured a scene from "The Campbells," a Canadian series produced exclusively for CBN.

This year, CBN again will spend about $1 million on trade advertising, with ads focusing on such new CBN fare as its "Lassie" series breaking this fall and an exclusive, two-year run of "Paper Chase" shows. Mr. Robertson hopes "Paper Chase," a series about lawyers, will reel in the upscale professionals CBN has been missing.

Its demographics are skewed heavily female, aged 25 to 54, earning $25,000 and up. While that's attractive for package goods and household products, CBN wants a broader mix. To help accomplish that, the network entered into a joint venture with Coca-Cola Telecommunications, Burbank, Calif., to produce four new comedy and drama series for 1988. It is scouting around for other programming as well.

CBN and Wunderman are also readying an ambitious direct mail campaign that will be sent to 200 top agency executives and advertisers throughout the country. The packet includes a video of Mr. Robertson discussing the network, as well as a folder containing information on the network's programming, ratings and demographics.

Wunderman's research also revealed that the ad community's perceptions of the network didn't jibe with CBN's viewer profile. Agencies seemed to believe, says Mr. Robertson, that CBN's viewers lived in less populated parts of the country. While he admits that urban representation isn't as high as he would like, he notes that more than 50% of CBN's audience lives in more populous suburbs and counties.

Wunderman's campaign has taken a jazzy, contemporary approach. Radio spots feature music commissioned from recording studio Sweet Home, a subsidiary of Joy Art, Chicago. The spots have aired in Dallas, Denver, Los Angeles, New York and Seattle, and will break in Chicago and other markets in April. In Denver, CBN bought radio time for a three-minute version of the "Just Watch Us" song created specifically for the campaign.

To spread the gospel about its growing Nielsen numbers, CBN is planning a direct mail contest aimed at agency media buyers who will be eligible to win a free trip anywhere in the world.

The basic problem we sensed was that people didn't understand what we were," Mr. Roberston says. "They thought we weren't serious about being in the cable business and that we weren't serious about advertisers and weren't paying attention to them."

Mr. Robertson has doubled CBN's sales staff, and some New York agencies say they're noticing CBN's higher profile.

Consumer advertising, handled in-house, will be more than $3 million this year, up about $1 million from 1986, Mr. Roos says. The network plans more direct spending in addition to co-op ads with cable operators.

"'Just Watch Us' was a dare," explains Joel Tucciarone, Wunderman senior VP, director of strategic marketing. "We needed a campaign that was very up. 'Just Watch Us' had an implicit challenge in it, but not in a nasty sense. We wanted to get people to try CBN, but sort of as a come-on."

Mr. Tucciarone is about to delve into new research to discover how agencies' perceptions of CBN have changed since the campaign began.

CBN's religious affiliation shouldn't be a deterrent, Grey's Mr. Gerster says. "As people get used to it over time, those types of issues tend to fade away."

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Co-op promotion pushes products, shrinks bills

By Nancy Zeldis

Late this summer, cable TV households in Southern California and Pittsburgh will be party to a novel marriage of advertising and promotion that turns package goods purchases into savings on cable bills.

Eighteen Southern California multiple system operators, representing 49 cable systems in the Los Angeles County area of dominant influence, will begin a six-month test of the program in August. Englewood, Colo.-based Tele-Communications, Inc., the nation's largest MSO, will undertake a Pittsburgh-based test at the same time.

The participating Southern California cable systems represent 920,000 of the 1.2 million subscribers in the Los Angeles County ADI, according to William Aubrey, assistant to Doug John, president and marketing manager, Westport, Conn.-based Glendinning Associates, which created the promotion. Among those taking part are American Cablesystems, Comcast Cable Communications, and Falcon Communications.

"We hope to see the promotion roll nationally on a quarterly basis by early next year," says Mr. John. Package goods marketers' first commitments to the initial dual-market test are expected in early May.

The Free Cable TV Shopping Spree" features a booklet inserted in cable subscribers' monthly bills containing photos, by category, of participating brand-name grocery items.

Subscribers are asked to buy the featured products at the store of their choice and send their Universal Product Code labels to the fulfillment center at Glendinning as proofs-of-purchase. Glendinning supplies postage-paid return envelopes.

Subscribers receive a rebate check from Glendinning for the amount of credit they've accumulated, which they send to the cable operator with the remaining portion of their monthly payment.

"Every two products purchased will cut $1 off the subscriber's monthly bill," Mr. John explains. Spree credits earned through purchases can whittle a bill down to zero. If the credited amount exceeds the bill, additional savings will go toward the following month's bill.

Package goods manufacturers handle 90% of the cost; the remainder is split between operators and Glendinning.

According to Tony Farwell, executive director of the Southern California Cable Television Marketing Council, whose members include the 49 participants, Glendinning pays operators a fee to cover costs for inserting the booklets into home service bills. The cable companies advertise the promotion on their systems, charging package goods advertisers, via Glendinning, a fee of just less than 10% off their rate card.

Mr. Farwell says that for package goods manufacturers, the promotion is a high-profile alternative to the cluttered, free-standing insert arena. "What's more, it's a retention program for cable operators. We think people most likely to take this up are those who are price sensitive, and therefore not likely to renew their subscription," he says.

The slogan tentatively adopted for the promotion is "Turn Your Everyday Shopping Into FREE Cable TV service." Mr. John says the program is just being presented to package goods manufacturers now. While he won't divulge names, he says a number of major companies are close to signing contracts with Glendinning. He adds that the company is willing to negotiate product exclusivity rights with manufacturers. "We're pursuing brands with broad household penetration and high purchase frequency," he says.

To take part in the program, manufacturers will pay Glendinning approximately $20,000 each; if consumer response is overwhelming, the cost could be higher. The program has been in the planning stages since last September.

"Los Angeles was selected as a kind of torture test," Mr. John says. "We felt if we could arrange a mechanism for linking up 90% of the [county's cable] subscriber base, which we did, we could do it anywhere."

The promotion marks the first time cable operators will be banding together to market their services as a whole in the Southern California area. "Cable operators realize it's best to band together to grapple with marketing problems," Mr. John adds.

The promotion is primarily geared to reducing the industry churn rate—the number of subscribers dropping their subscriptions each year—and to boosting cable penetration in the stiffly competitive Los Angeles market.

"If you can reduce the erosion of the subscriber base, it turns into increased profit," Mr. John says.

(Continued on Page S-12)

Nancy Zeldis is Advertising Age's Fairfield County, Conn., correspondent.

This man clobbered Dick Cavett, Max Headroom and Larry King.

Ralph Emery, host of NASHVILLE NOW, voted Favorite Cable Personality of the Year and Best Host of a Talk/Entertainment Series.*

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*"The Cable Guide" 1986 Readers Poll.

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MSO challenges viewers' programming savvy

By Lori Kesler

Sometime this spring, some 800,000 subscriber households in United Cable Television's 53 operating systems will get an invitation in the mail inviting them to play "The $50,000 Cable Network Challenge."

Sounds easy enough. Just match the cable programs to their cable networks, write in the correct channel numbers on the game cards, and get a $5 instant-winner prize as well as a shot at the $5,000 grand prize.

But here's the catch. To fill out all nine game cards correctly, the contestants will have to do a little homework—either from their TV screen or from a cable TV program guide.

They'll have to figure out, for example, which network carries the world's messiest game show. They'll have to look for "Larry King Live" and comedian Robert Klein's series. They'll even learn where to locate the exuberant Dr. Ruth with her helpful hints about good sex. By the time the contestants finish entering the contest, they'll be transformed into cable programming experts. And that's the whole idea.

Denver-based United Cable Television, the country's eighth-largest multiple system operator, recently launched the promotion as part of an elaborate $1.5 million campaign designed to position deregulated cable as a new, improved product.

"In the past, companies like ours didn't spend very much money on marketing because they didn't need to," says Nimrod Kovacs, United's marketing VP. "New business came from building new systems. But now that there's no more virgin territory, we're all going to have to spend some hefty dollars to get people to make greater use of our product."

Lori Kesler, Advertising Age's St. Louis correspondent, is a frequent contributor to Special Report.

Mr. Kovacs says the cable industry's "pole-climbing" days have given way to a marketing-driven era. And he says government has loosened its grip on cable operators because they function in a far more competitive environment today.

On Jan. 1, the Federal Communications Commission effectively removed state and local governments' power to set basic cable rates. System operators now are free to charge whatever they think customers will pay for programming packages.

Prior to deregulation, says Mr. Kovacs, basic rates were kept artificially low while price pressures pushed the unregulated, premium-channel fees artificially high. Meanwhile, he says, cable faced mounting competition as the video rental market rapidly grew into a $4 billion industry and independent TV stations proliferated from about 80 five years ago to 250 today.

Cable operators eventually convinced the government that regulation was obsolete. Says Mr. Kovacs: "We argued successfully that the alternatives to cable aren't regulated, and that to compete with them, we had to be able to effectively manage our business."

Like many other MSOs, United Cable, which owns or manages 53 systems in 18 states, has taken steps to do just that by overhauling its price structure, adding new programming services, realigning channels and mounting the biggest marketing campaign in its history.

In January, basic rates went up an average of 15% in most United systems. The suburban Denver system, for example, boosted its monthly fee to $12.95, a jump of $1.50, or 13.1%. But United sweetened the basic package by adding such ingredients as the American Movie Classics channel, C-Span II (which offers live Senate coverage), Cable Value Network and the Discovery Channel.

"We're bringing the cost of basic cable in line with its value, but we're not taking wholesale price increases," says Mr. Kovacs.

At the same time, United is reducing premium service fees for "multi-pay" customers—those who subscribe to more than one premium service. Mr. Kovacs says the company is also considering cutting prices for "single-pay" customers.

Direct mail booklets highlight United's services.

To fill out its menu of programming services, United is making interactive pay-per-view available in all markets during 1987. Officials think the interactive equipment will help increase pay-per-view business because it lets subscribers receive pay movies simply by pushing a remote control button at home; they previously had to call ahead to get PPV programs.

And United, like most other cable operators, has repackaged its channel lineup—a move now allowed by deregulation—so that some of the most popular basic cable networks occupy the more attractive low-number spots while some local-access channels have been bumped higher up the dial.

"We try to put the best basic cable in the slots between the ABC, CBS and NBC stations," Mr. Kovacs says. "It's like a shopping center, and we're going after the foot traffic."

To highlight the changes taking place in United systems, the company in January began the staged rollout of its five-month, $1.5 million advertising and promotional campaign themed, "The New United Cable. See What's In It For You."

Officials say they hope to bring some 60,000 to 70,000 units into the system during the campaign drive, which broke first in the suburban Denver system and is scheduled to roll through United systems in suburban Los Angeles, suburban Detroit, Scottsdale, Ariz., and other markets.

"Our goal is to increase revenues per homes passed," says Joel Susel, corporate director of field marketing operations. He says the company also is trying to retain more of its old customers in the face of price increases. The cable industry loses some 30% to 35% of its subscribers every year, he says, "so to come out ahead, we have to make up for the churn and grow beyond it."

United is promoting its message on its own cable TV systems and is spending about $200,000 for outdoor, print and radio advertising created by Wills & Evans, New York.

But the bulk of the corporate marketing budget—$1.3 million—supports a sweepstakes game, direct mail, telemarketing and direct sales calls. Mr. Kovacs says the company depends heavily on direct marketing because it provides measurable results and efficient coverage. "In most cases, we don't own an entire market, so there's too much waste in mass media coverage."

Then too, he adds, direct mail is capable of delivering a lengthy, informational message to the consumer, and the telemarketing or sales call opens a direct dialogue. All that is important, he says, because "cable is a complicated sale."

By the end of June, some 1.8 million households in every major United Cable market will have received a 12-page direct mail booklet touting United's programs and making a one-time offer to install or upgrade their cable service for just 87¢.

Existing subscribers get their $50,000 Cable Network Challenge game cards in the mail soon after they receive the booklet; new subscribers are given the game package when their cable is installed.

The second phase of the marketing plan calls for telemarketers or door-to-door representatives to contact households that do not respond to the direct mail offers.

The $50,000 Cable Network Challenge game initially was set up to teach new customers about basic. When research also revealed that old customers' awareness of basic was low, the company expanded the game plan to include them.

The game serves another purpose. Because winners must claim their prizes in merchandise ordered through Cable Value Network, the promotion stimulates trial of the home shopping network. United keeps 5% of the CVN sales made through its systems; it also owns a piece of CVN.

When United's marketing campaign hit the suburban Denver market in mid-January, it attracted 800 new basic subscribers for that month and generated a large backlog of orders for February. The campaign's impact surprised company officials.

"After Christmas, people tend to disconnect," says Mr. Susel. "Last year, for example, we lost 300 units in January. And this year we had the price increase, so we would have been happy just to break even. Instead, we recorded the best January ever."

Meanwhile, the first 100,000 game packages dropped in the Denver market generated an unexpectedly high 20% response rate. Among those entries, 58% got all the answers correct to qualify for the $5 prize and gain entry in the sweepstakes.

"I'm stunned by the response," says Mr. Susel, who admits he never expected to have to pay off so many winners. "But I'm delighted. We were told nobody would enter because the game was too complex. But obviously lots of people are taking the trouble to find the right answers—and that means lots of people are learning about cable."

Promotion shrinks bills

(Continued from Page S-11)

Robert Alter, president of Cabletelevision Advertising Bureau, New York, estimates the industry churn rate at 12%. However, Steve Tuttle, spokesman for the National Cable Television Association, Washington, puts the national annual rate at 33%. But the true figure is actually less because most disconnects are because of "people moving and later reconnecting their service across town," he explains.

"The growth of this industry will be due to remarketing," he adds. "We're pretty much finished with rewiring the country except for the last remaining urban pockets, such as the outer boroughs of New York. Promotions like this are welcome."

Margaret Durborow, Van Nuys, Calif.-based VP-marketing and programming for participating United Cable Television, a Denver-based MSO, agrees. "We see this as the beginning of future opportunities to target consumers in a distinctive and effective manner," she says.

"Industry bonding has occurred recently with Los Angeles cable stations agreeing to change to a common channel line up, which helps aid tune-in advertising. But this helps out the institutional, feel-good side of the business," she adds.

Such promotions are particularly timely, as many cable companies are increasing their basic service rates since deregulation took effect Jan. 1.

"It's a way to redress the increases and give cable a positive image," says Melvin Matthews, president, Kinneloa Television Systems in Pasadena, Calif., one of the smaller participating operators in the Glendinning promotion with just 2,500 subscribers. Kinneloa's basic rate is $11.95 a month. "We're lowering it. We think it is fairly high already," he says.

"The main thing that made this attractive to us was that it's a good retention tool. You can hook people in with lower bills. So we jumped on it," he adds.

Cable penetration

Top 10 market areas ranked by TV households

Market	Percent cable penetration	Cable TV households
1. New York	39.3%	2,637,690
2. Los Angeles	37.9	1,661,040
3. Chicago	31.3	943,570
4. Philadelphia	47.4	1,192,890
5. San Francisco-Oakland	49.5	1,021,650
6. Boston, Manchester	53.1	1,041,030
7. Detroit	38.2	635,750
8. Washington D.C.	33.9	525,300
9. Dallas-Fort Worth	39.1	602,670
10. Cleveland, Akron	46.4	660,000

Source: Cabletelevision Advertsing Bureau

Associate editor Denise Frenner coordinated this report on Cable TV.

Coming

Next week Advertising Age's Special Report will focus on **Computers.**

Grapevine's grasp

(Continued from Page 6)
when adWatch first began monitoring advertising awareness.

Foote, Cone & Belding, San Francisco, handles the raisin account. Leo Burnett Co. USA, Chicago, handles McDonald's.

Rounding out the top 10 in unaided ad awareness, in descending order from third place, were Ford; Coca-Cola; Budweiser/Bud Light; Chevrolet; Miller/Miller Lite; Pepsi; Chrysler; and Marlboro.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Advertising awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the last 30 days.

Consumers are queried on the first ad they remember overall as well as in a variety of product areas. During February, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers can be attributed to more than sample variation.

There were some signs of life last month in the coffee category, but they didn't come from perennial leaders Folgers and Maxwell House.

The big news came from a decaffeinated brand, Sanka.

Sanka's latest campaign, in which a woman talks about her concerns over chemical decaffeinating processes, obviously caught viewers' attention. The brand's advertising awareness rose 3.3 percentage points in February to 7.4% of first mentions, its highest score ever. Young & Rubicam, New York, is the agency.

Folgers remained No. 1 in advertising awareness among coffee marketers, with 24.4% of first mentions last month. Maxwell House ads followed, coming to mind first for 23.5% of the sample.

Taster's Choice, which also has new advertising touting it as "naturally decaffeinated," trailed Sanka with 3.8% of first mentions; Hills Bros. was in fifth place with 3.1%.

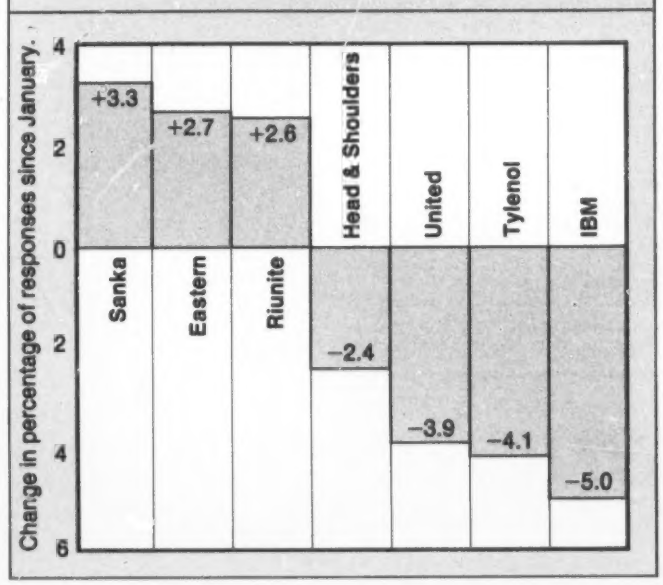
Among other significant changes in February advertising awareness:

- Fare wars tend to cause more excitement in the **airline** category. Eastern's top-of-mind awareness score increased 2.7 percentage points to 10.1% of first mentions, enough to pull it into second place from fourth place last month. United's score dipped 3.9 percentage points to 14.3% of first mentions, but remained No. 1 in airline advertising awareness. American was third with 9.7%.
- IBM's advertising registered the biggest dive in top-of-mind recall in February, dropping 5 percentage points to 16.2% of first mentions in the **computer** category. IBM remains No. 2 in that category behind Apple, whose computer advertising came to mind first for 22.9% of respondents. Tandy Corp.'s Radio Shack was third last month with a 2.5% share of first mentions.#

For additional information or data, contact SRI Reseach Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

February winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Source: SRI Research Center Inc., Lincoln, Neb.



Frito-Lay

(Continued from Page 70)
goods with GrandMa's cookies.

For a company used to success, and whose benchmark for success is a standard $100 million sales-rate "hurdle" for new products, Max Snax's combined sales performance of $75 million did not make the F-L cut. The three products were pulled from store shelves late last year.

The expensive Max Snax lesson hit home. For Mr. Jordan and other F-L senior management, the failed venture showed that thorough test-marketing of new products is essential.

"We didn't crack the code on Max Snax from a marketing standpoint," Mr. Jordan admitted. "We never quite figured out how to interest the consumer in the products. Our repeat rates were good, but our trial levels did not get up to where we felt they should."

But Rumbles, Stuffers and Toppels are "still good products," he added, "and may be resuscitated in the future."

The attempted combined launch also demonstrated the limitations of the company's widely recognized as exceptional store-door delivery system (a 10,000-person driver sales force delivers direct from the manufacturing plant to individual stores, thus eliminating an intermediate warehousing operation).

There simply were too many new products for trucks to handle, Mr. Jordan said. "We just tried to do too much and overloaded the system," he noted, adding that certain products in the future may require a parallel distribution system.

The aggressive move into these other areas of the total $24 billion snack market was spurred by market research that projected a slowdown in salty-snack consumption.

"Frito-Lay felt a sense of urgency about getting into new products because of indicators that the salty-snack market was softening," said Leo Kiely, senior VP-sales and marketing. "When you have 50% of the market, you want to be at as much view as possible. We didn't want to be at a sins-of-omission position."

But "data that looked like things were slowing down were not accurate," he said, "and we [now] see that salty snacks continue to grow at twice the rate of other food categories.

"From Max Snax, we gained conviction about our core business potential. Last year's base business was better than what we had thought it would be."

Several new items introduced last year did fare well—they were all new flavors of established brands. Cool Ranch Doritos, Chili Cheese Fritos and Jalapeno & Cheddar Lay's potato chips, combined with the relatively new Delta Gold potato chips, added $250 million in new sales.

"I'd say that 1986 initiatives concentrated in traditional salty snacks—where the system clearly had leverage—paid off," Mr. Jordan said.

Now, with his eye riveted on the bottom line, Mr. Jordan said he will apply the Vince Lombardi school of football to snacks: concentrate on a few good moves and win the game. And clearly the moves center around the mainstays.

Still, despite this caution on new products and particularly non-chip items, Mr. Jordan maintained that F-L eventually will be doing "a lot of non-salty snacks."

One "sweet snack" product that he is high on is McCracken's Apple Chips, a sliced, baked apple "chip" in test in Grand Junction, Colo. Test-marketing may be expanded this year; it may be ready for national rollout in two years.

F-L is proceeding slowly not only because of the lessons of '86 but because of McCracken's complex and expensive manufacturing process (in which F-L, in effect, slices apples like it does potatoes).

Nevertheless, Mr. Jordan believes McCracken's could be a "$200 million product."

He added: "We are evaluating a number of different options for taking non-salty snack products to market. Right now, we are just stepping back and asking how we can tackle this. What do we have to do to make those successful? We don't have any answers now—just a lot of questions."

Mr. Jordan probably will find the answers.#

For the Record

DFS DORLAND WORLDWIDE, New York, won Gold International Broadcasting Awards from the Hollywood Radio & Television Society for TV spots for former client Wendy's International, Dublin, Ohio. It won best TV short and best TV series for 1986. The agency lost the Wendy's creative assignment last October to Dick Rich Inc., New York.

COCA-COLA CO., Atlanta, denies it is interested in buying Wendy's International, Dublin, Ohio. The fast-food chain is rumored to be a potential takeover target. The soft-drink company says it continues to have no interest in becoming a competitor to its fast-food customers—a swipe at rival PepsiCo, which while trying to improve its fountain sale business also competes in that category through its restaurant arm with Pizza Hut, Taco Bell and Kentucky Fried Chicken.

OVERALL CALIFORNIA WINE shipments rose by 8% in 1986, with total volume hitting 424 million gallons, says the Wine Institute, a San Francisco-based trade association. Wine coolers, which now account for 19% of the state's wine shipments, showed the largest growth with a 38% jump to 80 million gallons. Shipments of bottled table wine increased 2% to 262 million gallons. Appetizer and dessert wines, with a 2% decline to 30.9 million gallons, showed the sole drop in the category.

DENNIS BROWN, 37, will go to bat for the three major advertising industry associations as director of their State Legislative Alert & Action Coalition, which monitors state and local initiatives aimed at advertising. Mr. Brown most recently was a director of TV programs for trade conventions at Teleguide Convention News, a Washington-based production company. Earlier, he held public affairs and industry relations positions with the National Fertilizer Solutions Association and the National Turkey Federation. At the SLAAC, Mr. Brown succeeds Bill Sutherland, who left (AA, Jan. 26).

FEDERAL TRADE COMMISSION Chairman Daniel Oliver is requesting a fiscal 1988 appropriation of $69.85 million; 48% would go for consumer protection. Mr. Oliver, speaking to a House appropriations subcommittee, requested a slight increase in manpower for the consumer protection bureau that regulates advertising and deceptive marketing practices. But Mr. Oliver had no criticisms for major advertisers' practices, which he recently praised in an address to industry officials.

A CABLE TV "must carry" policy approved by the Federal Communications Commission is under fire from the Association of National Advertisers. The ANA says the rule doesn't sufficiently guarantee that cable homes will be able to get over-the-air TV stations. The FCC is requiring cable systems to continue carrying some local TV stations but only for five more years. The rule requires cable operators to offer, for a fee, a device that lets subscribers switch from cable to over-the-air reception.

THE SENATE COMMERCE COMMITTEE overwhelmingly endorsed a bill sponsored by its chairman, Sen. Ernest Hollings (D., S.C.), that would codify the Federal Communications Commission's controversial Fairness Doctrine. Major advertisers have long opposed the doctrine, saying it stifles issue-oriented ads. Similar legislation is anticipated in the House; several congressmen want to put the doctrine into law.

JAPAN AIR LINES, New York, is running a $4 million campaign promoting an expanded schedule effective April 1. Each testimonial-style ad features two U.S business executives discussing the benefits of travel on JAL. The effort will run in newsweeklies and major daily newspapers, backed by radio spots in JAL's gateway cities. DCA Advertising handles.

CAMDEN HOUSE PUBLISHING'S *Harrowsmith*, Charlotte, Vt., will get "a significant financial boost" following Editor-Publisher James Lawrence's sale of his Canadian holdings—*Equinox* and *Harrowsmith* magazines—to Toronto-based Telemedia Publishing. Telemedia publishes *Canadian Living* and *TV Guide* in Canada. For starters, the U.S. *Harrowsmith*, introduced in January 1986, will increase its rate base July 1 by 11.1% to 200,000 and again next January by 12.5% to 225,000.

ACCOUNT ACTIVITY: **MainStreet**, Chicago, a specialty-retailing division of Federated Department Stores, is reviewing its $2.5 million broadcast account with undisclosed local agencies after parting with W.B. Doner & Co., Southfield, Mich. The retailer is expected to name finalists by April 8. . . . **Verbatim Corp.**, Eastman Kodak Co.'s floppy-disc subsidiary, Charlotte, N.C., to **Altschiller Reitzfeld**, New York, from D'Arcy Masius Benton & Bowles, San Francisco, for its $5 million account. . . . **Columbia Pictures**, Burbank, Calif., to **Bermudez & Associates**, Los Angeles, as its hispanic marketing consultant. The studio originally planned to hire a full-service agency for the hispanic account but opted instead for a consulting arrangement, as expected (AA, March 2). . . . **Miller Brewing Co.**, Milwaukee, to **Howard/Marlboro Group**, New York, from Focus Marketing, Westport, Conn., sales-promotion agency of record for its Lowenbrau, Meister Brau and Miller Lite brands. . . . **Kayser-Roth Corp.**, Greensboro, N.C., to **Tatham-Laird & Kudner**, Chicago, from Grey Advertising, New York, for Leg Looks pantyhose and additional new-products assignments.

WORTH NOTING: **Eric Ober**, 45, to president, CBS Inc.'s owned-and-operated TV stations, from VP-public affairs broadcasts, CBS News. He succeeds **Peter Lund**, now president, Multimedia Entertainment (AA, March 23). . . . **"Single Man,"** a half-hour TV comedy that was among Fox Broadcasting Co.'s fourth-network backup shows, is on hold, following the sudden death of actor Dean Paul Martin. . . . **Pabst Brewing Co.**, Milwaukee, has signed as a major sponsor of "Tuesday Night Fight" on USA Network, its first significant cable TV venture. Asher/Gould Advertising, Los Angeles, handles Pabst. . . . **Arby's**, Atlanta, has signed comic Jeff Altman as its first commercial spokesman in more than a decade. First TV executions in the second phase of its "Taste the difference" campaign (AA, Feb. 9) start in mid-April. Backer & Spielvogel, New York, handles. . . . **Trusthouse Forte Hotels**, El Cajon, Calif., is running its first national TV campaign in six years for its 450-unit Travelodge chain. The animated spots, created in-house, promote Travelodge's "Special spring rates." . . . **Tiffany & Co.**, New York, filed a registration statement with the Securities & Exchange Commission for an initial public offering of 4 million shares of common stock. The offering is expected to take place by early May, and the price will be between $21 and $23 a share.

4/10/87 C2710-1

NEWSPAPER

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

Mega-advertisers speak out

Ad Age Roundtable

Charles Fruit
Anheuser-Busch Cos.

Phil Crosland
Avon Products

Ira Herbert
Coca-Cola Co.

Joel Weiner
Kraft Inc.

Marvin Solomon
Warner-Lambert Co.

Page 3

Videotex is back! IBM, Sears line up advertisers

—Page 1

Appliance marketers beef up ads, junk rebates

—Page 3

Baseball tries to pitch around tight ad budgets

—Page 4

Freberg returns with his brand of non-ads

—PeopleWorks, Page 60

Highlights

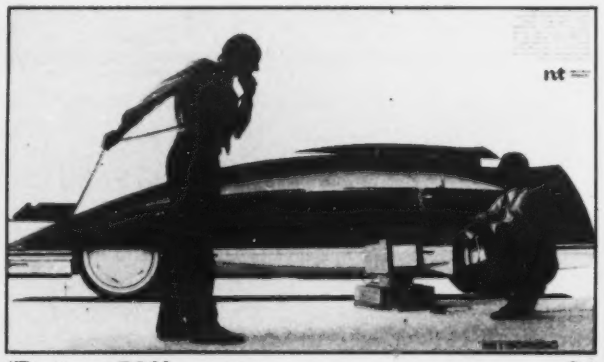
Baseball's promotion curve 4
Major League Baseball clubs are out to prove again that a strong lineup of in-park promotions and corporate sponsor tie-ins can yield high attendance with little advertising support.

Y&R's newest network 24
Young & Rubicam, through a minority holding in U.K. agency Collett, Dickenson, Pearce & Partners, is helping spearhead a new agency network in Europe. The network plans to enter the U.S. and German markets this year.

Beers speaks of transformation 30
As American business changes, so does the advertising industry. The challenge is for agencies to take their fate more in their own hands and "manage our own transformation," said Charlotte Beers, the new chairman of the American Association of Advertising Agencies, at the group's annual meeting in Boca Raton, Fla.

Getting Time on campus 32
Time Inc. is expanding into the lucrative college market as part of a new strategy to acquire magazines rather than start them up. The company has agreed to acquire the assets of Campus Publishing, Upper Saddle River, N.J., from its 23-year-old president, Douglas Ranalli.

Cola bragging rights 48
The two leading cola marketers, Coca-Cola USA and Pepsi-Cola USA, both see good news in the latest figures measuring soft-drink sales through food stores. Coca-Cola hailed the figures, measuring December and January sales, because it became the No. 1 marketer of sugar cola products. However, Purchase, N.Y.-based Pepsi pointed out that Pepsi-Cola continues as the single-largest selling soft-drink brand in food stores.



'Fortune 500' sponsor 81
Northern Telecom Inc. has scored a publishing coup by becoming the first exclusive sponsor of the *Fortune* 500 directory of companies, appearing in the magazine's April 27 issue. Northern Telecom bought 21 pages in the issue, including 15 ads created specifically for it, at a total cost of $1.5 million.

INTERNATIONAL

Agencies rethink global buys 54
Global agencies are questioning whether it is preferable to own 100% of their overseas offices or leave some equity in local hands.

Nestle competitor gets U.S. base 54
By purchasing Chicago-based Brach Inc., Jacobs-Suchard, the Swiss chocolate and coffee manufacturer, has established a base for a major push into the North American market in the next decade, according to Zurich financial analysts.

OTHER NEWS

A.C. Nielsen Co., bowing to pressure from the Big 3 TV networks, has agreed to "ascribe"—or increase—demographic ratings for shows taped on videocassette recorders. Page 6.

Jockey International left Warwick Advertising last week, moving its $15 million account to a new in-house agency called Thorobred Advertising. The move coincides with Jockey's plans to introduce girls' underwear, pantyhose and bras to product lines this year. Page 12.

As the Magazine Publishers Association seeks a successor to President William Gorog, Mr. Gorog could be helping to seek a successor to President Reagan. Page 32.

Henkel KGaA, the giant consumer products marketer that competes with Procter & Gamble Co. around the world, is increasing its financial—but not marketing—profile in the U.S. Page 48.

AT&T's estimated $20 million campaign for its General Business Systems division has created a "signature" look not only for AT&T's business telecommunications, but also for Ogilvy & Mather. The commercials—a completely new look for AT&T—use natural light, no makeup and jumpy camerawork for realism. Page 68.

Beecham Cosmetics and Estee Lauder Inc. are squaring off in the $1.1 billion men's toiletries category with competing product lines with quite different market positionings. Page 78.

SPECIAL REPORT

Computer Marketing *— The slump in computer sales was to be expected from a market that has grown out of its infancy, say those selling the machines. Analysts predict only modest growth this year, despite striking technological advancements.*

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Long-term boost seen in A-B probe

By SCOTT HUME

Top executives at major sales-promotion agencies see the Anheuser-Busch/Hanley Worldwide scandal as a short-term image setback that ironically may help the industry achieve several long-sought goals.

Chief among those goals is an end to the tradition of hiring promotions agencies primarily for project work and, instead, accelerating the trend to formal, agency-of-record relationships like those with advertising agencies.

Hanley Worldwide, the now-defunct St. Louis advertising/promotion agency being investigated for possible kickback arrangements with employees of Anheuser-Busch (AA, March 30), was a throwback to the sales-promotion industry's "unsophisticated and unsavory" past, say industry executives. They call it one "bad apple" that is unnecessarily tainting the whole barrel *(see related story on Page 82).*

The Hanley allegations "do some short-term damage to the sales-promotion field, especially when they reach the front page of *The Wall Street Journal*," said Jeff McElnea, president of Paramus, N.J.-based Einson Freeman. "When that happens, top executives send the clippings down to middle management and begin to ask new questions about promotional spending.

"The silver lining is that when companies' top management takes more notice of the promotions field, it allows the top companies, the cream of this industry, to rise higher. Top management should be involved enough to ask questions."

While agreeing the situation presents possibilities for long-term industry improvements, some sales-promotion executives feel the field is treated unfairly.

"I think these incidents can be blown out of proportion. The Hanley situation doesn't really say anything more about sales promotion

(Continued on Page 82)

Account worth $15M

Vons Grocery moves to JWT

EL MONTE, CALIF.—Vons Grocery Co. last week hired J. Walter Thompson USA, Los Angeles, to handle its $15 million broadcast account, previously at Grey Advertising, Los Angeles.

The region's largest supermarket chain also moved a $1 million account for its Pavilions superstore chain from Keye/Donna/Pearlstein, Los Angeles, to JWT. Vons intends to double the number of Pavilions superstore outlets to 10 within a year. Keye/Donna/Pearlstein retains Vons' Jerseymaid dairy unit.

The Vons account change follows a two-month agency search that involved nine agencies. JWT beat out Los Angeles agencies Admarketing and Keye/Donna/-Pearstein in the final stages of presentations.

Goodby, Berlin & Silverstein staffers and Fred Wessinger, the former owner of Blitz Weinhard Brewing Co., have formed a partnership in San Francisco to develop and market several brands of beer.

The new entity, called McKenzie River Corp., will introduce its first entry, a malt liquor, on May 1. McKenzie will test the product in San Francisco, backed by radio and outdoor ads created by Goodby, Berlin & Silverstein.

G. Heileman Brewing Co. is manufacturing the product.

California State Lottery selected Casanova Pendrill, Los Angeles, in association with Burrell Advertising, Chicago, and Pacific Rim Advertising, Los Angeles, to handle its two-year contract for "ethnic" marketing services valued at $4 million to $5 million annually.

The team beat out two other multi-agency finalists: Bermudez & Associates, Los Angeles, in association with Carol Williams Inc., Oakland, and Joint Art Media, Alhambra; and UniWorld/West, Los Angeles, with La Agencia de Orci y Asociados and Uyeda & Associates.

Rubin Postaer & Associates, Los Angeles, which lost the general California State Lottery contract a few weeks ago to Dailey & Associates (AA, Feb. 9), previously handled the lottery's marketing efforts targeted to blacks, hispanics and Asians.

Mojo MDA-Allen & Dorward, San Francisco, has formed a new sports marketing division headed by Ken Flowers, the former VP-marketing and community affairs of the San Francisco 49ers national football team.

The new division is called Ken Flower Sports.#

West Coast News

Special Report

Technology drives industry down a new path

By Janice Steinberg

New technology generates excitement in most industries, but it's what the computer industry relies on to survive. Despite a watershed year for technological advancements, including faster microprocessing chips and speedier, more versatile personal computers, computer industry analysts are projecting only modest revenue increases this year. After the turbulence of recent years, however, any semblance of steady growth is welcome.

Industry analysts at San Jose, Calif.-based Dataquest, a division of Dun & Bradstreet Corp., predict 7.1% revenue growth in business computer sales in 1987 and a 7.5% jump for microcomputers.

John McCarthy, research manager of Forrester Research, Cambridge, Mass., also sees minicomputer sales advancing 7% to 10% with the most growth occurring in fourth quarter, 1987. Uncertainty about IBM's new products will slow the microcomputer market down, he says, particularly in business sales. "Microcomputer growth this year won't be more than 3% to 4%, because of the confusion about what IBM's going to do in the market place."

Forrester Research asked 100 *Fortune* 1000 sites in January to project PC unit growth over the next two years. "Up until this January survey—that's across seven or eight surveys in three years—people always said a 100% growth rate or close to it," says Mr. McCarthy. "This January the growth rate across the respondents was 48%, and people were saying, we're slowing our purchases; we're waiting to see what happens."

The big technical news concerns the 80386

(Continued on Page S-4)

Janice Steinberg, a frequent contributor to Special Report, received technical advice on this story from California Jack Cassidy, a software developer.

Market share of PC sales
(In percent)

Company	1986	1985
1. IBM	29.5%	40.5%
2. Apple	7.3	10.3
3. Compaq	7.0	5.2
4. Zenith	4.2	2.4
5. Tandy	3.4	4.6
6. Commodore	1.9	3.8
7. Others	46.7	33.2

Source: Dataquest

Ads begin to bite into criticism

It's not exactly one of the gray-haired ladies among agency clients, but computer advertisers have been around long enough for that sector of the ad business to settle down. Because consumers were uncertain about what to do with the first wave of personal computers, clients and agencies struggled with how to position them.

One direction has been mapped, however. Consumers now want to know precisely how a computer will solve real problems in their work and their lives. As a result, image ads are out.

"One of the big complaints I've had with advertising is that advertising people are not technologists, they don't understand the technology and how to apply it," says John C. McCarthy, research manager of Forrester Research, Cambridge, Mass. "As people become more computer-literate, advertisers are going to need to extend a more sophisticated message."

He sees an important trend in Digital's theme, "We have it now," and Wang's "We make it work." "Computers are no longer a promise," says Mr. McCarthy. "They can do it today."

BBDO's first campaign for Apple, tagged "The Power To Be Your Best," focuses on people and how Apple products help them realize their full potential, says Bruce Mowery, Apple advertising manager.

While the major computer manufacturers are the most visible industry advertisers, other segments of the market are advertising heavily, primarily in print.

Computer manufacturers account for only $20.7 million of the $262 million the industry spent on print advertising in 1986 in the top 20 computer publications, according to Sheila Clarke, VP-marketing, Adscope, a Goldendale, Wash.-based ad tracking service.

Software manufacturers spent $82.62 million; mail and phone order companies, $51.86 million; PC boards, $25.61 million; peripherals, $34.25 million; other categories, $50 million, according to Adscope.

"As the microcomputer grows in processing capability and also grows in terms of the variety and number of users, you're talking about advertising opportunities that far outweigh anything that even came close in any other industry," says Seymour Merrin, VP of the Gartner Group, Stamford, Conn., a data processing consultancy.

"It's like the automobile industry, where people are advertising cars and also tires. But it's as if you're also advertising windshields and steering wheels and seats," Mr. Merrin says. "There are so many different vertical markets and it's so widespread you can afford to do national advertising."

—Janice Steinberg

I Don't Mince Words, Folks

I call them as I see them. I'm pretty opinionated. But so are the 375,000 PC brand specifiers I write for.

They don't read my columns in PC Magazine because they need to know the price of a software package. They read me because they want the down and dirty details on where software prices are headed, what's hot, what's not, which products are on the back burner, and which portable is selling like hotcakes: in short, the inside track.

I may irritate a few advertisers from time to time but, hey, if my readers wanted a "yes man", they wouldn't be reading PC Magazine. I have a reputation for calling a hoax what it is and for calling attention to both the real gems and the real dogs I come across in this business.

It's not that I'm cranky—I'm just a straight shooter. And that's what my readers expect. In fact, they demand it. Why?

Because PC Magazine readers don't have time to fool around. They're brand specifiers and their companies know they're real superstars when it comes to PC technology. So they trust these guys to decide what gets bought whenever new PC products are on the agenda.

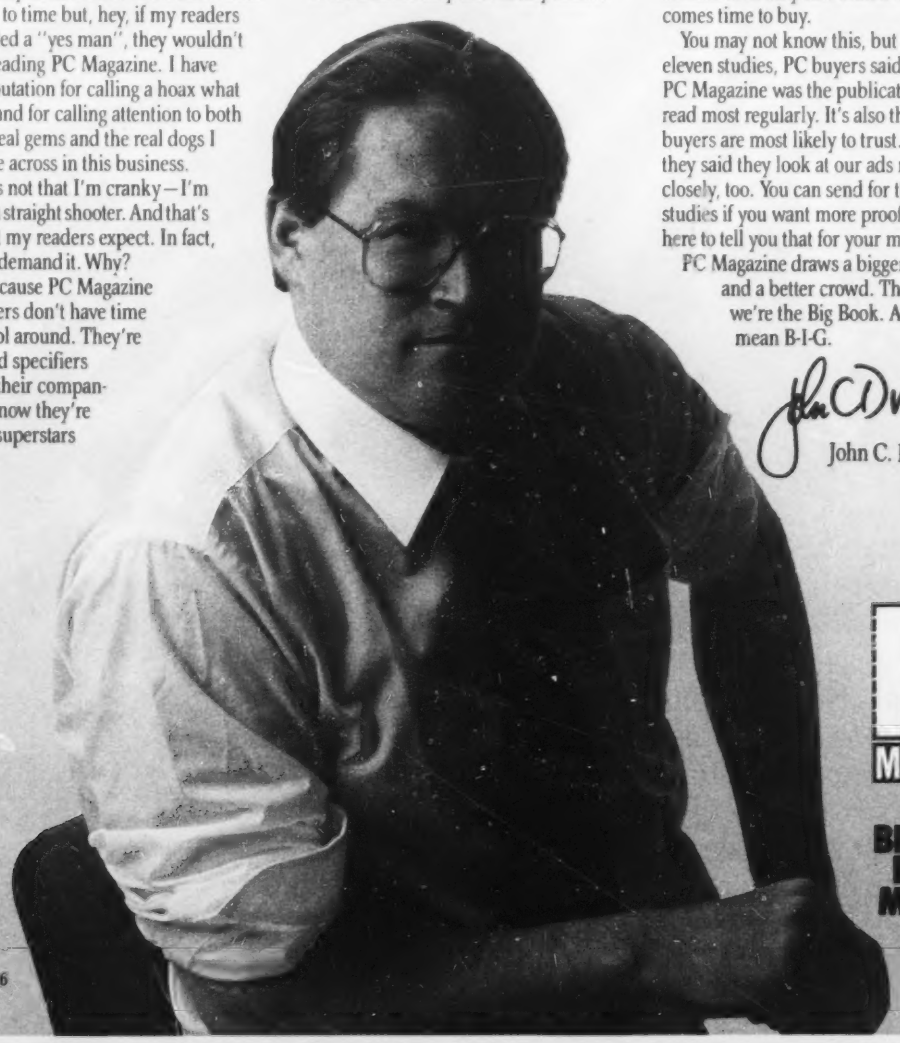
Now I ask you, if you were responsible for choosing a machine that uses a 68020 CPU over an 80386, would you want to look dumb?

These guys don't. They know there are too many groaners and clunkers out there that can cost their company plenty. And they know that if they want to look smart they have to stay smart. That's why 375,000 brand specifiers turn to PC Magazine.

Fortunately, we have a monopoly on the best team of writers around—and let's not forget we've got the only wall-to-wall PC product testing laboratory in computer publishing—PC Labs. Now, brand specifiers are a sharp bunch and they know that with qualifications like that, they're going to get exactly the kind of scoop they need to keep on top of what's available. PC Magazine is their insurance so they don't blow it when it comes time to buy.

You may not know this, but in eleven studies, PC buyers said that PC Magazine was the publication they read most regularly. It's also the one buyers are most likely to trust. Plus, they said they look at our ads more closely, too. You can send for the studies if you want more proof. But I'm here to tell you that for your money, PC Magazine draws a bigger crowd and a better crowd. That's why we're the Big Book. And I mean B-I-G.

John C. Dvorak



PC MAGAZINE
THE BIG BOOK BY ANY MEASURE

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New York, NY 10016
(212) 503-5100

Technology

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chip—referred to as the 386—developed by Intel Corp. of Santa Clara, Calif. The 386 chip offers microcomputers more speed, greater memory and multitasking capabilities.

Compaq Computer Corp. of Houston and Advanced Logic Research, Irvine, Calif., introduced the first 386 computers in late summer 1986; Armonk, N.Y.-based IBM is expected to announce its entry into the 386 arena this week. In December Compaq announced it had shipped more than 10,000 Deskpro 386's and was having trouble keeping up with orders.

There is tremendous enthusiasm about the 386 chip's impact on information processing. "The 386 brings capabilities to the desktop that 10 years ago were only affordable by *Fortune* 1000 companies," says Norm DeWitt, director of Dataquest's personal computer industry service. "We believe the 386 machines are going to breed a whole new generation of software that the market hasn't even dreamed."

However, Mr. DeWitt cautions against expecting the 386 to return the industry to the high, double-digit growth it enjoyed a few years ago. Initially, 386 machines will sell only to the high end of the market, and many industry watchers say it may be several years before software catches up with the new technology.

Another technical buzzword this year is desktop publishing. Apple couldn't sell "The Macintosh Office" in 1985. In 1986 desktop publishing software helped Macintosh—paired with Apple's LaserWriter—build recognition, acceptance and sales. According to Tom Willmott, VP of the PC-microcomputer group at International Data Corp., Framingham, Mass., Apple sold 100,000 Macs to businesses with annual revenues of more than $100 million in 1985. Sales reached 175,000 in 1986. He predicts the number will catapult to 325,000 this year.

Apple's success has spurred a number of manufacturers to release desktop publishing software for the IBM family. Last

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Chip realigns players in follow-the-leader game

By Brian Moran

The personal computer market's 5-year-old game of follow the leader is ripe for a shakeup this year, as close to a dozen companies will attempt to challenge IBM Corp.'s mantle as the industry's technological innovator.

Compaq Computer Corp., Kaypro Corp. and Zenith Data Systems Corp. are looking to make a challenge with a new generation of faster, more powerful PCs based on Intel Corp.'s 32-bit microprocessor, the 80386. The moves mark a significant departure from the traditional strategy of following IBM's lead by depending on the industry giant to set standards for the makeup of a PC's basic operating functions.

Marketing 80386-based PCs ahead of IBM is a highly risky move for any computer player, because early versions may require redesign once IBM brings out its version. IBM's 32-bit model could include proprietary features that may render the first machines obsolete almost overnight.

For Houston-based Compaq, which kicked off the 80386 frenzy with the introduction of its Deskpro 386 PC last September, preempting IBM is a huge gamble. Compaq has been the industry's most successful practitioner of the follow-the-leader strategy, marketing souped-up PCs that often improve on IBM's offerings by performing faster and with more features. The success of the company's original portable computer forced IBM to make a series of price cuts on its Portable PC and eventually led to the IBM model's demise last year.

Compaq now claims some 20% of the PC market, compared to Armonk, N.Y.-based IBM's 46%, according to InfoCorp, a Cupertino, Calif.-based market researcher. Company spokespeople say its market research has indicated 80386-based machines might seize as much as 10% of the entire PC market this year and up to 25% by 1990.

Because the new chip has much greater memory capacity than previous hardware, its supporters say it will allow desktops to use powerful programs that now run only on larger minicomputers or mainframes.

The 80386 also can run any of the popular programs written for IBM's PC line, up to four times faster than available chip technology. Some analysts say the chip marks the biggest advancement in the industry since the IBM PC's 1981 debut.

"The 386 chip is the platform of the future," says John McCarthy, analyst for Forrester Research, Cambridge, Mass. "It will open up the personal computer to a whole new level of software."

Yet detractors point out that the operating system software needed to take full advantage of the 80386's capabilities is not yet available. Therefore, they say, the first machines are merely expensive, faster versions of current PCs. The operating software needed to trigger the 80386's fifth-gear power may not be ready until 1988.

The system's current inability to run broad applications limits the appeal of first-generation 80386 models to segments that put a high premium on speed alone, such as financial analysts and programmers in large corporations that can pay the $6,500 to $9,000 price. Despite this limitation, Compaq says it already has sold close to 15,000 units of its Deskpro 386 in the U.S., Europe and Australia.

For Compaq, which kicked off the 80386 frenzy with the Deskpro 386, pre-empting IBM is a huge gamble.

The arrival of an operating system will trigger a storm of competition among software marketers to offer word processing, spreadsheet, database and other applications packages. Big software players like Lotus Development Corp., Microsoft Corp. and Ashton-Tate already are developing packages.

Apple Computer also has beaten IBM to the 32-bit generation via a new version of its Macintosh PC, featuring Motorola Corp.'s 68020 chip. The new Mac features color graphics and larger display screens than current models. Cupertino, Calif.-based Apple in early March introduced its first 32-bit PC, the Macintosh II, a machine that signals the company's direct challenge to the high-powered 386 PCs. The new Mac also is capable of running IBM-compatible software via an external card.

Analysts say that a major factor in IBM's cautious stance on the 80386 chip is Big Blue's desire to break away from its traditional use of off-the-shelf operating systems for its next generation of PCs. IBM is expected to use customized components in some models of its first 32-bit computers; developing such features will take time.

Naysayers also point out that early 80386 models are making their debut in a period of sluggish market demand. The technology will never take off without IBM's endorsement, these analysts say.

IBM reportedly is concerned that the new chip's tremendous power could affect sales of its higher-priced minicomputers, which account for about 20% of the company's revenues. In addition, Big Blue's current priority appears to be resolving its battle against low-end discounted imports, a struggle that has sapped IBM's market share and dragged down earnings. IBM cited flat PC sales as a factor in a 48% drop in its fourth-quarter 1986 profit, down from $2.68 billion to $1.39 billion. Quarterly revenue dipped 1.2% to $16.95 billion.

The 80386-based entry will provide a critical challenge for IBM to boost its market share and leave the clones behind via internally-developed features. Because IBM will be late to market, the company will want to make sure that its 80386 entry offers significantly more than Compaq's. Big Blue's reputation as a standards-setter will be on the line.

"IBM will make its 32-bit machine as proprietary as possible," says Clare Fleig, analyst with International Technology Group, a Los Altos, Calif.-based market researcher. "It's absolutely critical that they offer something special as an entire generation of computer users is getting ready to move up to a new step."

IBM reportedly has shown software developers and corporate customers prototypes of an 80386-based PC with proprietary sound and graphics features and the ability to connect to IBM mainframes.

Meanwhile, Compaq is racing to make its Deskpro 386, which

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Technology

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year IBM created a semi-autonomous unit to address host-based and desktop publishing, but is not yet ready to announce new products, says Jim Monahan, press information representative at IBM's Montvale, N.J., office.

Mr. Willmott says Apple will continue to dominate desktop publishing this year. "The software development process will have to go on for two or three more quarters before we'll see a product in the marketplace that represents an honest challenge to the Mac and Apple LaserWriter environment."

"After three years of false starts, the Year of the LAN has arrived," said *PC Magazine* in its December issue on local area networks, which, explained simplistically, combine PCs to share information. This is "a very healthy market," says Douglas Gold, senior research analyst at International Data Corp. He says in 1986 companies shipped $924.9 million of LAN equipment. Mr. Gold projects shipments of $1.3 billion this year, growing to $3 billion by 1991.

LAN revenues illustrate one reason analysts decline to call the computer industry's 1984-85 difficulties a slump. They prefer the term "slowdown" and cite a number of reasons the market was stronger than it appeared.

One main reason is the diversity of market segments—LANs, software, PCs, mainframes, etc. "The idea of a slump is a misconception on the part of people who look at the industry as a whole," says Kevin Jenkins, president of Hercules Computer Technology, Berkeley, Calif., a leading peripherals manufacturer, which opened its doors in 1982 and had sales of $52 million in 1985. "They don't realize the great number of dynamic markets within it."

Robin Shepherd, director-corporate communications, Borland Interna ional, says the company has not suffered any effects of a slump.

Scott Oki, senior VP, sales and marketing, Redmond, Wash.-based Microsoft says that summer 1986 was the biggest quarter in their history: Microsoft racked up $66.8 million in sales, putting it ahead of Cambridge, Mass.-basedLotus Development Corp., which had sales of $65.6 million for that quarter, according to Menlo Park, Calif.-based *InfoWorld*.

Another reason the industry's troubles were overstated is the market simply was maturing, says Mr. DeWitt. "When you're a $4 billion market, it's not too difficult to double in a year, but when you're a $33 billion market you don't do that."

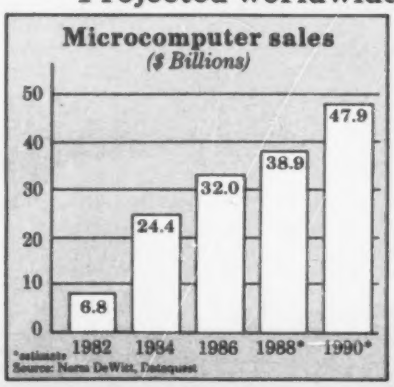
Although the computer industry clearly appears to be on the rebound, several major questions must yet be resolved.

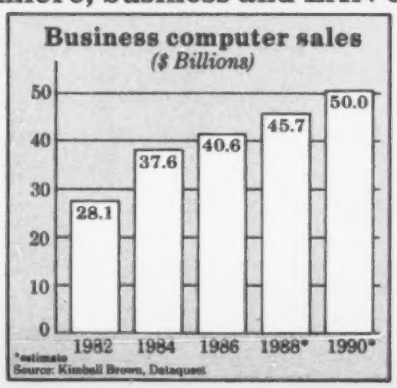
Many of the most critical questions involve IBM, which has seen its market share eroded by less expensive clones. Dataquest reports that IBM garnered 40% of total 1985 U.S. microcomputer sales revenues. Its share dropped to 29.5% in 1986.

IBM also has lost some of its minicomputer market—particularly to Digital—because of the incompatibility of its diverse product lines. This year IBM is introducing the 9370, its first entry level minicomputer, which carries the System 370 architecture found in IBM mainframes. Because the 9370 will not be generally available until the fourth quarter, according to Rita Black, senior information representative at IBM in Rye, N.Y., the mini will raise more questions than answers for now.

Whatever IBM does, it is not called Big Blue for nothing. Suzanne Purnell, industry analyst at Dataquest, says IBM still holds 50% of most segments of the business market. Computer and business publications are buzzing with the lateat rumors about the company's new products. And in a tribute to its continued power, Mr. McCarthy predicts a sluggish market until everyone sees what's coming from IBM.

Projected worldwide micro, business and LAN computer sales growth





Newspaper Advertising SAU Inches in the MRCS

January 1987 vs. January 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	78,347	——	73,975	——
Beacon Journal (S)	54,433	——	49,918	——
Grand Total	132,780	——	123,893	——

NOTE: Part run figures not available

ALLENTOWN, PA

Call (M)	128,051	——	130,707	——
Call (S)	70,730	——	60,533	——
Grand Total	198,781	——	191,240	——

NOTE: Part run figures not available

ASBURY PARK, NJ

Press (E)	150,739	14,305	145,197	13,079
Press (S)	115,387	11,489	101,927	13,826
Grand Total	266,126	25,794	247,124	26,905

ATLANTA, GA

Constitution (M)	135,336	50,523	146,849	39,740
Journal (E)	145,860	64,413	154,604	47,520
Journal & Constitution (S)	84,039	37,986	107,069	31,716
Journal & Constitution (Sat)	47,144	——	35,989	——
Grand Total	412,379	152,922	444,511	118,976

NOTE: Constitution Morning and Journal Evening published five days a week only

BALTIMORE, MD

Sun (M)	116,875	2,040	102,943	——
Sun (E)	93,193	1,720	81,146	——
Sun (S)	117,663	20,928	109,391	15,512
Grand Total	327,731	24,688	293,480	15,512

BERGEN COUNTY, NJ

Record (E)	131,582	13,249	128,147	19,961
Record (S)	117,429	19,803	110,987	20,384
Grand Total	249,011	33,052	239,134	40,345

NOTE: Record Evening published five days a week only

BOSTON, MA

Herald (M)	86,028	——	58,033	——
Herald (S)	18,156	22,196	20,539	10,134
Globe (M)	126,389	12,049	133,153	6,181
Globe (S)	159,739	17,415	153,074	16,207
Grand Total	390,312	51,660	364,799	32,522

BUFFALO, NY

News (AD)	65,170	22,450	87,474	13,439
News (S)	54,941	2,103	51,107	6,494
Grand Total	140,111	24,553	138,581	19,933

CAMDEN, NJ

Courier-Post (E)	99,245	12,843	107,424	18,596
Courier-Post (S)	48,693	7,014	48,523	3,610
Grand Total	147,938	19,857	155,947	22,206

CHARLOTTE, NC

Observer (M)	113,159	7,311	110,243	10,991
Observer (S)	61,597	14,893	61,634	14,057
Grand Total	174,756	22,204	171,877	25,048

CHICAGO, IL

*Tribune (M)	138,733	224,504	138,593	225,954
*Tribune (S)	145,683	88,592	143,732	87,709
Sun-Times (M)	118,559	71,146	132,488	74,597
Sun-Times (S)	51,020	28,605	60,659	19,884
Grand Total	453,995	412,847	475,472	408,144

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 12/29/86 to 2/1/87

CINCINNATI, OH

Enquirer (M)	135,109	4,320	141,593	4,126
Enquirer (S)	96,916	8,672	97,877	10,301
Post (E)	64,795	7,406	61,693	7,343
Grand Total	296,820	20,398	301,163	21,770

CLEVELAND, OH

Plain Dealer (M)	117,789	23,348	117,778	22,448
Plain Dealer (S)	76,623	7,569	78,985	3,110
Grand Total	194,412	30,917	196,763	25,558

DALLAS, TX

News (M)	236,266	6,513	255,567	7,810
News (S)	125,528	2,743	138,692	5,648
Times-Herald (AD)	174,511	15,513	199,812	25,888
Times-Herald (S)	84,399	8,738	100,820	5,371
Grand Total	620,704	33,507	694,891	44,717

DENVER, CO

Rocky Mt. News (M)	234,315	2,939	239,779	2,419
Rocky Mt. News (S)	71,801	509	71,794	347
Post (M)	151,020	11,668	162,693	3,086
Post (S)	89,265	1,329	89,524	488
Grand Total	546,401	16,445	563,790	6,320

DETROIT, MI

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Free Press (M)	93,025	37,609	90,596	24,196
Free Press (S)	41,541	26,539	45,054	19,898
News (AD)	114,130	33,664	121,533	38,763
News (S)	77,825	18,570	78,580	20,957
Grand Total	326,521	116,382	335,763	103,814

ESCONDIDO, CA

Times-Advocate (E)	86,263	5,119	——	——
Times-Advocate (S)	31,649	87	——	——
Grand Total	117,912	5,206	——	——

NOTE: 1986 figures not available

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	93,442	——	88,904	——
Sun-Sentinel (M)	268,791	——	280,312	——
Grand Total	362,233	——	369,216	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition

FORT WAYNE, IN

Journal Gazette (M)	65,563	——	64,498	——
Journal Gazette (S)	48,678	——	52,065	——
News Sentinel (E)	69,637	——	67,668	——
Grand Total	183,878	——	184,232	——

NOTE: Part run figures not available

GREENWICH/STAMFORD, CT

Time (E)	70,421	1,732	65,208	300
Time (S)	47,298	——	38,115	——
Advocate (E)	78,825	12,954	77,908	2,256
Advocate (S)	43,473	4,795	39,800	——
Grand Total	240,017	19,481	221,031	2,556

HARTFORD, CT

Courant (M)	132,158	22,236	127,789	22,106
Courant (S)	70,369	86,022	72,793	81,410
Grand Total	202,527	108,258	200,582	103,516

HONOLULU, HI

Advertiser (M)	111,548	——	109,679	——
Star-Bulletin (E)	104,998	——	105,552	——
Star-Bulletin & Advertiser (S)	68,260	——	66,136	——
Grand Total	284,806	——	281,367	——

HOUSTON, TX

Chronicle (AD)	193,543	23,767	200,008	30,099
Chronicle (S)	94,061	15,912	108,431	13,753
Post (M)	122,376	25,914	147,329	26,925
Post (S)	60,554	16,288	68,863	8,425
Grand Total	470,534	81,881	524,631	79,202

LONG BEACH, CA

Press Telegram (M)	100,372	41,525	102,364	42,564
Press Telegram (S)	52,997	640	46,450	1,286
Grand Total	153,369	42,165	148,814	43,850

LONG ISLAND, NY

Newsday (E)	109,111	78,364	153,764	38,037
Newsday (S)	74,456	47,468	83,001	41,414
Grand Total	183,567	125,832	236,765	79,451

LOS ANGELES, CA

Times (M)	271,162	251,152	272,493	246,448
Times (S)	146,513	80,762	151,749	86,386
Herald-Examiner (M)	68,718	3,938	67,902	4,443
Herald-Examiner (S)	19,009	4,767	15,073	2,303
Grand Total	505,402	340,619	507,217	339,580

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	170,169	30,097	190,298	24,506
News (S)	72,943	——	70,900	29
Grand Total	243,112	30,097	261,198	24,535

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	187,417	——	191,446	——
Grand Total	187,417	——	191,446	——

NOTE: Figures supplied by publisher to Media Records

*MEMPHIS, TN

Commercial Appeal (M)	111,681	75,922	75,922	72,574
Commercial Appeal (S)	75,571	5,041	5,041	6,525
Grand Total	187,252	80,963	80,963	79,099

NOTE: Figures supplied by publisher to Media Records

MIAMI, FL

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Herald (M)	150,730	——	148,487	——
Herald (S)	75,995	——	82,425	——
News (E)	55,883	——	53,805	——
Grand Total	282,608	——	284,717	——

NOTE: Part run figures not available

MINNEAPOLIS, MN

Star & Tribune (AD)	87,089	21,893	92,414	16,636
Star & Tribune (S)	109,059	4,516	109,970	1,504
Star & Tribune (Sat)	23,906	——	20,399	——
Grand Total	220,054	26,409	222,783	18,140

*NASHVILLE, TN

Banner (E)	82,551	——	90,779	——
Tennessean (M)	84,374	——	91,977	——
Tennessean (S)	70,488	——	67,610	——
Grand Total	237,413	——	250,366	——

NOTE: Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

Home News (E)	69,866	——	69,786	45
Home News (S)	49,324	3,642	44,736	2,263
Grand Total	119,190	3,642	114,522	2,308

NEW YORK, NY

Times (M)	151,763	15,918	146,766	14,091
Times (S)	168,990	70,214	167,907	61,327
News (M)	54,787	70,391	54,270	72,398
News (S)	37,184	49,086	31,638	51,287
Post (AD)	62,288	839	52,976	936
Grand Total	475,012	206,448	453,557	200,039

NEWARK, NJ

Star-Ledger (M)	181,255	4,761	172,121	4,948
Star-Ledger (S)	163,257	17,596	149,550	15,251
Grand Total	344,512	22,357	321,671	20,199

OAKLAND, CA

Tribune (M)	82,460	60,191	89,086	60,203
Tribune (S)	34,181	27,959	41,066	18,753
Grand Total	116,641	88,150	130,152	78,956

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	86,896	6,532	80,890	2,540
Blade-Tribune (S)	31,274	490	36,292	——
Grand Total	118,170	7,022	117,182	2,540

NOTE: Blade-Tribune Evening published five days a week only

ORANGE COUNTY, CA

Register (AD)	297,539	67,045	298,341	61,091
Register (S)	103,080	3,081	99,240	5,491
Grand Total	400,619	70,126	397,581	66,582

PHILADELPHIA, PA

Inquirer (M)	126,051	21,371	128,148	32,067
Inquirer (S)	110,395	31,897	105,299	19,404
News (E)	65,340	736	66,770	1,225
Grand Total	301,486	54,004	300,217	52,696

*PHOENIX, AZ

Arizona Republic (M)	190,992	13,682	240,738	12,847
Arizona Republic (S)	125,925	——	129,964	——
Gazette (E)	182,674	13,832	195,539	12,936
Grand Total	499,591	27,514	566,241	25,783

NOTE: Figures supplied by publisher to Media Records

*ST. LOUIS, MO

Post Dispatch (M)	93,458	32,035	87,787	29,532
Post Dispatch (S)	91,614	——	89,544	——
Grand Total	185,072	32,035	177,331	29,532

NOTE: Figures supplied by publisher to Media Records

ST. PAUL, MN

Pioneer Press Dispatch (AD)	70,546	——	71,990	——
Pioneer Press Dispatch (S)	83,289	——	75,741	——
Grand Total	153,835	——	147,731	——

NOTE: Part run figures not available

SAN ANTONIO, TX

Express-News (AD)	104,051	23,858	124,009	23,148
Express-News (S)	62,811	16,703	69,891	15,912
Express-News (Sat)	35,185	——	34,186	——
Light (AD)	107,040	23,241	120,686	25,250
Light (S)	68,045	3,785	63,251	11,528
Light (Sat)	29,397	2,315	28,047	——
Grand Total	406,329	89,902	440,080	76,238

NOTE: Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Union (M)	197,427	28,757	199,864	24,491
Union (S)	95,767	——	102,072	——
Tribune (E)	200,656	27,946	210,187	25,351
Grand Total	493,850	56,703	512,123	49,842

SAN FRANCISCO, CA

Chronicle (M)	120,264	56,092	122,295	58,030
Examiner (E)	117,232	54,613	——	——
Examiner & Chronicle (S)	65,120	20,429	70,540	22,217
Grand Total	302,616	131,134	192,835	80,247

NOTE: 1986 Examiner Evening figures not available

SAN JOSE, CA

Mercury News (AD)	269,509	17,028	271,813	25,739
Mercury News (S)	111,742	321	124,207	——
Grand Total	381,251	17,349	396,020	25,739

*STATE COLLEGE, PA

Centre Times (E)	57,928	3,794	57,230	1,116
Centre Times (S)	25,415	960	21,632	330
Grand Total	83,343	4,754	78,862	1,446

NOTE: Figures supplied by publisher to Media Records

*TOLEDO, OH

Blade (E)	79,628	——	83,370	——
Blade (S)	79,255	——	69,572	——
Grand Total	158,883	——	152,942	——

NOTE: Figures supplied by publisher to Media Records

WASHINGTON, DC

Post (M)	239,974	31,432	241,728	27,441
Post (S)	122,540	20,599	127,345	14,490
Grand Total	362,514	52,031	369,073	41,931

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	49,132	——	50,616	74
Fairfax Journal (M)	56,460	——	57,095	203
Grand Total	105,592	——	107,711	277

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	73,759	10,032	66,361	9,468
Reporter Dispatch (S)	66,076	11,901	59,264	12,830
Grand Total	139,835	21,933	125,625	22,298

WICHITA, KS

Eagle-Beacon (M)	93,900	——	79,483	——
Eagle-Beacon (S)	55,349	——	66,394	——
Grand Total	149,249	——	145,877	——

NOTE: Part run figures not available

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA/NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page.
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS/SAU Inches of the Page.

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NEWSPAPER

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Turning on the juice

Coca-Cola Foods, Houston, targets calorie-conscious adults in this 30-second spot introducing Minute Maid Light 'n Juicy low-calorie fruit beverage (inset). The spot, via Lowe Marschalk, New York, breaks nationally April 20. Couponing and in-store sampling also support. Ads focus on what Light 'n Juicy does not have: no added sugar, no crystals, no preservatives, no bubbles. The drink is positioned as "four delicious fruit flavors and the goodness of real juice." Budget was not disclosed.

Maybelline consolidates at Needham

By PAT SLOAN

Maybelline Co., fighting intensified competition from Noxell Corp., has consolidated the bulk of its estimated $60 million advertising budget at DDB Needham Worldwide, Chicago.

The switch ends Maybelline's 12-year association with Ted Bates Advertising, New York, and circumscribes a five-year relationship with the Bloom Agency, Dallas.

Bates loses about $31 million in billings in the move, while Bloom gives up about $9 million. Both shops retain other Schering-Plough business.

The consolidation at DDB Needham brings together the Moisture Whip line of cosmetics, makeup, creams and lotions, which was at Bloom, with the other Maybelline eye, lip, face and nailcare products handled by Bates.

The Memphis, Tenn.-based company plans to boost ad spending by 50% this year.

Although Maybelline remains

(Continued on Page 100)

WRG will brew ads for new P&G coffee

By STEWART ALTER and JUDANN DAGNOLI

In a move against archrival General Foods Corp., Procter & Gamble Co. is about to perk up its Folgers brand with a premium-coffee line extension.

The new product has been assigned to Wells, Rich, Greene, New York, which is a relatively new agency to P&G's beverage division.

The product, which sources say is called Folgers Colombian Supreme, represents P&G's first entry into the premium-coffee segment, where rival GF already has gained a solid foothold with entries such as Yuban and Maxwell House Private Collection.

Cincinnati-based P&G had no comment.

There is speculation P&G is planning to move into this segment quickly. It reportedly will present its introductory program to its sales staff this week.

Ad spending could not be determined, but P&G spent $38.8 million in measured media to support the entire Folgers line last year, according to Leading National Advertisers.

Although the specific positioning of Folgers Colombian Supreme is not known, industry executives say the combination of the Colombian and the Folgers

(Continued on Page 98)

Last Minute News

FDA backs use of latex condoms

WASHINGTON—The Food & Drug Administration late last week said marketers of latex condoms may, for the first time, advertise their products as helping to prevent acquired immune deficiency syndrome. In a letter to manufacturers, the FDA said the spread of AIDS has made it "very important that users be fully aware that latex condoms provide protection." Condoms made of natural membranes are excluded from the ruling.

O&M eyes overseas TV efforts

LONDON—Ogilvy & Mather is moving into program barter and syndication outside North America. It will buy programs and trade them to TV networks in return for airtime to sell to O&M clients.

Galoob enlists Towne, Silverstein, Rotter

SAN FRANCISCO—Lewis Galoob Toys here added Towne, Silverstein, Rotter, New York, to its agency roster, sharing its $28 million

(Continued on Page 8)

Florida ad tax leaps Senate hurdle

Industry descends on Legislature

By STEVEN W. COLFORD

TALLAHASSEE, FLA.—Florida's proposed advertising tax was rammed through a state Senate committee last Thursday, setting the stage for crucial votes in the Legislature this week.

The tax bill extends Florida's 5% sales tax to advertising that originates within the state and, in an unprecedented step, to advertising that enters the state via national media.

National advertising groups are joining Florida advertisers and media companies in an 11th-hour bid to stop the bill. Association of National Advertisers president DeWitt Helm Jr. said he and a delegation of ANA member executives will arrive here Tuesday to "walk the halls" of the Legislature with local Florida ad industry groups.

The American Association of Advertising Agencies and the American Advertising Federation are working closely with Florida agencies and adclubs.

Industry officials contend they have a "50-50" chance to defeat the tax, partly because of the political uproar that was created when Senate President John Vogt, a Republican, added five hand-picked senators to the 11-member Taxation and Finance Committee.

The expanded committee defeated an amendment 10-6 that would have excluded advertising from the tax. Without the new members, the exemption would have been passed 6-5.

Howard Bell, AAF president, said the expansion of the panel "made it impossible for the ad industry and the consumers of Florida to get a fair legislative hearing."

The committee went on to pass by an 11-5 vote the full sales tax bill, which would extend the sales tax to more than 60 service businesses. Florida officials said the new taxes, if enacted, would add $900 million a year to state revenue, about $100 million of that from advertising.

The bill now goes to the Senate appropriations committee and is expected to reach the full Senate this Wednesday.

The Florida House, which hasn't completed its sales tax proposal, is expected to push a final draft to the full membership this week or next. Votes in both chambers are expected to be much closer than last week's Senate committee ballot.

The Legislature's leadership is trying to push the politically unpopular sales tax plan to quick judgment. They want to minimize anti-tax lobbying by business.

A statewide poll, released Friday, showed nearly two-thirds of the state's voters oppose expanding the tax. The same Florida poll, however, also showed 40% of the voters support a sales tax on newspaper advertising.

Despite the initial legislative defeat, industry lobbyists were encouraged by the failure of House leaders to act on the tax bill last week. The hang-up, lobbyists said, is advertising; they say they think the House bill will exclude national advertising from the tax.

"That is a possibility," said Charles Ranson, the industry's Florida lobbyist.

Mr. Ranson said he also believes the final House and Senate bills will be sufficiently different to require a conference. He even suggests that a majority of House and Senate members may eventually oppose the tax plan.

"I think it's real close," he said. "There's a real question whether the leadership has a ma-

(Continued on Page 100)

Highlights

Racing to soaps 4
Chrysler Corp. and Yugo America are moving into a TV daypart automakers largely have ignored: daytime soaps. Yugo, which opened new marketing territory with its car priced under $4,000, will break new ground April 20 with spots on four CBS soap operas. Meanwhile, Chrysler's Plymouth division is using its long-running "The pride is back" spots on ABC soaps.

Network signs 21 agencies 6
A fledgling group of independent agencies claims it now has the clout it needs to gain media buying parity with the major shops. As they gear up for their final planning meeting this week in Los Angeles, backers of the Leading Independent Agency Media Buying Network said they have signed 21 members.

Arden looks beautiful to Avon 12
Avon Products is hitting the acquisition trail again, this time taking a look at a substantial entry in the retail beauty products market. An Avon spokesman confirmed that Avon is looking at Eli Lilly & Co.'s Elizabeth Arden division, a company with sales of $398 million that is expected to fetch as much as $620 million.

Guinness studies U.K. setup 24
Guinness is expected to announce soon a reshuffling of its $22.5 million in annual billings at U.K. ad agencies. The move will be the first step in the long-awaited realignment of the liquor brands it acquired last year in a takeover of United Distillers.

Tapping the yogurt culture 32
Atlantis Dairy Products has beaten major yogurt marketers to the stores with fromage frais, a yogurt-like blend of fresh fruit and cheese. The Huntington Park, Calif., company is marketing its Bon Lait fromage frais in Los Angeles and San Diego, backed by TV commercials featuring the voice of Robin Leach, host of "Lifestyles of the Rich and Famous."

First-class 'Traveler' 86
Conde Nast's Traveler, a monthly to appear in September, will make a first-class entry in a segment of the magazine industry that's almost as crowded as steerage.

Stars of the Interior 93
Charles Bronson, Clint Eastwood and Lou Gossett respond when the president says what they can do for their country. Public service announcements featuring the three actors are being distributed this week as part of a $350,000 campaign for the U.S. Department of the Interior.

INTERNATIONAL

BRAZIL

The color of money 64
This week's section focuses on Brazil, besieged by high inflation, debt woes and creeping unemployment. The problems are in stark contrast to avant-garde creativity and bold colors typically found in the country's advertising. The special section includes stories on the general economy; an overview of Brazilian creativity; a profile of the marketing success of the Grendene brothers; a story about front-runner TV Globo and the networks breathing down its neck; and a diary by a U.S. marketing executive detailing the red tape and headaches of launching a new product.

OTHER NEWS

The average price of a 30-second spot in syndicated children's TV shows has dropped 35% from record levels two years ago, based on 1987-88 advance sales just completed by major barter syndicators. Page 4.

K mart Corp.'s sale of most S.S. Kresge and Jupiter variety stores indicates the No. 2 retailer won't sacrifice profitability to overtake Sears, Roebuck & Co. Page 22.

Making a financial success of *California* is a goal that has eluded some of publishing's more accomplished players—Clay Felker, Rupert Murdoch and Mike Levy. But under Alan Bennett, the magazine's president of three years, the monthly is doing what it's never done before: making money. Page 28.

The advertising industry believes it has the votes to stop legislation that would ban the advertising and promotion of tobacco products. Page 36.

The high cost of establishing a new name in the crowded automotive market has led the major automakers to revive old names. For every Corsica-Beretta backed by a hefty ad budget, a Chevrolet Nova is recast to stretch a modest budget. Page 41.

Saatchi & Saatchi Co., while not yet able to effect a merger of its major agencies, is slowly but surely consolidating its smaller New York shops. Its latest move is to combine McCaffrey & McCall and Rumrill-Hoyt's New York offices under the same roof. Page 95.

SPECIAL REPORT

***City and regional magazines—** Shakeouts and editorial revamps seem inevitable among city and regional magazines. Publishers are bolstered, however, by a growing sense of regionalism among readers and advertisers.*

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Rate-cutting slammed by publishers

By STUART J. ELLIOTT

NEW YORK—The publisher of *Good Housekeeping* is charging that rate-cutting has "gone crazy," and is calling for an immediate end to it.

Soft advertising sales allegedly are spurring a renewed round of rate deals throughout the industry.

Because other magazines are giving advertisers and their agencies special rates not on publications' rate cards, *Good Housekeeping* lost "at least 100 [ad] pages," said Louis Porterfield, VP-publisher of the Hearst Magazines women's service book.

L. Porterfield

Alan Waxenberg, VP-publisher of Hearst's other women's service monthly, *Redbook*, termed rate-breaking "a cancer." He estimates *Redbook* has lost "200 or 300 pages a year . . . if not more."

General Motors Corp. and Unilever's Chesebrough-Pond's are benefiting from rate-cutting, say magazine and agency executives.

The beneficiaries "tend to be corporations with a multitude of brands, because they have the potential clout, the volume," said Michael Ephron, exec VP-director of media services at Scali, McCabe, Sloves.

"When times get tough, it gets worse, and this year it's really bad," Mr. Porterfield said, citing "the economy, the fact [that] advertisers are watching the bottom line more closely and the 15-second commercial [drawing marketers] back into broadcast again."

Ad sales this year for the "seven sisters" women's service titles—*Better Homes & Gardens, Family Circle, Good Housekeeping, Ladies' Home Journal, McCall's, Redbook* and *Woman's Day*—have been flat to down.

According to figures supplied by *WD*, the seven have lost almost 400 pages through their June issues vs. last year's first half of 5,129 pages.

This is the second time Mr. Porterfield has spoken out against rate-breaking. When he became *GH's* publisher, he warned it would be "the ruination of the magazine business" (AA, June 25, 1984).

One of the reasons there is for more rate-breaking, he said, is because that more agencies are "set-

(Continued on Page 100)

Immigration's bounty

3 shops share $10M account

LOS ANGELES—The U.S. Immigration and Naturalization Service, Washington, hired a trio of agencies here for its $10.7 million advertising program to advise illegal aliens of new amnesty laws taking effect May 5.

Hill & Knowlton, La Agencia de Orci and Coronado Communications Corp. will produce English and Spanish-language ads for the service under the Justice Group name. Within three weeks, a flight of ads will address illegal aliens. A second component breaking in June will warn employers of stiff fines for hiring illegals. The campaign will use hispanic celebrities.

Liquor Barn, a San Leandro, Calif.-based unit of Safeway Stores, hired DDB Needham Worldwide, San Francisco, as agency for its $1 million-to-$2 million account, previously at Cole & Weber, San Francisco. The win may be fleeting, however, because Safeway is considering proposals to sell the 105-unit retail chain.

Liquor Barn hired DDB Needham after a review involving San Francisco agencies Evans/Lynch Rockey, Mojo MDA-Allen & Dorward and Reiser Williams deYong.

Also new to DDB Needham: TeleCake International, Oakland, a cake-by-wire service, from McLean-Stewart Advertising, San Francisco.

Daihatsu America, Long Beach, Calif., has narrowed its agency search to Abert, Newhoff & Burr, and Kresser, Craig/D.I.K., both Los Angeles, for its projected $1 million account. Japan's Ministry of International Trade & Industry has authorized Daihatsu to market 11,500 of its Charade three-door cars in the U.S. starting in the fall.

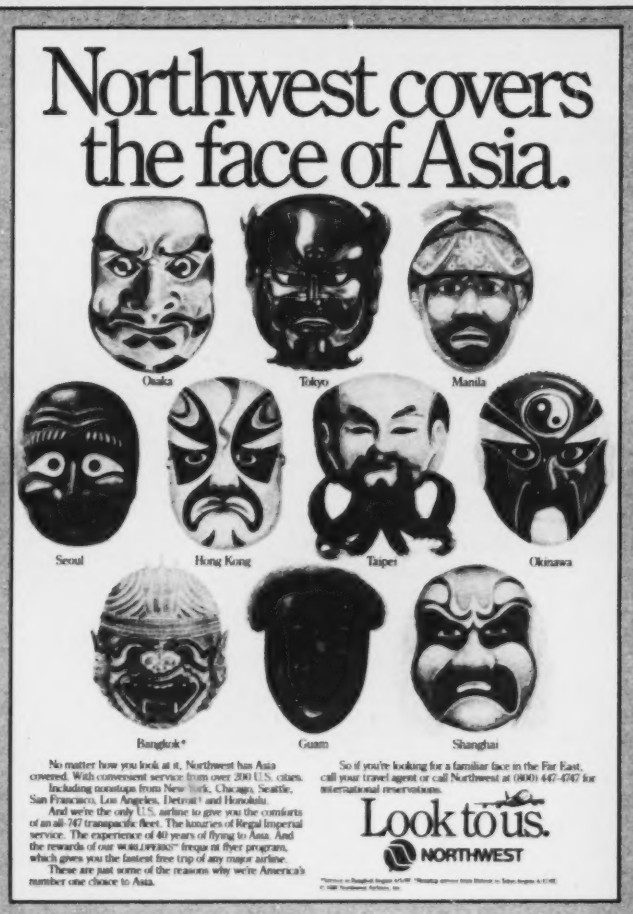
AN&B also handles advertising for Daihatsu's Hi-Jet vehicle.

West Coast News

Winegrowers of California, the Burlingame, Calif.-based marketing co-op of vintners and grape growers, will disband on June 30, following a stormy 3-year existence. The group's nearly 6,000 vintner and grower members voted to dissolve the association plagued by internal squabbling over its marketing approach.

As a result of the dissolution California vintners have filed a request with the state Department of Food & Agriculture to form their own commission. Pinne, Garvin, Herbers & Hock, San Francisco handles the Winegrowers' $1 million account.

BEST OF PRESS


Northwest covers the face of Asia.
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Tokyo
Manila
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Taipei
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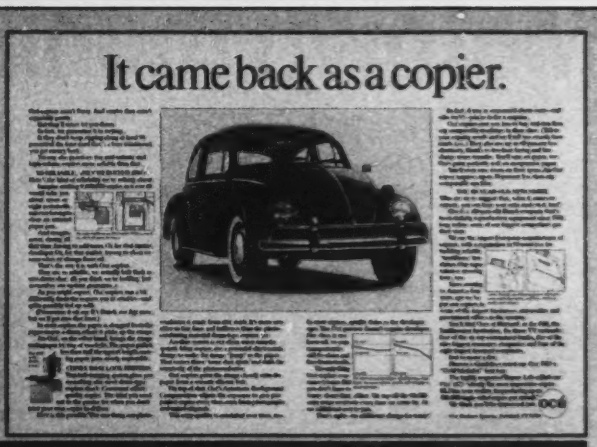
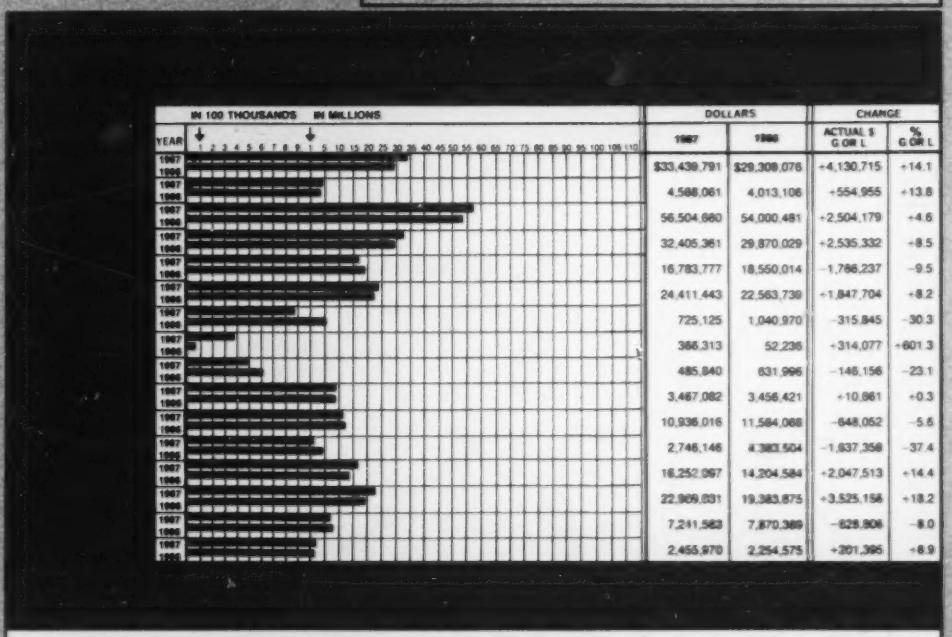
No matter how you look at it, Northwest has Asia covered. With convenient service from over 200 U.S. cities. Including nonstops from New York, Chicago, Seattle, San Francisco, Los Angeles, Detroit† and Honolulu.
And we're the only U.S. airline to give you the comforts of an all-747 transpacific fleet. The luxuries of Regal Imperial service. The experience of 40 years of flying to Asia. And the rewards of our WORLDPERKS® frequent flyer program, which gives you the fastest free trip of any major airline.
These are just some of the reasons why we're America's number one choice to Asia.
So if you're looking for a familiar face in the Far East, call your travel agent or call Northwest at (800) 447-4747 for international reservations.
Look to us.
NORTHWEST

This ad for Northwest Airlines, via DFS Dorland, Minneapolis, uses traditional masks in a creative way to illustrate the airline's breadth of service to Asia. Graphics complement the headline. Creative director: Bill Gangi; copywriters: Steve Price, Rob Lokody; art director: Mike Rylander; illustrator: John Eggert.



Great headline and great illustration for Oce copiers. Anderson & Lembke, Stamford, Conn., is the agency. Creative director: Steve Trygg; copywriter: Dave Goldenberg; art director: Susan Casey; graphic designers: Nancy Manfredi, Francine Nasseif; photographer: Steve Bronstein.



Ad spending hops by 5.5%: amusements, autos surge

NEW YORK—Advertiser spending in the major-market daily newspapers measured for the ADVERTISING AGE Flash Report increased to $235.5 million in January, a 5.5% increase from the same month in 1986.

The amusements category led all gainers in dollar volume increase, rising 14.1% to $33.4 million.

Other big gainers included new passenger car spending, up 18.2% to $22.9 million, and airline spending up 14.4% to $16.2 million.

Department stores spent 4.6% more than in January '86, with total spending in the category at $56.5 million. The food stores category was up 8.5% to $32.4 million, and the general-merchandise stores category was up 8.2% to $24.4 million.

Among other gainers were computer stores and supplies, up 13.8% to $4.5 million; public-service utilities and commissions, up 0.3% to $3.4 million; stock, bond and investment houses, up 8.9% to $2.4 million; and cameras, photo supplies and services, up 601.3% to $366,313.The biggest downturn in dollar volume was in the radio-TV-phonographs-records category, down 9.5% to $16.8 million.

Other losers included publishing and media, down 5.6% to $10.9 million; banks and trust companies, down 8% to $7.2 million; cigarettes, down 37.4% to $2.7 million; alcoholic beverages, down 30.3% to $725,125; and computers, equipment and services, down 23.1% to $485,840.

Media Records Inc. prepares the Flash Report, based on SAU inch measurements in 29 daily and 23 Sunday newspapers in 16 major markets.#

A good marriage of color, illustration and headline makes the point in this McDonald's ad by Leo Burnett USA, Chicago. Creative director: Greg Taubeneck; associate creative director-copywriter: Jim Dyer; art director: Jim Bruck; photographer: Dennis Manarchy.

A good graphic coupled with great use of color and a striking headline make this ad for Procter & Gamble's Crest toothpaste via D'Arcy Masius Benton & Bowles, New York, an attention-grabber. Creative director: Kenneth Charof; creative group heads: Norm Siegel, Ellen Azorin; copywriter: Craig Demeter; art director: Jeff Cooper; photographer: Jerry Friedman.

Test your condom. Right here. Right now.
Here's how:
Four questions to ask:
Your condom
Ramses EXTRA
Yes No Yes No
1. Does it have a spermicide for extra protection?
2. Is each individually tested for maximum reliability?
3. Is it strength tested to exceed a minimum of 2500 PSI?
4. Does it have a lubricant for greater sensitivity?
EXTRA

The headline stopped us in our tracks. The ad, done by Euramerica International Advertising in New York for Schmid Laboratories' Ramses condoms, goes for shock value in a new and somewhat controversial category. Creative directors: Tony Weir, David Scott; copywriter: David Scott; art director: Neil Wagner.

Special Report

City & Regional Magazines

Steve Bassett

Category ages gracefully despite competition

By Julie Liesse Erickson

City and regional magazines have found that with age comes a more complicated life—not only in staying the competition, but in keeping up with readers' needs.

The '70s were boom years for city and regional titles, the early '80s a time of segmentation. As the category matures, shakeout and continuing editorial refinement seem inevitable.

"The '70s saw an enormous number of start-ups; today we're seeing a shakeout, particularly in markets that are just too small to support a magazine," says Michael Levy, publisher of *Texas Monthly*, Austin, Texas. "The classic city and regional magazines are doing OK. But in Texas, for instance, there really was only one local magazine in 1973; today there are more than 40. There is no way the sluggish market can justify all those magazines."

Shakeout or no, publishers are confident in the future of the category as a whole. For one thing, says Gary Johnson, VP-marketing for *Mpls./St. Paul*, Minneapolis, "We're all legitimate, finally; we're an accepted part of the magazine industry, winning editorial awards. You just don't see the great diversity of quality that you used to."

A growing regionalism also bodes well for city and regional titles. "Regionalism has become a major component of publishing," Mr. Johnson says. "Consumers have developed a stronger sense of place; the '70s notion of transience is over. Also, consumer product marketers—Campbell [Soup Co.], auto marketers—are looking toward regional strategies.

"Aberrations in local economies aside, the category has every reason to think that the future holds greater stability and health."

Unless otherwise noted, all circulation figures used in this Special Report are Audit Bureau of Circulations' FAS-FAX averages for the six months ended Dec. 31, 1986.

Top city and regional magazines

Title	Circulation	Percent change*
1. *Southern Living*	2,263,922	−2.4
2. *Sunset*	1,442,478	2.5
3. *Yankee*	1,018,245	1.0
4. *New York*	428,507	−1.8
5. *California*	357,813	18.6
6. *Texas Monthly*	283,340	0.4
7. *Chicago*	201,790	−6.1
8. *San Francisco Focus*	197,996	9.9
9. *Los Angeles*	173,651	3.2
10. *Alaska*	170,195	9.4

* Percent change between six months ending Dec. 31, 1985 and six months ending Dec. 31, 1986.
Source: Audit Bureau of Circulations' FAS-FAX report

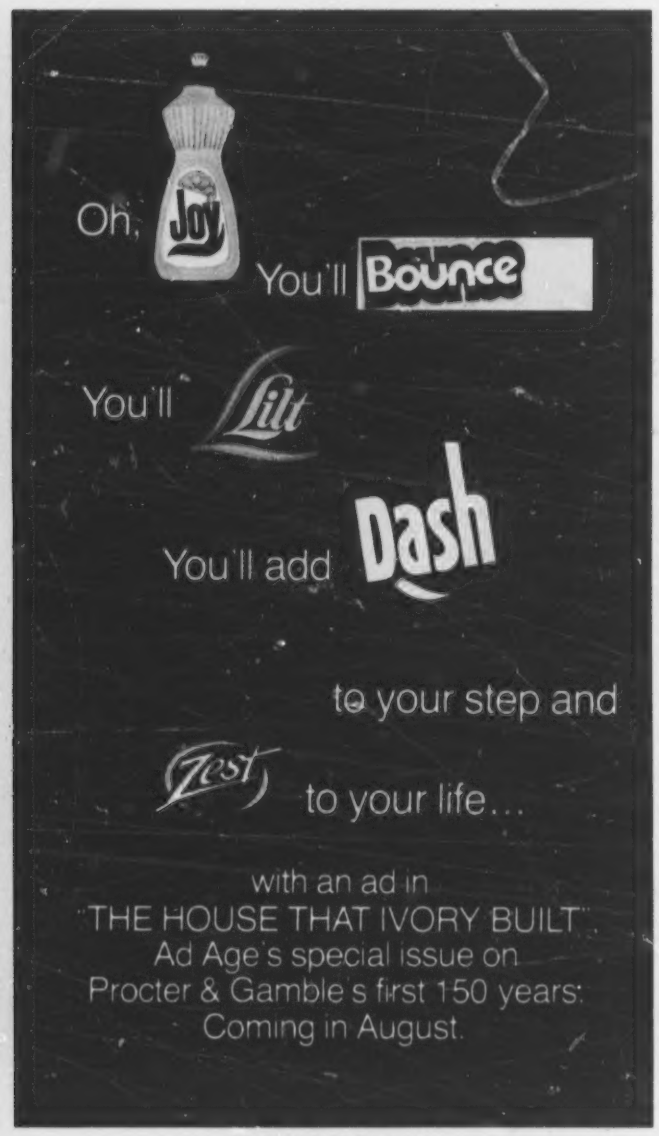
Ad pages in farm publications for 3 months, 1987-86

First-quarter and year-to-date figures for U.S. and Canadian publications reporting to Advertising Age

	Pages			
	Jan.-March 1987	Jan.-March 1986	Jan.-March 1987	Jan.-March 1986
— Canadian —				
Country Guide:				
Eastern Edition	143.1	120.0	143.1	120.0
National Edition	237.8	221.4	237.8	221.4
Western Edition	143.9	140.1	143.9	140.1
Le Bulletin des:				
Agriculteurs	—	—	—	—
Total Group	524.8	481.5	524.8	481.5
% change		+9.0%		+9.0%
— Dairy & livestock —				
Beef Extra	46.3	30.3	46.3	30.3
Beef Magazine A.	126.4	169.1	126.4	169.1
Beefweek	101.9	134.1	101.9	134.1
The Cattleman	240.4	274.4	240.4	274.4
Dairy	82.9	85.0	82.9	85.0
Dairy Extra	56.6	50.0	56.6	50.0
Dairy Herd Management	41.6	48.0	41.6	48.0
Drovers Journal (52X) A.	168.9	200.0	168.9	200.0
Feedlot Management	25.8	41.6	25.8	41.6
Florida Cattleman	165.0	197.5	165.0	197.5
Hoards Dairyman (23X) A.	137.4	173.0	137.4	173.0
Hog Extra	54.9	47.1	54.9	47.1
Hog Farm Management	61.0	33.2	61.0	33.2
National Hog Farmer	191.0	210.5	191.0	210.5
Pork '87	151.9	150.2	151.9	150.2
The Hog Producer	24.9	24.8	24.9	24.8
S. Beef	—	—	—	—
Southern Beef Producer (8X)	54.3	40.3	54.3	40.3
Sunbelt Dairyman (6X)	—	—	—	—
Western Livestock Reporter	122.8	134.4	122.8	134.4
Total Group	1,853.9	2,043.5	1,853.9	2,043.5
% change		−9.3%		−9.3%
— Fruit &vegetable —				
American Fruit Grower	125.4	155.3	125.4	155.3
American Vegetable Grower	161.1	154.8	161.1	154.8
Citrus & Vegetable	159.7	152.6	159.7	152.6
Hay & Forage Grower	39.8	—	39.8	—
The Citrus Industry	101.9	94.0	101.9	94.0
The Grower	115.0	75.7	115.0	75.7
Total Group	702.9	632.4	702.9	632.4
% change		+11.1%		+11.1%
— General farm publications —				
American Agriculturalist	72.4	81.5	72.4	81.5
California Farmer (21X) A.	148.0	179.0	148.0	179.0
Colorado Rancher & Farmer	71.8	105.3	71.8	105.3
Farm Futures	189.8	168.6	189.8	168.6
Farm Industry News (10X)	217.8	218.4	217.8	218.4
Farm Journal Inc.:				
Farm Journal (14X)	279.4	266.3	279.4	266.3
Top Producer	91.4	60.8	91.4	60.8
Farmer-Stockman Unit:				
Oklahoma Farmer-Stockman (11X)	50.2	49.2	50.2	49.2
Texas Farmer-Stockman (11X)	64.4	51.8	64.4	51.8
Florida Grower & Rancher	—	—	—	—
Harvest Publishing Unit:				
Kansas Farmer (16X)	152.8	213.7	152.8	213.7
Michigan Farmer (16X)	151.1	191.1	151.1	191.1
Missouri Ruralist (16X)	181.6	239.8	181.6	239.8
Ohio Farmer (16X)	211.9	241.5	211.9	241.5
Pennsylvania Farmer (16X)	165.2	171.9	165.2	171.9
High Plains Journal:				
Eastern Kansas (52X)	471.6	511.9	471.6	511.9
Colorado	476.9	521.4	476.9	521.4
Nebraska	470.2	504.1	470.2	504.1
Oklahoma-Texas	475.4	505.4	475.4	505.4
Western Kansas	510.9	563.0	510.9	563.0
Irrigation Age (10X) A.	27.9	62.9	27.9	62.9
Kentucky Farmer	100.2	102.7	100.2	102.7
Lancaster Farming (52X)	1,929.6	1,875.9	1,929.6	1,875.9
Midwest Unit:				
Nebraska Farmer (24X)	309.6	388.8	309.6	388.8
Prairie Farmer (24X) A.	271.5	342.7	271.5	342.7
Indiana Edition (24X)	265.4	323.7	265.4	323.7
Wallaces Farmer (24X) A.	227.6	323.9	227.6	323.9
Wisconsin Agriculturist (24X)	152.5	214.0	152.5	214.0
Pecan South (6X)	21.3	18.6	21.3	18.6
Progressive Farmer A.	197.6	257.8	197.6	257.8
Specialized Agricultural Publications:				
Coastal Plains Farmer	27.9	51.0	27.9	51.0
Flue Cured TobaccoFarmer	49.5	52.5	49.5	52.5
Peanut Farmer (8X)	41.4	45.3	41.4	45.3
Successful Farming Now A.	253.5	282.3	253.5	282.3
Tennessee Farmer	43.5	50.8	43.5	50.8
—	—	—	—	
Western Farmer-Stockman Magazines:				
Ariz. Farmer-Stockman (12X)	42.9	67.2	42.9	67.2
Idaho Farmer-Stockman (20X)	130.7	180.9	130.7	180.9
Mont. Farmer-Stockman (20X)	168.0	234.4	168.0	234.4
Ore. Farmer-Stockman (20X)	95.0	139.6	95.0	139.6
Utah Farmer-Stockman (20X)	86.8	100.0	86.8	100.0
Wash. Farmer-Stockman (20X)	100.3	147.0	100.3	147.0
Total Group	8,995.4	10,106.7	8,995.4	10,106.7
% change		−11.0%		−11.0%
— Poultry —				
Broiler Industry	167.0	183.6	167.0	183.6
Poultry Digest	69.4	58.8	69.4	58.8
Poultry Tribune	49.2	57.5	49.2	57.5
Total Group	285.6	299.9	285.6	299.9
% change		−4.8%		−4.8%

(X) Represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.



SEE PAGE 71

Leno to host AA Awards

Gala evening scheduled for June 15

CHICAGO—Comedian Jay Leno, frequent guest host on "The Tonight Show," will host the second annual ADVERTISING AGE Awards Dinner on June 15 at the Hyatt Regency hotel here.

Mr. Leno will take time out from the movie he is filming, "Collision Course" with De Laurentiis Entertainment Group, to host the national awards show.

The comic and former auto mechanic writes his own material and has been acclaimed as "the funniest comedian working today" by David Letterman. Jack McCallum of *People* billed Mr. Leno "the king of stand-up comedians."

In recent months, Mr. Leno has played to sell-out crowds at New York's Carnegie Hall and Los Angeles' Universal Amphitheatre.

At the awards show, AA will announce the Agency of the Year, Best Newspaper Advertisement, Best Magazine Advertisement, Best Television Commercial in 12 categories, Best of Show Commercial, Best Commercial Director, Best Music, Best Sales Promotion and Sales Promotion Agency of the Year.

Winners will receive a bronze sculpture designed, cast and signed by prize-winning sculptor Joseph A. Burlini. In the television categories, sculptures will be presented to the winning production houses, as well as to the winning agencies and advertisers.

Eric Harkna, president-ceo of BBDO here, is general chairman of the event, which will benefit the Museum of Broadcast Communications.

The Dick Marx Orchestra will provide music for the black-tie optional gala.

For reservations or information, contact Laura Zuckert at (312) 649-5205.#

Nuzzo to promote promos in address to AA workshop

NEW YORK—Tony Nuzzo, VP-marketing for American Express traveler's checks, will be one of the more than 40 speakers to address the annual ADVERTISING AGE Creative Workshop, Aug. 23 to 26 at the New York Hilton.

Mr. Nuzzo, who spent 10 years with Johnson & Johnson and Procter & Gamble before joining American Express three years ago, will deliver a presentation called "Creative promotion ideas for a changing business environment."

According to Mr. Nuzzo, promotions, once conceived of as limited in application and scope, now are viewed as a critical and logical part of any overall marketing plan, for any type of business. Mr. Nuzzo will demonstrate the applications of promotions, including sweepstakes, giveaways, coupons and cause-related marketing concepts. He will show how high-quality promotions can build upon a company's image, while poorer-quality promotions possibly can hurt a company franchise.

"Attendees will see how broad-based promotions can be customized to fit specific markets or segments in order to generate greater results," said Mr. Nuzzo. "They also will be shown how these results can be measured using techniques such as analysis, tracking and testing and how planned spending in a person's area can be minimized by using this information."

For more information, contact ADVERTISING AGE Education, 220 E. 42nd St., New York 10017, or call 1-800-233-3435. In New York state, call 1-212-210-0296.#

FRANK CERMINARO

LAS VEGAS—Frank Cerminaro, 61, who spent 35 years in single-copy sales circulation, died of a heart attack March 29 while attending a convention here.

Mr. Cerminaro was senior VP-client relations for New York-based Kable News Co. He was active in the Independent Newsstand Circulation & Executive Association and the Bureau of Independent Publishers & Distributors.#

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NEWSPAPER

April 20, 1987

Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

P&G hops on regional trend

By LAURIE FREEMAN

Procter & Gamble Co. is moving toward regional marketing for its top-selling national brands, which may mean further changes in its pioneering brand management system.

The Cincinnati-based consumer products giant is considering renaming its assistant brand managers "regional/assistant brand managers," said a former P&G brand manager. The managers would track product sales, market-share changes or variations on a regional basis and then develop market-specific strategies to improve sales, the source said.

Proctor is the first major household products company to develop a regionalized strategy—a trend begun in the food industry—although Lever Bros. has made moves in the marketplace indicating its interest in this approach.

P&G has appointed a regional marketing director in its national sales organization whose main responsibility is "identifying some regional opportunities," according to a spokeswoman.

No changes have been made in the basic brand-management structure, she added.

It is not known whether the funds to fuel regional or local marketing programs would come from national advertising and/or promotion budgets.

General Foods Corp. is setting up a localized marketing plan that will be funded by trade-promotion dollars (AA, Feb. 9).

P&G is the nation's largest advertiser, with expenditures of $1.6 billion in 1985 for its current operations; full-year '86 figures aren't yet available. Its fiscal 1986 sales were $15.4 billion.

"It's not surprising that Procter would test, if not add, such an approach because of the

(Continued on Page 96)

Ward's chief hails new image

Bernard Brennan, Montgomery Ward's president-ceo, says "People don't dislike us . . . they just ignore us." (See Page 3.)

Playtex commercials running in Europe already feature women modeling lingerie. This European spot was created by Grey Advertising.

Playtex first to model lingerie

Nets strip undie ad policy

By PAT SLOAN

Lingerie will be modeled in network TV commercials for the first time May 4.

That's when International Playtex breaks new commercials for its Cross Your Heart bra, taking advantage of a reversal of policy by the Big 3 networks. Until recently, each has prohibited the modeling of lingerie by live models.

ABC-TV dropped the commercial content restriction last November, informing marketers of the change in December. Stamford, Conn.-based Playtex then contacted CBS and NBC, and both changed their policies.

NBC, however, restricts the advertising to daytime.

All three networks still require the commercials be in "good taste."

The Playtex campaign is budgeted at $4 million. The two new commercials by Grey Advertising, New York, were filmed in Australia.

Bali Co., a division of Sara Lee Corp., now may change its scheduled airing of a live-model commercial for its new Isotoner bras and panties.

Developed by DFS Dorland Worldwide, New York, the spot is part of a New England market test for Isotoner intimate apparel. The commercial is scheduled to air on the three Boston network affiliates at the end of May, but sources report that airing may be moved up to early May.

Not every undergarment advertiser is rushing to use live

(Continued on Page 96)

Court fight predicted as Fla. ad tax looms

By STEVEN W. COLFORD

TALLAHASSEE, FLA.—Ad industry leaders plan to go to court to stop Florida's 5% ad tax now that an 11th-hour lobbying blitz in the state Legislature failed.

The sales tax bill could be approved as soon as this week, and take effect July 1.

In a display of political muscle, pro-tax forces in the state Senate and House last week defeated ad industry-backed amendments that would have exempted advertising from the sales tax. The vote was 24-16 in the Senate and 75-39 in the House.

"The battle is far from over," said American Advertising Federation President Howard Bell following the defeats.

If final appeals to the conference committee and the Florida governor fail, Mr. Bell said the industry "will consider all legal options to prohibit this costly, inequitable and ill-founded state sales tax on advertising."

Officials from the AAF, the Association of National Advertisers and the American Association of Advertising Agencies met last week in Washington to discuss strategy; late in the week the ANA said it is forming a special litigation committee to examine possible court challenges.

So far, the industry is fighting a losing battle against the bill, which not only would tax advertising that originates within the state but also advertising that enters the state via national media.

The tax on national advertising is an unprecedented step that has made Florida a major battleground for the ad industry.

Industry officials fear that the Florida move will be

(Continued on Page 94)

Last Minute News

Bates may lose $40M Xerox account

STAMFORD, CONN.—Several New York agencies have approached Xerox Corp. here about handling its $40 million account, agency sources say. However, Xerox denies it is considering moving the account, now at Ted Bates Advertising, because of a conflict with sister agency Backer & Spielvogel, which handles NCR. The sources say Xerox is about to replace the Bates-created office products campaign, featuring an actor portraying Leonardo da Vinci.

Colgate takes country route with Curad

NEW YORK—Colgate-Palmolive today breaks a 30-second network TV spot for its Curad adhesive bandages, featuring country & western star Hank Snow's song "I Don't Hurt Anymore." The spot shows children "ouchlessly" removing the bandages. FCB/Leber Katz Partners handles (see related story on Page 3).

Nets ride high in third-quarter sales

NEW YORK—An unusually brisk third quarter for the Big 3 TV networks' scatter ad sales is inspiring hopes among broadcasters but warnings from agency executives, according to *Electronic Media*. Inventory is selling at 30% to 60% above upfront prices, and ABC,

(Continued on Page 8)

Highlights

Hart, Simon hats in ring 4
The latest pair of Democrats to plunge in the '88 presidential sweepstakes are going to face image problems unique to their experience levels—Gary Hart is an old hand at chasing the presidency and Paul Simon is a novice.

MasterCard's new possibilities 6
MasterCard International will end its "Master the possibilities" TV campaign in July and resume in September with new creative to compete with Visa International's Olympics-inspired ad push. MasterCard's $40 million account is under review.

NARB to handle Bryan Foods dispute 12
The Council of Better Business Bureaus' National Advertising Division referred a case involving Sara Lee Corp.'s Bryan Foods unit to the National Advertising Review Board after failing to resolve a dispute over Bryan's ad claims. Competitors have continued to complain even though Bryan agreed to modify TV and print claims more than a year ago.

4A's worries about Big 3 cost-cutting 36
The American Association of Advertising Agencies is concerned Big 3 TV networks may discontinue commercial-clearance programs and reduce efforts to review marketers' complaints about competitors' spots. Four A's President Leonard Matthews said he "will not [let] go unanswered" the letter his group sent to the networks, arguing against major changes in commercial-review procedures.

J&J makes healthy expansion 38
Johnson & Johnson, which has built a reputation on products that treat the ills of America, will branch out to keeping people healthy. J&J's new subsidiary, Johnson & Johnson Health Management, will market health maintenance programs to business.

Burger King: Service crucial to success 43
Burger King Corp. executives said in-store service is the key to restaurant marketing. But other, smaller chains voted for the power of advertising by announcing new programs. Both opinions were expressed to financial analysts and portfolio managers at a conference sponsored by Prudential-Bache Securities.

'M*A*S*H'ing together IBM campaign 78
When Lord, Geller, Federico, Einstein first entertained the idea of re-assembling the cast of the "M*A*S*H" TV series to introduce IBM Corp.'s newest computers, the concept almost died on the spot. Later, the campaign turned into a reunion for the actors, some of whom hadn't worked together in more than a decade.

DFS Dorland faces lawsuit 92
Saatchi & Saatchi's ability to juggle clients within its agency network is being tested by a U.K. retail client. Dixons Ltd., an electrical goods retail chain, fired Saatchi-owned DFS Dorland from its $42 million account and sued the agency last week in a bid to prevent it from working for another retailer, F.W. Woolworth.

INTERNATIONAL

Nestle challenges J&J 62
Swiss-based Nestle is extending its baby-food marketing expertise to baby-care products in an effort to challenge Johnson & Johnson in several markets around the world.

Dentsu restructures image 63
Dentsu Inc., which celebrates its 86th anniversary July 1, is in the midst of a campaign to focus its image as a major diversified international communications company.

OTHER NEWS

Coca-Cola Telecommunications, Bohbot & Cohn Advertising and DIC Enterprises have formed Parkside Entertainment, a barter syndication venture, to sell commercial time on children's animated series. Parkside believes the partnership can reduce the costs of syndicating animated shows. Page 28.

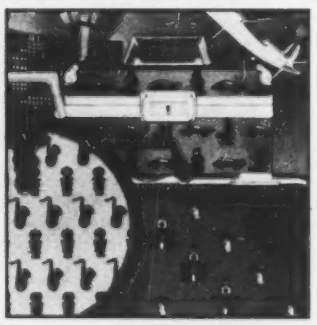
Now that James B. Beam Distilling Co. has tripled its size and doubled its agency roster, it must absorb its newfound wealth. Beam may consolidate National Distillers' $27 million marketing budget with its own Chicago agencies. Page 32.

Anheuser-Busch's Zeltzer Seltzer flavored soda has angered rivals in the soft-drink and bottled-water industries, who charge Zeltzer Seltzer's packaging is confusing and its name misleading. Page 32.

The credit-card industry is tying in with other industries as banks issuing cards begin to adopt a new promotional strategy called affinity marketing. Page 81.

Mergers are in the works between Doyle Dane Bernbach and Needham Harper Worldwide agencies in Australia, New Zealand and the U.K. The moves come as DDB Needham Worldwide reassesses how it will operate in overseas markets. Page 92.

SPECIAL REPORT



Travel and Tourism—*Second-tier cities are building and renovating downtown facilities to gain a greater share of the lucrative convention, travel and tourism business. The formula for success in rebuilding or creating a new city image appears to demand wide local support and a strong and determined leader.*

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GF exec out as coffee ad fund slashed

By JUDANN DAGNOLI

The president of General Foods' $2.5 billion Maxwell House division resigned as GF prepared to cut its $70 million coffee advertising budget by 25%.

Stephen Morris, 43, said he resigned as Maxwell House president earlier this month because of "philosophical differences in how to manage the business."

Mr. Morris, reached by telephone at his Chappaqua, N.Y., home, would not confirm that his decision was related to the ad-budget cut, estimated at $17.5 million for the Maxwell House, Sanka, Brim and Yuban brands.

Mr. Morris said changes were underway at Maxwell House that "are completely different than anything previously discussed [at the Rye Brook, N.Y.-based company]." He would not elaborate on that statement.

The development has reignited long-standing speculation Maxwell House may be up for sale. Talk also has been fueled by the appointment of Raymond Viault, VP-group executive, desserts division, to replace Mr. Morris. Before GF sold its Gaines pet food division to Anderson, Clayton & Co. in 1982, Mr. Viault was made the division's marketing manager.

Both GF and Mr. Viault, 43, adamantly denied Maxwell House will be spun off. Mr. Morris also said he considered it extremely unlikely

(Continued on Page 97)

May expand beyond ABC

Coors, Stroh link for tv boxing buy

By BRIAN MORAN

Rivals Adolph Coors Co. and Stroh Brewery Co. have made an unusual joint advertising buy on ABC Sports and say they hope to extend their collaboration to other network and cable TV dayparts.

The joint buy involves splitting the beer sponsorship of a four-event, weekend afternoon boxing series on ABC.

The series began April 19 with Stroh underwriting "Schlitz Malt Liquor Professional Boxing," a telecast featuring the World Boxing Association junior middleweight title fight between champion Mike McCallum and Milton McCrory.

The second event, "Coors Professional Boxing," will feature the May 3 International Boxing Federation light-heavyweight bout between champ Bobby Czyz and Jim MacDonald.

Each brewer has an option with ABC Sports for an additional fight —Stroh in June, Coors in July.

The brewers' joint bid for the boxing series is another indication of the willingness of advertisers to rewrite traditional relationships and practices with the media, particularly TV. Executives of Golden, Colo.-based Coors and Detroit-based Stroh said they hope to forge similar two-party buys in other TV dayparts when their marketing needs are compatible.

"We've talked [about] the concept with all three networks and with the cable networks," said

(Continued on Page 97)

Lucky for Grey

By MARCY MAGIERA

Lucky Stores last week named Grey Advertising, Los Angeles, to handle its recently consolidated Northern and Southern food divisions' $30 million account.

Lucky, based in Dublin, Calif., was previously handled by Cochrane Chase, Livingston & Co., Newport Beach (Southern division), and Shelly Berman Communicators West, Oakland (Northern division). DYR, Los Angeles, had been the agency for Lucky's Gemco division, which is now defunct.

Mojo MDA-Allen & Dorward, San Francisco, continues on corporate projects.

Grey resigned the $14 million account of Vons Grocery Co., a client of 14 years, in February, about the time Lucky was announcing its combined business would go into review.

Grey Chairman-CEO Miles Turpin denies the agency had an inside track for Lucky. "We had to compete for the business just like anyone else," he said, "and we had to be divorced from Vons before we could go after it."

El Monte-based Vons earlier this month selected J. Walter Thompson USA, Los Angeles, to replace Grey (AA, April 6).

Lucky's business includes 341 Lucky and Food Basket stores in California and the 48-store Southwest division. Lucky is the seventh-largest supermarket chain in the U.S.

Vons dominates supermarket sales in southern California, followed by Federated's Ralphs division (which includes Giant) and Lucky.

Cushman campaign targets businesses

By PATRICIA WINTERS

New York—National commercial real estate company Cushman & Wakefield is running a cable TV and print campaign designed to increase its profile among businesses.

"In the past, our advertising was pretty spotty," said Denise Dreany, Cushman & Wakefield ad manager. "We've become more sophisticated and aggressive about the need to advertise to corporate America."

A 30-second TV spot airing on Cable News Network and Financial News Network is themed "Business America's real estate firm"—a tagline introduced last year (AA, April 6).

Print ads in business and real-estate publications give specific examples of how Cushman & Wakefield has handled some of its clients' needs.

Companies highlighted include Federal Express, Honeywell and Physicians Health Services, a health maintenance organization. Bozell, Jacobs, Kenyon & Eckhardt, New York, is the agency.

In the first nine months of 1986, Cushman & Wakefield spent $300,000 in measured media, according to Leading National Advertisers. Spending for its latest effort is estimated at more than $1 million.

Cushman & Wakefield has offices in 60 markets and competes against a host of regional companies, as well as national ones such as Sears, Roebuck & Co.'s Coldwell Banker subsidiary.#

Addenda to Agency issue

Chicago—The Agency Profile issue of Advertising Age (AA, March 26) contained some entries that require correction and/or clarification.

• In the chart on leading agencies in the top 75 markets (AA, March 26, P. 135): Weightman Group, listed at $54 million in billings in the Philadelphia market, should have been $86 million. The $54 million that was listed reflects billings solely for Weightman Inc. in Philadelphia.

Wolkcas Advertising, Albany, N.Y., with 1986 annual billings of $5.4 million, should have been included in the listing for the Albany market.

DFS Dorland Worldwide, New York, with annual billings of $709.4 million, should have been included in the listing for the New York market.

• A footnote (P. 18) reported Young & Rubicam, New York, as owning 50% of HCM and 49% of DYR. Y&R actually owns 49% of HCM and 50% of DYR. Y&R's 1985 estimated billings from its Y&R core shops should have been $988 million, not $1.1 billion (P. 130).

• In the profile on W.B. Doner & Co., Southfield, Mich. (P. 40), James Dale, vice chairman-corporate creative director, was misidentified.

• The first name of Lloyd Highbloom, exec VP-director of the business development group, DDB Needham Worldwide, was misspelled (P. 37).

• Omnicom Group's worldwide billings were $5.82 billion, not $5.59 billion (P. 136).

• Klemtner Advertising, New York, had 1985 gross income of $6.7 million, not $4.8 million (P. 116).

• Hill, Holliday, Connors, Cosmopulos, Boston, was reported as losing the Spalding account, but it lost only the golf club portion. It continues to handle golf balls, team sports and corporate advertising for Spalding (P. 48).

• Stone & Adler, Chicago, involved 100% in direct-response advertising, should have appeared as the sixth-ranked agency in direct marketing on the chart (P. 118) based on its U.S. billings of $96.9 million.

• Lockhart & Pettus, New York, had billings of $2,878,000 in materials and services for 1986, not $2,300,000 (P. 118).

• Figures for Spangler/Fischer Advertising, Minneapolis, on the gross income chart rankings (P. 18) should have been an estimated $946,700 gross income on billings of $6,150,900 in 1986, and $675,800 gross income on billings of $4,359,600 in 1985, which were the figures appearing in the agency's profile (P. 131).#

Top 25 U.S. cities by total agency domestic billings

Rank	City	Shops reporting	Total domestic billings 1986	1985	% chg
1	New York City	179	$19,974.7	$18,330.4	9.0
2	Chicago	71	4,908.3	4,644.2	5.7
3	Los Angeles	56	2,953.7	2,699.9	9.4
4	Detroit	27	2,436.0	2,196.3	10.9
5	San Francisco	24	1,265.9	1,186.3	6.7
6	Dallas	17	968.5	865.3	11.9
7	Boston	22	842.5	649.0	29.8
8	Minneapolis	16	832.2	747.0	11.4
9	Atlanta	20	594.7	666.1	(10.7)
10	Philadelphia	27	554.1	480.6	15.3
11	Cleveland	12	461.5	440.1	4.9
12	St. Louis	8	442.6	436.3	1.4
13	Houston	15	379.1	353.0	7.4
14	Pittsburgh	9	300.2	272.0	10.4
15	Washington	8	266.5	234.6	13.6
16	Baltimore	8	262.8	224.7	17.0
17	Milwaukee	11	222.5	198.3	12.2
18	Seattle	7	175.0	175.3	(0.2)
19	Kansas City	7	170.1	140.0	21.5
20	Columbus, Ohio	4	133.2	110.9	20.1
21	Rochester, N.Y.	5	130.6	118.6	10.1
22	Akron, Ohio	3	126.1	117.3	7.5
23	Denver	9	116.5	113.7	2.5
24	Greenville, S.C.	3	111.9	112.4	(0.4)
25	Richmond, Va.	3	111.9	71.3	56.9

NOTE: Dollars in millions. Where possible, billings of large agencies were apportioned to individual offices. Some estimates were used. Agency universe is the Ad Age 500.

Because computer-generated errors were found in the "Top 25 cities" chart (AA, March 26, P. 129), this version should be substituted.

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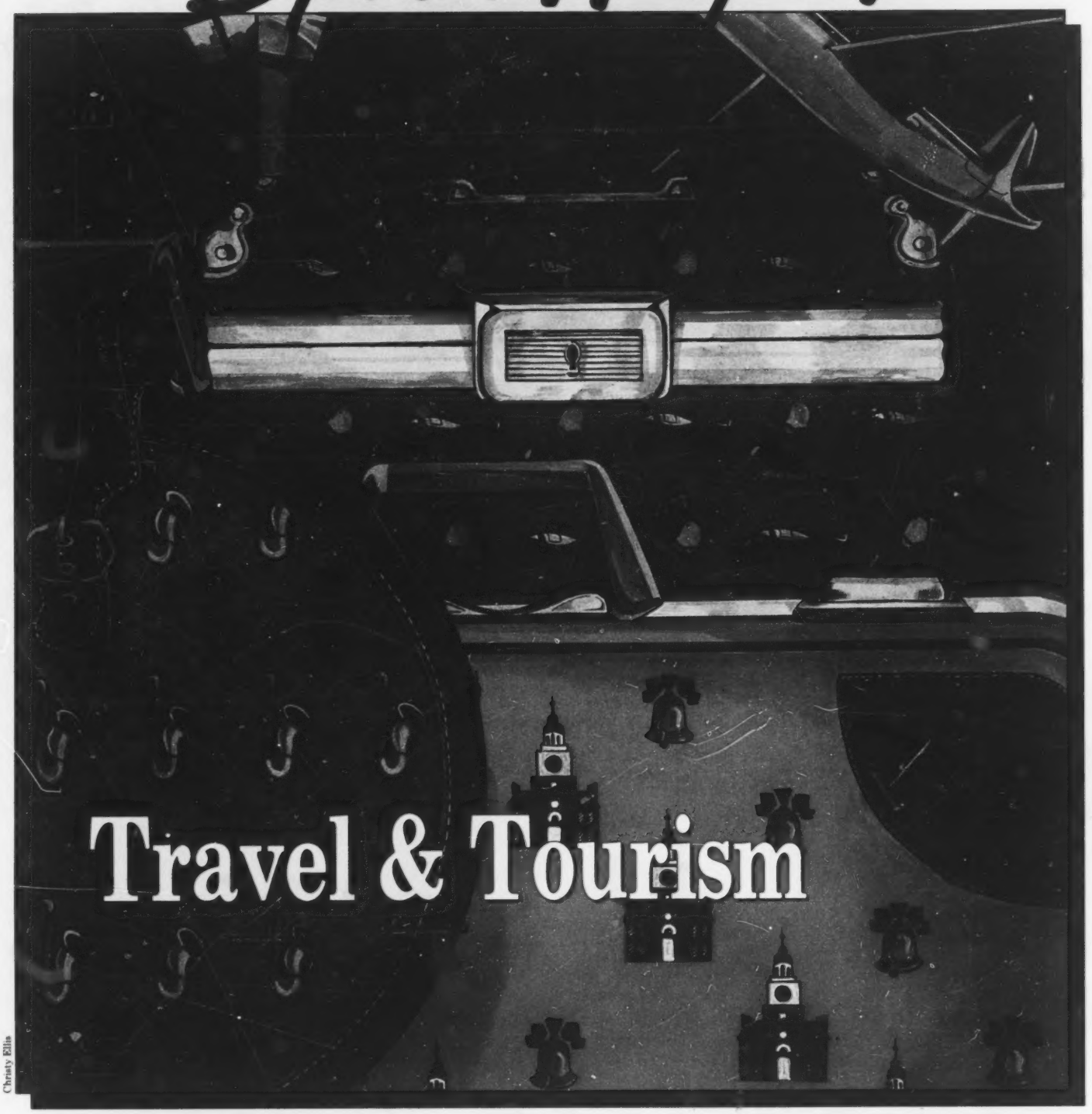

Christy Ellis

Second tier cities winning top rated events

By Sharon Donovan

Location, location, location—the maxim used to pinpoint the top three criteria for a successful real estate investment turned out to be only one factor that earned New Orleans the 1988 Republican convention—a first for this sultry southern city.

What convinced GOP officials that "New Orleans is the best possible place for us to do our work and have fun at the same time"?

It was a tireless, unrelenting lobbying effort that overcame questions about budget problems, high crime, a lagging economy and traditional Democratic ties.

In exchange for location, facilities and hospitality, the convention, Aug. 15 to 18, 1988, is expected to pour about $50 million into the local economy and give the city unprecedented national exposure. That does not include what planners and television crews will spend during the set-up procedure for 50 days prior to the convention opening.

But the multimillion dollar expenditures are not the most important items, says Jerome P. Dickhaus, executive director to the mayor for economic development.

"The significant element is the residual. It's the focus on the city for such a long time," Mr. Dickhaus says. For the last three years New Orleans had no advertising or promotion budget to attract convention and tourism business. "So the impact of just the advertising and marketing value is phenomenal."

The eight months of lobbying began last spring and after the field narrowed in January from 10 cities to three, New Orleans, Kansas City and Atlanta, the GOP selection committee was swayed by Republican National Committee Chairman Frank Fahrenkopf Jr.'s preference for

(Continued on Page S-2)

Sharon Donovan is the Advertising Age correspondent in Louisiana.

Leading promotional advertising budgets

City	1986 budget
1. St. Louis	$2,500,000
2. New York	2,000,000
San Antonio	2,000,000
Philadelphia	2,000,000
5. Indianapolis	1,600,000
6. Atlanta	1,342,900
7. Los Angeles	1,000,000
8. Chicago	500,000
9. Detroit	450,000
10. Oklahoma City	246,000

Cities listed are those with convention promotional budgets available to the public
Source: Advertising Age

Second tier

(Continued from Page S-1)
holding the convention in the Deep South—an attempt to increase the party's regional strength.

In tandem with the impor-

They vowed to leave no stone unturned in the run to woo . . . the site selection committee.

tance of the location was the attraction of the Superdome and its 76,800 seats, and a proximity to 26,000 hotel rooms within 30 minutes drive.

Not the least among New Orleans' selling points was its old-fashioned southern hospitality. "I began to realize the whole thing was kind of personal," says Peggy Wilson, the city councilwoman who helped map the strategy to snag the convention.

Although other cities saw New Orleans as the one to beat, New Orleans saw itself as the dark horse. The city made a pitch for the 1984 GOP convention, but President Reagan wanted the event in Dallas, and that ended that.

This time, the organizers vowed to leave no stone unturned in the run to woo the nine-member site selection committee.

For the first introduction in July, when the selection committee officially visited New Orleans, they were each assigned a "sitter"—a local Republican who took special care to court his charge. They were feted at the city's best restaurants and in the finest private homes.

Another, unofficial, visit to the city was from an invitation to attend a Saints-Redskins football game in the Superdome.

The red carpet was rolled out again via dinner at historic Gallier Hall in the French Quarter. State Democratic officials, led by Gov. Edwin D. Edwards, and U.S. and state senators and representatives were part of the affair catered by six local restaurants at no charge. Wine and liquor were donated by local suppliers and a department store decorated the hall.

After dinner, guests were driven in donated limousines to the palatial homes along St. Charles Avenue for dessert with prominent New Orleans families.

The subtlety of their strategy was not lost. "In no other city had leading citizens opened their homes to the committee as they did in New Orleans," says Nathan Landow, selection committee chairman.

In addition, Louisiana Republicans made it their business to visit site selection committee members and key Republican National Committee members in their hometowns.

Organizers also sent all 192 RNC members "reminders" of New Orleans: king cakes, pralines, bottled gumbo, trinkets, an Audubon Zoo poster, a video tape about New Orleans, an audio tape of local music, and baskets from the French Market. "Every time they came back from visiting a competing city, we had a gift waiting for them and a note asking them to remember New Orleans," Ms. Wilson says.

One of the organizers' greatest lobbying strengths was their ability to respond. When there was a suggestion that the business community didn't seem to support the convention effort, organizers recruited 25 of the city's top chief executive officers to write letters. The campaign brought 200 letters, five times as many as generated by Kansas City and 15 times the number from Atlanta, says Ms. Wilson.

The daily newspaper, the *Times-Picayune*, launched a letter writing campaign supported by full-page ads providing readers with forms to compose their own invitations to the GOP committee. This effort produced 500 letters that the paper forwarded to the RNC.

The organizers also recruited residents in the home states of the selection committee members to write letters on New Orleans' behalf.

However, every campaign has a trump card. And a number of convention backers credit Mayor Sidney Barthelemy, who made scores of telephone calls, wrote letters, trekked to endless dinners and cocktail parties, with holding the winning hand.

"Sidney Barthelemy has been very gracious," said Ebbie Spivey, a site selection committee member from Mississippi. "Even being a Democrat, he's been extremely nice to us."

Early skeptics thought the city's Democratic tradition would be a strike against it. But proponents argued that the number of registered Republicans and GOP elected officials in Louisiana is growing.

The mayor convinced the GOP that the city's financial woes are temporary and they won't impede the city's ability to host the convention or meet its contractual obligation for $8 million in services from public or private sources.

Critics who voiced concern about a dramatic increase in crime were silenced with "Every city has crime," and reassured that the city will provide adequate security.

"New Orleans did more than everyone else," says Carl Gillis Jr., Georgia committee member. But, he added, "If it didn't have any better facilities than Seattle, that sort of thing wouldn't help at all."

Guido Alberto Rossi/©The Image Bank

Geoff Gove/©The Image Bank

Location, plus an unrelenting lobbying effort, Bourbon Street and jazz, the Superdome and nearby hotels, and that good old fashioned southern hospitality enticed the GOP to this sultry city.

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Roger Williams Mint

Signing celebration sparks showtime

By Ed Fitch

The folks at the Philadelphia Convention & Visitors Bureau are expecting a better turnout this time around. The first Constitutional Convention pulled some 55 people, most of whom stayed at the Indian Queen Tavern or City Tavern. This summer bureau officials expect about 5½ million to 6 million people to fill the city's hotels as participants in We The People 200, the bicentennial celebration of the 1787 Convention.

A 15% to 20% increase in visitors is likely, says Paul Decker, the bureau's VP-tourism, "and I think hoteliers will see a 7 to 10 point jump in occupancy."

Despite this increase, Mr. Decker is predicting there will be room at the inns. "We don't anticipate too many sellouts, maybe five." One reason is the celebration is not a one-day event, but a May to September series of events.

The program was designed to avoid human waves. "That kind of thing gives you bad press, and people get the attitude that they won't be able to find a room, so why bother?" he says, alluding to last year's Statue of Liberty celebration problems.

That's not to say the celebration, which will feature daily soapbox oratory, musical performances and fife-and-drum parades, intends to play second fiddle to any historical event. "We're going for the maximum," Mr. Decker says. "But you couldn't sustain it over such a long period without exorbitantly high costs."

The celebration instead will feature a carefully conceived mix of main events and smaller-scale exhibits and projects. The showstoppers predictably are scheduled for Memorial Day, July 4, Labor Day and September 17, the 200th anniversary of the Constitution's signing, which will be marked by the largest parade in U.S. history.

To pull people to the celebration, the bureau and Philadelphia-based Spiro & Associates created a $1.4 million print campaign that highlights specific events and targets the groups most likely to attend them, says Sam Rogers, the bureau's VP-communications. "For example, an event related to cooking was promoted heavily in New York. The opening weekend is being pushed primarily in New York, Wilmington, Harrisburg and Washington."

Magazines will command $1 million of the budget; *Time* alone will corner about $400,000. Other magazines that will carry the ads—featuring a Ben Franklin look-a-like—are *Better Homes & Gardens, Ebony, Ladies' Home Journal, Signature, Travel & Leisure* and *Travel Holiday*. "[They are] books we've had strong conversion rates from inquiries in the past," he says. A small schedule also is being placed in history buff magazines.

The trade was wooed a while back. Convention business was first solicited two years ago, and tour operators six months later, Mr. Rogers says. Public relations coverage has been extensive, and the bureau has engineered a major spring thrust to place stories in newspaper travel sections. Although most tour arrangements were finalized last fall, "if a tour operator has people come in and ask what they have going to Philadelphia, we may pick up some last minute business," Mr. Decker says.

Tour operators will find a warmer welcome in the City of Brotherly Love this year than they did during the 1976 Bicentennial. "The hoteliers didn't do any favors for the tour operators during the Bicentennial," he says, "and they learned some lessons from it. During the peaks, they'll go close to the rack. But they won't kick up their rates too much throughout the season."

Another lesson in fiscal responsibility was taught during the Bicentennial. In putting together that event, the organizers "threw money into a hole," Mr. Decker says.

About $10 million of We the People's estimated $17 million cost is covered already, says Hobie Cawood, superintendent of Independence National Historical Park and chairman of the celebration. Local, state and national government funding has helped, he says, as have foundation contributions and donations of services, such as legal, accounting and phone expenses.

Licensing projects—including such items as We The People-labeled California wines, Lenox china, a Franklin Mint flag set—are providing revenues.

"We broke down the various elements and put price tags on them," Mr. Cawood says, "and this has gone nicely."

Of the 35 sponsors, Bell of Pennsylvania is the largest, having underwritten a $1.3 million exhibit. "Anything that's been an attractive project in the $100,000 to $250,000 range has gone quickly," he says.

What's left is a $2.5 million pavilion just begging for a corporation to call its own. "This is the centerpiece for the whole thing," Mr. Cawood says. "It's where Congress will meet and will be the focal point for many events; it's going to get a lot of TV coverage. It could be the focal point of a great marketing effort—but it's a tough sell."

Despite the hoopla over the Constitution's bicentennial Mr. Decker says attracting convention business also is a tough sell.

"We had some response based on We the People. I can't put an exact number on it, but we'll have a better than average year for conventions," he says.

To be a spectacular year, the bureau would need the new convention center and accompanying hotel rooms that are still in the planning stages.

If construction begins this year, the center should be open for business in 1991. Although that's too late for this year's celebration, the city can look forward to more convention and hotel revenue in the future. In a city where a cracked bell is a major attraction, We The People 300 has a nice ring to it.

Big time in "Big D"

Leading 1986 convention cities

City	Number of conventions*	Number of hotel rooms**
1. Dallas	2,090	37,601
2. Atlanta	1,470	35,000
3. New Orleans	1,000	26,000
4. New York	971	100,000#
5. San Antonio	954	16,000
6. Washington	857	47,000
7. Sacramento	856	2,500
8. St. Louis	782	20,000
9. Houston	727	36,000
10. Chicago	690	40,000

*Convention figures represent those held within city limits or city convention bureau designations
**Within 30-minute drive of downtown
#Within city
Source: Advertising Age

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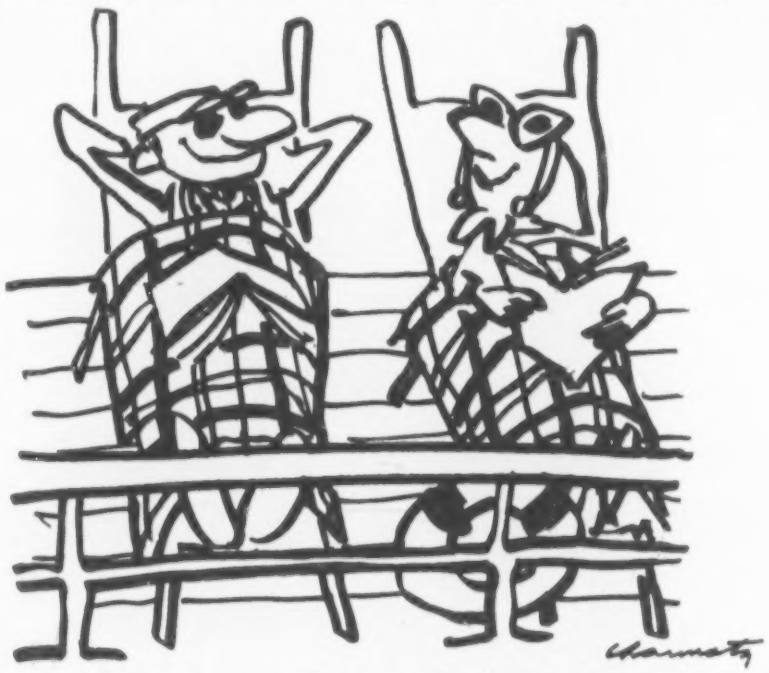

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Source: S&MM 1981 & 1985, Data Service, 1986 Survey of Buying Power

Tour guide helps cut through the fat at the supermarket

Fitness fans who want to eat light but don't know how to shop light now have a way to find out. Dallas dietitian Leni Reed is conducting "Supermarket Savvy Tours," 2½-hour jaunts through supermarket aisles to point out healthy, low-fat, high-fiber, nutritionally balanced foods to consumers.

Leni Reed leads a tour group down the healthy path in the supermarket.

The idea was born out of major frustration. "My clients would listen to what I was saying about healthy eating while they were in my office," she explains, "but then they'd go to the market and buy junk food out of habit. So I thought I'd try actually taking them to the market and showing them what and where these foods were."

Now, three years later, without advertising, she fills the 8 to 10 slots on each of the four weekly tours. Reed charges $35 a head, $60 a couple.

Reed's tour alumni write her to say it's the first time they've ever really understood nutrition and had all of their nagging questions answered. What foods are lowest in fat? What are best for lowering blood cholesterol? What should they feed their kids?

They also write that they can now go to markets on their own without fear. As a reminder, they also get an 8-page list of the foods mentioned on the tour. (It's available for $3.95 by writing Leni Reed, Box 25 A, Addison, Texas, 75001-0025.)

The Tom Thumb supermarket in which she does the tour also benefits from the arrangement. Many of her clients stay after the tour and shop. And tour members tell her that they now see the store as providing an educational service to the community instead of merely pushing goods.

The companies that produce the foods mentioned also benefit, naturally, and to help all concerned benefit even more, Reed has asked those companies to provide coupons for her tour groups.

Beginning in May, any person or company interested in starting a similar tour business can buy Reed's "Supermarket Savvy Tour Self-Study Training Kit" complete with manual and audio cassettes. At $245 a package, that's a healthy return on investment.

Laurie Werner

Self-help videos break the ice in modern dating game

Two new home videos, "How to Read a Woman Like a Book" and "How to be the Love of His Life," produced by Westwood, Calif.-based Fox Hills Video, attempt to demystify the art of dating in the 1980s.

"I hate even thinking about it as a war between the sexes, but sometimes you've got to be a little strategic," says one of three actresses portraying single women in "How to Be the Love of His Life."

The video is divided into three sections: "Making the First Move," "The First Date," and "Working it Out." As the three women talk about experiences with men, they indulge in an authentic pig-out session. Are they sublimating food for the broken relationships? Their recollections are intercut with scenes staged in restaurants, bars and movie theaters.

Men also talk about how they feel. "I'll be honest with you," says a guy. "It's scary to ask a woman out. You're definitely putting yourself in a vulnerable position."

"How to Read a Woman Like a Book" offers men insight into women's psyche. At the video's opening a young woman says, "What if you and I met at a bar, and I was sitting like this. Would you think I was trying to get your attention? You're not sure? Would you think I was ready to jump in your lap and have your babies? Well, sweetie, you've got a lot to learn."

Debra Gonsher, the videos' executive producer, says a profusion of "bad news" surveys on single women and their slim chances for matrimony, prompted her to make the video "How to Become the Love of his Life." "I wanted to do something very upbeat for women," she says.

To write the script, Gonsher, herself single, drew on her own experiences, and read "hundreds" of pop-psychology books. "A lot of the books say women have to compromise," she says, and agrees. "Some books had a real sense of manipulation, which I found abhorent."

For "How to Read a Woman Like a Book," she drew on her years as a college professor. "I taught non-verbal communication. I learned that men don't pick up on a lot of non-verbal things."

Several areas are explored in the video for men, including gestures and power linguistics. "Everyone is trying to read the signals and not get hurt," she says.

Sharon Edelson

Looking for a gold mine in In-A-Gadda-Da-Vida?

It may be more than 25 years since the musical British Invasion, but Beatlemania lives on with the recent release of the first four Beatles albums on compact disc as well as in the pages of *Goldmine*, the national "bible" of record collecting.

According to a recent issue, Beatles, Rolling Stones, Yardbirds and Kinks discs are selling for record prices. For example, the Beatles famed "Butcher" cover, which showed dismembered dolls sitting in the Fab 4's laps, is yours for a mere $1,000.

It was only last year when Sotheby's rock memorabilia auction grossed more than $500,000 for Beatles' artifacts, including artwork by Paul McCartney.

"There's a lot of revival interest right now, fueled by last summer's tours by the Monkees and the Grassroots," says Trey Foerster, *Goldmine's* managing editor.

The reason for the interest in rock 'n' roll history can be traced to "the lack of meaningful rock and contemporary music; teenagers and young listeners want to go back to rock 'n' roll's roots," he says.

What makes a collector's item? More than 14,000 avid collectors subscribe to the Iola, Wis.-based biweekly magazine just to find out. A few clues: picture discs and record sleeves; rock memorabilia; and 12-inch singles from the early days of punk rock. Bootleg recordings of Dylan and Springsteen that fans have been guarding for years probably are worth a little bit. "The older, the better," Foerster advises. Record collecting is in its infancy, although Foerster says almost anyone who grew up in the rock era probably has a wonderful collection gathering dust in a garage or spare bedroom. "They just don't know it," he says.

Laurie Freeman

Catalog browsing coming to a library in your neighborhood

If there's a HarrisCatalogLibrary Mail Order Catalog Center kiosk coming to a library near you, you'll soon be able to place orders for anything from azaleas to zoom lenses. This marketing service provides library patrons with a mini-marketplace of consumer goods, brings a new crowd of patrons into the library, provides direct marketers with a new and expanded market, and makes Warren Harris of Carmichael, Calif., one happy entrepreneur.

These kiosks provide library visitors access to about 5 million foreign and domestic products contained in some 1,000 indexed catalogs housed in metal binders. Generic order forms can be used to place and mail orders on the spot. Within the first year after installation in late 1985, Harris' prototype kiosk in Sacramento's Fair-oaks/Orangevale Library branch generated more than 3,500 known orders.

This quintessential one-stop shoppng spot was duplicated last month in Schaumburg, Ill., in that Chicago suburb's state-of-the-art library.

Harris likens his modular mail-order concept to "a time capsule. It's a wonderful slice of Americana." He would like to set up his store-away-from-home in such places as overseas U.S. military bases, U.S. embassies and consulates, foreign bookstores, and cruise ships. "Where people have the time [and money]. We'll put in Gucci and Tiffany catalogs and let them go berserk," Harris says. Other possible sites include supermarkets and post offices.

Catalog companies may find their $18

The hot seats

"Currents" takes a look at the latest concert scene with a listing of the top 10 concert draws for the past month.

	Headliner, supporting acts	Venue, city, dates	Total attendance (capacity), No. of shows	Promoter or sponsors	Gross ticket sales
1.	Bob Seger & the Silver Bullet Band, Georgia Satellites	Joe Louis Arena, Detroit, Feb. 24-March 8	121,148 (17,306) 7 sellouts	Building Group, Blackbird Prods.	$2,088,441
2.	Genesis	Florida Citrus Bowl, Orlando, Fla. Feb. 28	48,120 (48,120) 1 sellout	Cellar Door, Michelob	854,130
3.	Grateful Dead	Hampton Coliseum, Hampton, Va. March 22-24	41,400 (13,800) 3 sellouts	Monarch, John Scher, Cellar Door	599,836
4.	Bob Seger & the Silver Bullet Band, Georgia Satellites	Richfield Coliseum, Richfield, Ohio Feb. 19-20	32,292 (16,146) 2 sellouts	Belkin Prods.	548,964
5.	Billy Joel	Omni, Atlanta March 21-22	30,368 (15,184) 2 sellouts	Concert/-Southern	531,142
6.	Bon Jovi, Cinderella	The Omni, Atlanta, March 23-24	31,663 (15,831) 2 sellouts	Concert/-Southern	490,777
7.	Grateful Dead	Hartford Civic Center, Hartford, Conn. March 26-27	32,145 (16,072) 2 sellouts	Monarch, John Scher, Cross Country	486,724
8.	Neil Diamond	Sportatorium, Hollywood, Fla., Feb. 27-28	28,089 (14,044) 2 sellouts	Cellar Door	471,880
9.	Billy Joel	Sportatorium, Hollywood, Fla., Feb. 23-24	26,376 (13,188) 2 sellouts	Cellar Door	435,451
10.	Bon Jovi, Cinderella	Cobo Arena, Detroit, March 10-11	23,998 (11,999) 2 sellouts	Brass Ring	395,967

Source: *Amusement Business*

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

April

— Art & antiques —

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Art & Antiques	98.7	43.2	250.4	192.5
Art News	125.0	113.0	436.0	382.0
Southwest Art	85.6	73.8	334.1	264.7
Total Group	**309.3**	**230.0**	**1,020.5**	**839.2**
% change		+34.5%		+21.6%

— Auto/cycle/rec. vehicles —

Autoweek (52X)	142.3	133.6	544.2	547.6
Car & Driver	92.9	109.7	331.9	361.6
Car Collector & Car Classics	20.2	12.5	66.6	56.7
Car Craft	95.8	90.2	299.1	269.6
Circle Track	66.5	60.9	279.0	244.7
Cycle	73.5	68.3	197.4	203.8
Cycle Guide (9X)	53.7	69.3	166.1	178.3
Cycle World	79.0	75.5	230.8	214.8
Dirt Rider	41.9	57.9	138.3	174.5
Dune Buggies & Hot VWs	75.2	84.5	292.3	345.4
Family Motor Coaching	139.1	138.3	624.6	613.6
4 Wheel & Off-Road	89.5	97.5	299.0	328.5
Four Wheeler	97.0	85.0	319.0	322.0
Hot Rod	82.9	75.1	271.7	235.1
Motorcyclist	69.6	74.0	187.0	204.3
Motor Trend	87.5	66.9	282.8	263.2
Motorhome	83.0	104.1	314.1	365.2
Rider	64.2	69.6	170.1	196.1
Road & Track	105.5	134.3	356.5	382.4
3 Wheeling	43.7	59.1	161.2	237.4
Trailblazer	61.0	52.0	172.0	155.0
Trailer Life	108.6	117.1	392.4	458.2
Total Group	**1,772.7**	**1,835.3**	**6,096.2**	**6,357.9**
% change		−3.4%		−4.1%

— Boating & yachting —

Boating	160.6	158.3	692.7	645.9
Chesapeake Bay	46.0	39.5	170.3	141.8
Cruising World	165.3	165.7	481.4	517.1
Lakeland Boating (10X)	81.5	81.7	304.7	279.2
Motor Boating & Sailing	170.0	182.0	754.5	829.0
Sail	147.4	134.3	476.5	484.8
Small Boat Journal(6X)	64.1	60.0	122.9	113.1
Southern Boating	62.6	64.6	278.8	286.8
Trailer Boats(11X)	68.4	53.8	269.2	196.0
Western Boatman(6X)	—	—	82.4	94.7
Yachting	136.3	138.5	609.2	618.2
Total Group	**1,102.2**	**1,078.3**	**4,242.5**	**4,206.5**
% change		+2.2%		+0.9%

— Canadian —

L'Actualite	115.2	101.8	308.3	325.8
Chatelaine				
English Edition A.	108.7	120.2	295.8	383.4
French Edition	109.4	104.5	282.1	327.8
City & Country Home(10X)	—	—	168.5	140.6
Equinox	45.5	41.0	69.9	65.0
Flare A.	99.5	94.1	293.4	258.7
Harrowsmith-Canada (6X)	43.7	46.1	82.3	80.7
Macleans (52X) A.	117.0	138.0	473.4	533.3
Moneywise	34.9	33.2	122.1	150.6
Reader's Digest				
Canadian-English A.	78.4	88.8	256.3	343.8
Canadian-French A.	56.5	64.5	197.5	267.8
Toronto Life	117.8	107.3	348.1	336.5
Vancouver	69.3	88.2	230.7	278.9
Total Group	**995.8**	**1,027.6**	**3,128.4**	**3,492.9**
% change		−3.1%		−10.4%

— Civic/fraternal —

American Legion	29.8	20.1	135.7	104.1
Elks (10X)	17.8	21.5	88.5	80.2
Kiwanis	19.1	19.3	54.4	59.5
Lion (10X)	8.0	5.5	33.2	21.1
Rotarian	16.6	13.0	60.5	55.9
V.F.W. (11X)	29.3	24.7	127.5	113.3
Total Group	**120.6**	**104.1**	**499.8**	**434.1**
% change		+15.9%		+15.1%

— Comics —

DC Comics	7.0	6.0	27.0	25.0
Marvel Comics Group	9.0	6.0	34.0	27.0
Total Group	**16.0**	**12.0**	**61.0**	**52.0**
% change		+33.3%		+17.3%

— General —

American Health (10X)	62.2	55.2	216.7	172.0
American West (6X)	—	—	72.5	92.8
The Atlantic A.	65.9	66.7	158.2	172.3
Bon Appetit A.	81.9	90.0	308.4	318.7
Changing Times	61.6	48.0	260.2	200.9
Connoisseur	92.7	75.4	265.2	240.0
Consumers Digest (6X)	—	—	53.8	58.0
Ebony	83.9	96.3	345.5	367.7
Fifty Plus	49.5	52.9	176.6	133.3
Food & Wine	68.4	49.0	204.0	168.6
Games (6X)	12.1	33.8	43.5	92.6
Golden Years	50.1	27.3	164.3	90.4
Gourmet	112.3	104.5	366.6	326.8
Harper's A.	48.9	20.3	137.4	92.3
Harrowsmith (6X)	—	—	104.6	91.3
Let's Live	49.0	47.0	188.0	184.0
Life	62.8	44.7	190.7	194.5
Modern Maturity (6X)	49.4	35.7	100.0	85.6
Money	150.8	129.9	505.0	463.5
Money Maker	8.7	—	8.7	—
Moneyworth (4X)	11.9	10.5	25.0	20.5
Mother Jones (9X)	15.5	22.1	54.7	63.9
National Geographic	21.8	20.6	69.6	87.1
National Geographic Traveler	45.4	46.0	45.4	46.0
Natural History	32.9	39.9	149.3	177.0
Prevention	57.6	66.3	264.0	255.1
Psychology Today	28.2	31.5	128.5	115.0
Reader's Digest A.	107.3	150.4	338.8	385.7
Rx Being Well (6X)	—	—	56.0	45.0
Saturday Evening Post (9X)	37.9	34.7	121.8	110.1
Signature	60.2	95.8	272.0	276.7
Smithsonian	81.6	97.4	174.2	248.0
Sylvia Porter's Personal Finance (10X)	51.3	42.8	219.3	140.9
Town & Country	146.4	128.2	451.5	454.2
Travel-Holiday	56.4	62.9	222.4	198.8
Vanity Fair	67.7	42.3	207.9	170.3
Writer's Digest	28.8	24.7	106.9	92.1
Yankee	98.5	73.8	320.9	286.0
Total Group	**2,172.1**	**2,064.2**	**7,473.6**	**7,144.6**
% change		+5.2%		+4.6%

— Home —

Americana (6X)	—	—	54.8	68.8
Architectural Digest A.	142.2	136.3	437.6	436.4
Better Homes & Gardens	136.9	115.2	408.6	415.6
Colonial Homes (6X)	—	—	126.4	119.1
Columbus Monthly-Homes (4X)	29.8	30.4	52.4	52.3
Country Home (6X)	51.8	53.6	88.0	92.1
Country Living	103.3	80.6	330.5	296.4
Dallas/Ft. Worth Home & Garden	67.6	90.2	219.3	326.4
Family Handyman (10X) A.	62.8	76.2	238.9	268.3
Flower & Garden (6X)	52.6	47.2	104.4	100.8
Home	54.1	60.6	189.1	192.9
Home Mechanics	69.9	66.6	233.7	281.0
The Homeowner (10X)	35.5	35.8	123.5	110.3
Horticulture	47.1	41.2	161.7	160.6
House Beautiful	76.1	98.0	260.4	295.7
House & Garden	115.0	117.8	346.0	354.8
Houston Home & Garden	97.2	107.0	271.8	320.5
Metropolis	57.6	40.1	177.4	100.8
Metropolitan Home	108.1	99.8	264.7	237.2
1,001 Home Ideas	67.3	40.8	208.1	172.9
Phoenix Home/Garden	76.2	80.2	305.0	293.5
Practical Homeowner	42.5	43.0	193.5	205.8
Rodale's Organic Gardening	68.9	64.0	256.5	288.9
San Diego Home/Garden	54.7	58.8	245.3	254.7
South Florida Home/Garden	39.8	34.2	151.6	127.6
Southern Accents (6X)	—	—	178.9	205.9
Southern Living	149.1	189.0	472.7	563.3
Sunset Magazine A.	150.9	167.4	440.6	549.3
Texas Homes	76.2	75.9	200.9	274.9
Workbench (6X)	—	—	109.1	118.7
Total Group	**2,033.1**	**2,049.7**	**6,851.3**	**7,285.2**
% change		−0.8%		−6.0%

— In-flight & other passenger —

Aboard Group (7)(6X)	—	—	52.1	42.8
Alaska Airlines	53.8	56.7	217.6	207.8
America West Airlines	43.2	25.0	171.4	50.0
American Way (24X)	100.9	110.0	388.8	376.6
Brighton Inflight Group				
Braniff	14.4	10.8	46.0	39.0
Continental	45.8	36.2	161.1	114.1
Hawaiian Air (6X)	—	—	13.1	—
East/West Network				
Eastern Review	75.8	98.0	314.0	396.8
Northwest	40.3	46.7	174.3	183.8
PSA Magazine	71.5	82.2	301.5	350.5
Pan Am Clipper	40.7	43.2	158.1	188.3
Spirit	54.7	99.3	236.5	369.3
TWA Ambassador	44.3	—	187.3	—
United	59.2	100.5	235.8	367.6
Halsey Publications				
Air Cal	59.8	54.0	210.0	184.9
Delta Sky	83.7	102.5	305.7	296.0
US Air	44.2	50.5	171.5	170.5
Pace	91.5	110.2	328.4	329.8
Spirit of Aloha (6X)	—	—	128.8	117.7
Total Group	**923.7**	**1,025.8**	**3,801.9**	**3,785.5**
% change		−10.0%		+0.4%

— Men's —

Esquire A.	103.3	115.5	321.0	335.0
Firehouse Magazine	43.0	163.8	44.3	169.4
Gentlemen's Quarterly A.	158.2	176.8	526.2	597.3
M Magazine	66.5	68.3	285.2	224.5
Penthouse A.	41.5	30.6	156.3	139.6
Playboy A.	46.8	75.4	187.0	243.5
Salute (8X)	24.4	—	52.7	21.5
Total Group	**483.7**	**630.3**	**1,572.7**	**1,730.8**
% change		−23.3%		−9.1%

— Metropolitan —

Aloha (6X)	—	—	61.4	53.5
Atlanta	60.3	50.5	214.5	194.5
Baltimore	76.3	89.4	280.7	289.9
Boston	150.2	142.1	560.5	551.9
California	50.0	54.5	223.6	224.2
Chicago	120.1	147.8	398.8	457.6
Chicago's North Shore	78.2	72.6	306.4	284.2
Cincinnati	65.7	65.2	205.3	237.6
Cleveland	118.9	74.4	281.6	266.9
Coast (52X)	278.0	234.7	711.4	542.2
Columbus Monthly	88.1	91.9	243.9	242.8
Connecticut	120.8	99.2	392.5	362.0
D/Magazine, Dallas/Ft. Worth	107.4	133.1	431.3	485.4
Denver	39.3	36.4	120.8	132.6
Detroit Monthly	78.4	59.3	265.5	308.5
Grand Rapids	49.3	38.6	145.7	144.8
Gulfshore Life (10X)	85.8	63.0	426.8	378.0
Honolulu	52.3	61.2	215.1	224.0
Houston City	46.0	68.6	160.2	210.5
Louisiana Life (6X)	—	—	64.6	79.2
Madison	57.1	57.0	128.1	148.0
Memphis	78.0	81.0	305.0	280.0
Metropolitan Detroit	61.5	80.0	221.5	263.3
Miami/South Florida	77.3	76.3	225.2	295.6
Mid Atlantic Country	42.5	41.3	148.6	147.6
Milwaukee	56.8	83.0	208.1	261.5
Minneapolis/St. Paul	121.5	111.5	394.0	371.0
Nashville	42.0	38.0	163.0	157.0
New England Monthly	55.0	32.0	151.0	131.9
New Jersey Monthly	92.7	80.7	337.4	303.7
Ohio	47.4	49.8	212.2	206.5
Oregon (6X)	—	—	44.0	—
Orlando	104.5	128.0	383.1	413.5
Palm Beach Life	77.0	74.5	386.2	364.6
Palm Springs Life	120.0	108.4	535.0	521.3
Philadelphia	167.5	129.5	542.8	481.6
Phoenix	69.2	102.6	297.3	407.9
Pittsburgh	71.2	68.6	249.2	228.3
St. Louis	58.4	48.3	198.1	171.0
San Diego	140.5	153.3	517.3	565.3
San Francisco Focus	115.6	104.7	339.4	339.5
Texas Monthly	94.5	121.2	349.6	522.4
Twin Cities	82.2	53.1	224.9	186.6
The Virginian (6X)	—	—	114.6	117
Washington (7X)	—	—	114.6	117.0
The Washingtonian	165.3	138.3	594.2	555.7
Total Group	**3,663.1**	**3,543.3**	**13,094.9**	**13,228.1**
% change		+3.4%		−1.0%

— Movie/romance/radio/tv —

Macfadden's Women's Group				
Modern Romances	22.7	18.1	94.1	79.7
Secrets	22.7	18.1	94.1	79.7
True Confessions	22.7	18.1	94.1	79.7
True Experience	22.7	18.1	94.1	79.7
True Love	22.7	18.1	94.1	79.7
True Romance	22.7	18.1	94.1	79.7
Sterling Women's Group				
Daytime TV	25.5	25.8	98.1	99.2
Modern Screen (6X)	—	—	29.0	31.0
Movie Mirror (6X)	—	1.0	14.5	16.5
Soap Opera Stars (6X)	16.2	16.5	30.7	33.3
TV Movie Screen (6X)	7.3	8.3	14.6	16.6
TV Picture Life (6X)	2.0	5.3	3.0	9.6
Total Group	**187.0**	**165.5**	**754.3**	**684.3**
% change		+13.0%		+10.2%

— Music/entertainment —

Audio	65.9	58.7	288.0	267.8
Dance Magazine	56.3	62.8	119.0	124.3
Playbill	44.3	40.0	164.2	170.1
Stereo Review	64.1	52.0	325.6	266.4
Video Magazine	63.6	69.5	288.2	291.8
Total Group	**294.2**	**283.0**	**1,185.0**	**1,120.4**
% change		+4.0%		+5.8%

— Outdoor & sport —

Alaska	39.6	58.1	142.9	191.7
The American Handgunner (6X)	—	—	78.0	65.0
American Hunter	22.9	18.3	76.7	70.1
American Rifleman	30.5	20.3	104.0	85.9
Backpacker (6X)	—	—	53.8	44.9
Bass Master (10X) A.	65.6	63.7	329.6	304.0
Bicycling (9X)	127.6	90.5	298.3	267.0
Ducks Unlimited (6X)	—	—	39.1	58.0
Field & Stream	83.6	88.1	356.1	360.5
Fins & Feathers A.	47.3	45.5	175.5	184.1
Fishing World	—	—	111.7	112.7
Florida Sportsman	136.1	128.9	588.5	546.6
Flying	44.3	38.2	180.0	146.8
Golf Digest	108.4	98.5	408.4	407.4
Golf Magazine	79.5	64.1	396.4	385.3
Gun Dog (6X)	—	—	63.3	57.4
Guns	24.0	32.0	121.0	143.0
Guns & Ammo	60.6	47.9	171.6	190.0
In-Fisherman (6X)	117.0	107.0	262.0	210.0
Muscle & Fitness	120.3	114.0	463.5	433.7
Outdoor Life	79.8	92.6	334.4	336.8
Outside Magazine	74.7	77.1	192.5	190.9
Petersen's Hunting	68.8	42.0	173.6	162.1
Runner	37.2	38.3	112.7	123.0
Runner's World (13X)	44.5	42.5	137.8	126.3
Saltwater (8X)	31.0	—	96.6	—
Salt Water Sportsman	110.6	94.6	515.0	486.7
Sierra (6X)	—	—	85.0	88.0
Shooting Times	24.2	27.5	135.2	155.8
Ski (8X) A.	36.4	40.1	252.2	249.2
Skiing (7X) A.	—	—	203.3	170.6
Skin Diver	100.6	91.7	394.4	357.2
Southern Outdoors (9X)	47.9	48.2	208.5	181.6
Sport	46.7	53.0	152.9	169.6
Sports Afield	100.0	72.3	411.8	301.1
Tennis	72.9	85.3	243.2	256.4
Waterski (8X)	66.0	54.0	126.0	94.8
Western Outdoors (10X)	62.1	48.1	202.9	226.3
Wildfowl (6X)	7.9	8.8	17.3	18.3
Wing & Shot	—	—	22.0	—

A. Sectional linage included but prorated to circulation of regional editions.
All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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April

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Women's Sports & Fitness	26.3	28.0	91.8	83.3
World Tennis	32.5	32.7	96.4	112.6
Total Group	**2,177.3**	**1,991.8**	**8,625.9**	**8,154.8**
% change		**+9.3%**		**+5.8%**
— Photography —				
American Photographer	31.3	35.8	117.8	145.1
Petersen's Photographic	32.0	24.3	101.6	91.6
Popular Photography	74.3	63.4	267.2	254.3
Total Group	**137.7**	**123.5**	**486.5**	**491.1**
% change		**+11.5%**		**-0.9%**
— Religious —				
Charisma	53.5	54.8	196.6	217.7
Christian Herald (11X)	28.5	28.8	113.2	121.7
Christian Life	25.5	26.7	100.3	110.2
Christianity Today (18X)	81.3	49.5	230.5	220.3
Ministries Today (6X)	37.9	58.3	77.1	136.7
Moody Monthly (11X)	45.5	39.0	165.1	194.9
Our Sunday Visitor (52X)	17.4	10.1	54.8	44.6
Today's Christian Woman (6X)	—	—	65.7	54.8
Total Group	**289.7**	**267.2**	**1,003.3**	**1,100.8**
% change		**+8.4%**		**-8.9%**
— Science/electronic/mechanic —				
Discover	42.9	29.7	183.0	129.4
Family Computing	40.1	36.7	195.5	168.8
Omni	58.0	62.3	220.3	220.9
Personal Computing	132.7	116.1	508.1	427.7
Popular Mechanics	102.3	95.7	354.0	362.0
Popular Science	69.2	94.2	268.4	303.6
Scientific American	27.0	36.7	132.1	131.0
Spectrum	62.3	86.6	269.1	372.9
Total Group	**534.4**	**558.0**	**2,130.4**	**2,116.3**
% change		**-4.2%**		**+0.7%**
— Woman/fashion/service —				
Bride's Magazine (6X) A	324.7	275.9	906.5	794.4
Cosmopolitan A	200.8	209.0	765.0	758.9
Essence	77.1	114.3	281.2	325.4
Family Circle (17X) A	129.0	127.7	460.7	552.9
Glamour	240.0	217.4	741.0	684.1
Good Housekeeping A	165.6	156.3	509.1	604.8
Health	52.2	36.5	179.8	154.5
Ladies' Home Journal	114.5	114.5	393.1	447.2
Mademoiselle	188.7	167.4	578.8	462.9
McCall's	89.6	88.8	361.4	347.9
Military Lifestyle	46.9	32.2	186.8	155.2
Modern Bride (6X)	242.4	206.5	817.4	706.3
Ms.	38.3	38.7	145.1	148.5
New Woman	92.8	82.4	308.4	276.3
Parents Magazine A	122.5	96.8	389.6	[illegible]
Redbook	96.7	81.6	363.1	[illegible]
Self	127.1	97.8	386.2	[illegible]
Seventeen	139.7	118.9	485.9	417.4
Shape	76.5	72.5	280.9	275.2
Soap Opera Digest (26X)	25.4	26.2	74.3	79.2
Teen Magazine	62.0	55.2	192.2	162.9
True Story A	52.9	190.7	46.0	192.6
Vogue	251.5	233.1	1,068.1	1,033.4
W Magazine	94.6	61.6	508.3	463.3
Woman (9X)	35.5	27.0	99.0	51.0
Weight Watchers	30.0	35.5	129.7	140.7
Woman's Day (16X) A	108.6	115.9	494.3	487.2
Workbasket	32.2	30.2	136.7	152.5
Working Mother	78.3	68.2	302.9	261.6
Working Woman	106.7	118.7	359.9	395.0
Total Group	**3,442.8**	**3,297.3**	**11,951.5**	**11,594.0**
% change		**+4.4%**		**+3.1%**
— Youth —				
Boys' Life	12.8	12.2	60.6	64.1
Campus Life (10X)	29.6	29.3	165.9	185.2
Total Group	**42.4**	**41.5**	**226.5**	**249.3**
% change		**+2.0%**		**-9.2%**

March

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Business/national —				
Barron's	253.7	232.1	591.5	550.8
Black Enterprise	39.4	40.8	180.4	205.5
Business Week (52X) A	397.3	371.5	847.4	817.5
Dun's Business Month	36.0	55.0	90.1	132.3
Financial World (26X)	63.6	49.3	181.2	138.7
Forbes (26X)	209.6	250.4	590.1	631.6
Fortune (26X)	227.9	246.2	495.7	584.3
Frequent Flyer	47.1	65.3	145.4	169.7
Futures	53.0	49.0	140.8	134.5
High Technology	22.7	24.5	50.4	54.5
Inc. Magazine A	68.9	80.9	208.5	214.0
Income Opportunities	87.9	66.7	185.7	145.6
Industry Week (25X) A	77.6	105.5	197.7	230.1
Nation's Business (12X) A	22.0	28.2	78.1	96.5
Personal Investor (6X)	—	—	40.0	—
Savvy	35.7	35.0	103.3	85.2
Venture	67.6	75.0	196.6	180.5
Total Group	**1,710.0**	**1,775.3**	**4,322.9**	**4,371.2**
% change		**-3.7%**		**-1.1%**
— Business/regional —				
Advantage-Nashville	49.0	73.0	160.0	164.0
Arizona Bus. Gazette (52X)	25.9	41.6	92.0	99.7
Baltimore Bus. Journal	112.9	90.5	262.2	185.2
Boston Bus. Journal (52X)	147.3	172.4	346.8	409.3
Business Atlanta	56.5	62.8	151.9	158.6
Business First of Buffalo	85.3	68.8	195.3	178.8
Business First of Columbus	126.9	95.3	290.6	232.1
Business Journal-Milwaukee	139.1	128.4	337.5	322.5
Business Journal-Sacramento	62.8	47.4	156.8	117.0
Business North Carolina	44.5	33.0	108.5	101.7
Capital Dist. Bus. Review (25X)	96.5	—	231.9	—
Cincinnati Business Courier	121.1	107.8	306.0	223.9
Corporate Report Kansas City	25.1	37.5	60.7	102.3
Crain's Chicago Bus. (52X)	169.4	173.0	415.4	438.0
Crain's Cleveland Bus. (52X)	64.7	63.9	141.9	163.8
Crain's New York Bus. (52X)	38.3	40.1	82.7	91.3
Florida Trend (13X)	66.9	74.5	212.3	228.3
Georgia Trend	67.1	39.9	203.5	139.4
Grand Rapids Bus. Journal	53.0	33.5	125.3	83.6
Hawaii Business	39.3	41.7	119.0	116.5
Houston Bus. Journal (52X)	69.2	83.2	147.7	212.1
Indianapolis Bus. Journal (52X)	143.8	161.9	380.4	398.5
Intercorp-Connecticut (26X)	65.0	71.5	208.9	216.0
Manhattan Inc.	77.4	70.6	202.8	180.8
New England Bus. (20X) A.	76.2	103.3	157.3	222.1
New Orleans City Business	71.7	92.1	153.7	192.1
Pacific Bus. News (52X)	138.6	128.5	315.3	320.0
Philadelphia Bus. Journal (52X)	172.2	128.4	389.2	312.8
Pittsburgh Bus. Times (52X)	156.6	128.0	356.5	283.8
Providence Business News	77.9	—	180.2	—
Regardie's/Washington	127.7	116.1	384.2	338.6
San Diego Bus. Journal (52X)	46.7	36.9	105.9	83.6
South Florida Bus. Journal	125.8	118.8	340.8	330.3
St. Louis Bus. Journal (52X)	135.8	157.4	350.8	390.2
Texas Business	34.9	53.4	97.4	146.3
Warfields Monthly	57.0	48.8	177.5	48.7
Total Group	**3,167.7**	**2,923.9**	**7,948.8**	**7,231.6**
% change		**+8.3%**		**+9.9%**
— National Sunday magazines —				
Parade (52X)	52.1	69.6	154.3	162.5
USA Weekend (52X)	46.0	66.0	121.6	163.1
Total Group	**98.1**	**135.6**	**275.9**	**325.6**
% change		**-27.7%**		**-15.3%**
— Newspaper Sunday magazines —				
Boston Globe	218.7	222.1	544.9	550.9
Chicago Tribune	150.7	145.5	295.5	270.0
Cleveland Plain Dealer	68.7	69.7	134.8	114.4
Columbus Dispatch	48.2	60.7	106.5	103.6
Detroit News	96.0	103.0	207.0	222.0
L.A. Times	47.1	67.3	243.3	196.1
Louisville Courier-Journal	70.6	84.7	168.7	179.9
Miami Herald	49.1	68.2	123.5	134.2
New York Times Magazine	567.5	535.6	955.6	932.0
Philadelphia Inquirer	80.5	105.0	171.5	196.0
Seattle Times	71.0	68.0	140.0	133.0
St. Louis Post Dispatch	99.0	74.2	202.4	147.7
Toledo Blade Magazine	44.3	48.2	96.5	113.4
Washington Post	185.6	161.0	380.6	394.5
Total Group	**1,797.0**	**1,813.3**	**3,770.8**	**3,687.8**
% change		**-0.9%**		**+2.3%**
— Weeklies/bi-weeklies —				
The Advocate (26X)	137.5	127.2	367.2	363.2
Army Times Military Group:				
Air Force Times (52X)	177.9	206.8	464.4	504.7
Army Times (52X)	170.2	193.2	449.6	470.8
Navy Times (52X)	194.7	221.9	508.5	543.1
The Blood-Horse (52X)	325.2	397.0	1,465.8	1,336.4
Capper's Weekly (26X)	40.2	25.9	116.8	86.3
Commonweal (22X)	8.2	13.1	27.0	29.2
Golf World (43X)	83.0	87.0	254.0	246.5
Grit (52X) A.	27.6	25.7	102.1	74.3
National Journal (50X)	44.3	55.5	146.2	149.7
National Review (25X)	38.6	32.3	90.5	86.4
New Republic (48X)	43.5	38.1	97.9	97.2
New York Magazine (50X)	288.8	300.4	631.3	630.8
New Yorker	233.3	238.5	551.7	548.5
Newsweek (52X) A.	234.9	237.8	562.9	560.5
People (52X)	312.0	324.9	733.3	757.9
Sporting News (52X)	51.5	45.6	140.3	163.8
Sports Illustrated (52X) A.	221.4	195.9	598.2	632.7
Time (52X) A.	245.0	233.6	564.7	578.8
Travelhost (52X) C.	2,985.0	2,895.0	8,520.0	8,434.0
TV Guide (52X) A.	297.3	334.9	994.7	1,019.3
TV Update (52X) C.	2,678.0	2,632.0	7,054.0	6,820.0
Us Magazine (26X)	40.9	35.2	99.9	103.7
U.S. News & World Report A.	162.9	153.4	357.1	359.5
Total Group	**9,041.9**	**9,050.7**	**24,898.0**	**24,597.1**
% change		**-0.1%**		**+1.2%**
— Foreign —				
Business Week Int'l (52X)	119.4	131.2	249.2	287.7
De Armas Publications:				
Geomundo:				
Central America	4.0	2.0	11.0	7.0
Chile	3.0	2.0	10.0	7.0
Colombia	10.0	4.0	27.0	16.3
Ecuador	4.0	2.0	11.0	6.0
Mexico	6.5	7.5	16.5	12.5
Peru	3.0	2.0	8.0	5.0
Puerto Rico	4.0	—	14.0	3.0
U.S.	3.7	2.7	8.0	11.0
Venezuela	15.0	13.0	34.0	26.0
Hombre De Mundo:				
Central America	6.0	6.0	13.0	17.0
Chile	7.0	5.0	14.0	14.0
Colombia	8.3	9.5	19.3	28.8
Ecuador	6.0	3.0	13.0	12.0
Mexico	7.5	7.0	20.0	15.0
Peru	4.0	3.0	8.0	9.0
Puerto Rico	6.0	4.0	13.0	10.0
U.S.	23.7	22.2	38.3	32.5
Venezuela	13.0	12.0	35.0	35.0
Ideas Para Su Hogar:				
Colombia	7.3	5.0	18.8	20.7
Ecuador	1.0	3.0	1.0	4.0
Mexico	5.8	1.0	11.7	3.0
Peru	3.0	1.0	11.5	3.0
U.S.	4.0	3.0	13.0	9.0
Venezuela	4.0	6.5	9.0	20.5
Mecanica Popular:				
Argentina	5.7	3.3	21.0	7.0
Central America	6.7	9.7	24.0	25.3
Chile	4.7	5.0	11.0	14.3
Colombia	14.7	10.5	43.5	41.2
Mexico	10.5	9.5	33.8	23.7
Peru	8.2	9.5	25.5	24.8
Puerto Rico	5.2	8.2	18.5	20.3
U.S.	4.7	5.3	13.0	18.5
Venezuela	7.2	9.0	25.0	26.3
Vanidades Continental:				
Central America	11.3	6.5	21.7	21.5
Chile	1.8	2.3	5.2	7.0
Colombia	49.0	34.0	99.3	85.2
Ecuador	21.8	10.0	37.8	36.0
Mexico	86.3	42.7	154.5	98.2
Peru	13.0	3.0	34.7	15.3
Puerto Rico	34.2	19.3	77.0	57.7
U.S.	74.2	43.3	142.5	102.0
Venezuela	42.3	30.3	79.7	75.2
Hearst International Publications:				
Buenhogar:				
Central America	—	—	1.0	2.0
Chile	1.0	1.0	3.0	3.0
Colombia	16.7	23.2	42.5	54.3
Ecuador	10.0	7.0	20.0	25.0
Mexico	28.7	19.3	62.7	48.0
Peru	6.0	3.0	18.5	9.0
Puerto Rico	2.7	8.0	3.8	22.0
U.S.	33.5	14.3	63.5	56.2
Venezuela	15.3	18.3	38.2	49.0
Cosmopolitan en Espanol:				
Central America	3.0	2.3	10.0	6.7
Colombia	9.5	4.5	20.0	17.0
Ecuador	2.0	—	2.0	—
Mexico	23.5	24.2	54.0	45.8
Puerto Rico	12.0	3.5	34.8	14.7
U.S.(Spanish language)	36.5	32.5	69.2	62.2
Venezuela	12.0	12.3	29.0	31.7
Cosmopolitan Foreign:				
Australia	68.5	61.1	164.1	155.4
Brazil	48.8	84.7	172.5	180.9
China	38.3	42.2	142.5	95.9
France	105.5	105.0	209.3	114.5
Germany	127.2	96.5	253.7	217.7
Great Britain	87.0	100.0	199.0	214.5
Greece	28.0	30.0	94.0	95.0
Holland	67.0	64.0	123.0	121.0
Italy	121.3	104.3	187.5	162.5
Japan	33.7	36.0	108.9	162.1
South Africa	79.0	92.0	193.0	166.0
Good Housekeeping Foreign:				
Australia	20.8	26.2	63.6	78.7
Great Britain	123.0	121.4	293.3	290.6
International Communications:				
African Business	16.0	45.2	46.9	77.5
The Middle East	5.8	8.7	29.0	27.2
New African	16.5	16.2	40.3	45.8
International Management:				
Europe	23.2	49.0	66.1	108.3
Middle East	7.5	15.0	15.0	24.7
Johnston International:				
Alam Attijarat	25.2	46.7	68.8	95.6
Far East Business	30.0	35.5	56.3	71.0
Modern Africa (6X)	9.5	15.8	19.7	29.1
Latin America Finance (6X)	17.2	19.3	31.4	38.5
Newsweek International A.				
Atlantic (52X)	77.8	88.5	170.2	194.2
Latin America (52X)	28.3	32.9	68.1	74.8
Pacific (52X)	61.8	60.3	136.1	147.7
Progreso (9X)	4.3	6.6	14.6	12.2
Reader's Digest:				
Arabic	3.0	6.5	12.0	15.5
Asian	125.0	139.5	475.0	697.5
Australian	72.5	75.3	141.5	155.6
Belgian-Flemish	52.0	79.5	101.0	154.0
Belgian-French	21.5	53.5	57.5	108.5
British	44.2	43.0	119.1	130.0
Chinese B.	53.8	52.0	233.8	291.0
Danish	44.5	34.3	92.0	84.8
Dutch	37.5	26.8	98.0	73.1
Finnish	40.5	49.8	69.5	109.8
French	18.0	13.1	47.8	41.6
German	79.4	71.6	205.0	179.5
Iberian	—	0.5	1.0	1.0
Indian-English	62.0	94.5	208.0	267.0
Indian-Hindi	10.5	14.5	36.5	34.5
Italian	30.0	37.0	101.5	97.5
Korean	32.5	24.3	89.3	77.9
Latin American:				
Argentina	13.0	10.0	35.5	25.5
Brazil	—	2.0	—	14.0
Central American	5.0	6.0	13.0	13.0
Chile	6.0	7.0	36.0	28.5
Colombia	27.0	2.0	74.0	42.0
Ecuador	3.0	4.0	9.0	14.0
Mexico	64.0	47.6	133.4	99.8
Peru	4.0	6.0	12.0	19.0
Puerto Rico	4.0	4.0	11.0	13.0
U.P.B.	6.0	3.0	12.0	14.0
U.S. Spanish	5.5	7.5	16.5	16.0
Venezuela	6.0	3.0	14.0	16.0
New Zealand	40.5	45.0	135.5	172.5
Norwegian	9.8	10.5	26.8	17.0
Portugal	34.0	31.0	85.0	107.5
South African	49.0	59.5	185.5	191.5
Swedish	6.0	19.5	19.0	42.0
Swiss-French	34.5	29.0	73.5	64.0
Swiss-German	46.0	38.0	94.0	87.0
Time-Asia	59.6	66.3	126.1	165.6
Time-Atlantic	122.2	133.0	209.3	226.2
Time-Canada	192.0	211.0	440.9	484.8
Time-Latin America	33.4	59.9	67.8	122.2
Visao (52X)	98.2	122.2	288.2	291.5
Vision/Latin America (24X) A.	19.2	24.2	46.0	55.7
Total Group	**3,779.1**	**3,859.2**	**9,183.4**	**9,623.5**
% change		**-2.1%**		**-4.6%**

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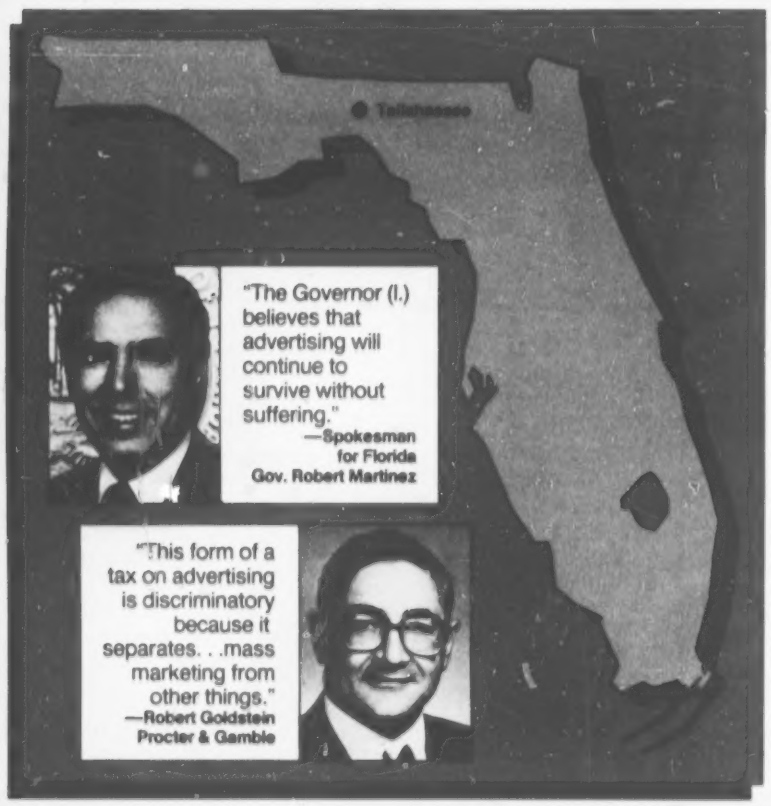
Florida faces ad boycott


Tallahassee
"The Governor (l.) believes that advertising will continue to survive without suffering."
—Spokesman for Florida Gov. Robert Martinez
"This form of a tax on advertising is discriminatory because it separates. . .mass marketing from other things."
—Robert Goldstein Procter & Gamble

ANA schedules summit as ad tax becomes law

By STEVEN W. COLFORD

Major consumer-goods companies are exploring an advertising boycott of Florida, a reaction to the state's new 5% sales tax on advertising.

Florida Gov. Robert Martinez signed the controversial tax legislation late last Thursday, the same day the state House and Senate forwarded the bill for approval. A spokesman for Gov. Martinez said the governor believes "advertising will continue to survive without suffering."

A national-advertiser summit meeting tentatively is set for the first week in May in New York. It is being arranged by the Association of National Advertisers.

"I have one report that there are no antitrust implications to advertisers banding together to influence legislation," said ANA President DeWitt Helm Jr. "If that's true, then the ANA may recommend canceling all advertising in Florida.

"A lot of people already are telling the networks to cut their advertising at the Florida border."

From a technical standpoint, that appears feasible, particularly with satellite transmission of programming from New York. "We can do it, and I think it will start happening," said an NBC VP. "It wouldn't surprise me at all."

Spokesmen at ABC and CBS agreed that such ad-stripping for an individual state could be accomplished.

For national newspapers, eliminating an ad in one state often would mean cutting it out of papers going to neighboring states as well, because of printing-plant requirements.

In *The Wall Street Journal*, an ad eliminated from Florida would be struck from Alabama, the Carolinas, Georgia and parts of Tennessee as well. *USA Today*, which has three printing sites in Florida, said it would be possible to black out advertising, but a spokeswoman added that it has never been done since the paper's advertising zones cover much larger geographic areas than just Florida.

How ad tax will work—Page 78

Radio networks often are forced to withhold advertising from certain markets, but it is done at the local-affiliate level.

"We can advise the affiliates in a given situation to cut a particular commercial," said a CBS Radio spokeswoman.

The Florida ad tax, to take effect July 1, is expected to raise as much as $100 million in its first year from Florida's advertising community and from national marketers whose advertising enters the state.

Among the companies expected to be represented at the ANA meeting are Procter & Gam-

(Continued on Page 78)

Metter exit signals restructuring at JWT

By STEWART ALTER

NEW YORK—Bert Metter's resignation as chairman-ceo of J. Walter Thompson USA indicates more big changes are in the works at the agency.

Mr. Metter's departure last week came after JWT Group Chairman-CEO Don Johnston abruptly canceled Mr. Metter's plans to hire two key executives.

It remains unclear whether Mr. Metter's resignation stemmed from his embarrassment at having his hiring decisions overruled or because Mr. Johnston's U.S. reorganization ideas offer little role for Mr. Metter.

The full extent of Mr. Johnston's cost-control restructuring plan for JWT/USA is expected to be disclosed this week at an agency board meeting.

Mr. Metter's exit fuels the controversy over Mr. Johnston's stewardship of JWT. Mr. Metter is the fifth top-level agency executive to resign or be dismissed in the past 14 months over disputes with Mr. Johnston's succession plans *(see box, Page 78)* and his handling of the profit problems that continue to plague the company.

Just two weeks ago, Mr. Metter was prepared to bring two former JWT executives back to the agency. William Thompson Jr. had resigned as exec VP-director of multinational accounts at McCann-Erickson to become the top administrative officer of JWT/USA; Sonia Yuspeh had spent two months shutting down her research consultancy to assume Mr. Metter's former position as JWT's head of business development.

Only days before the two executives were to join the agency, Mr. Johnston canceled the appointments.

Neither Mr. Thompson nor Ms. Yuspeh were available for comment.

Mr. Thompson, once the top worldwide account exec on Coca-Cola Co. at McCann, still is expected to join JWT in a top-level account role (AA, April 20). Ms. Yuspeh is expected to reopen her consultancy.

Mr. Johnston, who assumed the title of chairman-ceo of J. Walter Thompson Co. after he dismissed Joseph O'Donnell from that post three months ago (AA, Feb. 2, *et seq.*), now has assumed the U.S. agency ceo duties from Mr. Metter.

B. Metter

But that arrangement could be short-lived, once Mr. Johnston announces his restructuring of the agency.

Details about Mr. Metter's departure and the U.S. reorganization are scant. Neither Mr. Johnston nor Mr. Metter returned phone calls.

It appears that Mr. Johnston plans to collapse the U.S. staff and overhead structure. Sources said Mr. Johnston wants to stress positions that actually work on client business and reduce the number of highly paid staffers. Mr. Metter was moving in the other direction.

Whatever the specifics of Mr. Johnston's plan, sources say he envisions it as the solution to the succession crisis and financial difficulties associated with

(Continued on Page 78)

Last Minute News

DYR chief Brody to resign

NEW YORK—Alexander Brody, 54, president-ceo of DYR Worldwide, will resign from the agency. Mr. Brody, who was not available for comment, reportedly is considering positions either at Ogilvy & Mather or J. Walter Thompson Co.

Lever asks rivals to change ad claims

NEW YORK—Lever Bros. asked Colgate-Palmolive and Procter &

(Continued on Page 8)

Merger plan places DFS over Compton

By STEWART ALTER

NEW YORK—Saatchi & Saatchi Co. last week put plans on the table for DFS Dorland Worldwide here to take over Saatchi & Saatchi Compton, a merger that calls for eliminating the Compton name.

A decision on the merger, which will affect only U.S. operations, is expected within two weeks.

Under the plan, DFS Dorland management would hold the top positions in the merged domestic agency.

Compton executives, who first heard the proposal formally last week, are expected to resist the plan in its current form.

The merger would create a $1.2 billion-to-$1.3 billion New York operation, surpassing Grey Advertising as the only other billion-dollar office here.

DFS Dorland handled $709 million in billings in New York and Compton had $600 million last year, according to ADVERTISING AGE.

About $100 million could be lost through "conflicts," however. DFS Dorland handles Northwest Airlines, while British Airways is based at Saatchi & Saatchi in Lon-

(Continued on Page 76)

Highlights

Movable future for SAMI/Burke 4
Time Inc. appears poised to sell its SAMI/Burke research subsidiary after initially rejecting a sale because bids were too low, sources say. Time is said to be disenchanted with SAMI/Burke's financial results, which were dampened by the start-up of Scan-America, a joint venture with Arbitron Ratings Co.

Army's next round 6
The controversy surrounding the $100 million U.S. Army account Young & Rubicam landed in January is not over. Y&R and the Army now must contend with irate hispanic organizations rallying behind Sosa & Associates, a longtime subcontractor to the Army's former agency, N W Ayer.

AmEx checks competition 10
Visa International and MasterCard International had been holding ground with the top two best-recalled credit card ads, but American Express Co.'s "Membership has its privileges" campaign is knocking them silly.

Europe gets barter TV 12
U.S. advertising agencies are taking advantage of increasing TV deregulation in Europe to introduce the barter concept of trading programming to networks for free ad time around the shows.

Home secure home 24
The home security market, expected to grow from $3.8 billion in 1986 to $9 billion by 1990, will be fueled by the battle between Black & Decker Corp. and Schlage & Co.

Lotus to spread 31
Lotus Performance Cars is counting on its new agency, McCann-Erickson, to prepare the campaign for a line expansion that includes a $120,000 "super car." For the $2 million account, McCann-Erickson, New York, beat out finalists Brogan Kabot Advertising, Southfield, Mich., and incumbent Durfee & Solow, New York.

Beware fountain of youth 64
The U.S. Food & Drug Administration's belated check of anti-aging skincare claims is meant to send a warning to other makers of skincare—and hair-thickening—products that tout regenerative claims.

Pass the JUG 70
Although ad pitches for wine coolers typically are set on front porches, only one cooler appears to have been created precisely for porch drinking: JUG. The line of 750 milliliter wine coolers is marketed by the Wine Group, San Francisco.

Chicago's paper war 74
The *Chicago Tribune* abruptly replaced Ogilvy & Mather with Hal Riney & Partners last week just as rival *Chicago Sun-Times* readied a major image campaign and graphic redesign.

INTERNATIONAL

BJK&E aims for top 10 status 46
Bozell, Jacobs, Kenyon & Eckhardt plans to win top 10 worldwide status within two years through a series of acquisitions and affiliations overseas, according to Murray Smith, president-international of the agency.

'Herald Tribune's' centennial 47
The *International Herald Tribune*, an institution among Americans abroad and the English-speaking community around the world, is celebrating its 100th anniversary this year. The Paris-based paper is hosting events and conferences to honor the centennial in cities around the world.

OTHER NEWS

Procter & Gamble Co., which slashed its broadcast TV spending nearly $100 million last year, also cut its cable TV expenditures 12% to $27.7 million, according to the latest Broadcast Advertiser Reports figures. Page 10.

With fewer dollars—but no less product excitement—than the leading cola companies, the nation's second-tier soft-drink marketers are gearing up hot-weather advertising and promotional programs. Page 10.

Chevrolet, which dropped former Chicago Bear Dick Butkus as ad pitchman, turned to a grizzly bear to launch its new full-size pickup truck. Page 43.

As the magazine industry renews charges of rate-breaking, attention again has turned to the women's service titles. Page 51.

Yugo America is trying to broaden its image to set the stage for more expensive cars in its product lineup. Page 61.

When one business sells its name to another, the seller normally is required to change its name so there is no question that the buyer will obtain all of the goodwill for which it is bargaining. The same approach does not appear to have been applied to individuals selling their personal names for business use. Page 62.

Controversy continues to surround Roy Grace, who left Doyle Dane Bernbach in January 1986 to open the Grace & Rothschild agency. Page 70.

SPECIAL REPORT

Premiums & Promotions— *Although total expenditures in the industry grew only 2.9% in 1986 over 1985, industry observers predict the business will heat up this year as the trend toward enticing the consumer with extra-added attractions, including creative promotions and well-selected incentives, continues.*

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FIGURES TO FILE

COFFEE MARKET SHARES 54

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Barter shops join forces to survive

By VERNE GAY

NEW YORK—Barter TV syndicators, confronting what they see as threats to their economic survival, are rapidly adopting a new protective measure: consolidation.

Most barter syndicators have been forced to concede that survival requires being part of a huge package of highly rated programming.

Staff photo by Arnold Adler

Henry Siegel (above), LBS chairman-president, said he will attempt a leveraged buy-out of the company from Grey Advertising, New York, or spin it off. Talks have ended with oilman Marvin Davis.

Megamergers among advertisers have consolidated syndicators' revenue base, and the emergence of more syndication shops has increased the programming offered. So, with a few notable exceptions, nearly every barter syndicator is talking with potential partners.

Advertisers, though, who spend $700 million a year in barter TV, appear mixed about the consolidation trend. Some say they haven't had any problems yet, but others say the trend makes it more difficult to negotiate a good price.

Among the major developments indicating the scope of the trend:

- King World is expected to make a "major announcement" within two weeks concerning its Camelot sales subsidiary. Sources said Camelot may be combined with another major barter house.

Rick Levy, president, said Camelot is "looking to expand with product lines in a lot of areas—kids, sports, late night. Essentially, we are considering a fourth network. We are setting ourselves up to be a full-service organization, either by ourselves or with others."

- Walt Disney Co. discussed turning over to Camelot its barter sales, currently handled by its Buena Vista division. Those talks are considered dead, and Buena Vista is said to be searching for another partner. Officials declined comment.
- Group W Productions wants to acquire Taft Broadcasting's Worldvision Enterprises, a huge international syndicator and a major domestic barter house. The acquisition would create the largest barter TV seller of children's commercial time. However, FMI Financial Corp. has bid to buy Taft and, if successful, is expected to keep Worldvision. Nevertheless, a

(Continued on Page 76)

Nets hold time to counter make-goods

Upfront children's TV rates jump 30%

By VERNE GAY

NEW YORK—Cost-per-thousand rates soared as much as 30% from year-earlier levels in Saturday morning children's TV, as the Big 3 networks wind down advanced commercial sales for that time in the 1987-88 season.

ABC-TV said it had completed nearly all upfront sales, while the other two networks are believed to be still negotiating with several advertisers.

In addition, agency sources confirmed that the networks have held back large amounts of commercial time, to protect themselves from severe make-good problems next year.

The networks consider this a prime strategy in all time periods because of the drop in recorded audience levels expected from the use of A.C. Nielsen Co. people meters (AA, March 16).

Sources say the remarkable price rise in Saturday mornings—which only a year ago was suffering from a severe lack of advertiser interest—was due to several factors. But the chief one was the apparent success ABC and CBS had in getting advertisers to accept artificial cost-per-thousand price increases due to the switch to people meters.

The meters caused increases in CPM rates for children 2 to 11 during the 1986-87 season because tests demonstrated Nielsen's traditional diaries generally have overstated children's viewing. Advertisers have said they would resist accepting such an artificial increase in any time period.

But the networks, which faced millions of dollars of lost revenue, persuaded advertisers to negotiate *future* buys on the lower people meter results.

Both ABC and CBS said they would guarantee advertisers on

(Continued on Page 76)

Charge-card pitch registers

AmEx soars to No. 2 position

By JULIE FRANZ

The major credit-card companies have gotten into a war of the airwaves for a bigger share of the almighty consumer debt.

Visa International and MasterCard International had been holding ground with the top two best-recalled credit-card ads, but American Express Co.'s new "Membership has its privileges" campaign is knocking them silly.

Top-of-mind awareness of AmEx ads vaulted it into a close second behind Visa from a distant third, jumping 9.2 percentage points to 21.3% of first mentions, in Advertising Age's March adWatch survey. That's the largest increase in advertising awareness for any advertiser that month.

ADWATCH

Awareness of Visa's "It's everywhere you want it to be" ads fell 3.7 percentage points, to 21.8% of first mentions, when consumers were asked to name the first credit-card ad that came to mind of all seen, heard or read in the past 30 days. BBDO Worldwide, New York, handles Visa.

MasterCard's ad awareness fell 5.2 percentage points to 15.2% of first mentions, the largest drop of any advertiser in March, shifting it into third place among credit-card advertisers.

It had narrowed the gap in recall between its ads and those of Visa with its "Master the possibilities" campaign, which started about a year ago. But the spots seemed to have lost their firepower as consumers tire of watching celebrities fulfill their hedonistic wishes by charging it.

MasterCard recently began a full-scale agency review that includes a dozen agencies.

One contestant is incumbent William Esty Co., New York, which has been its agency for 15 years (AA, April 20).

AmEx in February switched from its long-running celebrity pitch themed "Do you know me?" to a campaign focusing on services available to AmEx card members.

Ogilvy & Mather handles AmEx.

The company launched another campaign, this one touting its traveler's checks for use during domestic vacationing, after the March adWatch survey had been taken.

Coming on strong in the soft-drink category are commercials from Pepsi-Cola USA, Purchase, N.Y., featuring actor Michael J. Fox and a spoof on the movie "Top Gun" for Diet Pepsi.

Pepsi gained 4.9 percentage points among soft drinks for a score of 31.6%, overtaking Coca-Cola for the first time since November.

Diet Pepsi gained 1.9 percentage points of awareness, not enough to be considered statistically significant but enough to put the brand's spots in third position, up from fifth last month.

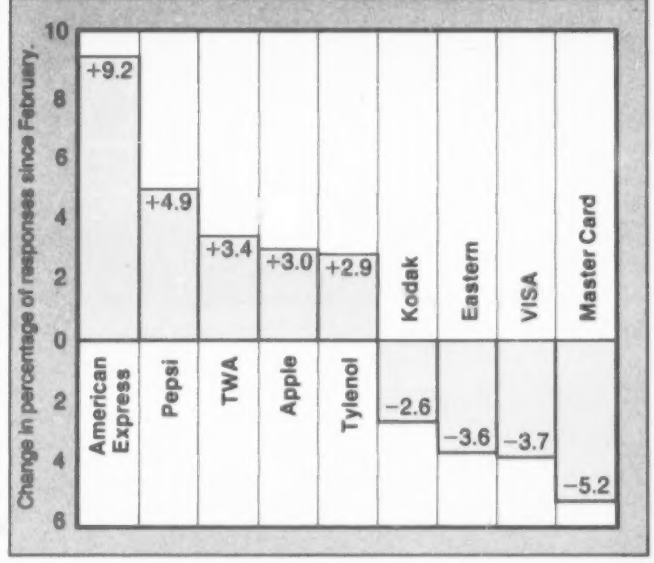
Coca-Cola's awareness remained steady at 30.2% of first mentions but dropped into second place.

Pepsi also is preparing a new spot featuring recl-

(Continued on Page 59)

March winners and losers

Question: Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Source: SRI Research Center Inc., Lincoln, Neb.



Hot weather breeds promotions

Smaller soda brands make summer plans

An Advertising Age roundup

With fewer dollars—but no less product excitement—than the leading cola companies, the nation's second-tier soft-drink marketers are gearing up hot-weather advertising and promotional programs.

At least three new ad campaigns began airing nationwide in the past few weeks. But more importantly for these smaller brands, a host of promotions are in the works.

"We have to look for things we can do better than the big guys," said Truitt Crenshaw, Shasta Beverages' director of sales and marketing.

The strategy for most of these brands is to tout their flavors as "change-of-pace" drinks. None can afford the hundreds of millions of dollars that giants Coca-Cola Co., Atlanta, and PepsiCo, Purchase, N.Y., pour into their marketing budgets each year.

But the marketing executions change from market to market, because of the regional and local nature of soft-drink preferences and the entrepreneurial bottler system. The promotions vary widely, from tie-ins with sports, movies, travel and non-profit programs to patriotic holiday efforts.

Hayward, Calif.-based Shasta is tying in with Universal Pictures' release of "Jaws of Revenge," the fourth film in the "Jaws" series. Shasta is owned by National Beverage Corp., Fort Lauderdale, Fla., which is in the process of acquiring Faygo Beverages, Detroit (AA, April 13).

Dr Pepper Co., Dallas, is conducting a summer sweepstakes related to cycling, while its sister company, Seven-Up Co., also Dallas, is offering exotic vacations in a game that asks contestants to identify vignettes from TV spots.

Both companies are majority owned by Dallas-based Hicks & Haas, also the largest stockholder in A&W

(Continued on Page 60)

Backdrops vary dramatically for the newest TV spots from the second-tier soft-drink companies. Dr Pepper chose Maui's Haleakala volcano for its "Pedaling All Across America" cyclists; 7UP spotlighted a basketball player who gets cooled down with a soft summer rain; and A&W root beer put William "Hi, I'm Larry" Sanderson and friends in a hot tub.

P&G cut 12% of cable ad budget in '86

By VERNE GAY

New York—Procter & Gamble Co., which slashed its broadcast TV spending nearly $100 million last year, also cut its cable TV expenditures 12% to $27.7 million, according to the latest Broadcast Advertiser Reports figures (AA, April 20).

Despite the big drop, P&G remained the largest cable TV advertiser, according to BAR and the Cabletelevision Advertising Bureau.

"Our total marketing efforts are made up of a number of different components and it is not unusual for there to be short-term shifts from time to time from one medium or another to take advantage of special opportunities," a P&G spokeswoman said.

In total cable spending last year, P&G was followed by Philip Morris Cos., with a 4% increase to $22.2 million, although its General Foods unit's cable spending remained flat at $16.1 million.

A GF spokesman said that although the company is "not disillusioned with cable," some of the cable networks' overall audience delivery "fell short of our expectations. On that basis, our use of cable is down somewhat."

Both GF and P&G were among the earliest supporters of the major cable networks and have used the medium to reach viewers siphoned from the Big 3 networks and other over-the-air outlets.

But both companies have been re-adjusting their cable expenditures recently to allow for expenditures in other media, particularly barter TV. Five years ago, both companies—as well as other package-goods marketers—instituted TV buying formulas to compensate for the loss in network audience shares.

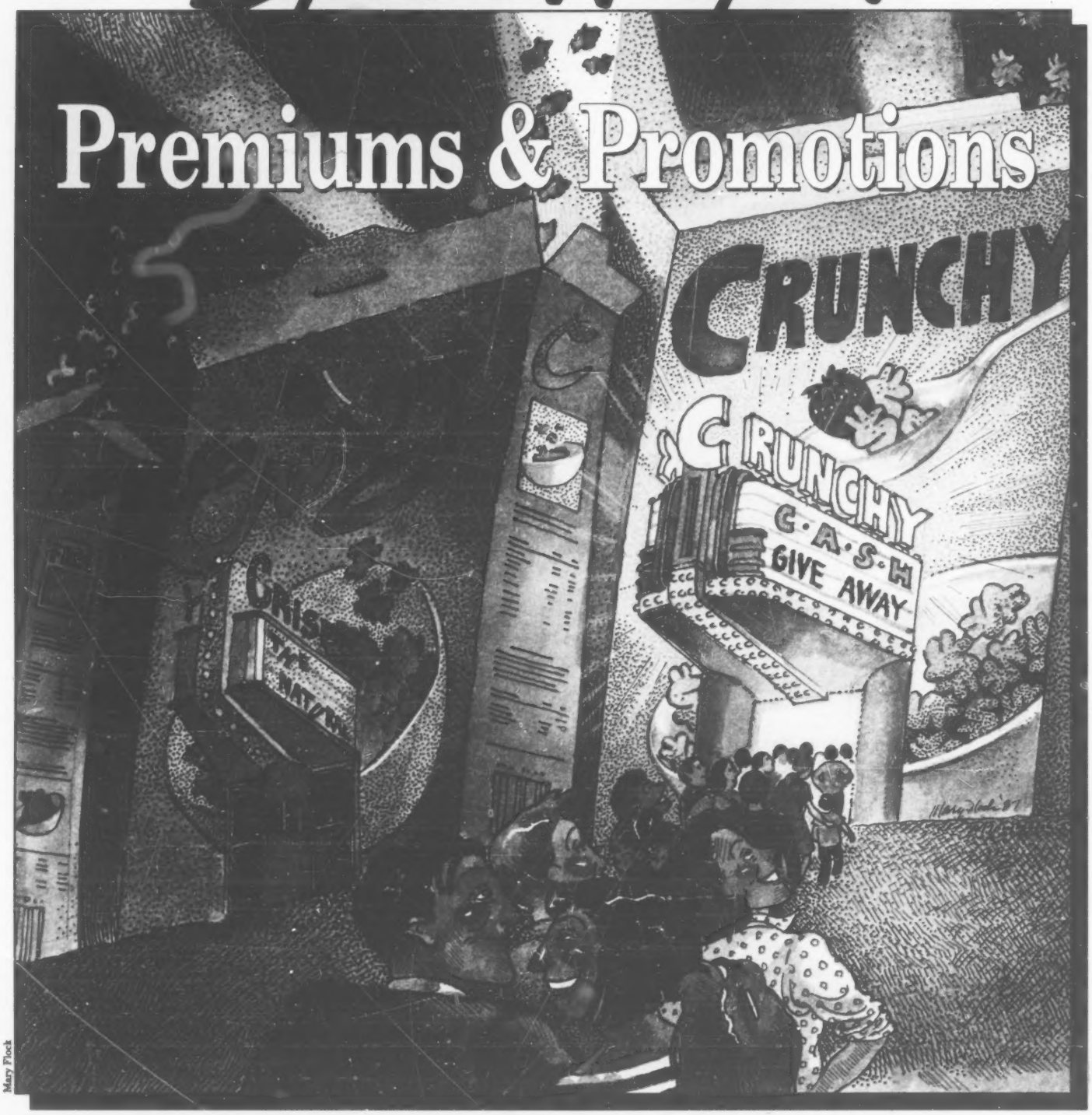
It is possible the cutbacks by P&G were not as severe as BAR reports. BAR measures the six major ad-supported networks—Cable News Network, CBN, ESPN, MTV: Music Television, USA Network and WTBS. It omits other midsize cable networks, in particular the Nashville Network and other key superstations.

According to Carmel, Calif.-based Paul Kagan & Associates, these six cable networks counted by BAR represented $543 million in cable TV network advertising revenue in 1986, out of a total of $718 million.

Superstation WTBS, the largest of the ad-supported nets, represented $163 million in ad spending last year, according to Kagan. Figures for local broadcast-station sales in WTBS' base, Atlanta, were not broken out.

According to BAR, total cable TV spending in 1986 was $543 million, a 13% increase from 1985.#

Special Report



Extra-added attractions grab the buying public

By Cecelia Reed

Yes, the premiums and incentives business grew in 1986, although it broke no records. *Incentive Marketing's* annual report on promotion activity showed total expenditures of $13.4 billion —a measly 2.9% increase from 1985 after having more than doubled in the last 10 years.

Marketers continued to reward sales and trade personnel for the vital push they give products in the marketplace. Spending on everything from trips to volume discounts in exchange for precious retail display space increased 6.2% to $5.8 billion.

Food companies led the way in consumer premium spending, an estimated $6.1 billion in 1986, which is just about what it was in 1985. Other leading spenders in the category were toiletries and beauty aids marketers, financial institutions, and beer and soft drink marketers.

Industry observers, however, predict the consumer premiums and incentives business will heat up this year. They maintain that pulling the consumer into the game with the extra-added attraction of creative promotions and well-selected premiums is a key element in the maintenance of products' life cycles.

Using trade incentives, point-of-sale displays, premium offers, contests, sponsorships, sweepstakes and coupons in programs that strengthen brand presence and excite consumer interest requires much of promotion specialists, especially in light of a recent article in the *New York Times.* It stated that consumers, after a four-year spending spree, are inhibited by "a sense of limits," and the most important buying decision many are making now is . . . not to buy.

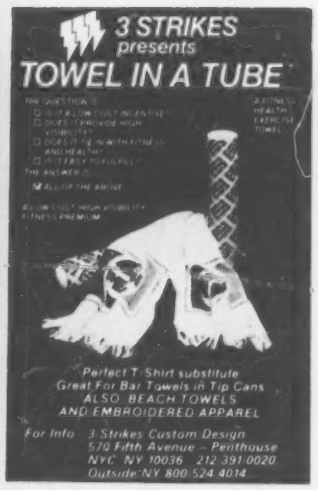
William Slone, editor of New York-based Beverage Media, says that if the problem-plagued spirits industry put the focus on "point-of-sale displays that would catch consumers' attention when they're around the product, rather than dealer loaders [incentive merchandise] to justify

(Continued on Page S-2)

The big picture

	1986 expenditures ($ Billions)	Percent change
Sales incentives	$3,484,645	6.7%
Dealer incentives	2,346,799	5.3
Merchandise total	4,161,165	6.0
Travel total	1,670,279	6.5
Trade total	5,831,444	6.2
Business gifts	1,211,722	2.7
Consumer premiums		
•Product promotion	3,685,931	1.6
•Retail promotion	2,411,000	−2.3
Consumer total	6,096,931	—
Total usage	**$13,140,097**	**2.9%**

Source: *Incentive Marketing*, December 1986



Extra-added attractions

(Continued from Page S-1)

large drops of goods with retailers, sales might start turning around." In a mature industry, "you have to give your consumers information that ties in with your brand's image and shows them how a product can become part of their lifestyle."

Soft-drink marketers have used the lifestyle connection to good advantage with young consumers. PepsiCo's sponsorship of Michael Jackson's "Victory" tour comes to mind. Now Coca-Cola Co. is featuring the Pointer Sisters, both in TV commercials and the Diet Coke/Sony CD "Just for the sound of it" sweepstakes. The grand prize is a trip to Las Vegas to see the group's 1987 New Year's Eve show. Winners also receive Sony compact disc players.

Marketers that hope to add pep to sluggish sales or who are about to thrust yet another product into an oversaturated environment need to design promotions that will build retail sales volume and consumer brand loyalty, experts say.

Victor Ayala, president of The Guild Group, a promotion agency in Pleasantville, N.Y., says that promotions have to become more sensitive to the image of the brand, more creative in their approach. "I've been trying to get marketers to rethink that 'Save 25¢' headline."

"There's a never-ending need for new concepts," adds Norton Cohen, director of account services for St. Louis-based Zipatoni Co., a full-service sales promotion agency. Zipatoni last fall created a life-size point-of-sale display for Anheuser-Busch Cos.'s a Sante bottled water. It featured a young woman wearing the sweatshirt premium, which had the words "Rock 'n' roll waters" on it. "It related to the fun personality of the brand —and the mounted sweatshirt was a dealer incentive," he says.

Bob Petisi, senior VP/managing director-promotions group for the Howard/Marlboro Group, New York, says his agency frequently uses premiums as part of many of its clients' promotions. "The objective of a premium is to leverage consumers or the trade to accomplish your objectives," he says. "It's an instant reward.

"Also, a premium can work as a nice image-connection and add perceived value to a product without undermining the product's efficacy. We did a free gifts promotion for Cutty Sark using a two-tiered premium program. With the purchase of one bottle of Cutty, consumers could get a brass tray; with three bottles, a brass desk lamp." These premiums actually are "disguised refunds," Mr. Petisi says, "but the consumer keeps it" as a constant product reminder.

Advertising specialties like keychains are a thing of the past, adds George Mann, president of the agency's Preferred Promotions. "They have progressed to a more sophisticated level, and budgets for premiums have gone up. It's important to try to tailor a premium to fit a product's advertising theme, to support its image and demographics."

Many companies are turning their attention to localized promotional efforts to reach their market. Regionalized promotions such as music, sports or charity events are especially important where there is reliance on local franchise support.

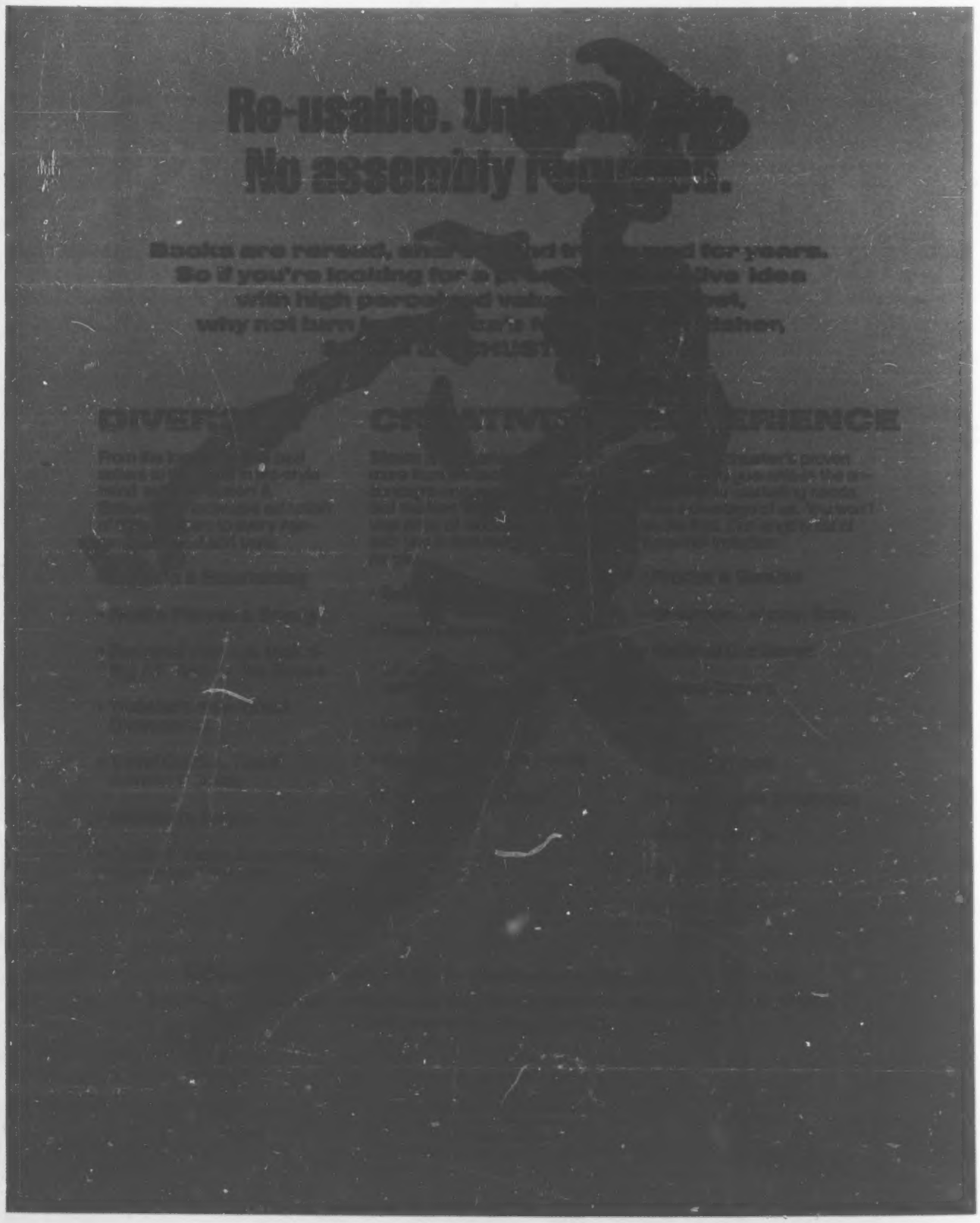
"Special events are an ideal promotional tool to be used selectively in key markets," says Jay Freedman, director of marketing/promotion for Miami-based Events Marketing Network. EMN is working with fast-food companies, concert and record promoters, tourist boards, airlines and hotels to design custom packages called Power Trips, which are offered to radio stations nationwide. These packages will be used as promotional on-the-air giveaways.

James Gould, professor of marketing at the Lubin Graduate School of Business at Pace University, White Plains, N.Y., says that the increased costs of mass media have caused many marketers to rethink their basic premises with regard to advertising and promotion.

"They have used advertising for its high exposure. But given the fragmentation of the mass audience, they're beginning to look at media that's more cost-effective and has better targetability," Mr. Gould says.

Research he has done shows that 15-second spots, for example, have significantly lower recall rates than 30-second spots, "so savings that companies think they're realizing may be illusory. Normal media don't have tangibility—you see it, and you forget it. Premiums have tangibility—they stay with you," he says.

"Before designing a promotion, marketers have to ask themselves, 'Who is the target market, and what kind of budget do I have?' The cost of an item isn't as important as its intrinsic value to a consumer. And marketers have to become more market-orientated again. They have to use marketing savvy to combat mass media clutter, and think of advertising and promotion as partners, rather than enemies."



Sidelights

PREMIUMS AND PROMOTIONS

Pepsi aims for the top with this 'Gun'

Pepsi-Cola USA has its sights set on the sky with its "Top Gun" promotion that kicks off May 1.

A fully integrated campaign ties in TV and radio spots with POP materials, public relations and a sweepstakes. First prize is a one-hour flight with test pilot Chuck Yeager in a P-51 Korean war vintage fighter at the Reno, Nev., Air Show in September.

Pepsi made history by including, for the first time, a commercial on the April videocassette release of Paramount's "Top Gun." The spot knocked the tape's retail price from $79.95 to $26.95.

The campaign fell together when Pepsi

(Continued on Page S-14)

Movie fans enter into this mystery

When a marketer of plastic wrap and trash bags teams up with a maker of celluloid dreams, you just know something unusual is happening.

Danbury, Conn.-based First Brands Corp. (of Glad Wrap and Glad bags fame) and De Laurentiis Entertainment Group (of Hollywood and motion picture fame) have put their heads together to script a national promotion for DEG's comedy-adventure film, "Million Dollar Mystery," opening June 12.

"Teaser" movie posters announce that a "Million Dollar Mystery" is coming.

The movie is about an old man's last words, a hunt for a stolen $4 million fortune and a mystery that reaches beyond the screen.

As the last scene dissolves, $1 million still haven't been found. But wait! Someone in the audience who enters the sweepstakes and solves the mystery will win the million bucks.

Here's where First Brands enters the scene. Beginning in May, special packages of Glad will carry the "Million Dollar

(Continued on Page S-14)

From Spuds to suds, inflatables take off

If Bud Light's Spuds MacKenzie is developing an overinflated opinion of himself, an El Cajon, Calif. company isn't helping matters. As always, this Spuds' grin is amiable, but his 30-foot height is formidable.

Spuds, the Noids from Domino's Pizza, Coca-Cola bottles, Nike's sneakers and Levi's jeans are among the familiar products and advertising characters rendered larger than life by Bigger Than Life, a two-year-old manufacturer of giant inflatables. President Dick Dickson says there may be nothing special about a soda or beer can, "but when you have a 30-foot six-pack of Budweiser, that's an auditorium, traveling around the country to Spring Break events and the Indy 500, that's going to pull people."

The company's giant products certainly pulled thousands of spectators' heads up during the 1986 Boston Marathon. They were treated to the spectacle of a pair of 30-foot-long Nike Sock Racers apparently running up the side of a Westin Hotel.

Mr. Dickson, six-feet-tall, likes to describe himself as "a peddler at heart," and he's proud that his young company has never made a product clients didn't reorder. "Inflatables have staying power; people remember them. Our products

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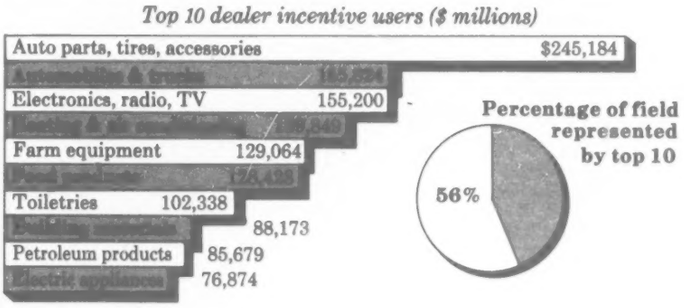
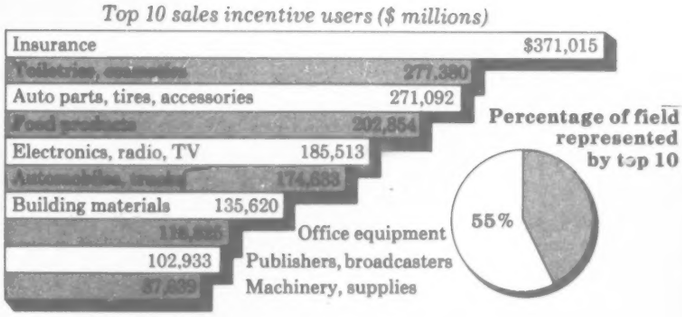
Top performers in the incentives field

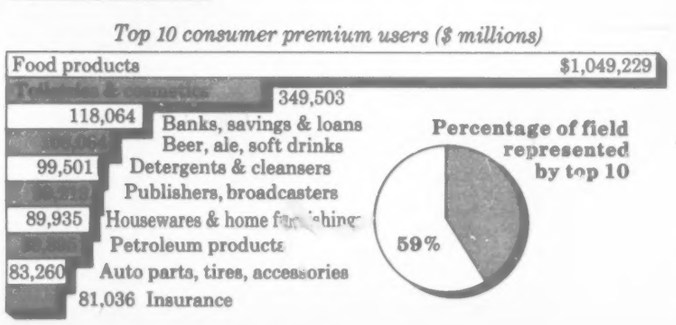
Top 10 dealer incentive users ($ millions)



Top 10 sales incentive users ($ millions)



Top 10 consumer premium users ($ millions)



Source: *Incentive Marketing*, December, 1986

Dinosaurs on the lunch-time menu

Lunch time, and the kids went down to the cafeteria and learned that "Antrodemus is easily identified as a flesh eater by its strong jaws and sharp teeth," but "The relatively small head and slender jaws of Stegosaurus identify him as an inoffensive plant eater."

"World of Dinosaurs" promo benefitted school foodservice directors and children.

Last year, foodservice directors in about 4,000 schools nationwide turned their cafeterias into "The World of Dinosaurs." The promotional event was the creation of Marketing Solutions USA, New York, for General Foods' Food Service Products Divison. "We researched the market and found the concept of snack eating was changing," says Ian Jacobs, the agency's president. "The cafeteria environment was in a downward spiral," because of federal cutbacks and kids' bringing their own lunch. "To help GF sell Jell-O Pudding Pops and Gelatin

(Continued on Page S-14)

Miller goes for the kit and caboodle as Super Bowl rolls in

Miller Brewing Co. knew how to please couch potatoes during Super Bowl XXI. The Milwaukee-based brewery provided them with their own Miller Lite Super Bowl Party Kits.

"Around the Super Bowl, people like to buy beer," says Bob Petisi, senior VP-managing director-promotions group for the Howard Marlboro Group, New York. The agency created the party kits, filled with 20 items including snacks, headbands, buttons, balloons, game handbooks, Jack "Hacksaw" Reynolds' "Gotta Watch the Game" board game,

The Super Bowl Party Kit was packed with goodies for pleasurable viewing.

and, of course, plastic cups for drinking those Lites.

The party kits were sold to the trade in prepacked displays containing 36 boxes each, Mr. Petisi says, and "they helped

(Continued on Page S-14)

Incentive programs light productive fires

By Joanne Y. Cleaver

A company held a contest for its salespeople with the top 20 producers in each district winning a trip to the Super Bowl. When the winners asked that a key sales support administrator also come along, the company responded that that was fine—if the winners paid his way. They did.

United Parcel Service, Greenwich, Conn., has a longstanding program that rewards drivers for good safety records. For each consecutive year of perfect driving, the employee gets to choose an item from a gift catalog, with the rewards culminating in items like diamond necklaces and furniture. As a result, UPS drivers' safety records per million miles are nine times better than the national average.

A West Coast bank attracted $1 billion more than expected in new deposits in a six-month period because tellers, VPs and other employees, who normally have non-selling customer contact, were motivated by an experimental incentive program.

Contests, bonuses, prizes, achievement awards and the like are no longer the exclusive domain of goal-oriented salespeople. U.S. companies are beginning to eye incentive plans to motivate their backroom support, administrative and production employees.

Mere compensation, management is finding, doesn't motivate employees to strive for greater productivity or customer satisfaction, but well-structured incentive plans do work.

According to research by New York-based *Incentive Marketing*, the sales incentive category grew 9.4% last year to $3.3 billion. There aren't any parallel figures for the size or growth of employee incentives, a highly fragmented and difficult category to track. Some divisions or departments of a company may sponsor programs, while others don't; some companies assign the reponsibility to human resources and others to marketing.

Experts in the field agree that overseas competition, combined with maturing businesses that have to squeeze more profits from lower sales, are driving employee incentive issues. A national survey completed last year by the American Productivity Center, Houston, revealed that the more competition a company faces, the more likely it will institute a non-traditional compensation program.

Dick Fordyce, president of E.F. MacDonald, a division of Minneapolis-based Carlson Cos.' Carlson Marketing Group, which helps companies establish motivational, training and incentive programs, estimates that in the last five years, non-sales incentives have grown about 30%. "We've all got a long way to go before we've fully mastered how to motivate internal employees," he says.

One finding in the Productivity Center's study illustrates the prevailing attitude toward reward systems. Mere recognition ranked lowest in a rating of the overall performance impact of nine commonly used approaches. Pay for knowledge scored highest, with 89% of the respondents ranking it a positive or very positive influence on overall performance; earned time off came in second, with an 85% positive rating; gain sharing was third, with an 81% rating. Small group incentives and individual incentives also were popular, receiving 75% and 73% ratings, respectively.

As companies seek the right motivational tools, they're rediscovering some tried and true methods.

The Chicago-based National Association of Suggestions Systems is an organization that tracks the methods and dollar savings of companies that use employee suggestions networks for specific purposes. It is enjoying a significant upsurge in membership, mostly *Fortune* 1,000 companies or those of similar size. In the last 18 months 150 of its 900 members have joined NASS. In 1985, the last year for which figures are available, NASS' members saved $1.25 billion as a result of employee suggestions, and made $128 million in awards for those ideas, says Alan Appelbaum, director of PR.

Usually, he says, companies set up a system of collecting and evaluating employee ideas. Then, they generally kick back to the employee involved 15% to 20% of the first year's savings that derived specifically from that idea. About 25% of all suggestions are generally implemented, NASS estimates.

Employers like the system because it creates a closed loop of productivity improvement and reward analogous to the increased sales and reward cycle enjoyed by salespeople.

Similar to this is gain sharing, an incentive growing in popularity. All members of a designated group are given a bonus for improved performance according to a predetermined formula.

Phillipsburg, N.J.-based Pump and Turbo Group of Ingersoll-Rand Co. began a gain sharing program several months ago at the same time it reduced its pay scale 25% for unionized labor and salaried workers.

"The employees are sensing

Joanne Y. Cleaver is a Chicago-based free-lance writer.

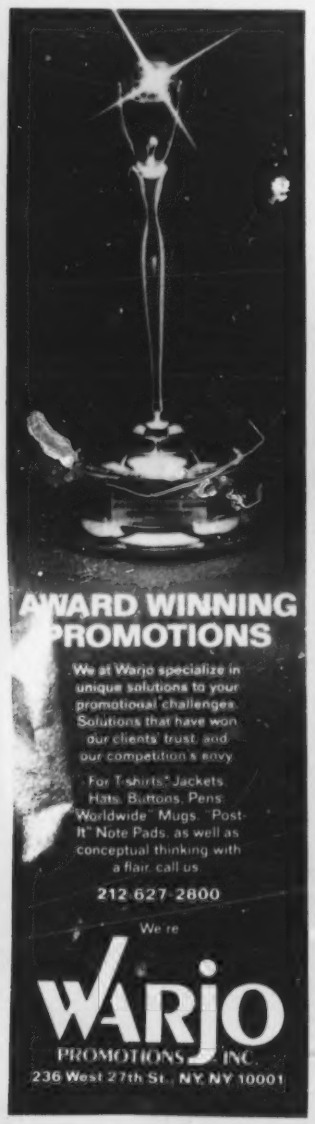
Percent of companies in the goods-producing sector with non-traditional reward systems

	Percent of companies using plans that have experienced...				
Non-traditional reward	**No increase in competition** %	**Increased domestic competition** %	**Increased foreign competition** %	**Increased dom. & for. competition** %	**Sum**
All salaried (N=109)	6	24	14	56	= 100%
Pay for knowledge (N=54)*	9	18	17	56	= 100
Gain sharing (N=106)	5	22	17	57	= 100
Profit sharing (N=245)	3	24	17	56	= 100
Small group incentives (N=89)	6	23	17	55	= 100
Individual incentives (N=181)	3	24	21	53	= 100
Lump sum payment bonus (N=205)	3	25	14	58	= 100
Two tier (N=103)	0	19	14	67	= 100
Earned time off (N=34)	6	27	9	59	= 100

Percent of companies in the service sector with non-traditional reward systems

	Percent of companies using plans that have experienced...				
Non-traditional reward	**No increase in competition** %	**Increased domestic competition** %	**Increased foreign competition** %	**Increased dom. & for. competition** %	**Sum**
All salaried (N=131)	2	64	2	33	= 100%
Pay for knowledge (N=15)*	0	60	0	40	= 100
Gain sharing (N=28)	0	75	0	25	= 100
Profit sharing (N=183)	2	68	1	30	= 100
Small group incentives (N=77)	3	70	1	26	= 100
Individual incentives (N=188)	2	74	2	22	= 100
Lump sum payment bonus (N=187)	2	69	3	27	= 100
Two tier (N=40)	3	68	5	24	= 100
Earned time off	0	59	2	39	= 100

*Only includes companies using system with production and/or service workers.
N=number of respondents
Columns with sum of more than 100% due to multiple responses
Source: American Productivity Center/American Compensation Association national survey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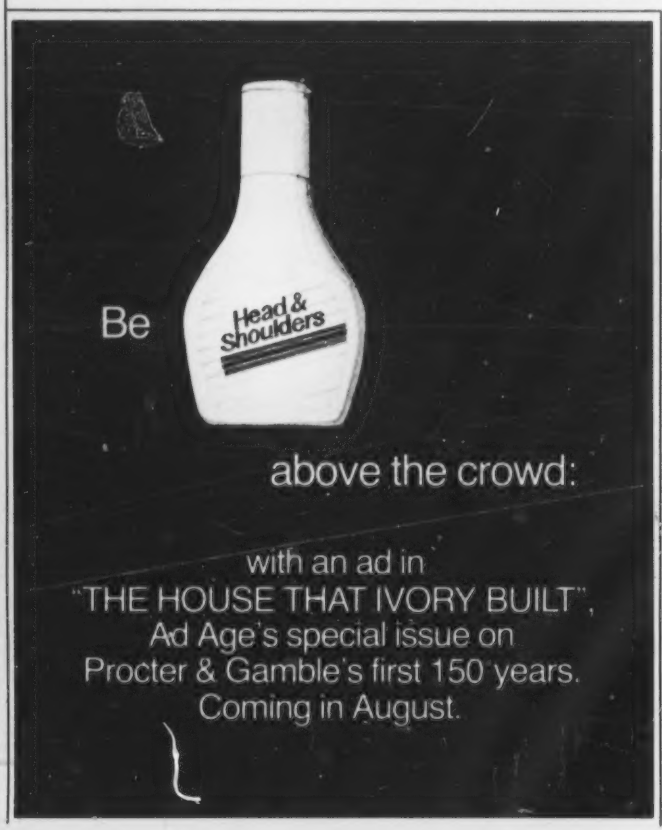

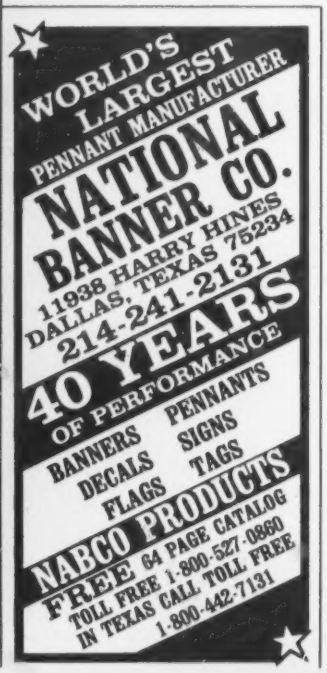

that this is their opportunity to get management to pay attention when they do a good job," says Michael D'Ambrose, VP-employee relations. "We actually have had the union complaining that we weren't taking enough discipline [against minimally productive workers]."

Under the plan, if the whole plant's production exceeds its historical rate, employees will get half of the company's additional incremental profits. The money will be distributed equally to all employees in quarterly bonuses.

"We've seen a marked difference from a year ago in our performance as a team," he says. "It [helps] supercede the old union-management roles."

While cash and merchandise are old standby rewards, there is a strong trend toward using that sales favorite, travel. Unlike the extravaganzas to which sales forces are accustomed, employees are more likely to be treated to a weekend at a local resort. Nevertheless, some companies think travel incentives add excitement to the competition, raising it above the level of job-related expectations.

In some ways, employee programs are more complex than sales programs. Salespeople must meet specific goals and then claim commensurate compensation, in whatever form that might be. Employees often aren't used to thinking that way—or if they do, their goals are usually longer term and more diffuse.

"We spend a lot of time talking about the awards structure, and that's not the key thing," says Walter Erickson, VP-marketing of Carlson Cos.' Carlson Marketing Group.

"The important thing is communication and training. You may have to custom design training and train the people who are being asked to change. Then you implement and execute a program, and then you give the award. If you skip any of these steps, it won't work."

"It's not easy to do an internal program," adds Robert Brandon, president of Atlanta-based Beaumont-Bennett/Brandon, a marketing services agency. "You don't ask something that's unreasonable, and you don't do it 'til it hurts; you do it 'til it feels good."

It's especially important to avoid the impression that awards are given out arbitrarily. Bob Guerriero, president of Journeymasters, a Salem, Mass.-based travel incentive company, likes to relate a story about a client who had good intentions, but managed to offend and alienate most of his employees with his incentive program.

The client's business is servicing equipment, and the company ran a contest that was supposed to result in better customer contact and give employees a sense of belonging to a growing organization.

It backfired because "he had an arbitrary way of measuring it," Mr. Guerriero says. "Then he asked employees if they felt it was a fair program. He got vehement answers, and all of them were along the lines of 'You had to suck up to the service manager, and you win the trip. It had nothing to do with how good a repairman you were.' That was the nicest thing employees said."

Accurate and objective measurement of employees' performance is a major concern of companies planning employee reward systems. It's also a topic of debate among productivity and incentive experts. Many of them insist that growth in employee incentive programs will be stunted until clear cut, objective yardsticks are developed. Such concerns have prompted the Productivity Center to pledge to study the issue in depth, and *Incentive Marketing* has just started a regular column on measurement systems.

Others are equally certain that anything can be measured—it's just a matter of examining the job functions and goals closely enough to extrapolate a logical measurement criteria.

"There are measurements if people look hard enough," says James Dittman, president of the Society of Incentive Travel Executives, New York. He cites the example of a copier service company that established a "number of copies between calls" formula for determining which servicemen did the best job.

Realistic methods underscore a company's credibility with its employees, says Mr. Dittman. "The best way to improve personal productivity is to improve the attitudes of the individuals in the company."

Rating of overall performance impact of reward systems*

Reward system	(N)	Percent
Gain sharing	170	81%
Profit sharing	507	74
Small group incentives	185	75
Earned time off	99	85
Lump sum bonus**	163	66
All salaried**	169	67
Pay for knowledge**	70	89
Individual incentives	192	73
Recognition***	487	30

*Percent reporting "positive" or "very positive" on a scale of 1 to 5:
1=very negative impact on performance
2=negative
3=no impact
4=positive
5=very positive impact on performance
**Only includes companies using plans with production and/or service workers.
***Percent reporting "effective" or "very effective" on scale of 1 to 5 from (1) not effective at all to (5) very effective.
Source: American Productivity Center/American Compensation Association national survey

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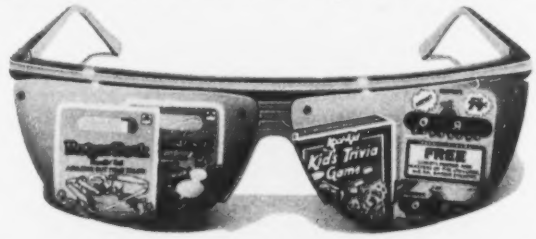

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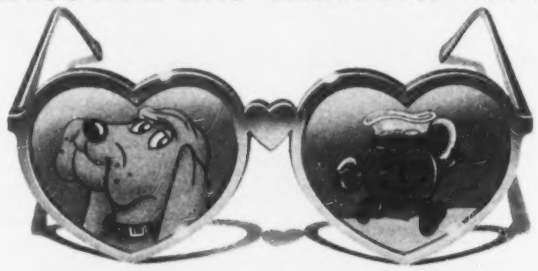

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Coffee consumption continues to decline

By JOHN C. MAXWELL JR.

Over the past 20 years the consumption of coffee has been declining, and in 1986 we estimate consumption dropped approximately 2.3%, to 25.4 gallons per person.

We believe this continues to be a move away from hot, acrid drinks to cold, sweet drinks.

The greatest consumption decline is seen in the youngest age group, whereas a 9% consumption increase occurred in the 60-year-old and above group.

On a long-term basis, however, we expect coffee consumption to continue to decline for the forseeable future.

The Brazilian drought cut the world's coffee supply and boosted the price of green beans to $2.50 a pound, bringing almost new highs to retail coffee prices in 1986. Improved weather conditions, lagging import demand and large stock supplies have begun to reverse this situation.

The situation in Brazil looks positive for the 1987-88 crop and we expect lower coffee prices for this year.

Recently, the Brazilian government sold excess coffee supplies that had built up last year. Overall, prices have fallen in anticipation of large worldwide crops in 1987-88.

Regarding market share, General Foods remains the leader, gaining 1.3 points, to a 37.8% share in regular coffee. However, GF lost share with instant coffee, dropping to a 42.6% share from a 43.4% share.

The only company in the instant area to gain share was Procter & Gamble.

In the regular area almost all companies gained or maintained share.#

Mr. Maxwell is with Furman Selz Majer Dietz & Birney, New York.

Coffee market shares

General Foods increased its lead in the regular coffee segment, but slipped in the instant category. Figures in percent. *Source: John C. Maxwell Jr.*

	1982	1983	1984	1985	1986
Regular coffee					
General Foods					
Maxwell House*	19.5	19.0	18.6	18.8	19.0
Master Blend	6.9	7.5	8.0	9.0	9.5
Sanka	3.7	3.9	4.1	4.6	5.0
Yuban	1.3	1.0	0.7	0.6	0.5
Max-Pax & Brim	2.8	2.7	2.6	3.2	3.6
Mellow Roast	0.6	0.5	0.4	0.3	0.2
Total	34.8	34.6	34.4	36.5	37.8
Procter & Gamble					
Folgers	23.6	24.9	26.2	27.0	27.5
Hills Brothers					
Hills Brothers	6.7	7.4	8.1	8.4	8.6
Chock Full O'Nuts	4.2	5.0	5.8	5.4	5.0
Coca-Cola					
Maryland Club	1.0	1.0	1.0	1.0	1.0
Butternut	1.7	1.5	1.4	1.5	1.5
Total	2.7	2.5	2.4	2.5	2.5
Subtotal	72.0	74.4	76.9	79.8	81.4
All others	28.0	25.6	23.1	20.2	18.6
Grand total	100.0	100.0	100.0	100.0	100.0
Instant coffee					
General Foods					
Maxwell House	22.5	22.5	22.9	23.7	24.1
Maxim	2.8	2.6	2.4	2.3	2.2
Sanka	10.2	10.1	10.0	9.8	9.5
Yuban	0.8	0.6	0.5	0.4	0.3
Freeze-Dried Sanka	2.2	2.1	2.0	1.8	1.6
Brim	4.1	4.3	4.0	3.4	2.9
Mellow Roast	0.8	0.5	0.3	—	—
International Coffees	1.3	1.6	1.9	2.0	2.0
Total	44.7	44.3	44.0	43.4	42.6
Nestle					
Nescafe Regular	6.5	6.1	5.7	5.5	7.2
Nescafe Decaffeinated	2.1	2.2	2.3	2.0	2.1
Taster's Choice 100% Coffee	9.3	9.5	9.7	9.8	10.3
Decaf	0.4	0.3	0.2	—	—
Taster's Choice Decaffeinated	5.8	6.1	6.4	6.6	6.2
Sunrise	1.3	1.2	1.2	1.1	1.0
Total	25.4	25.4	25.5	25.0	26.8
Procter & Gamble					
Folgers	12.0	12.5	13.0	13.3	13.5
High Point	5.5	5.1	4.0	3.4	3.0
Decaffeinated Folgers	—	—	2.0	2.6	3.0
Total	17.5	17.6	19.0	19.3	19.5
Borden					
Kava	1.0	0.9	0.8	0.7	0.6
Subtotal	88.6	88.2	89.3	88.4	89.5
All others	11.4	11.8	10.7	11.6	10.5
Grand total	100.0	100.0	100.0	100.0	100.0

*Electra-Perk is roughly 6% all years.

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Strauss

(Continued from Page 57)

through bonuses and expenses; of broadening ownership so employees can "share in our prospects" (Creamer specifically had more than 70 stockholders when it sold to WCRS, compared with seven in '69); and of recognizing the asset of people who come along with the billings acquired in a purchase.

As for the sale to WCRS, Mr. Strauss noted that "I met WCRS while on a mission to London to buy, or buy into, a U.K. agency," explaining that "the reason was that Sheraton [hotels] and other clients wanted us to handle their business in U.K. and Europe."

But WCRS instead "saw us as their entry into the U.S.," Mr. Strauss said. "We decided to bring in other bidders. Maurice Saatchi had visited me about three years earlier on a flirtation visit. So I called him, and he had his people in the U.S. enter the bidding."

Mr. Strauss also noted that Chairman Donald Creamer brought in Interpublic.

Wertheim & Co. was hired to "help us evaluate the deals, as well as to measure deals against a public offering," Mr. Strauss said.

Saatchi "did manage to get a solid offer on the table," but its involvement at the time in the Backer & Spielvogel deal made Saatchi less interesting to HBM/Creamer, Mr. Strauss said. Interpublic "was never in the bidding game," he added.

While Mr. Strauss liked the idea of going public, "my partners like the all-cash, upfront deal with no complications and little risk, and I supposed I did too. WCRS first offered $35 million. We said no."

The partners thought twice net worth of $40 million would be a good price, but when WCRS made that offer, Mr. Strauss, who wanted $70 million, rejected it and "reluctantly settled for $64,150,000."

"Was it just kindness on my part?" he said of accepting that figure. "Not really. The reason is defined in this principle: You make the best deal when you are prepared to lose it. I was prepared to lose the deal at $60 million but not at $64 million."

Mr. Strauss ended his talk with some advice for the new owners: "WCRS must still learn how to manage their far-flung enterprise. All the units are managing themselves, and all the pieces within the units are managing themselves."#

Great for camping trips, too!

Harp funnels energy into cleanliness

By LENORE SKENAZY

Faced with unclean toilet seats nationwide, entrepreneur Lore Harp created Le Funelle, a device that allows women to urinate standing up.

The patented, foldable, paper funnel stays waterproof for about forty seconds but disintegrates when flushed. A four-pack retails for $2; a pack of 20 for $5.

Ms. Harp says she spent seven months and $200,000 developing it.

The creative alternative sprung from Ms. Harp's travels.

The San Mateo, Calif., businesswoman covered 200,000 miles a year as founder of the multimillion-dollar computer company, Vector Graphics, and encountered her share of unsanitary bathrooms.

With new invention in hand, she left Vector and formed Aplex to market Le Funelle.

Aplex breaks a three-month transit advertising campaign today in San Francisco proclaiming "Stand up for cleanliness." In addition, women will distribute buttons carrying the slogan and samples of Le Funelle.

Visual Imagery, Los Angeles, handles.

"The point was not so much whether you can or can't pick up anything [infectious] on public toilets, but to allow women an alternative," Ms. Harp said.

In focus groups of professional women ages 25 to 45, Ms. Harp found "very little opposition" to the revolutionary product. Even their husbands thought the idea nifty.

"No one was saying, 'God didn't intend women to do it this way,'" Ms. Harp said.

The product was first mailed to "opinion leaders"—described as businesswomen in the prime of life. Ms. Harp also is sending samples to 10,000 physicians, hoping they will give women Le Funelle when asking for a urine sample.

As the product gains acceptance, Ms. Harp expects to sell it in drugstores and supermarkets.#

Cleveland Horton in Los Angeles contributed to this story.

A transit ad campaign for Le Funelle, a paper funnel for women, breaks today in San Francisco via Visual Imagery, Los Angeles.

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adWatch

(Continued from Page 10)

sive singer Michael Jackson. The commercial is delayed to coincide with the debut of his new album this summer, giving Pepsi another chance to burn its ad message into consumers' minds.

AdWatch is a joint project of AA and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the first 30 days. Consumers are queried on the first ad they remember overall as well as in a variety of product areas. During March, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that adWatch researchers deem statistically significant can be attributed to more than sample variation.

The list of the top 10 in unaided awareness, without asking for a specific product category, also attests to Pepsi's growing strength. Pepsi advertising rarely scores higher than ads from Coca-Cola in unaided awareness, but in March it scored 4.1% of first mentions over Coca-Cola's 2.6% of first mentions.

Winners in the top 10 unaided awareness category are, in descending order: California raisins, Pepsi-Cola, Coca-Cola, McDonald's, Ford, Chevrolet, Anheuser-Busch's Budweiser/Bud Light, Chrysler, Philip Morris USA's Marlboro and Miller/Miller Lite.

Among other significant changes in adWatch data, new executions of Trans World Airlines' "Find out how good we really are" campaign boosted the carrier's top-of-mind awareness score by 3.4 percentage points to 10.9% of first mentions in the airline category.

Eastern Air Lines' ad awareness score fell by 3.6 percentage points to 6.5% of first mentions, having ended the push for its night flights.

United Airlines' ads remained No. 1 in the category with 14.7% of first mentions, followed by TWA in second and American in third with 9.8% of first mentions.

Delta Air Lines' ads are in fourth place with 8.8% of first mentions, and Eastern is fifth.#

For more information or data, contact SRI Reseach Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

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4 To draw more customers to your bank.

5 Or to tell your customers, "Thanks for giving us your business."

6 To sell more electric razors (and other small appliances).

7 Or to play Santa Claus (or Easter Bunny) to your entire company. (The Gift Certificates come in $1, $2, $3, $5, $10, $25, and $100 denominations so you can tailor them to your own business needs.)

8 To move more paper products.

9 Or to sell more detergent (and other soap products).

10 To move more soft drinks.

11 Or to reward employees with a good safety record.

12 To celebrate employees' anniversaries.

13 To reward your employees for a job well done.

14 To sell more cameras (and other photographic equipment).

15 To say, "Happy Birthday!"

16 To get more people to buy your newspaper.

17 To sell more floor wax (and other household products).

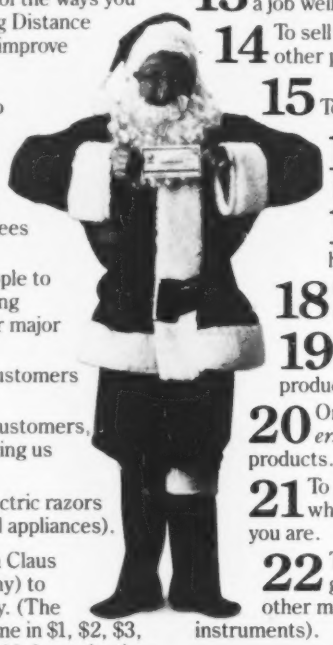
18 Or to say, "Happy Secretaries' Week."

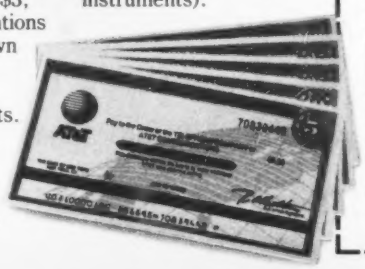
19 To sell more ceiling tiles (and other home products).

20 Or to entice small *retailers* to sell more of your products.

21 To show someone just what a "nice guy" you are.

22 To sell more guitars (and other musical instruments).





23 To move more VCRs (and other video equipment).

24 To sell more yogurt (and other milk products).

25 Or to sell more compact disc players (and other hi-fi equipment).

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Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Nissan yanks record $150M

By STEWART ALTER
and CLEVELAND HORTON

In the largest single account move ever, Nissan Motor Corp. USA pulled its $150 million-to-$160 million in billings out of William Esty Co., almost 10 years to the day that it first hired Esty.

An agency review is planned, but most insiders expect Ogilvy & Mather Worldwide to win the account. Ogilvy cleared its decks of its $15 million Peugeot account in 1986, and has been pressing for either Nissan or Toyota (at DFS Dorland Worldwide) since then.

Agency sources in Los Angeles say Nissan is considering splitting its account around model lines, separating trucks, high-end sporty cars and low-end, entry-level cars.

Esty was fired just as new CEO Joseph O'Donnell visited Nissan's Carson, Calif. headquarters, presenting creative solutions for Nissan to C.P. "Chuck" King, Nissan senior VP-marketing and sales, and Joe Opre, general manager of advertising and sales promotion.

To demonstrate Esty's new resolve to do better creative work, Mr. O'Donnell informed Nissan he had hired Marvin Honig, exec VP-executive creative

(Continued on Page 108)

Moonlight dancer

Bruce Willis, who last year sang for Seagram's Golden Wine Cooler, this year dances in a 60-second rock video. Directed by David Mallet, the video is the centerpiece of Seagram's campaign, via Ogilvy & Mather, that kicks off the summer cooler season. See story on Page 110.

Wall St. knocks JWT

By STEWART ALTER

NEW YORK—JWT Group Chairman-CEO Don Johnston tried to impress Wall Street last week, and Wall Street wasn't impressed.

In a major test of Mr. Johnston's leadership, the head of the world's fourth-largest agency group eliminated JWT/USA staff positions and gave top positions to "line"—or hands-on—execs. He also named a president and chairman—from inside the company—and formed a U.S. operating committee.

Stephen Bowen Jr., 43, becomes president of JWT/USA, and James Patterson, 40, creative director of Thompson/NY, also takes on the role of chairman-creative director of the U.S. agency.

The strategy: Re-emphasize creative work and strengthen cost-controls at a time when client loyalties may be uncertain.

But major Wall Street analysts

(Continued on Page 108)

Last Minute News

Saatchi expected to double profit

LONDON—Saatchi & Saatchi Co. on May 14 will announce an increase of at least 93% in pretax profits to $82 million-plus for the six months ended March 31 vs. a year earlier, according to London stockbroker Philips & Drew. Analysts predict the result will be slightly higher than the Philips & Drew forecast. The large increase in profit is attributed partly to the

(Continued on Page 8)

Table 1

1986 Distribution of total cash pay increases

All matched employees, all agencies

0% increase
27%

1 to 5% increase
18%

6 to 12% increase
29%

13 to 20% increase
14%

Over 21% increase
12%

Source: ©1987 by Cole Surveys, Inc.

Average salary increase for 20 agency executive positions was near 14% last year, but 27% got no boost.

Salary survey

Average agency boost hit 14.6%, but one in four execs stiffed in '86

By BEN COLE and MATT SIZING

For many ad agencies and their top executives, 1986 was tough, though most weathered the storm and some even had an exceptional year.

How did the ups and downs in the advertising industry affect industry paychecks?

To answer this question, Cole Surveys in cooperation with ADVERTISING AGE conducted the second-annual survey of top-management compensation in advertising agencies.

A total of 2,667 executives were covered this year, a 61% increase over last year's sample of 1,654 execs. Among the highlights of this year's study:

- Three-quarters of the executives got at least some increase. Those reported in both the 1985 and 1986 studies received base salary increases that ranged from 1% to 110%; the average salary raise was 13.6%. The average total cash compensation (1986 base salary plus bonus) for these executives increased even more, up an average of 14.6%. And one of every eight executives had a great year, drawing a total cash increase of 21% or more.
- For one in four ad execs, however, 1986 was bad news: 26% saw no increase in salary, and 27% got no raise in total cash. These are the highest "zero-increase" statistics we've ever recorded in any industry in any year (in a typical year, 90% or more receive a pay boost). Many executives actually took a pay cut—their salaries were frozen, but their bonuses were slashed.

Hardest hit were top management in the smaller agencies, as well as the ceos of independents of every size. Some of the highest paid in the largest agencies saw their paychecks shrink. (See Tables 1, 2 and 3.)

Even in a shaky year, big bucks and big bonuses were much in evidence. While the average total cash compensation for all 2,667 executives was $69,700, the highest-paid agency exec pocketed $613,600, more than eight times the average.

One in six executives (444, or 16.6%) made more than $100,000; 66 (2.5%) earned more than $250,000; 10 made more than $500,000.

And even though incentives were somewhat scarcer this year, executives who got one averaged 22% of base salary, the same percentage as last year. The biggest bonus reported was $285,000.

Incentives are more than a key element in executive compensation. Because bonus pay is variable and can change (or disappear) from one year to the next, it is perhaps the best barometer of an industry's year-to-year fortunes as reflected in how its top executives are paid.

- Last year, six of every 10 executives (61.5%) with company-wide managerial responsibilities (ceos, presidents, branch office managers and executive vice presidents) received a cash incentive averaging approximately one-third

(Continued on Page 46)

Highlights

Reebok roulette 4
Ammirati & Puris last week resigned the $15 million Reebok International account after holding it only two months because, the agency says, Reebok officials changed their minds every week on the direction their advertising should take. Reebok then awarded the account to Chiat/Day's New York office.

Dairy board's dilemma 6
The National Dairy Promotion and Research Board, faced with a reduced ad budget, is reviewing the work of two ad agencies. D'Arcy Masius Benton & Bowles, Chicago, and McCann-Erickson, San Francisco, could lose a total of $27 million in billings.

Cadillac contradiction 12
Cadillac's long-range plan to reposition itself to a younger, more upscale audience is being undercut by local dealer groups who continue to target traditional, older buyers.

Apple's away 28
As IBM's advertising gunshots are echoing over the airwaves, all is strangely quiet on the western front—the marketing camp of Apple Computer. Cupertino, Calif.-based Apple, the second-largest personal computer marketer behind IBM, is running barely a maintenance schedule of advertising compared to IBM's estimated $50 million-plus blitz for its new Personal System/2 family of computers.

Xerox's financial expertise 39
Xerox conjures up images of copiers, but 47% of the company's profits come from financial services. To make its financial expertise known beyond Wall Street, Xerox Corp.'s Financial Services unit is appealing to the business community with a print campaign from Ciociola & Co. Advertising, New York.

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A full crib? 72

The baby-boom generation's decision to have children has led to a population explosion among baby magazines. So many new local, regional and national parent publications have been introduced recently that some publishers are questioning whether the market is saturated. Despite new parents' "voracious appetite" for information, there may be "an information glut starting," said Jim Ritts, VP-publisher of Whittle Communications.

INTERNATIONAL

Advertising's hold in China 76
Advertising has escaped repercussions of the chill in China's political climate, say executives at international agencies. Other Western business representatives in China, however, are nervous about the new campaign, which opposes anything that might weaken the power of the Party—including Western ideas.

Beijing hosts conference 77
The People's Republic of China will play host to its first international advertising conference in June. The Beijing '87 Third World Advertising Congress is expected to bring together more than 1,000 top advertiser and agency executives from North America, South America, Europe, the Middle East and Asia.

OTHER NEWS

Orval Kent Food Co. formed a retail division to handle the expansion of its first branded product, Salad Singles, and to develop a strong standing in grocery store refrigerated sections. Guiding the program is Larry Haberkorn, 39, named president of the new retail division. Page 24.

Pharmaceutical giant Hoffmann-LaRoche will introduce a drug test that it says screens out substances that can hide drug abuse. Page 32.

Advertising is not confined to producing long-range results, according to a study by the Advertising Research Foundation. Page 82.

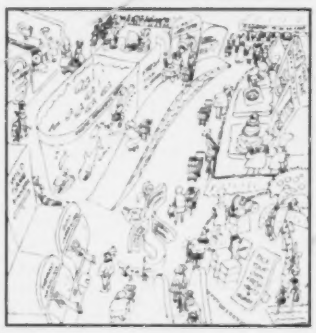
It's time to turn away from the megamergers that racked the advertising industry last year and get back to business as usual, according to the heads of two major agencies. Page 85.

Telemundo Group is arming itself heavily for its planned assault on Univision, the long-dominant Spanish-language TV network. Page 88.

Eastman Kodak Co. is spending an estimated $40 million through yearend to introduce a theme with a personal touch for its Kodacolor VR-G film. Page 92.

The 1988 elections are a year and a half away, but one labor union already is putting $1 million into a campaign to rekindle liberal feelings. And a conservative group has targeted its first liberal legislator in new ads. Page 93.

SPECIAL REPORT



Grocery marketing—*Responding to today's increasingly sophisticated consumers, grocery marketers are moving beyond the basics with dressed-up stores, new services and premium products.*

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Toothpastes challenging P&G's Crest

By NANCY GIGES

New York—Colgate-Palmolive and Lever Bros. are putting a double squeeze on Procter & Gamble Co.'s market-leading Crest toothpaste, with challenges to its superiority claims for tartar control and cavity fighting.

Colgate broke a network TV spot April 30 claiming its Colgate tartar-control product is "proven better than tartar control Crest at fighting ugly tartar buildup." The three-week ad blitz is backed by spending at an annual rate of $125 million.

Lever is claiming, in new TV :15s from SSC&B, that its Extra Strength Aim is a more effective cavity fighter than Crest. Print ads say the new Aim contains 50% more fluoride than standard toothpastes. It also attacks Colgate in a 15-second TV spot and has asked both Colgate and P&G to drop their fluoride-superiority claims (AA, April 27).

Colgate complied, saying it was busy on a more important toothpaste battlefront—tartar control. But P&G is not conceding so readily.

Cincinnati-based P&G unsuccessfully challenged Lever's Aim claims at the Food & Drug Administration, and now has filed complaints with the TV networks and the National Advertising Division of the Council of Better Business Bureaus, where the matter is still pending.

Lever Bros. received a new drug application last year from the FDA for Extra Strength Aim since, at 1,500 parts per million of fluoride, it contains higher than standard levels. Crest contains 1,100, and Colgate has 1,000.

P&G challenged Lever's superiority claims, questioning whether Lever's data showed increased cavity protection, said Gerald Rachanow, FDA deputy director of the division of over-the-counter drug evaluation.

But the FDA was satisfied with Lever's data.

A P&G spokeswoman said the

(Continued on Page 110)

Carnation cuts commissions

By JENNIFER PENDLETON

Los Angeles—Carnation Co. cut the commission it pays its ad agencies by more than 10%, company sources report.

The Nestle S.A. unit acknowledged early this year it "adjusted the basis" of how it pays its agencies, but stressed the "total agency compensation pool" remains the same. Translation: Carnation wants more work for the same amount of money.

The company source said Carnation sliced the 15% commission to 12% to 13% in a cost-cutting move applying to all Carnation agencies that were being paid in that manner.

Those affected are believed to be Dailey & Associates and Foote, Cone & Belding here and SSC&B:Lintas Worldwide in New York.

Ogilvy & Mather's Los Angeles office, which has the assignment for Carnation's new Grand Gourmet dog food, is paid on a fee basis.

The company insider said the agencies "seem to be taking it in

(Continued on Page 110)

DeLaurentiis shops

Beverly Hills, Calif.—De Laurentiis Entertainment Group is talking to three agencies about its estimated $25 million media-buying account.

Bozell, Jacobs, Kenyon & Eckhardt/Pacific, Los Angeles, won the account a year ago (AA, March 17, 1986). Sources said the movie company is considering BBDO Worldwide and DMB&B Entertainment, runners-up to Bozell last year, as well as Western International Media.

At Bozell this week, Richard Jarc, former management supervisor at DDB Needham/West, takes over as management supervisor on the DEG account.

DDB Needham/West Exec VP-Creative Director Robert Kuperman denied reports he will move up to president, and president Alan Pando to chairman, following the anticipated retirement of chairman Montgomery McKinney. The Los Angeles unit oversees DDB Needham offices in the western U.S.

West Coast News

L&A Juice Co., Downey, Calif., begins a nine-week southern California TV campaign for Fifth Avenue Seltzer today with the theme "So good they named a street after it."

The campaign, the first from new agency Admarketing, Los Angeles, will expand nationally later.

Separately, L&A this month begins national rollout of Langers Sparkling Juices, a line of carbonated fruit juices, and California Splash, a mineral water flavored with fruit juice. Couponing, handled in-house, will support.

Dairy board may churn agencies

DMB&B, McCann head for review

By JANET MEYERS

The National Dairy Promotion and Research Board, facing a reduced ad budget, is reviewing work of two agencies that have handled the board since it was founded three years ago.

D'Arcy Masius Benton & Bowles, Chicago, and McCann-Erickson, San Francisco, could lose a total of $27 million in billings.

In a surprise move, the dairy directors at their recent monthly meeting decided in a closed session to review two accounts—the $20.9 million cheese account, now at DMB&B, and the $5.6 million milk account aimed at children, now at McCann.

The Arlington, Va.-based board says it is reviewing agencies because of budget problems, not dissatisfaction with its shops. However, sources last week said some board members are particularly unhappy with DMB&B's "Cheese, glorious cheese" campaign.

In another blow to DMB&B's dairy billings, the board also decided that, at this point, it will not renew its $5 million ice cream campaign next year.

The dairy board faces a 15% budget cut for fiscal 1988, which starts Sept. 1, and will have only $56 million for advertising.

This year it had a $65 million budget, which was split among three agencies.

The board's budget is dropping because milk production, on which assessments are based, has declined.

DMB&B has handled dairy advertising since 1974 for the Chicago-based United Dairy Industries Association, the group that represents regional and local dairy promotion groups.

The agency currently has close to $50 million in billings from national and UDIA dairy advertising.

The California Milk Advisory Board, Modesto, has used McCann since 1981. The agency handles more than $25 million in dairy advertising from the California and national groups.

The two separate reviews will pit the board's existing agencies against one another.

Grey Advertising, New York, which handles the board's $7 million butter campaign; DMB&B; McCann; and several outside agencies will be invited to recommend new strategy for the two campaigns, said George deJager, VP-market evaluation and research for the dairy board.

"This doesn't speak badly of the existing agencies," Mr. deJager said. "It's a matter of good business sense. With less money to work with, we're reviewing everything we're doing."

However, Mr. deJager added that the board is eager to see new creative strategies, including ways to stretch the board's more limited dollars.

The review will start in late May and be completed by late summer. Mr. deJager said the accounts probably will not be consolidated at one agency.

DMB&B's adult-oriented milk advertising, themed "America's health kick," won't be put in review because UDIA funds the creative costs on that advertising.

(Continued on Page 103)

My husband loves to travel.
Scandinavia last year... this year China.
I'd rather vacation at our summer home.
He's a patron of the arts. I'm a big supporter of PBS.
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*SOURCE: ERDOS and MORGAN, Inc., 1985 Subscriber Study.

THE CHRISTIAN SCIENCE MONITOR®

The average Monitor reader—anything but average.

Shell Oil pitching for plastic

By JENNIFER LAWRENCE

HOUSTON—Shell Oil Co., the nation's leading gasoline marketer, today challenges its four closest competitors in a $10 million ad campaign designed to boost credit-card sales.

For the next six weeks, Shell will honor credit cards from Amoco, Chevron, Exxon and Mobil. Holders of those credit cards are being urged to apply for a Shell card.

The campaign, which represents about one-third of Shell's total annual ad spending, makes the point that those rival gasoline marketers charge credit-card users more for gas, while Shell charges the same price to cash and credit-card customers.

Shell decided in 1982 not to offer discounts for cash purchases, and today it has 8 million active credit-card accounts, which Shell says is the largest credit-card base of any oil company.

The company expects the six-week "honor select" program to increase its credit-card base by 5% to 10%. The program is similar to the 1982 "honor all" approach launched in response to the industry's move toward cash discounts. Shell says that effort yielded about 2 million new credit-card holders for the company.

A 30-second TV spot from Ogilvy & Mather will air in 40 markets. Print and point-of-pur-

(Continued on Page 107)

CORRECTIONS & CLARIFICATIONS

- A reference to *Semester* in a story on campus publications (AA, April 6, P. 32) listed its previous owner, Ziff-Davis Publishing Co. The publication now is owned by American Passage Media Corp., Seattle.
- Due to a production error, April linage for *Travel & Leisure* (AA, April 20, P. 89) was omitted. The numbers: 112.8 ad pages for April 1987; 97.7 pages for April 1986; 375.5 pages for '87 year-to-date, and 427 pages for '86 year-to-date.
- The print ad created for the Berghoff Restaurant, Chicago, was produced by Morgan Howarth Photography, not in-house as previously reported (AA, April 20 P. 72MW).

SALARY SURVEY

Table 2

1986 Distribution of total cash pay increases

All matched employees, all agencies

Percent increase	Number receiving increases	Percent receiving increases	
0%	108	26.9%	26.9%
1%	8	2.0	17.7%
2	4	1.0	
3	16	4.0	
4	16	4.0	
5	27	6.7	
6%	14	3.5	29.0%
7	23	5.8	
8	25	6.2	
9	21	5.2	
10	19	4.7	
11	7	1.8	
12	7	1.8	
13%	10	2.5	14.2%
14	10	2.5	
15	8	2.0	
16 to 20	29	7.2	
21 to 25%	20	5.0	12.2%
Over 25	29	7.2	
Total	**401**	**100%**	

Source: ©1987 by Cole Surveys, Inc.

Table 3

1986 Percent receiving base salary and total cash pay increases

All matched employees, all agencies by billing size group

Source: ©1987 by Cole Surveys, Inc.

(Continued from Page 1)

(32.2%) of their base salary. This year, however, less than half (48.0%) of the top executives in these positions were awarded bonuses averaging 33.8% of base pay.

- For some executives, bonuses made all the difference. One ceo whose agency bills less than $25 million saw his modest salary of $52,000 blasted into the total cash stratosphere with a $285,000 bonus —548% of base salary! While his base salary ranked 128th among chief executives in independent agencies, his total cash of $337,000 earned him a respectable 11th-place finish among his peers.
- Last year we reported that of the 10 highest-paid ceos (all of them heads of independent agencies or conglomerates), eight received a cash bonus and two didn't. This year was a repeat—once again, eight of the 10 highest-paid ceos, with total pay ranging from $404,800 to $600,000, received an incentive. These eight ceo bonuses alone averaged $136,525 and totaled more than $1 million: $1,092,200, to be precise, or 22.6% of the ceos' combined base salary of $4,824,700.
- Creative directors drew bonuses at a clip that rivaled the ceos. Sixty-six of 157 creative directors (42.0%) got bonuses averaging 26.7% of base salary. The rewards for the best creative talents were especially evident in the larger agencies billing over $100 million, where more than half of the creative heads (52.2%) received bonus checks that averaged 25.9% of base salary, or $48,000 each. Average total take-home pay for creative directors in the big agencies: $221,600.
- Although performance-related incentives can be found in agencies of all sizes, the percentage of top managers who actually get one rises in a remarkably consistent, stair-step pattern based on agency size. In the agencies that bill up to $5 million, one in four executives (24.5%) got one. This figure rises to 30.6% in agencies billing $5 million to $10 million; to 34.8% in agencies billing $10 million to $25 million; and to 44.7% in agencies billing $25 million to $100 million. In agencies with billings in excess of $100 million, one in two executives (49.9%) received bonus pay on top of their base salaries.
- In contrast to the size group pattern that governs bonus distribution, the average bonus-to-base ratio is reasonably consistent across all size groups. The average incentive for those who received one stands at about 22% of base salary, regardless of agency size. Only in agencies with billings of $5 million to $10 million, where the average bonus edges up to just over 30% of base, is there any significant deviation from the 22% standard. (See Table 4.)

The bottom line on bonuses: A total of 990 of the 2,667 executives, or 37.1%, received a cash bonus in 1986, a slightly smaller percentage than the 40.9% who received one in the previous year. Bonuses for those who got one averaged 22.1% of base salary, or $16,200—virtually identical to 1985's average bonus of 21.7% of base, or $16,500. Twenty-eight executives received a bonus of $100,000 or more, up from 16 six-figure incentives reported in 1985.

Base-salary increases: From one extreme to the other

To get the most precise reading of top-management salary increases, we tracked the average base-salary increase from Oct. 1, 1985, to Oct. 1, 1986, for each "matched" employee in the sample (those reported in both last year's survey and this year's study, identified by individual employee number).

The average 1986 base-salary increase for all matched executives was 8.2%; those who received an increase did considerably better, averaging 13.6%. Ad execs who received a pay hike made enormous gains on the cost of living: The 13.6% average increase was more than *nine times* higher than the 1.5% increase in inflation over the same period, and compares favorably with top-management increases in most other industries.

With inflation at a virtual standstill, most executives who got any increase at all made some progress on the cost of living.

Nevertheless, the averages don't tell the full salary-increase story:

- Although 26% of the executives got no salary increase, another 16% received a pay hike of between 1% and 5%, which means that 42% of those reported received increases of 5% or less. This large proportion of small increases pulled down the average salary raise for all execs, offsetting the large number of good-size increases that were also awarded.
- The biggest increases were distributed by the largest agencies. Agencies billing more than $100 million (Group E) gave an average base salary increase of 9.4% to 76% of their top executives; the average raise for those who received one was a very healthy 16.6%.
- In the midsize agencies, those with billings of $10 million to $100 million, the average raise was more modest: 7.5% in Group D ($25 million to $100 million) and 6.1% in Group C ($10 million to $25 million). In both size groups, the average pay hike for executives who received one was 11.1%. While nearly four of every five execs (78%) in Group D got an increase, only three of five (62%) were so favored in Group C.
- Similar raises were awarded in the smaller shops with billings up to $10 million: 7.0% in Group A (up to $5 million) and 6.4% in Group B ($5 million to $10 million). The discrepancy in salary-hike distribution—how many actually got raises —is especially stark in the smallest agencies. In Group A, little more than half of the executives (57%) received a raise; 43% got zilch. Those who got an increase averaged 12.9%.

Table 4

1986 Incentives

Percent receiving and incentives as a percent of base salary

Billing size group	% receiving	% of base
A: up to $5 mil.	24.5	24.7
B: $5 mil. to $10 mil.	30.6	30.4
C: $10 mil. to $25 mil.	34.8	23.7
D: $25 mil. to $100 mil.	44.7	19.2
E: over $100 mil.	49.9	22.2
All agencies	**37.1**	**22.1**

Source: ©1987 by Cole Surveys, Inc.

Total cash increases: Bonuses mark the trend

Even more than the base salary raises, the 1986 total cash (base salary plus bonus) increase results were remarkably varied. While hundreds of executives were awarded huge cash bonuses, boosting their base salaries by thousands, tens of thousands and even hundreds of thousands of dollars, others saw their incentives reduced or eliminated altogether.

As with the base-salary increases, we tracked the average total cash increase for each "matched" executive (reported in both the 1985 and 1986 surveys). We calculated these bonuses, which in most cases were paid in early 1986 for calendar-year 1985 performance, as a percentage of the October 1986 base salary.

- For matched executives, the average total cash increase was only 7.1%, *lower* than the 8.2% increase in base salary alone—a clear sign that agencies across the country sharply reduced their bonuses from the 1985 levels. Seventy percent of all ad executives reported in both the 1985 and 1986 studies received *no increase* or took cuts in their bonus pay.
- Bearing the brunt of the bonus *cutbacks* were executives in the smaller agencies, those with under $10 million in billings. In the $5 million-to-$10 million group, one in three (32%) had their bonuses cut or eliminated. In the smallest agencies, those billing up to $5 million, the cuts were even deeper: One in two (52%) of those who got a bonus in 1985 had their bonuses slashed or eliminated.
- The average base-plus-incentive increase in the smallest agencies was only 1.6%, just about even with the 1.5% rise in inflation. Only 49% of these execs got an increase in total cash; most got no raise or took a pay cut. Executives in the $5 million-to-$10 million group fared no better: The total cash increases for the 81% who got one were almost entirely offset by the 19% who took a pay cut, resulting in an overall increase of just 0.2%.
- The severe cutbacks in the two smallest-size groups pulled the overall average total cash increase down to 7.1%. The larger agencies, those billing more than $10 million, gave somewhat larger total cash increases, about 7.7% on average. Although only three of four executives in the larger companies received an increase in total pay,

(Continued on Page 48)

Participation higher in 2nd annual survey

Participation in the annual Cole/Advertising Age survey more than doubled in the past year: 221 agencies participated, up 140% from 92 in our initial study. The agency sample includes 21 multi-unit headquarters, 173 independent agencies, 23 subsidiaries and four branches.

Smaller agencies, those billing up to $10 million, are the fastest-growing part of the sample: 117 participated, more than triple the 35 that submitted data last year. In the $10 million-to-$100 million class, the number of participants more than doubled, to 86 from 42. Also participating were 18 agencies with billings of more than $100 million (including three of the top 10), up from 15; the larger agencies each billed an average of $751 million, up 36% from $553 million last year.

Because the smaller agencies are a larger percentage of the sample, the average total cash figure for all executives fell 5%. However, the average total earnings of "matched" executives, those reported in both last year's survey and this year's, is a far more accurate way to size up the year-to-year change. Their total cash pay rose 7.1% from $89,800 to $96,200.

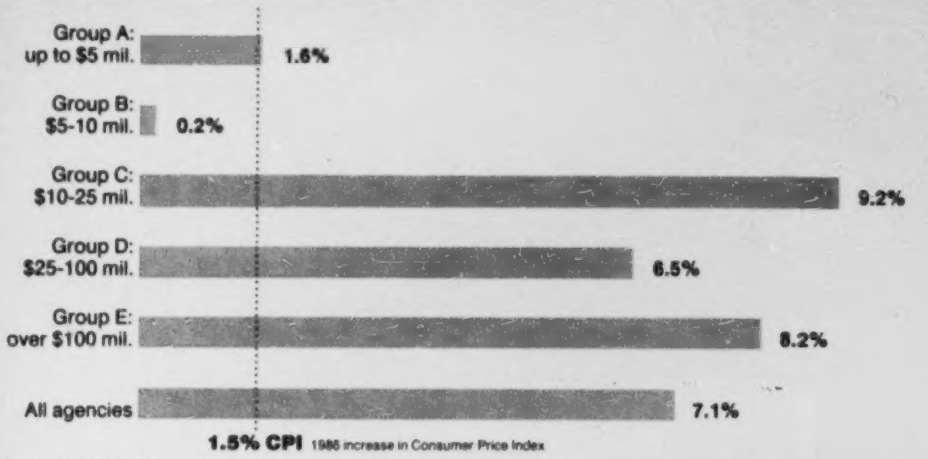
For more information about the sample and the survey methodology, see Page 52.

SALARY SURVEY

Table 5

1986 Total cash pay increases vs. CPI

All matched employees, all agencies by billing size group



Source: ©1987 by Cole Surveys Inc.

Table 6

1986 'Hall of Fame'

Highest reported total cash pay by position

Rank and position	Total compensation ($000)
1. CEO II, independent	$600.0
2. CEO I, subsidiary	530.4
3. Creative director	500.0
4. President and chief operating officer	476.0
5. Chief financial officer	415.2
6. Branch office manager	340.0
7. Business development manager	335.0
8. Director of account management	330.0
9. Media director	330.0
10. Executive vice president	299.0
11. Associate creative director	239.0
12. Market research manager	210.0
13. Senior account executive	198.0
14. Broadcast production manager	167.0
15. Public relations manager	133.0
16. Senior copywriter	130.0
17. Associate media director	112.3
18. Traffic manager	100.0
19. Senior art director	93.5
20. Print production manager	88.0

Source: ©1987 by Cole Surveys, Inc.

(Continued from Page 46)
those who did all cracked double digits, averaging 12.1% in agencies billing $10 million to $25 million, 12.2% in agencies billing $25 million to $100 million and 17.5% in agencies billing over $100 million. (See Table 5.)

- Independent-agency ceos were on the bottom of the bonus pile in 1986, and their results exemplified the larger trend: Those who got, got big, and were offset by those who got nothing.

The independent ceos' average total cash increase was only 0.5%—50% of them received an increase averaging 17%, but the other 50% got no increase or took a pay cut.

- Other executives who received total cash increases averaging 5% or less included chief financial officers (5%) and exec VPs (4.0%). Presidents/chief operating officers also exemplified the broader trend: In agencies billing up to $10 million, none got a raise and their average cash pay was chopped 14%; in the agencies billing more than $10 million, 89% of the presidents received an increase that averaged 16%.

And that's why we call this year's results a mixed bag!

Highest paid by position: Up, up and away

No discussion of the survey results by position would be complete without a visit to the "Hall of Fame"—our list of the highest total cash paid to each of the 20 survey positions. (See Table 6.)

It's important to note that the Hall of Fame features a revolving door—the highest-paid in any one position in any given year is often not the same person who occupied the position during the previous year.

Besides documenting how much agencies are actually willing to pay the best and the brightest in each position, the Hall of Fame indicates how ad agencies value these 20 top management positions in relation to one another.

Four of last year's five highest-paid positions made the top five list again: ceo II (independent), president/chief operating officer, creative director and chief financial officer.

The ceo I (subsidiary) position now occupies the No. 2 slot, up from No. 6 last year; this year the highest-paid ceo I's total earnings were $530,400, 65% more than the $322,300 earned by last year's highest-paid ceo I. Dropping out of the top five to 10th place was the exec VP position.

The creative director position also moved up a couple of notches; the highest-paid earned total cash of $500,000, nearly 50% more than last year's high of $335,000. The highest-paid chief financial officer on this year's list earned total cash compensation of $415,200, underscoring the importance of the fiscal and control function in the advertising world.

Total cash for the five highest-paid positions ranges from the chief financial officers's $415,200 to the ceo II's $600,000.

The second five (the sixth-through-10th-highest-paid) includes three repeaters from last year—branch office manager, director of account management and media director—along with business-development manager (a position new to this year's survey) and the exec VP position.

Only $41,000 separates the sixth-highest-paid position (branch office manager, at $340,000) from the 10th highest-paid (exec VP, at $299,000).

Although the remaining 10 positions show little movement from last year's rankings, generally up or down a notch, there was real movement in some of the total cash figures.

For example, the highest-paid traffic manager's total cash was $100,000 this year, a 78% advance from last year's high of $56,200; the top-paid senior account executive earned $198,000, up 55% from $127,500 last year and the highest-paid associate creative director made $239,000, up 44% from $167,500 a year ago.

Whereas last year the highest-paid in five positions earned less than $100,000, this year only two of the top-paid—the senior art director ($93,500) and the print production manager ($88,000)—failed to reach six figures.

Table 7

1986 Summary of CEO perquisites

Percent receiving

Billing size group	Company car	Supplemental medical insurance	Pension	Supplemental retirement	Stock option
A: up to $5 mil.	78%	49%	29%	6%	9%
B: $5 mil. to $10 mil.	83	43	17	13	20
C: $10 mil. to $25 mil.	84	51	36	7	13
D: $25 mil. to $100 mil.	82	59	51	13	23
E: over $100 mil.	86	64	50	29	50
All agencies	81	52	34	10	17

Source: ©1987 by Cole Surveys, Inc.

The highest cash pay reported in the survey, $613,600, was received by an executive whose responsibilities did not fit into one of the 20 defined positions.

Position results: Billing size remains key factor

Note: Differences in figures in text and charts (Table 8, and ceo arrays in Table 13) are caused by exclusion of some unrepresentative data from chart calculations.

Although geography (particularly an agency's proximity to major ad centers like New York or Los Angeles), organizational structure, corporate "culture" and a host of other variables can influence compensation, agency size remains the primary determinant of salary and bonus levels in the ad industry. Here's an overview of who made what in each of the 20 benchmark positions (See Table 8).

Overall agency management

Chief executive officers (II and I): For agency heads, there's more to the pay picture than meets the billfold: Cash may be only a part of the chief executive's total compensation pa kage.

Other perquisites, such as a set of company-paid wheels, often come with the territory. (See Table 7.)

For example, four of every five ceos (81%) drive a company car, and a majority of chief executives (52%) receive supplemental medical insurance.

Other "perks" received by advertising's chief executives include pension (34%), stock options (17%) and supplemental retirement benefits (10%).

For perks as well as pay, agency size makes a real difference. In the largest companies, for example, half of the ceos (50%) receive pensions and 50% get stock options; in the smallest agencies, 29% of the ceos receive pensions and fewer than one in 10 (9%) gets stock options.

Ceo pay levels rise steadily, and then sharply, as agency billings increase.

Independent-agency heads (ceo IIs) average total cash of $78,900 in the smallest-size group, $113,400 in the $5 million-to-$10 million group, $131,600 in the $10 million-to-$25 million group and $192,600 in the $25 million-to-$100 million group.

But the ceo II's total take-home pay really takes off in the largest agencies, soaring to $425,200—which is more than twice the average in the next-smallest-size group. (See Table 8.)

Averages don't tell the whole story, however; exceptions can be found at both ends of the pay spectrum.

For example, the $10 million-to-$25 million group includes a ceo II who made $464,500 last year—about two and one-half times more than the size group average, and nearly $40,000 more than the average for chief executives in the largest agencies.

A similar size-group pattern can be discerned in the compensation of subsidiary-company ceos.

The 11 ceo I's in the $25 million-to-$100 million group averaged total cash of $227,300, while those in the largest agencies averaged $354,400.

The $227,300 total cash for subsidiary ceos in agencies billing $25 million to $100 million is nearly $35,000 more than the average for independent ceos in the same size group.

This is a phenomenon often observed in industries where large organizations merge with or acquire smaller companies.

The larger companies extend their higher pay structures to the subsidiary ceo's, thus pushing their average pay beyond that earned by the ceos of independent organizations. We are just beginning to see this trend in the advertising industry and, as the trend develops, we can expect to see steadily increasing base salaries, bonuses, benefits and perks for ceos of independent

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Table 8

Executive positions: national summaries of 1986 total cash compensation

All agencies, by billing size group

	Group A: up to $5 mil.	Group B: $5 to $10 mil.	Group C: $10 to $25 mil.	Group D: $25 to $100 mil.	Group E: over $100 mil.
Position 013-001: Chief executive officer II, independent					
Agencies	65	22	39	21	9
Incumbents	64	22	39	21	8
Quartile 3	$90.0	$150.8	$140.0	$223.8	$567.5
Weighted average	$78.9	$113.4	$131.6	$192.6	$425.2
Agency average	$78.9	$113.4	$131.6	$192.6	$425.2
Median	$67.2	$99.2	$105.6	$174.7	$417.5
Quartile 1	$50.0	$78.0	$85.0	$131.2	$309.3
Position 013-002: Chief executive officer I, subsidiary					
Agencies	2	1	3	11	3
Incumbents	2	1	3	11	3
Quartile 3	—	—	—	$252.8	—
Weighted average	$55.1	$108.0	$61.7	$227.3	$354.4
Agency average	$55.1	$108.0	$61.7	$227.3	$354.4
Median	—	—	—	$225.0	—
Quartile 1	—	—	—	$165.6	—
Position 013-005: President and chief operating officer					
Agencies	23	12	16	22	9
Incumbents	22	13	16	22	9
Quartile 3	$81.0	$115.7	$147.5	$225.0	$405.0
Weighted average	$62.8	$91.5	$118.7	$174.7	$328.9
Agency average	$62.8	$94.5	$118.7	$174.7	$328.9
Median	$52.0	$77.2	$89.0	$172.4	$319.5
Quartile 1	$40.9	$67.5	$71.0	$112.6	$269.7
Position 013-008: Branch office manager					
Agencies	7	6	8	10	11
Incumbents	6	8	9	19	19
Quartile 3	$32.5	$87.9	$109.0	$110.0	$200.0
Weighted average	$28.8	$61.2	$79.4	$88.9	$180.2
Agency average	$28.8	$63.1	$80.2	$108.9	$190.7
Median	$29.8	$54.0	$76.3	$74.0	$179.4
Quartile 1	$23.0	$39.9	$45.2	$50.0	$160.1
Position 013-009: Executive vp					
Agencies	29	16	28	23	9
Incumbents	30	23	36	38	16
Quartile 3	$72.6	$115.1	$99.5	$121.3	$193.8
Weighted average	$54.7	$88.8	$81.4	$107.6	$175.8
Agency average	$56.3	$81.7	$84.0	$112.9	$195.6
Median	$46.6	$75.0	$76.5	$100.0	$166.7
Quartile 1	$32.8	$67.5	$58.4	$91.8	$125.1
Position 810-210: Chief financial officer					
Agencies	33	17	34	30	12
Incumbents	33	17	34	30	12
Quartile 3	$38.0	$47.3	$63.4	$84.3	$226.8
Weighted average	$31.5	$43.6	$55.0	$72.7	$187.8
Agency average	$31.5	$43.6	$55.0	$72.7	$187.8
Median	$28.4	$37.4	$48.5	$65.3	$190.0
Quartile 1	$24.0	$28.0	$38.9	$50.3	$104.1
Position 810-241: Traffic manager					
Agencies	23	17	24	18	10
Incumbents	23	17	24	19	11
Quartile 3	$22.0	$27.7	$31.0	$42.0	$42.5
Weighted average	$20.6	$22.9	$26.3	$36.4	$39.2
Agency average	$20.6	$22.9	$26.3	$36.9	$39.3
Median	$20.0	$20.0	$25.0	$33.0	$38.0
Quartile 1	$17.9	$17.4	$20.0	$25.0	$30.0
Position 810-303: Creative director					
Agencies	35	18	29	37	13
Incumbents	34	18	32	50	19
Quartile 3	$50.5	$75.0	$90.0	$140.0	$284.8
Weighted average	$40.0	$66.4	$73.3	$114.1	$234.3
Agency average	$40.0	$66.4	$75.3	$122.4	$251.6
Median	$35.0	$61.0	$68.1	$91.3	$220.9
Quartile 1	$26.5	$53.0	$55.0	$63.3	$146.8
Position 810-305: Associate creative director					
Agencies	13	12	17	28	10
Incumbents	12	15	25	58	32
Quartile 3	$39.4	$60.0	$73.5	$100.0	$145.3
Weighted average	$33.9	$50.9	$58.1	$81.6	$121.2
Agency average	$33.9	$51.9	$54.9	$83.5	$121.1
Median	$31.0	$47.5	$50.0	$75.0	$105.0
Quartile 1	$26.1	$45.0	$41.0	$55.2	$95.5
Position 810-307: Senior art director					
Agencies	50	20	32	31	9
Incumbents	63	25	48	54	31
Quartile 3	$32.7	$41.0	$48.4	$63.3	$75.0
Weighted average	$26.2	$35.8	$42.6	$51.6	$63.3
Agency average	$26.3	$37.2	$41.9	$52.2	$67.0
Median	$24.5	$36.1	$40.0	$48.8	$61.6
Quartile 1	$19.9	$28.8	$33.8	$39.6	$52.4
Position 810-310: Senior copywriter					
Agencies	31	14	29	28	9
Incumbents	34	17	36	49	26
Quartile 3	$30.5	$39.8	$50.0	$67.0	$77.3
Weighted average	$25.8	$33.7	$41.4	$53.5	$68.0
Agency average	$25.6	$32.5	$41.5	$55.3	$70.2
Median	$25.9	$35.0	$40.0	$48.0	$66.0
Quartile 1	$19.9	$27.5	$30.3	$42.0	$57.0
Position 810-330: Media director					
Agencies	36	21	31	31	12
Incumbents	36	21	31	39	12
Quartile 3	$32.6	$47.1	$59.0	$80.0	$183.8
Weighted average	$26.0	$36.4	$44.6	$61.0	$154.5
Agency average	$26.0	$36.4	$44.6	$66.3	$154.5
Median	$27.0	$35.5	$43.0	$56.0	$138.0
Quartile 1	$18.5	$25.9	$34.6	$41.4	$109.5
Position 810-332: Associate media director					
Agencies	10	5	19	19	9
Incumbents	11	7	21	27	17
Quartile 3	$21.3	$24.0	$35.0	$52.7	$95.3
Weighted average	$19.1	$20.7	$29.7	$44.1	$75.8
Agency average	$19.0	$22.1	$29.4	$44.6	$73.6
Median	$17.5	$19.2	$30.0	$44.1	$73.5
Quartile 1	$16.0	$16.5	$20.1	$37.5	$58.4
Position 810-336: Broadcast production manager					
Agencies	7	5	7	16	11
Incumbents	7	6	7	17	11
Quartile 3	$32.0	$36.6	$43.0	$78.9	$152.0
Weighted average	$27.8	$29.8	$35.9	$61.5	$89.4
Agency average	$27.8	$30.3	$35.9	$63.4	$89.4
Median	$25.4	$28.5	$33.5	$60.0	$61.0
Quartile 1	$22.4	$21.0	$30.5	$34.9	$54.0
Position 810-338: Print production manager					
Agencies	28	19	24	32	8
Incumbents	28	28	20	25	39	8
Quartile 3	$25.0	$39.0	$42.5	$48.5	$78.9
Weighted average	$22.7	$32.3	$36.6	$42.8	$56.7
Agency average	$22.7	$32.1	$35.5	$45.1	$56.7
Median	$22.0	$31.7	$33.0	$43.0	$53.8
Quartile 1	$18.1	$28.1	$28.7	$32.7	$36.5
Position 810-360: Public relations manager					
Agencies	19	15	24	20	9
Incumbents	18	16	26	21	9
Quartile 3	$30.9	$47.2	$57.9	$57.5	$115.6
Weighted average	$26.5	$39.8	$45.6	$54.4	$84.7
Agency average	$26.5	$39.9	$44.9	$55.2	$84.7
Median	$24.0	$37.4	$42.5	$48.0	$80.0
Quartile 1	$20.0	$34.0	$35.5	$41.3	$55.9
Position 810-370: Business development manager					
Agencies	2	1	5	10	3
Incumbents	2	1	5	12	3
Quartile 3	—	—	$60.2	$145.3	—
Weighted average	$42.2	$60.0	$52.7	$93.5	$189.0
Agency average	$42.2	$60.0	$52.7	$91.0	$189.0
Median	—	—	$50.0	$77.5	—
Quartile 1	—	—	$46.5	$56.0	—
Position 810-380: Director of account management					
Agencies	17	9	22	31	12
Incumbents	16	9	28	66	24
Quartile 3	$43.5	$76.9	$73.2	$95.4	$190.6
Weighted average	$38.5	$62.1	$63.4	$83.6	$150.7
Agency average	$38.5	$62.1	$66.8	$92.8	$184.5
Median	$38.6	$60.0	$56.4	$75.0	$132.0
Quartile 1	$29.7	$44.6	$51.0	$61.3	$80.9
Position 810-382: Senior account executive					
Agencies	43	24	40	34	9
Incumbents	73	47	89	146	60
Quartile 3	$42.0	$50.0	$57.0	$70.0	$95.0
Weighted average	$35.0	$40.6	$48.9	$60.7	$82.9
Agency average	$34.7	$39.3	$47.4	$60.9	$80.5
Median	$32.5	$40.0	$44.0	$55.0	$80.5
Quartile 1	$25.8	$30.0	$40.0	$44.9	$54.6
Position 810-390: Market research manager					
Agencies	7	2	5	22	12
Incumbents	7	2	5	25	17
Quartile 3	$50.8	—	$69.0	$69.7	$105.5
Weighted average	$44.0	$52.1	$52.5	$62.8	$92.5
Agency average	$44.0	$52.1	$52.5	$63.0	$103.9
Median	$37.0	—	$48.0	$60.0	$83.0
Quartile 1	$35.0	—	$38.3	$52.3	$64.8

Source: ©1987 by Coie Surveys, Inc.

SALARY SURVEY

Table 9

1986 Aggregate of top 10 total cash compensation

As a percent of billings

Billing size group	Aggregate of top 10 total compensation	Average billings	Aggregate as a percent of billings
A: up to $5 mil.	$333,200	$2.1 mil.	15.9%
B: $5 mil. to $10 mil.	538,700	7.3 mil.	7.4
C: $10 mil. to $25 mil.	656,800	15.8 mil.	4.2
D: $25 mil. to $100 mil.	1,031,100	48.9 mil.	2.1
E: over $100 mil.	1,991,900	750.9 mil.	0.3

Source: ©1987 by Cole Surveys Inc.

Table 10

1986: 10 highest paid in agency management

Average total cash pay by billing size group

	Group A: up to $5 mil.		Group B: $5 mil. to $10 mil.		Group C: $10 mil. to $25 mil.		Group D: $25 mil. to $100 mil.		Group E: over $100 mil.	
	Total comp.	% of top 10	Total comp.	% of top 10	Total comp.	% of top 10	Total comp.	% of top 10	Total comp.	% of top 10
Highest	$70,400	21.1%	$109,700	20.4%	$132,400	20.2%	$203,700	19.8%	$345,300	17.4%
Second	48,800	14.6	78,000	14.5	101,700	15.5	152,900	14.8	278,700	14.0
Third	34,200	10.3	63,600	11.8	75,500	11.5	123,100	11.9	238,100	12.0
Fourth	29,800	8.9	55,200	10.2	63,700	9.7	102,600	10.0	213,800	10.7
Fifth	27,500	8.3	48,300	9.0	56,500	8.6	89,300	8.7	183,500	9.2
Sixth	26,100	7.8	45,000	8.4	51,200	7.8	81,600	7.9	165,300	8.3
Seventh	25,700	7.7	40,400	7.5	47,700	7.2	74,700	7.3	151,400	7.6
Eighth	25,000	7.5	35,200	6.5	45,300	6.9	71,600	6.9	141,600	7.1
Ninth	23,500	7.1	32,000	5.9	42,100	6.4	67,200	6.5	139,900	7.0
Tenth	22,200	6.7	31,300	5.8	40,700	6.2	64,400	6.2	134,300	6.8
Total	**333,200**	**100.0**	**538,700**	**100.0**	**656,800**	**100.0**	**1,031,100**	**100.0**	**1,991,900**	**100.0**

Source: ©1987 by Cole Surveys Inc.

(Continued from Page 48)

and subsidiary agencies alike.

Independent and subsidiary heads drew comparable bonuses in comparable numbers this year. Subsidiary ceos, who tend to work for the larger agencies, had a slight advantage: 50% received incentives averaging 46.2% of their base pay, while 43.6% of the independent chiefs got bonuses averaging 39.3% of base.

President/chief operating officers, exec VPs: Although presidents/chief operating officers and exec VPs have somewhat similar responsibilities, the survey results indicate a distinct difference in their compensation—one that becomes especially pronounced in the largest agencies.

For the 83 presidents/chief operating officers in the survey, total cash compensation ranges all the way from $23,500 in one of the smallest agencies to $476,000 in one of the largest. Total pay for presidents/chief operating officers rises on a curve similar to the ceo curve, moving up gradually in the three smallest-size groups ($62,800 in Group A, $91,500 in Group B, $118,700 in Group C, then jumping to an average of $174,700 in Group D ($25 million to $100 million) and $328,900 in the Group E (over $100 million) agencies.

The 144 exec VPs received total cash of $94,000 on average, 31% below the $136,100 figure for presidents. The cash gulf separating exec VPs and presidents/chief operating officers is narrow in the smaller agencies, but widens considerably in the biggest companies—average total cash for exec VPs is 13% less than presidents' pay in the smallest agencies, but is 31% less in Group C, 38% less in Group D and 49% (or more than $160,000) less in the Group E agencies.

Forty-one percent of the presidents/chief operating officers received a bonus averaging 39.6% of base, equal to the independent ceos' average of 39.3% of base. In agencies billing more than $100 million, two-thirds (66.7%) of the presidents/chief operating officers got bonuses averaging one-third (33.6%) of base.

More than half (52.1%) of the exec VPs got bonuses, though their average 26.8% of base was considerably smaller than the average bonus amounts for ceos and presidents.

Branch office managers: The 62 branch office managers reported in this year's survey averaged $105,000 in total cash, $180,200 in agencies billing more than $100 million. The highest-paid branch head, who manages an office in the $25 million-to-$100 million group, earned a total of $340,000.

Thirty-six of the 62 (58.1%) received an incentive in 1986, a higher proportion than in any other survey position; their average incentive was 21.6% of base salary.

Financial management

Chief financial officers: As we noted earlier, the highest-paid chief financial officer made $415,200 in 1986. In agencies that bill over $100 million, the chief financial officer's average total cash of $176,000 tops the exec VP's average of $168,700 and nearly equals the branch head's total of $180,200; most chief financial officers in agencies billing less than $100 million earn quite a bit less than most exec VPs and branch heads. The average total cash for all 126 chief financial officers in this year's study was $64,200.

Nearly four of every 10 chief financial officers (38.9%) earned a bonus that averaged 24.3% of their base pay.

Creative management

Creative directors and associate creative directors: Like chief financial officers, the top creative heads can earn compensation that rivals the highest-paid in any position. Forty-five of the 157 creative directors (28.6%) earned more than $100,000 in 1985, eight made over $250,000 and four topped $400,000.

Although the highest-paid creative director in agencies billing less than $5 million earned $100,000, the average total cash for creative heads in the smallest agencies is $39,400, a figure that rises to $66,400 in Group B, $75,500 in Group C and $114,100 in Group D. In agencies with over $100 million in billings, creative heads earn an average of $221,600—second only to ceos.

Bonuses for creative directors averaged 26.7% of base salary and were distributed to 42.0% of those reported.

Total cash compensation for the 144 associate creative directors in this year's survey averaged $78,400; associate creative heads in Group E agencies earned $118,700 on average. Although a slightly higher proportion of associates (43.1%) received bonuses than their bosses, their average incentive of 11.8% was less than half the 26.7% awarded to the top creative person.

Senior art directors and senior copywriters: If the pay figures for these positions are any indication, advertising agencies put equal emphasis on design and copy—only

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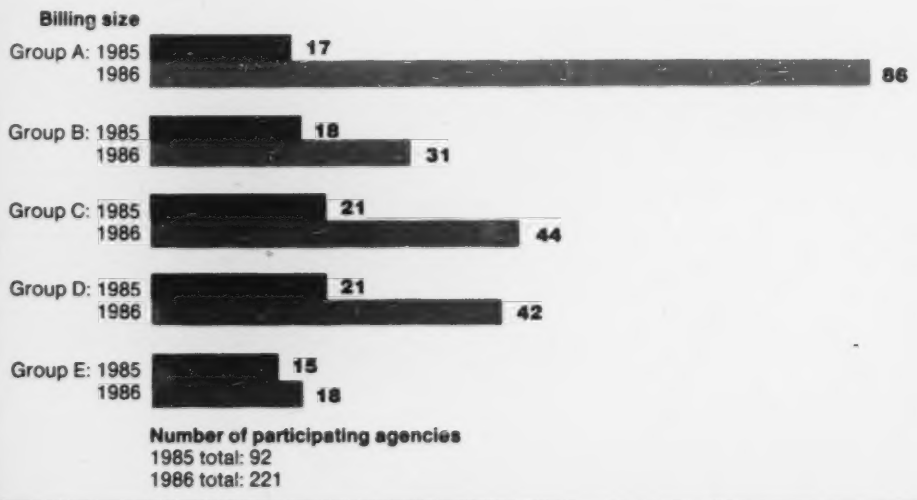
Table 11

1985-86 Survey participation

By billing size group



How salary data were gathered for this survey

This second annual Survey of Top Management Compensation was conducted by Cole Surveys in cooperation with Advertising Age. The survey is designed to provide a timely, accurate analysis of the industry's top-management compensation while maintaining the confidentiality of participants.

A total of 221 agencies participated in this year's survey, more than double the 92 agencies that submitted data last year. The sample includes 21 independent and subsidiary headquarters, 173 independent agencies, 23 subsidiaries and four branch offices. (See Table 11.)

This year's sample runs the gamut of agency size, from small shops to some of the country's largest agencies. The largest agency in the survey reported billings of $3.5 billion, while the smallest reported just under $1 million. The 86 agencies that bill less than $5 million average $2.1 million; the 18 that bill over $100 million average about $750 million. We used total billings as the indicator of agency size, and divided the survey participants into five billing-size groups: Group A (up to $5 million); Group B ($5 million to $10 million); Group C ($10 million to $25 million; Group D ($25 million to $100 million); and Group E (more than $100 million).

Survey participants also were divided into the four regions used by Advertising Age. All four regions showed an increase in participants this year (See Table 12).

A total of 2,667 executives were reported this year, up 61% from last year's total of 1,654. Of the 2,667, 2,510 (or 94%) were slotted in one of the 20 defined "benchmark" positions. The remaining 157 executives were judged by their agencies to have duties other than those described for the 20 defined positions.

Each agency submitted the following data: Base salary as of Oct. 1, 1986, and incentive paid in 1986 for 1985 performance.

The arrays for Position 013-001, CEO II-Independent, and Position 013-002, CEO I-Subsidiary, present detailed agency results in a visual display. Cole has sent each company that submitted data a code sheet with its own confidential code. This allows each participating agency to see its CEO's pay ranking in relation to its billing ranking.

The position arrays are presented by billing size groups. At the top of each size-group display is summary information, such as weighted and agency averages, the median, the first and third quartiles and the number of agencies and incumbents. Total cash compensation data, as of Oct. 1, 1986, are shown from highest to lowest in each size group. The arrays display *all* figures reported, including the highest and lowest; to avoid distortion of the database, unusually high or low figures have been "lopped," or excluded, from the averages shown in the summary information.

Each agency that submitted data will receive total compensation arrays for several top-management positions.

Complete survey results, including base salary and total cash pay arrays for all 20 positions, are available in a comprehensive report prepared by Cole Surveys. Participating agencies can receive complete, individualized survey results in a "Confidential Report" that features displays comparing its own data to that of two peer groups, or "clusters," of other participating agencies.

Agencies that did not participate in this year's survey but would like to obtain the complete results of the study may order a non-individualized, off-the-shelf "Cole Edition" that contains detailed salary and incentive information (including arrays) on all 20 positions. This version is available for $245.

The entire staff at Cole Surveys worked on the design, data diagnosis and production of this study. Computer programs were prepared for the Advertising Age study by Ann Oppenheimer and Connie Gay. Justina Larson and Ed Reilly were responsible for project management. Mary Twomey assisted with data management and diagnosis. Suzanne Mancuso provided editorial support.

To order the "Confidential Report" or "Cole Edition," or for information on participating in future compensation surveys, call Ed Reilly at (617) 542-3341.

SALARY SURVEY

(Continued from Page 52)

$3,100 separates the average earnings of our 222 senior art directors ($42,100) and 162 senior copywriters ($45,200).

Although the artists have a slight edge in the four size groups with billings up to $100 million, the writers have the advantage in agencies that are billing more than $100 million, earning total cash averaging $67,300, compared to $62,200 that is paid to the art directors.

The art directors and senior writers also compete head-to-head for bonus pay—25.7% of the design chiefs earned an incentive averaging 6.3% of base salary, while 22.2% of the writers earned a bonus averaging 5.8% of base.

Business development, account management

Business-development officers: The business-development officer position is new to this year's survey.

In a hotly competitive industry like advertising, the person who can land new accounts plays a pivotal role, and these officers' earnings prove it.

The highest-paid new-business head took home a total of $335,000 in 1986.

The total cash earnings of business-development officers rose from an average of $34,600 in the smallest agencies to $83,700 in agencies billing $25 million to $100 million.

In the largest agencies, the new-business officer's average total cash of $178,400 puts him on a par with chief financial officer's $176,000.

Nearly one of every two development officers (47.7%) received a cash incentive averaging 20.9% of base salary; in agencies billing over $100 million, four of the five business-development heads reported got substantial cash bonuses—$33,800, or 20.3% of base.

Directors of account management and senior account executives: In agencies billing up to $10 million, the average earnings for directors of account management are within several thousand dollars of the creative directors' total compensation; above $10 million, however, the creative heads have a considerable advantage over the account directors, earning 19% more on average in agencies billing $10 million to $25 million, 37% more in agencies billing $25 million to $100 million and 47% more in agencies billing more than $100 million.

The 144 directors of account management averaged total cash of $84,000 in 1986; in the largest agencies, the average take-home was $150,700.

The highest-paid account director earned $330,000.

Fifty-six of the 144 account managers (38.9%) earned a bonus averaging 22.7%.

The 415 senior account executives averaged $54,600, and 41.9% received bonuses of 12.2% of base salary.

Total cash earnings for senior account execs don't vary by the extreme amounts common to other positions.

For example, senior account execs and directors of account management make about the same amount of money in the smallest agencies—account execs and account directors earn total cash of $35,000 and $36,900, respectively, in agencies billing less than $5 million; in agencies billing more than $100 million, however, the account directors' average total pay is $150,700, nearly twice the senior account exec's average of $80,800.

Media

Media directors and associate media directors: Media directors and their associates can make big bucks, but for these specialists—more so than for other ad execs—the really big bucks are in the big agencies.

While the average earnings of media directors range from $26,000 in agencies billing up to $5 million to $61,000 in agencies billing $25 million to $100 million, the average pay for directors shoots up to $154,500 in agencies billing more than $100 million, where the highest-paid media head collected total cash of $330,000 in 1986.

Associate media directors in the largest agencies earn a total of $72,700 on average, which is nearly two-thirds more than associate directors in the next-smallest size group.

The average earnings of the 139 media directors reported in the survey were $52,600; 32.4% were awarded incentive pay averaging 15.7% of base salary (in the largest agencies, three-quarters of the directors got an average bonus of over 20%).

The 83 associate media directors averaged $41,700 in total cash, and 28.9% received bonuses of 9.9% of base.

Production

Broadcast production managers and print production managers: Total earnings for broadcast production managers are closely bunched in the three size groups with billings up to $25 million (averaging $27,800 in Group A, $29,800 in Group B and $35,900 in Group C), and then rise to $61,500 in agencies billing $25 million to $100 million.

In agencies billing more than $100 million, a total-cash "chasm" separates the highest-paid broadcast chiefs; who earn at least $134,000 each, from the remaining group, none of whom earns more than $63,600.

The average pay of the 120 print production managers ranged moderately by agency size, from $22,700 in Group A to $55,100 in Group E.

The highest-paid print production head earned $88,000.

The broadcast production and print production chiefs had similar bonus results: 31.3% of the broadcast managers earned an average incentive of 14.7%, and 30.0% of the print managers earned an incentive of 9.2% of base.

Market research

Market research managers: The average total cash for market research heads starts at a relatively high $44,000 in agencies billing up to $5 million and rises to $92,500 in the largest agencies, where the highest-paid research chief earned $210,000.

Agencies in the two size groups billing more than $25 million account for most of the incumbents in this position (42 of 56) and virtually all of the bonuses (20 of 21, averaging 9.5% of base in Group D and 15.2% in Group E).

Public relations

Public relations managers: Average total compensation for PR heads starts at $25,700 in the smallest agencies, ranges from $39,800 to $54,400 in the three size groups with billings of $10 million to $100 million, and peaks at $83,800 in the largest agencies.

Five PR chiefs earned more than $100,000 in 1986. Thirty-eight of the 91 PR managers earned bonuses averaging 10.3%.

Traffic

Traffic managers: Average pay for traffic managers varies little by size group, averaging $20,600, $22,900 and $26,500, respectively, in Groups A, B and C, and $36,400 and $37,800, respectively, in Groups D and E.

About one of four traffic managers received a bonus averaging 8.1% of base salary.

For traffic managers, like other advertising professionals, anything's possible—the highest-paid traffic manager earned $100,000 in 1986.

Measuring competitiveness; Top 10 total comp in aggregate

How much does an agency's top management team cost?

In our first study we looked at the aggregate total cash compensation paid to the 10 highest-paid executives in each agency size group.

Organizational structures and reporting relationships can vary significantly from one agency to the next, and the top 10 total provides a way to measure the overall competitiveness of an agency's executive pay structure without regard to the titles or functions of the individual executives.

Here, as in the position comparisons, billing size has the greatest impact on executive pay. The average top 10 total compensation ranges from $333,200 (or $33,320 per executive) in the smallest-size group (agencies billing up to $5 million) to $1,991,900 (or $199,190 per executive) in the largest group (agencies billing more than $100 million). (See Table 9.)

Of course, what an agency actually pays its top 10 is often much more (or less) than the size group average.

For example, although the average top 10 cash pool in the largest agencies is $1,991,900, some of these agencies pay a lot more than that.

Of the 18 agencies reported in Group E, three pay their top 10 executives more than $3,000,000; the highest top 10 total reported, $4,620,000, is 132% higher than the Group E average.

Variation from the size-group average is just as evident in the smaller size groups.

In Group A, the highest top 10 total reported is $710,500, or 113% more than the $333,200 average; in Group B, the highest is $1,041,000, or 93% more than the $538,700 average; in Group C, the highest is $1,255,000, or 91% higher than the $656,800 average; and in Group D, the highest is $2,381,200, or 131% higher than the $1,031,100 average.

Top management: Relative to billings, still a good buy

Another way to look at the cost of top management is top 10 total cash in relation to agency billings. In the past year, the top 10 total as a percent of billings has changed very little, rising by 0.3 percentage points or less in the four smallest size groups and declining by 0.1 percentage points in the largest size group.

In the four largest size groups, the top 10 price tag ranges from 0.3% of billings in the largest agencies to 7.4% of billings in the $5 million-to-$10 million size group. Even the company carrying the highest top 10 aggregate ($4,620,200) pays a mere 2.7% of its billings to the top 10.

In the smallest size group, top 10 total cash averages 15.9% of billings, up from 15.6% last year and a considerably bigger chunk of billings than in the four larger size groups.

The recent wave of mergers involving the smaller agencies may well reflect efforts to trim these proportionately higher management costs. But even in the smallest companies, top management is still a good buy.

The highest-paid executive in the Group A agencies, usually the ceo, receives an average of $70,400 in total cash, a mere 3.3% of Group A average billings ($2,131,000).

As we noted last year, executive compensation in advertising doesn't increase in direct proportion to agency size.

For example, in 1986 it cost $1,031,100 to pay the top 10 in an agency billing $48.9 million (Group D) and $1,991,900, less than double, to pay the top 10 in an agency that's about 15 times larger—one billing $750.9 million (Group E). While the difference in average billings between the two groups is $702 million, the difference in their top 10 cash outlay is $960,800; in other words, for every million dollars of additional billings, the top 10 total increases by only $1,369 ($960,800 divided by 702) or an average of $137 per executive.

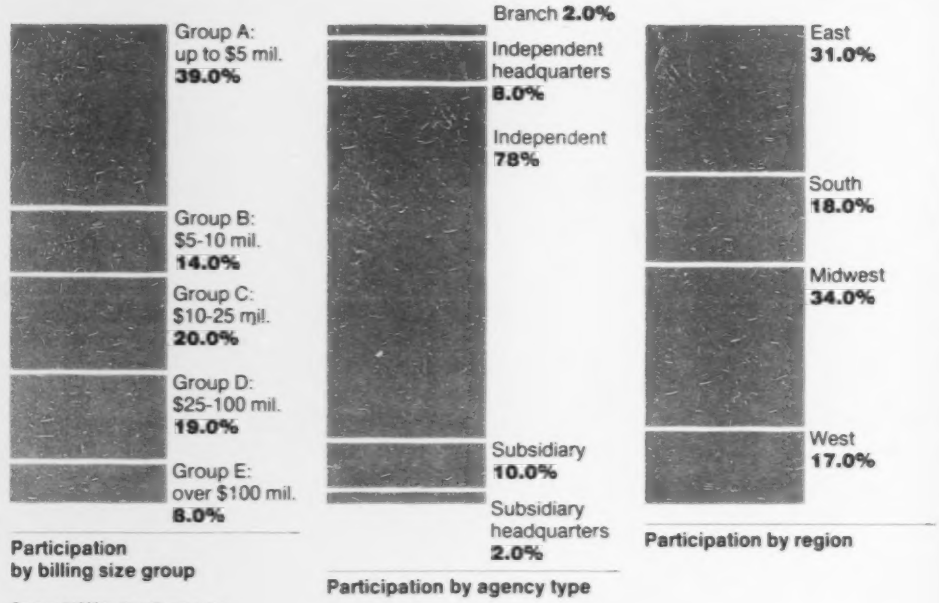
Highest-paid executive gets 17% to 21% of top 10 total

One constant in the annual survey results is the relationship of each top 10 executive's pay to the top 10 total.

The highest-paid executive receives about 17% to 21% of the total, regardless of agency size; the fifth-highest-paid executive gets 8% to 9% of the top 10 total; the 10th-highest paid receives 6% to 7%. This remarkable consistency extends to every type of agency in every size group. (See Table 10.)#

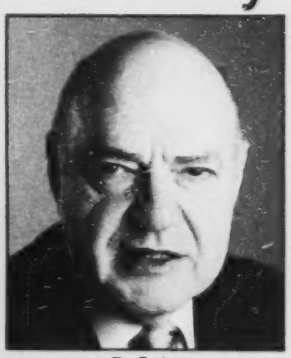
Table 12

1986 Survey demographics



Source: ©1987 by Cole Surveys Inc.

Cole Surveys looks at many industries



B. Cole

BOSTON—Ben Cole is president-founder of Cole Surveys and a VP-director of parent The Wyatt Co.

Established in 1956 and a recognized leader in the compensation survey field, Cole's participants include the top 100 financial institutions. The Wyatt Co. is an international benefits, compensation and risk-management company with offices in 55 cities in the U.S., Canada and overseas.

The co-author of this report, Matt Sizing, is Cole senior editor.#

SALARY SURVEY

Table 13

1986: Chief executive officer total cash compensation

All agencies, by billing size group

Chief executive officer, II independent

Group A: up to $5 mil.

Agencies	65
Incumbents	64
Quartile 3	$90.0
Weighted avg.	$78.9
Agency avg.	$78.9
Median	$67.2
Quartile 1	$50.0

Rank	Agcy. code†	Avg. pay	BSG rank
1	TQ0	203.0	10
2	VR1	200.0	27
3	B4N	191.9	20
4	R2C	180.0	1
5	1BJ	161.9	8
6	DD3	150.0	11
7	G7Z	150.0	42
8	A9E	146.0	56
9	N1Y	140.0	9
10	2DJ	121.5	25
11	JP4	110.9	35
12	Q9K	108.8	2
13	C8F	98.0	18
14	I2A	96.0	26
15	X6Z	90.0	54
16	P8K	90.0	57
17	3ED	90.0	64
18	S0H	86.0	3
19	2GD	85.0	46
20	CC3	83.0	60
21	ZI3	80.0	19
22	UD6	79.0	13
23	LY6	79.0	38
24	9YE	78.0	49
25	I8X	75.0	7
26	OJG	74.0	45
27	QU3	72.9	24
28	BI0	72.5	4
29	IZ5	72.0	48
30	2HE	68.6	21
31	7SG	68.5	29
32	0UQ	67.3	31
33	3ZK	67.0	37
34	C2P	65.0	6
35	W2E	65.0	15
36	2KO	64.0	14
37	2VN	62.0	17
38	S0G	60.0	33
39	EN7	60.0	50
40	9FI	58.0	16
41	6WV	57.2	59
42	QR4	56.8	5
43	6AO	55.0	44
44	H4I	54.0	30
45	5KH	53.0	34
46	Q8Y	51.3	39
47	5NX	50.0	23
48	B4C	50.0	36
49	Q7I	50.0	43
50	L4O	49.0	41
51	F3Q	48.5	58
52	ZA9	48.0	53
53	YM5	46.5	55
54	UT9	45.7	52
55	1YI	45.0	32
56	4NJ	43.6	22
57	RW7	43.0	28
58	TC7	42.5	47
59	1KK	36.0	51
60	U4N	35.0	63
61	OF2	34.5	40
62	X4W	33.6	62
63	4HV	26.4	65
64	I7W	25.0	12
65	QK9	20.0*	61

Group B: $5 mil. to $10 mil.

Agencies	22
Incumbents	22
Quartile 3	$150.8
Weighted avg.	$113.4
Agency avg.	$113.4
Median	$99.2
Quartile 1	$78.0

Rank	Agcy. code†	Avg. pay	BSG rank
1	1TQ	234.0	9
2	L4P	200.0	12
3	1ZM	175.0	6
4	8BJ	175.0	7
5	1CX	153.0	3
6	J1C	150.0	16
7	O5A	128.0	4
8	LT8	120.3	20
9	LK3	120.0	18
10	2YF	102.6	10
11	U3D	100.0	5
12	1FX	98.4	15
13	M4J	96.0	13
14	G3S	87.8	8
15	K1H	79.9	2
16	J6R	78.0	1
17	PJ8	78.0	17
18	NG7	77.8	21
19	A8T	75.0	19
20	U5M	64.1	11
21	7RY	60.0	22
22	H9E	42.5	14

Group C: $10 mil. to $25 mil.

Agencies	39
Incumbents	39
Quartile 3	$140.0
Weighted avg.	$131.6
Agency avg.	$131.6
Median	$105.6
Quartile 1	$85.0

Rank	Agcy. code†	Avg. pay	BSG rank
1	G6O	464.5	4
2	O7X	337.0	5
3	T4J	239.9	20
4	ZE1	233.6	12
5	BM1	200.0	10
6	Q9R	188.9	34
7	E8I	176.8	13
8	C6A	150.0	14
9	8PB	140.0	8
10	6ZL	140.0	15
11	FF7	137.8	2
12	1HO	136.3	35
13	QX3	132.0	23
14	P5P	130.0	33
15	TO0	126.0	39
16	YK3	125.0	31
17	3YD	119.5	17
18	D8D	119.0	21
19	AK8	110.0	30
20	6WK	105.6	6
21	KI9	105.0	9
22	D9L	104.0	36
23	BL4	102.0	25
24	H7K	100.0	7
25	Q5U	100.0	38
26	I3I	98.5	19
27	KD1	90.0	18
28	SG5	90.0	27
29	U9P	87.5	37
30	0OS	85.0	16
31	X1D	79.2	3
32	3WC	78.0	29
33	4FL	75.0	1
34	3GB	75.0	22
35	GA9	75.0	28
36	3XC	75.0	32
37	JN4	70.4	26
38	I0Y	66.6	11
39	EJ2	65.0	24

Group D: $25 mil. to $100 mil.

Agencies	21
Incumbents	21
Quartile 3	$223.8
Weighted avg.	$192.6
Agency avg.	$192.6
Median	$174.7
Quartile 1	$131.2

Rank	Agcy. code†	Avg. pay	BSG rank
1	0WI	450.0	1
2	U8B	350.0	5
3	0XB	260.0	3
4	E5Q	255.0	10
5	9HU	240.0	13
6	MC9	207.5	16
7	X2E	200.0	2
8	9XN	200.0	11
9	0WV	182.0	6
10	8UM	175.0	12
11	9YM	174.7	19
12	S2S	172.9	7
13	P3D	165.6	14
14	H2M	145.0	15
15	PA2	132.0	9
16	ZW3	131.4	20
17	LJ3	131.0	21
18	K1M	127.6	18
19	IT2	125.0	17
20	5CG	115.0	4
21	6AW	104.0	8

Group E: over $100 mil.

Agencies	9
Incumbents	8
Quartile 3	$567.5
Weighted avg.	$425.2
Agency avg.	$425.2
Median	$417.5
Quartile 1	$309.3

Rank	Agcy. code†	Avg. pay	BSG rank
1	7YU	600.0	
2	KG2	590.0	
3	5QI	500.0	
4	FO1	420.0	
5	KX0	415.0	
6	FU3	365.7	
7	5SF	290.5	
8	E6G	220.0	
9	YF8	87.5*	

The billing ranking in this size group is omitted to preclude identifying survey participants.

†Agency code: See box on Page 52

Chief executive officer I, subsidiary

Group A: up to $5 mil.

Agencies	2
Incumbents	2
Quartile 3	—
Weighted avg.	$55.1
Agency avg.	$55.1
Median	-
Quartile 1	-

Rank	Agcy. code†	Avg. pay	BSG rank
1	9RD	60.0	1
2	ET5	50.1	2

Group B: $5 mil. to $10 mil.

Agencies	1
Incumbents	1
Quartile 3	-
Weighted avg.	-
Agency avg.	-
Median	-
Quartile 1	-

Rank	Agcy. code†	Avg. pay	BSG rank
1	D3F	108.0*	1

Group C: $10 mil. to $25 mil.

Agencies	3
Incumbents	3
Quartile 3	-
Weighted avg.	$61.7
Agency avg.	$61.7
Median	-
Quartile 1	-

Rank	Agcy. code†	Avg. pay	BSG rank
1	6CN	85.0	2
2	6WK	60.0	1
3	D8D	40.0	3

Group D: $25 mil. to $100 mil.

Agencies	11
Incumbents	11
Quartile 3	$252.8
Weighted avg.	$227.3
Agency avg.	$227.3
Median	$225.0
Quartile 1	$165.6

Rank	Agcy. code†	Avg. pay	BSG rank
1	P7N	530.4	2
2	PZ2	325.0	5
3	9ZT	252.8	9
4	8PE	245.0	3
5	2IN	235.0	1
6	A6R	225.0	11
7	E4M	179.0	7
8	1NG	170.0	8
9	D0N	165.6	4
10	O6B	100.0	6
11	LJ3	72.0	10

Group E: over $100 mil.

Agencies	3
Incumbents	3
Quartile 3	-
Weighted avg.	$354.4
Agency avg.	$354.4
Median	-
Quartile 1	-

Rank	Agcy. code†	Avg. pay	BSG rank
1	S0J	450.0	
2	QK4	404.8	
3	8DZ	208.3	

The billing ranking in this size group is omitted to preclude identifying survey participants.

Source: ©1987 by Cole Surveys Inc.

*Due to unrepresentative nature of the data, this figure is excluded from calculation of the averages.

Back Pages

From past issues of Advertising Age

50 Years Ago This Week—1937

New York—Dominant newspaper and magazine advertising had been started for French's mustard, popularizing a new advertising character, Hot Dan the mustard man. The campaign was the biggest ever for a mustard.

A Hot Dan mustard spoon was given free with each purchase of a jar of the mustard.

The spoon, made of beetleware and molded in Hot Dan's image, was offered to avoid the annoyance of wiping mustard from the handles of spoons or paddles that frequently fall into the mustard and also to avoid mustard on tablecloths and napkins.

40 Years Ago—1947

New York—Regional councils and chapters of the American Association of Advertising Agencies sponsored the first annual examinations to screen young people for advertising careers.

The two-part examination consisted of an aptitude test and a knowledge test.

If the candidate was willing, his test results were circulated to member agencies in the area. The candidates were not told that success on the examination would result in their getting jobs, but it was expected that many would be helped by the plan.

30 Years Ago—1957

New York—Lovers of that rare ambrosial distillate known as Jack Daniel's Tennesse sour mash whiskey, which was so hard to get, were happy to learn that production had been stepped up 50% over 1955.

Consumers also were told that perhaps by 1961 supply would begin to catch up with demand.

Advertising was intended to take the "heat off the retailer," who couldn't meet consumer demand, and to prevent consumers from getting distorted ideas because of the shortage.

Window cards, counter cards and handouts for customers explained the shortage and were headlined "We'd rather ask your patience than lose your respect for Jack Daniel's."

20 Years Ago—1967

New York—Creative Playthings, a CBS Toy subsidiary, marketed a Little Brother doll, which came without clothes and was anatomically correct.

The company stated that after test-marketing overseas, "Children in Europe are apparently undisturbed by the whole affair."

10 Years Ago—1977

Washington—The Food & Drug Administration ordered warning labels to appear on dozens of aerosol products containing chloroflourocarbon propellants. The order said that warning labels must tell consumers that the spray product "contains a chloroflourocarbon that may harm the public health and environment by reducing ozone in the upper atmosphere."

Certain drug products, including over-the-counter sprays for asthma, were exempted because the use of chloroflourocarbons in them was deemed essential.

Compiled by Kevin Brown, Sandra Davis and Julie Doherty.

Special Report

Ted Carr

From piano to sushi bars, grocers jazz up service

By Denise Frenner

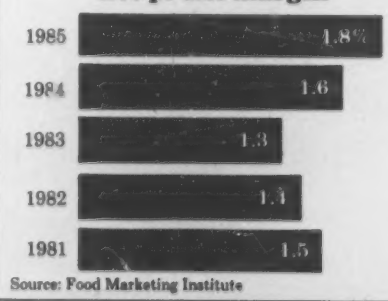
It used to be simple. Grocery marketers, like all retailers, held fast to the notion that success meant being "all things to all people." This weary axiom also implied that consumers' needs were basic and predictable, and could be easily satisfied without much imagination on the retailers' part.

No longer. While good prices, a convenient location and speedy checkout service always will be important, today's increasingly sophisticated consumers want a little more from their supermarkets than just the basics.

"They want to be pampered," says Larry Schaeffer, editor and executive producer of Stamford, Conn.-based "Supermarket Insights," an industry video magazine. "And they don't have to be rich to have these desires."

Frank Panyko, VP of The Food Institute, Fairlawn, N.J., says this change is partly because of consumers' pent-up desire for quality. "In the 1970s and early 1980s, with high inflation and a sluggish economy, many people couldn't afford quality items," he says. "Now that the economy is healthier, we can afford to talk upscale. The timing is right. The trend may have started years ago in affluent areas, but now it's moving more into the mainstream."

U.S. supermarket industry's net profit margin



Source: Food Marketing Institute

In response to more quality-conscious consumers and amid media proclamations of a dwindling middle class, grocery stores of all formats—from superwarehouses to upscale superstores—are moving up with the market.

Retailers are adding drama and sizzle to their operations with such amenities as full-service seafood departments, "from-scratch" bakeries, gourmet prepared foods and catering departments, specialty foods, and in-store restaurants complete with sushi bars, jazz pianists and wine stewards.

While the trend toward upgrading and upscaling isn't new, such activities appear to be on the

(Continued on Page S-2)

Grocers jazz up service

(Continued from Page S-1)

rise. Simultaneously, generic products and the spartan, limited-assortment warehouse stores selling fewer than 1,500 items are stepping down.

There are no statistics on how many of the nation's supermarkets practice high-style retailing, largely because "upscale" isn't a studied format, but a concept that can be applied to any store.

However, 55% of chain-store executives surveyed by *Progressive Grocer*, a Stamford, Conn.-based trade publication, say they anticipate abnormally fast proliferation of upscale stores in the near future, compared with 48% who said the same last year.

"There definitely are more upscale formats every year," says David Litwak, research director for New York-based *Supermarket Business*, an industry trade publication. "The industry follows whatever trends society is going through. If a segment of society is upscaling, so will supermarkets to serve that segment."

Mr. Litwak adds that competition in most market areas is fierce, and that retailers are doing anything they can to differentiate themselves and secure a niche.

"In the average community," says Mr. Schaeffer, "a retailer successfully can operate an upgraded store, with increased services and specialty foods, as long as the shopper perceives value for his dollar."

Progressive Grocer also reveals that only 11% of the surveyed chain-store executives were likely to stress generics in 1987, compared with 14% in 1986 and 28% in 1985. Further, the publication reports that limited-assortment warehouse stores started off with a bang that is now a whimper.

The format currently comprises 0.2% of all supermarkets in the U.S., the smallest percentage of any format operating today.

Perhaps the study's most dramatic, if not staggering, statistic concerns supermarket services. Fully 82% of the executives say they plan to add or expand service departments in 1987, compared with 75% in 1986 and 68% in 1985.

This comes as little surprise. As a recent cover story in *Time* pointed out, personal service has become an endangered commodity in the U.S. marketplace; consumer frustration is at an all-time high.

"Service has deteriorated here. Outside of the U.S., it's much better," says Jeanne Maraz, executive director, National Association for the Specialty Food Trade, New York. "Lots of stores are beefing up their services now; the marketplace requires it."

Mr. Schaeffer, in fact, says there is a retransfer of labor from the shopper back to the retailer. "Often, these things are cyclical. Everyone talks about the origins of the first self-service supermarket—with shoppers pushing carts and helping themselves to items on the shelves—started by Piggly Wiggly in 1928. Now, 60 years later, retailers are bringing service back."

> ***"One of the ways [grocers] are trying to make shopping more exciting and fun is by upgrading stores."***
>
> **Larry Schaeffer**
> **"Supermarket Insights"**

A parallel push toward the high end is coming from food manufacturers, many of whom are introducing upscale line extensions and entering the prepared foods arena with fresh, premium products.

"This business is consumer driven," says Mr. Schaeffer. "Grocery marketers don't put products in stores hoping consumers will buy them. They make products available because consumers have asked for them. Most research has shown that the purchase of specialty, gourmet products isn't done just by the affluent. People like to eat well."

Upgraded and upscaled operations are one of the grocery industry's major niches today, adds Mr. Schaeffer. He says it's likely the trend will continue.

"Like it or not, most shoppers find the shopping experience boring. Many retailers are realizing that price alone isn't enough to be successful. You have to have a lot more. One of the ways they're trying to make shopping more exciting and fun is by upgrading stores, providing services and catering to the community.

He streases that as supermarkets add services, their operating costs rise. Labor, grocery retailers' largest operating expense—62.8%, according to a 1984-85 Cornell University study—becomes even more intensive with additional services. Mr. Schaeffer says the challenge, which most upscale retailers are successfully meeting, is to balance the added labor costs against the returns.

Such extras, however, are designed to broaden the customer base, keep shoppers in the store for a longer time period, and get them to spend more money.

"It's all part of the fine-tuning of grocery retailing," he says.

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In a fragmented market, grocers cover the niches

By Cynthia Valentino

Ask any tracker of consumer buying patterns and he'll tell you: There's no longer a creature called "the typical consumer." The buying public has become segmented, splintering into various groups and subgroups, each with its own needs and preferences.

In response, many large supermarket chains, as well as some small ones, operate a variety of formats ranging from price-driven warehouse stores to upscale specialty stores.

"Existing formats weren't accomplishing retailers' sales objectives," says Willard Bishop, head of the Barrington, Ill.-based food-industry consultancy bearing his name. Further, he says, "The industry interpreted that problem in view of the fragmentation of the marketplace. Retailers recognized the need to differentiate themselves from other stores in their trading area." By shifting up or down, many supermarkets are now specialized, rather than being "just plain vanilla," he says.

Cynthia Valentino, a Westwood, N.J.-based free-lance writer, is a former special sections editor for Supermarket News.

The "upscale" concept—whether it is applied to a large, lavish superstore or a small specialty store—has become increasingly popular with retailers looking for a new niche. In fact, several companies, notably Kings Super Markets, West Caldwell, N.J., and Byerly's, Edina, Minn., have had solely upscale stores for years.

> ***"At this time, [Plano, Texas] is overstored, so we knew when we opened, we'd have to offer something different."***
>
> **Jack Evans Jr.**
> **Tom Thumb-Page stores**

Such units also are growing in popularity with conventional-store chains. Companies that have launched upscale stores within the past decade or so include A&P, Bruno's Inc., The Cullum Cos., Giant Food, Grand Union, Vons Grocery and Safeway Stores. These companies also operate conventional supermarkets or superstores; many have warehouse or superwarehouse operations as well.

The reasons for the trend toward upscaling are numerous. But one important factor is the high profit margin carried by prepared, specialty and gourmet foods, which helps increase overall store profitability while boosting store sales and sales per transaction.

A&P's Futurestores, one of the company's two upscale banners, helped boost overall profits 20% to 50%, according to analysts. William Vitulli, Montvale, N.J.-based A&P's VP-government and community relations, says the company's average per-store sales have gone up significantly in the past few years, and overall sales volume increased 18.4% in the fiscal year ending Feb. 28, 1987, compared with the previous year.

Both the Futurestores, with their dramatic black-and-white decor, and the upscale Food Emporiums acquired through A&P's 1986 purchase of the New York-based Shopwell chain, emphasize perishables and specialty products, and boast numerous service departments.

The 27 smaller Food Emporiums are a more viable format for urban locations where rents are high and space is at a premium. A&P now operates 20 Futurestores in suburban locations throughout its trading area, and will open 20 more this year, according to Mr. Vitulli.

Multi-format operators take varying approaches in advertising. A&P, for instance, uses one ad to cover three different formats—A&P conventional stores, Futurestores and Sav-A-Centers. (Advertising for A&P's Food Emporium is handled separately.)

According to Anthony Gasparro, VP-advertising for A&P, using this strategy was a "difficult decision to make, but you can only do so much because of costs." He says that general or informative ads, such as newspaper ads, which represent about 60% of the budget, cover all three formats. A&P's institutional TV advertising, using the theme introduced in May 1986, "We've built a proud, new feeling at A&P," also covers the three formats by including interior scenes of each type of store. Individual formats occasionally are given supplementary coverage via direct mail in their immediate trading areas, Mr. Gasparro says.

Birmingham, Ala.-based Bruno's operates 10 upscale combination stores called Bruno's Food and Pharmacy. Four were built from scratch; six were conversions of stores acquired from Boise-based Albertson's when that chain left Alabama in 1985. Filling about 54,000 sq. ft. each, these stores are the largest in Bruno's roster.

Despite their upscale slant, Bruno's stores are "competitively priced on regular items," says Beth Dunnaway, director-consumer affairs. Bruno's sometimes incorporates features of one format into another if the location calls for it.

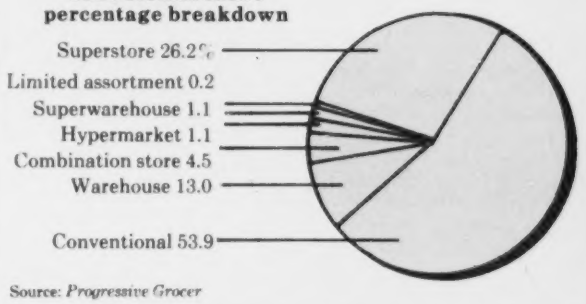
When scouting for new spots, the company's store development department determines which format would work best. "A real estate coordinator searches out potential sites, then

(Continued on Page S-10)

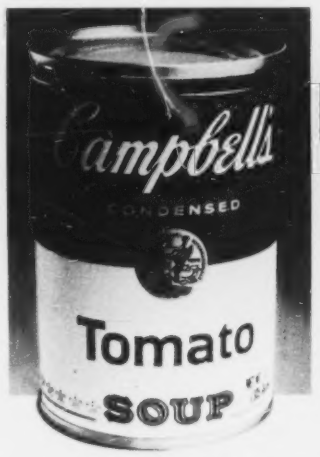
U.S. supermarkets' format share

Format	1986	1976
Economy	15.4%	1.5%
Extended	30.7	6.5
Conventional	53.9	92.0

1986 format share percentage breakdown



Source: *Progressive Grocer*



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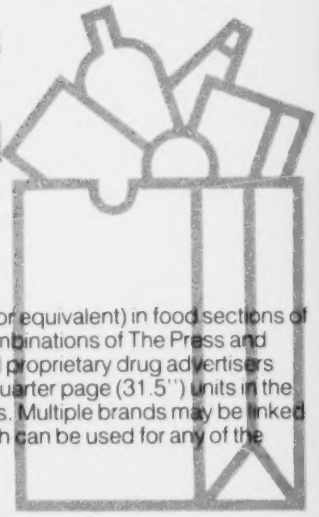

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Store upgrade boosts sales by 72%

By W. Franklyn Joseph

Oprah Winfrey hates grocery stores, so the TV host confessed on her nationally syndicated talk show recently.

Her disdain was fully realized when, on an unspecified occasion, she experienced an I-can't-take-it-anymore-or-I'll-scream feeling at a supermarket checkout counter, and promptly proceeded to abandon a shopping cart filled with groceries.

Undoubtedly, some supermarket environments can drive shoppers senseless. But Bill Michas contends his Super Foodtown in Cedar Knolls, N.J., isn't one of them.

"People don't rush to get out," says Mr. Michas, the owner-president. "They like it here." The recently upgraded store's average sale per transaction is $18, $1.67 more than the industry's 1985 national average, according to the Washington-based Food Marketing Institute.

To entice his clientele, Mr. Michas spent $1.7 million on a remodeling project completed last June. Market research predicted a store upgrade would boost sales by 25%. The findings confirmed his perception that the Morris County suburb, whose residents have an average household income of $46,000-plus, would welcome the change.

Because 22% growth was his break-even point, Mr. Michas, not unlike other supermarket owners who rely on increasing volume to compensate for the industry's low margins, went ahead. The result was astounding: Instead of the projected 25% sales increase on the store's previous average weekly take of $185,000, Super Foodtown rings up a whopping $325,000-plus weekly.

"On average, sales are up by about 72%," says Mr. Michas. The return also betters by more than 50% the national, weekly gross average take of $206,543 in 1985, the most recent figures available from FMI.

Mr. Michas' phenomenal gains don't reflect the industry standard. "Generally, you anticipate a remodel, without expansion, will increase sales about 10%," says Barbara Barker, president and co-owner of Off The Wall, the Sellersville, Pa.-based retail interior-design company that worked on the Foodtown project. Ms. Barker says a 25%-to-30% sales increase typically is reached in cases where overall expansion occurs as a result of remodeling.

What couldn't be measured is the contribution word of mouth played in increasing customers. Mr. Michas also surmises that the seven-mile distance between his store and the nearest competitor, as well as the fact that Super Foodtown is located in a shopping mall, plays a part in the store's hefty sales increase.

"The frequency of major remodelings is going up," says Tim Hammonds, senior VP at FMI. "Customer lifestyles and demographics are changing. In order for supermarket owners to keep up with their customer base and the competition, they have to bring new services and a new look into the store more often than they would have had to 10 or 15 years ago," Mr. Hammonds says.

By reorganizing existing space, the store's selling area was increased by 1,500 square feet to 19,500 square feet, says Mr. Michas. Now, its average weekly sales per square foot are $16.66, compared with $10.28 before the upgrade and with an industry average of $8.43, according to FMI.

Foodtown's customers are greeted by the produce section, including a salad bar, followed by the service seafood department—offering up to 65 varieties of fresh fish—and service meat department. The new produce section, complete with mirrored ceilings and automatic misting devices to keep perishables fresh, was given 20% more space and returns $32,500 weekly, about "40% more than pre-upgrade sales," Mr. Michas says.

Dropped ceilings, muted lighting and customized wood display cases add to the store's unconventional ambiance. Another novel feature is cocktail jazz, piped through the store daily as a pianist entertains lunch patrons in the on-site restaurant.

The store's improvements garnered it the right to use "Super" in front of the Foodtown name. Mr. Michas' store is part of a Edison-N.J.-based, 135-member cooperative that his family bought into during the 1950s.

Mr. Michas says consumers first were suspicious that price increases would follow the renovation. However, he has won the doubters over by keeping his promise to not raise prices.

In fact, he says, "it's even easier to keep my word now because we've experienced such a dramatic volume increase, and volume overcomes everything."

Mr. Michas' staff increased significantly after the upgrade as well—71%. He relies on his 120 employees, who are knowledgeable about every area of the store, to perform customer-relations duties, with charm.

"More supermarket owners need to actively court consumers," says Off The Wall's Ms. Barker. They can realize higher profit margins, she says, by providing the additional services.

W. Franklyn Joseph is a freelance writer based in New York.

Niches

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an analyst goes to the area and does research. Among other things, he plots out boundaries such as rivers and railroad tracks, which people are reluctant to cross, to see how broad a draw the store will have," she says. Extensive demographic studies also are done, and the final decision is based on "the culmination of a lot of data," says Ms. Dunnaway.

Cullum Cos., parent of Tom Thumb Super Markets and Page Drug Stores, has operated successful Tom Thumb-Page Food & Drug Centers stores for years. In May 1986, the company opened its first upscale Tom Thumb-Page unit in the Dallas suburb of Plano, Texas.

Jack Evans, Jr., president of Tom Thumb-Page stores, describes Plano as a still-developing affluent area. "At this time, the area is overstored, so we knew when we opened up there, we'd have to offer something different." Cullum is no stranger to the upscale concept: The company also operates a Simon David specialty store in Inwood, Texas, and plans to open two more.

The Plano store already had been half-built when Cullum decided to make it more upscale, Mr. Evans explains, and "therefore we had to make some compromises. The store is 55,000 square feet—about the same as the other Tom Thumb-Page stores. So to make room for the expanded service departments and gourmet products, we had to cut back on grocery and general merchandise."

Those compromises may have advantages. Bishop Allen, the VP and general manager of Simon David who also is responsible for the Plano store, says, "The fact that we were limited in space made us very selective in

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Sources: ABC Fas-Fax for the 6 months ended 9/30/86, S & MM 1986

ON THE GO!

Supermarkets nosh on gourmet foods to go

By Laurie Werner

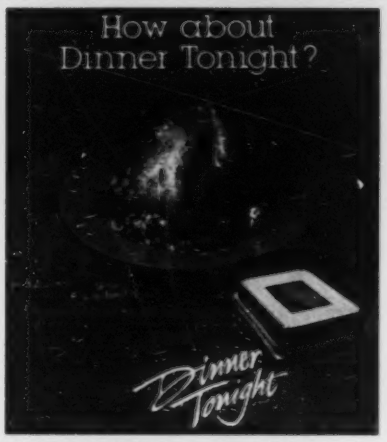
The next time you hit the supermarket deli counter you may notice a big difference. It might be larger, have dozens of freshly made, luscious-looking salads and entrees, and behind it all, in white jacket and toque, a Culinary Institute of America-trained chef.

What's happening here? Supermarket gourmet foods to go are clearly on the rise. One reason, according to industry consultant Michael Wahl, chairman of the Howard/Marlboro Group, a New York-based sales promotion company, is the competitive edge they give stores that offer them.

Laurie Werner is a New York-based free-lance writer.

"If you walk into the average supermarket, you don't know where you are," he explains. "These places all look the same. But the prepared foods department gives a store a chance to enhance its image, to create a strong, individual identity."

The primary reason grocery retailers are entering the gourmet takeout segment, however, is to capture a greater share of the food-service dollar. According to "The Lempert Report," a Belleville, N.J.-based industry newsletter, eating and drinking establishments posted a 7.9% sales increase in 1986, compared with food stores' 4.2% rise.



Finast uses FSIs to promote Dinner Tonight, its alternative to fast food.

Prepared foods, extending considerably beyond traditional deli offerings, have been termed the industry's "new frontier." Food fadism has been unfolding in America for years, as has the growing desire for convenience fueled by working women with neither the time nor desire to cook. The more recent gourmet offerings are yet another weapon in the battle for takeout business.

According to a National Restaurant Association study of 1,000 consumers, 56% bought takeout food more than twice a week; 45% relied on takeout for dinner more than twice a month. Meanwhile, a 1986 Food Marketing Institute study reveals that only 10% of consumers who regularly bought takeout food did so from the carryout section of supermarkets.

Fast-food stores and restaurants' carryout sections accounted for 81% of the business, spurring supermarkets to react. But they are wielding their new weapon in different ways.

Cleveland-based First National Supermarkets' East Coast Finast stores, for example, are

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Niches

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general merchandise: we pared the selection down to the best, fastest-moving items. General merchandise does very well."

Cullum officials are pleased with the sales performance of the Plano Tom Thumb-Page store thus far. "In terms of volume," Mr. Evans says, "we're doing better than we anticipated we'd be doing in our first year."

Mr. Allen adds that the Plano store is in the top 10 of the company's stores in total sales. He expects 1988 sales to be around $25 million.

"Upscale stores can work very well in a variety of areas," he says. "Maybe not in strictly low or low-to-middle income areas, but in mixed areas. This type of store appeals to a broad base of the population."

He notes, however, that large, upscale superstores must be situated in areas with large populations. They also must draw a broad customer base from a wide geographic radius to ensure they'll generate the necessary sales volume to support them.

"Volume is key in our industry," he says. "If you didn't have volume, you'd get murdered on labor costs." The supermarket business becomes even more labor intensive when a store has many service departments.

"As volume goes up," he continues, "the differential in labor between this type of store and a more conventional store narrows, and you're still achieving your gross profit."

The two new Simon David stores will open in Austin by December 1987 and in north Dallas by March 1988 at 56,000 and 78,000 square feet, respectively, significantly larger than the existing Simon David at 33,000 square feet.

Simon David does not advertise, according to Mr. Allen, who says the store relies on word of mouth to attract customers. However, he notes that the store honors "Tom Thumb ads on items we carry. The advertised items are identified in-store through shelf signs."

The Simon David store should do around $28 million in 1987 sales, surpassing the company's original expectations, says Mr. Allen, who hopes the 78,000-square-foot store planned for Dallas will top $35 million in annual volume.

El Monte, Calif.-based Vons Grocery, which introduced its version of the upscale superstore, Pavilions, in October 1985, now operates five such stores ranging from 50,000 to 75,000 square feet.

The stores are in demographically mixed areas, but all with a large population base to ensure good customer draw, according to a Vons spokeswoman.

Originally, the stores were called Vons Pavilions. "We thought using the Vons name was a good way of getting recognition initially," she explains. "Now, we feel Pavilions has grown strong enough to stand on its own."

Vons also has another upscale format called Pantry, acquired from Cullum Cos. in June 1986. Sized about 20,000 square feet, these 10 stores are considerably smaller than the Pavilions.

Vons has separate business units for each of its formats, including it's new Tianguis store

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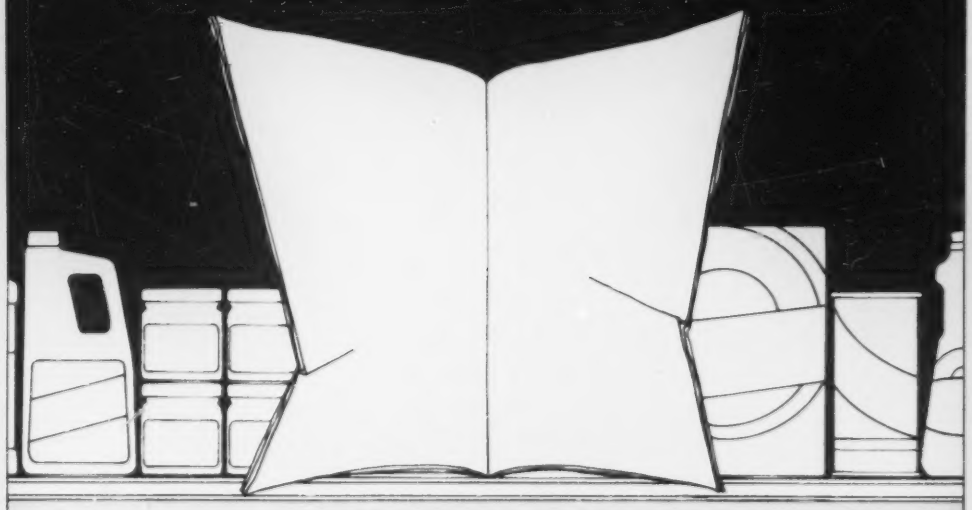
SHELF SPACE



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Gourmet foods to go

(Continued from Page S-12)
emphasizing convenience with Dinner Tonight: dinners assembled and packaged in microwaveable containers.

Beginning last November, Dinner Tonight has featured such specials as stuffed cornish hen, beef tenderloin and quartered roast duck—foods that are gourmet but familiar, according to Public Relations Manager Gail Shelton—with two side dishes like rice pilaf or ratatouille for approximately $6.

Finast promotes Dinner Tonight in newspaper inserts featuring $1-off coupons and in direct-mail circulars. Since its introduction, the product has shown a slow, continual increase, says Ms. Shelton, growing 30% in six months. She adds that the test has been deemed a success, and Finast plans to move the concept into other markets.

Kroger Co.'s Buckhead-area store in Atlanta features sushi. Kroger hired two local restaurant sushi chefs, set up a 64-square-foot, sit-down sushi bar and began to offer what Bob DeVoe, meat merchandising representative, calls a competitive product at competitive prices. Mr. DeVoe says Kroger's sushi prices average around 50¢ less than in area restaurants. He also notes that the product has a higher profit margin than other prepared foods. Eight pieces of assorted sushi-to-go retail for $4.99, and 10 prepackaged assortments are available in the takeout case 24 hours a day.

Customers obviously have responded: 70% to 75% of the sushi bar's business is takeout, and the case has been mobbed since the department opened in November, reports Mr. DeVoe. He estimates that Kroger's sushi business has witnessed a 20% to 25% growth rate since its inception last November. The store is now mailing 13,000 direct-mail pieces to explain and promote its sushi; it routinely offers in-store sampling. Cincinnati-based Kroger also is considering sushi for other Atlanta stores and opened a sushi bar in one Cincinnati store in March. "It could expand into other markets as well," says Mr. DeVoe.

Supermarkets score low as take-out food source

	Size of household					
	1	2	3	4	5 or more	Total
Fast food store	29%	39%	44%	49%	50%	**43%**
Restaurant carry-out	32	37	41	38	39	**38**
Supermarket carry-out	13	12	9	8	5	**10**
Some other place	6	1	2	1	1	**2**
None/not applicable	6	6	1	3	2	**4**
It varies	1	2	1	1	1	**1**
Not sure	13	3	2	1	3	**3**

Base: the shopping public; January 1986
Source: Food Marketing Institute

Other supermarkets are going after their share in a more spiashy way—hiring Culinary Institute graduates as chefs, building huge, in-store kitchens and turning prepared-food departments into extravaganzas set in the middle of a storewide gourmet bazaar.

A prototype is Kings Super Markets' Short Hills, N.J., store. Kings Kitchen —surrounded by shelves filled with 13,000 specialty items—is situated near the store's deluxe meat, seafood, cheese, bakery and produce departments. Its 60-foot-long counter generally holds 60 to 70 offerings. Items like rosemary roasted potatoes, tortellini pesto and honey-glazed roast duck are standard fare.

Adding to the drama is the partly exposed kitchen. "It's more exciting for shoppers to see their food being prepared," explains Rob Bildner, VP and director of Kings Super Markets, West Caldwell, N.J. Kings promotes Kings Kitchen with in-store sampling, brochures and weekly run-of-press newspaper ads, handled in-house.

As might be expected, supermarket gourmet-to-go departments, or even the more elaborate prepared foods departments, don't open in neighborhoods with 18% unemployment, Mr. Wahl points out. Store owners prefer the kind of affluent, professional neighborhood that Kroger chose for its sushi experiment and chains usually choose for their larger stores, in which these departments usually are located.

The reason: Big stores such as Kings' 40,000-square-foot Short Hills store, a new upscale 55,000-square-foot Tom Thumb in Plano, Texas and the seven Finast supercenters—between 35,000 and 50,000 square feet—in New York and Connecticut are designed as one-stop shopping marts for busy, often freer-spending professionals.

The only problem with this logic is that these consumers aren't the only ones buying prepared food, as consultants have recently observed. "This trend is

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spreading and changing: from high income [groups] to average. No one wants to cook anymore," says Richard Winger, manager of Boston Consulting Group, New York.

Whether the trend continues to flourish depends on several factors, primarily whether stores can keep costs under control. According to Mr. Bildner, "It's very expensive to start up something like this—to recruit, train, produce the foods, promote it. Some stores just won't be able to do it."

While Mr. Bildner won't divulge Kings Kitchen's start-up costs or its Culinary Institute-trained chefs' salaries, the institute reports that graduates' starting salaries range from $16,000 for kitchen assistants to $28,000 for an executive chef.

Because of high start-up costs, store executives have to take a hard look at the type of operations they install. At Someplace Special, the Landover, Md.-based Giant Foods' gourmet store in McLean, Va., they do cost-accounting instantly. The in-store computer and on-premise cost accountant figure out a proposed dish's pricing and profitability. If it's profitable and sells, the computer then prints out the recipe and sends it to Giant's other 17 area stores with kitchens.

At the Tom Thumb gourmet-oriented store in Plano, on the other hand, limitations were set before the department opened. Hot entrees were ruled out; chicken, pasta, and potato salads were emphasized instead. The kitchen staff didn't think it could adequately control the quality of hot entrees, says store Manager Burton Hubbard. "If it's a matter of throwing out $13.95-a-pound Swedish meatballs because they dried out in the case, we'd rather not even try it," he says.

Some supermarkets, in view of the high costs of food preparation, have chosen to steer clear. Finast, for example, decided to go to an established food company, Culinary Foods, Chicago, to produce Dinner Tonight instead of staffing a kitchen and producing it in-house.

> ***"If you walk into the average supermarket, you don't know where you are."***
>
> **Michael Wahl**
> **Howard/Marlboro Group**

"We wanted to offer our customers an alternative," explains Ms. Shelton. "But we're a supermarket; we didn't want to become a restaurant."

Gourmet shops that specialize in prepared foods don't seem to be particularly worried about competition posed by supermarkets. As Deirdre Rockmaker, assistant director-PR for the New York-based gourmet emporium, Balducci's, sees it: "I doubt that a supermarket can come close to the quality."

But even so, supermarkets are determined to fight for their share. "When you ask supermarket owners what changes they've planned for the future; they all mention expanding the prepared food-deli department," Mr. Winger says.

"I think this trend will definitely continue to grow."

Niches

(Continued from Page S-12)

aimed at the hispanic market. Each is run differently in terms of merchandising and operations, says Robert Kelly, group VP-Pavilions and Pantry. Advertising also is handled separately.

"We have a different story to tell with each format," he says, adding that the Pavilions ads highlight specialty items as well as everyday commodities.

There are many pluses to upscale formats, but also potential pitfalls. Consultant Mr. Bishop notes that "when the format is congruent with consumer demographics, it'll work. But a retailer has to be truly selective."

Mr. Evans of Cullum Cos. also issues a word of caution. "This industry is notorious for copying each other without doing enough research," he says. "For instance, when generic products became so popular 10 or 12 years ago, everybody had to get into it, and it wasn't the best thing for everyone. Now, it's cycled out. Everyone can build an upscale store, but running it well is something else."

Also, many retailers originally upscaled to differentiate themselves in a highly competitive industry. However, Mr. Bishop notes that "If everybody is going in that direction, it won't be long before there's overstoring in that format."

For the time being, however, the concept is accomplishing a lot of things for a lot of retailers. It's helping them broaden their appeal among different consumer segments while boosting store volume and profits.

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Consumers concerned about food content

Percent who consider each item a serious health hazard

	1986	1985	1984
Residues, including pesticides and herbicides	75%	73%	77%
Cholesterol	48	44	45
Fats	44	42	—
Salts in foods	40	39	37
Additives and preservatives	33	36	32
Irradiation	37	—	—
Sugar in food	29	29	31
Artificial coloring	26	28	26

Base: the shopping public
Source: Food Marketing Institute

Supermarket chains see value in nutritional shelf labeling

By Janice Steinberg

Lima Beans. High Fiber. Low Fat/Cholesterol." "Sugar Free Dr Pepper. Calorie Controlled."

Shoppers throughout the country are finding more than just prices on brand-specific labels on supermarket shelves.

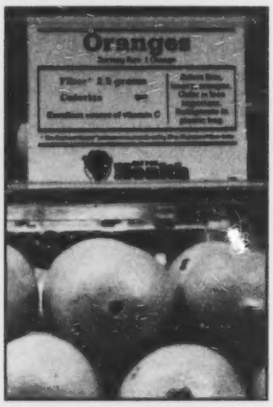
More than 20 chains, responding to consumers' increasing health consciousness, are putting nutritional information on shelf labels. The chains say nutritional shelf labeling is a valuable customer service that enhances their stores' image.

Seven of the 20 largest supermarket chains (based on U.S. supermarket sales, according to the Fairlawn, N.J.-based Food Institute's 1986 Food Retailing Review) are displaying nutritional shelf tags. They are A&P, First National Supermarkets, Giant Food, Grand Union Co., H.E. Butt Grocery Co., Lucky Stores and Vons Grocery Co.

Two others in the top 20 are testing labeling programs: Oakland, Calif.-based Safeway Stores is testing a pilot program in 10 northern California stores; North Quincy, Mass.-based Stop & Shop is testing in 15 stores.

Almost every labeling program includes foods low in calories, fat and sodium. Information about a product's nutritional content is gathered from manufacturers. More than 2,500 different items, including packaged goods, produce, dairy and bakery products, are labeled in some programs.

Janice Steinberg, a San Diego-based free-lance writer, is a frequent contributor to Special Report.



Giant Food is one of the supermarket chains using a labeling program providing information about a product's content.

The criteria for labeling generally match those established by the Food & Drug Administration. As defined in the food guide sold by Washington-based Giant Food in conjunction with its "Eat for Health" program:

- To qualify as being low calorie, an item must have 40 or fewer calories per serving and 0.4 or fewer calories per gram, or it must have at least ⅓ less calories than the food it replaces.
- A low-fat item must have 2 or fewer grams of fat per serving and less than 10% of dry weight derived from fat, or it must have at least 50% less fat than the product it replaces.
- A low-sodium item must have 140 or fewer milligrams of sodium per serving or contain 75% less sodium than the food it replaces.

Giant, with 140 stores in Washington, D.C., Virginia and Maryland, was one of the first companies to use nutritional shelf labeling, and its program has been the most carefully studied. From 1981 to 1983 Giant conducted a test, in conjunction with the FDA, comparing product movement in 10 Washington stores with shelf labeling to movement in 10 Baltimore stores without it.

"Giant's brand-specific labeling program did produce some shifts in buying behavior," says Raymond Schucker, FDA staff adviser. Mr. Schucker says that labeling made a difference when the label carried information most consumers hadn't known before. "For example, it wasn't generally known that tomato sauce and paste products are low in sodium. For those labeled that way, there was a significant shift in buying behavior. On the other hand, low-sodium crackers have been available for some time; that wasn't new information. Brand-specific flags for low-sodium crackers didn't seem to cause shifts."

The Giant/FDA program continued for two more years; it currently is being evaluated. "It appears that the effects were sustained for the next two years," Mr. Schucker says.

In March, Giant launched a new, two-year program, "Eat for Health," in conjunction with the National Cancer Institute. It includes shelf tags identifying foods as low in calories, low in fat/cholesterol, low in sodium, and/or high in fiber.

"Eat for Life" is in Giant's 105 Washington stores. Product movement in 20 stores will be compared with 20 demographically matched Baltimore stores that don't have the program.

Giant kicked off the program with a three-week advertising blitz that included 30-second TV spots, 60-second radio spots, and three full-page ads in the *Washington Post*, says Odonna Mathews, VP-consumer affairs.

"Eat for Life" is aimed at all nutrition-conscious consumers, rather than focusing on those who need special diets, she says.

Similarly, Sandy Bouzoukis, manager-media relations, Stop & Shop, says, "We're not just targeting people with special dietary concerns. It's for everyone who is health conscious."

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Europe's hypermarkets making waves here

By Claire Wilson

Despite lifestyle changes in Europe over the past two decades, there's a great deal about retailing in these parts that has been left behind.

Stores all over Germany close early during the week and at noon on Saturday, leaving working women little time for shopping. In Italy, the majority of shops still close for lunch. Some stores break for lunch in France as well, and evening retail hours are unknown, even in Paris.

For food purchases, many French consumers still set out daily—quaint little baskets in hand—for baguettes, cheese, fish, poultry and vegetables that they buy from neighborhood specialty shops or from outdoor market vendors.

In contrast to the baguette-and-beret mode, France also is the home of two of the most progressive grocery marketing innovations in decades: generic grocery products and hypermarkets—the massive, giant retailers that spawned them.

Claire Wilson is an Advertising Age correspondent based in Paris.

While generics may have run their course since they first appeared on France's shelves 10 years ago, the 25-year-old hypermarkets are considered the wave of the future. The high-volume, low-price retailing concept, which accounts for roughly 12% of France's total retail sales volume, also has made its way into the U.S. market and seems destined for a much longer life than generics.

Bigg's, owned by Cincinnati, Ohio-based HyperShoppes, a Franco-American partnership, opened in Cincinnati two years ago. The chain will add several new U.S. units over the next few years. Carrefour, France's leading hypermarket merchant headquartered in Evry, will open its first U.S. outlet in Philadelphia in October, with a second opening scheduled for Long Island, N.Y., in 1988.

While mixing general merchandise with low-profit grocery items is nothing new in the U.S., hypermarkets take the concept one step further. The key is convenience, with everything imaginable under one roof.

"We sell just about anything," says Marie-France Laisne, development director for the Carrefour chain, which has 64 units in France and more than 30 in Argentina, Brazil and Spain.

Didier Aubrac

Hypermarkets, such as this Carrefour store located in a Paris suburb, sell everything from fresh fish to general merchandise.

Hypermarkets sell everything from fresh shrimp to stereos, clothing, domestics and car repairs. Carrefour even has added insurance to its roster of services through a subsidiary, and is considering adding financial services as well. By offering such a wide product range, the company has pushed the average annual return per square foot to almost $500. Bigg's in Cincinnati is said to claim an annual return of $700 per square foot, compared with the U.S. supermarket industry's 1985 annual average of $438, according to the Washington-based Food Marketing Institute's most recent statistics.

To offer such variety for such a return, hypermarkets have to be spacious. Industry sources consider size the basic difference between hypermarkets and basic U.S. retail supermarkets, which have been increasing their assortment of non-food items as a tool to boost profits.

The average French Carrefour has 80,000 square feet of selling space, according to Ms. Laisne. Some have up to 250,000 square feet, which is why the stores, which first appeared in 1963, are outside urban areas and conspiciously absent from Paris.

"The price of real estate is just too high," explains Ms. Laisne. "It's also impossible to find a piece of land large enough to accommodate selling space and the requisite parking area."

Besides the merchandise assortment, which runs the gamut from low-priced and higher-priced private label stock to the branded leaders in all categories, one of the most striking elements of hypermarkets is the number of cashiers. During Sat-

Loss is gain

(Continued from Page S-17)

colnwood, Ill.-based promotion company specializing in supermarkets. For a $1,600-per-store fee, chains receive diet guidelines and shopping lists for customers, scales for weekly weigh-ins, and promotional materials.

Interested shoppers register at weigh-in centers, manned by store representatives and/or local health and fitness officials whose institutions co-sponsor the program. Each week, they receive a pamphlet that includes menus, recipes and a shopping list. The suggested foods often are marked by stickers of the diet's logo.

"It's always had a very positive effect on sales," says Mr. Schnitzer. Although many store officials are tight-lipped about exact figures, he says some have reported sales increases of 15% overall, 30% in produce. Naturally, he adds, stores also report dramatic declines in sales of snack foods, like cookies and potato chips. But the increases in produce sales, which have a higher margin than packaged

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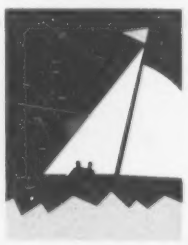

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urday's peak hours, there can be as many as 75 along the front of the store.

The average Frenchman who passes through a cashier's line spends roughly $34 per transaction, compared with the $15.50 he may spend at a French supermarket.

Such figures helped Carrefour amass net earnings of about $74 million in 1985, an increase of 21% over 1984. Further helping profitability is Carrefour's lean operation: A staff of 150 in the national headquarters oversees roughly 20,000 employees nationwide.

None of France's hypermarkets have manufacturing or packaging capabilities, according to Ms. Laisne. Their high volume, however, gives them all the advantages of having such capacities, with none of the costs. They have flexibility and muscle with their suppliers that allows them to develop such things as the signature, private-label programs for which Carrefour and chief competitor Euromarche have developed reputations.

Carrefour's stores are undergoing a trade-up effort, spawned by changes in consumers' attitudes. Such changes also encouraged Carrefour and Euromarche to start phasing out the generic products launched in 1976.

"Back then, the idea was to give the customer the lowest price for the best quality, and in 1976 people wanted conformity," recalls Ms. Laisne. "In 1986, they are more conscious of individuality in addition to being a bit more sophisticated in their tastes and better informed customers in general."

Carrefour's trade-up line—food products, liquor, domestics and clothing—with its spiffy new packaging and upscale look, eventually will replace the no-frills generics line on store shelves. Ms. Laisne is quick to point out that this doesn't necessarily mean prices will be higher. It's the consumer's awareness that is more developed, she says, not necessarily his pocketbook.

> ***"In 1986, [people are] a bit more sophisticated in their tastes."***
>
> **Marie-France Laisne**
> **Carrefour**

Just how well-developed the U.S. consumer's awareness of hypermarkets will be in the next few years remains to be seen. HyperShoppe's Bigg's, a joint venture between Euromarche, based in Athis Mons, a Paris suburb; Paris-based Lazard Freres; and Eden Praire, Minn.-based Super Valu Stores, suffered first-year operating losses of roughly $7 million, but has announced plans to go ahead with its second store in the Cincinnati area and another in Denver.

Carrefour, which will open a U.S. unit this year, already has a U.S. market presence as 18% owner of the Seattle, Wash.-based Costco Wholesale Corp., a chain of membership warehouses it purchased two years ago as an experiment in U.S. retailing.

A former Carrefour employee who helped launch the U.S. ventures is confident the timing is right to bring hypermarkets to the U.S. in an aggressive but well-planned way. "Everyone in the U.S. is talking about one-stop shopping; the trend is definitely toward larger-size supermarkets," he said in an earlier interview. "Now, we think [the trend] is strong enough for us to take a chance in a large market like the U.S." ■

New product introductions in six European countries

	Food		Non-food	
Country	**1985**	**1984**	**1985**	**1984**
Belgium	234	197	86	89
Finland	229	227	185	161
France	290	277	189	221
West Germany	461	521	437	463
Netherlands	270	301	305	312
U.K.	678	618	446	353

Source: I.I.S. Publications

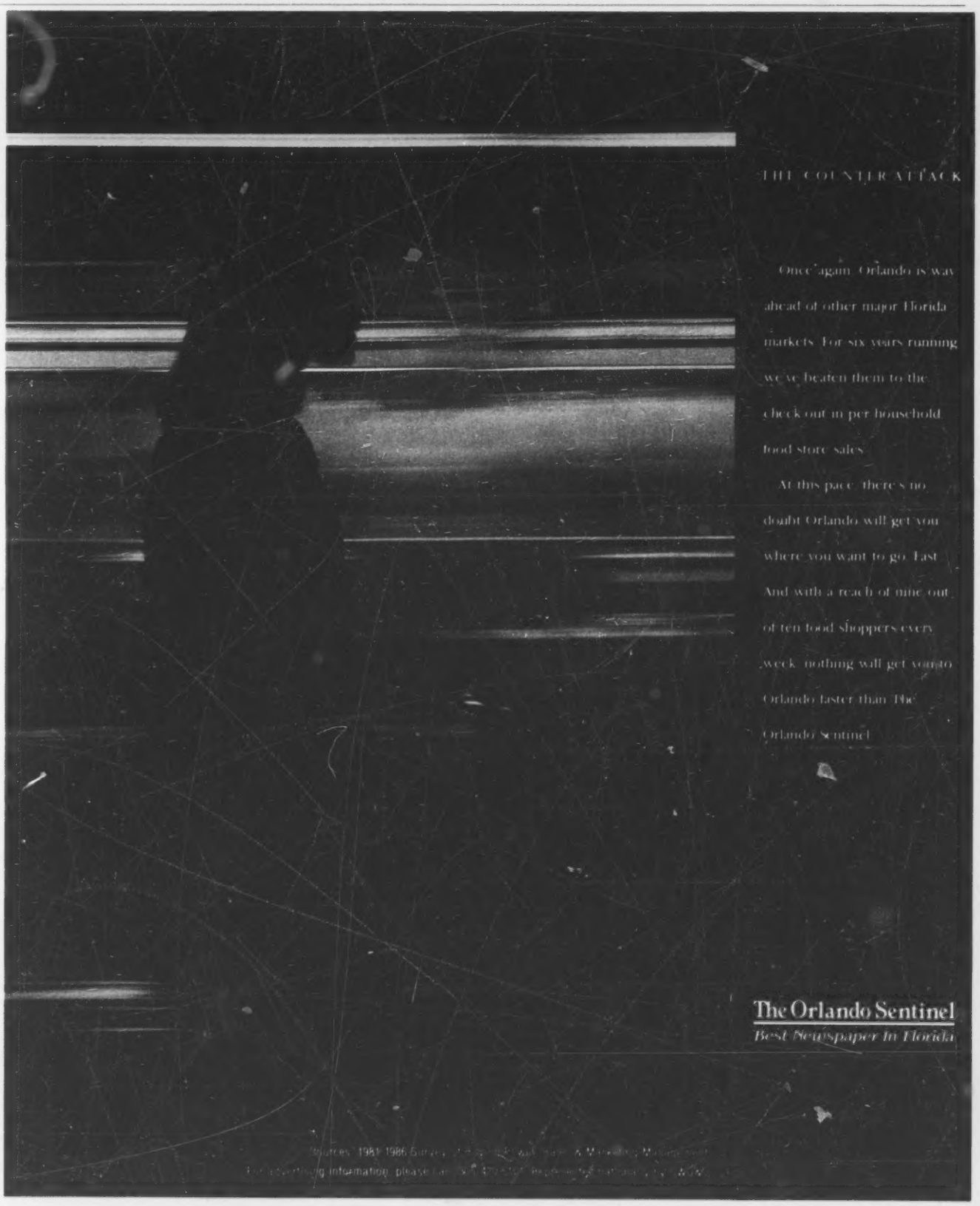
goods, more than compensates for the loss.

Publix Super Markets, which ran the promotion in almost 200 of its northern and central Florida stores last summer, saw "very good increases" in sales of produce, fresh seafood, lean meats and poultry, says Clayton Hollis, director of public affairs for the Lakeland, Fla.-based chain.

In the 34 Waldbaum's Food-Mart stores in Connecticut and western Massachusetts where the diet was offered last spring, sales of some items increased roughly 25%, says Daniel Lescoe, VP-sales and marketing.

Detroit's Great Scott Supermarkets had trouble keeping recommended foods on shelves. "We were scrambling for quite a few items," says Paul Coleman, advertising manager for Great Scott, which ran the program in 22 supermarkets last summer.

Supermarket officials also say the plan has gained new customers. "After getting people into the store for the diet," says Mr. Hollis, "we were able to show them that they needed to be shopping at a Publix, and they have continued to do so." ■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Redesign puts old packages in a new light

By Phyllis Furman

Marketers seeking a classier image for their products are turning to package design as an economical but powerful means of communicating value.

In general, package design is becoming increasingly significant, as evidenced by the recent acquisition of the San Francisco-based design company Sidjakov Berman Gomez & Partners by London-based WPP Group, Britain's second largest design company.

Phyllis Furman is an Advertising Age correspondent covering New York and New Jersey.

WPP owner Martin Sorrell says the purchase is an effort to gain a bigger slice of the $9.5 billion U.S. market in below-the-line marketing services, of which package design is a major element. According to Mr. Sorrell, the increasing number of working women, the declining influence of TV as an ad medium and the proliferation of new products all have contributed to package design's increased importance.

"Marketers have finally woke up to the fact that people want to be sold, and well-designed packages stacked on a supermarket shelf make a beautiful billboard," says Phil Lempert, president of Belleville, N.J.-based The Lempert Co., an ad agency and publisher of "The Lempert Report," a food-marketing newsletter.

"Consumers are spending more and they want more for their money," claims Fred Mittleman, founder and creative director of New York-based Mittleman/Robinson Design Associates. "Because of the high cost of media, marketers are focusing on the element that is most controllable and least expensive: packaging."

The frequency of package redesigns has increased over the last few years. "Twenty years ago, a package would change about every seven years. Now we're seeing changes every four years," says Herbert Meyers, managing partner of the New York-based design company Gerstman & Meyers.

Traditionally, refining a package's image has meant introducing design elements that signify quality. The use of fine detail such as ruled lines, borders and crests, finely patterned backgrounds, and colors such as black, gold and burgundy contribute to a product's premium image.

But most package designers reject the constraints of what is typically considered upscale and define the term in its broadest sense: Upgrading an existing brand means giving it a fresh look that communicates value.

Rarely are package designers asked to completely transform the look of a firmly entrenched brand. More often, they're asked to work on a product whose packaging doesn't reflect the premium position the product already occupies.

"We frequently find that brand image is better than the image projected by the package," says Gerron Vartan, senior VP, S&O Consultants, a design company based in San Francisco. "Our goal is to bring the package up."

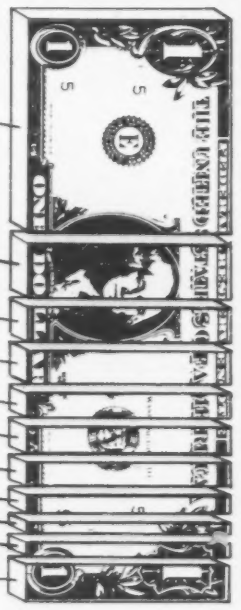
S&O was asked to do just that in 1985 for Casino, Kraft's premium line of cheeses. At the time, Casino's position was being eroded at both ends by European gourmet imports and mass-market cheeses, whose packaging was virtually indistinguishable from Casino's dowdy country look.

Reviving Casino's image and differentiating it from the general Kraft milieu involved introducing packaging elements that weren't strictly upscale. Casino's original country look was rendered in pale, nondescript colors and featured an illustrated pitcher of milk. A large Kraft logo appearing at the top of the package diminished the scripted Casino name.

Streamlining the package was key to establishing Casino's premium image. The most signifi-

What the 1985 food dollar paid for

Total is 99 percent, not 100 percent because of rounding of figures.



Source: Economic Research Service, U.S. Department of Agriculture

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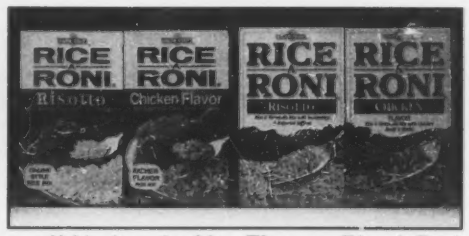
cant feature added was a series of three strips, with different colors signifying different Casino flavors.

The top strip features the Casino logo printed in white letters. The Kraft logo now appearing at the bottom of the package is smaller, the pitcher of milk gone.

Sidjakov Berman & Gomez was offered a similiar task last year when it was asked to upgrade packaging for Rice-A-Roni, a premium side dish from Quaker Oats slated for a national relaunch this month. The company was charged with revitalizing Rice-A-Roni's strong image without disenfranchising its loyal consumer base.

Achieving this goal meant introducing subtle design elements to signify that Rice-A-Roni is a value-added product. Photography played a large role in the redesign. The new product photograph richly details the food, and unlike in the old shot, an elegant silver fork appears in the foreground.

Gold outlines the package's lettering, and a blue band with white lettering identifying individual flavors appears in the center. Quaker Oats reports that in focus groups, the new Rice-A-Roni logo was preferred by consumers by a 25-to-2 margin over the old one.



Redesigned packaging for Breyers' ice cream plays off black and white. The new Rice-A-Roni package uses larger type and more artful photography for a cleaner look. (old: left; new: right.)

> ***"When you design a package that's too upscale, you might be designing yourself into a corner."***
>
> **Flavio Gomez, Sidjakov, Berman & Gomez**

A more blatant example of an upscale redesign is Gerstman & Meyers' award-winning work (1986 Clio for U.S. Packaging Design-Best Dairy Products Category) on Breyers' ice cream, whose packaging literally went from white to black. Breyers, originally a premium regional brand distributed in the East, was redesigned for national distribution in late 1985. Like Casino, Breyers, also a Kraft product, was being challenged from both ends of the market. The influx of both superpremium and store brands had Breyers lost in the freezer section.

Gerstman & Meyers chose a strategy that would not only differentiate Breyers, but also give the product a premium look. Black—a first in this category, according to G&M—was used as a background to highlight the color and texture of the ice cream featured in the package's photograph.

"Black makes the ice cream the hero of the package," says Dick Gerstman, G&M managing partner. The new, streamlined package also features an elegant white logo. The old package relied on the signature Breyer leaf motif, which cluttered the package, says Mr. Gerstman.

While she won't divulge sales figures, Kathy Rhyne, associate product manager, says "The product has been well accepted, and the brand is doing better."

When Gerstman & Meyers introduced the package in the freezer section, black was just beginning to typify upscale—a sign of the problems such packaging causes when it is employed indiscriminately.

"Everything is beginning to look alike, and products are losing character," says Mr. Mittleman, who also cautions against formula upscaling. "Black and gold have to be used the right way, otherwise the package will confuse consumers."

Flavio Gomez, a principal at Sidjakov, Berman & Gomez, warns that upscale design can sometimes be too extreme. "When you design a package that's too upscale, you might be designing yourself into a corner, not leaving any room for an even more premium brand that a marketer might be planning to add to the line," Mr. Gomez says.

The problem of upscale overkill becomes even more apparent with the advent of new design innovations such as holograms—three-dimensional pictures with which package designers are now experimenting.

"These innovations can undermine the upscale trend," says John Lister, exec VP of New York-based design company Lister Butler. "Prestige equals tradition, not high-tech," he says. "If a designer indulges in this kind of overkill, he could come up with something very gauche." -VS

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Newspaper Advertising SAU Inches in the MRCS

February 1987 vs. February 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	80,462	——	74,752	——
Beacon Journal (S)	65,360	——	61,395	——
Grand Total	145,822	——	136,147	——

NOTE: Part run figures not available

ALLENTOWN, PA

Call (M)	130,605	——	129,237	——
Call (S)	87,672	——	80,909	——
Grand Total	218,277	——	210,146	——

NOTE: Part run figures not available

ASBURY PARK, NJ

Press (E)	164,407	13,747	151,672	14,142
Press (S)	140,058	14,021	125,999	14,550
Grand Total	304,465	27,768	277,671	28,692

ATLANTA, GA

Constitution (M)	148,470	59,405	156,658	45,534
Journal (E)	146,037	69,440	153,244	46,557
Journal & Constitution (S)	109,318	52,321	114,819	47,409
Journal & Constitution (Sat)	43,214	——	39,888	——
Grand Total	447,039	191,166	464,609	139,500

NOTE: Constitution Morning and Journal Evening published five days a week only

BALTIMORE, MD

Sun (M)	121,871	5,231	101,401	2,698
Sun (E)	105,071	5,234	80,556	2,648
Sun (S)	139,189	36,530	131,130	30,468
Grand Total	366,131	46,995	313,087	35,864

BERGEN COUNTY, NJ

Record (E)	138,059	14,297	133,380	16,275
Record (S)	140,382	30,731	120,752	38,718
Grand Total	278,441	45,018	254,342	54,993

NOTE: Record Evening published five days a week only

BOSTON, MA

Herald (M)	86,596	509	52,404	——
Herald (S)	23,775	29,972	18,538	21,702
Globe (M)	123,908	11,545	126,376	8,184
Globe (S)	170,974	19,701	161,088	16,121
Grand Total	405,253	61,727	358,406	46,007

BUFFALO, NY

News (AD)	83,572	20,169	86,507	9,802
News (S)	54,310	13,577	54,241	12,198
Grand Total	137,882	33,746	140,748	22,000

CAMDEN, NJ

Courier Post (E)	101,110	14,911	101,598	17,152
Courier Post (S)	55,521	6,542	55,543	5,544
Grand Total	156,631	21,453	157,141	22,696

CHARLOTTE, NC

Observer (M)	108,848	——	101,572	——
Observer (S)	71,132	——	66,891	——
Grand Total	179,980	——	168,463	——

NOTE: Part run figures not available

CHICAGO, IL

*Tribune (M)	117,513	226,000	113,803	226,531
*Tribune (S)	121,665	82,708	119,477	91,920
Sun-Times (M)	117,734	73,058	118,120	70,215
Sun-Times (S)	53,572	24,903	63,588	23,221
Grand Total	410,484	406,669	414,988	401,987

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 2/2/87 to 3/1/87.

CINCINNATI, OH

Enquirer (M)	125,350	11,559	131,884	1,203
Enquirer (S)	108,432	4,085	105,168	5,946
Post (E)	64,227	15,729	56,619	6,561
Grand Total	298,009	31,373	293,671	13,710

CLEVELAND, OH

Plain Dealer (M)	113,803	26,960	113,378	25,759
Plain Dealer (S)	89,827	7,159	95,091	5,415
Grand Total	203,630	34,119	208,419	31,174

DALLAS, TX

News (M)	238,256	8,743	253,476	8,101
News (S)	137,087	13,173	159,517	17,705
Times Herald (AD)	170,042	20,568	190,831	29,026
Times Herald (S)	92,341	17,639	110,574	18,011
Grand Total	637,726	60,123	714,400	72,843

DENVER, CO

Rocky Mt. News (M)	224,446	1,981	231,204	2,376
Rocky Mt. News (S)	79,764	561	80,421	1,044
Post (M)	146,020	20,644	154,999	5,592
Post (S)	99,813	846	100,202	494
Grand Total	550,043	24,032	566,826	9,506

DETROIT, MI

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Free Press (M)	88,423	38,038	82,799	21,952
Free Press (S)	47,476	30,760	47,327	17,408
News (AD)	120,440	34,498	115,629	40,934
News (S)	83,515	25,516	79,659	25,252
Grand Total	339,854	128,752	326,414	105,546

ESCONDIDO, CA

Times Advocate (E)	85,430	4,630	——	——
Times Advocate (S)	41,577	640	——	——
Grand Total	127,007	5,270	——	——

NOTE: 1986 figures not available

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	105,329	——	100,983	——
Sun-Sentinel (M)	274,659	——	277,367	——
Grand Total	379,988	——	378,350	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	61,888	——	60,061	——
Journal Gazette (S)	56,106	——	59,510	——
News Sentinel (E)	65,644	——	67,274	——
Grand Total	183,638	——	186,845	——

NOTE: Part run figures not available

GREENWICH/STAMFORD, CT

Time (E)	76,925	2,883	67,070	2,029
Time (S)	59,208	——	48,280	——
Advocate (E)	91,584	14,300	84,392	5,634
Advocate (S)	55,611	4,759	48,685	——
Grand Total	283,328	21,942	248,427	7,663

HARTFORD, CT

Courant (M)	127,421	24,226	123,821	19,533
Courant (S)	76,858	110,748	76,352	85,021
Grand Total	204,279	134,974	200,173	104,554

HONOLULU, HI

Advertiser (M)	108,778	——	111,667	——
Star Bulletin (E)	119,268	——	97,147	——
Star Bulletin & Advertiser (S)	74,991	——	67,167	——
Grand Total	294,037	——	275,981	——

HOUSTON, TX

Chronicle (AD)	191,477	34,858	205,990	32,059
Chronicle (S)	103,014	26,830	108,276	22,752
Post (M)	120,250	35,731	140,603	26,352
Post (S)	61,904	27,717	69,456	24,367
Grand Total	476,645	125,136	524,325	105,530

LONG BEACH, CA

Press Telegram (M)	97,328	38,230	90,324	33,005
Press Telegram (S)	55,446	3,874	50,572	1,818
Grand Total	152,774	42,104	140,896	34,823

LONG ISLAND, NY

Newsday (E)	101,802	94,878	128,268	74,355
Newsday (S)	84,383	84,066	88,458	73,829
Grand Total	186,185	178,944	216,726	148,184

LOS ANGELES, CA

Times (M)	255,404	251,325	259,354	230,074
Times (S)	152,468	84,247	161,490	89,414
Herald Examiner (M)	58,279	8,063	55,596	6,740
Herald Examiner (S)	14,802	6,912	13,586	4,561
Grand Total	480,853	350,547	490,026	330,789

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	166,474	26,352	172,836	19,397
News (S)	76,991	138	76,710	1,496
Grand Total	243,465	26,490	249,546	20,893

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	188,153	——	181,879	——
Grand Total	188,153	——	181,879	——

NOTE: Figures supplied by publisher to Media Records

*MEMPHIS, TN

Commercial Appeal (M)	107,727	76,116	101,635	59,129
Commercial Appeal (S)	81,622	7,194	76,232	7,654
Grand Total	189,349	83,310	177,867	66,783

NOTE: Figures supplied by publisher to Media Records

MIAMI, FL

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Herald (M)	141,439	——	156,911	——
Herald (S)	82,956	——	90,276	——
News (E)	56,813	——	55,262	——
Grand Total	281,208	——	302,449	——

NOTE: Part run figures not available

MINNEAPOLIS, MN

Star & Tribune (AD)	88,988	16,861	89,456	14,176
Star & Tribune (S)	121,939	7,353	119,569	1,574
Star & Tribune (Sat)	24,184	——	20,747	——
Grand Total	235,111	24,214	229,772	15,750

*NASHVILLE, TN

Banner (E)	82,330	——	85,681	——
Tennessean (M)	82,886	——	86,503	——
Tennessean (S)	75,071	——	68,209	——
Grand Total	240,287	——	240,393	——

NOTE: Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

Home News (E)	70,287	981	68,505	1,439
Home News (S)	66,282	8,251	66,851	——
Grand Total	136,569	9,232	135,356	1,439

NEW YORK, NY

Times (M)	153,575	16,313	147,531	14,955
Times (S)	179,068	109,175	172,709	97,368
News (M)	55,750	82,065	54,460	76,882
News (S)	40,362	75,257	37,663	78,228
Post (AD)	63,927	1,074	50,823	882
Grand Total	492,682	283,884	463,186	268,315

NEWARK, NJ

Star Ledger (M)	181,853	5,678	176,876	5,473
Star Ledger (S)	187,100	25,338	171,988	18,744
Grand Total	368,953	31,016	348,864	24,217

OAKLAND, CA

Tribune (M)	72,918	68,237	81,076	53,503
Tribune (S)	37,426	39,647	47,376	30,102
Grand Total	110,344	107,884	128,452	83,605

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	79,301	4,696	70,877	1,815
Blade-Tribune (S)	41,746	521	42,095	——
Grand Total	121,047	5,217	112,972	1,815

NOTE: Blade-Tribune Evening published five days a week only

ORANGE COUNTY, CA

Register (AD)	272,812	89,054	275,945	58,730
Register (S)	124,090	——	116,421	6,449
Grand Total	396,902	89,054	392,366	65,179

PHILADELPHIA, PA

Inquirer (M)	130,391	17,623	130,318	30,560
Inquirer (S)	124,000	50,474	116,362	40,719
News (E)	65,933	1,339	68,103	3,053
Grand Total	320,324	69,436	314,783	74,332

*PHOENIX, AZ

Arizona Republic (M)	207,546	14,612	224,983	11,052
Arizona Republic (S)	146,139	——	149,363	——
Gazette (E)	197,896	14,620	214,958	11,099
Grand Total	551,581	29,232	589,304	22,151

NOTE: Figures supplied by publisher to Media Records

*PROVIDENCE, RI

Journal (M)	84,022	68,956	73,482	60,203
Journal (S)	94,850	44,810	88,183	23,594
Grand Total	178,872	113,766	161,665	83,797

NOTE: MRCS SAU inches were supplied by publisher to Media Records. 1987 figures represent advertising for 1/26/87 to 2/22/87.

*ST. LOUIS, MO

Post-Dispatch (M)	91,891	31,624	82,926	30,021
Post-Dispatch (S)	99,438	——	98,576	——
Grand Total	191,329	31,624	181,502	30,021

NOTE: Figures supplied by publisher to Media Records

ST. PAUL, MN

Pioneer Press Dispatch (AD)	72,292	——	68,467	——
Pioneer Press Dispatch (S)	90,815	——	86,561	——
Grand Total	163,107	——	155,028	——

NOTE: Part run figures not available

SAN ANTONIO, TX

Express-News (AD)	105,678	36,271	118,119	25,022
Express-News (S)	75,435	22,883	75,261	23,833
Express-News (Sat)	33,892	——	35,536	——
Light (AD)	107,372	24,415	110,854	27,510
Light (S)	77,151	6,678	77,472	15,523
Light (Sat)	25,455	992	31,088	——
Grand Total	424,983	91,239	448,330	91,888

NOTE: Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Union (M)	182,012	32,540	190,292	22,400
Union (S)	113,466	——	119,800	——
Tribune (E)	189,274	32,985	197,237	19,847
Grand Total	484,752	65,525	507,329	42,247

SAN FRANCISCO, CA

Chronicle (M)	112,211	59,841	113,678	52,413
Examiner (E)	110,791	58,701	——	——
Examiner & Chronicle (S)	67,324	37,639	71,846	34,703
Grand Total	290,326	156,381	185,524	87,116

NOTE: 1986 Examiner Evening figures not available

SAN JOSE, CA

Mercury News (AD)	263,470	16,773	250,784	22,763
Mercury News (S)	136,275	——	134,285	——
Grand Total	399,745	16,773	385,069	22,763

*STATE COLLEGE, PA

Centre Times (E)	64,094	5,150	64,551	813
Centre Times (S)	27,504	387	25,335	549
Grand Total	91,598	5,537	89,886	1,362

NOTE: Figures supplied by publisher to Media Records

*TOLEDO, OH

Blade (E)	84,249	——	81,780	——
Blade (S)	89,387	——	88,095	——
Grand Total	173,636	——	169,875	——

NOTE: Figures supplied by publisher to Media Records

WASHINGTON, DC

Post (M)	249,425	50,683	244,195	38,132
Post (S)	127,539	27,354	139,919	23,930
Grand Total	376,964	78,037	384,314	62,062

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	49,392	334	52,354	299
Fairfax Journal (M)	57,199	707	57,388	2,967
Grand Total	106,591	1,041	109,742	3,266

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	75,953	15,859	66,622	8,041
Reporter Dispatch (S)	72,204	22,755	80,651	8,604
Grand Total	148,157	38,614	147,273	16,645

WICHITA, KS

Eagle Beacon (M)	84,701	——	78,806	——
Eagle Beacon (S)	67,369	——	63,042	——
Grand Total	152,070	——	141,848	——

NOTE: Part run figures not available

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA, NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

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CONSUMER WATCH

Urge to spend satisifed

Leftover cash causes splurge; rising rates may end the surge

By LEO J. SHAPIRO and DWIGHT BOHMBACH

Seven in 10 U.S. households reported during the first quarter that they were spending without restraint for consumables—as high a percent as our Advertising Age National Consumer Poll has found in two years.

At the same time, consumers' plans to buy big-ticket items, from houses to air travel, also warmed up.

Higher percentages than in the previous two or more quarters were planning purchases of housing, furniture, major appliances, carpeting, color TVs, air travel and overnight hotel/motel stays.

Encouraged by mortgage rates, which were down around 9% in March, 15% of the households thought they might buy new housing in the coming year.

Then came news of the rising prime rate, and mortgage rates have jumped upward. Now, what looked like the makings of a rally in housing and other major goods buying could wilt again.

It's not that consumers are in bad financial shape. During the first quarter, nearly eight in 10 households (76%) reported being either as well off (36%) or better off (40%) than a year ago.

Nine in 10 (89%) expected to be as well off (32%) or better off (57%) next year.

That's the result of a lot of people working and more expecting to get jobs in the future. More than 700,000 new jobs were added nationally in the non-agricultural sector during the first quarter of 1987.

Even so, 24% of all households say someone in the family was laid off or had hours or income cut during the past year.

Also, average hourly earnings in real terms declined. So, more people have to get jobs to maintain their families' existing standards of living.

During the first quarter of 1987, the lowest percent since first quarter 1986 (43%) reported having had money left over after paying bills at the end of the month.

> When months go by with little or no cash left over at month's end, Americans can suddenly switch off their Spending Imperative and turn on the Cutback Imperative.

The net decline since the first quarter of 1986 was only four points, but even a modest drop in the number of homes with money to spend at the end of the month can have costly consequences for the nation's retailers and manufacturers.

The Spending Imperative

Americans today govern their household spending according to how much cash they have left over at the end of the month.

Finding cash left over is one of the most powerful spurs to spending in American households. It triggers our "Spending Imperative"—the urge to put loose money to work by spending it.

When we have a little money left over, we spend a little more day to day on consumables. More cash on hand encourages bigger purchases.

And after a quarter or so with leftover dollars, the American Spending Imperative practically drives us into house-hunting or car-shopping.

The Spending Imperative can be seen at work during first quarter '87 among consumers who reported having money left over at the end of the previous month.

Among consumers who had this kind of money, 84% said they were spending without restraint for food, compared with 55% among those who were tapped out at month's end.

They also were much more likely to be planning major purchases during the months ahead; 23% were considering buying a new car, compared with just 14% of these with no cash left.

So the Spending Imperative, which is unleashed in Americans by having loose cash in their pockets, is a powerful driving force in our economy.

Any continuing decline in the percentages of households with money left over at the end of the month is likely to cut the Spending Imperative and perhaps even drive consumers back into the Cutback Imperative.

The Cutback Imperative

When months go by with little or no cash left over at month's end, Americans across the country can suddenly simultaneousy switch off their Spending Imperative and turn on the Cutback Imperative—canceling major buying plans and slicing back on day-to-day spending for consumables.

This possibility makes the fact worrisome that the percentage of Americans who say, "Things are getting worse for the country generally," has risen steadily since first quarter 1986 to 49% currently.

In the same period, the percentage who feel "the economic picture for the U.S. is getting worse" also has risen from 27% last year to 33% now.

In that sort of mood, people are inclined to be cautious about committing themselves to major purchases with extended payment programs.

When we asked consumers during the first quarter how they felt about making major purchases, 42% told us, "It's not a good time to make major purchases," the highest percent in five quarters.

Just 21% said they were considering buying something immediately "to take advantage of current prices," the lowest percentage in five quarters.

Much as they want and need major goods, consumers may wait until they see what happens next in the economy, how well their own income and outgo balance each month, and whether they have cash left over to feed their Spending Imperative.

Until more families find more in their pockets *before* payday in months ahead, retailers also are likely to be left waiting, in spite of the fact that more consumers are working than ever before.#

Messrs. Shapiro and Bohmbach are with Leo J. Shapiro & Associates, Chicago.

The spending imperative

	People with cash at end of month	People w/o cash at end of month
Spend freely for consumables:		
Food	84%	55%
Clothing	76	48
Driving	88	70
Medical	92	72
Standard of living	85	58
Plan purchases in coming year:		
New car	23	14
House	16	14
Furniture	34	24
Appliance	17	14
New carpeting	16	11
Color TV	14	10
Air travel	48	31
Overnight hotel/motel	59	40

Source: Leo J. Shapiro & Associates interviews with national sample of 1,350 men and women, January-March 1987.

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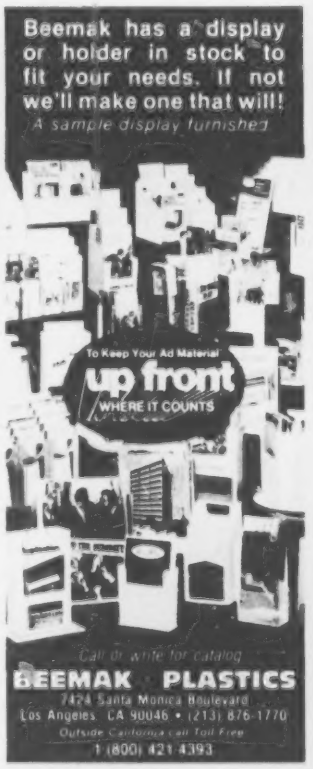
Kodak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May 11, 1987

NEWSPAPER

WASHINGTON DC 20014
4520 EAST-WEST HWY #800
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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Burger King threat puts heat on JWT

An Advertising Age roundup

Burger King Corp. is expected to tell J. Walter Thompson USA this week that its $200 million-plus account is "on notice" and likely up for review.

The possible loss of one of the agency's key accounts, coupled with ongoing internal turmoil, could put further pressure on JWT's stock price, industry analysts report.

The agency is not yet "in play," or a takeover target, partly because unfriendly takeovers are unusual in the agency business.

Adding to the agency's problems is concern over the $260 million Ford Motor Co. account, the agency's largest.

D. JOHNSTON

Sources close to Miami-based BK said the fast-food giant has not solicited presentations from other agencies but likely will do so in the "very near future."

Sources gave conflicting reports on whether a review is inevitable or if JWT will be given one more chance to save the fast-food chain's business.

Burger King, one of JWT's largest accounts, spent $167 million last year in measured media, according to Leading National Advertisers. BK puts its total ad spending at about $200 million.

A BK spokeswoman said the marketer has made "no final decision yet" on JWT or on the concept of developing a network of regional agencies.

She said BK has been evaluating its marketing program and its relationship with JWT as well as with "other vendors," and hopes to make a decision on all the matters by the end of this week.

BK's fiscal year ends May 31, she noted, adding that an agency review is not inevitable.

Asked whether JWT could save the account, she said, "Yes, it's possible."

The reports of a BK review hit Madison Avenue just days after Pillsbury Corp. officially announced a long-rumored organizational change that moves J. Jeffrey Campbell, the 42-year-old BK chairman-ceo, from Miami to headquarters in Minneapolis.

Mr. Campbell was named chairman of a newly formed and expanded Pillsbury Restaurant Group. In the new post, he oversees all Pillsbury restaurants, including Burger King, S&A group, Quick Wok and others. His Miami post remains unfilled.

JWT's latest BK campaign is themed "Best

(Continued on Page 106)

Mojo MDA's Alan "Mo" Morris (l.) and Allan "Jo" Johnston: Their "go for the heart" advertising philosophy wins Advertising Age's International Agency of the Year award for 1986.

Mojo MDA wins top AA honors

By GEOFFREY LEE MARTIN

Sydney—Young people swarm out of a high school here at the same time that a white Mojo MDA delivery van, boldly marked with the ad agency's blood-red logo, stops at a traffic light in front of the building.

Within seconds, the van is surrounded by youngsters chanting, "Come on, Aussie, come on, come on," an advertising jingle written by the agency to promote a cricket series and now virtually accepted as Australia's unofficial sporting anthem.

Some of the older boys change to "How 'ya feel" (from Tooheys beer commercials), and the kids start laughing.

"Hey, do you know Paul Hogan?" the van's driver is asked. He says he's met him, and the kids cheer.

Ad agencies that are as well-known to the public as the products they promote must be few and far between. Yet inci-

(Continued on Page 58)

Dentsu regains top ranking: Foreign Agency Income Report, Page 60.

Buick sets major shift in ad plans

By RAYMOND SERAFIN

Flint Mich.—Buick is restructuring its marketing and advertising departments, and will change ad direction this fall to reverse an alarming sales slump.

The new ad campaign coincides with—and could affect the perception of—the scheduled Oct. 1 launch of the new Buick Regal coupe, the first car to come out of parent General Motors Corp.'s so-called GM-10 program.

That $5 billion GM-10 program is important because it represents the No. 1 automaker's attempt to return to dominance in the lucrative midsize market.

McCann-Erickson, which has handled Buick since 1958, is believed to be secure for the 1988 model year, but could be in jeopardy

(Continued on Page 106)

Last Minute News

JWT juggles execs

New York—J. Walter Thompson Co. reconstructed its Office of the Chief Executive after the dismissal in the last few weeks of half its members. John Cronin remains vice chairman and a member of the Office but adds the title of chief advertising officer. Michael Cooper-Evans, president of JWT/Europe, is no longer a member of the Office but becomes one of eight executives on a new Management Committee. The two new members of the Office of the Chief Executive are Terence Martin, exec VP-chief financial officer, and Stephen Salorio, exec VP-general counsel. Don Johnston, JWT Group chairman-ceo, remains an Office member.

Luvs gets $20M effort

Cincinnati—Procter & Gamble next month breaks an estimated $15 million-to-$20 million introductory campaign for Luvs Deluxe superabsorbent disposable diapers, which replace Luvs

(Continued on Page 8)

P&G helps develop 'promotion' scanner

By JUDANN DAGNOLI

Chicago—Procter & Gamble Co. is aiding in the development of a new supermarket system that includes an interactive video screen and automatic dispensing of cents-off coupons and other customer rewards at checkout.

The Video Square system was unveiled at the Food Marketing Institute's annual convention here last week. It is a joint venture of Deerfield Beach, Fla.-based CheckRobot Inc. and Stamford, Conn.-based Donnelley Marketing, and was designed in conjunction with the CheckRobot supermarket scanning system.

Video Square is an optional promotional device that can be used with CheckRobot and some other supermarket scanning systems.

The machine itself involves an interactive video screen over a scanning belt, which allows consumers to scan the Universal Product Code bar codes on grocery packaging.

A video image of a woman speaks to them and guides them in the scanning.

CheckRobot's special promotional device, developed "in cooperation with" Cincinnati-based P&G, provides a variety of in-store promotional opportunities. A participating marketer can offer consumers coupons or price incentives, at checkout, for its brands rather than a competitor's.

In a demonstration at the convention, a person self-scanned a jar of Hunt-Wesson Foods' Peter Pan peanut butter. The video display rang up the purchase price, thanked the "customer" for the order, but reminded her that "Choosy mothers choose Jif" (P&G's brand).

It then ran a 10 or 15-second clip from a Jif commercial and dispensed a 30¢-off coupon for Jif to be used on the next purchase.

Video Square also has the capability of offering "rewards" for buying selected brand-name items, such as a coupon for a free cake

(Continued on Page 104)

Highlights

Tall order at Nissan 4

The agency that wins the Nissan Motor Corp. USA account will take home much more than the company's $150 million-plus in billings. It will take on a business under severe pressure to reverse a slipping market share. Simply put: Nissan, which will be reviewing ad agencies to take over for a fired William Esty Co., is losing its grip on the U.S. market.

Business books rebound 6

Business publishers are starting to see an upturn in ad pages in 1987 after suffering through several years of no growth or losses in volume. Following what for many was a dismal 1986, some business magazines have rebounded, though none posted huge business gains.

Sears spans out 30

Sears, Roebuck & Co. intends to strengthen its position as the nation's leading retailer through an aggressive diversification program implemented by Chairman-CEO Edward Brennan. That diversification effort includes the continued expansion of the Discover credit/financial services card and an $8 million-to-$10 million ad campaign backing the July introduction of new McKids children's apparel.

Western agency outlook dim 32

Western agency executives aren't optimistic that their billings will grow much the remainder of the year. Executives attending the 37th annual Western States Advertising Agencies Association meeting April 30 through May 3 predicted any growth will be single-digit, with most gains coming from existing clients.

Endorsement pitch 34

Dwight Gooden's endorsement career remains in limbo following the baseball star's release April 29 from a drug rehabilitation clinic. Nike Inc., which has a lucrative contract with the New York Mets' pitcher that expires May 31, says it has had a "standing offer" for several months to renew the relationship. However, the new pact is said to include expanded morality and reimbursement clauses.

'Daily News' woes 38

As if the *Daily News* didn't have enough problems, its star columnist, Jimmy Breslin, has decided to jump ship at one of the most critical times in the paper's history. The *Daily News* is in serious financial trouble.

Early Babbitt 39

Bruce Babbitt, though never renowned as a gambler while governor of Arizona, is taking an early and big chance in his bid for the 1988 Democratic presidential nomination. Mr. Babbitt's first TV campaign, which broke last month in Cedar Rapids, Iowa, is believed to be the earliest in presidential campaign history.

McKinney's reflections 44

When it comes to building a solid, enduring relationship with clients, nothing can replace truth, honesty and integrity, says Monty McKinney, chairman of DDB Needham/West.

INTERNATIONAL

Dentsu tops agency incomes 60

This week Advertising Age presents the 25th annual Foreign Agency Income survey, covering 970 agencies in 72 countries. After a 2-year hold on the No. 1 spot as the world's largest advertising agency, Young & Rubicam was overtaken by Dentsu Inc., which reported gross income of $681.0 million on billings of $5.31 billion for 1986.

OTHER NEWS

U.S. advertising expenditures rose 7.8% in 1986 to $102.14 billion, according to final industry tabulations. The pace of total ad growth appeared relatively good on the surface, but many of the largest major media sectors experienced a second year of disappointing results as their ad revenues failed to keep pace with the economy. Page 12.

As the guard changes in the chief executive suite at DYR Worldwide, with Young & Rubicam Exec VP Tim Pollak replacing DYR founder Alexander Brody as CEO, the agency appears at a crossroads. What is unclear is the commitment of the agency's parents, Y&R and Dentsu, to their unique, 50-50 joint venture—now 5 years old. Page 32.

Pepsi-Cola USA bottlers are teaming up with Chuck Yeager and Samsung Electronics America in a national sweepstakes centered around Paramount Pictures' "Top Gun" videocassette. Page 44.

When Bozell, Jacobs, Kenyon & Eckhardt decided against pursuing a $1 million public relations assignment for conservative fund-raiser Carl Channell in 1986, VP Jim McAvoy had little reason to suspect the assignment was part of Lt. Col. Oliver North's surreptitious plan to arm Nicaraguan Contras. Page 48.

A national study, sponsored by Advertising Age, will be conducted this year to find out how consumers feel about product packaging, trademarks and corporate logos. Page 56.

SPECIAL REPORT

RESEARCH BUSINESS REVIEW
THE NATION'S TOP MARKETING ADVERTISING RESEARCH COMPANIES

***Research Business Review**—The 13th annual review of the industry's performance profiles the top 46 research companies and analyzes why the companies' total worldwide revenue growth, which had a "real" increase of 14.3% in 1986 over 1985, is largely illusory.*

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P&G's Vicks consolidates global shops

By DENNIS CHASE

NEWS ANALYSIS

Procter & Gamble Co. is "Procterizing" its Richardson-Vicks acquisition of two years ago by changing R-V's culture, organization and approach to marketing outside the U.S.

P&G last week consolidated an estimated $75 million-to-$100 million in R-V advertising overseas with agencies long favored by P&G.

The move causes R-V's global agency roster to more closely resemble P&G's.

The biggest winner was D'Arcy Masius Benton & Bowles, which took over an estimated $35 million in new business and replaces Saatchi & Saatchi Compton Worldwide as the No. 1 P&G agency.

Also among the winners: Leo Burnett Co., which picked up an estimated $20 million; S&SC, with an estimated $15 million; and Grey Advertising, with an estimated $10 million. All of these are P&G's top domestic agencies.

Wells, Rich, Greene, which ranks No. 4 domestically, has a

(Continued on Page 108)

New York's concern about AIDS prompted Saatchi & Saatchi Compton to develop this TV spot featuring a woman who leaves a hot embrace after her lover refuses to use a condom.

New York City tries AIDS ads

By PATRICIA WINTERS

New York is unveiling a controversial AIDS-prevention campaign today that already has been rejected by an ABC-owned TV station.

The series of three TV spots, four radio commercials and five print ads are themed "AIDS: If you think you can't get it, you're dead wrong." The ads carry an 800 information number and target 20-to-35-year-olds.

One spot shows a woman getting dressed for the evening, while James Taylor's song "Don't Let Me Be Lonesome Tonight" plays in the background. In addition to putting on her earrings and brushing her hair, she takes a condom from her drawer and puts it in her purse.

WABC-TV refused to air the spots because they show condoms, according to Saatchi & Saatchi Compton Worldwide, New York, which created the campaign gratis for the city's Department of Health. The station, which does not accept condom ads, could not be

(Continued on Page 106)

Fed to Pearlman

City Of Commerce, Calif.—The Federated Group hired Pearlman/Wohl/Olshever/Marchese, Los Angeles, to handle its estimated $25 million account after a monthlong review.

Shadoevision, the agency/production house owned by longtime Federated spokesman Shadoe "Fred Rated" Stevens, previously handled creative for the consumer-electronics retailer.

Mr. Stevens will continue as spokesman.

West Coast News

Geoff Meredith, 44, has been named senior VP-general manager, DJMC, San Francisco, a new post, from senior VP-director of new business. Mr. Meredith joined DJMC in December after three years as senior VP-director of strategic planning and new-business development at Hal Riney & Partners.#

Nissan faces tough road

Agency must aid skidding client

By CLEVELAND HORTON

The agency that wins the Nissan Motor Corp. USA account will take home more than the company's $150 million-plus in billings. It will take on a business under severe pressure to reverse a slipping market share.

Simply put: Nissan, which will be reviewing ad agencies to take over for a fired William Esty Co. (AA, May 4), could be losing its grip on the U.S. market.

Following a record sales year in 1985, Nissan, the No. 2 Japanese automaker in the U.S., watched its share of the U.S. car market drop to 4.8% last year from 5.2% the previous year. Over the same period, Japanese import leader Toyota Motor Sales held its 5.6% share while American Honda Motor Co. surged ahead, boosting its share to 6.1%, up from 5.0% in 1985.

Nissan's truck sales proved even more disappointing last year, especially after the introduction of the U.S.-designed Hardbody pickup in January 1986.

Unlike Japanese cars, imported trucks aren't restricted by Japanese government quotas. Nevertheless, Nissan's share of the light-duty truck market dropped to 4.9% last year, from 5.8% in 1985.

Other Japanese truck marketers didn't experience similar declines. Toyota added one full share point—to 8.4%—during that same period. Likewise, Mazda Motors of America increased its share to 3.4%, up from 2.6% in 1985. The total truck market gained 4.6%, to 4.6 million vehicles.

Perhaps more telling is Nissan's performance in California, a bellwether state and long a bastion of the imports.

Nissan's share of the Golden State car market fell 1.7%, to 7.8%, in 1986. During the same period, Toyota held almost steady at 9.4%, while Honda (excluding sales of its upscale Acura division) gained almost a full share point, to 9.5%.

> *"We're going in with wide parameters. We have no predetermined ideas about the size of our next agency."*
>
> **—Nissan Senior VP-Marketing and Sales C.P. "Chuck" King**

An influx of new-car models enabled Nissan to brake its sales decline during the first four months of 1987. Sales of U.S.-built and imported Nissan car models combined were up 13.2%, compared to the same period in '86. Truck sales were up 6.2%, compared to the same period in 1986, when the new Hardbody pickup struggled in its launch.

Some of the pressure on Nissan's U.S. marketing arm to perform better comes from Japanese parent Nissan Motor Co., whose share of its home market has declined from 30% to 24% over a six-year period. The company posted its first non-consolidated operating loss in 37 years in the first half of its operating year (ending September 1986).

Nissan plans—optimistically—to name a new agency by early July. The Carson, Calif.-based company then will ask its new agency to produce advertising using a whole new approach to marketing Nissan.

This "blockbuster" effort must be developed in time for the 1988 model year, which starts in October.

Nissan believes the deadline is feasible. Senior VP-Marketing and Sales C.P. "Chuck" King said Esty faced similar time demands when the agency originally snared what was then known as the Datsun account in 1977. (At the time, it was a $35 million piece of business handled, until then, by the now-defunct Parker Advertising, Los Angeles.)

"It was the same thing with Esty," Mr. King said, "They developed the 'We are driven' theme for [original] presentation. I expect to see the same thing happening this time."

The 2-year-old "The name is Nissan" message has run its cycle; all but 70 of its 1,100 dealers have replaced their Datsun signs with the new name, a long name-change process instituted to bring the U.S. nameplate into line with what the company and its cars were known as around the world.

Nissan is completing extensive market research to guide the new agency in boosting awareness of the company. The research will be shared among all the finalists in the review. Nissan already has incorporated some of the preliminary results of that research into its current Esty-produced ads.

The company added to its corporate-identity "Name is Nissan" campaign the new slogan "We make you feel like driving" in several upbeat TV commercials that began airing earlier this year.

Likewise, it altered spending levels between car and truck lines to more closely mirror sales. Instead of devoting about 60% of its budget to trucks, Nissan is currently spending about 70% of its dollars to promote cars.

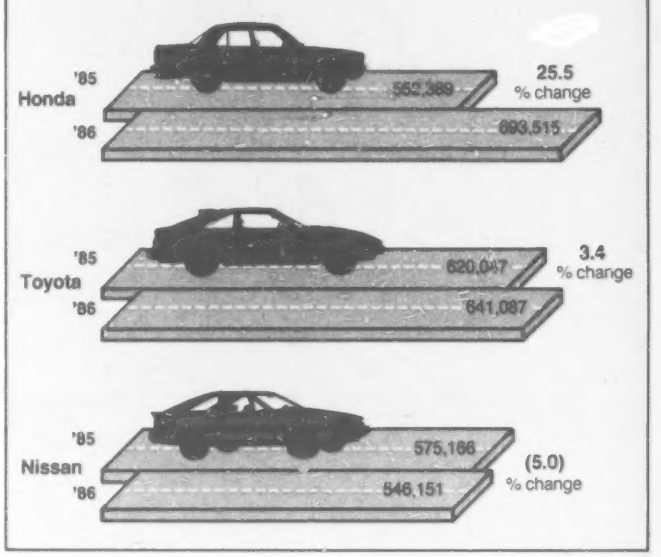
In addition, it is purchasing a larger percentage of network TV time, in a bid to increase its profile nationally.

Canter, Achenbaum Associates, New York, is organizing the

(Continued on Page 103)

How Japanese Big 3 have fared

A comparison of 1985 and 1986 U.S. sales of cars from the three biggest Japanese automakers shows a slippage last year by Nissan. Totals include both imported and domestically built cars. Source: *Automotive News*.



Graphic by Amy Palmer

U.S. NewsWatch

Marketing news from regional centers across the country

Genesee Brewing taps Levine, Huntley

ROCHESTER, N.Y.—Genesee Brewing Co. has named Levine, Huntley, Schmidt & Beaver, New York, to handle its $8 million-to-$10 million account after a three-month search. William Esty Co., New York, lost the account after 20 years. To take on Genesee, Levine, Huntley had to resign Greenwich, Conn.-based Kronenburg USA's account, now in review. Genesee markets ale, beer, cream ale, light beer and 12 Horse beer in New York, Ohio and Pennsylvania.

BALTIMORE—**Maryland State Lottery** is considering four local agencies for its $4 million-to-$5 million account: Eisner & Associates; Smith Burke & Azzam; incumbent Trahan, Burden & Charles; and VanSant Dugdale & Co. The lottery is expected to name an agency later this week.

MILWAUKEE—**Miller Brewing Co.** begins a three-month "Everyone's a winner" sweepstakes for its Meister Brau beer in Indiana, Hawaii, North Carolina, Oregon, Pennsylvania and South Carolina

(Continued on Page 82)

WHO PUT A CHERRY IN 7 UP?

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Special Report

RESEARCH BUSINESS REVIEW

THE NATION'S TOP MARKETING ADVERTISING RESEARCH COMPANIES

Jeffrey Toth

Top 46 companies' growth is partly illusion

By Jack J. Honomichl

The year 1986 had some good news and not-so-good news for the marketing/advertising/public opinion research industry, according to the 13th annual review of industry performance prepared exclusively for ADVERTISING AGE.

The good news first. According to the financial records of 46 leading U.S. research companies, their total worldwide revenues of $1,911,200,000 were up 16.2% over 1985, and after adjustment for inflation (1.9% according to the U.S. Department of Labor Consumer Price Index-U, monthly average), the "real growth" rate was 14.3%, the highest ever enjoyed since this compilation started in 1975.

Jack J. Honomichl writes a regular column on research in ADVERTISING AGE.

However, to a large degree, this extraordinary growth is illusory. For one thing, the Top 46 list is heavily weighted by four organizations that have a large percentage of their volume coming from outside the U.S.: A. C. Nielsen, IMS International, MRB Group and Louis Harris and Associates.

Total worldwide revenues of the top 46 U.S. research companies had a "real" growth of 14.3% in 1986 over 1985 . . . but this extraordinary growth is illusory.

Together, these account for nearly one-half of the list's $1.9 billion total. Because so much of their revenue came from outside the U.S., their gains over 1985 were very significantly inflated by the weakening of the U.S. dollar vis-a-vis most foreign currencies. Or, the flip side: Ironically, to a large degree, the 1986 industry growth was because of the weakening U.S. dollar.

Also, 1986 was an election year, and its impact shows vividly for the two top companies that are heavily involved in political polling, Decision/Making/Information and Market Opinion Research; both enjoyed extraordinary gains in 1986.

Another sobering concern comes from the supplementary data furnished by CASRO (Council of American Survey Research Organi-

(Continued on Page S-2)

The nation's top 46 research companies profiled

1 **A.C. Nielsen Co.,** Northbrook, Ill. Founded in 1923; since 1984 a wholly owned subsidiary of Dun & Bradstreet Corp. Research revenues in 1986 are estimated at $615 million, up about 19% from 1985.

There are two units: the Marketing Research Group, with estimated revenues of $500 million in 1986, up about 20.7% from 1985, with client service offices in 12 U.S. cities and subsidiaries in 27 countries, and the Media Research Group, with estimated revenues of $115 million in 1986, about 11.7% over 1985, with eight U.S. offices and operations in five countries.

In 1985, an estimated 52% of ACN revenues came from operations overseas; that is believed to have increased to about 60% in 1986 because of shifts in the relationship of the U.S. dollar vis-a-vis foreign currencies, which tended to inflate ACN's total revenue growth (as it did for other research organizations with large overseas operations). Because ACN parent Dun & Bradstreet does not release precise performance figures, it is impossible to calculate the exact impact this currency reevaluation has had.

During 1986, ACN's Marketing Research Group in the U.S. expanded its Scantrack service, based on universal product code data captured at the supermarket level, which provides weekly information on product movement both nationally and, if desired, individually for each of 26 major markets. Also in 1986, ACN introduced Scantrack for retailers, which produces an expanded trading area report for their use.

The single-source test marketing system, ERIM, recently received financial approval to add four additional markets in 1987 and early 1988, and a comparable system, TELERIM, is underway in West Germany.

In the U.K., ACN recently acquired two rival store movement measurement organizations: Penarvon Plc. (Gwent, Wales) and STATS MR. Together, these add about $7.25 million to ACN U.K. revenues. During 1986, ACN acquired a Finnish store audit company, Marketindex, thereby adding another country to the worldwide network. In the U.S., ACN acquired MAJERS Corp., Omaha, Neb., a company specializing in the evaluation of trade advertising and sales promotions (no MAJERS revenues are in the annual ACN revenues listed above).

John C. Holt
A.C. Nielsen Co.

Also, ACN is planning the addition of Scantrack-like market measurement systems in both Canada and the U.K.

During 1986, the Media Research Group in the U.S. continued its shift to peoplemeter technology and away from the long-established household diary method of data collection for the national Nielsen Television Index. Approximately 1,000

How they rank

1986 revenues
46 leading U.S. research organizations

Rank 1986	Rank 1985	Organization	Total research revenues* (millions)	% change vs. 1985**	% Revenues from outside U.S.
1	1	A. C. Nielsen Co.	$615.0	+19.0%	Approx. 60%
2	2	IMS International	245.4	+41.8	45.6
3	3	SAMI/Burke	174.5	+ 7.7	3.5
4	4	Arbitron Ratings Co.	137.2	+12.3	–
5	5	Information Resources	93.6	+21.2	4.0
6	–	MRB Group	52.0	+ 8.7	37.0
7	7	M/A/R/C	47.5	+ 2.6	–
8	9	NFO Research	36.7	+ 7.0	–
9	8	Market Facts	36.0	– 4.6	–
10	10	NPD Group	35.5	+ 7.3	1.4
11	12	Westat	35.2	+39.9	–
12	11	Maritz Marketing Research	32.9	+ 9.6	–
13	13	Elrick and Lavidge	26.7	+ 8.5	–
14	15	YSW/Clancy Shulman	22.0	+12.8	–
15	14	Walker Research	21.3	+ 2.6	–
16	16	Chilton Research	19.5	+ 2.1	–
17	19	ASI Market Research	17.1	+ 8.6	–
18	22	Decisions Center	15.6	+13.0	–
19	18	Louis Harris and Associates	15.5	– 2.0	43.0
20	20	Opinion Research Corp.	15.2	+ 4.8	–
21	23	Ehrhart-Babic Group	14.5	+ 5.1	–
22	27	National Analysts	13.3	+38.5	–
23	24	Harte-Hanks Marketing Services Group	12.2	+ 4.6	–
24	28	Mediamark Research	21.1	+26.6	–
25	25	Data Development Corp.	10.5	– 2.7	–
26	26	Custom Research	10.4	+ 7.2	–
27	36	Decision/Making/ Information	10.4	+55.2	–
28	35	Decision Research Corp.	9.8	+16.7	–
29	32	Gallup Organization	9.7	+13.1	–
30	37	Market Opinion Research	9.4	+45.0	–
31	29	Admar Research	9.4	+ 5.6	–
32	30	Starch INRA Hooper	9.1	+ 2.8	–
33	33	National Research Group	8.9	+ 9.9	11.0
34	31	McCollum/Spielman Research	8.4	– 2.3	–
35	38	Guideline Research	7.5	+15.4	–
36	34	Response Analysis	6.9	– 9.3	–
37	40	J.D. Power & Associates	6.1	+ 5.2	–
38	39	Ad Factors/Millward Brown	5.9	0	–
39	42	Marketing Research Services	5.8	+13.7	–
40	42	Oxtoby-Smith	5.8	+16.0	–
41	–	Birch Research	5.8	+25.4	–
42	–	Newman-Stein	5.3	+ 4.9	–
43	–	Field Research Corp.	5.2	+28.0	–
44	41	Lieberman Research West	5.2	–12.7	–
45	46	Kapuler Marketing Research	5.1	+ 6.0	–
46	–	Total Research Corp.	5.0	+48.4	–
		Sub total, top 46	$1,911.2***	+16.2%	Approx. 26.8%
		All other (90 CASRO companies not included in top 46)	207.5	+ 6.6	
		Total (136 organizations)	**$2,118.7**	+15.1%	

*Total revenues that include non-research activities, for some companies, are significantly higher. This information is given in the individual company profiles in the main article.

**Rate of growth from year to year has been adjusted so as not to include revenue gains from acquisition. See main article for explanation.

***Rounded to nearest hundred thousand.

****Total revenues of 90 survey research firms—over and beyond those listed in top 46 list—that provide financial information, on a confidential basis, to CASRO.

Illusion

(Continued from Page S-1)

zations). The $207.5 million in revenues reported by 90 CASRO member firms not included in the Top 46 listing represented a gain of 6.6% from 1985. So, the smaller firms did not share the boom of their big brothers in 1986.

Adding the CASRO figures gives us a base of 136 research companies with total revenues of $2,118,700,000 in 1986, or a 15.1% increase from 1985. After adjustment for inflation, this nets a "real growth" rate of 13.2%.

This year's list expanded to 46 companies despite the loss of three—Burke Marketing Services, Simmons Market Research Bureau and Winona Research—that had line identity last year but now are included via merger in new listings, namely SAMI/Burke and MRB Group, No. 6 on this year's list, which represents the merging of JWT Group research organizations around the world into one division under one manager. The other newcomers were Total Research Corp., Field Research Corp., Newman-Stein and Birch Research.

Of the list's $1,911,200,000 total, more than $1.6 billion—or 84%—comes from research organizations that either are public companies or subsidiaries of publicly listed companies. The corporate owners of the research industry today include Time Inc., Control Data Corp., JWT Group, Dun & Bradstreet, Saatchi & Saatchi, Capital Cities/ABC, Gannett Co., IDC Services and Arthur D. Little, to name a few.

Of the 10 largest companies, only one—the NPD Group—is still privately held.

Another sign of the times: Of the 46 organizations listed, four—NFO Research, YSW/Clancy Shulman, Birch Research and Ad Factors/Millward Brown—are owned wholly or in part by European companies. The second largest, IMS International, while a U.S. registered corporation, is run by a top management staff in London.

Eight of the Top 46 had revenues from outside the U.S., and this totals about $518 million, or 27% of the list's total. This is up from $369.8 million and about 22% in 1985.

Eight of the top executives in the 1985 listing are no longer there, mostly because of retirement *(see sidebar on Page S-8)*. And, as in previous years, the research industry growth exceeded that of America's largest advertising agencies *(see sidebar on Page S-14)*.

The company-by-company profiles that follow detail the operations of each of 1986's Top 46, major changes that took place during 1986 and companies' plans for the balance of 1987.

Top research companies

households had peoplemeters installed in 1986, and this is expected to increase to 2,000 households by September and to at least 4,000 by September, 1988.

Atlanta became the 13th local meter market panel in 1986. The U.S. group introduced Spotbuyer, a software system for TV prebuy estimations; Audience Analyst, a PC software package; and Cable Audience profiles. In Canada, ACN recently completed agreement for a national metered TV audience measurement system.

Chairman-CEO of A.C. Nielsen Company is John C. Holt, 48, who has a B.S. from Southern Illinois University. He is also an executive vp and board member of Dun & Bradstreet. Richard W. Vipond, 59, is president of the Marketing Research Group, and James D. Lyons, 52, is president of the Media Research Group.

2 **IMS**, New York. Founded in 1954; public company traded over the counter. Research-only revenues in 1986 were $245.4 million, up 41.8% from 1985.

IMS revenues in 1986 were $375.5 million, of which $266 million were attributable to its Market Research Division. Some MRD revenues from computer-based mailing and marketing activities have been subtracted; these amounted to $14.0 million in 1985 and $20.6 million in 1986. Further, IMS made several acquisitions in 1985 and 1986, namely Healthcare Information Programs, Luning Prak Associates, LP Audits, Fisher-Stevens and Clark-O'Neill.

While these new revenues are included in the $245.4 million shown above, adjustments have been made, inasmuch as is possible, so that they do not impact the 41.8% growth rate, which in turn was greatly influenced in 1986 by the weakening of the U.S. dollar vis-a-vis foreign currencies; 45.6% of IMS MRD revenues come from operations in 63 countries outside the U.S.

The U.S. subsidiary, IMS America, is headquartered in Ambler, Pa. There are about 3,600 IMS employees in the market research operation, approximately 1,700 of whom are in the U.S.

IMS has a battery of market research services and syndicated reports, most of them related to the worldwide pharmaceutical industry. Data series pertain, for instance, to ethical pharmaceuticals, over-the-counter pharmaceuticals, medical diagnoses and treatments, medical promotion efforts, hospital and laboratory suppliers, animal health products and personal care products. Most of these data are collected via audits and/or panels, and the resulting data bases are available on-line via Inbase, a text retrieval system. The company also does custom research.

Robert Louis-Dreyfus
IMS

Although IMS is a U.S.-registered corporation, all its top officers are located in London.

President-CEO is Robert Louis-Dreyfus, 40, who has an M.B.A. from Harvard University. Andrew L. Clark, 61, is chairman. Christian Tourres, a senior vp, heads the Market Research Division.

3 **SAMI/Burke**, Cincinnati. Founded in 1966, a wholly owned subsidiary of Time Inc. Revenues in 1986 are estimated at $174.5 million, up 7.7% from 1985.

This organization is the result of the merger of Selling Areas-Marketing Inc. (SAMI) and Burke Marketing Services Inc., which it acquired in 1986.

SAMI/Burke now is organized into three divisions: Data Base Services, SAMI, Samscan and DecisionMaster SM; Market Testing and Modeling Services, TMG AND BASES; and Custom Services, Burke Marketing Research.

Jack E. Brown
SAMI/Burke

The Data Bases Services Division provides product movement data through its SAMI and Samscan syndicated services. SAMI reports on the movement of more than 180,000 consumer products in more than 500 categories from warehouse withdrawal to supermarket, drug and mass merchandiser outlets. The food and drug service provides data on each of 54 SAMI-defined market areas. The mass merchandiser service will be provided nationally by the end of 1987.

Samscan provides product movement, volume, share of market, distribution and price data, based on a sample of UPC scanner-equipped supermarkets, with data reported on 20 markets separately (to be expanded to 54 SAMI market areas by the end of 1989).

Later this year, SAMI/Burke

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Top research companies

plans introduction of DecisionMaster SM, a system that will deliver electronically, via a standard PC in conjunction with a high-capacity optical disk storage device, access to the SAMI/Samscan data bases. Advanced analytical and decision support software packages and models also are available through DecisionMaster.

The Market Testing and Modeling Division includes Bases, the market leader in predictive modeling for new product testing and forecasting, Bases LX for line extensions and Restager for product restages and the Test Marketing Group, which offers a wide range of market testing services, including electronic test marketing in its AdTel markets. TMG recently introduced two new market models, Projector and Sourcerer, to enhance the learning experience from test marketing.

The Custom Services Division (Burke Marketing Research) provides survey field and tab and full-service survey services, including TV commercial testing (Selector) and print, billboard and package testing with eye movement technologies.

The Burke Institute markets an extensive curriculum of courses related to professional training.

Jack E. Brown, 43, formerly chairman of Burke Marketing Services, became president of SAMI/Burke in September, 1986. He attended the University of Cincinnati.

4 Arbitron Ratings Co., New York. Founded in 1949 and since 1967 a wholly owned subsidiary of Control Data Corp. Revenues in 1986 are estimated at $137.2 million, up 12.3% from 1985.

Arbitron produces radio, TV and cable audience studies at the local-market level using mail diaries or panels of meter—or peoplemeter—equipped households. Surveys in 214 TV markets (ADIs), 12 of which are measured by a combination of meters and diaries and one of which (Denver) is measured by a peoplemeter service, account for 51.5% of Arbitron revenues; the balance comes from measurement of 260 radio markets.

In 1986, Arbitron expanded radio audience measurements in 75 markets year-round by conducting four 12-week-long surveys each year; this is expected to be expanded to 79 markets by the end of 1987. Also, starting with the spring survey results of 1987, Arbitron redesigned its local market reports to contain data on listening locations and audience composition.

Arbitron reports are available to radio and TV stations, advertisers and ad agencies via printed reports, computer-based applications such as Arbitrends and Product Target AID, which deliver updated data from the company's mainframe in Laurel, Md., for custom tabulation and analysis and an on-line database called Arbitron Information on Demand (AID).

A.J. Aurichio
Arbitron Ratings Co.

Recently, Arbitron introduced a variety of new analytical services designed to help clients to better use research as a sales tool. For instance, Broadcast Negotiator is a pre-buy and post-buy software system that enables easy analysis of Arbitron data in relation to specific media buys.

During 1986, Arbitron sold its interest in Burke Marketing Services Inc. to Selling-Areas Marketing Inc. and through its parent, Control Data, acquired Broadcast Advertiser Reports, the television commercial monitoring service, and Radio-TV Reports (RTV), its wholly owned subsidiary. BAR revenues are not included in the Arbitron research revenues.

Arbitron continues to develop its ScanAmerica service, which electronically measures TV viewing of individuals via peoplemeters and tracks products purchased in panel households via an in-home portable scanner that "reads" UPC bars on package goods. This system, now operative in Denver, will be expanded nationally for the 1988-89 TV season.

Arbitron has 1,235 full-time employees in 23 U.S. locations. A telephone-interviewing facility in Laurel, Md., has 55 stations.

President of Arbitron is A.J. "Rick" Aurichio, 50. He has an M.B.A. degree from Fairleigh Dickinson University. He also is a VP of Control Data Corp.

5 Information Resources Inc. Chicago. Public company traded over the counter; founded in 1977. Revenues in 1986 were $93.6 million, up 21.2% from 1985.

This expansion-minded firm made several major moves in 1986:

1. The BehaviorScan test market system, used for advertising and promotion testing and new product test marketing, opened two new markets (Salem, Ore., and Cedar Rapids, Iowa) in 1986, bringing the total to 10. IRI, through a joint venture with GfK-Nuremberg, has established a similar BehaviorScan market in West Germany and recently announced plans to set up a similar system in the U.K. on its own.

2. IRI introduced a new service, InfoScan, a national scanning service that tracks consumer purchasing (from a base

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Top research industry management sees change

The past year has seen numerous changes in top management of America's leading research companies.

The following have retired from their positions:

Henry Burk, chairman, A. C. Nielsen Co.; **Carlyle C. Daniel,** chairman-CEO, SAMI/Burke; **Theodore F. Shaker,** chairman-CEO, Arbitron Ratings Co.; **Robert J. Lavidge,** president, Elrick and Lavidge; **Irwin Miller,** chairman-CEO, Opinion Research Corp.

Other changes:

Henry Brenner, founder and chairman, NPD Group, sold his interest to partner Tod Johnson.

Donald B. Chapman, founder, chairman and CEO, Ad Factors Marketing Research, sold his interest in the company, relocated to California.

Gilbert Barrish, director, Chilton Research Services, left to join Opinion Research Corp.

—Jack J. Honomichl

Top research companies

of 60,000 households) of all UPC-coded products sold in supermarkets. It also provides data on promotion activities affecting sales, through newspaper ads, in-store displays, coupon redemption, etc. IRI plans during 1987 to complete the expansion of the InfoScan system to 2,400 stores and 80,000 panel households. Also, IRI plans to install peoplemeters in scanner panel households to measure TV viewership and audience composition.

3. IRI acquired the Data Group, a custom survey research organization, Marketing Advancements, a company specializing in coupon distribution measurements, and ABA Groups, a provider of computerized systems for retailers and manufacturer sales forces for shelf management studies. (While revenues from these acquisitions are reflected in the IRI 1986 revenues above, the rate of growth has been adjusted so that it is not artificially inflated by acquisition-gained revenue.)

4. IRI introduced PromotionScan, a syndicated service for tracking the sales impact of promotions in all UPC-coded product categories.

5. The firm also introduced a PC Workstation based on proprietary IRI software with brand, sales promotion and retailer management applications.

Gian Fulgoni
Information Resources

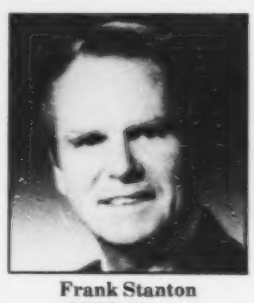
In addition, IRI markets the Marketing Fact Book service, an ongoing report on UPC-coded product movement collected at the household level, an expanded ASSESSOR simulated test market system to predict sales volume and market share of a new product at any point in the product development cycle, and a library of software for the maintenance and analysis of marketing information data bases.

There are 900 salaried, exempt employees in seven U.S. branch offices, and about 4% of revenues come from activities outside the U.S.

President-CEO of IRI is Gian Fulgoni, 39, who holds a master's degree from the University of Lancaster (England).

6 **MRB Group**, New York. Wholly owned subsidiary of JWT Group. Revenues in 1986 were $52 million, up 8.7% from 1985.

In 1986, JWT consolidated its research units into a single division. In the U.S., included are Simmons Market Research Bureau (founded in 1978) and Winona Research. The international group, headquartered in London, has 14 offices in Europe,



Frank Stanton
MRB Group

the Middle East, South Asia and Japan, and accounts for about 37% of total MRB revenues.

The SMRB annual "Study of Media & Markets," based on a sample of 19,000 adults covering exposure to all media, brand usage, leisure activities and financial services, is MRB's single largest product. In 1986, SMRB introduced Choices, a microcomputer system that makes the "Media & Markets" data base available on PCs.

In 1986, SMRB announced its plan to conduct the 56-market National Study of Local Newspaper Ratings, with field work starting last October. Approxi-

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Top research companies

mately 120,000 telephone interviews are being conducted with 65,000 adults. Results will be released this summer.

The Winona CATI facility in Phoenix, with 210 stations all equipped with four-color CRT screens, relocated in new quarters in 1986. Telephone interviewing accounts for about one-half of the Winona revenues, with the balance coming from product research mall studies and custom store audits through an office in Minneapolis. MRB Group has 642 full-time, salaried employees.

Chairman-CEO Frank Stanton, 57, has an M.A. from the University of Pennsylvania.

7 **M/A/R/C Inc.**, Irving, Texas. Founded in 1965; public corporation traded NASDAQ. Research revenues for the fiscal year ending March 31, 1987, were $47.5 million, up 2.6% from 1985. Revenues do not include $6.5 million from data base management for promotional purposes, a fast-growing segment of the total M/A/R/C operation.

M/A/R/C, primarily a survey research company, reduced its central telephone interviewing capacity to 260 stations during 1986; however, an additional 215 CRT-equipped stations for WATS interviewing are available through its Local Market Network (LMN), a system that electronically ties independent mall or central location facilities around the country to M/A/R/C's central computer system. The LMN on-line network provides two-way electronic communications with 30 markets and 52 sites. The National Neighborhood Panel Service is based on 72,000 households clustered around these sites.

During 1986, M/A/R/C continued expansion of its National Panel, about 300,000 households. Also during 1986, M/A/R/C relocated into a new six-story headquarters building near Dallas-Ft. Worth airport; underwent a management reorganization; closed less-efficient operations in Atlanta, New York and Chicago; entered the test marketing modeling business with a new product evaluation system, ENTRO; and entered into a joint venture with InterView NV, Amsterdam, to develop a PC version of M/A/R/C's automated interviewing and tabulation system. (The two companies collaborated on a public opinion telephone study

Sharon Munger
M/A/R/C

spanning the U.S. and several European countries, delivering 1,200 interviews within 62 hours after the questionnarie on the Iranian-Contra arms controversy was written.)

M/A/R/C has a full-time staff of 385 in 13 offices, plus an hourly staff of 184 and an hourly payroll of 1,080.

New president-chief operating officer of M/A/R/C, Sharon Munger, 40, has a B.A. from Vanderbilt University. Cecil B. (Bud) Phillips, 62, is chairman-CEO; he is graduate of Southern Methodist University.

8 **NFO Research**, Toledo, Ohio. Founded in 1946 and since 1982 a wholly owned subsidiary of AGB Research. Revenues in 1986 were $36.7 million, up 7% from 1985.

NFO operates a fixed mail panel of 350,000 households (including 900,000 individuals), catalogued by demographic and product ownership characteristics, which are used for either telephone or mail surveys. There are two central telephone interviewing facilities (Toledo and Greensboro, N.C.), which have 200 stations, including CATI interviewing.

NFO conducts concept and product tests and tracking, attitude, usage/awareness, and segmentation studies. Standard segmentation systems, including Vision, Acorn, Cluster Plus, Prism and VALS, are used for analysis.

Syndicated services include tracking studies for the beverage industry (SIP), mail-order monitoring (MOMS), toys (Toy-Track), carpeting and men's and women's apparel.

NFO maintains marketing offices in Chicago, St. Louis, Toledo, San Francisco and Greenwich, Conn. There are 336 full-

William E. Lipner
NFO Research

time and 326 regular part-time employees.

NFO recently introduced the following new services: Screen-Test and Kids' Screen Test for presenting products and concepts to panel members for viewing at home via video tape; Analycor, an advanced segmentation model; Converge, a trade-off analysis technique; Confirm, a joint venture with Yankelovich

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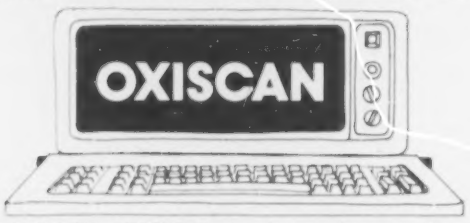

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Top research companies

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NFO/SRG International, White Plains, N.Y., provides access to the AGB Research worldwide group of market research companies and conducts surveys in 35 countries worldwide.

President-CEO William E. Lipner, 39, holds degrees in electrical engineering and business administration from the University of Toledo.

9 **Market Facts,** Chicago. Public corporation traded over the counter; founded in 1946. Revenues in 1986 were $36 million, down 4.6% from 1985.

These figures do not include revenues from Market Facts of Canada (annual volume estimated at $4.8 million), which is 50% owned by MF.

Most of MF revenues come from custom-designed research studies conducted for marketers of consumer goods and services, industrial marketers, and government agencies and associations. However, more attention is being given to syndicated studies developed by the company's Financial Services Group and Healthcare Information Group.

The company conducts studies through numerous data collection facilities—a network of shopping mall interviewing centers (three of which are company owned); a controlled mail panel of 235,000 households; three national telephone interviewing centers with a total of 125 stations (102 CATI-equipped); and the Marketest controlled store auditing facility for new product test marketing and other forms of in-store experimentation.

In 1986, MF launched a weekly telephone omnibus survey called TeleNation, opened a new client service office in St. Louis, and formed a Marketing Models Group to develop sales projection models, trend analyses and other services not already offered through its Decision Systems Group.

Verne B. Churchill
Market Facts

MF employs 487 full-time, salaried employees within its six client service offices and six other operational facilities in the U.S.

President-CEO is Verne B. Churchill, 54, who received his M.B.A. from Indiana University. Greg Spanga, 50, the company's chief operating officer, received his M.B.A from Bernard Baruch College.

10 **NPD Group,** Port Washington, N.Y. Privately held corporation founded in 1953. Revenues in 1986 were $35.5 million, up 7.3% from 1985.

The NPD package Goods Di-

Research growth outpaces advertising agencies

The top 46 research company compilation makes possible a comparison of the growth in worldwide expenditures for marketing/advertising/public opinion research and that of advertising agencies, as compiled in the Advertising Age U.S. Advertising Agency Profiles (March 26).

Agencies vs. research companies	1986 worldwide revenues (millions)	% growth over 1985
Top 46 U.S. advertising agencies	$7,263.0	10.8%
Top 46 U.S. research organizations	1,911.2	16.2

The difference between the two industry growth rates is even more extreme when you consider first that the growth rate of research companies has been adjusted to negate the impact of acquisition as much as possible; if one organization acquired another during 1986, the revenues for both 1985 and 1986 were included before calculating growth rate, or they were eliminated from both years. This is not true of the advertising agency revenues, which are to some degree inflated by acquisition gains.

Second, for research companies, revenues from non-research activities have been subtracted out inasmuch as is possible, so the growth rate is calculated on research revenues alone. This is not true of advertising agencies, where non-advertising activities, including public relations and research subsidiaries, are included.

Third, 27% of the top 46 research companies' revenues came from outside the U.S., compared with 37% of the top 46 advertising agency revenues. Therefore, the agency growth rate was helped more by the weakening of the U.S. dollar in 1986 than was the research rate.

No wonder, then, that in 1986 some very large, worldwide advertising agencies were aggressively acquiring research companies both in the U.S. and abroad. —*Jack J. Honomichl*

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vision operates a 14,500-household national purchase diary panel, plus more than 20 local market test panels with approximately 30,000 additional households. Its NET service provides detailed meal usage information from 2,000 households, and its Marketrax service provides consumer UPC scanner panels and controlled store testing capabilities in three markets. In early 1987, this division placed handheld UPC scanner devices in 500 New York area households as part of a program to replace national mail diaries with electronic UPC-based data collection.

The NPD Special Industry Services Division uses a combination of mail purchase diaries, mail panels and computerized point-of-sale audits to develop syndicated tracking services for non-packaged goods industries, including toys/games, apparel/textiles, petroleum/automotive, sporting goods, jewelry and electronic products.

Currently, the Point-of-Sale Audit program is being expanded to nearly 3,000 department, discount and specialty stores. A similar auto parts program will start later this year. NPD electronic product and sporting goods data bases are part of an international data base available through joint ventures with GfK of West Germany and Tokyo Research Co. of Japan.

Tod Johnson
NPD Research

NPD's Crest Division operates a 13,000-member diary panel reporting on prepared meals purchased away from home. Starting this year, Crest's Market Development Program is being extended to include trade area and site evaluations for restaurant operators.

The NPD Marketing Models Division has proprietary models, such as ESP, for pre-test marketing and new product evaluations. This year, the division added BrandStar, a joint venture with Hendry Corp.

Home Testing Institute, the custom research division of NPD, operates a 200,000-household fixed mail panel and related CRT central telephone interviewing facility.

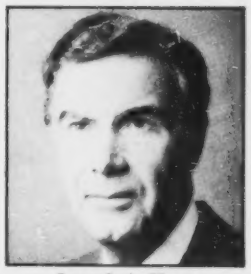
NPD has 455 full-time employees in five U.S. office locations. About $500,000 of its annual revenue comes from outside the U.S.

President-CEO is Tod Johnson, 42, who holds an M.S.I.A. degree from Carnegie-Mellon University. During 1986, founder Henry Brenner, 72, sold his remaining holdings to the corporation.

11 **Westat**, Rockville, Md. An employee-owned corporation founded in 1961. Research revenues in 1986 were $35.2 million, up 39.9% from 1985.

Revenues include those of Crossley Surveys, a subsidiary of Westat since 1983, but do not include those of computing time unrelated to research activities. Westat specializes in large-scale survey research, about 90% of which comes from projects funded by federal agencies.

The staff includes 284 exempt, salaried professionals (up 11% from 1985), a non-exempt, salaried staff of 70, and about 500 part-timers for telephone interviewing. The Crossley Division is located in New York, and during 1986 Westat opened a second telephone interviewing facility in Frederick, Md., and relocated its Rockville facility to new quarters.



Joseph A. Hunt
Westat

President-CEO is Joseph A. Hunt, 51, who has an M.S. from Massachusetts Institute of Technology. During 1986 Edward C. Bryant, 71, founder of Westat, became chairman emeritus; he has a Ph.D. from Iowa State University.

12 **Maritz Marketing Research Inc.**, St. Louis. Wholly owned subsidiary of Maritz Inc., founded in 1973. Revenues in 1986 were $32.9 million, up 9.6% from 1985.

MMRI is primarily involved in custom survey research, but is also well known for syndicated studies in the automotive and agricultural industries. There are nine full-service offices in eight cities: Atlanta, Dallas, Detroit, Los Angeles, Minneapolis, New York, St. Louis and Toledo.

William H. Lewellen
Maritz

In 1986, MMRI opened a field service branch in Columbus,

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Top research companies

Ohio, and a WATS survey center in Toledo. Nationwide, MMRI operates 18 field service branches and four WATS survey centers. Data collection resources include 34 focus group suites, 476 central phone lines, 21 mall interviewing locations and 25 test kitchens. The company's 189-station CATI telephone and mall interviewing system now spans 17 cities.

Product introductions last year included Explorer, decision support software for marketers and researchers, which makes research data bases available on a PC in an easy-to-use format producing custom cross tabulations, graphs and statistical tests. A market segmentation technique based on Vision geodemographic analysis also was introduced.

MMRI plans this year to introduce two new syndicated studies—one related to recent home buyers and another related to the financial industry. Improvements to MIVIS (Maritz Interactive Videodisc Interviewing System) also will be announced soon. Plans for expansion during 1987 include a full-service division in Chicago and a field service branch in Florida.

MMRI has 304 full-time employees, 211 of whom are salaried exempt. Approximately 2,000 part-time interviewers and supervisors are also employed.

President William H. Lewellen, 56, holds an M.S. degree in commerce from St. Louis University.

13 Elrick & Lavidge, Chicago. Founded in 1951 and since 1980 a wholly owned subsidiary of Equifax Inc. Revenues in 1986 were $26.7 million, up 8.5% from 1985.

Figures include revenues from a subsidiary, Quick Test Opinion Centers, a national network of 19 mall-interviewing sites, which account for about one-half of total E&L volume.

E&L specializes in survey research for consumer and business-to-business clients. There are full-service offices in Atlanta, Chicago, Cincinnati, Downers Grove, Ill., Los Angeles, Paramus, N.J., and San Francisco. These offices, together with the company's field facilities, employ a salaried staff of about 237, of whom 180 are exempt, plus 750 part-time employees.

During 1986 E&L opened its seventh full-service office in Los Angeles. The Philadelphia-based Quick Test subsidiary opened a new facility in the Atlanta area and plans to open a telephone interviewing operation during 1987.

E&L continued to expand its data-processing capabilities through upgrades in computer equipment that have increased computer capacity by about 40% so far in 1987.

J. Edward Shrawder
Elrick & Lavidge

President J. Edward Shrawder, 50, received an M.B.A. from the University of Chicago. Robert J. Lavidge, co-founder and former president, is now president emeritus.

14 Yankelovich, Skelly & White/-Clancy, Shulman, Westport, Conn. Wholly owned subsidiary of Saatchi & Saatchi, Plc., London. Research revenues in 1986 were $21.2 million, up 13.6% from 1985.

This organization was formed in January, 1986, when Saatchi & Saatchi merged Clancy, Shulman & Associates (founded in 1982, acquired by Saatchi in 1985) and Yankelovich, Skelly & White (founded in 1958, acquired by Saatchi in 1984). The firm trades under Yankelovich Clancy Shulman (YCS) and is a unit within Saatchi & Saatchi Consulting, a subsidiary of Saatchi & Saatchi Plc.

Robert S. Shulman
Yankelovich

The merged organization now has three business units:

1. Consumer Research. Has syndicated surveys including Monitor, Youth Monitor, and—new in 1987—Pacific Basin Monitor, a shared-cost survey covering Japan, South Korea, Taiwan, Hong Kong, Singapore, Malaysia and Australia. The consumer research unit also offers "market response" assessment research services for every stage of a product's life cycle.

2. Consumer Marketing Consulting. Specializes in product positioning and relaunch, market structure analysis, new product and services development, concept screening and prioritization, acquisition studies and new business analysis, and marketing plan development and optimization.

3. Business-to-Business Research and Consulting. Includes corporate and product position analysis, corporate communications studies, industry segmen-

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tation studies, etc. There are multi-sponsored corporate image surveys of media, brokers, individual investors, portfolio managers, and public opinion surveys, such as the studies published by *Time* magazine.

YCS has 103 full-time employees and, in addition to the Westport headquarters, a research and development staff in Chestnut Hill, Mass., and a sales-service office in Newport Beach, Cal.

President-CEO Robert S. Shulman, 35, is a graduate of Eisenhower College. Chairman Kevin J. Clancy, 44, received his Ph.D. from New York University.

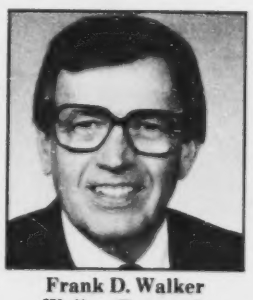
15 **Walker Research**, Indianapolis. Privately held corporation founded in 1964 (succeeding a local interviewing agency, Walker Research Service, founded in 1939). The company's revenues in 1986 were $21.3 million, up 2.6% from 1985.

During 1986, this survey research company reorganized into three strategic business units:

1. Research & Analysis. Provides full-service custom ad hoc research services nationally through client service offices in New York, Winston-Salem, N.C. Cincinnati, Indianapolis and San Francisco.

2. DataSource. Provides data collection, tabulation, data base mangement and computer services through a network of data collection offices in New Jersey, Florida, Indiana, Kentucky and Arizona. Included are more than 240 telephone interviewing stations, most of which are CATI-equipped.

3. Customer Satisfaction Measurements. Specializes in



Frank D. Walker
Walker Research

designing and administering customer satisfaction measurement programs.

An affiliate, Walker Clinical Evaluations, conducts Phase Three clinical investigations and trials of drugs, cosmetics, foods, animal products, medical devices and electronic products.

Walker employs 147 full-time salaried, 153 full-time hourly and 565 part-time workers.

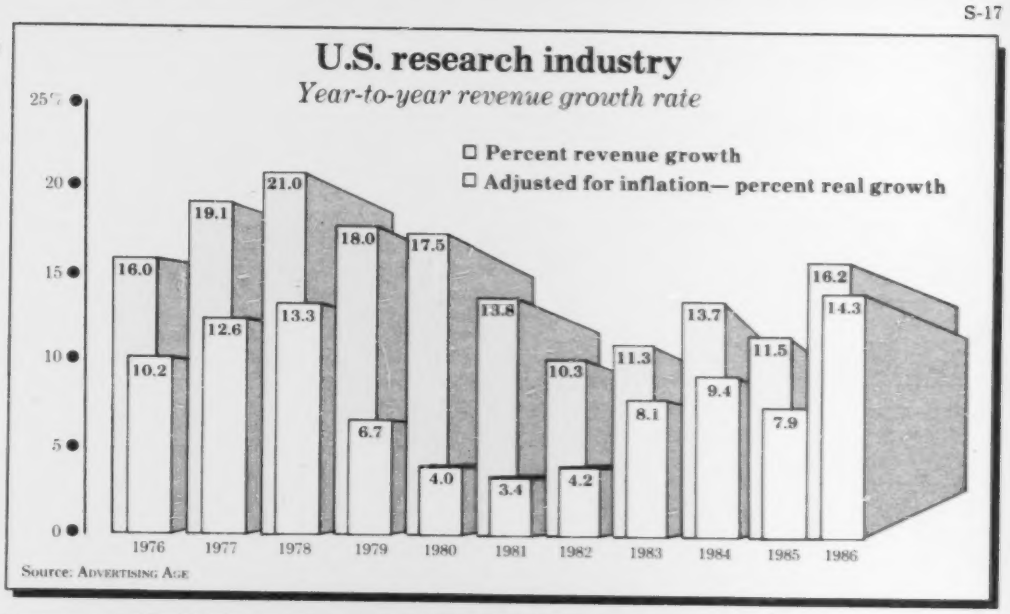
During 1986, Walker sponsored a three-day symposium, RE:2000, for senior marketing information executives.

Chairman-CEO is Frank D. Walker, 52, a graduate of DePaul University. President-chief operating officer is James E. Sammer, 48, who received an M.B.A. from Michigan State University.

16 **Chilton Research Services**, Radnor, Pa. Founded in 1957; a wholly owned subsidiary of Capital Cities/ABC since 1979. Revenues in 1986 were $19.5 million, up 2.1% from 1985.

Chilton, whose core business is ad hoc custom marketing research, maintains business specialty groups in telecommunications, computers, healthcare, financial institutions, consumer package goods, utilities and retailing. There are in-house capabilities for modeling/forecasting and complex statistical analysis. Chilton has 181 full-time, salaried employees.

Chilton's polling unit conducts the ABC election polls as well as monthly opinion polls for



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broadcast on ABC News. In 1986, as part of the November congressional elections, Chilton processed 68,000 exit interviews through Radnor and transmitted the data to ABC News in New York in a single day. Its large-scale data collection is further reflected in the management of 20,000 personal interviews annually for Mediamark Research for their reports on advertising media exposure and purchases of products and services.

Chilton operates dedicated telephone-interviewing centers for customer-service measurement on behalf of the Bell regional operating companies of Ameritech, NYNEX, Bell Atlantic and SNET.

The Chilton field department conducts more than 30,000 personal interviews annually through a national network of more than 1,000 field personnel. Telephone-interviewing facilities for custom research are in Radnor (110 stations) and Havertown, Pa. (72 stations). Its CATI system incorporates on-line sample control, interactive cross tabulations and a flexible software system for computerized questionnaires developed by Chilton and known as the Survey Research Processor.

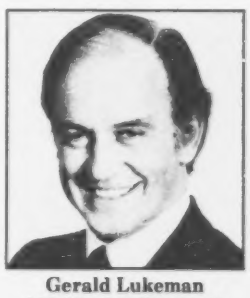
Ronald Hoxter
Chilton Research

A programming development group is dedicated to ongoing innovation in computerized interviewing techniques including auto-dialing and computerized sample dispositioning. There are three 4,300 series IBM mainframes in the Chilton system.

In 1987 Chilton will issue a syndicated research report detailing operating costs and fleet characteristics for private truck fleets.

Ronald Hoxter, 39, vp, general manager and director, has an M.B.A. from Columbia University.

17 **ASI Market Research,** New York. Founded in 1962; since 1983 a wholly owned division of IDC Services, Inc. Revenues in 1986 were $17.1 million, up 8.6% from 1985.



Gerald Lukeman
ASI Market Research

ASI activities are concentrated in two areas: advertising research, which specializes in controlled audience pretesting and on-air testing of TV commercials and testing of print ads, and entertainment research, which specializes in evaluating entertainment projects, including pilots for TV and movie films.

In 1986, ASI continued to expand Tru-Share, a multicity persuasion methodology. Another methodology, Recall Plus, a CATV-based system, is available in 11 cities.

During 1987, ASI plans expansion of its theater operation, presently centered at the Preview House facility in Los Angeles, to include multiple city representation with automated data retrieval and transmission capabilities. It also plans to introduce new syndicated services in the entertainment research area of its business. There are 125 full-time, exempt employees plus an additional 600 part-time staffers.

President-CEO of ASI is Gerald Lukeman, 55, a graduate of Dartmouth College. He is also executive vp of IDC Services.

18 **Decisions Center Inc.,** New York. Privately held corporation founded in 1965. Revenues in 1986 were $15.6 million, up 13% from 1985.

DCI, with 160 full-time salaried employees, includes Decisions Center, Murray Hill Center (three focus-group conference rooms), Express Data Center and Facts Center, a 94-station telephone-interviewing facility. All divisions are in one Manhattan building.

DCI specializes in custom-survey research: large-scale market structure and strategy studies, print and TV copy testing, tracking studies, legal studies and concept and product testing.

DCI's growth in 1986 came from a combination of the expansion of Express Data Center and a newly developed system of copy testing aimed at highly specific and difficult-to-interview target audiences. Express Data Center, providing virtually instant computerized transmission of survey data from a network of mall locations to DCI's VAX 750 computer, expanded from 10 to 16 locations in 1986 and is planning additional expansion in 1987. Further plans include the introduction of a new market-simulation model.

Bernard Ruderman
Decisions Center

DCI is managed by three partners: Bernard Ruderman, 55, who has an M.S. from Pennsylvania State University; Bernard Levine, 61, and Steven Roth, 41, both with M.B.A.s from New York University.

19 **Louis Harris and Associates,** New York. Founded in 1956 and since 1975 a wholly owned subsidiary of Gannett Co. Revenues in 1986 were $15.5 million, down 2% from 1985.

Forty-three percent of Harris revenues come from non-U.S. subsidiaries: Louis Harris International (London), Louis Harris France (Paris) and Louis Harris Medical Surveys (London).

Founded by Louis Harris, the well-known pollster whose column is syndicated in 150 newspapers, the U.S. operation consists of the following divisions:

Louis Harris
Louis Harris and Associates

telecommunications, computers, healthcare, banking and financial services, automobiles, and public policy and corporate affairs. Multiclient surveys track corporate, financial, public and leadership opinions and behavior. About 40% of the company's U.S. work and 20% of the international work is for foundations, governmental agencies and other non-profit entities.

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Chairman-CEO Louis Harris, 66, is a graduate of the University of North Carolina at Chapel Hill. President-chief operating officer Humphrey Taylor, 52, is a graduate of Cambridge University (England).

20 **Opinion Research Corp.**, Princeton, N.J. Founded in 1938; since 1975 a wholly owned subsidiary of Arthur D. Little Inc. Revenues in 1986 were $15.2 million, up 4.8% from 1985.

Andrew Brown
Opinion Research Corp.

ORC provides full-service survey research and analytical and design services, emphasizing market research, data collection, awareness, trial and usage studies, corporate reputation and product image, media studies, financial industry, telecommunications, government research, employee relations and public issue research.

ORC is organized into Financial Services Group, Healthcare Research Center, Telecommunications Section and Organizational Research Group. ORC also specializes in multivariate data analysis and market modeling techniques. Several shared-cost surveys are available, including the every-other-weekly General Public Caravan and the quarterly Executive Caravan.

ORC operates a CATI-based system with 125 interviewing stations. Its technical center is a computer-based network that coordinates sample preparation and control, telephone interviewing, data processing and quality assurance. There are 190 full-time salaried employees in Princeton, with branch offices in New York, Washington, Chicago and San Francisco.

ORC this year is planning an expansion of its field and tab business to supplement its full-service research capabilities.

President-CEO Andrew Brown, 42, has an M.B.A. from Temple University and a B.S. from Iowa State University.

21 **Ehrhart-Babic Group**, Englewood Cliffs, N.J. Privately held corporation founded in 1959. Revenues in 1986 were $14.5 million, up 5.1% from 1985.

Louis Babic Jr.
Ehrhart-Babic Group

Ehrhart-Babic Group, with a full-time salaried staff of 97, specializes in custom and syndicated "in-store" research via two divisions: Ehrhart-Babic Custom Research, which uses scanner and traditional audit data to conduct sales measurement studies, including trend audits, controlled store tests and mini-markets across all major classes of retail trade; and National Retail Tracking Index, a syndicated database of regularly scheduled retail-observation audits in more than 8,000 stores nationally, including food, drug, mass merchandise, convenience and hardware/home center outlets. Ancillary services introduced in 1986 were the Annual Comprehensive Survey of 18,000 stores blanketing the U.S. and the Toy Store Observation Index in more than 1,100 stores in 20 metropolitan areas.

In 1987, the National Alcoholic Beverage Index (NABEX) will be spun off as an independent division of EBG. It will provide retail observation data quarterly in more than 2,800 off-premise outlets and semiannually in 3,100 on-premise accounts. The Ehrhart-Babic On-Line System will be expanded to support observation and movement data for both NRTI and NABEX.

Group president is Louis J. Babic Jr., 54, a graduate of Boston University, and chairman is Thomas A. Ehrhart, 62, a Pace University alumnus.

22 **National Analysts**, Philadelphia, founded in 1943 and since 1970 the survey research division of Booz Allen & Hamilton. Revenues in 1986 were $13.3 million, up 38.5% from 1985.

NA conducts custom studies, primarily strategic in nature, for both commercial clients and not-for-profit institutions, including federal, state and local governments. Most of the growth in 1986 was derived from assignments for commercial clients that accounted for approximately 65% of the revenue.

NA's commercial business is organized along industry practice lines, with professional staff specialists in each of the following areas: financial services, information/telecommunications,

Marshall G. Greenberg
National Analysts

pharmaceuticals and medical equipment, utilities, automotive and litigation support. In addition to basic survey research, the company offers group and individual depth interviewing, market segmentation and tradeoff analyses and multivariate modeling.

In 1986, NA expanded its capabilities for collecting survey data interactively on microcomputers and is now using portable laptops to interview respondents in their homes and offices.

The Medicaster, a recently developed forecasting model based on data collected from physi-

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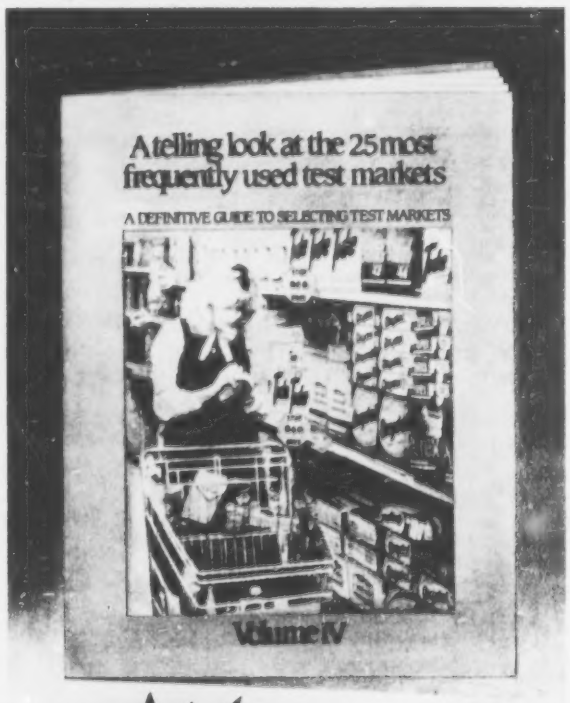

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cians, predicts market share and volume for new health care products. The underlying choice model is currently being extended in the development of forecasting models for other industries including financial services, utilities, telecommunications and transportation.

This year, NA plans to test and introduce a new PC-based interactive data analysis software package. The company has 52 full-time salaried employees and 70 full-time non-exempt employees in its Philadelphia and New York offices.

President is Marshall G. Greenberg, 51, who received his Ph.D. in mathematical psychology from the University of Michigan.

23 **Harte-Hanks Marketing Services Group,** River Edge, N.J. A unit within Harte-Hanks Direct Marketing, which in turn is one of five divisions of Harte-Hanks Communications. Founded in 1975. Research revenues in 1986 were $12.2 million, up 4.6% from 1985.

Included within this group are: RMH Research Inc., a full-service survey company specializing in communications and media research; National WATS Service, a telephone interviewing facility with 75 stations, some CRT-equipped; and Urban Data Processing, a Burlington, Mass.-based EDP service bureau that specializes in custom processing of U.S. Census data for marketing applications.

Richard Hochhauser
Harte-Hanks

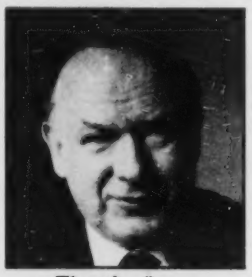
The Marketing Services Group is specializing more in direct marketing research applications, banking and communications/media research. There are 120 full-time salaried employees.

President of the Marketing Services Group is Richard Hochhauser, 42, with an M.B.A from Columbia University. He also is president of Harte-Hanks Direct Marketing.

24 **Mediamark Research,** New York. Founded in 1979; 80% owned by MAI plc., London. Revenues in 1986 were $12.1 million, up 26.6% from 1985.

MRI operates a syndicated/-product research service based on personal interviews with 20,000 adults each year regarding their exposure to advertising media and, via leave-behind questionnaires, purchase data on a broad line of products and services.

Clients—including agencies, advertisers, magazines, newspapers, broadcasters and cable networks—can have on-line access to 25 MRI reports. Also, data are linked to the PRIZM, ACORN and VISION geodemographic systems and the VALS psychographic system.



Timothy Joyce
Mediamark Research

MRI also produces special reports each year based on a two-year data base: a business-to-business report, the Upper Deck (affluent market), plus reports related to the top 10 local markets, including audience data on newspapers and broadcast stations.

In 1986, MRI announced the availability of a new microcomputer system called MEMRI (Micro Evaluation by Mediamark Research Inc.), which enables subscribers to process MRI and other data bases with the respondent data being held on site.

Early this year, MRI announced that its custom studies would be handled by a new division, the Custom House, specializing in studies of special markets, including the recontacting of MRI's existing annual sample to collect additional data.

NabScan Inc. (National Brand Scanning), acquired by MRI in 1985, announced in 1986 a new on-line service providing marketers with sales and price data for UPC-marked items on a weekly basis from a panel of 1,100 scanner-equipped supermarkets. Data are available on a national, regional or local basis.

MRI revenues include those of NabScan; together these organizations have 64 full-time, salaried employees in New York, Chicago and San Francisco offices. Chairman-CEO Timothy Joyce, 53, has a Ph.D. from Cambridge University. President-chief operating officer Alain J. Tessier, 53, has an M.A. from the University of Notre Dame.

25 **Data Development Corp.,** New York. Privately held corporation founded in 1960. Revenues for 1986 were $10.5 million, down 2.7% from 1985.

DDC is a full-service custom-survey organization with 84 full-time salaried employed in two offices: New York (DDC and New York Conference Center) and New Rochelle, N.Y. (the Conference of New Rochelle and the Telephone Center—70 stations, 60 CRT-equipped.)

DDC emphasizes custom research where design and analysis are critical components, such as strategy and market studies, attitude and usage, tracking studies, concept/product and copy testing. Proprietary services include COMBO (product testing), COPY II (copy strategy) and ADOPTER (pre-test market measurement system), a joint venture with Edward Tauber, University of Southern California. Launched in 1986 was "Total Brand Equity," a multivariate approach identify-

Joseph Goldstein
Data Development Corp.

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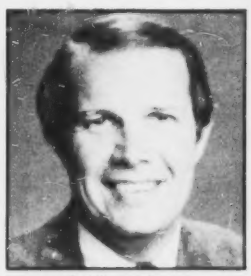
ing corporate equity.

DDC's newest division, Foodservice Research & Marketing, which specializes in institutional foodservice research, features a syndicated service, "MarketScore."

Jerry Rosenkranz is chairman and Joseph Goldstein is president CEO; both are 50 and graduates of City College of New York.

26 **Custom Research Inc.**, Minneapolis. Privately held corporation founded in 1974. Revenues in 1986 were $10.4 million, up 7.2% from 1985.

This custom-survey company with 75 full-time salaried employees (plus 175 part-timers) is organized by divisions: Consumer Research, Medical Research Bureau, Custom Research Telephone (central telephone WATS interviewing, CRT-equipped, with 50 stations), Corporate Services, Custom Research International, and —new in '86—Services, specializing in marketing research for financial institutions, the travel/leisure industry and telecommunications. CRI has four offices, including San Francisco, which opened in 1986.



Jeffery Pope
Custom Research

During 1986, CRI introduced CRT interviewing in 58 mall locations to conduct personal interviews. A regularly scheduled omnibus survey, CRITERION, is used for concept testing.

CRI is managed by two partners, Jeffery L. Pope, 46, who graduated from the Kellogg School of Management at Northwestern University, and Judith S. Corson, 44, a graduate of the University of Minnesota.

27 **Decision/Making/Information**, McLean, Va. Privately held corporation founded in 1969. Revenues in 1986 were $10.4 million, up 55.2% from 1985.

This survey company, with 64 full-time employees (43 of whom are salaried exempt) and 235 part-time employees, is organized around five Strategic Business Units: marketing research, political research, public affairs research (new in 1986), field and data processing.

In addition to the McLean facility, D/M/I has client-service offices in Chicago (new in 1986), Princeton, N.J. and Santa Ana, Cal. The company has a permanent telephone-interviewing facility in Provo, Utah (110 stations, 130 during the political election season).

In 1986, D/M/I had a record level of political research volume. In addition to major work for the White House and Republican National Committee, D/M/I was pollster of record for 65 GOP political campaigns including senatorial, gubernatorial, congressional and state legislative races. Marketing research volume also increased in 1986 and has become a major growth area.

In 1987, D/M/I will introduce two new services: Meccas, a personal values research system for developing and testing advertising strategy, and a research symposium for top corporate leaders called "The Presidents' Quorum."

Founder-chairman Richard B. Wirthlin, 56, has a Ph.D. from

Richard Wirthlin
D/M/I

the University of California at Berkeley. He is best known as President Reagan's political strategist. Thomas B. Hughes, 42, president-chief operating officer, has an M.S. from Wichita State University.

28 **Decision Research Corp.**, Lexington, Mass. Wholly owned subsidiary of Temple, Barker & Sloane founded in 1971. Revenues in 1986 were $9.8 million, up 16.7% from 1985.

This full-service marketing-research company specializes in custom ad hoc survey work for consumer goods and business-to-business marketers. Industry specialization includes computer, telecommunications, professional service companies (including advertising agencies), financial, healthcare, travel and leisure, package goods, utilities and media and direct marketing.

Robert Duboff
Decision Research Corp.

DRC also conducts market-research training seminars emphasizing the interaction between qualitative and quantitative techniques. In addition, DRC

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Our unique, post-exposure persuasion measure doesn't require respondents to express brand preferences prior to viewing, eliminating the risk of viewers becoming brand sensitized and influencing commercial recall.

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ON-AIR LAB continues to advance the state-of-the-art in commercial testing while maintaining the best absolute dollar value, as well. You'll be pleasantly surprised at how much lower our cost is than that of other services. To take an even closer look at ON-AIR LAB, just write or phone for our free brochure.

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conducts jury-simulation work for legal clients, running mock trails during which arguments and appeals are evaluated.

DRC has 52 full-time employees in three offices: Lexington, Mass., Palo Alto, Cal., and New York (through the acquisition of Lieber Attitude Research). The company has a 36-station WATS central telephone facility.

This year the company plans a shared-cost survey service based on chief financial officers and one, The Week-End, pertaining to leisure-time activities.

General manager is Robert Duboff, 38, who received his J.D. from Harvard Law School.

29 Gallup Organization, Princeton, N.J. Privately held corporation founded in 1935. Revenues in 1986 were $9.7 million, up 13.1% from 1985.

This company, best known for the syndicated (100 newspapers) Gallup Poll column, has 140 full-time employees, some located in a WATS telephone facility with 72 stations near Princeton, N.J.

George H. Gallup Jr.
Gallup Organization

Gallup also specializes in quantitative studies and public opinion research. About half of this work is custom ad hoc; the rest comes from syndicated or shared-cost surveys in the areas of financial services, packaged goods, video products, health care, public policy and book publishing.

The company collects data through face-to-face interviewing (national sample, 360 PSUs and about 50,000 interviews a year) and telephone interviewing.

During 1986, Gallup entered a partnership with Applied Science Group, Waltham, Mass., to market EYE-TRAC RESEARCH, an eye-movement measurement technology analying readership of print materials and TV commercials.

Co-chairmen are George H. Gallup Jr., 58, a graduate of Princeton University, and Alec M. Gallup, 56, a graduate of the University of Iowa. Both are sons of the founder. Joint executive officers are Andrew Kohut, 44, a graduate of Seton Hall University, and Leonard A. Wood, 47, who has an M.B.A. from Rider College.

30 Market Opinion Research, Detroit. Privately held corporation founded in 1941. The company's revenues in 1986 were $9.4 million, up 45% from 1985.

This survey research company is organized by divisions: consumer and industrial marketing research; media (especially newspaper) studies; social and public policy research; health care; public utilities; and political.

Because Market Opinion Research president Robert N. Teeter is a prominent Republican political pollster/consultant (Vice President Bush is a client), there is a considerable bump in MOR survey volume during election years, as was the case in 1986.

Frederick P. Currier
Market Opinion Research

MOR has 80 full-time employ-ees, 55 of whom are salaried exempt, plus 150 part-timers. During 1986, MOR opened a fourth central location telephone interviewing facility in Indiana; in total, there are 100 stations, 80 CATI-equipped.

The company has a client service office in Washington.

Chairman-CEO Frederick P. Currier, 63, received his M.A. from the University of Illinois. President Robert N. Teeter, 48, received his M.A. from Michigan State University.

31 Admar Research, New York. Founded in 1960 and since 1985 a wholly owned subsidiary of Sprigg Lane Investment Corp. Revenues in 1986 were $9.4 million, up 5.6% from 1985.

Revenues include those from Market Trends, New York, an affiliated field and tabulating house using a central WATS facility with 28 stations.

Henry Ostberg
Admar Research

Admar specializes in tracking surveys, product testing and advertising studies employing copyrighted methodologies. Including Market Trends, there are 52 full-time employees.

Chairman-president Henry D. Ostberg received his Ph.D. from Ohio State University.

32 Starch INRA Hooper, Mamaroneck, N.Y. Public corporation traded over the counter; founded in 1923. Revenues in 1986 were $9.1 million, up 2.8% from 1985.

Jay Wilson
Starch INRA Hooper

Revenues for Starch, best known for print ad and print media audience studies, include those of the Roper Organization, New York, the Hooper Telephone Interviewing Service, being expanded to 55 stations, and participation in the INRA network of affiliated survey research companies in 24 countries.

SIH has 59 salaried, full-time exempt employees and a total staff of about 150.

During 1986, SIH occupied its completely renovated headquarters building in Mamaroneck and launched an international omnibus service, INRABUS, in eight European countries plus the U.S. During 1987, INRABUS will be expanded to additional countries.

President-CEO of SIH is William J. (Jay) Wilson, 50, a graduate of Yale University. He also heads the INRA organization.

33 National Research Group, Los Angeles. Privately held corporation founded in 1978. Revenues in 1986 were $8.9 million, up 9.9%.

This survey research company, which works almost entirely for the movie industry, specializes in appraising entertainment properties (to audiences of from 100 to 400 moviegoers), studies to develop advertising strategy, and tracking for awareness, imagery and interest.

Catherine Paura
National Research Group

Through offices in London and Tokyo, NRG conducts studies in 12 market countries, with

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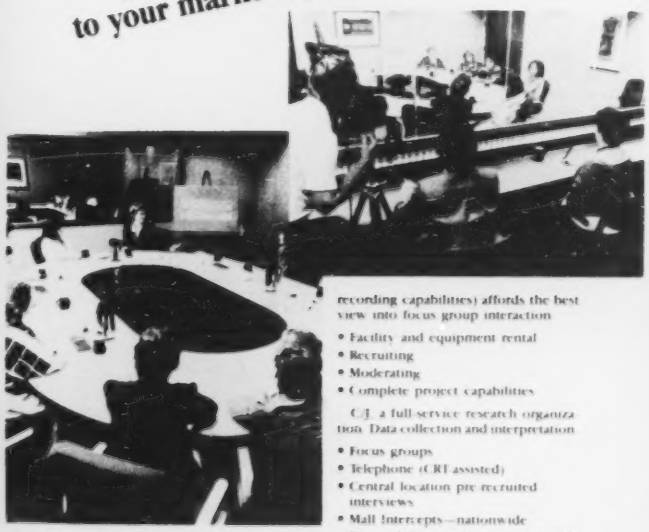

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these overseas activities accounting for 11% of the company's revenues.

There are 200 full-time employees, and in Los Angeles NRG maintains a central telephone interviewing facility with 80 stations, 60 WATS lines.

Co-founder Joseph Farrell, 51, is a graduate of Harvard Law School; he serves as chairman-CEO. Co-founder Catherine Paura, 36, has a B.A. from Brooklyn College; she serves as president-chief operating officer.

34 **McCollum/Spielman Research,** Great Neck, N.Y. Privately held corporation founded in 1968. Revenues in 1986 were $8.4 million, down 2.3% from 1985.

MSR activities are organized by division:

1. AC-T TRIAD—MSR's multi-region, central location advertising research methodology, which to date has been used to study more than 14,000 TV commercials and to develop on-air normative data for clutter awareness, communication, attitude shifts and diagnostics for 1,738 brands in 249 product categories. There are two evaluation models: PAMS (Potential Attitude Motivation Shift), which provides a perspective of how a brand's advertising performs relative to its position in the category, and AD-SIM (Advertising Weight Simulation Model) which addresses this question: "How will brand share and volume be affected as a function of specific advertising and media weight?"

2. PROLOG is MSR's mall research methodology, designed for evaluating advertising, which

Harold M. Spielman
McCollum/Spielman

provides frame-to-frame, real-time reaction to TV commercials, followed by delayed playback of a respondent's non-verbal response to the advertising stimulus.

3. Child Research Services (CRS), which specializes in one-on-one, focus group and large sample studies among children, teens and parents. Studies include communications research, product/taste tests, concept evaluation tracking and parent-child interaction analysis.

Various MSR services now are available in Japan (through International Creative Marketing) and in the German Federal Republic (through GfK-Nuremberg).

The company has 90 full-time salaried employees in four cities.

Chairman of MSR is Donald H. McCollum, 64, who received an M.A. from the University of Denver. CEO Harold M. Spielman, 60, received a B.S.S. degree from City University of New York.

35 **Guideline Research Corp.** New York, privately held corporation founded in 1969. Revenues in 1986 were $7.5 million, up 15.4% from 1985.

GRC, with more than 50 full-time, salaried employees in New York and Los Angeles, includes Guideline Research, Topline Research, Guideline-West and Tabline Tabulating Services. The latter two were started in 1985.

Norman Passman
Guideline Research

GRC specializes in custom market research: concept/product tests, tracking and trade studies, copy research, strategic and image (product and corporate) studies, trademark litigation and advertising claim substantiation studies, as well as the use of magnitude estimation for product development and optimization.

This year, GRC will introduce FLIP (Finding Low Incidence People), a service for conducting research in low incidence categories at a significantly lower cost and in less time than presently available conventional methods.

GRC is jointly headed by president Norman Passman, 54, who has an M.B.A. from Long Island University; Jay Friedland, 47, who has an M.S. from Purdue University; and Leonard Resnicoff, 41, who received his M.B.A. from City University of New York.

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: What is the difference between database marketing and traditional direct marketing?

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: What kind of marketing applications should be considered for database marketing?

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: Isn't database marketing going to make an already expensive advertising vehicle even more so?

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

M/A/R/C has a long history of proactive client service. We have been dedicated for the past two decades to working with clients to understand and create the best product or service mix to sell in changing market conditions. This expertise and dedication to service are carried forward into our newest service, database marketing. When you think about it, an integrated system customized to meet your individual needs – a system that's capable of revolutionizing your marketing strategy – is a powerful concept.

Q: OK. You've got my attention. How do I find out more about M/A/R/C Database Marketing?

A: Call Ken Orton at 1-800-527-2680 or return the coupon.

☐ *Yes, I want to arrange an interview to find out how effective M/A/R/C Database Marketing can be for my company.*
☐ *I'm interested, but before we meet, call me at my office.*

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36 **Response Analysis Corp.**, Princeton, N.J. Privately held corporation founded in 1969. Research revenues in 1986 were $6.9 million, down 9.3% from 1985.

Revenues do not include RAC's ARRO Division in Bethesda, Md., specializing in human factors and performance evaluation/skill testing procedures.

RAC concentrates on commercial research (especially multisponsor and custom studies in financial services, healthcare and telecommunications), in litigation support, in large-scale survey research projects for government agencies, and, with its Washington Division, in studies of organizational effectiveness for companies and government agencies. During 1986, RAC was awarded a $14.2 million contract by the Energy Information Administration of the U.S. Department of Energy.

Herbert I. Abelson
Response Analysts

RAC maintains a telephone interviewing facility in Princeton and in 1986 opened a second telephone facility in Hamilton Township, N.J. There are more than 100 full-time employees.

CEO Herbert I. Abelson, 61, received his Ph.D. from the University of Maryland.

37 **J.D. Power & Associates**, Westlake Village, Calif. Privately held corporation founded in 1968. Revenues in 1986 were $6.1 million, up 5.2% from 1985.

J.D. Power
J.D. Power & Associates

Power is a full-service marketing information/research and consulting company specializing in the domestic and international automotive market. It conducts single-client proprietary research as well as independently funded subscriber surveys.

Besides consultancies, other activities include annual owner-satisfaction surveys of passenger cars and light trucks; sponsorship of the Super Dealer Roundtable, consisting of the top U.S. new car dealers; and professional conferences for allied industries.

Two publications—Power Report and the Power California Market Report—are widely read in the automotive industry. Their content, based on survey data, is quoted in trade and mass market media.

In 1986, Power conducted its first light truck media study and announced plans to link with Data Resources Inc. (DRI) in some joint venture forecasting projects. There are 33 salaried, exempt employees and 14 salaried, non-exempt employees.

President is J. David Power III, 55, who holds an M.B.A. from the Wharton School, University of Pennsylvania.

38 **Ad Factors/Millward Brown**, Glen Ellyn, Ill. Founded in 1975; since 1986 a wholly owned subsidiary of Millward Brown Plc., Warwickshire, England. Revenues in 1986 were $5.9 million, unchanged from 1985.

Ad Factors specializes in custom consumer and industrial

Robert Meyers
Ad Factors

survey research through three client service offices: Glen Ellyn, Monroe, Conn. and Riverside, N.J. There is a central telephone interviewing operation in each of these offices plus a fourth in Rockford, Ill. Ad Factors has more than 200 WATS dialing stations, 110 of them CRT-equipped. Ad Factors also conducts mall intercept studies. There are 300 employees, 42 of whom are full-time, salaried.

Ad Factors conducts continuous tracking studies, large-scale category profile studies, test market evaluations, in-home new product testing and custom opinion/attitude/viewership studies. In 1986, before being acquired by Millward Brown, Ad Factors divested its Telefactors Marketing Services Division, which specialized in telemarketing.

This year, Ad Factors began U.S. marketing of a continuous tracking system originally developed by Millward Brown for use in the U.K.

President-CEO of Ad Factors/Millward Brown is Robert D. Meyers, 38, who has a B.S. degree from Loyola University, Chicago.

39 **Marketing Research Services Inc.**, Cincinnati. Privately held corporation founded in 1973. Revenues in 1986 were $5.8 million, up 13.7% from 1985.

This full-service marketing research company provides custom research studies to consumer packaged goods/industrial manufacturers and service organizations. MRSI recently formed a unit specializing in research for service industries including grocery/drug retail, fast food, travel and energy.

Edward Horgan
MRSI

MRSI data collection capabilities include a 125-station, all CRT-equipped WATS center, a high-traffic mall facility in Cincinnati and a staff of traveling supervisors for auditing subcontracted studies across the U.S. Plans call for expansion of this data collection network during 1987.

In-house Digital VAX computers drive Quantime software for CRT interviewing and tabulation/statistical testing. During 1986, MRSI introduced two new applications of technology: Access, an interactive tabulation package that allows clients to dial into the company's computers for real-time topline information and cross-tabs and Autodial, a computerized sample management and mechanized telephone dialing system that enhances productivity by as much as 50%.

MRSI employs more than 90 salaried, full-time personnel (50 exempt) and 200 part-time employees in the company's recently expanded and remodeled 26,000 square foot headquarters in Cincinnati.

Founder Edward D. Horgan,

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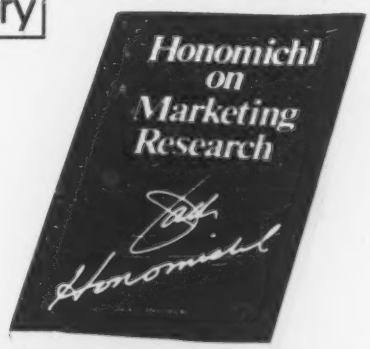

You know Jack Honomichl. He's president of Marketing Aid Center, Inc., Advertising Age's lead marketing research writer and author of MARKETING/RESEARCH PEOPLE: THEIR BEHIND THE SCENES STORIES.

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Top research companies

44, is president/CEO; he did graduate work at Xavier University.

40 **Oxtoby-Smith,** New York. Privately held corporation founded in 1956. Revenues in 1986 were $5.8 million, up 16% from 1985.

This survey research company, with 65 full-time, salaried employees, is distinctive in that about 60% of its revenues come

Joseph Smith
Oxtoby-Smith

from clients for whom O-S assumes major responsibility for the consumer research function, both as consultant and research supplier. Among such clients currently are American Motors, Block Drug, MCI Telecommunications and Seagram.

The balance of O-S revenues comes from custom ad hoc survey projects, consultation, and research and testimony relating to legal matters, including trademark litigation and advertising claim substantiation.

On-site facilities include a central telephone interviewing facility with 20 stations, all CRT-equipped, and a focus group operation.

President-CEO Joseph Smith, 60, received his Ph.D. from the University of Iowa.

41 **Birch Research Corp.,** Coral Springs, Fla. Founded in 1978; a privately held corporation but, effective last June, minority interest in Birch was acquired by VNU/Amvest, the U.S. subsidiary of United Dutch Publishing Companies (VNU). Revenues in 1986 were $5.8 million, up 25.4%

Thomas C. Birch
Birch Research

from 1985.

Birch's main activity, through Birch Radio Ratings, New York, is the development of telephone interview-derived radio audience ratings; 96 markets are measured on a continuous, year-round basis, with another 134 measured periodically.

All interviewing is conducted through three centralized WATS centers (Coral Springs and Sarasota, Fla., and new in 1987, San Antonio), which have more than 200 stations. There are about 150 salaried employees, plus about 450 part-time staffers.

Regional sales offices are located in Los Angeles, Chicago, Dallas and Atlanta. In September 1986, Birch moved into a $1.5 million corporate headquarters in Coral Springs.

During 1986, Birch Radio started 28-day measurement in major markets, changed to a seasonal quarter reporting cycle and beefed up weekend sample sizes. Also, Birch started to use Nielsen's NSI Total Telephone Frame samples in all measured markets.

This year, Birch plans to put all data collection on CATI systems.

Founder, chairman and CEO of Birch is Thomas C. Birch, 34, a graduate of Cornell University. President-chief operating officer is William P. Livek, 33, a graduate of Southern Illinois University.

42 **Newman-Stein,** New York. Privately held corporation founded in 1974. The company's revenues in 1986 were $5.3 million, up 4.9% from 1985.

Newman-Stein consists of the main offices in New York, the newly formed Newman-Stein, Inc., a California company located in San Francisco, and

Lawrence Newman
Newman-Stein

Shelf Power, a standardized package design testing company co-founded in 1986 with DGM Inc.

The company has 50 full-time salaried employees.

NSI specializes in providing consumer research services in the areas of concept, product, package and advertising testing, tracking studies, and all elements of strategic research—attitude, image and market segmentation studies. The company also offers complete qualitative research services, including focus groups and one-on-ones.

NSI is jointly headed by president Lawrence Newman, 47, a graduate of City College of New York, and William Stein, 48, who holds an M.S. degree from Yeshiva University.

The extraordinary growth is illusory because the list is heavily weighted by four organizations that have a large percentage of their volume coming from outside the U.S.

43 **Field Research Corp.** San Francisco. Privately held corporation founded in 1946. Revenues in 1986 were $5.2 million, up 28% from 1985.

This full-service custom survey company has 50 full-time salaried employees in two offices —San Francisco and Los Angeles—of whom 18 comprise the professional staff.

Most FRC clients come from

Aaron Levy
Field Research Corp.

these fields: public utilities, oil companies, financial services, health services, consumer products and services, print and broadcast media, retail chains, high-tech companies, state government agencies and law firms.

FRC uses all systematic data gathering methods. It maintains central location telephone centers in San Francisco and Los Angeles with 75 interviewing stations, the majority CATI-equipped. Its state-of-the-art data processing installation is centered on two VAX 11/750 computers, the UNIX operating system and a variety of multivariate and other software programs.

During 1986 Field Research enlarged its senior and intermediate professional staff, added a second VAX 11/750 computer to accommodate greatly increased data processing and CRT interviewing volume, and significantly expanded its graphics and word processing capabilities. The San Francisco headquarters will be enlarged this year.

The Field Institute operates the California Poll, a nationally respected public opinion news service in continuous operation since 1947. The institute's activities account for about 10% of FRC's annual billings.

Marvin Field, 65, is founder and chairman of FRC, and Aaron Levy, 52, a graduate of San Jose State University, is president-CEO.

44 **Lieberman Research West,** Los Angeles. Privately held corporation founded in 1973. Research revenues in 1986 were $5.2 million, down 12.7% from 1985.

Included this year are LRW revenues from a subsidiary, Interviewing Service of America. Revenues from telemarketing operations are not included.

A full-service, custom re-

Michael Liebergall
Lieberman Research West

search organization with 40 full-time salaried employees, LRW conducts copy, concept and product testing, tracking and strategic market studies. It specializes in package goods, fast food, healthcare and the entertainment industry (pre-testing movie and TV pilots).

ISA, a 50-station WATS interviewing organization, will expand its capabilities to become a full-service field and tab operation; CRTs are now being installed. There are plans to add a focus group facility in Los Angeles this year.

LRW is managed by two partners: Chairman Arnold Fishman, 42, a graduate of Brooklyn College, and President Michael Liebergall, 40, who attended New York University. Seymour Lieberman is a consulting partner; he received his Ph.D. from the University of Michigan.

45 **Kapuler Marketing Research,** Arlington Heights, Ill. Privately held corporation founded in 1974. Revenues in 1986 were $5.1 million, up 6% from 1985.

Kapuler's full-time salaried staff of 35 (plus 250 part-timers)

Stanley Kapuler
Kapuler

provides a broad range of quantitative and qualitative custom marketing research services. UniFocus, a one-on-one, in-depth interviewing and analytical system, is used for advertising and campaign development and analysis.

Later this year, Kapuler plans to introduce TelePanel, a national probability telephone-generated base of households screened for demographics, category usage and willingness to participate in telephone marketing research.

The Kapuler Survey Center has 120 WATS stations; there is also extensive use of mall intercept interviewing. Kapuler also has an office in Los Angeles.

President Stanley J. Kapuler, 46, received his M.B.A. from the University of Chicago.

46 **Total Research Corp.,** Princeton, N.J. Founded in 1975; since March, 1987, a public company listed NASDAQ. Revenues in 1986 were $5.0 million, up 48.4% from 1985.

This custom ad hoc survey research company with 64 full-time salaried employees began in 1986 to emphasize proprietary, standardized packages of advanced statistical research and analysis techniques, specifically:

PEMS (Price Elasticity Measurement System), to evaluate pricing strategies.

AD/OPT (Advertising Optimization), the modeling of various complex advertising platforms.

Lorin Zissman
Total Research Corp.

CSM (Competitive Share Model), to predict the effect of product line extension or product elimination on a client's own market shares and those of competitors.

COMPASS (Components Assessment), to analyze the structure of a competitive market and determine the effect product attributes have on purchase decisions.

TRC operates two central telephone interviewing facilities (Princeton and Tampa, Fla.), which total 76 CATI-equipped stations. There are focus group facilities in both offices.

Founder and president Lorin Zissman, 56, is a graduate of Temple University. AA

Executive editor Robert Goldsborough coordinated this Research Business Review.

Coming

Next week AD AGE's Special Report will focus on **Direct Marketing.**

1987 EDITION

FOREIGN AGENCY REPORT

Dentsu regains top ranking

An Advertising Age roundup

Riding the yen's surge against the dollar, Dentsu Inc. has overtaken Young & Rubicam as the world's largest advertising agency.

Dentsu reported 1986 gross income of $681 million on billings of $5.31 billion. Y&R came in second after two consecutive years in the No. 1 spot, reporting $628.4 million gross income on billings of $4.19 billion in the 25th annual Advertising Age Foreign Agency Income survey. The survey includes 970 agencies in 72 countries.

Saatchi & Saatchi Compton Worldwide moved from sixth place to third, with gross income of $490.5 million on billings of $3.32 billion. S&SC figures include McCaffrey & McCall and other U.S. shops acquired by parent Saatchi & Saatchi Co. PLC.

In the race for billings leadership among agency holding companies, Saatchi & Saatchi PLC, comprising S&SC, Ted Bates Worldwide, Backer & Spielvogel, DFS Dorland Worldwide and U.K.-based KHBB (formerly KMP Humphreys Bull Barker), supplanted Interpublic Group of Cos. as the leader with gross income of $1.21 billion on billings of $8.26 billion.

Interpublic comprises McCann-Erickson, SSC&B:Lintas Worldwide, Campbell-Ewald Worldwide, Dailey & Associates and 70% of Lowe Marschalk (30% is held by Lowe Howard-Spink & Bell PLC). It had gross income of $822.4 million on billings of $5.55 billion.

From 1973 to 1983, Dentsu ranked as the world's biggest agency, measured in dollars. It lost the ranking to Y&R in 1984 by a slim margin of $11.6 million in gross income and fell to No. 3 in 1985 as the dollar strengthened compared with other currencies.

In 1986, Ted Bates Worldwide held onto its No. 4 ranking with gross income of $486 million on billings of $3.26 billion.

Fifth place again belonged to J. Walter Thompson Co., which had gross income of $471 million on $3.14 billion in billings.

Ogilvy & Mather Worldwide's 1986 ranking of sixth place, down from second in 1985, was due to a change in O&M's reporting procedure. The 1985 ranking was actually for the Ogilvy Group, a holding company that includes Scali, McCabe, Sloves and Cole & Weber. O&M Worldwide, on a year-to-year basis, had a healthy 14.2% growth in gross income and a 14.6% increase in billings.

BBDO Worldwide and McCann-Erickson held onto their No. 7 and No. 8 rankings, respectively. BBDO's gross income was $445.1 million on $3.26 billion in billings; McCann-Erickson had $427.7 million in gross income and billings of $2.85 billion.

Doyle Dane Bernbach and Needham Harper Worldwide, which last year as separate companies appeared in 13th and 19th places, respectively, joined forces as DDB Needham Worldwide and landed in the No. 9 spot, showing gross income of $375 million on $2.56 billion in billings. DDB Needham edged out last year's ninth-largest agency, D'Arcy Masius Benton & Bowles, which rounded out the top 10 with gross income of $336.3 million on $2.26 billion in billings.

U.S. agencies with a large percentage of billings generated by overseas units did well last year. For example, HCM (49% owned by Y&R and 51% by French group Eurocom), with 75.4% of its billings abroad, moved to No. 20 from No. 25.

As was the case in 1985, TBWA Advertising had the largest percentage of billings abroad in 1986, 76.9%, compared with 73.4% a year earlier. It advanced in the rankings one step, from No. 34 to No. 33.

Agencies breaking into the top 50 this year included Asahi Advertising, Tokyo, at No. 45; Hill, Holliday, Connors, Cosmopulos, Boston, at No. 48; and W.B. Doner & Co., Southfield, Mich., at No. 50.

Among agency holding companies, Omnicom Group—which includes BBDO and DDB Needham—ranked No. 3 in 1986 with $820.1 million in gross income on $5.82 billion in billings. JWT Group (which, besides the Thompson agency, owns Lord Geller Federico Einstein) was the fourth-largest, and Ogilvy Group was No. 5.

Rounding out the top 10 agency holding groups were Eurocom, Lowe Howard-Spink & Bell, WCRS Group, Alliance International and Mojo MDA. Advertising Age's International Agency of the Year *(see story, Page 1)*.

WCRS Group, based in the U.K., began its rapid international growth last year with the purchase of Della Femina, Travisano & Partners and HBM/Creamer in the U.S. Della Femina, No. 43 in 1985, fell out of the top 50 this year and HBM/Creamer dropped from No. 36 to No. 46.

Next year's rankings will reflect the February purchase by WCRS of The Ball Partnership in the Asia/Pacific region from O&M for $11 million (AA, Feb. 16).#

AGENCY INCOME REPORT

This year Advertising Age has added a column in the country charts indicating equity holdings by multinational agencies. The abbreviations used in this column translate as follows:

MJ—majority owned, 51% to 100%
MN—minority owned, 1% to 50%
NE—no equity—affiliation or association
NA—not applicable—locally owned
JV—joint venture—50/50

World's top 50 ad agency groups in 1986

Rank		Agency	Gross income	Billings
1.	(3)	Dentsu Inc.	$681.0	$5.31 bill.
2.	(1)	Young & Rubicam[1]	628.4	4.19 bill.
3.	(6)	Saatchi & Saatchi Compton Worldwide[2]	490.5	3.32 bill.
4.	(4)	Ted Bates Worldwide[3]	486.0	3.26 bill.
5.	(5)	J. Walter Thompson Co.[4]	471.0	3.14 bill.
6.	(2)	Ogilvy & Mather Worldwide[5]	459.6	3.15 bill.
7.	(7)	BBDO Worldwide[6]	445.1	3.26 bill.
8.	(8)	McCann-Erickson Worldwide[7]	427.7	2.85 bill.
9.	(—)	DDB Needham Worldwide[8]	375.0	2.56 bill.
10.	(9)	DMB&B[9]	336.3	2.26 bill.
11.	(10)	Foote, Cone & Belding Communications[10]	323.0	2.15 bill.
12.	(14)	Hakuhodo International	309.6	2.27 bill.
13.	(12)	Grey Advertising[11]	309.1	2.06 bill.
14.	(11)	Leo Burnett Co.	292.3	2.06 bill.
15.	(15)	SSC&B:Lintas Worldwide[12]	237.0	1.65 bill.
16.	(16)	Bozell, Jacobs, Kenyon & Eckhardt	175.6	1.25 bill.
17.	(20)	DFS Dorland Worldwide[13]	165.1	1.21 bill.
18.	(21)	N W Ayer	125.5	901.3
19.	(23)	Publicis International	119.6	792.4
20.	(25)	HCM	106.0	723.0
21.	(22)	Wells, Rich, Greene	99.7	665.2
22.	(26)	Dai Ichi Kikaku	98.7	724.3
23.	(17)	Campbell-Ewald Worldwide[14]	87.6	584.2
24.	(30)	Tokyu Advertising Agency	83.8	647.0
25.	(28)	Daiko	82.0	693.7
26.	(35)	Roux, Seguela, Cayzac & Goudard[15]	$80.3	$552.2
27.	(32)	Scali, McCabe, Sloves[16]	77.5	556.6
28.	(27)	Ketchum Communications	75.3	528.5
29.	(24)	William Esty Advertising	75.0	510.0
30.	(39)	Belier Group	72.7	484.6
31.	(—)	Ogilvy & Mather Direct Response	68.0	454.0
32.	(29)	Backer & Spielvogel	68.0	453.3
33.	(34)	TBWA	65.7	453.5
34.	(37)	Ross Roy Inc.	62.4	416.0
35.	(—)	Lowe Marschalk Worldwide[17]	57.8	400.4
36.	(33)	Campbell-Mithun	57.1	380.2
37.	(—)	I&S Corp.[18]	51.8	398.6
38.	(50)	Asatsu	51.1	400.7
39.	(40)	DYR Worldwide	50.7	347.1
40.	(46)	Wunderman Ricotta & Kline	49.1	327.5
41.	(47)	Yomiko	48.9	361.8
42.	(45)	GGK[19]	47.9	337.3
43.	(38)	Chiat/Day Advertising	47.1	314.1
44.	(41)	Tracy-Locke	46.2	316.5
45.	(—)	Asahi Advertising	44.6	280.5
46.	(36)	HBM/Creamer	40.1	267.0
47.	(49)	Laurence, Charles, Free & Lawson	39.4	287.0
48.	(—)	Hill, Holliday, Connors, Cosmopulos	39.4	262.5
49.	(31)	C&W Group	38.4	274.3
50.	(—)	W.B. Doner	36.3	238.2

Included in figures:

[1]**Young & Rubicam**: HCM (49%), DYR (50%), Wunderman Ricotta & Kline, Sudler & Hennessey, Stone & Adler, Creswell, Munsell, Fultz & Zirbel.

[2]**Saatchi & Saatchi Compton Worldwide**: McCaffrey & McCall, Rumrill-Hoyt, Klemtner Advertising, Fairfax Advertising, Cochrane Chase Livingston. The holding company, Saatchi & Saatchi plc, reported world gross income of $1.21 billion on billings of $8.26 billion for 1986.

[3]**Ted Bates Worldwide**: William Esty, Campbell-Mithun, AC&R Advertising, Diener/Hauser/Bates, Kobs & Brady Advertising, Sawdon & Bess Advertising, Stern Walter/Earle Ludgin.

[4]**J. Walter Thompson Co.**: Brouillard Communications.

[5]**Ogilvy & Mather Worldwide**: Ogilvy & Mather Direct Response, Rolf Werner Rosenthal.

[6]**BBDO Worldwide**: Tracy-Locke, Doremus Porter Novelli, Ingalls Quinn & Johnson, MARCOA DR Group, Lavey/Wolff/Swift, Frank J. Corbett Inc., Blair/BBDO, Franklin Spier Inc., Caravetta Allen Kimbrough/BBDO.

[7]**McCann-Erickson Worldwide**: Part of the Interpublic Group of Cos., New York, which reported world gross income of $822.4 million on billings of $5.55 billion.

[8]**DDB/Needham Worldwide**: Cargill Wilson & Acree, Baxter, Gurian & Mazzei, Kallir, Philips, Ross.

[9]**D'Arcy Masius Benton & Bowles**: Medicus Intercon International.

[10]**Foote, Cone & Belding Communications**: Albert Frank-Guenther Law, Vicom/FCB.

[11]**Grey Advertising**: Gross Townsend Frank Hoffman.

[12]**SSC&B:Lintas Worldwide**: Part of Interpublic Group of Cos. (see footnote 7)

[13]**DFS Dorland Worldwide**, fully owned by Saatchi & Saatchi plc.

[14]**Campbell-Ewald Worldwide**'s operations are completely U.S.-oriented after having divested themselves of overseas operations to Lowe Marschalk last year. Both agencies are part of the Interpublic Group of Cos.

[15]**Roux, Seguela, Cayzac & Goudard**: includes offices in Austria, Belgium, France (Paris and regional offices), Germany, Netherlands, Italy, Spain, Sweden, Switzerland, the U.K. Also, RSCG Export, which does business in Africa, the Middle East and French Caribbean) and Creative Business International.

[16]**Scali, McCabe, Sloves**: Martin Agency, Fallon McElligott.

[17]**Lowe Marschalk Worldwide** Interpublic New York, holds 70% equity; Lowe Howard-Spink & Bell PLC, London, has the other 30%. Included: Lowe Howard-Spink U.K., and offices in Australia, Austria, Belgium, Canada, France, Germany, Italy and Netherlands.

[18]**I&S Corp.**: Formerly Dai-Ichi Advertising, Tokyo, which merged Oct. last year with SPN Co., a communications and sales promotion company of the Seibu Saison Group.

[19]**GGK Holding**: offices in Switzerland (headquarters in Basel), Austria, Germany, France, Netherlands, Spain, Italy and Brazil.

Parentheses indicate 1985 ranking. Figures are in millions of dollars.

Source: Compiled by Advertising Age.

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986 ($000; national currency)	Employes 1986	Employes 1985	Employes Percent change	Number offices
ARGENTINA												**Exchange rate: 1.184 austral**	
J. Walter Thompson Argentina	Buenos Aires	MJ	6,164.7	3,014.8	N/A	41,118.6	20,099.6	A5,206.7	A34,728.5	144	137	5.0	1
Ricardo de Luca Publicidad	Buenos Aires	NA	3,232.3	2,523.2	N/A	21,548.8	16,821.0	2,730.0	18,200.0	100	100	0.0	1
David Ratto S.A.	Buenos Aires	MN	2,868.8	1,778.2	N/A	13,919.7	7,644.7	2,423.0	11,756.5	65	67	-3.0	1
Casares Grey	Buenos Aires	MN	2,723.2	1,890.4	N/A	18,163.7	12,608.7	2,300.0	15,341.0	74	69	7.0	2
Ortiz Scopesi y Cia.	Buenos Aires	MN	2,639.1	1,682.3	N/A	17,594.0	11,214.5	2,229.0	14,859.8	90	74	22.0	1
Gowland Publicidad	Buenos Aires	NA	2,379.8	3,540.4	N/A	15,865.6	14,562.2	2,010.0	13,400.0	89	78	14.0	1
Verdino, Funes, Straschnoy & Dreyfus	Buenos Aires	NA	2,310.7	1,236.7	N/A	9,037.8	3,993.7	1,951.6	7,633.3	45	42	7.0	1
Lautrec S.A.	Buenos Aires	NE	2,298.1	1,281.6	N/A	10,445.2	5,824.9	1,941.0	8,822.0	80	73	10.0	1
McCann-Erickson	Buenos Aires	MJ	1,740.5	1,334.5	N/A	11,606.0	8,900.7	1,470.0	9,805.0	55	66	-17.0	N/A
Pragma/FCB	Buenos Aires	MN	1,713.6	1,194.3	N/A	11,429.5	7,966.1	1,447.3	9,653.3	55	55	0.0	1
Cicero/Ted Bates Publicidad	Buenos Aires	NE	1,539.2	594.0	N/A	9,661.4	4,489.1	1,300.0	8,160.0	N/A	40	N/A	1
Leo Burnett Co.	Buenos Aires	MJ	1,426.0	1,171.1	N/A	9,504.0	7,764.9	1,204.0	8,027.0	36	34	6.0	1
SSC&B:Lintas	Buenos Aires	MJ	1,316.6	815.9	N/A	9,373.4	6,413.3	1,112.0	7,916.8	44	43	2.0	1
Colonnese y Asociados	Buenos Aires	NA	1,086.9	562.9	N/A	6,038.4	3,127.1	918.0	5,100.0	N/A	49	N/A	1
Young & Rubicam de Argentina	Buenos Aires	MJ	841.0	450.0	N/A	5,609.0	3,004.0	710.6	4,737.4	31	24	29.0	N/A
Yuste Publicidad	Buenos Aires	NA	815.8	1,310.4	N/A	4,080.2	6,331.1	689.0	3,446.1	45	56	-20.0	N/A
Ayer Vasquez	Buenos Aires	MN	775.0	521.2	N/A	3,000.0	2,893.5	654.6	2,533.8	N/A	N/A	N/A	1
H.G. Solanas y Asociados	Buenos Aires	NA	734.1	953.2	N/A	3,670.4	4,766.0	620.0	3,100.0	20	18	11.0	1
Johnson/B&B	Buenos Aires	MN	623.0	594.3	N/A	3,480.0	3,381.8	526.0	2,938.5	24	30	-20.0	1
Rainuzzo Propaganda	Buenos Aires	NA	618.1	1,056.6	N/A	3,502.0	4,904.2	522.0	2,957.8	24	29	-17.0	1
With Argentinian agencies, AA altered its procedure of determing an agency's "real growth" (applying 1986 exchange rates to 1985 returns) because it primarily shows the impact of inflation in that economy. Dollar figures for 1985 are based on the average annual exchange rate (1.602) for that year.													
AUSTRALIA												**Exchange rate: 0.6769 A dollar**	
George Patterson	Sydney	MJ	33,168.1	27,076.0	23.0	209,839.0	175,994.0	A$49,000.0	A$310,000.0	420	446	-6.0	4
Clemenger Australia	Melbourne	MN	29,347.5	25,580.4	15.0	183,422.1	159,877.8	43,355.8	270,973.6	N/A	488	N/A	14
Mojo MDA	Sydney	MJ	20,956.0	16,787.1	25.0	130,974.9	104,919.5	30,958.8	193,492.2	346	380	-9.0	8
Young & Rubicam Australia	Sydney	MJ	17,916.9	13,787.1	30.0	120,053.0	92,383.0	26,469.0	177,354.3	379	333	14.0	4
Ogilvy & Mather	Melbourne	MJ	17,440.0	17,326.0	1.0	116,327.0	115,564.0	25,765.0	171,853.0	364	452	-19.0	14
USP Needham Australia	Sydney	JV	16,064.9	14,827.5	8.0	107,153.9	98,900.5	23,733.0	158,301.0	265	244	9.0	5
McCann-Erickson	Sydney	MJ	15,301.0	14,593.0	5.0	102,058.0	97,335.0	22,605.0	150,775.0	277	344	-19.0	N/A
DMB&B	Sydney	MJ	14,630.5	13,787.8	6.0	96,743.8	90,949.6	21,614.0	142,921.8	287	316	-0.9	5
Fortune Communications Holdings	Sydney	NA	11,507.3	12,285.7	-6.0	70,397.6	81,904.9	17,000.0	104,000.0	N/A	340	N/A	5
Leo Burnett Ltd.	Sydney	MJ	9,385.0	9,789.0	-4.0	62,571.0	65,281.0	13,865.0	92,439.0	205	225	-9.0	4
Neville Jeffress Advertising	Sydney	NA	9,087.9	7,107.5	28.0	60,582.6	47,383.0	13,425.0	89,500.0	N/A	250	N/A	N/A
J. Walter Thompson Australia	Sydney	MJ	8,932.2	9,295.3	-4.0	58,706.3	61,972.1	13,195.7	88,015.5	198	206	-4.0	2
SSC&B:Lintas	Sydney	MJ	8,356.3	7,525.8	11.0	57,414.7	54,492.4	12,345.0	84,820.0	158	121	31.0	5
Mattingly Group	Sydney	MJ	7,404.2	N/A	N/A	46,276.1	N/A	10,938.4	68,364.7	140	N/A	N/A	2
Foote, Cone & Belding	Sydney	MJ	6,077.0	5,620.8	9.0	40,533.3	37,490.4	8,977.6	59,880.7	145	112	29.0	3
Saatchi & Saatchi Compton	Melbourne	MJ	5,335.0	4,721.2	13.0	34,685.1	30,857.6	7,881.5	51,241.1	67	70	-4.0	2
Magnus Nankervis & Curl/DDB	Sydney	MN	4,340.5	N/A	N/A	21,425.8	N/A	6,412.3	31,651.9	72	N/A	N/A	1
Connaghan & May Ayer	Sydney	MN	3,929.9	3,685.7	7.0	22,777.7	21,554.5	5,805.8	33,650.0	64	71	-10.0	2
William Roberts	Sydney	MJ	3,587.6	N/A	N/A	18,953.2	N/A	5,300.0	28,000.0	N/A	N/A	N/A	N/A
Forbes MacFie Hansen	Sydney	NA	3,553.7	3,289.7	8.0	23,691.5	21,931.6	5,250.0	35,000.0	41	41	0.0	1
Dancer Fitzgerald Sample Australia	Sydney	MN	3,431.9	2,944.5	17.0	22,870.0	19,630.1	5,070.0	33,800.0	38	70	-46.0	2
Grey Advertising	Sydney	MJ	3,288.1	3,627.7	-9.0	21,931.7	24,197.0	4,857.6	32,400.2	[illegible]	54	15.0	1
The Campaign Palace	Melbourne	MN	2,538.4	2,233.8	14.0	16,922.5	14,891.8	3,750.0	25,000.0	49	41	20	1
The Ball Partnership	Sydney	MJ	2,317.7	1,842.5	26.0	15,509.8	11,752.3	3,424.0	22,913.0	52	56	-7.0	3
John Singleton	Sydney	NA	2,098.4	N/A	N/A	14,244.0	N/A	3,100.0	21,043.0	N/A	N/A	N/A	N/A
Hertz Walpole	Sydney	MN	1,831.0	2,252.7	-19.0	12,206.0	16,168.0	2,705.0	18,033.0	N/A	N/A	N/A	1
PKB Advertising	Sydney	NE	1,817.2	1,649.2	10.0	11,779.0	10,911.6	2,684.6	17,401.3	32	32	0.0	1
Luscombe & Partners	Melbourne	NA	1,759.9	1,083.0	63.0	10,762.7	6,633.6	2,600.0	15,900.0	28	23	22.0	1
Garland Stewart & Roache	Sydney	MJ	1,736.2	N/A	N/A	11,575.0	N/A	2,565.0	17,100.0	N/A	N/A	N/A	N/A
Tarrant Haysom & Manzie	Melbourne	NA	1,675.3	N/A	N/A	11,168.9	N/A	2,475.0	16,500.0	N/A	N/A	N/A	N/A
Dalziel, Harper & Grey	Melbourne	MN	1,658.0	1,760.1	-6.0	11,059.3	11,740.2	2,449.5	16,338.1	39	40	-3.0	2
Harris Robinson Courtenay	Sydney	MJ	1,624.6	1,514.1	7.0	11,019.9	10,390.4	2,400.0	16,280.0	42	42	0.0	2
Thompson White Partners Australia	Melbourne	NA	1,609.6	1,445.9	11.0	16,575.8	12,229.5	2,377.9	24,487.8	33	30	10.0	1
Scali, McCabe, Sloves	Melbourne	MJ	954.0	1,002.4	-5.0	5,010.6	5,762.8	1,409.3	7,402.3	20	24	-17.0	1
DYR Ltd.	Melbourne	MJ	547.0	419.0	31.0	3,038.5	2,376.2	808.0	4,488.9	8	15	-47.0	1
AUSTRIA												**Exchange rate: 0.0631 schilling**	
GGK Wien	Vienna	MJ	4,101.5	3,666.1	12.0	27,357.0	24,451.3	Sch65,000.0	Sch433,550.0	54	51	6.0	1
Demner & Merlicek	Vienna	NA	4,085.7	2,527.0	62.0	28,369.8	16,855.1	64,750.0	449,600.0	48	39	23.0	1
Werbeagentur Wirz	Vienna	MN	3,597.0	2,776.0	30.0	23,990.0	18,519.0	57,000.0	380,019.0	15	15	0.0	1
McCann-Erickson	Vienna	MJ	3,274.0	3,053.0	7.0	21,838.0	20,364.0	51,880.0	346,040.0	56	48	17.0	N/A
SSC&B:Lintas Wien	Vienna	MJ	2,866.0	2,838.0	1.0	24,230.0	22,315.0	45,420.0	383,990.0	40	39	3.0	1
Ogilvy & Mather	Vienna	MJ	2,647.6	2,045.1	29.0	17,659.7	13,640.6	41,959.0	279,868.0	46	37	24.0	3
Young & Rubicam	Vienna	MJ	2,348.0	2,019.0	16.0	15,661.0	13,465.0	37,216.0	248,195.5	37	38	-3.0	1
Die Sieber	Vienna	NE	2,322.1	1,937.2	20.0	14,829.0	12,920.9	36,800.0	235,000.0	26	24	8.0	1
MMS Werbeagentur	Linz	NA	2,271.6	1,956.1	16.0	15,648.8	14,449.9	36,000.0	248,000.0	26	26	0.0	1
Team/BBDO Austria	Vienna	MJ	2,100.0	1,874.1	12.0	13,970.0	12,500.1	33,200.0	221,400.0	21	23	-9.0	1
Dorland Werbeagentur	Vienna	NA	2,080.0	N/A	N/A	13,200.0	N/A	32,961.8	209,180.4	12	12	0.0	1
Dr. Puttner & Ted Bates	Vienna	MJ	1,779.4	1,766.8	1.0	12,014.2	11,800.0	28,200.0	190,400.0	24	27	-11.0	1
Grey Austria	Vienna	MJ	1,482.9	1,161.0	28.0	9,890.6	9,275.7	23,500.0	156,745.0	27	29	-7.0	1
Gould Cargill & Cie.	Vienna	MJ	1,388.2	1,325.1	5.0	9,275.7	8,897.1	22,000.0	147,000.0	21	20	5.0	1
J. Walter Thompson	Vienna	MJ	1,382.4	1,657.5	-17.0	9,215.9	11,050.1	21,908.0	146,053.0	25	26	-3.0	1
DMB&B	Vienna	MJ	1,254.0	1,226.0	2.0	8,362.0	8,178.0	19,874.0	132,514.0	18	19	-5.0	1

Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
				($000)			($000)	($000; national currency)					
RSCG-Jasch & Schramm	Vienna	MJ	1,192.6	767.0	55.0	8,330.0	5,363.0	18,900.0	132,000.0	18	13	38.0	1
DDB Needham	Vienna	MJ	1,186.0	1,249.0	-5.0	7,951.0	8,330.0	18,800.0	126,000.0	21	22	-5.0	1
Weinberger Werbehaus	Vienna	NA	1,100.0	N/A	N/A	5,190.0	N/A	14,900.0	74,000.0	14	N/A	N/A	1
GGK Salzburg	Salzburg	MJ	1,041.0	N/A	N/A	6,941.0	N/A	16,500.0	110,000.0	16	N/A	N/A	1
Publicis Wien	Vienna	MJ	991.0	917.0	8.0	9,831.0	9,560.0	15,700.0	155,800.0	19	21	-10.0	1
Marketing Studio/FCB	Viennna	MN	896.0	776.1	15.0	5,976.5	5,176.8	14,200.0	94,714.0	17	17	0.0	1
Campbell Ewald	Vienna	MJ	67.0	21.5	240.0	445.0	143.5	1,058.0	7,050.0	N/A	N/A	N/A	1
Target Werbung	Vienna	MJ	24.4	52.8	-54.0	162.4	352.1	386.0	2,573.0	0	1	-10.0	1
BAHRAIN													**Exchange rate: 2.89 dinar**
Fortune Promoseven Network	Bahrain	NA	12,555.0	12,702.5	-1.0	38,036.8	38,886.8	BD4,344.3	BD13,161.5	140	140	0.0	7
Madco Bahrain	Bahrain	NA	660.0	682.0	-3.0	3,000.0	3,100.0	228.4	1,038.0	N/A	N/A	N/A	N/A
BARBADOS													**Exchange rate: 0.5371 B dollar**
Corbin Compton	Bridgetown	MJ	480.8	492.4	-2.0	3,214.5	2,940.9	B$895.2	B$5,984.9	18	18	0.0	1
Smith & Oxley Advertising	St. Michael	NA	455.8	422.9	8.0	2,015.4	1,867.7	911.6	4,030.9	22	22	0.0	1
BELGIUM													**Exchange rate: 0.0215 B franc**
HHD Ogilvy & Mather	Brussels	MJ	7,693.2	6,719.8	14.0	N/A	N/A	BF357,822.6	BF N/A	117	119	-2.0	1
McCann-Erickson	Brussels	MJ	7,652.0	7,698.0	-1.0	51,039.0	51,346.0	355,919.0	2.37 bill.	140	130	8.0	N/A
DMB&B	Brussels	MJ	5,821.2	7,369.1	-21.0	38,711.2	49,152.1	270,755.0	1.80 bill.	118	110	7.0	1
Lintas Brussels	Brussels	MJ	5,289.1	4,627.5	14.0	35,278.3	30,865.2	246,005.0	1.64 bill.	74	71	4.0	1
Lowe Marschalk Troost	Brussels	MJ	4,464.0	3,454.0	29.0	29,778.0	23,038.0	207,646.0	1.39 bill.	64	63	2.0	1
HCM Dechy	Brussels	MJ	4,284.5	4,087.3	5.0	28,577.8	27,262.0	199,280.0	1.33 bill.	78	77	1.0	1
Young & Rubicam Belgium	Brussels	MJ	4,250.0	4,263.0	0.0	28,348.0	28,432.0	197,668.0	1.32 bill.	68	68	0.0	N/A
J. Walter Thompson	Brussels	MJ	3,471.8	3,851.1	-10.0	23,156.6	25,686.6	161,477.0	1.08 bill.	63	54	17.0	1
VVL/BBDO	Brussels	MJ	3,355.9	2,711.2	24.0	22,383.9	18,083.9	156,088.0	1.04 bill.	58	51	14.0	3
Impact FCB	Brussels	MJ	3,286.4	3,188.5	3.0	21,920.0	21,267.2	152,854.0	1.02 bill.	58	62	-6.0	1
DDB Needham	Brussels	MJ	3,214.0	2,966.9	8.0	21,437.5	19,789.0	149,489.0	997,091.0	54	51	6.0	1
Publicis	Brussels	MJ	2,917.0	2,838.0	3.0	19,455.0	18,920.0	135,667.0	904,899.0	53	53	0.0	1
Grey	Brussels	MJ	2,836.4	2,795.0	1.0	18,920.0	18,640.0	131,925.0	880,000.0	46	48	-4.0	1
HCM Bruxelles	Brussels	MJ	2,537.0	2,193.0	16.0	16,920.5	15,157.5	118,000.0	787,000.0	38	40	-5.0	1
Ted Bates	Brussels	MJ	2,414.0	2,160.0	12.0	16,105.0	14,132.0	112,308.0	749,094.0	42	42	0.0	1
Leo Burnett-Belgium	Brussels	MJ	2,355.0	2,121.0	11.0	15,702.0	14,143.0	109,542.0	730,317.0	39	37	5.0	1
M&CW	Brussels	MN	2,344.0	1,200.0	95.0	9,336.0	8,000.0	109,024.1	435,641.4	26	32	-19.0	1
Partner	Brussels	NE	2,341.2	2,154.5	9.0	15,616.1	14,370.2	108,895.0	726,329.7	42	42	0.0	3
Garbarski RSCG	Brussels	MJ	2,300.5	2,000.0	15.0	15,050.0	13,330.0	107,000.0	700,000.0	34	30	13.0	1
LVH-Alliance	Brussels	MJ	2,187.3	2,034.0	8.0	14,581.8	13,560.2	101,733.7	678,224.9	48	39	23.0	1
TBWA	Brussels	MJ	1,936.0	1,503.9	29.0	12,696.0	10,439.9	90,061.0	590,516.0	28	22	27.0	1
Three Points	Brussels	NA	880.0	850.0	4.0	5,840.0	5,520.0	40,930.6	271,630.0	79	78	6.0	2
Moors/Bronselaer	Brussels	NE	812.6	720.8	13.0	5,420.3	4,805.1	37,797.0	252,109.0	12	11	9.0	1
GelderInterpartners	Brussels	NA	600.0	541.0	11.0	4,000.0	3,600.0	27,886.1	186,000.0	14	13	8.0	2
Columbia Advertising	Brussels	NA	553.3	N/A	N/A	3,665.0	N/A	25,736.8	170,000.0	14	N/A	N/A	1
Moussault Ayer	Antwerp	MJ	507.7	626.8	-19.0	3,382.3	4,242.6	23,593.8	157,314.4	15	14	7.0	1
BERMUDA													**Exchange rate: 1.00 B dollar**
Advertising Associates/Compton	Hamilton	NE	527.3	445.3	18.0	3,777.4	3,327.1	527.3	3,777.4	22	22	0.0	1
BRAZIL													**Exchange rate: 0.072686 cruzado**
MPM Propaganda	Sao Paulo	NE	25,695.2	36,688.5	N/A	102, 780.6	146,754.2	Cz353,509.0	Cz1.41 bill.	953	933	2.0	14
Alcantara Machado, Periscinoto Comunicacoes	Sao Paulo	NA	17,618.3	31,142.2	N/A	70,473.1	124,568.7	242,389.0	969,556.0	421	442	-5.0	3
Salles/ Inter-Americana	Sao Paulo	NE	15,264.1	25,288.0	N/A	61,056.2	101,152.0	210,000.0	840,000.0	508	500	2.0	3
DPZ-Duailibi Petit Zaragoza	Sao Paulo	NA	14,827.9	19,851.6	N/A	59,311.8	79,352.0	204,000.0	816,000.0	350	375	-7.0	3
Standard, Ogilvy & Mather	Sao Paulo	MJ	12,009.4	46,527.0	N/A	46,225.5	59,553.5	165,223.3	635,960.9	389	402	-3.0	3
McCann-Erickson	Sao Paulo	MJ	10,976.0	14,268.1	N/A	73,210.0	95,168.6	151,005.0	1.01 bill.	354	366	-3.0	N/A
Denison Propaganda	Sao Paulo	NE	10,684.8	16,568.0	N/A	N/A	N/A	147,000.0	N/A	252	285	-12.0	N/A
J. Walter Thompson Publicidade	Sao Paulo	MJ	9,641.0	18,541.8	N/A	64,305.5	41,235.7	132,639.0	884,702.1	362	393	-8.0	2
Norton Publicidade	Sao Paulo	NE	9,085.8	11,990.0	N/A	38,343.0	47,960.0	125,000.0	500,000.0	300	366	-18.0	4
Fisher, Justus Young & Rubicam Brazil	Sao Paulo	MJ	7,819.0	9,199.6	N/A	52,153.0	61,363.0	107,600.0	717,521.0	333	275	21.0	N/A
CBBA/Propeg	Sao Paulo	MJ	7,341.3	10,904.4	N/A	28,347.0	45,780.0	101,000.0	390,000.0	331	375	-12.0	5
SGB Publicidade e Promocoes	Rio de Janeiro	NE	5,451.5	6,932.0	N/A	27,257.3	46,213.0	75,000.0	375,000.0	190	180	6.0	2
LS/BBDO	Sao Paulo	MN	5,170.0	15,493.9	N/A	20,666.0	62,029.5	71,128.0	284,319.0	100	94	6.0	2
SSC&B: Lintas Brazil	Sao Paulo	MJ	4,430.2	6,038.6	N/A	18,563.3	27,681.6	60,950.0	255,390.0	160	160	0.0	1
Adag Servicos de Publicidade	Sao Paulo	NA	3,779.7	1,380.4	N/A	18,898.4	6,901.9	52,000.7	260,004.2	62	52	19	3
Expressao	Sao Paulo	NA	3,125.5	N/A	N/A	12,502.0	N/A	43,000.0	172,000.0	120	N/A	N/A	3
Leo Burnett Publicidade	Sao Paulo	MJ	2,989.0	3,593.3	N/A	19,934.0	23,956.9	41,117.0	274,250.0	79	81	-2.0	1
W/GGK Sao Paulo	Sao Paulo	MJ	1,723.0	1,624.0	N/A	11,484.3	10,833.0	23,700.0	158,000.0	56	44	27.0	1
GTM&C	Sao Paulo	NA	1,652.2	1,690.2	N/A	6,608.6	9,836.9	22,730.0	90,920.0	51	70	-27.0	2
Esquire Publicidade	Rio de Janeiro	NE	1,514.0	1,082.0	N/A	7,530.0	4,720.0	20,796.0	103,462.0	58	46	26.0	2
FCB/Siboney	Sao Paulo	MJ	1,463.8	1,615.4	N/A	9,763.4	10,773.5	20,138.3	134,322.5	61	53	15.0	1
Scali, McCabe, Sloves Propaganda	Sao Paulo	MJ	1,163.0	1,994.5	N/A	4,984.0	7,403.3	16,108.7	69,031.6	91	113	-19.0	2
Ogilvy & Mather Direct	Sao Paulo	MJ	495.8	559.3	N/A	1,268.6	1,742.2	6,821.5	17,453.0	15	31	-52.0	2
PPR-Profissionais de Propaganda Reunidos	Sao Paulo	MJ	291.3	41.9	N/A	1,943.1	946.8	4,008.0	26,733.4	20	7	186.0	1

With Brazilian agencies, AA altered its procedure of determining an agency's "real growth" (applying 1986 exchange rates to 1985 returns) because it primarily shows the impact of inflation in that economy. Dollar figures for 1985 are based on the average annual exchange rate (.000218) for that year.

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986 ($000; national currency)	Employes 1986	Employes 1985	Employes Percent change	Number offices
BRITAIN													**Exchange rate: 1.4678 pounds**
Saatchi & Saatchi UK	London	MJ	92,471.4	86,717.6	7.0	616,476.0	568,331.6	£63,000.0	£420,000.0	2,000	1,800	11.0	N/A
J. Walter Thompson Co.	London	MJ	41,832.3	37,365.8	12.0	278,883.0	249,113.0	28,500.0	190,001.0	646	695	-7.0	2
DFS Dorland	London	MJ	41,830.0	30,823.8	36.0	279,000.0	205,492.0	28,500.0	190,000.0	589	500	18.0	1
McCann-Erickson U.K.	London	MJ	38,963.0	25,190.0	60.0	259,883.0	168,017.0	26,546.0	177,061.0	848	403	110.0	N/A
Young & Rubicam Holdings	London	MJ	37,594.8	28,597.7	31.0	251,132.0	191,032.0	25,613.0	171,096.2	660	551	20.0	N/A
Charles Barker Group	London	MN	33,988.4	30,307.1	12.0	224,786.0	200,554.0	23,156.0	153,145.0	739	675	19.0	9
Boase Massimi Pollitt	London	NA	30,823.8	22,017.0	40.0	206,959.8	125,203.4	21,000.0	141,000.0	400	240	67.0	1
Ogilvy & Mather	London	MJ	26,029.5	25,520.9	2.0	167,760.7	164,002.1	17,733.7	114,294.0	362	364	-1.0	1
Grey Ltd.	London	MJ	24,866.7	18,388.2	35.0	165,861.4	122,708.1	16,941.5	113,000.0	293	226	30.0	1
DMB&B	London	MJ	23,117.9	24,218.7	-5.0	154,119.0	161,458.0	15,750.0	105,000.0	349	398	-12.0	1
Lowe Howard-Spink Marschalk	London	MJ	21,070 3	14,645.7	44 0	149,716.0	97,686.5	14,355.0	102,000.0	201	185	9.0	1
WCRS & Partners	London	MJ	19,815.3	13,870.6	43.0	132,102.0	92,470.9	13,500.0	90,000.0	190	165	15.0	1
Collett Dickenson Pearce Intl.	London	NA	19,010.0	16,940.0	12.0	128,430.0	114,490.0	12,950.0	87,500.0	253	249	2.0	1
Foote, Cone & Belding	London	MJ	16,248.0	15,227.8	7.0	108,374.2	101,569.6	11,069.6	73,834.4	277	252	10.0	2
Lintas	London	MJ	15,202.0	12,771.0	19.0	117,600.1	96,563.6	10,357.0	80,120.0	209	211	-1.0	4
Leo Burnett Ltd.	London	MJ	15,036.0	13,163.0	14.0	100,251.0	87,760.0	10,244.0	68,300.0	194	200	-3.0	1
KHBB	London	MJ	13,320.3	17,613.6	-24.0	88,801.5	117,424.0	9,075.0	60,500.0	180	221	-19.0	1
Abbott Mead Vickers/SMS	London	NA	12,926.9	10,088.2	28.0	86,366.8	73,392.9	8,807.0	58,841.0	129	108	19.0	1
McCormick-Publicis	London	MJ	12,880.0	10,040.0	28.0	85,866.0	66,932.0	8,775.0	58,500.0	175	172	2.0	2
Allen Brady & Marsh	London	MJ	12,492.0	11,169.2	12.0	83,283.0	74,461.5	8,511.0	56,740.0	107	192	-79.0	N/A
Geers Gross Advertising	London	MJ	12,000.0	14,100.0	-15.0	70,000.0	87,000.0	8,175.5	47,690.3	91	100	-9.0	1
Ted Bates	London	MJ	10,563.8	16,779.9	-37.0	63,546.9	94,673.1	7,197.0	43,294.0	202	226	-11.0	1
Gold Greenlees Trott Advertising	London	NA	10,421.0	6,898.0	51.0	73,977.0	43,300.0	7,100.0	50,400.0	120	102	18.0	1
Davidson Pearce	London	NA	9,878.5	8,980.7	10.0	82,572.8	73,082.8	6,730.2	56,266.2	210	210	0.0	1
Yellowhammer Advertising	London	NA	8,388.5	5,416.2	55.0	55,923.2	36,107.9	5,715.0	38,100.0	N/A	89	N/A	1
Bartle Bogle Hegarty	London	NA	8,366.5	5,137.3	63.0	56,657.0	34,493.0	5,700.0	38,600.0	97	55	76.0	1
Cogent Elliott	London	NA	7,926.1	6,605.1	20.0	52,840.8	44,034.0	5,400.0	36,000.0	N/A	130	N/A	N/A
Doyle Dane Bernbach	London	MJ	7,900.0	8,700.0	-9.0	60,900.0	66,100.0	5,400.0	41,500.0	148	173	-14.0	1
Chetwynd Haddons	London	NA	7,146.7	5,830.2	23.0	47,644.8	37,135.3	4,869.0	32,460.0	N/A	N/A	N/A	N/A
Reeves Robertshaw Needham	London	MJ	7,141.0	5,082.0	41.0	64,916 0	46,196.0	4,865.0	44,227.0	108	85	27.0	1
Dewe Rogerson	London	NA	7,034.5	4,048.0	74.0	62,939.3	45,564.9	4,792.6	42,880.0	123	115	7.0	1
Colman RSCG	London	MJ	6,900.0	6,810.0	1.0	53,427.0	48,730.0	4,700.0	36,400.0	74	68	9.0	1
Lonsdale Advertising	London	NA	6,869.3	5,988.6	15.0	45,800.0	39,600.0	4,680.0	31,200.0	111	132	-16.0	1
TBWA	London	MJ	6,682.0	7,349.6	-9.0	44,548.0	48,999.6	4,552.0	30,350.0	57	67	-15.0	1
HCM Horner Collis & Kirvan	London	MJ	6,664.0	5,617.0	19.0	60,033.0	40,814.0	4,540.0	40,900.0	85	76	12.0	1
BBDO	London	MJ	6,164.8	5,577.6	11.0	69,720.5	66,491.3	4,200.0	47,200.0	90	89	1.0	1
Ogilvy & Mather Direct	London	MJ	6,107.0	3,497.0	75.0	38,000.0	22,000.0	4,161.3	26,000.0	139	127	9.0	1
ASL Lane Alliance	London	MJ	5,063.9	N/A	N/A	33,760.0	N/A	3,450.0	23,000.0	N/A	N/A	N/A	2
ARC Advertising	London	MJ	5,061.4	3,111.7	63.0	33,759.4	20,755.3	3,448.3	23,000.0	45	60	-25.0	1
GGK London	London	MJ	4,410.0	2,348.5	88.0	29,400.0	15,558.7	3,000.0	20,000.0	40	50	-20.0	1
Valin Pollen	London	NA	4,205.2	6,495.0	-35.0	28,035.0	43,300.1	2,865.0	19,100.0	N/A	145	N/A	1
Moxon, Dolphin & Kerby	London	MJ	4,040.9	7,707.4	-48.0	14,026.3	32,144.8	2,753.0	9,556.0	74	62	19.0	1
White Bull Holmes Group	London	MJ	4,040.0	3,040.0	33.0	26,930.0	20,260.0	2,750.0	18,350.0	83	65	28.0	2
LansdownEuro	London	MJ	3,850.0	3,357.0	15.0	25,669.0	22,385.0	2,623.0	17,488.0	60	57	5.0	1
Slaymaker Cowley White/BDG	London	MN	3,400.0	3,126.5	9.0	18,000.0	19,493.2	2,316.4	12,263.2	54	65	-17.0	1
Delaney Fletcher Delaney	London	NA	3,159.4	2,752.1	15.0	21,100.0	15,000.0	2,152.5	14,350.0	21	14	50.0	1
Garratt Baulcombe	Nottingham	MJ	3,031.0	3,065.8	-1.0	20,216.9	20,449.1	2,065.0	13,773.6	99	101	-2.0	2
F. John French Agency	London	NA	2,935.6	2,568.7	14.0	11,742.4	10,274.6	2,000.0	8,000.0	34	38	-11.0	1
St. James's Corporate Communications	London	MJ	2,690.0	2,420.0	11.0	17,910.0	16,150.0	1,830.0	12,200.0	61	71	-14.0	1
Leagas Delaney Partnership	London	MJ	2,642.0	3,301.1	-20.0	17,613.6	22,017.0	1,800.0	12,000.0	N/A	56	N/A	1
Ogilvy & Mather Partners	London	MJ	2,214.0	2,306.9	-4.0	14,444.3	15,052.5	1,508.5	9,840.8	27	25	8.0	1
Ogilvy & Mather Scotland	Glasgow	MJ	1,942.7	1,556.1	25.0	12,240.7	9,786.8	1,323.5	8,339.5	42	43	-1.0	3
Primary Contact	London	MJ	1,891.3	2,547.8	-26.0	11,592.4	15,475.9	1,288.5	7,897.8	56	60	-7.0	1
Butler, Borg & LSW	London	MN	1,536.7	982.2	56.0	10,701.4	5,966.9	1,046.9	7,290.8	42	30	40.0	1
Mallett-McCormick	London	NE	1,300.0	N/A	N/A	10,000.0	N/A	900.0	6,300.0	33	N/A	N/A	1
Ogilvy & Mather Focus	London	MJ	1,252.2	1,102.4	14.0	7,945.7	6,905.1	853.1	5,413.3	25	26	-4.0	1
Reid Walker	London	NA	1,188.9	1,027.5	16.0	8,500.0	7,400.0	810.0	5,800.0	30	26	15.0	N/A
FCB Cosby Paul	London	MJ	487.8	N/A	N/A	3,253.5	N/A	332.3	2,216.6	9	N/A	N/A	2
CAMEROON													**Exchange rate: 0.002806 CFA**
SSC&B: Lintas Worldwide	Douala		39.44	N/A	N/A	263.1	N/A	CFA14,058.0	CFA93,767.0	8	N/A	N/A	1
CANADA													**Exchange rate: 0.7210 C dollar**
Foster Advertising	Toronto	NA	19,452.3	18,420.0	6.0	129,746.9	122,861.5	C$26,979.6	C$179,954.1	492	511	-4.0	9
Ogilvy & Mather	Toronto	MJ	18,377.0	16,702.0	10.0	125,512.0	111,394.5	25,488.0	169,920.0	319	327	-2.0	12
J. Walter Thompson	Toronto	MJ	16,635.0	18,409.3	-10.0	110,897.0	122,729.0	23,072.0	153,810.0	385	420	-8.0	4
Young & Rubicam	Toronto	MJ	14,830.2	13,486.3	10.0	98,783.0	89,838.0	20,569.0	137,008.1	260	265	-2.0	N/A
Vickers & Benson	Toronto	NA	13,122.2	12,617.5	4.0	85,079.0	76,426.0	18,200.0	118,000.0	320	315	2.0	3
Baker Lovick	Toronto	MN	12,412.9	11,535.6	8.0	82,752.8	76,942.5	17,139.8	114,265.0	241	235	3.0	6
Cossette Communication-Marketing	Toronto	NA	11,308.9	9,787.6	16.0	75,392.8	65,250.5	15,685.0	104,567.0	252	245	3.0	4
Grey Advertising	Toronto	MJ	9,973.9	7,954.6	25.0	66,525.7	53,057.7	13,833.4	92,268.6	179	151	19.0	2
McCann-Erickson Canada	Toronto	MJ	9,667.0	10,084.0	-4.0	64,479.0	67,260.0	13,408.0	89,431.0	184	198	-7.0	N/A
Ronalds-Reynolds	Toronto	NE	8,845.2	8,940.4	-1.0	68,073.0	56,670.6	12,268.0	95,415.0	193	219	-12.0	3
Saatchi & Saatchi-Compton Hayhurst	Toronto	MJ	8,760.2	8,111.3	8.0	74,601.0	64,890.0	12,150.0	103,468.8	135	149	-9.0	1
Ted Bates Advertising	Toronto	MJ	8,686.0	7,628.0	14.0	59,245.0	50,888.0	12,047.0	82,170.0	158	156	1.0	2
Leo Burnett Co.	Toronto	MJ	8,445.0	7,935.0	6.0	56,303.0	52,905.0	11,713.0	78,091.0	174	158	10.0	2
BCP Strategy Creativity	Montreal	NA	8,352.1	5,362.8	56.0	55,890.7	35,751.3	11,584.4	77,520.4	136	140	-3.0	1

Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
				($000)			($000)	($000; national currency)					
DMB&B	Toronto	MJ	5,977.0	4,836.0	24.0	40,768.0	33,564.0	8,290.0	56,543.0	114	105	9.0	1
Marketel/Publim	Montreal	NA	5,950.0	4,326.0	38.0	39,655.0	28,840.0	8,252.4	55,000.0	88	61	44.0	2
Scali, McCabe, Sloves—Canada	Toronto	MJ	5,119.6	4,649.4	10.0	30,021.6	30,270.2	7,100.2	41,638.8	102	106	-4.0	2
Foote, Cone & Belding	Toronto	MJ	4,657.1	5,090.0	-9.0	31,062.6	33,950.3	6,459.2	43,082.7	84	92	-9.0	1
Grant Tandy	Toronto	MJ	4,052.0	4,232.6	-4.0	27,013.0	28,217.7	5,620.0	37,466.0	71	75	-5.0	3
Miller Myers Bruce DallaCosta	Toronto	NA	3,589.0	2,415.0	49.0	23,927.0	18,205.0	4,978.0	33,186.0	51	27	89.0	1
R.T. Kelley	Hamilton	NA	3,306.5	3,030.4	9.0	22,866.5	20,108.2	4,586.0	31,715.0	75	74	1.0	2
DDB Needham Worldwide	Toronto	MJ	3,039.0	N/A	N/A	20,260.1	N/A	4,215.0	28,100.0	62	N/A	N/A	1
SSC&B:Lintas	Toronto	MJ	2,981.9	2,067.5	44.0	19,889.4	13,791.2	4,135.8	27,585.8	57	48	19.0	1
Kert Advertising	Toronto	NA	2,826.0	2,570.0	10.0	19,341.0	17,721.0	3,919.0	26,825.0	51	46	11.0	4
Prism Communications	Montreal	NA	2,800.0	2,200.0	27.0	16,220.0	14,059.0	3,900.0	22,500.0	35	26	35.0	2
PNMD	Montreal	MN	2,703.8	2,596.0	42.0	18,000.0	17,000.0	3,750.0	25,000.0	43	40	8.0	1
Ambrose Carr De Forest & Linton	Toronto	NA	2,617.4	2,283.8	15.0	17,592.4	17,123.8	3,630.2	24,400.0	40	40	0.0	1
Ian Roberts	Toronto	NA	2,522.3	2,406.2	5.0	16,874.8	16,098.4	3,498.4	23,404.7	56	54	4.0	3
Enterprise Advertising Associates	Toronto	MJ	2,007.0	1,942.0	6.0	13,389.0	12,947.0	2,784.2	18,571.0	32	35	-9.0	2
Francis, Williams & Johnson	Calgary	NA	1,875.0	1,426.0	31.0	12,500.0	9,520.0	2,600.0	17,342.0	73	70	4.0	2
Lowe Marschalk Goodgoll	Toronto	MJ	1,586.0	1,181.0	34.0	10,455.0	7,876.9	2,200.0	14,500.0	23	23	0.0	1
Bozell, Jacobs, Kenyon & Eckhardt	Toronto	MJ	1,320.0	1,225.7	8.0	8,770.0	8,147.3	1,820.0	12,100.0	30	28	7.0	2
Base Brown & Partners	Toronto	NA	1,171.6	991.4	18.0	9,373.0	7,931.0	1,625.0	13,000.0	20	18	11.0	1
Paul, Phelan & Perry	Toronto	NA	879.6	684.2	29.0	6,921.6	5,768.0	1,220.0	9,600.0	25	21	19.0	2
Germain Advertising	Toronto	NA	605.6	421.8	44.0	4,037.6	2,811.9	840.0	5,600.0	12	12	0.0	6
Cooper Hayes Advertising	Calgary	NA	490.3	270.0	82.0	6,164.6	4,680.0	680.0	8,550.0	12	6	100.0	1
Stringham & Grant Tandy	Winnipeg	MN	452.1	280.5	61.0	2,743.7	1,976.8	627.0	3,805.4	11	10	10.0	1
Bleau, Duperrey, Giguere & Associes	Quebec	NA	180.3	175.3	3.0	1,126.8	1,095.7	250.0	1,562.8	7	7	0.0	1
CHILE												**Exchange rate: 0.0054 peso**	
J. Walter Thompson Chilena	Santiago	MJ	2,656.1	1,883.1	41.0	17,716.1	12,554.3	Ps491,868.5	Ps3.28 bill.	145	130	12.0	1
McCann-Erickson (Chile)	Santiago	MJ	1,541.0	1,152.0	34.0	10,278.0	7,684.0	285,346.0	1.90 bill.	75	65	15.0	1
Publiart/BBDO	Santiago	MN	1,412.0	1,268.1	11.0	9,421.9	8,458.3	261,483.0	1.74 bill.	73	65	12.0	1
Azocar, Morrison, Walker	Santiago	MN	1,109.9	810.4	37.0	7,399.4	5,405.6	205,541.4	1.37 bill.	45	40	13.0	1
SSC&B: Lintas Worldwide	Santiago	MJ	956.9	734.5	30.0	6,382.8	4,899.3	177,196.9	1.18 bill.	66	66	0.0	1
Unitros Chile	Santiago	NA	814.2	446.5	82.0	5,430.6	2,978.5	150,775.1	1.01 bill.	44	34	29.0	1
Northcote, Ogilvy & Mather	Santiago	MN	648.0	510.3	27.0	4,320.0	3,402.0	120,000.0	799,999.0	N/A	43	N/A	1
Grey Chile	Santiago	MN	634.4	510.3	24.0	4,231.6	3,403.8	117,486.9	783,637.4	42	43	-2.0	1
Young & Rubicam de Chile	Santiago	MJ	572.0	402.0	42.0	3,815.0	2,680.0	105,929.0	706,499.9	42	37	14.0	N/A
Leo Burnett Co. Chile	Santiago	MJ	520.0	329.0	58.0	3,467.0	2,195.0	96,303.0	642,052.0	40	34	18.0	1
Israel & de Bianchi	Santiago	NE	501.4	342.6	46.0	3,342.6	2,284.3	92,850.0	619,000.0	38	34	12.0	1
Matte & Mendez-Compton	Santiago	MJ	438.7	N/A	N/A	2,925.9	N/A	81,240.7	541,833.3	25	21	19.0	1
Hermosilla, Zegers	Santiago	MN	365.6	313.8	17.0	2,431.1	2,086.7	67,700.0	450,205.0	30	28	7.0	1
CHINA												**Exchange rate: 0.27692 renmibi**	
DYR Advertising	Beijing	MJ	45.0	N/A	N/A	167.0	N/A	162.5	603.0	7	N/A	N/A	1
COLOMBIA												**Exchange rate: 0.0054 peso**	
Leo Burnett Colombia	Bogota	MJ	2,055.0	1,625.0	26.0	13,703.0	10,832.0	Ps380,614.0	Ps2.54 bill.	117	119	-2.0	1
Atlas Publicidad	Bogota	NE	1,951.4	1,447.4	35.0	13,009.2	9,649.1	361,366.0	2.41 bill.	135	134	1.0	1
Atenas/BBDO	Bogota	NE	1,822.2	1,466.3	24.0	11,644.3	7,439.0	337,441.3	2.16 bill.	90	85	6.0	1
Publicidad Puma/Compton	Bogota	MJ	1,808.7	1,201.0	51.0	7,830.0	5,021.3	334,944.4	1.45 bill.	70	67	4.0	2
McCann Erickson Colombia	Bogota	MJ	1,552.0	1,334.0	16.0	10,352.0	8,898.0	287,373.0	1.92 bill.	78	82	-5.0	N/A
Centrum Ogilvy & Mather	Bogota/Cali	MN	1,124.3	853.2	32.0	5,421.6	4,374.0	208,200.0	1.00 bill.	78	72	8.0	2
Contacto Publicidad	Bogota	NE	912.6	599.4	52.0	6,085.8	3,996.0	169,000.0	1.27 bill.	78	62	26.0	2
G. Meza & Ted Bates	Bogota	NE	822.1	693.6	19.0	5,483.1	4,626.5	152,232.0	1.02 bill.	67	61	10.0	1
Publicidad Arte Filme	Cali	MJ	399.1	362.5	10.0	2,661.9	2,417.9	73,905.0	492,946.0	29	20	45.0	1
COSTA RICA												**Exchange rate: 0.0203 colon**	
Alberto H. Garnier-BBDO	San Jose	NE	1,494.9	1,218.8	23.0	7,053.5	5,519.7	C73,639.2	C347,462.7	100	99	1.0	1
McCann-Erickson Centroamericana	San Jose	MJ	1,189.0	1,054.0	12.0	7,931.0	7,030.0	58,593.0	390,815.0	43	41	5.0	N/A
FCB/Siboney	San Jose	MJ	484.9	321.0	51.0	3,234.2	2,140.9	23,886.4	159,322.6	27	25	8.0	1
APCU de Costa Rica	San Jose	MJ	347.3	248.7	40.0	2,313.3	1,657.9	17,110.5	113,956.0	27	17	59.0	1
CURACAO												**Exchange rate: 0.5871 florin**	
R.J. Dovale Advertising	Willemstad	NA	303.5	311.6	3.0	1,063.5	1,177.8	FL517.0	FL1,969.4	15	15	0.0	1
CYPRUS												**Exchange rate: 2.12 C pound**	
Impact/BBDO International	Nicosia	MN	3,600.0	3,900.0	-8.0	26,000.0	29,800.0	CY£1,698.1	CY£12,264.2	111	108	3.0	6
Camp, Saadeh & Skaff	Nicosia	NA	320.0	N/A	N/A	2,000.0	N/A	150.9	943.5	12	N/A	N/A	1
DENMARK												**Exchange rate: 0.1198 kroner**	
Ted Bates A/S	Copenhagen	MJ	9,936.7	9,393.4	6.0	68,674.2	63,082.6	DKr82,944.0	DKr573,024.0	183	177	3.0	3
Henriksen & Sieling/BBDO	Copenhagen	MN	6,195.6	5,197.0	19.0	41,324.0	35,811.0	51,716.0	344,945.0	75	66	14.0	4
scan-ad reklamebureau	Aarhus	NA	6,091.8	4,672.2	30.0	40,637.5	31,163.6	50,850.0	339,169.5	125	119	5.0	9
Young & Rubicam Copenhagen	Copenhagen	MJ	4,918.0	4,008.0	23.0	32,803.0	26,735.0	41,065.0	273,806.6	85	73	16.0	N/A

Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
				($000)			($000)	($000; national currency)					
Lintas	Copenhagen	MJ	4,416.0	3,556.0	24.0	31,352.3	25,363.7	36,861.4	261,705.0	66	59	12.0	2
Ogilvy & Mather	Copenhagen	MJ	3,878.0	3,484.0	11.0	22,150.0	21,597.0	32,366.0	184,893.0	73	70	4.0	4
Gutenberghus Reklamebureau	Copenhagen	NA	3,601.0	2,954.0	22.0	24,897.0	21,054.0	30,060.0	207,820.0	63	63	0.0	N/A
Lyre & Valbo Reklamebureau	Copenhagen	NA	2,940.0	2,256.0	30.0	19,615.0	15,372.0	24,526.0	163,588.0	45	40	13.0	2
NP/3 Ltd.	Aarhus	NA	2,496.0	1,847.1	35.0	28,811.9	19,951.0	20,835.0	240,500.0	46	38	21.0	3
N/P Grey	Egaa/Aarhus	MN	2,032.0	1,668.7	22.0	14,666.0	13,113.3	16,962.0	122,421.0	38	32	19.0	2
Leo Burnett Denmark	Copenhagen	MJ	1,829.0	1,607.0	14.0	12,191.0	10,711.0	15,264.0	101,765.0	33	31	6.0	1
McCann-Erickson A/S	Copenhagen	MJ	1,639.0	1,305.0	26.0	10,932.0	8,704.0	13,683.0	91,266.0	29	25	16.0	N/A
DMB&B	Copenhagen	MJ	1,519.0	1,669.0	-9.0	12,456.0	13,727.0	12,680.0	103,970.0	34	38	-11.0	1
Innovation	Copenhagen	MN	1,383.8	1,205.4	15.0	9,536.0	8,272.2	11,551.0	79,600.0	32	28	14.0	1
Lockey FCB A/S	Copenhagen	MN	1,289.7	1,300.3	-1.0	8,602.4	8,672.9	10,765.6	71,806.6	22	29	-24.0	1
Bergenholz & Arnesen	Copenhagen	NE	1,122.6	1,307.5	-14.0	14,533.3	11,872.9	9,370.7	121,480.0	26	28	-7.0	1
Grey-Denmark	Copenhagen	MJ	1,111.8	1,375.0	-19.0	8,631.7	10,331.9	9,281.0	72,051.0	22	23	-4.0	1
DMM Ipsen & Parmo	Copenhagen	MJ	1,099.0	912.0	21.0	8,248.0	7,093.0	9,172.0	68,850.0	17	15	13.0	1
J. Walter Thompson	Copenhagen	MJ	974.4	1,049.4	-7.0	6,499.3	6,996.5	8,133.6	54,250.9	23	20	15.0	1
Berg & Lyhne Reklamebureau	Copenhagen	NA	694.8	460.2	51.0	4,632.1	3,068.1	5,799.8	38,665.0	24	22	9.0	1
Ervaco Kobenhavn	Copenhagen	NA	237.2	185.2	28.0	1,078.2	833.4	1,980.0	9,000.0	N/A	N/A	N/A	1
DOMINICAN REPUBLIC													**Exchange rate: 1.00 DR dollar**
Young & Rubicam Damaris	Santo Domingo	MJ	5,106.0	3,675.0	39.0	34,057.0	24,512.0	5,106.0	34,057.0	99	94	5.0	N/A
McCann-Erickson Dominicana	Santo Domingo	MJ	1,590.0	1,152.0	38.0	10,605.0	7,684.0	1,590.0	10,605.0	27	27	0.0	N/A
Leo Burnett Co.	Santo Domingo	MJ	512.0	265.0	93.0	3,414.0	1,767.0	512.0	3,414.0	23	20	15.0	1
Leon/Aife/MFP	Santo Domingo	MJ	315.3	221.1	42.0	2,103.3	1,475.0	315.3	2,103.3	14	15	-7.0	1
FCB/Siboney	Santo Domingo	MJ	304.7	281.5	8.0	2,032.2	1,877.7	304.7	2,032.2	22	21	5.0	1
DUBAI													**Exchange rate: 0.2725 dirham**
Madco Gulf (Dubai)	Dubai	NA	1,135.0	1,120.0	1.0	4,500.0	4,600.0	DHS N/A	DHS N/A	N/A	N/A	N/A	1
Thompson Advertising Middle East	Dubai	MJ	1,025.7	791.6	30.0	6,841.2	5,280.1	3,763.9	25,105.2	27	27	0.0	1
ECUADOR													**Exchange rate: 0.00694 sucre**
Norlop Thompson	Guayaquil	MN	1,637.5	1,134.3	44.0	10,922.1	7,562.7	S235,950.6	S1.57 bill.	105	92	14.0	2
McCann-Erickson (Ecuador)	Guayaquil	MJ	1,038.0	719.0	44.0	6,923.0	4,796.0	149,552.0	997,512.0	53	50	6.0	N/A
Veritas Publicitaria	Guayaquil/ Quito	NE	842.3	509.5	65.0	5,176.3	3,012.2	121,366.2	745,858.6	62	51	22.0	2
FCB/Artefilme	Guayaquil	MJ	299.7	259.1	16.0	1,998.9	1,728.5	43,183.0	288,030.0	34	35	-3.0	2
EGYPT													**Exchange rate: 0.7455 E pound**
Advertising & Marketing Associates, Leo Burnett	Cairo	MN	224.4	294.5	-24.0	1,496.0	1,961.9	E£301.0	E£2,007.0	31	31	0.0	1
EL SALVADOR													**Exchange rate: 0.2016 colon**
APCU de El Salvador	San Salvador	MN	439.5	131.0	235.0	2,927.0	873.6	C2,180.0	C14,518.8	35	9	289.0	1
McCann-Erickson	San Salvador	MJ	386.0	321.0	20.0	2,575.0	2,141.0	1,913.0	12,760.0	30	31	-3.0	N/A
FINLAND													**Exchange rate: 0.1939 markka**
Taucher Group	Helsinki	NA	9,985.0	10,067.0	-1.0	66,599.0	67,150.0	Fmk51,495.0	Fmk343,471.0	245	266	-8.0	10
Oy Liikemainonta-McCann	Helsinki	MJ	6,865.0	7,092.0	-3.0	45,790.0	47,304.0	35,405.0	236,151.0	109	110	-1.0	N/A
Oy Sek	Helsinki	NA	6,166.0	5,157.4	20.0	37,842.5	33,786.4	31,800.0	175,400.0	105	84	25.0	1
Mainosyhtyma Oy	Helsinki	NA	5,962.0	5,527.3	8.0	45,300.0	42,847.6	30,748.0	233,626.0	128	139	-8.0	4
Finnad-Bates	Helsinki	MJ	5,099.8	4,411.6	16.0	34,015.5	29,425.5	26,301.0	175,428.0	83	79	5.0	5
Markkinointi Viherjuuri Oy	Helsinki	NA	4,935.0	4,938.0	0.0	33,354.0	33,163.0	25,449.0	172,014.0	95	93	2.0	1
Erva-Latvala Oy	Helsinki	NA	4,715.2	4,168.9	13.0	31,450.1	27,806.2	24,317.4	162,197.3	91	98	-7.0	2
Turkama & Kumppanit Oy	Helsinki	NA	4,401.5	5,235.3	-20.0	29,300.0	34,700.0	22,700.0	151,400.0	85	107	-21.0	2
SSC&B:Lintas Worldwide, Finland	Helsinki	MJ	3,181.5	3,439.0	-7.0	20,802.9	22,948.1	16,408.2	107,286.8	60	66	-9.0	1
Tehomainos-J. Walter Thompson Oy	Helsinki	MN	2,753.4	2,753.4	0.0	18,362.3	18,362.3	14,200.0	94,700.0	50	63	-21.0	1
Oy AC-Ilmo	Helsinki	NE	2,265.5	2,166.7	5.0	18,515.7	17,888.1	11,684.0	95,491.0	45	38	18.0	2
Ogilvy & Mather Oy	Helsinki	MJ	2,116.6	2,115.3	0.0	16,400.7	15,750.4	10,915.8	84,583.4	41	42	-2.0	1
Oy Interplan	Helsinki	NE	1,987.6	2,010.0	-1.0	13,257.3	12,806.8	10,250.8	68,367.5	40	40	0.0	1
Kauppamainos Oy	Helsinki	NA	1,862.4	2,153.4	-14.0	12,415.8	14,355.7	9,604.8	64,032.0	30	34	-12.0	1
Oy Valotorni	Helsinki	NA	1,740.7	1,522.4	14.0	11,604.9	10,197.1	8,977.5	59,850.0	38	38	0.0	1
Markkinointi Topitorma Oy	Helsinki	NA	1,667.0	2,016.6	-16.0	12,073.0	13,974.0	8,700.0	62,264.0	34	41	-17.0	N/A
Markkinointiryhmaa Oy	Helsinki	NA	1,369.4	1,182.8	16.0	9,129.5	8,127.2	7,062.5	47,083.4	32	27	19.0	1
DMB&B Oy	Helsinki	MJ	1,081.0	969.0	12.0	7,208.0	6,459.0	5,576.0	37,173.0	21	20	5.0	1
Ajan Mainos Oy	Helsinki	NA	213.3	264.1	-19.0	1,013.2	1,761.5	1,100.0	7,337.0	7	8	-13.0	1
FRANCE													**Exchange rate: 0.1403 franc**
Publicis Conseil Group	Paris	MJ	72,721.0	60,529.6	20.0	472,334.0	408,273.0	FF518,325.0	FF3.33 bill.	1,047	1,040	1.0	14
Belier	Neuilly	MJ	72,660.0	56,280.0	29.0	484,600.0	373,400.0	519,000.0	3.46 bill.	1,018	792	29.0	32
RSCG France	Paris	MJ	49,806.5	39,424.3	26.0	328,700.0	260,116.0	355,000.0	2.34 bill.	380	N/A	N/A	27
HCM France	Neuilly	MJ	37,880.0	32,970.0	15.0	252,700.0	220,000.0	270,000.0	1.80 bill.	508	495	3.0	N/A
Univas	Neuilly	MJ	28,761.5	26,236.1	10.0	194,596.1	176,216.8	205,000.0	1.39 bill.	425	218	95.0	N/A
BDDP Group	Paris	NA	28,200.3	20,062.9	41.0	188,002.0	133,846.2	201,000.0	1.34 bill.	420	350	20.0	N/A
Polaris	Paris	MJ	28,192.0	25,429.0	11.0	189,868.0	166,779.0	201,000.0	1.35 bill.	500	N/A	N/A	8
Young & Rubicam France	Paris	MJ	25,415.0	21,147.0	20.0	169,518.0	141,053.0	181,209.0	1.21 bill.	451	379	19.0	N/A

1987 EDITION **FOREIGN AGENCY REPORT** FRANCE-GERMANY

Agency	City		Gross income 1986 ($000)	Gross income 1985 ($000)	Percent change income	Billings 1986 ($000)	Billings 1985 ($000)	Gross income 1986 ($000; national currency)	Billings 1986 ($000; national currency)	Employes 1986	Employes 1985	Percent change	Number offices
DDB Needham Worldwide	Paris	MJ	23,149.5	19,978.7	16.0	154,330.0	133,285.0	165,000.0	1.10 bill.	242	241	0.0	10
Saatchi & Saatchi Compton France	Paris	MJ	21,746.5	17,958.4	21.0	144,990.2	119,782.5	155,000.0	1.03 bill.	255	230	11.0	8
SSC&B:Lintas Worldwide	Paris	MJ	21,635.1	18,245.1	19.0	148,423.1	123,543.0	154,206.0	1.06 bill.	218	211	3.0	4
FCA!	Suresnes	NA	14,072.0	13,623.1	3.0	93,860.7	90,866.3	100,300.0	669,000.0	197	185	6.0	4
McCann-Erickson France	Paris	MJ	12,919.0	12,206.0	6.0	86,170.0	81,414.0	92,083.0	614,194.0	161	155	6.0	N/A
Ogilvy & Mather	Paris	MJ	12,416.6	10,382.2	20.0	82,566.6	69,167.9	88,500.0	588,500.0	150	138	9.0	2
FCB/Effi	Paris	MJ	11,645.0	9,548.5	22.0	77,671.0	63,688.8	83,000.0	553,610.0	168	148	14.0	2
J. Walter Thompson	Paris	MJ	11,574.8	10,219.7	13.0	77,203.6	68,135.0	82,500.0	550,275.0	154	169	-9.0	2
CFRP Alliance	Paris	MJ	11,500.0	10,800.0	6.0	76,700.0	70 850.0	82,000.0	546,670.0	91	88	3.0	N/A
TBWA	Paris	MJ	10,980.0	10,004.8	10.0	73,725.0	66,731.7	78,261.0	525,481.0	110	99	11.0	1
Grey	Paris	MJ	8,592.7	7,358.7	17.0	57,313.1	49,082.8	61,245.0	408,504.0	97	93	4.0	2
Ted Bates	Paris	MJ	8,376.0	7,576.0	11.0	N/A	N/A	59,700.0	N/A	103	112	-8.0	1
Synergie/Bozell, Jacobs, Kenyon & Eckhardt	Paris	MJ	8,277.7	7,604.3	9.0	70,150.0	63,135.0	59,000.0	500,000.0	114	111	3.0	1
CLM/BBDO	Paris	MJ	6,665.0	5,292.1	26.0	43,466.4	34,585.3	47,505.2	309,810.3	97	80	21.0	1
DMB&B	Paris	MJ	6,103.1	7,307.7	-16.0	27,698.9	37,612.3	43,500.0	197,426.0	82	61	34.0	1
M.A.O.	Neuilly	NA	5,275.3	4,068.7	30.0	35,636.2	27,358.5	37,600.0	254,000.0	46	44	5.0	1
BCRC	Paris	NA	5,180.0	4,200.0	23.0	34,300.0	28,000.0	37,000.0	245,000.0	40	50	-20.0	1
Impact	Paris	MN	4,917.7	6,357.3	-23.0	32,801.1	42,403.1	35,051.5	233,793.7	82	101	-19.0	1
Leuthe et Associes	Paris	NA	4,658.0	3,647.8	28.0	25,534.6	19,642.0	33,200.0	182,000.0	35	29	21.0	1
GGK International/Paris	Paris	MJ	4,497.0	4,512.0	-0.0	30,000.0	30,096.0	32,054.6	213,840.0	50	60	-17.0	2
Bordelais Lemeunier/Leo Burnett	Paris	MJ	4,490.0	3,045.0	47.0	29,940.0	20,300.0	32,000.0	213,400.0	61	35	74.0	1
Ogilvy Defrenois Direct	Paris	MJ	4,290.0	3,515.0	22.0	28,614.0	23,445.0	30,581.0	203,975.0	40	46	-13.0	1
Ayer France & Associes	Paris	MJ	4,251.1	4,185.1	2.0	28,354.8	25,545.3	30,300.0	202,101.0	45	52	-13.0	1
RSCG Export	Issy-les-Moulineaux	MJ	3,647.8	2,806.0	30.0	23,991.3	23,149.5	26,000.0	171,000.0	N/A	N/A	N/A	8
Gaudin & Lichtenberg	Paris	MN	3,483.0	3,565.2	-2.0	27,443.0	23,779.6	24,828.0	195,605.0	40	N/A	N/A	1
Eldorado	Paris	MJ	2,623.6	1,964.2	34.0	19,880.5	15,531.2	18,700.0	141,700.0	22	20	10.0	1
Creative Business International	Paris	MJ	2,244.8	4,209.0	-47.0	14,815.6	27,780.0	16,000.0	105,600.0	N/A	N/A	N/A	1
CPV	Paris	MJ	1,971.2	1,936.1	2.0	15,152.4	14,324.6	14,050.0	108,000.0	27	27	0.0	1
Entente Delacroix	Paris	MN	1,280.0	1,245.0	3.0	N/A	N/A	9,125.0	N/A	25	30	-17.0	3
C.P.F.Univas	Paris	MJ	1,202.0	1,150.0	5.0	6,004.0	5,752.0	8,570.0	42,800.0	24	24	0.0	1
Domino Ketchum	Paris	MN	799.7	631.4	27.0	5,456.1	4,209.0	5,700.0	38,888.8	16	12	33.0	1
Merry	Paris	NA	771.7	561.2	38.0	6,313.5	5,050.8	5,500.0	45,000.0	12	10	20.0	1
Bernard Moors & Associes	Paris	MN	771.7	757.6	1.0	N/A	N/A	5,500.0	N/A	18	18	0.0	1
Publicite Claude Michel	Paris	NA	634.2	585.1	8.0	4,229.8	3,903.0	4,520.0	30,148.4	16	15	7.0	1
Herald	Paris	NA	404.8	N/A	N/A	1,949.7	N/A	2,855.0	13,832.7	5	N/A	N/A	1
Mix Communications	Paris	MJ	350.8	252.5	39.0	2,339.5	1,683.7	2,500.0	16,675.0	5	9	-44.0	1
Audour/Soum Scali, McCabe, Sloves	Neuilly	MN	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
GERMANY													**Exchange rate: 0.4436 mark**
Team/BBDO	Duesseldorf	MJ	35,046.0	31,989.0	10.0	233,758.0	213,366.0	DM79,004.0	DM526,957.0	436	426	2.0	6
SSC&B:Lintas	Hamburg	MJ	31,595.4	29,566.4	7.0	210,754.4	197,224.6	71,225.0	475,100.0	394	404	-2.0	2
Ogilvy & Mather	Frankfurt	MJ	27,681.0	21,531.0	29.0	184,500.0	143,593.0	62,402.0	416,000.0	385	330	17.0	7
McCann-Erickson	Frankfurt	MJ	27,547.0	27,947.0	-1.0	183,738.0	186,406.0	62,099.0	414,201.0	336	392	-14.0	N/A
J. Walter Thompson	Frankfurt	MJ	23,270.0	25,309.7	-8.0	155,140.9	168,740.0	52,457.1	349,731.5	341	391	-13.0	7
Young & Rubicam	Frankfurt	MJ	20,430.0	17,613.1	16.0	136,528.0	117,703.0	46,055.0	307,734.1	320	257	25.0	4
Grey-Duesseldorf	Duesseldorf	MJ	18,265.2	18,942.0	-4.0	121,679.5	126,341.0	41,175.0	274,300.0	267	248	8.0	2
Saatchi & Saatchi Compton	Frankfurt	MJ	16,945.5	15,773.0	7.0	112,984.9	105,153.4	38,200.0	254,700.0	206	186	11.0	3
Doyle Dane Bernbach	Duesseldorf	MJ	15,969.6	15,703.4	2.0	106,508.4	104,734.0	36,000.0	240,100.0	244	244	0.0	N/A
Eggert-DYR	Duesseldorf	MN	14,146.4	14,236.9	-1.0	94,353.7	94,601.2	31,889.0	212,700.0	205	199	3.0	4
Wilkens Ayer	Hamburg	MN	14,141.0	13,627.0	4.0	100,482.0	96,074.0	31,878.0	226,514.0	226	216	5.0	2
Michael Conrad & Leo Burnett	Frankfurt	MJ	12,753.1	12,340.1	3.0	85,063.0	82,271.0	28,749.0	191,756.0	199	158	26.0	2
DMB&B	Frankfurt	MJ	11,947.0	13,443.0	-11.0	79,690.0	89,664.0	26,933.0	179,643.0	206	211	-2.0	2
Scholz & Friends	Hamburg	MJ	11,178.1	8,388.7	33.0	74,524.8	55,924.3	25,198.7	168,000.0	145	91	59.0	1
TBWA	Frankfurt	MJ	11,071.0	10,272.9	8.0	73,805.0	68,485.6	24,957.0	166,377.0	106	101	5.0	3
Publicis-Intermarco-Farner	Duesseldorf	MJ	10,114.0	9,449.0	-7.0	67,472.0	63,036.0	22,800.0	152,100.0	120	123	-2.0	4
Ted Bates Werbeagentur	Frankfurt	MJ	9,401.0	8,713.0	8.0	62,703.0	58,114.0	21,192.0	141,351.0	129	130	-1.0	2
Heye Needham & Partner	Munich	MN	9,370.0	9,129.7	3.0	62,503.0	60,906.3	21,122.0	140,900.0	123	129	-5.0	3
GGK Duesseldorf	Duesseldorf	MJ	9,050.0	8,583.7	5.0	59,886.0	57,224.4	20,400.0	135,000.0	114	114	0.0	1
Baums, Mang und Zimmermann	Duesseldorf	NA	9,018.4	8,091.3	11.0	60,153.0	53,943.0	20,330.0	135,601.0	112	106	6.0	1
HCM Duesseldorf	Duesseldorf	MJ	8,561.0	7,807.0	10.0	57,225.0	52,078.0	19,300.0	129,000.0	93	88	6.0	1
Serviceplan	Munich	NA	7,585.6	6,787.1	12.0	50,614.8	45,202.8	17,100.0	114,100.0	78	72	8.0	N/A
Guenter Blaese	Stuttgart	NA	7,528.0	7,446.0	1.0	50,216.0	49,669.0	16,968.1	113,186.9	109	114	-4.0	N/A
von Mannstein Gruppe	Solingen	NA	7,351.3	7,548.3	-3.0	49,017.8	50,348.6	16,572.0	110,500.0	83	88	-6.0	4
Lowe Marschalk Luerzer	Duesseldorf	MJ	7,162.4	6,235.2	15.0	47,773.0	41,589.3	16,146.0	107,694.0	104	135	-16.0	2
Bessere Werbung	Duesseldorf	NA	6,387.4	5,323.2	20.0	42,585.6	35,354.9	14,400.0	96,000.0	43	38	13.0	N/A
Lueders	Cologne	NA	6,121.7	5,545.0	10.0	40,811.2	37,040.6	13,800.0	92,000.0	48	48	0.0	N/A
Spiess & Ermisch	Duesseldorf	NA	5,988.6	7,940.4	-25.0	39,924.0	52,832.8	13,500.0	90,000.0	70	81	-14.0	N/A
Hildmann Simon Rempen & Schmitz/SMS	Duesseldorf	MJ	5,403.4	3,470.4	56.0	35,488.0	23,067.2	12,180.9	80,000.0	53	47	13.0	1
MWI Markenwerbung International	Hamburg	MJ	5,345.0	5,866.0	-9.0	35,651.0	39,166.0	12,050.0	80,374.0	88	85	4.0	1
Acon	Cologne	NA	5,278.8	7,186.3	-27.0	35,221.8	47,731.4	11,900.0	79,400.0	59	74	-20.0	N/A
Ernst & Partner	Duesseldorf	NA	4,968.3	4,036.8	23.0	33,136.9	26,926.5	11,200.0	74,700.0	95	65	46.0	N/A
Borsch Stengel & Partner	Frankfurt	NA	4,790.9	4,081.1	17.0	31,939.2	27,104.0	10,800.0	72,000.0	60	50	20.0	N/A
Springer & Jacoby Werbeagentur	Hamburg	NA	4,573.2	3,016.5	52.0	28,700.9	20,139.4	9,700.0	64,700.0	63	45	40.0	1
FCB Deutschland	Frankfurt	MJ	4,515.0	6,792.0	-34.0	30,118.0	45,305.0	10,179.0	67,894.0	75	87	-14.0	3
RSCG, Butter, Rang	Duesseldorf	MJ	4,302.0	1,910.0	125.0	28,700.0	12,730.0	9,700.0	64,700.0	55	30	83.0	1
Hakuhodo	Duesseldorf	MJ	3,903.7	2,439.8	60.0	26,039.3	16,191.4	8,800.0	58,700.0	45	31	45.0	N/A
Agenta Werbeagentur	Muenster	NA	3,681.9	3,415.7	8.0	24,575.4	22,889.8	8,300.0	55,400.0	52	50	4.0	N/A
Wensauer & Partner	Ludwigsburg	NA	3,420.2	3,016.5	13.0	22,801.0	20,139.4	7,710.0	51,400.0	45	44	2.0	1
GGK Frankfurt	Frankfurt	MJ	2,928.0	2,728.0	7.0	19,518.0	18,188.0	6,600.0	44,000.0	38	30	27.0	1
Die Gilde Werbeagentur	Hamburg	NA	2,694.9	2,428.7	11.0	18,054.5	16,191.4	6,075.0	40,700.0	32	30	7.0	1

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
								($000; national currency)					
Consell	Frankfurt	MJ	2,229.1	4,657.8	-52.0	14,860.6	31,067.5	5,025.0	33,500.0	33	50	-34.0	1
Erdmann & Partner	Duesseldorf	NA	2,218.9	2,423.8	-8.0	14,798.5	16,169.2	5,002.0	33,360.0	29	29	0.0	1
Durana Ketchum	Frankfurt	MN	2,040.6	2,661.6	-23.0	13,620.0	17,837.2	4,600.0	30,700.0	19	20	-5.0	1
Schmittgall Werbeagentur	Stuttgart	NA	1,109.0	887.2	25.0	7,541.2	5,766.8	2,500.0	17,000.0	19	15	27.0	1
Eiler & Riemel/BBDO	Munich	MN	1,020.3	798.5	28.0	6,787.1	5,323.2	2,300.0	15,300.0	35	32	9.0	1
Wirz & Hafner Werbeberatung	Frankfurt	MJ	754.2	754.2	0.0	5,100.0	5,100.0	1,700.0	11,400.0	11	10	10.0	1
Handley, Smith & Partners	Duesseldorf	MJ	457.0	210.0	118.0	2,290.0	1,000.0	1,030.1	5,161.7	8	5	46.0	1
GREECE									**Exchange rate: 0.0071 drachma**				
Spot/Thompson	Athens	MN	2,254.0	1,605.0	40.0	18,460.0	14,243.0	Dr317,444.0	Dr2.60 bill.	75	52	44.0	1
Bold Advertising	Athens	NA	1,927.7	1,434.2	34.0	13,490.0	10,082.0	271,500.0	1.90 bill.	56	51	10.0	1
BBDO Advertising	Athens	MJ	1,288.4	972.7	32.0	8,593.5	6,488.2	181,463.0	1.21 bill.	54	54	0.0	1
Adel-Compton S.A.	Athens	MJ	1,235.4	766.8	61.0	8,591.0	5,112.0	174,000.0	1.21 bill.	45	37	22.0	1
SSC&B: Lintas Athens	Athens	MJ	1,158.3	775.8	49.0	8,392.2	5,860.8	163,145.0	1.18 bill.	35	32	9.0	1
Euro-Leo Burnett Athens	Athens	MJ	1,155.0	980.0	18.0	7,702.0	6,531.0	162,701.0	1.08 bill.	50	54	-7.0	1
McCann-Erickson	Athens	MJ	974.0	613.0	59.0	6,497.0	4,089.0	137,230.0	915,324.0	43	32	34.0	N/A
Olympic/DDB Needham	Athens	NE	947.9	813.3	17.0	6,390.0	5,424.2	133,500.0	900,000.0	30	33	-9.0	1
Alector Advertising	Athens	NA	816.5	642.2	27.0	6,184.1	4,757.0	115,000.0	871,000.0	40	36	11.0	1
J.N. Leoussis Advertising	Athens	NA	795.2	511.2	56.0	5,325.0	3,408.0	112,000.0	750,000.0	30	28	7.0	1
Gnomi/FCB	Athens	MN	791.2	488.9	62.0	5,277.4	3,261.0	111,438.6	743,295.8	54	41	32.0	1
Ted Bates Advertising	Athens	MJ	790.9	814.4	-3.0	5,254.0	5,282.7	[illegible],400.0	740,000.0	40	41	-2.0	2
Lambda Alpha Advertising	Athens	NE	473.2	376.5	26.0	3,943.1	2,538.2	66,643.4	555,362.0	21	21	0.0	1
Grafis Advertising	Athens	MN	467.2	371.3	26.0	3,116.2	2,476.5	65,800.0	438,900.0	29	25	16.0	1
Echo Advertising	Thessaloniki	NA	439.5	324.0	36.0	2,929.9	2,159.8	61,899.9	412,660.0	29	26	12.0	2
Interpress S.A.	Athens	NA	361.1	N/A	N/A	4,100.7	N/A	50,857.7	577,560.2	34	N/A	N/A	1
DMB&B Ergon	Athens	MJ	331.7	305.3	9.0	2,212.8	1,952.5	46,725.0	311,655.0	22	22	0.0	1
Geo II Advertising	Athens	NA	266.1	237.0	12.0	2,334.1	1,517.2	37,477.0	328,752.0	15	12	25.0	1
Epsilon-Epsilon	Athens	NA	222.7	231.0	-4.0	1,782.1	1,136.0	31,366.0	251,000.0	18	15	20.0	1
Sigma Ltd.	Athens	NA	177.5	151.0	18.0	1,184.0	1,006.2	25,000.0	166,750.0	17	17	0.0	1
Chapman/Palavidis	Athens	NA	120.0	99.4	21.0	995.0	745.5	16,900.0	140,000.0	11	11	0.0	1
Interspot	Athens	NA	82.0	47.4	73.0	887.6	602.2	11,560.6	125,016.0	12	8	50.0	1
GUATEMALA									**Exchange rate: 1.00 dollar**				
McCann-Erickson Centroamericana	Guatamala City	MJ	1,826.0	1,045.0	75.0	12,179.0	6,970.0	$1,826.0	$12,179.0	50	45	11.0	N/A
APCU Thompson	Guatemala City	MN	1,331.0	1,035.0	29.0	8,865.0	6,900.3	1,331.0	8,865.0	40	42	-5.0	1
Concepto	Guatemala City	NE	836.5	511.3	64.0	2,963.0	1,324.2	836.5	2,963.0	25	23	9.0	1
FCB Siboney	Guatemala City	MJ	447.2	270.0	66.0	2,982.7	1,800.7	447.2	2,982.7	57	32	78.0	1
Publimerca	Guatemala City	NA	195.3	125.0	56.0	972.0	625.0	195.3	972.0	26	22	18.0	1
HONDURAS									**Exchange rate: 0.4359 lempira**				
McCann-Erickson Centroamericana	Tegucigalpa	MJ	527.0	450.0	17.0	3,515.0	3,002.0	L1,209.0	L8,064.0	29	23	26.0	N/A
APCU de Honduras	Tegucigalpa	MJ	210.0	183.4	15.0	1,400.0	1,222.9	481.8	3,208.7	20	18	11.0	2
HONG KONG									**Exchange rate: 0.1282 HK dollar**				
Leo Burnett Ltd.	Hong Kong	MJ	5,665.0	3,946.0	44.0	37,787.0	26,310.0	HK$44,190.0	HK$294,747.0	168	150	12.0	1
Ogilvy & Mather	Hong Kong	MJ	5,412.7	4,684.8	16.0	36,102.8	31,247.8	42,220.9	281,613.4	135	125	8.0	1
DYR Ltd.	Hong Kong	MJ	3,083.0	2,824.0	9.0	19,676.0	17,452.4	24,048.4	153,472.8	90	88	2.0	2
J. Walter Thompson	Hong Kong	MJ	2,994.0	2,250.0	33.0	19,960.0	15,000.0	23,355.1	155,700.0	93	77	21.0	1
McCann-Erickson	Hong Kong	MJ	2,945.0	2,633.0	12.0	19,643.0	17,562.0	22,971.0	153,217.0	86	90	-4.0	N/A
Ted Bates Ltd.	Hong Kong	MJ	2,904.0	2,501.0	16.0	21,385.1	17,179.8	22,652.4	166,810.7	105	97	8.0	1
AMC-Saatchi & Saatchi	Hong Kong	MJ	2,306.1	1,789.8	29.0	15,384.0	11,931.9	17,988.0	120,000.0	60	57	5.0	1
SSC&B:Lintas	Hong Kong	MJ	2,289.0	1,163.0	97.0	15,268.0	8,029.0	17,855.0	119,093.0	89	39	128.0	1
DDB Needham Worldwide	Hong Kong	MJ	2,156.0	1,370.0	57.0	14,379.0	9,135.0	16,816.0	112,163.0	60	61	-2.0	1
Foote, Cone & Belding	Hong Kong	MJ	1,811.7	1,241.7	46.0	12,084.3	8,282.2	14,132.1	94,261.0	58	45	29.0	1
BBDO Hong Kong Ltd.	Hong Kong	MJ	1,635.0	445.5	267.0	10,897.0	3,116.9	12,750.0	83,000.0	58	34	71.0	1
Mojo MDA S.E. Asia	Hong Kong	NA	1,599.8	N/A	N/A	9,998.7	N/A	2,363.4	14,771.3	69	N/A	N/A	2
People & Grey Advertising	Hong Kong	MJ	1,415.3	1,262.8	12.0	9,440.2	8,422.7	11,040.0	73,636.8	52	50	4.0	1
Synergie Communications	Hong Kong	MN	1,272.0	522.4	143.0	6,682.0	3,484.1	9,921.6	52,119.6	43	32	34.0	1
Bozell, Jacobs, Kenyon & Eckhardt	Hong Kong	MJ	1,025.0	806.0	27.0	6,837.0	5,373.0	7,995.0	53,327.0	43	42	2.0	1
Modern Advertising	Hong Kong	NA	987.0	876.9	13.0	6,580.0	5,845.9	7,700.0	51,333.0	35	33	6.0	1
Far East-Ketchum	Hong Kong	MN	930.0	808.0	15.0	6,200.0	5,389.0	7,254.0	48,360.0	35	35	0.0	1
Results (HK)	Hong Kong	MJ	883.6	705.0	25.0	5,893.5	4,702.5	6,892.2	45,971.2	29	27	7.0	1
DMB&B	Hong Kong	MJ	872.9	732.3	19.0	5,822.7	5,085.8	6,809.0	45,419.0	36	34	6.0	1
Hong Kong (FE) Advertising	Hong Kong	NA	853.5	755.0	13.0	5,690.0	5,034.0	6,658.0	44,380.0	33	33	0.0	1
Lee Davis Advertising	Hong Kong	NA	542.7	657.7	17.0	4,386.0	4,384.4	4,233.0	34,212.0	33	31	6.0	1
Chuo Senko Ad	Hong Kong	NA	384.6	371.8	3.0	2,410.0	2,500.0	3,000.0	18,800.0	17	17	0.0	1
INDIA									**Exchange rate: 0.0805 rupee**				
Hindustan Thompson Associates	Bombay	NE	5,362.5	4,393.3	22.0	35,750.1	29,288.6	Rs66,615.0	Rs444,100.0	700	589	19.0	5
Lintas India	Bombay	MN	4,788.4	3,417.3	40.0	31,938.5	22,793.3	59,483.0	396,751.0	247	235	5.0	5
Ogilvy Benson & Mather	Bombay	MN	2,959.0	2,152.2	37.0	19,737.0	14,348.3	36,758.0	245,175.0	310	288	8.0	6
Everest Advertising	Bombay	MN	2,305.7	1,568.5	47.0	16,051.7	10,461.9	28,642.3	199,400.0	237	205	16.0	4
R.K. Swamy Advertising Associates	Madras	NE	2,173.5	1,811.3	20.0	14,500.0	12,100.0	27,000.0	180,000.0	273	250	9.0	6
Chaitra Advertising	Bombay	NA	1,970.0	1,440.0	36.0	13,140.0	9,620.0	24,500.0	163,300.0	220	217	1.0	3
Advertising & Sales Promotion	New Delhi	NA	1,770.9	1,609.8	10.0	9,838.0	8,943.2	21,870.0	121,500.0	304	295	3.0	7
Jaisons Advertising Private	Bombay	NA	1,557.1	1,354.0	15.0	8,823.4	7,672.5	19,342.4	109,607.1	181	175	3.0	8
Sista's Private Ltd.	Bombay	NE	1,554.2	1,157.1	34.0	10,368.4	7,728.0	19,307.0	128,800.0	250	229	9.0	6

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
								($000; national currency)					
Contract Advertising	Bombay	NE	1,215.6	320.4	279.0	8,108.0	2,131.6	15,100.0	100,720.0	197	66	198.0	5
Shilpi Advertising	Bombay	NA	1,005.0	910.0	10.0	6,706.0	6,071.0	12,490.0	83,308.0	142	136	4.0	4
daCunha Associates	Bombay	NA	970.0	730.0	33.0	6,460.0	4,830.0	12,047.4	80,233.2	66	46	43.0	3
Trikaya Advertising	Bombay	NE	760.0	502.0	51.0	4,660.0	3,390.0	9,420.0	57,850.0	96	93	3.0	4
Pressman Advertising & Marketing	Calcutta	NA	644.0	354.2	82.0	6,842.5	3,501.8	8,000.0	85,000.0	85	78	9.0	4
Creative Unit	Bombay	NA	602.2	545.1	10.0	4,014.7	3,636.1	7,480.8	49,872.0	53	49	8.0	2
National Advertising Service	Bombay	NA	547.4	378.4	45.0	3,622.5	2,616.3	6,800.0	45,000.0	60	54	11.0	4
Contour Advertising	Bombay	NA	458.9	278.9	65.0	2,415.0	1,690.5	5,699.8	3,464.9	56	48	19.0	4
Raka Advertising & Marketing	Bombay	NA	303.5	191.1	59.0	1,803.0	1,377.3	3,770.6	22,397.9	42	39	8.0	1
Apex Advertising	Bombay	NA	241.5	161.1	50.0	2,817.5	1,875.5	3,000.0	35,000.0	65	50	30.0	2
INDONESIA												**Exchange rate: 0.000841 rupiah**	
CITRA: Lintas Indonesia	Jakarta	NE	2,607.0	1,923.0	36.0	17,389.0	12,829.0	Rup3.10 bill.	Rup20.68	77	77	0.0	1
Fortune	Jakarta	NE	836.8	N/A	N/A	5,971.1	N/A	995,000.0	7.10 bill.	45	N/A	N/A	1
P. T. Bates Mulia Indonesia	Jakarta	NE	571.8	494.8	16.0	4,060.3	3,590.0	679,853.0	4.83 bill.	38	38	0.0	1
Ad Force	Jakarta	NE	477.1	289.2	65.0	2,503.5	1,429.7	567,279.0	2.98 bill.	41	34	21.0	1
P.T. Perwanal	Jakarta	MN	455.0	429.0	6.0	2,521.0	2,466.0	541,208.0	3.00 bill.	40	38	5.0	1
P.T. Sulisto Inc.	Jakarta	NE	273.4	227.0	20.0	2,402.0	2,025.0	325,125.0	2.86 bill.	36	40	-10.0	1
IRELAND												**Exchange rate: 1.313 pound**	
McConnells Advertising	Dublin	NA	3,402.3	3,163.7	8.0	22,532.0	20,960.0	I£2,597.2	I£17,200.0	104	104	0.0	2
O'Kennedy-Brindley	Dublin	MJ	2,494.7	2,048.4	22.0	12,867.4	11,379.8	1,900.0	9,800.0	60	48	25.0	1
Wilson Hartnell Advertising	Dublin	MJ	2,368.6	1,926.4	23.0	15,798.8	12,849.1	1,804.0	12,032.6	60	54	11.0	1
Hunter Advertising	Dublin	MJ	2,112.6	1,939.0	9.0	11,742.8	10,772.6	1,609.0	8,943.5	33	35	-6.0	1
Peter Owens	Dublin	NA	2,107.4	1,280.2	65.0	14,049.1	8,534.5	1,605.0	10,700.0	46	43	7.0	1
Brian Cronin & Associates	Dublin	NA	2,017.9	1,627.5	24.0	13,453.0	10,849.3	1,536.9	10,246.0	26	23	13.0	1
Bell Advertising	Dublin	MJ	1,644.1	1,525.5	8.0	10,966.2	10,175.2	1,252.2	8,352.0	42	47	-11.0	1
Young Advertising	Dublin	MJ	1,409.0	1,339.0	5.0	9,388.0	8,928.0	1,073.0	7,150.0	30	30	0.0	1
Arks Alliance	Dublin	MJ	1,383.0	1,941.0	-29.0	9,224.0	12,519.0	1,053.0	7,025.0	30	38	-21.0	1
O'Keeffes Ltd.	Dublin	NA	1,122.8	1,356.7	-17.0	7,245.3	8,602.0	855.2	5,518.1	23	28	-18.0	2
Aubrey Fogarty Associates	Dublin	NA	738.6	689.3	7.0	4,000.0	3,720.0	562.5	3,750.0	22	20	10.0	3
DMB&B Dublin	Dublin	MJ	61.6	N/A	N/A	410.6	N/A	42.0	279.7	4	N/A	N/A	1
ISRAEL												**Exchange rate: 0.675 shekel**	
Israeli agencies are listed in the footnotes at the end of the section.													
ITALY												**Exchange rate: 0.000648 lira**	
McCann-Erickson Italiana	Milan	MJ	23,132.0	19,776.0	17.0	154,290.0	131,906.0	IL35.70 bill.	IL238.11 bill.	298	271	10.0	N/A
Armando Testa	Turin	NA	19,569.6	14,061.6	39.0	131,544.0	94,608.0	30.20 bill.	203.00 bill.	241	205	18.0	3
Young & Rubicam Italia	Milan	MJ	19,440.0	13,737.6	42.0	126,123.0	91,547.0	30.00 bill.	194.63 bill.	199	179	11.0	N/A
J. Walter Thompson Italia	Milan	MJ	16,789.9	14,696.5	14.0	111,988.4	97,981.7	25.91 bill.	172.82 bill.	210	199	6.0	2
Foote, Cone & Belding	Milan	MJ	15,338.1	14,308.3	7.0	102,305.0	95,436.5	23.67 bill.	157.88 bill.	147	190	-23.0	3
Mac Group Italia	Milan	NA	14,058.4	7,212.9	95.0	92,353.0	41,288.0	21.70 bill.	142.52 bill.	131	102	28.0	7
Saatchi & Saatchi Compton	Milan	MJ	13,997.0	6,512.4	115.0	93,312.0	34,840.0	21.60 bill.	144.00 bill.	126	90	40.0	2
Italia/BBDO	Milan	MN	13,122.0	10,692.0	23.0	87,480.0	71,316.0	20.25 bill.	135.00 bill.	118	112	5.0	8
ATA Univas	Milan	MJ	12,629.7	10,385.5	22.0	84,240.0	69,271.2	19.49 bill.	130.00 bill.	110	100	10.0	4
Livraghi Ogilvy & Mather	Milan	MN	10,478.8	8,176.9	28.0	69,893.5	52,646.1	16.17 bill.	107.85 bill.	172	126	37.0	6
TBWA Italia	Milan	MJ	10,213.8	9,072.0	13.0	81,000.0	69,400.0	15.76 bill.	125.00 bill.	112	109	3.0	2
SSC&B:Lintas	Milan	MJ	9,688.1	7,715.4	26.0	68,280.8	55,496.3	14.95 bill.	105.37 bill.	144	134	7.0	3
DMB&B	Bologna	MJ	9,683.2	7,898.0	23.0	64,587.0	52,679.5	14.94 bill.	99.67 bill.	163	141	16.0	4
Milano & Grey	Milan	MJ	8,618.4	7,646.4	13.0	60,264.0	52,812.0	13.30 bill.	93.00 bill.	90	89	1.0	2
Pirella Goettsche Lowe Marschalk	Milan	MJ	5,740.6	4,239.1	35.0	42,860.0	28,275.1	8.86 bill.	66.14 bill.	68	59	15.0	3
RSCG Mezzano Costantini Mignani	Milan	MJ	5,443.0	3,434.0	59.0	47,304.0	31,752.0	8.40 bill.	73.00 bill.	58	50	16.0	1
Ted Bates & Co.	Milan	MJ	5,331.0	4,626.0	15.0	40,697.0	37,015.0	8.23 bill.	62.80 bill.	70	70	0.0	1
P.T. Needham	Milan	MN	4,620.2	4,399.9	5.0	30,812.4	24,624.0	7.13 bill.	47.55 bill.	N/A	37	N/A	1
HCM/WE	Turin	MJ	4,615.0	2,527.5	83.0	30,800.0	16,860.0	7.12 bill.	47.50 bill.	59	38	50.0	2
Publinter Ayer	Milan	MJ	4,523.0	3,395.5	33.0	40,776.0	28,317.6	6.98 bill.	62.93 bill.	63	47	34.0	3
Leo Burnett-Italy	Milan	MJ	4,386.0	3,888.0	13.0	34,992.0	25,919.0	6.77 bill.	54.00 bill.	69	64	8.0	1
Bozell, Jacobs, Kenyon & Eckhardt e Associati	Milan	JV	4,276.8	3,045.6	40.0	35,834.0	21,708.0	6.60 bill.	55.30 bill.	56	42	33.0	2
CBC	Milan	NA	3,615.8	5,896.8	-39.0	24,105.6	39,333.6	5.58 bill.	37.20 bill.	34	69	-51.0	2
B Communications	Milan	NE	3,602.9	3,166.1	14.0	31,897.2	25,330.3	5.56 bill.	49.22 bill.	45	41	10.0	1
Promarco Advertising	Milan	NA	2,730.0	1,542.2	77.0	19,500.0	11,016.0	4.20 bill.	30.00 bill.	30	20	50.0	1
Michele Rizzi/GGK	Milan	MJ	2,665.0	2,151.4	24.0	19,500.0	15,409.4	4.10 bill.	30.00 bill.	21	27	-22.0	1
BRB	Milan	NA	2,500.0	2,285.0	9.0	16,000.0	15,230.0	3.68 bill.	23.53 bill.	28	26	8.0	2
PubbliMarket Alliance	Milan	MN	1,924.6	1,153.4	67.0	13,550.0	9,201.6	2.97 bill.	20.90 bill.	24	23	4.0	2
Publicis Milano	Milan	MJ	1,623.0	1,633.0	-1.0	14,132.0	11,162.0	2.51 bill.	21.1 bill.	31	27	15.0	1
Gandin & Associati	Milan	NA	1,274.0	1,587.6	-20.0	7,800.0	9,720.0	1.87 bill.	11.47 bill.	N/A	N/A	N/A	1
Columbia Marketing	Milan	MJ	1,134.8	682.9	66.0	7,565.4	4,552.8	1.75 bill.	11.68 bill.	12	-12	0.0	1
Dorland Italiana	Milan	MN	1,069.2	939.6	14.0	7,128.0	6,264.0	1.65 bill.	11.00 bill.	22	29	-24.0	2
CCP Positioning	Milan	NA	972.0	648.0	50.0	6,480.0	4,536.0	1.50 bill.	10.00 bill.	12	10	20.0	1
Broucc & DDB	Milan	MN	945.4	N/A	N/A	6,826.0	N/A	1.46 bill.	10.53 bill.	23	N/A	N/A	1
Pubbli Dan Wirz	Milan	MN	842.4	712.8	18.0	5,619.0	4,754.0	1.30 bill.	8.67 bill.	15	13	15.0	1
IVORY COAST												**Exchange rate: 0.02806 CFA franc**	
SSC&B:Lintas Worldwide	Abidjan	MJ	886.7	671.9	32.0	5,914.1	4,481.3	CFA315,993.0	CFA2.11 bill.	15	13	15.0	1

Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
			($000)			($000)		($000; national currency)					
JAMAICA													**Exchange rate: 0.1927 J dollar**
Dunlop Corbin Compton	Kingston	MJ	878.2	658.9	33.0	5,857.2	4,394.7	J$4,556.8	J$30,395.4	40	37	8.0	1
McCann-Erickson (Jamaica)	Kingston	MJ	747.0	646.0	16.0	4,982.0	4,309.0	3,877.0	25,860.0	39	37	5.0	N/A
Lindo/FCB Communications	Kingston	MN	299.8	239.9	25.0	1,999.9	1,600.3	1,556.0	10,378.4	26	26	0.0	1
JAPAN													**Exchange rate: 0.005769 yen**
Dentsu Inc.	Tokyo	NA	681,000.0	661,230.0	3.0	5.31 bill.	5.07 bill.	Y118.05 bill.	Y920.86 bill.	5,673	5,643	1.0	34
Hakuhodo Inc.	Tokyo	NA	309,579.0	280,457.7	10.0	2.27 bill.	2.16 bill.	53.66 bill.	394.29 bill.	2,957	2,911	2.0	21
Dai-Ichi Kikaku	Tokyo	NA	98,739.0	94,822.0	4.0	724,281.0	677,880.0	17.12 bill.	125.54 bill.	574	560	3.0	11
Tokyu Advertising Agency	Tokyo	NA	83,801.5	74,202.1	13.0	646,963.1	629,866.1	14.53 bill.	112.14 bill.	742	711	4.0	7
Daiko Advertising	Osaka	NA	82,040.0	81,905.0	0.0	693,735.0	688,449.0	14.22 bill.	120.25 bill.	1,370	1,375	0.0	37
I&S Corp.	Tokyo	NA	51,822.8	48,424.3	7.0	398,637.0	348,383.4	8.98 bill.	69.10 bill.	700	680	3.0	14
Asatsu	Tokyo	MN	51,101.8	46,440.5	10.0	400,662.8	362,927.8	8.86 bill.	69.45 bill.	626	600	4.0	11
McCann-Erickson Hakuhodo	Tokyo	MJ	50,346.0	46,189.0	9.0	335,808.0	308,081.0	8.73 bill.	58.21 bill.	467	478	-2.0	N/A
Yomiko Advertising	Tokyo	NA	48,918.4	48,389.8	1.0	361,823.9	363,026.4	8.48 bill.	62.72 bill.	673	700	-4.0	12
Asahi Advertising	Tokyo	NE	44,556.2	44,764.0	0.0	280,518.6	275,223.7	7.72 bill.	48.63 bill.	793	846	-6.0	27
Chuo Senko Advertising	Tokyo	NA	31,900.0	32,300.0	-1.0	224,400.0	223,000.0	5.53 bill.	38.91 bill.	301	305	-1.0	8
Nihon Keizaisha Advertising	Tokyo	NA	25,548.0	23,415.4	9.0	152,651.5	148,086.6	4.43 bill.	26.46 bill.	463	454	2.0	12
Man-Nen-Sha	Osaka	NE	25,364.3	23,995.9	6.0	339,489.0	325,096.6	4.40 bill.	58.85 bill.	492	498	-1.0	13
Kyodo Advertising	Tokyo	NA	25,292.3	24,987.5	1.0	168,615.8	166,583.4	4.38 bill.	29.23 bill.	380	388	-2.0	10
Orikomi Advertising	Tokyo	NA	24,965.7	25,173.8	-1.0	241,287.0	234,301.7	4.33 bill.	41.82 bill.	355	347	2.0	5
J. Walter Thompson Japan	Tokyo	MJ	23,040.8	23,554.6	-2.0	153,681.9	157,038.6	3.99 bill.	26.64 bill.	311	323	-4.0	2
Meitsu Advertising	Tokyo	NA	19,972.0	19,291.5	4.0	124,841.0	120,572.1	3.46 bill.	21.64 bill.	275	275	0.0	7
DYR K.K.	Tokyo	MJ	19,899.0	17,714.0	12.0	151,551.6	135,283.1	3.45 bill.	26.27 bill.	221	216	2.0	1
Nihon Keizai Advertising	Tokyo	NA	16,164.7	12,974.5	25.0	115,455.0	99,774.9	2.80 bill.	20.01 bill	286	268	7.0	8
Tokyu Agency International	Tokyo	NA	15,399.2	15,813.9	-3.0	121,100.4	125,937.5	2.67 bill.	20.99 bill.	225	229	-2.0	1
Kyowa Advertising	Tokyo	NA	13,066.8	13,378.3	-2.0	94,034.7	96,307.2	2.27 bill.	16.30 bill.	198	208	-5.0	8
Standard Advertising	Tokyo/Osaka	NA	12,224.5	13,274.5	-8.0	99,803.7	108,364.9	2.12 bill.	17.30 bill.	148	149	-1.0	2
Grey Daiko Advertising	Tokyo	JV	8,572.7	9,432.3	-9.0	57,182.3	62,916.7	1.49 bill.	9.91 bill.	134	138	-3.0	1
K&L Inc.	Tokyo	NA	7,029.0	8,962.0	-22.0	46,880.0	59,777.0	1.22 bill.	8.13 bill.	149	126	18.0	1
Leo Burnett-Kyodo	Tokyo	MJ	5,016.4	3,533.1	42.0	33,444.0	23,555.0	869,545.0	5.80 bill.	54	45	20.0	1
DFS Dorland/Tokyo	Tokyo	MN	3,754.6	3,365.2	12.0	13,199.6	14,034.1	650,817.0	2.29 bill.	34	33	3.0	1
Cove-Ito Advertising	Tokyo	NA	2,422.0	1,528.0	59.0	6,922.0	4,327.0	420,000.0	1.20 bill.	28	25	12.0	2
Orikomi Bates	Tokyo	MN	2,028.2	1,724.3	18.0	18,674.0	13,620.9	351,567.0	3.24 bill.	29	26	12.0	1
Ketchum Advertising (Japan)	Tokyo	MJ	1,823.0	1,916.0	-5.0	17,133.9	17,999.3	316,083.0	2.97 bill.	25	26	-4.0	1
Meitsu BJK&E	Tokyo	MN	1,416.9	1,325.6	7.0	8,285.6	7,941.8	245,600.0	1.44 bill.	24	24	0.0	1
Dentsu S&H	Tokyo	MJ	1,059.0	911.0	16.0	5,382.4	4,629.9	183,574.4	932,986.4	12	11	1.0	1
Yomiko DFS International	Tokyo	MN	940.6	616.5	53.0	6,994.9	4,347.7	163,044.5	1.21 bill.	17	15	13.0	1
Ogilvy & Mather (Japan)	Tokyo	MJ	564.0	192.0	194.0	3,762.0	1,281.0	97,693.0	651,612.0	7	6	17.0	1
DMB&B Japan	Tokyo	MJ	408.0	276.0	48.0	2,902.0	1,685.0	70,822.0	503,000.0	3	4	-25.0	1
Foote, Cone & Belding (Japan)	Tokyo	MJ	344.4	149.9	130.0	2,297.2	999.6	59,700.0	398,200.0	10	6	67.0	1
SSC&B Lintas Worldwide Tokyo	Tokyo	MJ	N/A	N/A	N/A	40,613.8	N/A	N/A	7.04 bill.	51	31	65.0	1
KENYA													**Exchange rate: 0.0704 shilling**
McCann-Erickson (Kenya)	Nairobi	MJ	760.0	698.0	8.0	5,069.0	4,656.0	KSh10,795.0	KSh72,003.0	41	35	17.0	N/A
Ogilvy & Mather (Eastern Africa)	Nairobi	MJ	382.2	376.6	1.0	1,675.4	1,601.4	542,946.0	2,379.8	44	46	-4.0	1
KUWAIT													
Madco Kuwait	Kuwait	NA	330.0	440.0	-25.0	1,500.0	2,000.0	N/A	N/A	N/A	N/A	N/A	N/A
LEBANON													**Exchange rate: 0.0387 L pound**
H. & C. Leo Burnett	Beirut	MJ	2,759.0	882.4	213.0	18,394.3	5,903.3	Leb£71,292.0	Leb£475,304.0	79	79	0.0	2
Grant Advertising & Associates	Athens	MN	480.5	1,035.0	-54.0	2,058.4	6,902.0	12,416.8	53,187.8	N/A	N/A	N/A	3
Enterprise Middle East	Athens	MJ	297.0	328.0	-9.0	1,980.0	2,187.0	N/A	N/A	4	3	33.0	1
Madco Beirut	Beirut	NA	75.0	75.0	N/A	600.0	600.0	N/A	N/A	N/A	N/A	N/A	1
MALAWI													**Exchange rate: 0.5481 kwacha**
Graphic: Lintas Malawi	Blantyre	MN	94.9	148.5	N/A	514.1	798.0	Mk173.1	Mk937.9	20	23	-13.0	1
MALAYSIA													**Exchange rate: 0.4330 M dollar**
Ogilvy & Mather	Kuala Lumpur	MN	3,542.0	3,873.0	-9.0	23,625.0	25,831.0	M$8,180.0	M$54,560.0	132	132	0.0	1
PTM Thompson Advertising	Kuala Lumpur	MN	2,425.0	2,295.0	6.0	16,200.0	15,300.0	5,600.0	37,352.0	107	110	-3.0	1
KHK Needham Standard	Kuala Lumpur	MN	2,303.0	2,194.5	5.0	16,767.1	16,606.8	5,318.7	38,723.1	90	93	-3.0	1
AMC-Saatchi & Saatchi	Kuala Lumpur	MN	2,286.2	2,273.3	1.0	15,241.6	15,155.0	5,280.0	35,200.0	58	62	-6.0	1
Leo Burnett	Kuala Lumpur	MN	2,174.0	2,027.0	7.0	14,492.0	13,513.0	5,020.0	33,468.0	83	87	-5.0	1
SSC&B:Lintas	Kuala Lumpur	MN	1,881.3	2,128.9	-12.0	12,548.3	14,199.7	4,344.8	28,979.9	70	79	-11.0	2
Ted Bates (Malaysia)	Kuala Lumpur	MN	1,323.6	1,668.4	-21.0	9,879.4	12,136.1	3,056.7	22,816.3	63	71	-11.0	1
McCann-Erickson	Kuala Lumpur	MN	1,162.0	1,312.0	-11.0	7,751.0	8,751.0	2,684.0	17,902.0	35	47	-26.0	N/A
AP:Foote, Cone & Belding	Kuala Lumpur	MN	976.0	957.0	2.0	6,510.0	6,383.0	2,255.0	15,041.0	60	54	11.0	1
Wings Creative	Kuala Lumpur	MN	900.0	1,125.8	-20.0	6,000.0	7,570.0	2,100.0	14,000.0	60	65	-8.0	1
DYR	Kuala Lumpur	MN	889.0	1,285.0	-31.0	6,487.0	7,139.0	2,053.1	14,978.5	45	44	2.0	1
Bozell, Jacobs, Kenyon & Eckhardt	Selangor	MN	737.0	830.0	-11.0	3,353.0	5,535.0	1,702.1	7,743.8	47	48	-2.0	1
Francis Lim Zulkifli & Ayer	Kuala Lumpur	MN	418.3	388.1	8.0	2,790.2	1,688.9	966.1	6,443.9	28	26	8.0	1

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986 ($000; national currency)	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
Grant Advertising	Petaling Jaya	MN	355.2	375.0	-5.0	2,123.0	2,253.0	820.3	4,903.0	22	15	47.0	1
Grey Advertising	Kuala Lumpur	MN	229.9	N/A	N/A	1,532.8	N/A	531.0	3,540.0	N/A	N/A	N/A	1.0
Dancer Fitzgerald Sample	Kuala Lumpur	MN	385.4	65.0	N/A	1,147.5	303.1	890.0	2,650.0	21	36	-42.0	1
MEXICO													**Exchange rate: 0.00182 peso**
Publicidad Ferrer	Mexico City	NA	5,799.0	7,016.9	N/A	38,660.1	46,781.3	Ps3.19 bill.	Ps21.24 bill.	153	147	5.0	1
McCann-Erickson	Mexico City	MJ	5,268.0	5,353.2	N/A	35,138.0	35,705.6	2.89 bill.	19.31 bill.	242	231	5.0	N/A
J. Walter Thompson de Mexico	Mexico City	MJ	4,401.0	4,829.6	N/A	29,354.5	32,197.2	2.42 bill.	16.13 bill.	178	193	-8.0	1
Noble y Asociados	Mexico City	MJ	4,331.7	5,081.6	N/A	25,480.3	24,568.3	2.38 bill.	14.00 bill.	346	420	-18.0	1
Garcia Patto Internacional	Mexico City	NA	3,600.9	4,087.9	N/A	24,005.8	27,252.7	1.98 bill.	13.19 bill.	92	108	-15.0	1
Leo Burnett Co.	Mexico City	MJ	2,635.0	2,839.2	N/A	17,569.0	18,928.8	1.45 bill.	9.65 bill.	123	106	16.0	1
Panamericana Ogilvy & Mather	Mexico City	MN	2,217.0	3,011.2	N/A	14,622.2	20,084.5	1.22 bill.	8.03 bill.	125	132	-5.0	1
Young & Rubicam	Mexico City	MJ	1,973.0	2,049.0	N/A	13,160.0	13,652.4	1.08 bill.	7.23 bill.	106	97	9.0	1
Iconic	Mexico City	NE	1,585.2	1,860.0	N/A	10,556.0	12,276.0	871,000.0	5.80 bill.	62	85	-27.0	1
Paulino Romero	Mexico City	NA	1,584.7	2,000.2	N/A	10,439.5	13,064.6	870,725.0	5.74 bill.	104	103	1.0	1
Bozell, Jacobs, Kenyon & Eckhardt	Mexico City	MN	1,569.1	1,261.6	N/A	10,460.7	8,719.3	862,149.0	5.75 bill.	87	70	24.0	1
Dieste, Merino/BBDO	Mexico City	MN	1,313.2	1,567.0	N/A	9,100.3	11,692.7	721,544.0	5.00 bill.	48	50	-4.0	1
Scali, McCabe, Sloves de Mexico	Mexico City	MJ	1,152.2	613.8	N/A	7,681.4	4,091.9	633,086.0	4.22 bill.	68	41	66.0	1
SSC&B:Lintas Mexico	Mexico City	MJ	955.0	326.4	N/A	6,370.0	2,130.1	524,725.0	3.50 bill.	68	25	172.0	1
Publicidad D'Arcy	Mexico City	MJ	913.5	1,396.0	N/A	6,400.6	9,311.3	501,935.1	3.52 bill.	80	85	-6.0	1
Teran Publicidad	Mexico City	NA	642.2	755.1	N/A	4,355.3	5,479.6	352,835.0	2.39 bill.	58	65	-11.0	1
Grey Mexico	Mexico City	MJ	639.4	796.8	N/A	4,264.8	5,314.8	351,300.0	2.25 bill.	46	42	10.0	1
Foote, Cone & Belding	Mexico City	MJ	636.9	545.6	N/A	4,248.2	3,639.1	349,953.8	2.33 bill.	50	42	19.0	1
Montenegro/Saatchi & Saatchi Compton	Mexico City	MJ	631.8	572.0	N/A	4,211.9	3,813.0	347,143.0	2.31 bill.	28	30	-7.0	1
DDB Needham Worldwide	Mexico City	MJ	144.2	158.6	N/A	9,744.4	10,717.5	792,399.0	5.35 bill.	69	86	-20.0	1

With Mexican agencies, AA altered its procedure in determing an agency's "real growth" (applying 1986 exchange rates to 1985 returns) because it primarily shows the impact of inflation in that economy. Dollar figures for 1985 are based on the average annual exchange rate (.00372) for that year.

MOROCCO													**Exchange rate: 0.1260 dirhan**
Shem's Publicite	Casablanca	NA	363.8	285.9	27.0	3,717.0	3,049.2	DH2,887.0	DH29,500.0	24	27	-11.0	1
NAMIBIA													**Exchange rate: 0.4294 rand**
SSC&B: Lintas Nambia	Windhoek	MJ	13.3	11.5	16.0	805.2	711.3	R30.9	R187.5	1	1	0.0	1
NETHERLANDS													**Exchange rate: 0.3934 guilder**
FHV/BBDO Group	Amstelveen	MJ	17,809.2	14,469.5	23.0	118,728.1	96,461.7	Dfl 45,270.0	Dfl 301,800.0	N/A	N/A	N/A	N/A
PMSvW/Young & Rubicam	Amsterdam	MJ	15,085.3	13,781.6	9.0	100,697.0	91,996.0	38,346.0	255,971.8	204	186	10.0	1
O&M (Nederland)	Amsterdam	MJ	12,186.0	9,585.0	27.0	81,830.0	63,927.5	30,976.0	208,007.0	217	179	21.0	o
Saatchi & Saatchi Compton	Amsterdam	MJ	8,613.5	7,488.4	15.0	57,423.4	49,961.8	21,895.0	145,967.0	110	75	47.0	4
PPGH/Moussault	Amsterdam	MN	8,505.7	7,355.4	16.0	56,733.0	49,060.5	21,621.0	144,212.0	87	80	9.0	N/A
Prad Alliance	Amsterdam	MJ	7,400.0	6,800.0	9.0	49,200.0	45,200.0	18,700.0	125,000.0	65	67	-3.0	1
Lintas Netherlands	Amsterdam	MJ	7,395.0	7,293.9	1.0	54,986.0	52,553.9	18,797.5	139,771.1	113	113	0.0	1
McCann-Erickson (Nederland)	Amsterdam	MJ	6,977.0	5,933.0	18.0	46,537.0	39,573.0	17,736.0	118,299.0	103	103	0.0	N/A
Noordervliet & Winninghoff/ Leo Burnett	Amsterdam	MJ	6,267.0	6,162.0	2.0	41,779.0	41,031.0	15,930.0	106,200.0	114	91	25.0	1
ARA B.V.	Rotterdam	MJ	6,242.5	5,951.7	5.0	41,615.4	39,678.3	15,868.0	105,784.0	70	60	17.0	1
J. Walter Thompson Co.	Amsterdam	MJ	5,376.2	5,972.2	-10.0	35,858.9	39,816.7	13,665.9	91,151.3	95	97	-2.0	2
Geudeker Oerlemans & Needham	Amstelveen	MN	5,310.0	4,023.0	32.0	35,424.0	26,836.0	13,500.0	90,045.0	67	55	22.0	2
DMM/Result	Amsterdam	MJ	4,621.0	4,609.0	0.0	30,824.0	30,740.0	11,747.0	78,352.0	70	70	0.0	1
Publicis	Amsterdam	MJ	4,412.0	4,220.0	5.0	29,416.0	28,133.0	11,216.0	74,773.0	73	76	-4.0	2
HCM Netherlands	The Hague	MJ	4,248.7	5,310.9	-20.0	28,324.8	35,406.0	10,800.0	72,000.0	68	81	-16.0	2
Allick/Bates B.V.	Amsterdam	MJ	4,242.0	1,677.0	153.0	31,141.0	12,346.0	10,783.0	79,158.0	77	33	133.0	1
TBWA	Amsterdam	MJ	4,208.0	2,921.8	44.0	28,298.0	23,316.4	10,696.0	71,932.0	51	34	50.0	1
H.V.R.	Amstelveen	MJ	3,780.0	3,380.0	12.0	25,180.0	22,540.0	9,600.0	64,000.0	N/A	50	N/A	N/A
B&B Advertising	Amsterdam	MJ	3,600.1	3,589.1	0.0	24,000.6	23,927.6	9,151.2	61,008.2	55	55	0.0	1
Doyle Dane Bernbach	Amsterdam	MJ	3,551.4	3,006.2	18.0	23,687.9	20,051.4	9,027.5	60,213.2	46	42	10.0	2
Grey Advertising	Amsterdam	MJ	3,104.5	2,027.9	53.0	20,689.6	13,523.8	7,891.4	52,591.8	54	42	29.0	1
FCB Netherlands	Amsterdam	MJ	3,030.4	3,986.3	-24.0	20,212.5	26,588.7	7,703.0	51,379.0	51	60	-15.0	1
Ayer Group/Netherlands	Amsterdam	MJ	2,706.2	2,804.1	-3.0	18,040.9	18,568.5	6,879.0	45,859.0	49	49	0.0	4
GGK Amsterdam	Amsterdam	MJ	2,507.0	2,478.5	1.0	16,720.0	16,523.0	6,372.0	42,501.0	38	30	27.0	1
Baas en van Haastrecht	Rotterdam	NA	2,384.0	2,254.2	6.0	15,893.4	15,027.9	6,060.0	40,400.0	37	37	0.0	1
Van Jaarsfeld/Fontein	Eindhoven	MJ	1,622.8	1,298.2	25.0	10,818.5	8,654.8	4,125.0	27,500.0	29	22	32.0	1
Schulte & Partners	Lochem	NA	1,534.3	1,416.2	8.0	10,267.7	9,559.6	3,900.0	26,100.0	24	22	9.0	1
Hettinga, De Lang, Possel, De Boers Reclamebureau	Amsterdam	NA	1,369.0	1,180.2	16.0	9,126.9	7,868.0	3,480.0	23,200.0	22	13	69.0	1
Klein/Theeuwes/Vandermeulen	Amsterdam	MJ	1,328.0	1,002.0	22.0	8,850.0	7,280.0	3,375.0	22,500.0	18	16	13.0	1
DFS Dorland	Amsterdam	MJ	1,298.2	2,242.4	-42.0	8,654.8	14,949.2	3,300.0	22,000.0	23	50	-54.0	1
Smits & Palm Advertising	Amsterdam	NA	1,298.2	1,125.1	15.0	8,222.1	7,010.4	3,300.0	20,900.0	15	13	15.0	1
Lowe Marschalk Postma & Partners	Amsterdam	MJ	1,279.0	1,184.5	8.0	8,530.0	7,900.7	3,251.0	21,684.0	20	16	25.0	1
RSCG van Diggele, Janzen, Schoenmaker	Amsterdam	MJ	1,140.0	872.0	31.0	7,868.0	5,743.0	2,900.0	20,000.0	20	12	67.0	1
Continental Advertising	The Hague	NA	629.4	550.8	14.0	6,294.4	5,901.0	1,600.0	16,000.0	13	13	0.0	2
Bode Bosman & Kompagnons	Amsterdam	NA	569.6	567.3	0.0	6,294.0	6,294.0	1,448.0	16,000.0	N/A	N/A	N/A	N/A

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986 ($000; national currency)	Employes 1986	Employes 1985	Employes Percent change	Number offices
NEW ZEALAND													**Exchange rate: 0.5252 NZ dollar**
Colenso Communications	Auckland	MN	5,765.1	5,009.9	15.0	28,825.6	25,049.4	NZ$10,977.0	NZ$54,885.0	N/A	N/A	N/A	2
MDA Mackay King Advertising	Auckland	NE	5,142.9	3,430.0	50.0	21,428.9	14,295.4	9,792.3	40,801.3	73	71	3.0	2
USP Needham New Zealand	Wellington	MJ	4,549.1	4,159.5	9.0	23,292.1	21,313.0	8,661.6	44,349.1	84	92	-9.0	3
Ted Bates New Zealand	Wellington	MN	4,400.0	3,400.0	29.0	22,000.0	17,000.0	8,400.0	42,000.0	74	74	0.0	3
DMB&B	Auckland	MJ	3,805.0	3,059.0	24.0	20,013.0	16,116.0	7,244.0	38,106.0	75	84	-11.0	3
Saatchi & Saatchi Compton	Wellington	MJ	3,768.8	3,520.4	7.0	18,884.2	17,179.9	7,176.0	35,880.0	77	80	-4.0	3
Haines Advertising	Auckland	NA	3,217.1	2,743.9	17.0	21,447.2	18,292.4	6,125.4	40,836.3	105	90	17.0	5
Dobbs-Wiggins McCann-Erickson	Auckland	MJ	3,190.0	2,688.0	19.0	21,277.0	17,929.0	6,073.0	40,507.0	73	82	-11.0	N/A
Ogilvy & Mather	Wellington	MJ	3,132.5	2,208.6	41.8	20,893.9	14,731.1	5,964.4	39,782.7	95	72	32.0	7
Leo Burnett	Auckland	MJ	2,436.9	1,575.6	55.0	12,184.6	9,453.6	4,640.0	23,200.0	40	50	-20.0	2
Rialto Advertising	Auckland	MN	2,413.3	1,451.1	66.0	12,066.5	7,255.6	4,595.0	22,975.0	N/A	N/A	N/A	2
SSC&B:Lintas	Wellington	MJ	1,809.0	1,271.0	42.0	8,867.0	6,422.0	3,445.0	16,883.0	46	40	15.0	2
Ward & Grey Advertising	Auckland	MN	986.0	927.6	6.0	4,695.0	4,417.0	1,877.3	8,939.5	11	11	0.0	1
Mainstream/FCB	Auckland	MJ	965.4	817.0	18.0	6,439.1	5,449.4	1,838.1	12,260.3	23	20	15.0	1
Hutcheson Knowles Marinkovich	Auckland	MN	880.8	529.4	66.0	4,403.8	2,646.0	1,677.0	8,385.0	N/A	N/A	N/A	1
Andrew & Young	Auckland	NA	336.1	159.4	111.0	1,680.3	664.3	639.9	3,199.3	9	9	0.0	1
NORWAY													**Exchange rate: 0.1343 kroner**
Ted Bates	Oslo	MJ	12,522.0	12,910.5	-3.0	74,342.4	86,070.0	NKr93,237.0	NKr553,555.0	232	229	1.0	1
ScanPartner Norge	Oslo	NA	6,694.9	4,885.2	37.0	44,632.5	32,568.3	49,850.1	332,334.5	202	152	33.0	16
Scaneco-Young & Rubicam	Oslo	MJ	5,738.0	3,990.0	44.0	38,272.0	26,612.0	42,748.0	284,973.3	114	70	63.0	N/A
Ogilvy & Mather Norway	Oslo	MJ	4,427.4	4,190.6	6.0	28,726.8	27,385.0	32,966.6	213,900.1	65	65	0.0	1
B&B A/S	Oslo	MJ	4,418.0	4,279.0	3.0	19,917.0	19,469.0	32,900.0	148,300.0	80	86	-7.0	2
B&L Creative Service	Oslo	MJ	2,917.0	2,858.0	2.0	19,457.2	18,443.0	21,721.0	144,879.0	44	45	-2.0	2
SSC&B: Lintas Norway	Oslo	MN	2,453.9	1,400.2	75.0	34,404.3	25,664.2	18,272.0	256,175.0	76	75	1.0	3
Reklamens Hus/McCann	Oslo	MJ	2,428.0	2,355.0	3.0	16,195.0	15,708.0	18,082.0	120,607.0	35	44	-20.0	N/A
Ottesen Bates	Stavanger	MN	2,149.0	2,015.0	7.0	14,332.0	15,509.0	16,000.0	106,720.0	32	32	0.0	1
Foote, Cone & Belding A/S	Oslo	MN	1,634.0	1,376.0	19.0	10,896.0	9,181.0	12,164.0	81,134.0	22	22	0.0	1
Anderson & Lembke	Oslo	MJ	1,577.0	1,175.1	7.0	9,466.0	7,632.0	11,742.0	70,488.0	23	20	5.0	1
Grey A/S	Oslo	MN	1,385.2	1,073.2	29.0	9,240.0	7,158.2	10,314.0	68,794.4	30	20	50.0	2
Schjaerven/J.W.T	Oslo	NE	1,322.9	1,281.0	3.0	8,823.6	8,540.7	9,850.2	65,700.6	22	21	5.0	1
Jenssen & Borkenhagen	Oslo	NA	1,281.9	958.0	34.0	18,667.7	13,698.6	9,545.0	139,000.0	23	21	10.0	1
Bates Bergen	Bergen	MJ	1,250.6	1,341.3	-7.0	8,342.0	10,510.0	9,312.0	62,111.0	23	30	-23.0	1
Ekko Bates A/S	Trondheim	MJ	995.3	986.0	1.0	6,639.0	6,408.0	7,411.0	49,431.0	20	19	5.0	1
B.J. Kverneland A/S	Oslo	NA	619.9	463.3	34.0	5,300.0	3,200.0	4,616.1	38,000.0	14	16	-13.0	1
Ervaco Norway	Oslo	NA	402.9	358.2	12.0	1,208.7	1,194.0	3,000.0	9,000.0	N/A	N/A	N/A	N/A
PAKISTAN													**Exchange rate: 0.0611 rupee**
R: Lintas (Private)	Karachi	NE	1,001.1	797.0	26.0	6,674.0	5,312.0	R16,388.0	R109,253.0	71	66	8.0	1
Orient Advertisers	Karachi	NA	733.2	576.2	27.0	4,888.0	3,841.5	12,000.0	80,000.0	150	116	29.0	5
Asiatic Advertising	Karachi	NA	439.9	353.8	24.0	2,932.8	2,358.5	7,200.0	48,000.0	95	82	16.0	1
Prestige Advertising	Karachi	NA	286.0	260.0	10.0	1,907.8	1,734.4	4,681.4	31,224.9	51	52	-2.0	2
G.H. Thaver & Co.	Karachi	NA	146.9	117.2	25.0	1,111.0	887.4	2,404.2	18,183.5	19	17	12.0	1
ABM Advertising	Karachi	NA	87.1	77.9	12.0	580.5	519.4	1,425.0	9,500.0	20	17	18.0	1
PANAMA													**Exchange rate: 1.00 dollar**
Campagnani, Aleman Publicidad	Panama City	NE	1,255.0	1,203.0	4.0	5,300.0	5,623.0	$1,255.0	$5,300.0	47	50	-6.0	N/A
McCann-Erickson de Panama	Panama City	MJ	969.0	1,114.0	-13.0	6,463.0	7,430.0	969.9	6,463.0	36	38	-5.0	N/A
APCU de Panama	Panama City	NA	250.0	225.0	11.0	1,665.0	1,500.0	250.0	1,665.0	16	15	7.0	1
PARAGUAY													**Exchange rate: 0.00162 guarani**
J. Walter Thompson	Asuncion	MJ	96.2	87.1	10.0	641.7	581.0	G59,382.5	G396,081.3	10	9	11.0	1
McCann-Erickson (Paraguay)	Asuncion	MJ	27.0	23.0	17.0	180.0	153.0	16,605.0	110,755.0	0	0	0.0	N/A
PERU													**Exchange rate: 0.071 inti**
J. Walter Thompson	Lima	MJ	1,328.6	615.4	N/A	8,861.9	4,103.0	In18,713.0	In124,815.7	89	87	2.0	1
McCann-Erickson (Peru)	Lima	MJ	1,088.0	522.0	N/A	7,257.0	3,482.0	15,317.0	102,164.0	69	75	-8.0	N/A
CNP & Grey	Lima	ND	594.6	328.6	N/A	3,963.9	2,190.4	8,374.3	55,829.2	74	70	6.0	1
Publicistas Asociados	Lima	NE	564.8	954.0	N/A	3,053.0	6,360.0	7,955.0	43,000.0	48	51	-6.0	1
PHILIPPINES													**Exchange rate: 0.0511 peso**
J. Walter Thompson	Manila	MJ	2,459.7	2,314.0	6.0	16,406.0	15,434.5	Ps48,134.5	Ps321,057.4	208	195	7.0	1
McCann-Erickson	Manila	MJ	1,923.0	1,329.0	45.0	12,826.0	8,864.0	37,635.0	251,025.0	162	128	27.0	N/A
Ace-Compton Advertising	Manila	MJ	1,515.7	1,268.1	20.0	10,287.2	8,458.0	29,660.5	201,315.7	144	119	21.0	1
Advertising & Marketing Associates	Manila	NE	1,507.0	1,097.3	37.0	10,286.0	8,127.0	29,492.1	201,291.4	188	190	-1.0	2
Philippine Advertising Counselors	Manila	NE	1,272.4	1,420.0	-10.0	8,500.0	9,450.0	24,900.0	166,300.0	150	175	-14.0	N/A
Bates-Alcantara	Manila	MN	1,129.0	1,446.0	-22.0	8,034.0	10,518.0	22,091.0	157,220.0	115	133	-14.0	1
Basic/Foote, Cone & Belding	Manila	MN	1,034.0	1,042.1	-1.0	6,897.0	6,950.5	20,237.0	134,981.0	154	132	17.0	1
SSC&B:Lintas Philippines	Manila	MN	926.2	665.9	39.0	6,212.4	4,232.9	18,125.0	121,574.2	81	63	29.0	1
Hemisphere-Leo Burnett	Manila	MJ	901.0	590.4	53.0	6,004.0	3,936.0	17,623.0	117,493.0	92	69	33.0	1
Great Wall Advertising	Manila	NA	405.5	326.6	24.0	2,555.0	2,238.2	7,935.4	50,000.0	57	56	2.0	1
Admakers	Quezon City	NA	342.2	273.6	25.0	2,282.9	1,824.3	6,701.1	44,674.3	47	40	18.0	1
Aspac & Grey	Manila	MN	227.4	143.7	58.0	1,516.5	958.2	4,449.4	29,677.7	38	32	19.0	1
Matrix Communications	Manila	MN	27.5	10.4	164.0	183.1	69.1	537.2	3,583.4	7	5	40.0	1

Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986	Billings 1986	Employes 1986	Employes 1985	Employes Percent change	Number offices
								($000; national currency)					
PORTUGAL													**Exchange rate: 0.006683 escudo**
McCann-Erickson/Hora Publicidade	Lisbon	MJ	2,737.0	2,011.0	36.0	18,256.0	13,413.0	Esc409,609.0	Esc2.73 bill.	90	78	15.0	N/A
Ciesa-NCK Portugal	Lisbon	MJ	2,127.4	1,398.3	52.0	14,189.9	9,326.9	318,334.0	2.12 bill.	82	78	5.0	1
Lintas Lisbon	Lisbon	MJ	2,021.7	1,232.0	64.0	13,369.0	8,792.9	302,510.0	2.00 bill.	61	54	13.0	1
J. Walter Thompson Publicidade	Lisbon	MJ	1,606.0	1,116.2	44.0	10,707.5	7,441.6	240,318.0	1.60 bill.	75	72	4.0	1
FCB Portugal	Lisbon	MJ	1,458.9	928.0	57.0	9,730.8	6,190.1	218,229.0	1.46 bill.	40	38	5.0	1
Publicis Lisboa	Lisbon	MJ	1,236.4	941.0	31.0	8,247.0	6,269.0	185,000.0	1.23 bill.	74	66	12.0	1
Team	Lisbon	NA	1,202.9	700.5	72.0	8,019.6	4,670.0	180,000.0	1.20 bill.	58	55	5.0	2
Sistema	Lisbon	MN	1,102.7	853.1	29.0	7,351.3	5,689.6	165,000.0	1.10 bill.	64	59	8.0	3
Boom & Bates	Lisbon	MN	747.6	305.0	145.0	2,576.8	1,238.5	111,869.0	385,571.0	21	20	5.0	1
Ogilvy & Mather Portugal	Lisbon	MJ	676.1	278.6	143.0	3,167.7	1,879.6	101,160.2	473,998.8	39	29	34.0	1
Unitros Portugal	Lisbon	MJ	594.1	398.8	49.0	3,958.1	2,364.0	88,900.0	592,263.0	23	25	-8.0	1
DDB Needham Worldwide & Guerreiro	Lisbon	MJ	499.3	247.2	102.0	2,290.1	1,373.3	74,718.5	342,672.8	21	18	17.0	1
Antena Publicidade	Lisbon	NE	477.4	252.6	89.0	3,182.8	1,684.0	71,436.9	476,246.2	32	23	39.0	1
Timing Alliance	Lisbon	MJ	351.3	134.8	161.0	1,194.9	582.5	52,560.0	178,800.0	15	13	15.0	1
PUERTO RICO													**Exchange rate: 1.00 dollar**
Badillo/Saatchi & Saatchi Compton	San Juan	MJ	10,340.0	9,400.0	10.0	69,000.0	63,000.0	$10,340.0	$69,000.0	185	150	23.0	2
Young & Rubicam Puerto Rico	San Juan	MJ	5,127.0	4,245.0	21.0	34,197.0	28,314.0	5,127.0	34,197.0	82	77	6.0	N/A
Marti, Flores, Prieto & Wachtel	San Juan	MN	4,669.0	4,804.2	-3.0	31,142.2	32,044.0	4,669.0	31,142.2	86	87	-1.0	1
J.R. Marquina & Associates	Hato Rey	NE	3,930.0	3,690.0	7.0	26,200.0	24,600.0	3,930.0	26,200.0	78	65	20.0	1
FCB Inc.	Isla Verde	MJ	2,946.0	3,332.0	-12.0	19,650.0	22,225.0	2,946.0	19,650.0	61	83	-27.0	2
McCann-Erickson (Puerto Rico)	San Juan	MJ	2,615.0	2,336.0	12.0	17,442.0	15,581.0	2,615.0	17,442.0	55	51	8.0	N/A
BBDO Puerto Rico	San Juan	MJ	2,015.8	1,736.6	16.0	13,400.0	11,600.0	2,015.8	13,400.0	38	33	15.0	1
Leo Burnett Inc.	San Juan	MJ	2,015.0	1,857.0	9.0	13,434.0	12,381.0	2,015.0	13,434.0	43	40	8.0	1
CPV/Bozell, Jacobs, Kenyon & Eckhardt	Puerto Rico	MJ	750.0	330.0	127.0	5,000.0	2,224.0	750.0	5,000.0	18	19	-5.0	1
SAUDI ARABIA													**Exchange rate: 0.2713 riyal**
Madco Saudi Arabia	Jeddah	NA	618.0	494.0	25.0	3,500.0	2,800.0	R2,277.9	R12,901.0	N/A	N/A	N/A	N/A
DMB&B	Jeddah	MJ	19.1	N/A	N/A	126.2	N/A	70.3	465.2	1	N/A	N/A	1
SINGAPORE													**Exchange rate: 0.4638 S dollar**
Ogilvy & Mather	Singapore	MJ	2,422.4	2,453.8	-1.0	16,023.7	16,366.7	S$5,222.8	S$34,548.8	97	89	9.0	1
McCann-Erickson	Singapore	MJ	1,903.0	1,841.0	3.0	12,693.0	12,279.0	4,104.0	27,374.0	64	55	16.0	N/A
Leo Burnett	Singapore	MJ	1,693.0	1,758.0	-4.0	11,286.0	11,719.0	3,650.0	24,335.0	55	59	-6.0	1
DYR	Singapore	MJ	1,551.0	1,414.0	10.0	8,600.0	8,545.0	3,343.8	18,854.2	44	41	7.0	1
Batey Ads	Singapore	NA	1,530.5	1,345.0	14.0	11,363.1	9,739.8	3,300.0	24,500.0	N/A	N/A	N/A	N/A
Bozell, Jacobs, Kenyon & Eckhardt	Singapore	MJ	1,484.0	1,514.3	-2.0	9,865.0	10,481.9	3,200.0	21,270.0	57	62	-8.0	N/A
J. Walter Thompson	Singapore	MJ	1,205.6	1,139.0	6.0	8,041.1	7,596.8	2,599.3	17,337.5	47	43	9.0	1
Adcom & Grey	Singapore	MN	1,102.0	1,156.6	-5.0	7,350.6	7,714.7	2,376.1	15,848.6	40	42	-5.0	1
SSC&B: Lintas S.E.Asia	Singapore	MJ	1,060.0	965.0	10.0	7,575.0	7,124.0	2,285.0	16,333.0	34	32	6.0	1
Saatchi & Saatchi Compton	Singapore	MJ	952.3	850.0	12.0	6,349.0	5,459.9	2,053.4	13,689.0	40	36	11.0	1
Ted Bates	Singapore	MJ	900.0	935.6	-4.0	5,058.5	6,077.8	1,940.4	10,906.7	49	50	-2.0	1
BBDO Advertising	Singapore	MJ	608.7	1,152.5	-47.0	2,541.7	4,284.8	1,312.3	5,480.2	35	51	-31.0	1
Needham Standard International	Singapore	MJ	592.3	764.3	-29.0	3,950.5	4,982.7	1,277.0	8,517.6	23	29	-21.0	1
Angie Mui Ayer	Singapore	NE	474.8	N/A	N/A	3,322.2	N/A	1,023.7	7,162.9	N/A	N/A	N/A	N/A
Doyle Dane Bernbach Advertising	Singapore	MJ	312.1	446.6	-30.0	2,082.0	2,979.1	673.0	4,488.9	7	17	-59.0	1
Tom Tan Associates	Singapore	NA	285.5	386.8	-26.0	2,026.8	2,254.1	615.6	4,370.0	19	19	0.0	3
DMB&B	Singapore	MJ	181.0	222.0	-18.0	1,210.0	1,836.0	391.0	2,608.0	20	14	43.0	1
CR & Grey	Singapore	MN	95.1	N/A	N/A	634.2	N/A	205.0	1,367.4	2	N/A	N/A	1
Chuo Senko Advertising	Singapore	NA	69.6	87.2	-20.0	532.0	690.0	150.0	1,146.0	6	4	50.0	1
SOUTH AFRICA													**Exchange rate: 0.4284 rand**
Grey Phillips	Johannesburg	MN	8,229.0	7,719.7	7.0	54,887.2	51,490.2	R19,208.6	R128,121.4	256	253	1.0	9
Bates Wells	Johannesburg	NE	7,255.0	6,237.0	16.0	34,162.0	33,272.5	16,936.0	79,744.0	314	305	3.0	12
Young & Rubicam South Africa	Capetown	MJ	6,983.0	5,691.0	23.0	46,577.0	38,104.0	16,240.0	108,710.7	348	344	1.0	N/A
Ogilvy & Mather, Rightford Searle-Tripp & Makin	Johannesburg	MN	6,210.9	5,450.5	14.0	33,924.1	29,336.4	14,498.0	79,188.0	151	140	8.0	2
Lindsay Smithers-FCB Holdings	Sandton	MN	5,341.0	4,873.0	10.0	35,627.0	32,503.0	12,468.0	83,162.0	238	252	-6.0	4
McCann-Erickson South Africa	Johannesburg	MJ	4,819.0	5,206.0	-7.0	32,143.0	34,724.0	11,249.0	75,031.0	186	209	-11.0	N/A
Klerck & McCormac	Johannesburg	NE	4,304.7	4,403.3	6.0	25,265.1	24,502.9	10,048.4	58,975.6	202	194	4.0	8
J. Walter Thompson South Africa	Johannesburg	MN	3,523.4	3,279.8	7.0	23,500.7	21,866.3	8,224.4	54,857.0	136	142	-4.0	2
SSC&B: Lintas South Africa	Johannesburg	MJ	3,358.9	2,993.5	12.0	20,806.3	18,635.5	7,840.5	48,567.4	139	141	-1.0	3
DMB&B S.A.	Johannesburg	MJ	2,494.0	2,227.0	12.0	15,167.0	13,535.0	5,822.0	35,405.0	87	101	-14.0	2
Venture Freedman Rossi/BBDO	Johannesburg	NE	2,226.0	2,942.0	-24.0	11,549.0	16,216.0	5,196.0	26,958.0	94	141	-33.0	1
Partnership in Advertising	Johannesburg	MN	1,624.5	1,350.8	20.0	10,835.5	9,009.8	3,792.0	25,293.0	38	41	-7.0	1
Ogilvy & Mather Direct	Johannesburg	MN	897.5	722.7	24.0	2,796.2	3,298.7	2,005.0	6,527.0	31	28	11.0	2
Wilsenach	Johannesburg	NE	775.1	519.7	49.0	3,875.5	2,598.1	1,809.3	9,046.4	38	34	12.0	1
Meridian Advertising	Johannesburg	MN	436.0	179.1	143.0	2,274.0	978.5	1,017.0	5,307.0	20	13	54.0	1
Graphic Advertising Services	Johannesburg	NE	169.0	179.1	-6.0	710.0	794.0	394.0	1,657.0	8	8	0.0	1
Venture Marketing & Advertising	Capetown	NE	156.4	137.6	14.0	715.0	573.0	365.0	1,670.0	13	14	-7.0	1
Venture CBD	Durban	NE	51.4	24.0	114.0	170.0	106.0	120.0	397.0	18	15	20.0	1

Notes to individual listings

GENERAL NOTES
Young & Rubicam does not report billings. Figures listed for Y&R billings throughout the charts are AA estimates.
The Ball Partnership with offices in Australia, Hong Kong, Malaysia, Singapore and Thailand, acquired by WCRS Group PLC, London, in February, formerly was part of Ogilvy & Mather Worldwide. Figures arrived too late for inclusion in the charts and are listed in the respective country footnotes.

ARGENTINA
David Ratto minority owned by BBDO **Ortiz Scopesi y Cia.** minority owned by Ogilvy & Mather **Gowland Publicidad** Gross income for 1986 AA estimate **Lautrec S.A.** Affiliated with DFS Dorland **Pragma/FCB** 20% owned by FCB Communications **Cicero/Ted Bates Publicidad** Since agency did not submit figures, data are AA estimates **Johnson/B&B** 5% owned by DMB&B **Colonnese y Asociados** Gross income for 1986 AA estimate

AUSTRALIA
George Patterson 80% owned by Ted Bates Worldwide **Clemenger BBDO** 45% owned by BBDO **Mojo MDA** figures include Melbourne, Brisbane and Perth offices, interests in Hobart, Launceston, Adelaide and Darwin. Mojo and the Monahan Dayman Adams group merged in July last year **Young & Rubicam Australia** figures include Burson-Marsteller **USP Needham Australia** 50% owned by DDB Needham **Mattingly Group** majority owned by Mojo MDA **Neville Jeffress Advertising** 1986 gross income figures AA estimates **Magnus Nankervis & Curl/DDB** 49% owned by DDB Needham Worldwide **Connaghan & May Ayer** 49% owned by N W Ayer **William Roberts** majority owned by Mojo MDA in 1985 **Forbes Macfie Hansen** gross income figures for both years AA estimates **Dancer Fitzgerald Sample Australia** owned 49% by DFS Dorland **The Campaign Palace** 49% owned by Saatchi & Saatchi Compton **Ball Partnership** Majority owned by the WCRS Group, London. **Hertz Walpole** 48% owned by Lowe Marschalk Worldwide **Garland Stewart & Roache** part of The Ball Partnership. Gross income figures for 1986 AA estimates **Tarrant Haysom & Manzie** gross income figure for 1986 AA estimate **Harris Robinson Courtenay** 80% owned by BBDO

AUSTRIA
Werbeagentur Wirz 5% owned by Wirz Holding, Zurich **Ogilvy & Mather** includes figures for O&M Direct and O&M PR **Die Sieber** associated with Saatchi & Saatchi Compton **Dr. Puttner & Ted Bates** 75% owned by Ted Bates **Grey Austria** includes figures for ARC, Vienna **Gould Cargill** majority owned by Grey Advertising **RSCG-Jasch & Schramm** 51% owned by RSC&G, Paris **Marketing Studio/FCB** 32% owned by FCB Communications **Target Werbung** majority owned by J. Walter Thompson, uses JWT staff

BAHRAIN
Fortune Promoseven Network offices in Saudi Arabia, Kuwait, Dubai, Egypt, Lebanon, the U.K. and France

BELGIUM
HHD Ogilvy & Mather billings figures for 1986 and 1985 not supplied **Young & Rubicam** figures include Wunderman and Burson-Marsteller **VVL/BBDO** 74% owned by BBDO **M&CW** 33.3% owned by Bozell, Jacobs, Kenyon & Eckhardt **Partner** associated with Saatchi & Saatchi Compton **Garbarski RSCG** 51% owned by RSC&G, Paris **Moors/Bronselaer** associated with BBDO

BRAZIL
MPM Propaganda Affiliated with Grey Advertising **Salles/Inter-Americana** Affiliated with N W Ayer **Denison Propaganda** affiliated with Ted Bates Worldwide **Norton Publicidade** affiliated with Bozell, Jacobs, Kenyon & Eckhardt **Justus Young & Rubicam Brazil** includes figures for Cato Johnson and Burson-Marsteller **SGB Publicidade e Promocoes** associated with Saatchi & Saatchi Compton **Expressao** is the house agency for Brazilian airline Varig **Esquire Publicidade** affiliated with DFS Dorland **PPR-Profissionais de Propaganda Reunidos** majority-owned by J. Walter Thompson Co.

BRITAIN
Saatchi & Saatchi U.K. includes Harrison Cowley, RPG, Acme, SPA, Halls **McCann-Erickson U.K.** includes Harrison Advertising, Advertising Ltd., Photo-Video, Intercompany Administrative & Computing Services, Universal McCann, Direct, M/E Communications and M/E Royds **Young & Rubicam Holdings** includes Wunderman, Cato Johnson, Sudler & Hennessey and Burson-Marsteller **Charles Barker Group** minority owned by N W Ayer, includes Ayer Barker figures (with 1986 billings of $50,580.4), Charles Barker City, Charles Barker Human Resources, Charles Barker Black & Gross and Charles Barker Scotland **Lowe Howard-Spink Marschalk** part of Lowe Marschalk Worldwide **Lintas** includes SSC&B:Lintas Overseas, Presight and Spectrum **Allen Brady & Marsh** acquired early 1986 by Lowe Howard-Spink & Bell **Colman RSCG** owned 55% by Paris-based RSC&G **HCM Horner Collis & Kirvan** owned 56% by HCM International **ARC Advertising** 100% owned by Grey Advertising **Moxon, Dolphin & Kerby** majority-owned by Saatchi & Saatchi Compton **White Bull Holmes** recruitment agency of Alliance International Group **LansdownEuro** 100% owned by J. Walter Thompson Co. **Slaymaker Cowley White/BDG** 35% owned by Bozell, Jacobs, Kenyon & Eckhardt **Delaney Fletcher Delaney** gross income figures for 1986 and 1985 AA estimates **Garratt Baulcombe** 90% owned by FCB Communications **F. John French Agency** '85 gross income and billings AA estimates **St. James Corporate Communications** financial communications agency of Alliance International Group **Leagas Delaney Partnership** 76% owned by Abbott Mead Vickers/SMS **Primary Contact** owned 100% by Ogilvy & Mather **Butler, Borg & LSW** 35% owned by Bozell, Jacobs Kenyon & Eckhardt **Mallett-McCormick** non-equity affiliation with Publicis **FCB Cosby Paul** fully owned by FCB Communications, opened in 1986

CANADA
Vickers & Benson Includes data for Warwick, Goodman & Associates, Toronto, and Leveille Vickers & Benson, Montreal **Young & Rubicam** includes figures for Wunderman and Burson-Marsteller **Baker Lovick** minority owned by BBDO Worldwide **Ronalds-Reynolds** affiliated with DFS Dorland Worldwide **Grant Tandy** majority owned by BBDO Worldwide **DDB Needham Worldwide** Merger of DDB and Needham Harper of Canada took place in 1987 **PNMD** 39.9% owned by Baker Lovick, part of BBDO **Enterprise Advertising**, majority owned by J. Walter Thompson Co. **Lowe Mar-**

(Continued on Page 75)

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Agency	City		Gross income 1986	Gross income 1985 ($000)	Percent change income	Billings 1986	Billings 1985 ($000)	Gross income 1986 ($000; national currency)	Billings 1986	Employes 1986	Employes 1985	Percent change	Number offices
SOUTH KOREA													**Exchange rate: 0.001131 won**
Korea First Advertising	Seoul	NA	16,301.3	12,724.6	31.0	98,082.6	77,518.3	W14.41 bill.	W86.72 bill.	325	300	8.0	1
Oricom Inc.	Seoul	NA	15,989.0	11,999.1	33.0	80,883.0	64,860.3	14.14 bill.	71.51 bill.	362	354	2.0	1
Daehong Advertising	Seoul	NE	9,390.7	5,969.4	57.0	69,104.0	49,490.3	8.30 bill.	61.10 bill.	177	153	16.0	1
Korad International	Seoul	NE	5,621.3	4,256.9	32.0	39,698.1	34,721.7	4.97 bill.	35.10 bill.	160	120	33.0	2
LG Ad	Seoul	NE	5,395.0	4,976.0	8.0	56,978.0	49,255.0	4.77 bill.	50.38 bill.	194	185	5.0	1
Union Advertising	Seoul	NE	5,100.0	4,320.0	18.0	51,060.0	41,440.0	4.51 bill.	43.70 bill.	173	168	3.0	1
Dongbang Advertising	Seoul	NE	3,419.0	2,951.9	16.0	34,156.2	29,496.5	3.02 bill.	30.20 bill.	N/A	95.0	N/A	1
Samhee Advertising	Seoul	NE	2,148.9	964.7	123.0	21,489.0	9,647.4	1.90 bill.	19.0 bill.	N/A	55	N/A	1
Diamond Avertising	Seoul	NE	1,990.5	1,391.1	43.0	19,875.1	13,895.5	1.76 bill.	1.23 bill.	99	49	102.0	1
Seoul Agency	Seoul	NE	1,888.7	1,388.2	36.0	18,887.7	18,684.1	1.67 bill.	16.70 bill.	N/A	80.0	N/A	1
Nara Advertising	Seoul	NA	1,499.7	1,343.6	12.0	9,301.3	8,945.1	1.33 bill.	8.22 bill.	72	56	29.0	1
Geoson	Seoul	NE	764.0	509.0	50.0	7,917.0	4,524.0	675,000.0	7.00 bill.	65	46	41.0	1
SPAIN													**Exchange rate: 0.00698 peseta**
J. Walter Thompson S.A.	Madrid	MJ	12,967.4	11,152.0	16.0	86,492.9	74,350.3	Ptas1.86 bill.	Ptas12.39 bill.	197	192	3.0	2
Lintas	Madrid	MJ	9,307.4	7,013.0	33.0	67,232.5	50,118.0	1.33 bill.	9.63 bill.	117	105	11.0	3
Tandem/DDB Needham	Madrid	MJ	9,125.6	7,626.9	16.0	60,780.6	54,980.9	1.31 bill.	8.71 bill.	N/A	N/A	N/A	2
TAPSA/N W Ayer	Madrid	MJ	9,095.0	5,305.0	71.0	66,331.0	38,599.0	1.30 bill.	9.50 bill.	91	70	30.0	2
Grupo Alas	Madrid	MJ	8,341.1	7,417.6	12.0	55,669.5	49,697.6	1.20 bill.	8.01 bill.	199	220	-10.0	17
BBDO Espana	Barcelona	MJ	7,768.4	6,509.3	19.0	62,923.9	51,287.8	1.11 bill.	9.01 bill.	105	95	11.0	2
McCann-Erickson	Madrid	MJ	7,468.6	5,618.3	33.0	50,395.6	37,482.6	1.07 bill.	7.22 bill.	108	N/A	N/A	1
HCM	Madrid	MJ	6,561.2	5,653.8	16.0	43,763.2	31,546.4	940,000.0	6.27 bill.	96	91	5.0	2
CID Publicidad	Madrid	NA	6,044.7	5,503.7	10.0	40,295.5	36,714.8	866,000.0	5.77 bill.	98	93	5.0	5
Delvico Bates Group	Madrid	MJ	5,591.0	4,809.2	16.0	37,459.6	32,221.8	801,000.0	5.37 bill.	99	97	2.0	4
Clarin Publicidad	Madrid	MJ	5,570.0	4,982.3	12.0	37,133.6	33,224.8	798,000.0	5.32 bill.	104	N/A	N/A	1
Bassat, Ogilvy & Mather	Barcelona	MJ	5,451.6	4,057.2	39.0	36,362.0	27,061.7	781,027.0	5.21 bill.	103	98	5.0	2
Danis-B&B	Madrid	MJ	5,249.0	4,048.4	30.0	36,505.4	29,316.0	752,000.0	5.23 bill.	104	86	9.0	3
Arge	Madrid	NA	4,833.0	3,104.6	56.0	28,359.7	20,242.0	692,400.0	4.06 bill.	60	57	5.0	N/A
Young & Rubicam Espana	Madrid	MJ	3,975.0	3,759.0	6.0	26,513.0	25,075.0	569,514.0	3.80 bill.	94	87	8.0	N/A
Saatchi & Saatchi Compton	Madrid	MJ	3,790.1	3,576.3	6.0	26,873.0	23,383.0	543,000.0	3.85 bill.	34	37	-8.0	2
FCB/NCK	Madrid	MJ	3,399.3	3,992.6	-15.0	22,673.0	26,664.0	487,000.0	3.25 bill.	63	66	-5.0	1
Leo Burnett	Madrid	MJ	3,342.0	2,624.0	27.0	22,283.0	17,497.0	478,836.0	3.19 bill.	51	51	0.0	1
Grupo Barro	Madrid	MN	3,210.8	1,403.0	129.0	17,450.0	9,353.2	460,000.0	2.50 bill.	31	23	35.0	1
Contrapunto	Madrid	NA	3,141.0	2,847.8	10.0	20,940.0	18,985.6	450,000.0	3.00 bill.	50	44	14.0	2
Ricardo Perez Asociados	Madrid	NA	3,002.1	2,387.2	26.0	20,242.0	15,705.0	430,000.0	2.90 bill.	23	21	10.0	N/A
BCK Alliance	Barcelona	MJ	2,931.6	2,142.9	37.0	19,544.0	14,309.0	420,000.0	2.80 bill.	29	25	16.0	2
RCP-Saatchi & Saatchi Compton	Barcelona	MJ	2,931.6	1,535.6	91.0	19,544.0	7,887.4	420,000.0	2.80 bill.	26	22	18.0	1
Ted Bates Espana	Madrid	MJ	2,331.3	1,926.5	21.0	15,621.2	12,913.0	334,000.0	2.24 bill.	36	41	-12.0	1
Publicis Moline & Publicis	Madrid	MJ	1,749.0	1,200.0	46.0	12,689.0	8,703.0	250,543.0	1.82 bill.	29	30	-3.0	2
Grey Espana	Madrid	MJ	1,619.4	1,410.0	20.0	10,801.1	9,404.4	232,000.0	1.55 bill.	34	29	17.0	1
SCACS Publicidad	Barcelona	NA	1,619.4	1,291.3	25.0	8,794.8	6,840.4	232,000.0	1.26 bill.	23	21	10.0	1
Grey Barcelona	Barcelona	MJ	1,528.6	1,605.4	-10.0	10,195.9	10,708.0	219,000.0	1.46 bill.	26	32	-19.0	2
Dos por Dos	Madrid	NA	1,361.1	N/A	N/A	9,074.0	N/A	195,000.0	1.30 bill.	24	N/A	N/A	N/A
Ogilvy & Mather Direct	Barcelona	MJ	1,253.3	994.8	26.0	8,359.2	6,635.3	179,087.4	1.19 bill.	25	21	19.0	2
TBWA	Madrid	MJ	1,136.0	932.9	22.0	7,649.0	6,219.2	162,751.0	1.10 bill.	18	21	-14.0	1
GGK	Madrid	MJ	1,062.4	614.2	73.0	7,259.2	4,096.6	152,208.0	1.04 bill.	25	19	32.0	2
Equipo 3	Madrid	MJ	1,047.0	656.0	60.0	7,618.0	4,886.0	150,000.0	1.10 bill.	16	14	14.0	1
RSCG y Asociados	Madrid	MJ	977.2	907.4	8.0	11,517.0	10,470.0	140,000.0	1.65 bill.	19	16	19.0	1
RZR	Madrid	MJ	913.5	406.2	125.0	6,092.8	2,709.6	130,868.0	872,890.0	21	10	110.0	1
GGK Madrid	Madrid	MJ	596.0	405.0	47.0	3,973.0	2,700.0	85,331.0	569,200.0	14	11	27.0	1
GGK Barcelona	Barcelona	MJ	467.0	209.4	123.0	3,281.0	1,396.0	66,877.0	470,000.0	11	8	38.0	1
Bozell, Jacobs, Kenyon & Eckhardt de Espana	Madrid	MJ	202.0	196.5	3.0	1,085.0	599.5	28,939.7	155,436.1	8	7	14.0	1
SRI LANKA													**Exchange rate: 0.0384 rupee**
Thompson Lanka	Colombo	MN	537.6	322.6	67.0	3,585.8	215.1	SLr14,000.0	SLr93,380.0	75	52	44.0	1
Grant/BJKF	Colombo	MN	365.0	409.9	-11.0	2,028.0	2,225.0	9,506.4	52,813.2	N/A	99	N/A	N/A
Minds Lanka	Colombo	MN	78.0	50.7	54.0	348.8	230.4	2,031.8	9,080.2	22	19	16.0	1
SWEDEN													**Exchange rate: 0.1381 kroner**
Ted Bates AB	Stockholm	MJ	9,513.0	9,801.0	-3.0	70,953.0	72,006.0	SKr68,888.0	SKr513,783.0	158	142	11.0	3
Kread Gruppen	Stockholm	NA	9,073.2	N/A	N/A	60,518.0	N/A	65,700.0	438,219.0	140	N/A	N/A	N/A
Hans Brindfors	Stockholm	NA	8,810.8	6,750.9	31.0	58,767.9	30,099.7	63,800.0	425,546.0	80	N/A	N/A	N/A
Grey Svenska	Stockholm	MJ	8,667.4	8,690.6	-0.0	57,811.7	57,966.5	62,762.0	418,622.0	146	141	3.0	8
Scanpartner Sverige	Gotenburg	NA	7,957.9	6,995.3	14.0	32,425.7	30,825.4	57,624.0	234,798.8	151	130	16.0	8
Svea Konsultgruppen	Stockholm	NA	7,043.1	6,987.9	1.0	46,977.5	46,609.0	51,000.0	340,170.0	145	N/A	N/A	N/A
AB Ervaco	Stockholm	NA	5,896.9	5,620.3	5.0	16,295.8	11,125.9	42,700.0	118,000.0	N/A	N/A	N/A	N/A
Concept	Stockholm	NA	5,385.9	2,980.1	81.0	35,924.0	19,877.3	39,000.0	260,130.0	55	N/A	N/A	N/A
Young & Rubicam AB	Stockholm	MJ	5,362.0	4,504.0	19.0	35,765.0	30,044.0	38,821.0	258,974.4	83	91	-9.0	N/A
McCann-Erickson AB	Stockholm	MJ	4,654.0	2,076.0	124.0	31,042.0	13,847.0	33,701.0	224,786.0	71	49	45.0	N/A
Svenska Intermarco-Farner	Stockholm	MJ	4,254.0	3,511.3	21.0	28,372.0	23,421.0	30,801.0	205,442.0	61	59	3.0	4
Hall & Cederquist	Stockholm	NA	4,004.9	3,259.2	23.0	26,712.7	21,738.6	29,000.0	193,430.0	55	N/A	N/A	N/A
Ehrenstrahle International	Stockholm	MJ	3,760.0	4,024.0	7.0	25,083.5	26,839.7	27,231.3	181,633.0	44	60	-27.0	3
Falk & Pihl/DDB	Stockholm	MJ	3,659.7	4,557.3	-20.0	11,048.0	13,810.0	26,500.0	80,000.0	24	24	0.0	1
HLR/BBDO AB	Stockholm	MJ	3,212.3	3,388.6	-5.0	21,426.3	22,590.4	23,261.0	155,150.9	40	43	-7.0	1
Blanking	Stockholm	NE	3,038.2	2,762.0	10.0	21,543.6	20,715.0	22,000.0	156,000.0	55	50	10.0	2
Ogilvy & Mather AB	Stockholm	MJ	2,989.7	3,144.8	-5.0	19,931.4	20,977.4	21,649.0	144,326.0	57	54	6.0	5

Notes

(Continued from Page 73)

schalk Goodgoll 51% owned by Lowe Marschalk Worldwide **Stringham & Grant Tandy** minority owned by BBDO Worldwide **Brandaid** gross income figures for the agency for both years are AA estimates **Bleau, Duperrey, Giguere & Associes** billings figures for both years are AA estimates **McKim Advertising** chose not to participate in this survey

CHILE

Azocar, Morrison, Walker 20% owned by J. Walter Thompson Co. **Israel & De Bianchi** affiliated with DFS Dorland Worldwide **Hermosilla, Zegers** 40% owned by BBDO **Epoca/Ted Bates** chose not to submit figures this year

CHINA

DYR Advertising Co., Beijing, opened June '86, owned 70% by DYR Inc., 20% by China United Trading and 10% by China Intl. Advertising

COLOMBIA

Atlas Publicidad affiliated with J. Walter Thompson Co. **Centrum Ogilvy & Mather** 30% owned by Ogilvy & Mather **Contacto Publicidad** affiliated with DFS Dorland **Publicidad Artefilme** majority-owned by FCB Communications

COSTA RICA

Alberto H. Garnier affiliated with BBDO

CYPRUS

Impact/BBDO also has offices in Lebanon, Egypt, Saudi Arabia, Dubai and Kuwait **Camp, Saadeh & Skaff** began operations January 1987, with offices in Nicosia and Dammam, Saudi Arabia

DENMARK

Ted Bates includes Plan Design and Norgard Mikkelsen **Young & Rubicam** includes Wunderman and Cato Johnson **Ogilvy & Mather** includes Arhus office, O&M Direct and O&M PR **Innovation** associated with Saatchi & Saatchi Compton Worldwide **Lockey/FCB** 45% owned by FCB Communications **Bergenholz & Arnesen** associated with DFS Dorland Worldwide **DMM I&P** 51% owned by DMB&B **Ervaco Kobenhavn** 1986 gross income AA estimate

ECUADOR

Norlop Thompson 20% owned by J. Walter Thompson Co. **Veritas Publicitaria** affiliated with Ogilvy & Mather

EL SALVADOR

APCU de El Salvador J. Walter Thompson Co., through APCU Thompson Asociados, Guatemala, holds 20% equity

FINLAND

Tehomainos-JWT Oy 25% owned by J. Walter Thompson Co. **Oy AC-Ilmo** associated with DFS Dorland **Oy Interplan** associated with Saatchi & Saatchi Compton **Kauppamainos** and **Markkinointiryhma Oy** gross income for both years AA estimates **Oy Valotorni** billings for 1986 and 1985 AA estimates

FRANCE

Publicis Conseil Group BCA Publicite, Edico Publicis, Grand Angle Publicis, Publicis Mediterranee, Projectis Publicis, Publicis Soleil, Edip Beverly Markagri, Safronoff De Bonneville Orlandini, Orexa, Oscar Intermarco, Publicis Sante, Siquier Courcelle and Success. All offices majority owned **Belier** Belier Conseil, Belier Rive Gauche, Atelier Belier, Alice, Equateur, Australie, Impact and six regional agencies. Eurocom owns 100% of Belier **Roux, Seguela, Cayzac & Goudard** figures include Racines, Chevassus Vadon, Glad, Seven, Motivente and 16 regional offices **Univas France** includes Robert & Partners, ECOM, Groupe Futurs and New Robert & Partners. Eurocom owns 100% of Univas **BDDP Group** includes BBDP Paris, regional agencies and Tequila, Messages, CPM, Mafia and BED **Polaris**, an eight-agency regional network, majority owned by Eurocom **Young & Rubicam France** includes figures for Wunderman, Cato Johnson, Sudler & Hennessey, Burson-Marsteller **DDB Needham Worldwide** includes Colin Guittard (19% equity), DDB Regions (90%), DDB SA (100%), Intermail Rapp & Collins (90%) and Optimum Media (100%) **Saatchi & Saatchi Compton France** includes figures for References, Compar, S&SC Ethical, DP Industries, Doping, Club Media, S&SC Direct and Agency MC Groupe **SSC&B:Lintas Worldwide France** includes Lintas Paris, Initiatives Media and Sprint **FCA!** includes Concurrence Moderne (82.5% equity), Marianne (32.8%), FRG Bonjour (16.7%) and B. Moors (34.0%) **McCann-Erickson France** includes Joannis Schneider, McCann-Erickson S.A. and Universal Media **CLM/BBDO** 60% owned by BBDO Worldwide **Impact** 44% owned by FCB Communications **RSCG Export** 100% owned by RSC&G, covers agencies in Africa, the Middle East and the Caribbean. **Gaudin & Lichtenberg** 25% owned by Lowe Marschalk **Eldorado** majority owned by Eurocom **Creative Business International** majority owned by RSC&G **CPV** 70% owned by Bozell, Jacobs, Kenyon & Eckhardt **Entente Delacroix** 36.5% owned by Ted Bates **Audour/Soum Scali, McCabe, Sloves** 30% owned by SMS, opened Feb. '86

GERMANY

Team/BBDO includes offices in Hamburg, Berlin, Team/Direct, BBDO/-Telecom and Selection **McCann-Erickson** includes Universal-Kommunikation and McCann-Erickson Intensiv **J. Walter Thompson** includes offices in Hamburg, Frankfurt and Basis Research **Young & Rubicam** includes Wunderman, Cato Johnson, Sudler & Hennessey and Burson-Marsteller**Grey-Duesseldorf** includes G.R.A.M.M./Arc **Saatchi & Saatchi Compton** includes Contur and D&H Agentur fuer Direkt Marketing **Doyle Dane Bernbach** DDB did not submit data. Figures are AA estimates **Eggert-DYR** 40% owned by DYR **Scholz & Friends** majority-owned by Ted Bates Worldwide **Ted Bates Werbeagentur** includes majority-owned Cerca **Serviceplan, Bessere Werbung, Lueders, Spiess & Ermisch, Acon, Ernst & Partner, Borsch, Stengel & Partner,** and **Hakuhodo** figures are AA estimates **Lowe Marschalk Luerzer** 75% owned by Lowe Marschalk Worldwide **Von Mannstein Gruppe** includes offices in Duesseldorf, Munich and Paris **Hildmann Simon Rempen & Schmitz/SMS** 63.4% owned by Scali, McCabe, Sloves **RSCG, Butter, Rang** 51% owned by RSC&G, Paris **Consell** majority owned by Grey Advertising **Handley, Smith & Partners** majority owned by Bozell, Jacobs, Kenyon & Eckhardt

GREECE

Spot/Thompson 44% owned by J. Walter Thompson Co. **Bold Advertising** affiliated with Ogilvy & Mather Worldwide **BBDO Advertising** formerly Ikon/DD/BBDO **Olympic/DDB Needham** affiliated with DDB Needham Worldwide **Gnomi/FCB** 40% owned by FCB Communications **Lamda Alpha Advertising** affiliated with N W Ayer **Grafis Advertising** 26% owned by BBDO Worldwide **Interpress** began operation in May 1985

GUATEMALA

APCU Thompson Asociados J. Walter Thompson Co. holds 40% equity in offices in Panama, Costa Rica, El Salvador and Honduras **Concepto**

(Continued on Page 77)

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Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1985	Employes 1986	Employes 1985	Employes Percent change	Number offices
				($000)			($000)	($000; national currency)					
Stig Arbman	Stockholm	NA	3,024.4	3,217.7	-6.0	20,172.7	21,462.3	21,900.0	146,073.0	46	N/A	N/A	N/A
SSC&B:Lintas AB	Stockholm	MJ	2,876.0	2,554.3	13.0	16,746.9	13,501.6	20,825.5	121,266.6	43	46	-7.0	1
Anderson & Lembke	Stockholm	NA	2,762.0	2,693.0	3.0	18,422.5	17,953.0	20,000.0	133,400.0	N/A	N/A	N/A	2
Stroemgren & Malmros Alliance	Stockholm	MJ	2,500.0	2,100.0	19.0	10,100.0	8,300.0	18,100.0	73,200.0	20	20	0.0	1
Anderson & Lembke	Helsingborg	NA	2,347.7	N/A	N/A	15,467.2	N/A	17,600.0	112,000.0	26	22	18.0	1
DMB&B	Stockholm	MJ	2,229.0	2,128.0	5.0	25,107.0	22,492.0	16,140.0	181,804.0	40	40	0.0	1
Blomquistbyraerna	Stockholm	NA	2,223.0	N/A	N/A	19,154.5	N/A	16,100.0	138,700.0	40	N/A	N/A	1
J. Walter Thompson Co. AB	Stockholm	MJ	1,758.3	1,588.7	11.0	11,727.8	10,587.7	12,732.0	84,922.4	26	24	8.0	1
Welinder	Stockholm	NA	1,726.0	1,450.0	19.0	13,000.0	10,500.0	12,500.0	94,500.0	23	21	10.0	1
Foote, Cone & Belding	Stockholm	MJ	1,647.3	1,482.8	11.0	10,987.3	9,890.5	11,928.1	79,560.4	30	32	-6.0	2
Hallstedt & Hvid AB	Stockholm	NA	1,588.2	N/A	N/A	10,840.9	N/A	11,500.0	78,500.0	18	N/A	N/A	1
Nedeby Ayer	Stockholm	MJ	961.6	861.7	12.0	3,190.2	5,747.8	6,962.7	23,100.6	N/A	18	N/A	1
DFS Pihlstroem AB	Stockholm	MN	919.6	574.2	60.0	8,119.3	5,315.1	6,659.0	58,793.0	13	10	30.0	1
RSCG Hawi	Stockholm	MJ	828.6	N/A	N/A	2,071.5	N/A	6,000.0	15,000.0	12	N/A	N/A	1
Thor & Co. AB	Stockholm	NA	359.0	N/A	N/A	2,394.9	N/A	2,600.0	17,342.0	5	N/A	N/A	N/A
NPP Reklambyra	Oerebro	NA	331.4	124.3	167.0	2,209.6	828.6	2,400.0	16,000.0	13	8	63.0	1
JGM Annonsbyra	Stockholm	NA	145.0	186.4	-22.0	966.7	1,242.9	1,050.0	7,000.0	5	7	-29.0	N/A
SWITZERLAND													**Exchange rate: 0.5371 franc**
GGK	Basel/Zurich	MJ	6,327.0	5,685.5	11.0	43,121.0	37,921.0	SF11,780.0	SF82,285.0	81	69	17.0	2
Adolf Wirz	Zurich	NA	6,060.0	5,418.0	12.0	40,418.0	36,136.0	11,282.0	75,253.0	74	60	23.0	1
Advico AG	Zurich	NE	5,975.2	5,679.3	5.0	39,855.5	37,880.6	11,125.0	74,205.0	64	64	0.0	1
McCann-Erickson S.A.	Geneva/Zurich	MJ	5,734.0	5,869.0	-2.0	38,246.0	39,146.0	10,675.0	71,202.0	60	68	-12.0	N/A
Young & Rubicam AG	Zurich	MJ	5,545.0	5,059.5	10.0	36,985.0	33,779.0	10,314.0	68,614.7	69	66	5.0	N/A
HCM Switzerland	Zurich/Geneva	MJ	5,137.0	4,648.0	10.0	34,267.0	30,991.0	9,565.0	63,800.0	70	63	11.0	2
Gisler & Gisler/BBDO	Zurich	MJ	4,866.7	4,752.3	2.0	32,460.7	31,697.5	9,061.0	60,437.0	60	62	-3.0	1
Lintas:Zurich	Zurich	MJ	4,038.1	3,737.6	8.0	27,134.7	24,929.8	7,518.4	50,520.7	51	49	4.0	1
Leo Burnett Group	Zurich	MJ	4,018.0	3,392.0	18.0	26,788.0	22,616.0	7,481.0	49,875.0	46	48	-4.0	2
Farner Publicis	Zurich	MJ	3,977.0	4,606.0	-14.0	26,533.0	30,722.0	7,405.0	49,400.0	62	62	0.0	1
Doyle Dane Bernbach	Kuesnacht	MJ	3,854.8	3,641.5	6.0	25,711.5	24,288.7	7,177.0	47,871.0	52	54	-4.0	2
Aebi & Partner	Zurich	NA	3,491.2	2,792.9	25.0	21,484.0	17,724.3	6,500.0	40,000.0	49	37	32.0	N/A
Dieter Jaeggi	Bern/Zurich	NA	3,425.0	2,691.0	27.0	22,849.0	17,939.0	6,370.0	42,500.0	38	31	23.0	2
Ogilvy & Mather	Zurich	MJ	3,340.0	3,249.0	3.0	22,280.0	21,656.0	6,218.0	41,480.0	44	42	5.0	1
Kloeti Advertising	Zurich	MN	3,131.3	2,980.9	5.0	21,215.5	19,872.7	5,830.0	39,500.0	32	31	3.0	1
Zutter Sommer Marketing	Basel/Zurich	NA	3,056.0	2,770.0	10.0	20,415.1	18,978.0	5,690.0	38,010.0	34	29	17.0	2
Heinz Heimann-Unicom	Geneva	MJ	2,846.6	3,168.9	-10.0	18,987.0	21,136.5	5,300.0	35,351.0	46	39	18.0	2
Seiler Zurich Werbeagentur	Zollikerberg	NA	2,821.9	2,691.9	5.0	18,814.6	17,955.3	5,254.0	35,030.0	N/A	42	N/A	1
J. Walter Thompson	Zurich	MJ	2,546.9	2,481.4	3.0	16,988.0	16,550.7	4,742.0	31,629.0	30	31	-3.0	1
TBWA	Zurich	MJ	2,207.0	2,172.6	2.0	14,724.0	14,492.6	4,109.0	27,414.0	22	22	0.0	1
BEP	Lausanne	MJ	1,630.0	1,675.0	-3.0	10,850.0	11,170.0	3,030.0	20,200.0	23	24	-4.0	1
Cash RSCG	Zurich	MJ	1,504.0	1,461.0	3.0	10,474.0	10,232.0	2,800.0	19,500.0	19	N/A	N/A	1
Grey Switzerland/ Creative Collaboration	Geneva	MN	1,326.6	1,208.5	10.0	8,848.4	8,060.5	2,469.9	16,474.4	19	19	0.0	1
Guenter und Leuenberger	Zurich	NA	618.3	805.7	-23.0	3,867.1	5,639.6	1,150.0	7,200.0	5	8	-38.0	1
Peter Berger	Zurich	NA	415.0	410.0	1.0	2,800.0	2,740.0	772.0	5,210.0	5	5	0.0	1
T.C. Mettler	Zurich	NE	320.0	N/A	N/A	1,800.0	N/A	583.7	3,283.2	5	N/A	N/A	1
Peter Wirz Werbeorganisation	Zurich	MJ	258.0	242.0	7.0	1,720.0	1,616.0	480.0	3,200.0	6	5	20.0	1
Rogivue Consulting	Zurich	NA	100.0	120.7	-17.0	680.0	810.0	184.6	1,265.0	1	2	-100.0	1
TAIWAN													**Exchange rate: 0.0247 T dollar**
Eastern Advertising	Taipei	NA	1,336.8	1,264.4	6.0	9,371.0	8,742.0	T$54,120.0	T$328,000.0	82	82	0.0	2
United Communications	Taipei	NE	1,230.8	822.7	50.0	12,692.6	8,814.7	49,829.0	513,870.0	80	65	23.0	1
Gaynor Associates	Taipei	NE	1,140.9	874.2	31.0	7,607.6	5,831.1	46,189.4	308,000.0	64	44	45	1
Hwa Wei & Grey	Taipei	MN	1,111.5	926.3	20.0	7,413.7	6,178.1	45,000.0	300,150.0	62	62	0.0	2
Target Advertising	Taipei	NE	883.0	841.2	5.0	4,647.4	4,403.1	35,748.9	188,153.9	36	32	13.0	1
Stentor/BBDO	Taipei	MN	864.5	704.0	23.0	6,175.0	4,693.0	35,000.0	250,000.0	55	45	22.0	1
Leo Burnett Co.	Taipei	MJ	691.0	318.0	117.0	4,606.0	2,121.0	27,972.0	186,489.0	53	33	61.0	1
SSC&B: Lintas Taiwan	Taipei	MJ	252.9	N/A	N/A	1,580.8	N/A	10,240.0	64,000.0	23	N/A	N/A	1
THAILAND													**Exchange rate: 0.0453 baht**
SSC&B: Lintas	Bangkok	MJ	5,367.0	4,790.0	12.0	38,123.0	35,386.0	Bh118,471.0	Bh841,566.0	159	160	-1.0	2
Ogilvy & Mather	Bangkok	MJ	3,305.3	3,307.2	0.0	21,151.5	21,328.4	72,964.5	466,921.3	135	136	-1.0	1
SPA Advertising	Bangkok	NE	2,038.5	N/A	N/A	8,154.0	N/A	45,000.0	180,000.0	120	100	20.0	1
Leo Burnett/Diethelm Advertising	Bangkok	MJ	1,790.0	1,920.0	-7.0	9,740.0	10,870.0	39,500.0	215,000.0	106	103	3.0	1
McCann-Erickson	Bangkok	MJ	1,790.0	1,809.0	-1.0	11,939.0	12,066.0	39,522.0	263,612.0	90	94	-4.0	N/A
J. Walter Thompson Co.	Bangkok	MJ	1,202.8	790.5	52.0	6,820.1	4,482.0	26,552.9	150,554.8	48	37	30.0	1
Prakit & FCB	Bangkok	MN	951.3	815.4	17.0	6,342.0	5,436.0	21,000.0	140,000.0	91	71	28.0	1
Amex & Grey Advertising	Bangkok	MN	650.9	692.7	-6.0	4,341.7	4,620.2	14,369.2	95,842.6	56	56	0.0	1
DDB Needham Worldwide	Bangkok	MN	532.0	326.9	63.0	3,548.4	2,180.5	11,744.0	78,332.2	30	28	7.0	1
DYR Ltd.	Bangkok	MJ	479.0	264.0	81.0	2,697.0	1,064.0	10,589.2	59,536.3	34	21	62.0	1
Paterson & Partners	Bangkok	MJ	343.9	N/A	N/A	1,910.4	N/A	7,591.0	42,172.0	20	N/A	N/A	1
Ogilvy & Mather Direct	Bangkok	MJ	128.8	N/A	N/A	859.2	N/A	2,843.7	18,967.7	7	N/A	N/A	1
Synergie Communications	Bangkok	NE	66.2	N/A	N/A	2,205.0	N/A	1,653.8	55,125.4	34	N/A	N/A	1
TRINIDAD													**Exchange rate: 0.2843 T dollar**
McCann-Erickson (Trinidad)	Port of Spain	MJ	2,262.0	1,948.0	16.0	15,088.0	12,993.0	T$7,956.0	T$53,067.0	69	78	-12.0	N/A

Notes

(Continued from Page 75)

Concepto affiliated with BBDO Worldwide

HONG KONG

Synergie Communications 35% owned by BJK&E **Far East-Ketchum** Minority owned by Ketchum Advertising **Results (HK)** 100% owned by Ogilvy & Mather **Lee Davis Advertising** N W Ayer acquired minority holding in May, 1987 **Mojo MDA Asia** combines Hong Kong and Singapore offices **Ball Partnership** Figures did not arrive in time. 1986 gross income of $1.21 million on billings of $8.05 million

INDIA

Hindustan Thompson Associates Affiliated with J. Walter Thompson Co. **Lintas India** 40% owned by SSC&B:Lintas **Ogilvy Benson & Mather** 40% owned by Ogilvy & Mather **Everest Advertising** Minority owned by Saatchi & Saatchi Compton **R.K.Swamy Advertising** Affiliated with BBDO **Chaitra Advertising** Signed affiliation agreement with Leo Burnett Co. April '87 **Advertising and Sales Promotion** Affiliated with N W Ayer **Sista's Private Ltd.** Affiliated with DFS Dorland **Contract Advertising** Affiliated with J. Walter Thompson Co. **Trikaya Advertising** Affiliated with Grey **Contract Advertising** Majority owned by Hindustan Thompson, non-equity affiliation with JWT **Rediffusion Advertising** affiliated with Ted Bates, did not report figures **Clarion Advertising Services** Figures arrived too late for inclusion in chart. 1986 gross income of $2.9 million on billings of $19 million

INDONESIA

PT Citra:Lintas Affiliated with SSC&B:Lintas **Fortune** Associated with Saatchi & Saatchi Compton **P.T. Bates Mulia Indonesia** Affiliated with Ted Bates **Ad Force** Affiliated with J. Walter Thompson **P.T. Perwanal** 45% owned by DMB&B **P.T. Sulisto** Affiliated with BBDO

IRELAND

O'Kennedy-Brindley and **Hunter Advertising** associated with Saatchi & Saatchi Compton **Peter Owens** and **Brian Cronin** gross income for both years AA estimate

ISRAEL

Information for Israeli agencies came in too late. Billings, in U.S. dollars, were supplied by Israel Advertiser Association, gross income figures AA estimates. 1986 figures for all Tel Aviv-based agencies follow: **Wimmer, Tamir, Cohen (Jacobson)** Gross income: $2,250.0; billings $15,000.0 **Gitam** $2,250.0; $15,000.0 **Dahaf** $1,500.0; $10,000.0 **Warshabski Frielich** Affiliated with Grey Advertising. Gross income: $1,500.0; Billings: $10,000.0 **OK** $1,200.0; $8,000.0 **Pelled** $1,350.0; $9,000.0 **Pirsum Tal** $1,200.0; $8,000.0 **Bing Lineal** $900.0; $6,000.0

ITALY

Young & Rubicam Italia includes Cato Johnson and Burson-Marsteller **Italia/BBDO** 40% owned by BBDO **Livraghi, Ogilvy & Mather** 49% owned by Ogilvy & Mather **SSC&B:Lintas** includes Centro Media **RSCG Mezzano Costantini Mignani** 51% owned by RSC&G, Paris **P.T. Needham** 30% owned by DDB/Needham. Gross income and billings for '86 AA estimates **Bozell, Jacobs, Kenyon & Eckhardt e Associati** 50% owned by BJK&E **B Communications** associated with DFS Dorland **Promarco Advertising** gross income for both years AA estimate **Pubblimarket Alliance** minority-owned by London-based Lopex **Dorland Italiana** 36% owned by DFS Dorland **Broucc & DDB** 9 months only **Pubbli Dan Wirz** 25% owned by Adolf Wirz, Zurich, Switzerland

JAMAICA

Lindo, Foote, Cone & Belding 15% owned by FCB Communications

JAPAN

I&S Corp. formerly Dai-Ichi Advertising which merged Oct. with SPN Co., a communications and sales promotion company of Seibu Saison Group **Asatsu** minority owned by BBDO **Asahi Advertising** Affiliated with Saatchi & Saatchi Compton **Chuo Senko Advertising** offices in Thailand, Hong Kong and Singapore **Mannen-sha** Affiliated with DMB&B **Grey Daiko Advertising** 50% owned by Grey **DFS Dorland/Tokyo** formerly known as NDC/DFS Intl., an affiliation which was dissolved end '86 **Cove-Ito Advertising** fully-owned offices in Thailand and Hong Kong, holds 47% equity in Cove-Ito McLarty, Toronto **Meitsu BJK&E** 30% owned by Bozell, Jacobs, Kenyon & Eckhardt **Yomiko DFS International** 49% owned by DFS Dorland Worldwide

LEBANON

Grant Advertising & Associates 10% owned by Bozell, Jacobs, Kenyon & Eckhardt, headquartered in Athens, does business in Lebanon and Kuwait **Enterprise Middle East**, majority owned by Leo Burnett Co., headquartered in Athens, does business in the Middle East

MALAWI

Graphic:Lintas Malawi 49% owned by SSC&B:Lintas

MALAYSIA

PTM Thompson Advertising 25% owned by J. Walter Thompson Co. **KHK Needham Standard** 30% owned by DDB Needham **SSC&B:Lintas** 49% owned by SSC&B:Lintas **Ted Bates** 49% owned by Ted Bates Worldwide **AP:Foote, Cone & Belding** 30% owned by FCB Communications **Wings Creative** 25% owned by BBDO Worldwide **Bozell, Jacobs, Kenyon & Eckhardt** 47.86% owned by BJKE **Dancer Fitzgerald Sample** 29% owned by DFS Dorland Worldwide **Grant Advertising** 20% owned by BJKE **Ball Partnership** Figures did not arrive in time. 1986 gross income of $490.0 on billings of $3,236.0

MEXICO

Publicidad Ferrer formed joint venture with Davis, Johnson, Mogul & Colombatto, Los Angeles in Feb. '87 **Panamericana Ogilvy & Mather** 25% owned by Ogilvy & Mather **iconic** Affiliated with DFS Dorland Worldwide **Bozell, Jacobs, Kenyon & Eckhardt** 49% owned by BJKE **Dieste, Merino/BBDO** 42% owned by BBDO Worldwide **Arellano Ted Bates** did not provide figures, due to disagreement with the way Mexican agency figures are submitted

MOROCCO

Shem's Publicite Affiliated with McCann-Erickson

NETHERLANDS

FHV/BBDO Group 50.33% owned by BBDO Worldwide, includes BBDO Industrieel (30.95% equity) and Impuls/-BBDO (50.33%) **PMSvW/Young & Rubicam** includes PMSvW, 100% owned by Y&R. Also Wunderman, Cato Johnson and Burson-Marsteller **PPGH/Moussault** 40% owned by BBDO **Van Jaarsfeld/Fontein** majority owned by London-based Lopex **McCann-Erickson** includes McCann Industrieel, McCann Direct and Universal Media **ARA B.V.** 56% owned by BBDO **H.V.R.** acquired in Dec.'86 by Prad Alliance **Klein/Theeuwes/van der Meulen** 65% owned by Paris-based Eurocom **DFS Dorland** 52% owned by DFS Dorland **RSCG Van Diggele, Janzen, Schoenmaker** 51% owned by RSC&G, Paris

NEW ZEALAND

Colenso Communications, Rialto Advertising and **Hutcheson Knowles Marinkovich** Minority owned by BBDO **MDA Mackay King** Affiliated with Bozell, Jacobs, Kenyon & Eckhardt **USP Needham New Zealand** Name changed from J. Inglis Wright **Haines Advertising** Gross income for both years AA estimate **Dobbs-Wiggins McCann-Erickson** M-E acquired 100% ownership in 1985 **J. Walter Thompson New Zealand** did not submit figures

NORWAY

Ted Bates '85 gross income AA estimate **Scanpartner Norge** gross income for both years AA estimate **Schjaerven/J. Walter Thompson** affiliated with JWT **B&L Creative Service** 90% owned by Ted Bates **Ottesen Bates** 40% owned by Ted Bates **Foote, Cone & Belding AS** 45% owned by FCB Communications **B.J. Kverneland, Ervaco Norway** gross income for both years AA estimates **Lund & Lommer** affiliated with DFS Dorland did not submit figures

PAKISTAN

R:Lintas Affiliated with SSC&B:Lintas Gross income figures AA estimate

PANAMA

Campagnani, Aleman Publicidad affiliated with Leo Burnett Co.

PERU

Publicistas Asociados Affiliated with BBDO Worldwide

Since the Peruvian sol was devaluated last year, and a new currency (the inti) was created, figures for '86 and '85 are not comparable

PHILIPPINES

Advertising and Marketing Associates affiliated with N W Ayer **Philippine Advertising Counselors** affiliated with BBDO **Basic/Foote, Cone & Belding** 40% owned by FCB Communications **SSC&B:Lintas Worldwide Philippines** 30% owned by SSC&B:Lintas Worldwide **Matrix Communications** Minority owned by Grey

PORTUGAL

Ciesa-NCK 60% owned by FCB Communications **FCB Portugal** 51% owned by FCB **Sistema** Associated with Saatchi & Saatchi Compton **Boom & Bates** 35% owned by Ted Bates **Unitros Portugal** 55% owned by HCM **Ogilvy & Mather Portugal** 90% owned by O&M **Antena Publicidade** Affiliated with BBDO **DDB Needham & Guerreiro** 69.9% owned by DDB Needham

PUERTO RICO

Young & Rubicam Puerto Rico includes Burson-Marsteller **Marti, Flores, Prieto & Wachtel** 22.5% owned by J. Walter Thompson Co. **J.R. Marquina & Associates** Affiliated with DFS Dorland **BBDO Puerto Rico** 87% owned by BBDO

SINGAPORE

Bozell, Jacobs, Kenyon & Eckhardt 73% owned by BJKE **BBDO Advertising Singapore** 87.5% owned by BBDO **DMB&B** 52% owned by DMB&B **CR & Grey** Agency opened in January, 1986 **Ball Partnership** Figures did not arrive in time. 1986 gross income of $1,072.0 on billings of $7,075.0

SOUTH AFRICA

Grey Philips Bunton Mandel & Blake minority owned by Grey, includes Grey Direct, Grey Communications, Grey Rakusin, Grey Action, Grey Medical, Grey Recruitment, Grey Appointments, Grey Mann and Grey Perspectives **Bates Wells** Affiliated with Ted Bates. Includes Bates Wells Cape and Pretoria, Bates Wells Retail Decisions, Bates Wells Specialized Advertising, Bates Hickman & Associates, Cerna, Diagram, Bates Recruitment, Adgraphics **Young & Rubicam South Africa** 75% owned by Y&R **Ogilvy & Mather Rightford Searle-Tripp & Makin** 42% owned by Ogilvy & Mather **Lindsay Smithers-FCB Holdings** 24% owned by FCB **McCann-Erickson South Africa** includes G. de Villiers & Co. **Klerck & McCormac** Affiliated with Saatchi & Saatchi Compton. Figures include Barker McCormac, (51% equity), KMP, KMP Recruitment and Klerck & White **J. Walter Thompson Co. South Africa** 28.2% owned by JWT Co. **Venture Freedman Rossi/BBDO** Affiliated with BBDO **Partnership in Advertising** 24% owned by FCB Communications **Graphic Advertising Services, Venture Marketing** and **Advertising and Venture CBD** Affiliated with BBDO

SOUTH KOREA

Korea First Advertising Affiliated with Ted Bates and Hakuhodo **Daehong Advertising** Associated with Saatchi & Saatchi Compton **Korad International** Affiliated with Ogilvy & Mather **LG Ad** Affiliated with BBDO **Union Advertising** Affiliated with Grey Advertising and Daiko, Tokyo **Dongbang Advertising, Samhee Advertising, Seoul Agency** Gross income for both years AA estimates **Diamond Advertising** Affiliated with Bozell, Jacobs, Kenyon & Eckhardt. Gross income for both years AA estimates **Geoson** Affiliated with FCB Communications **Nara Advertising** Affiliated with J. Walter Thompson Co., Tokyu Agency, Tokyo and DMB&B, Hong Kong

SPAIN

Tandem DDB/Needham includes Carvis Needham, Madrid/Barcelona and Tandem/DDB/Campmany Guasch **Grupo Alas** majority owned by Ted Bates, includes media-buying shop Interdis, with '86 billings of $26.5 million **BBDO Espana** 80% owned by BBDO **McCann-Erickson** submitted combined 1985 and 1986 figures for its Madrid office and majority owned Clarin. AA separated the figures since the two agencies are competitive in the Spanish market. **Delvico Bates** 60% owned by Ted Bates **Basset, Ogilvy & Mather** 80% owned by Ogilvy & Mather **Danis B&B** 51.2% owned by DMB&B. Includes B&B Direct and B&B Promotions **Saatchi & Saatchi Compton** and majority owned **RCP** operate two competing offices. AA separated the figures **Grupo Barro** 30% owned by Colett Dickenson Pearce, London **Ted Bates Espana** 60% owned by Ted Bates **Dos por Dos** 1986 gross income AA estimates **Equipo 3** majority owned subsidiary of TAPSA/N W Ayer **RZR** majority owned by FCB Communications **BJKE de Espana** 51% owned by Bozell, Jacobs, Kenyon & Eckhardt

SRI LANKA

Thompson Lanka 49% owned by J. Walter Thompson Co. **Grant/BJKE** 40% owned by Bozell, Jacobs, Kenyon & Eckhardt. Gross income for '86 AA estimate **Minds Lanka** 40% owned by Bozell, Jacobs, Kenyon & Eckhardt

(Continued on Page 78)

Top 10 agency holding companies

	Agency	Gross Income	Billings
1.	Saatchi & Saatchi PLC[1]	$1.21 bill.	$8.26 bill.
2.	Interpublic Group of Cos.[2]	822.4	5.55 bill.
3.	Omnicom Group[3]	820.1	5.82 bill.
4.	JWT Group[4]	644.8	4.30 bill.
5.	Ogilvy Group[5]	548.7	3.80 bill.
6.	Eurocom[6]	216.4	1.46 bill.
7.	Lowe Howard-Spink & Bell PLC[7]	111.3	759.8
8.	WCRS Group PLC[8]	86.2	660.3
9.	Alliance International[9]	66.7	437.8
10.	Mojo-MDA International[10]	42.4	282.8

[1]Saatchi & Saatchi PLC includes: Saatchi & Saatchi Compton Worldwide, Backer & Spielvogel, KHBB, Ted Bates Worldwide, DFS Dorland Worldwide.
[2]Interpublic Group of Cos. includes: McCann-Erickson Worldwide, SSC&B:Lintas Worldwide, Campbell-Ewald Worldwide, Lowe Marschalk Inc. (70% owned by Interpublic, 30% by Lowe Howard-Spink & Bell PLC) and Dailey & Associates.
[3]Omnicom Group includes: BBDO Worldwide, DDB Needham Worldwide and Diversified Agency Services.
[4]JWT Group includes: J. Walter Thompson USA; Thompson Recruitment Advertising; Brouillard Communications; Lord, Geller, Federico, Einstein; Hill & Knowlton and MRB Group.
[5]Ogilvy Group includes: Ogilvy & Mather Worldwide; Scali, McCabe, Sloves Group and Cole & Weber.
[6]Eurocom includes: 51% of HCM; Belier; Polaris; Univas France, O.P.F., Eldorado, Havas Contact, O.P. France, Eurofi, Information Societes France; Geers Gross (20% equity) and offices in Italy, Netherlands, Switzerland and Spain.
[7]Lowe Howard-Spink & Bell PLC includes: Lowe Howard-Spink U.K., Lowe Marschalk U.S. (30% equity); Allen, Brady & Marsh; offices in Australia, Austria, Belgium, Canada, France, Germany, Italy and Netherlands and pr and sponsorship holdings.
[8]WCRS Group PLC includes WCRS & Partners Ltd., FCO Ltd., Della Femina Travisano & partners; HBM/Creamer and pr, design and sponsorship holdings.
[9]Alliance International, with 16 agencies in 8 countries, is a totally owned subsidiary of Lopex PLC, London. The U.S. arm of the network is Warwick Advertising, New York.
[10]Mojo MDA International includes: Mojo MDA Australia, Mattingly network, Mojo MDA Asia (offices in Hong Kong and Singapore) and Mojo MDA-Allen & Dorward, San Francisco.
Figures are in million of dollars

Source: Compiled by *Advertising Age*.

Ilse Cermak, international copy editor, responsible for the Foreign Agency Income Report; Ellen Mardock, designer, responsible for the graphics of the section.

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Ramona Bechtos was international editor of Ad Age for 11 years.

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Roberto Duailibi, the 'D' in DPZ — Duailibi, Petit, Zaragoza Propaganda S.A., one of the largest and most creative agencies in Brazil.

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Agency	City		Gross income 1986	Gross income 1985	Percent change income	Billings 1986	Billings 1985	Gross income 1986	Billings 1988	Employes 1986	Employes 1985	Employes Percent change	Number offices
				($000)			($000)	($000; national currency)					
Lonsdale Advertising	Port of Spain	NA	747.6	673.8	11.0	4,546.8	4,284.3	2,629.6	15,993.1	36	36	0.0	2
Corbin Compton	Port of Spain	MJ	575.0	583.6	-1.0	2,881.9	2,667.0	2,022.7	10,136.9	33	38	-13.0	1
Hernandez/FCB	Port of Spain	MN	525.3	515.3	2.0	3,503.8	3,437.2	1,847.7	12,324.2	28	28	0.0	1
Bozell, Jacobs, Kenyon & Eckhardt Caribbean	Port of Spain	MN	358.2	412.2	-13.0	1,705.8	1,961.7	1,260.0	6,000.0	22	25	-12.0	1
TURKEY													**Exchange rate: 0.0015 lira**
Manajans/Thompson	Istanbul	MN	3,233.1	1,935.9	67.0	9,371.2	7,748.2	TL2.16 bill.	TL14.06 bill.	124	112	11.0	2
Cenajans	Istanbul	NE	2,025.0	1,125.0	80.0	13,750.5	10,380.0	1.35 bill.	9.17 bill.	85	85	0.0	2
Pars/McCann-Erickson	Istanbul	MJ	1,980.0	1,189.3	67.0	13,215.0	7,935.0	1.32 bill.	8.81 bill.	86	80	8.0	4
Ajans Ada	Istanbul	NA	1,764.0	1,041.0	69.0	9,322.5	5,595.0	1.18 bill.	6.21 bill.	90	75	20.0	2
Guzel Sanatlar Reklamcilik	Istanbul	NE	1,730.0	787.3	120.0	17,800.0	11,925.0	1.15 bill.	11.87 bill.	73	68	7.0	1
Moran Ogilvy & Mather	Istanbul	MN	1,590.0	666.0	139.0	9,195.0	4,485.0	1.06 bill.	6.13 bill.	59	61	-3.0	1
Grafika-Maya	Istanbul	MN	1,147.5	772.5	49.0	7,950.0	5,550.0	765,000.0	5.30 bill.	69	58	19.0	2
Reklamevi	Istanbul	NA	718.5	264.0	172.0	3,855.0	2,289.0	479,000.0	2.57 bill.	30	21	43.0	1
Merkez Ajans	Istanbul	NA	674.8	530.0	27.0	3,465.8	2,670.0	449,880.0	2.31 bill.	38	38	0.0	1
Radar Reklam	Istanbul	NA	617.0	295.6	109.0	4,113.0	1,971.0	411,297.0	2.74 bill.	39	38	3.0	1
Fulmar Advertising	Istanbul	NA	540.0	360.0	50.0	3,225.0	2,250.0	360,000.0	2.15 bill.	26	25	4.0	1
Icancilik	Istanbul	NA	519.9	382.1	36.0	4,037.6	3,180.2	346,590.9	2.69 bill.	38	35	9.0	1
Yaratim/FCB	Istanbul	MN	495.0	280.5	76.0	3,307.5	2,025.0	330,000.0	2.21 bill.	25	18	39.0	1
Rota Advertising	Istanbul	NA	488.8	418.2	17.0	3,760.0	3,138.8	325,893.1	2.51 bill.	41	46	-11.0	2
Repro A.S.	Istanbul	NA	458.7	256.7	79.0	3,062.0	2,335.5	305,772.5	2.04 bill.	37	35	6.0	1
Markom A.S.	Istanbul	NA	393.0	217.5	81.0	2,871.0	1,500.0	262,000.0	1.91 bill.	27	26	4.0	1
Admar	Istanbul	NA	346.5	253.5	37.0	3,534.0	1,716.0	231,000.0	2.36 bill.	19	16	19.0	1
Ekol Advertising	Istanbul	NA	275.6	129.4	113.0	1,837.5	862.5	183,750.0	1.23 bill.	23	15	53.0	1
Aya Ad Services	Istanbul	NA	236.3	245.5	-4.0	1,575.0	1,631.7	157,500.0	1.05 bill.	30	36	-17.0	1
A&D International Advertising	Istanbul	NA	198.1	123.2	61.0	2,076.5	2,076.8	132,078.1	1.38 bill.	31	32	-3.0	1
Prizma	Istanbul	NA	154.5	63.0	145.0	2,490.0	948.0	103,000.0	1.66 bill.	19	15	27.0	1
URUGUAY													**Exchange rate: 0.0072 peso**
Corporation Publicitaria	Montevideo	NA	1,035.0	384.9	169.0	4,500.0	1,663.2	Ps143,750.0	Ps625,000.0	45	34	32.0	1
Impetu Organizacion Publicitaria	Montevideo	NE	877.8	488.4	80.0	3,657.6	2,000.3	121,920.0	508,000.0	64	59	8.0	1
McCann-Erickson	Montevideo	MJ	247.0	132.0	87.0	1,647.0	880.0	34,363.0	229,201.0	14	15	-7.0	N/A
Grey-Uruguay	Montevideo	MN	220.8	128.1	72.0	1,472.7	854.4	30,675.8	204,607.6	14	17	-18.0	1
VENEZUELA													**Exchange rate: 0.0559 bolivar**
J. Walter Thompson de Venezuela	Caracas	MJ	4,941.6	4,203.3	18.0	32,960.8	27,953.3	Bs71,618.1	Bs477,692.6	153	162	-6.0	1
Corpa	Caracas	MN	4,703.2	4,009.3	17.0	31,323.6	27,513.3	68,163.0	453,965.0	184	177	4.0	3
Leo Burnett-Venezuela	Caracas	MJ	2,601.1	1,810.3	44.0	17,341.1	12,067.8	37,697.0	251,320.0	91	75	21.0	1
ABC-McCann Publicidad	Caracas	MJ	2,495.8	2,046.3	22.0	16,647.0	13,649.0	37,171.0	241,261.0	86	96	-10.0	N/A
JMC Creatividad Orientada	Caracas	NA	2,188.7	1,211.0	81.0	14,591.2	8,073.0	31,720.0	211,466.0	60	45	33.0	2
FCB/Siboney/Blanco Uribe	Caracas	MN	1,596.0	1,503.2	6.0	10,645.6	10,026.5	23,131.0	154,284.0	70	89	-21.0	1
Ghersy/Quintero & Ted Bates	Caracas	MN	1,290.3	1,035.0	25.0	8,556.0	6,900.0	18,700.0	124,000.0	56	55	2.0	1
AW/Compton	Caracas	MJ	1,095.1	992.2	10.0	6,574.7	5,953.0	15,871.0	95,286.0	48	45	7.0	1
Grey Advertising de Venezuela	Caracas	MJ	603.0	701.9	-14.0	4,022.1	4,681.4	8,739.2	58,290.9	41	40	3.0	1
Young & Rubicam	Caracas	MN	356.7	445.1	-20.0	2,379.8	2,968.6	5,170.0	34,490.0	28	36	-22.0	N/A
YUGOSLAVIA													**Exchange rate: 0.0025482 dinar**
SM Delo	Belgrade	NA	1,146.7	2,497.2	-54.0	5,096.4	12,741.0	Din450,000.0	Din980,000.0	50	22	127.0	2
ZAMBIA													**Exchange rate: 0.1621 kwacha**
Young & Rubicam (Zambia)	Lusaka	MJ	274.0	120.0	128.0	1,828.0	801.0	Zk1,691.0	Zk11,276.9	18	17	6.0	N/A
ZIMBABWE													**Exchange rate: 0.5919 Z dollar**
Barker McCormac	Harare	NE	1,401.6	833.0	68.0	6,372.4	3,669.8	Z$2,367.9	Z$10,766.0	75	61	23.0	2
Michael Hogg/Young & Rubicam	Harare	MN	1,150.0	922.0	25.0	7,671.0	6,147.0	1,944.0	12,960.2	70	75	-7.0	N/A
SSC&B: Lintas Worldwide	Harare	MJ	554.0	420.5	32.0	3,098.1	1,910.6	936.0	5,234.2	38	36	6.0	1

Notes

(Continued from Page 77)

SWEDEN

Ted Bates includes Ted Bates City, Stockholm, and September, Helsingborg **Kread Gruppen** financial year July 1 to June 30 **Grey Svenska** includes ARC International, Claesson & Co., Observera, Network Production, Grey Com, Grey Medical, Grey Direct **Young & Rubicam** includes Cato Johnson, Wunderman and Burson-Marsteller **McCann Erickson** includes Werne Stockholm and Werne Malmo, which were merged into the M-E office last year **Ehrenstrahle International** figures are combination of Stockholm and London offices. Ehrenstrahle 55% owned by BBDO **HLR/BBDO** 75% owned by BBDO **Blanking** Associated with Saatchi & Saatchi Compton **DFS Pihlstroem** 49% owned by DFS Dorland **RSCG Hawi** 51% owned by RSCG, Paris **Thor & Co.** '86 billings AA estimate **NPP Reklambyra** gross income for both years AA estimates

SWITZERLAND

Adolf Wirz headquartered in Basel, with offices in Vienna, Milan and Frankfurt **Advico AG** Affiliated with Ted Bates **Young & Rubicam** includes Burson Marsteller **Gisler & Gisler/BBDO** 80% owned by BBDO **Kloeti Advertising** Affiliated with Saatchi & Saatchi Compton **BEP** Majority owned by Publicis International **Cash RSCG** 51% owned by RSC&G, Paris **T.C. Mettler** Affiliated with DFS Dorland **DMB&B** Office closed in December, '86

TAIWAN

Gaynor Associates Affiliated with J. Walter Thompson Co. **United Communications** Affiliated with McCann-Erickson **Eastern Advertising** Affiliated with Tokyu Advertising International **Target Advertising** Associated with Saatchi & Saatchi Compton **Stentor/BBDO** 20% owned by BBDO Worldwide

THAILAND

Spa Advertising Associated with Saatchi & Saatchi Compton Worldwide **Prakit & FCB** 30% owned by FCB Communications **Synergie Communications** Affiliated with Bozell, Jacobs, Kenyon & Eckhardt. 1986 figures are for nine months **Paterson & Partners** majority owned by DMB&B **Ball Partnership** Figures did not arrive in time to be included in the charts. 1986 gross income $656.9 on billings of $4,394.0

TRINIDAD

Hernandez/FCB 49% owned by FCB Communications **Bozell, Jacobs, Kenyon & Eckhardt Caribbean** 26% owned by BJKE

TURKEY

Manajans/Thompson 25% owned by J. Walter Thompson Co. **Cenajans** Associated with Grey Advertising-**Pars/McCann-Erickson** 51% owned by McCann-Erickson **Guzel Sanatlar Reklamcilik** Associated with Saatchi & Saatchi Compton **Moran Ogilvy & Mather** 40% owned by Ogilvy & Mather **Grafika-Maya** 49% owned by SSC&B:Lintas **Yaratim/FCB** 30% owned by FCB Communications **Radar Reklam, Ekol Advertising** and **Aya Ad Services** gross income for both years AA estimates

URUGUAY

Corporacion Publicitaria Affiliated with J. Walter Thompson Co. **Impetu Organizacion Publicitaria** Affiliated with BBDO

VENEZUELA

The 1986 exchange rate for the Venezuelan bolivar has been changed to 0.069 from 0.0559 since, according to Venezuelan government regulations, all dividends relating to '86 earnings remitted by a Venezuelan subsidiary to a foreign parent will be converted at this rate. **Corpa** 19.9% owned by Ogilvy & Mather **ABC-McCann Publicidad** M-E acquired 100% ownership in 1985 **FCB/Siboney/Blanco Uribe** 46% owned by FCB Communications **Young & Rubicam** 19.9% owned by Y&R

ZIMBABWE

Barker McCormac Associated with Saatchi & Saatchi Compton **Michael Hogg/Young & Rubicam** 25% owned by Y&R#

Nissan's tough road

(Continued from Page 4)
agency review for Nissan (*see story below*). The consulting company is known as much for squeezing agencies' compensation arrangements as it is for thoroughness in ad agency reviews.

Canter, Achenbaum (then known as Canter, Achenbaum, Heekin) handled the Nissan search 10 years ago, when Esty was selected to replace Parker.

Esty has handled the account on a fee basis, rather than a straight commission based on billings, and the new agency will undoubtedly be asked to negotiate similar terms.

Following Toyota Motor Sales' lead, Nissan will insist the account be handled on the West Coast.

Although Toyota's agency, DFS Dorland Worldwide, at first resisted the move, it completed the relocation of the creative work from New York to its Torrance, Calif., office earlier this year.

Ogilvy & Mather, with its full-service Los Angeles office, remains a front-runner in the race for the account, according to industry executives. But several West Coast agency sources are putting money behind dark horses, including Fallon McElligott, Minneapolis.

"Nissan is looking for a creative solution, and Fallon is a hot shop right now," said one source.

Nissan's Mr. King said he is entering the review with an open mind. "We're going in with wide parameters," he said. "We have no predetermined ideas about the size of our next agency."

Commenting on the possibility of splitting the account, Mr. King said he would prefer to have one agency service the entire account, "but I'm open-minded . . . and will consider any new wrinkles."

If the truck account were to be broken out, that could make Chiat/Day a candidate for that business. Agency sources say the agency won't jeopardize its Porsche North America account by pitching the entire Nissan business.

As for Nissan's declining market share, Mr. King attributed sales slippage to the rapid introduction of new vehicles last year.

Nissan brought out six all-new vehicles—out of its lineup of nine lines—in 1986, leaving it with the challenge of moving from one introduction to the next, without a chance for any sustaining campaigns.

He added that the U.S. car market absorbed 300,000 vehicles last year from new players in the market, such as Hyundai Motor America and Yugo America.

Several other automobile ad accounts broke loose recently in the white-hot competitive environment. The battle for a share of sluggish overall sales is putting additional pressure on agencies to produce breakthrough advertising.

Nissan's firing of Esty could affect the $120 million American Motors Corp. account now handled by another Saatchi & Saatchi Co. agency, Saatchi & Saatchi Compton Worldwide, New York.

The AMC account is up in the air because of the bid by Chrysler Corp. to acquire the ailing automaker. While Compton would like to retain the business, it probably would relinquish it if Saatchi & Saatchi goes through with a plan to merge Compton with sister agency DFS Dorland Worldwide, which handles Toyota.

Austin Rover Cars of North America, Miami, last week took one hot creative shop out of the running for Nissan: It selected Hal Riney & Partners, San Francisco, for its $20 million account.

That change comes shortly after the February launch of its $20,000 Sterling sports luxury sedan, which indicates that auto marketers don't feel they can wait long to solve sales problems. Beber Silverstein & Partners, Miami, previously handled.

Riney will handle all creative, and print media buying, while broadcast placement will stay with RMR Advertising, New York.

Lotus Performance Cars' $2 million account recently changed hands, too, going from Durfee & Solow to McCann-Erickson, both New York.

Lotus was acquired last year by General Motors Corp.#

Raymond Serafin in Detroit contributed to this story.

Canter, Achenbaum surfaces when big advertisers jettison

By JENNIFER PENDLETON and CLEVELAND HORTON

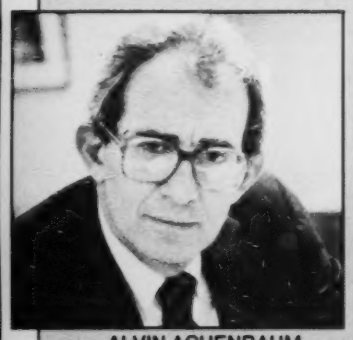
Ten years ago, when Nissan Motor Corp. fired Parker Advertising, it hired New York marketing consultant Canter, Achenbaum, Heekin—now Canter, Achenbaum, Associates—to take charge of its agency search.

Last week, when Nissan fired the agency that emerged from that review process, William Esty Co., Canter, Achenbaum was again on the scene.

The 14-year-old company offers a range of marketing-related services, but it is best known for helping match advertisers with agencies. Recently, it handled two new Asian entrants to the U.S. automotive marketplace—American Honda Motor Co.'s Acura division and Hyundai Motor America, the Korean automaker.

It also helped match Toyota Motor Sales with DFS Dorland Worldwide (then Dancer Fitzgerald Sample).

Chairman Alvin Achenbaum, a veteran of J. Walter Thompson Co. and Grey Advertising, emphasizes that Canter, Achenbaum does more than just handle agency reviews.


ALVIN ACHENBAUM

"If that's all we did, we'd starve," he says. But, he concedes, "probably 85% of our notoriety comes from this area" of business.

With partners Stanley Canter, a veteran of Ogilvy & Mather and McCann-Erickson, and Richard S. Lessler, a former vice chairman of Interpublic Group of Cos., Mr. Achenbaum has developed a reputation for negotiating tough compensation deals for clients.

This skill hasn't made Canter, Achenbaum popular among ad agencies, but Mr. Achenbaum says the company is misunderstood. "We're not tough, we're fair," he says. "And reasonable."

Gerrold Rubin, president of Rubin Postaer & Associates, Los Angeles, agency for Honda's general-market advertising, uses a baseball analogy to describe his feelings: "It's like the pitcher who throws a high, hard one at your head. He may be a good pitcher, but you don't invite him to dinner."

Canter, Achenbaum provides a systematic approach to agency selection tailored to the specific needs of individual clients, says Mr. Achenbaum. "We talk to our clients in great detail."

Critics contend Canter, Achenbaum's system is inflexible and tends to favor larger, established agencies.

Advertisers and agencies alike agree that Canter, Achenbaum is "thorough." Jim Agnew, exec VP, J. Walter Thompson USA/West, says of the Nissan review: "I expect it will be extremely deliberate, long and they'll be very involved, right through the compensation [negotiations]."

Says Cy Schneider, chairman/Pacific, Bozell, Jacobs, Kenyon & Eckhardt: "Canter, Achenbaum knows advertising backward and forward. Anyone intending to compete should be ready to meet stringent requirements."

Mr. Achenbaum says Canter, Achenbaum executives know the right questions to ask agencies. "We have the skill to be able to expose agencies, warts and all . . . to get beyond the facade of the initial sales pitch," he asserts.

One of the more interesting sidelights to Canter, Achenbaum is that it has been able to work for direct competitors without facing conflict-of-interest charges.

While it hasn't worked for Toyota and Nissan at the same time, the company has been privy to sensitive marketing information from both marketers. But Mr. Achenbaum insists any information learned while working for a client remains top secret. Only a few senior people on Canter, Achenbaum's 20-person staff are allowed access to proprietary information.

The consultant's integrity was questioned in 1977, when it was involved in Nissan's last agency hunt. Grey Advertising, which was one of six agencies pitching, resigned, claiming Canter, Achenbaum was biased toward Wells, Rich, Greene (AA, April 11, 1977).

Esty, however, went on to win the account.#

For the Record

FOOTE, CONE & BELDING COMMUNICATIONS, Chicago, reported "higher than expected" earnings for the first quarter, but results were lower than in 1986. FCB posted net income of $2 million, down 2.2% from first quarter 1986, on revenues of nearly $71.1 million, off 6.4% from a record high in '86. A 3.1% increase in foreign revenue partially offset a 9.5% decline in U.S. operations. Separately, **Omnicom Group**, New York, reported a 17% decline in net income to $6.3 million in the first quarter and a 5% increase in commission and fee income to $177.2 million.

SCALI, McCABE, SLOVES, New York, which agreed to buy back 20% of its shares from parent Ogilvy Group and a rights option to acquire another 10% nine months ago (AA, Aug. 25, 1986), cannot turn around and go public with those shares and also has no plans to be spun off as a separate public company from Ogilvy, despite published reports. "Those shares that we sold to the Scali management group and profit-sharing fund have long-term restrictions well into the 1990s," said Ogilvy Treasurer John Gill. He noted the shares were sold at book value and Ogilvy shareholders would object if Scali management in turn profited in the stock market from that. Both Mr. Gill and Scali CEO Marvin Sloves said there were no discussions at present about a spinoff.

RUBIN REID NOTO & EHRENTHAL, New York, opened with $24 million in billings as the successor agency to Shaller Rubin. Chairman Mel Rubin, Exec VP-Creative Director Michael Reid and Senior VP-Associate Creative Director Peter Noto all were principals in Shaller Rubin, while Herb Ehrenthal, exec VP-chief operating officer, was a senior VP-senior management representative at Needham Harper Worldwide. Milt Shaller, another principal, has left the agency "to pursue other interests." The new agency is at 122 E. 25th St., 10010.

NEWSPAPER AD VOLUME in 1986 jumped 7.2% to about $27 billion and accounted for more than 26% of total U.S. ad spending, said the American Newspaper Publishers Association, Washington. Daily circulation last year for morning and afternoon papers fell about 0.4% to 62.5 million, while Sunday circulation increased about 5% to 61.5 million.

RETAIL SALES for the four weeks ended May 2 registered double-digit gains for some leaders. K mart Corp., Troy, Mich., posted an 11.9% increase to $1.95 billion; May Department Stores Co., St. Louis, was up 15.5% to $758.8 million; and Montgomery Ward & Co., Chicago, was up 14.2% to $326.16 million. J.C. Penney Co., New York, was up 7.6% to $972 million.

ESPN, Bristol, Conn., last week signed its first agreement with a cable TV system to carry its package of National Football League games this fall. Cable TV Co., Berwick, Pa., serves a total of 50,000 subscribers.

ALFIN FRAGRANCES, New York, was advised by the New York State Attorney General's office that it is investigating Alfin's Glycel skincare anti-aging claims. The letter follows the Food & Drug Administration's actions against Alfin, Estee Lauder Inc. and Avon Products (AA, April 27). The FDA also has since informed Cosmair, Shiseido Cosmetics and Christian Dior Perfumes that they, too, must seek new-drug status for their products if they wish to keep making certain claims.

GENERAL MOTORS CORP.'S GMC Truck division, Pontiac, Mich., will launch its new full-size Sierra pickup with a pool of one 60-second and two 30-second TV spots June 1 and with ads in a broad cross section of June magazines. McCann-Erickson, Troy, handles.

PROCTER & GAMBLE CO., Cincinnati, last week filed a petition with the Food & Drug Administration to use olestra (formerly called sucrose polyester) as a calorie-free, cholesterol-free fat replacement in shortenings, oils and salted snacks. Sources said approval of the food additive could come within a year. P&G has been testing olestra for more than 20 years.

HILL & KNOWLTON, New York, and the Wirthlin Group, McLean, Va., a national research and polling company, announced a joint marketing agreement in which they will provide public relations and research services to clients. The two companies, while remaining separate, will promote the services of the other to clients.

FIRESTONE TIRE & RUBBER CO. this year will start moving its corporate headquarters to Chicago from Akron, Ohio, to put its retail business in "a more retail and finance-oriented community," a spokesman said. Firestone hasn't decided whether its $20 million ad account will be handled by the Chicago office of Bozell, Jacobs, Kenyon & Eckhardt. The agency now handles the business out of its Birmingham, Mich., office.

DOW CHEMICAL CO.'S Merrell Dow Pharmaceuticals, Cincinnati, is offering $840 million in cash for seven brands owned by the A.H. Robins Co., Richmond, Va. The brands include Chap Stick, Dimetapp and Robitussin. A Robins spokesman said the company, now under Chapter 11 bankruptcy protection due to litigation over the Dalkon Shield, has "no interest in selling major portions" of its business.

ACCOUNT ACTIVITY: **Panasonic Industrial Co. Communications**, Secaucus, N.J., to **Lewis, Gilman & Kynett**, Philadelphia, for its $10 million account. Cunningham & Walsh, New York, resigned when it was acquired by N W Ayer, agency for the Toshiba Business Products Group. . . . **MainStreet**, Bannockburn, Ill., a division of Federated Department Stores, to **Bayer Bess Vanderwarker & Flynn**, Chicago, from W.B. Doner & Co., Detroit, for its $3 million broadcast account. . . . **Hardee's Area VII** co-op, Livonia, Mich., to **Baker, Abbs, Cunningham & Klepinger**, Birmingham, from Handley Miller, Indianapolis, for its $2 million Midwest regional account. . . . **National Pork Producers Council**, Des Moines, Iowa, to **Campbell-Mithun**, Chicago, from in-house for its estimated $1 million food-service account.

WORTH NOTING: **Leo Burnett Co.**, Chicago, entered Turkey through a partnership with Markom Reklam Hizmetleri, Istanbul, now known as Markom/Leo Burnett. . . . **Kraft Inc.**, Glenview, Ill., last week began a $3.5 million spot TV campaign for its Lender's Bagel Bakery unit. Geers Gross Advertising, New York, handles. . . . **Benihana National Corp.**, Miami, hit with declining sales and a pinch in retail freezer space, is exploring options to sell or license its frozen-food division, which markets Benihana Oriental Dinners. . . . **Hearst Corp.**, New York, bought the *Houston Chronicle* for $415 million, $15 million above its original offer.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

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Cov. 1, pgs. 2, 6, S.1, S.2,

S.4, S.19, S.20, S.22, S.23,

72, 82, 83, 84

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Illustration by John Figler

P&G, Clorox lead Florida ad rebellion

By STEVEN W. COLFORD

Procter & Gamble last week directed its agencies to stop spot media buys in Florida after June 30 because of the state's 5% sales tax on advertising.

Robert Goldstein, P&G VP-advertising, said the billion-dollar advertiser will not place media ads in Florida until it weighs the impact of the tax and the needs of its brands. P&G's fiscal year begins July 1, the day the tax becomes law.

But a P&G agency source said the advertising halt, which does not include national media buys, will remain in effect until the tax is repealed.

P&G's move echoed Clorox Co.'s decision earlier last week to cancel spot buys in Florida, and other advertisers are expected to follow suit as pressure for an advertiser boycott picks up steam.

The Florida tax has drawn the wrath of the ad industry because it would be applied to all advertising coming into the state. Even national advertising placed outside the state would be affected if it runs in Florida. Other states tax advertising, or are considering a tax, but nothing as broad-based as Florida's law. *(See related story on Page 57.)*

Its constitutionality will be reviewed by the Florida Supreme Court at the request of Gov. Bob Martinez. Industry groups plan to file comments with the court, which is expected to render an advisory opinion in June.

Spot TV for Clorox liquid bleach will end the day the 5% tax on advertising and other services goes into effect, said David Goodman, Clorox VP-advertising. Clorox will resume buys in Florida upon "indication that the tax will be rescinded in the next legislative session," he added.

Clorox, which spent more than $107 million on advertising in 1986, also is reviewing advertising in Florida for brands other than its liquid bleach, said Mr. Goodman, who serves on the boards of directors of the American Advertising Federation and the Association of National Advertisers.

Other major marketers also were considering ad boycotts. At Pet Inc., St. Louis, a senior executive said the marketer was considering discontinuing media buys in Florida, as did a spokesman for Kellogg Co., Battle Creek, Mich. "We are reviewing the Florida tax situation and its relationship to Kellogg," said the Kellogg spokesman. "We have not taken any action yet and hope the ad-tax law is repealed before we have to stop our advertising in the state."

A Bristol-Myers spokesman said the New York-based marketer of toiletries and over-the-counter medicines was "considering the situation" but no decision had yet been made. He denied reports the $350 million-a-year advertiser already had ordered a reduction in Florida buys.

Leo Burnett USA, Chicago, last week heard boycott talk from some major clients. Jack Kraft, agency vice chairman, said "at least two clients" asked it to terminate spot

(Continued on Page 104)

Massive summer push

Nabisco sets new products

By JUDANN DAGNOLI

Nabisco Brands appears to be girding for a summer marketing assault that would divert the bulk of its $70 million ad budget for cookies and crackers into as many as 16 new products.

Nabisco sales representatives are telling grocery buyers the introductions will include line extensions for the company's Ritz cracker and Almost Home and Newton cookie lines, as well as at least two specialty products targeted at competitor Pepperidge Farm.

The new-product push is scheduled to start June 22, when the East Hanover, N.J.-based unit of RJR Nabisco begins its next upcoming promotional period.

Nabisco executives could not be reached for comment.

Grocery sources said Nabisco is still in early discussions with retail buyers, and has not detailed its promotional or

(Continued on Page 104)

Last Minute News

Esty to cut staff by nearly 50%

NEW YORK—William Esty Co. will dismiss about 180 of its total 400 employees by the end of July. The cutbacks include closing the agency's 40 to 50-person Los Angeles office. The moves follow the loss of the $150 million Nissan account (AA, May 4, *et seq.*) and its resignation of the $40 million MasterCard International account. Esty now is a $150 million agency, down 70% from last year *(see related story on Page 34)*.

Analysts slam Saatchi report

LONDON—U.K. analysts complained that Saatchi & Saatchi Co. Chairman Maurice Saatchi and other top Saatchi executives refused to give a breakdown of Ted Bates Worldwide's financial results and ducked questions about possible mergers of Saatchi-owned agencies when Saatchi's half-year results were announced May 14. For the half-year ended March 31, Saatchi announced pretax profits of $93.85 million, slightly higher than analysts' predictions. Sales increased by 130% to $3.06 billion. Despite the earnings gains, Alan Gottesman, an analyst at L.F. Rothschild, Unterberg, Towbin, New York, lowered his rating of S&S' stock to "hold" from "accumulate," saying "investor perceptions may deteriorate" because of account losses and agency mergers. Saatchi's two stalled merger discus-

(Continued on Page 8)

Shops line up to bag $200M burger bundle

By PATRICIA WINTERS

Blame it on Herb.

Executive changes, franchisee discontent, stagnant sales and a tough climate in the fast-food industry all contributed to Burger King Corp.'s decision to review ad agencies for its $200 million account, currently held by J. Walter Thompson USA, New York.

But many observers conclude it really was a nerd named Herb who caused this whopper of an agency/client relationship to come undone.

Burger King "didn't fire J. Walter Thompson after Herb, but it was clearly a strike against them," said John McMillin, food-industry analyst for Prudential-Bache Securities. "After that, they tried 'Burger King Town' and now 'The best food for fast times' theme.

"Burger King gave them a chance, but three strikes and

(Continued on Page 102)

Highlights

Shortening the mini 4
TV miniseries are becoming more mini and less serial as networks cut costs and audiences turn to shorter programs.

Bloom's new president 6
The Bloom Agency, the third-largest ad agency in Dallas and 48th-largest nationwide, is changing character—in more ways then one. Last week, the agency named Seth Werner, 32, president-executive creative director of the Dallas office, filling a post that had been vacant since December.

PTL marketing plan sinks 12
When the Rev. Jim Bakker fell from grace, he took an ambitious marketing plan with him. After his banishment, the PTL's plans for wooing national sponsors were put on hold, and Larry Sims, a former General Foods brand manager serving as the network's marketing maven, was fired.

Wendy's without Welter 22
William Welter's resignation last week from Wendy's International continued the shake-up of top management and raised questions about internal support for the troubled chain's turnaround strategy.

Chevy dealers unconvinced 26
While General Motors Corps.' Chevrolet division and Procter & Gamble remain optimistic about their 750-vehicle-giveaway promotion, Chevrolet dealers are returning mixed reviews.

Trolling for tourists 30
New England is attacking British TV; the South's bombarding German magazines. The U.S. invasion of overseas tourism markets has just begun. Prodded by the U.S. Travel and Tourism Administration, states are banding together to sell their regional attractions abroad.

Esty's independence day 34
William Esty Co. has received commitments from parent Saatchi & Saatchi Co. that the New York-based agency will be allowed to rebuild and remain independent, rather than be forced to merge with other Saatchi shops.

Battered Beber 36
Trouble is mounting at Beber Silverstein & Partners—one of the biggest agencies in the Southeast and, once, one of the hottest. The beleaguered shop this month lost its largest account, the $20 million in business for Austin Rover Cars' Sterling luxury auto.

Juice for adults 52
Del Monte USA is putting new punch behind its efforts to attract adults with $38 million in support for its new Fruit Blends line of blended fruit juices.

INTERNATIONAL

Nestle retrenches 60
Nestle, hard hit by the falling U.S. dollar and the collapse of world coffee prices last year, is hunkering down and planning no major acquisitions this year, says Managing Director Helmut Maucher. Although the company's profits increased 2.2% last year, sales were down 9.9% because of the falling dollar.

Canadian best seller 61
The proposed law banning all promotion of tobacco products in Canada has become a "best seller" for Health Minister Jake Epp. "We've had more demand for [copies of] this bill than any other that has come out of this ministry," said a spokesman for Mr. Epp.

OTHER NEWS

Ketchum Communications' triple play in the acquisition arena this month may not be its last. Page 34.

Ice cream, fruit and healthful foods dominated the news from the Food Marketing Institute's annual convention, where major food companies showcase new products. Page 41.

Wilkinson Sword USA's new owners are committed to expanding the company's personal-care lines, beginning with an entry in the $250 million U.S. shave-cream market. Page 52.

While Florida moves toward implementing a unique 5% sales tax on national advertising, nearby Louisiana appears to be the first state to consider taxing advertising as if it were personal property. Page 57.

Minnetonka Corp.'s decision to divest its Softsoap and other mass-market brands accelerates its transformation into a prestige-products marketer. Page 75.

American Greetings Corp. is making its long-expected entry into the "alternative" greeting-card market. Introduction of its 78th Street line, expected on shelves by mid-June, will coincide with a $10 million corporate image campaign. Page 100.

CBS will replace eight hours of prime-time programming with nine series and will drop movies on Tuesday and Saturday in the 1987-88 ratings battle. Page 101.

SPECIAL REPORT

***Direct marketing**—Business-to-business marketers are using direct marketing for lead generation, direct sales and account maintenance. Successful strategies require good lists, catchy and relevant direct mail and intelligent telemarketing.*

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Joan Rivers won't be the flag-waving symbol of Fox Broadcasting Co. anymore. Starting this week, a rotating group will host "The Late Show" and carry on Fox's quest to become the fourth network.

Guest hosts will replace Rivers at Fox

By WAYNE WALLEY

LOS ANGELES—Joan Rivers' departure last week as the host of Fox Broadcasting Co.'s "The Late Show" so far is not stalling the fledgling fourth network.

"People have been skeptical of Joan from the beginning, but she proved the show is viable and good counter-programming to local news," said Arnie Semsky, exec VP-media and programming services, BBDO Worldwide, New York. "In the long run, Fox may be better off with the new format, but they couldn't have launched this without her. Joan is a known quantity."

Fox intends to keep "The Late Show" on the air, most likely using guest hosts on a weekly or nightly basis.

"Media buyers will be antsy now, because they won't know who the host will be," said one agency executive. "With Joan, there was a track record.

"But if Fox will gamble and guarantee demographics, it could work. All I know is the Fox sales staff has to be reeling from this," the executive said.

Ms. Rivers and Fox are negotiating a settlement of her original three-year deal, which may include stints as one of the guest hosts. Fox hopes the rotating hosts will help improve national household ratings, which dropped to 2.1 for the week of April 27, according to A.C. Nielsen Co.

The turmoil comes just a year after Fox outlined its ambitious plans to create a new programming service to rival the Big 3 networks, but most observers believe the move will not harm Fox's image in the ad community as a fourth network.

With three hours of prime-time programming in place on Sunday and two hours set to premiere July 11 (not May 30 as previously planned), media buyers say they will continue to use Fox as a bargaining chip and possible alternative to the Big 3 for upfront buys in both prime time and late night.

"We'll have a very small impact on the marketplace," admits Fox Broadcasting Co. President-Chief Operating Officer Jamie Kellner. "But we're positioned underneath the other networks to be a more efficient buy for the advertiser."

Three weeks ago Fox quietly pulled its episodic tune-in advertising in-house from Chiat/Day, Los Angeles.

Fox expects to use Chiat/Day for special projects and program launches in the future. But Fox officials say they probably will hire a different media buyer and may consider either Independent Media Services, New York, which handles some media buying for Rupert Murdoch's News America, or JWT Entertainment, Los Angeles, the agency of record for 20th Century Fox Film Corp.#

On the acquisition trail

BBDO/West shops

SAN FRANCISCO—BBDO/West President Don Mitchum confirmed the agency is negotiating to purchase "one or two" undisclosed agencies here in the next few weeks.

"Our goal is to be one of the top 10 agencies in San Francisco," he said. The San Francisco office bills $15 million.

Vittel America will end its two-year relationship with the BBDO office Aug. 1, when it moves its $1.7 million account to Lewis & Partners. Vittel President Philippe Lecas said the move reflects the company's shift away from consumer media and toward sales promotion and trade advertising.

BBDO already has replaced a portion of the billings loss, picking up Sunnyvale-based Bonsu, a software marketer.

West Coast News

A-Plus Products, Beverly Hills, Calif., has named DDB Needham Worldwide, Los Angeles, first agency for Epilady, a new personal appliance designed to remove hair from women's legs. Budget estimated at $1 million.#

Werner joins Bloom

Dancin' raisin creator gets tall order

By SUSAN GARLAND

DALLAS—The Bloom Agency, the city's third-largest ad agency and 48th-largest nationwide, is changing character—in more ways then one.

Last week, the agency named Seth Werner, 32, president-executive creative director of the Dallas office, filling a post that had been vacant since December. Formerly a vice president with Foote, Cone & Belding, San Francisco, Mr. Werner on June 1 becomes the youngest person ever to head the shop's Dallas office.

While at FCB, Mr. Werner created the California Raisin Advisory Board's "I Heard It Through the Grapevine" TV campaign, one of the best-known and best-liked in the country, according to industry surveys.

He also created a campaign for Dial Corp.'s Imperial Leather soap, a test-market product, that was selected along with the animated (or claymation) raisins spots by ADVERTISING AGE as one of the "best" commercials of 1986 (AA, March 23).

Before joining FCB, Mr. Werner spent six years with Marschalk Co. (now Lowe Marschalk) in New York.

While there, he created the award-winning TV commercial for Stroh Brewery Co.'s Stroh's beer that featured Alex the Dog.

Mr. Werner has his work cut out for him in Dallas.

When Zale Corp., the nation's largest jewelry retailer, fired Bloom earlier this month (AA, May 11), it not only ended Bloom's more than 30 years as Zale Jeweler's ad agency but also marked a pivotal point in Bloom's evolution.

The Zale loss—to Saffer Advertising, Toronto—eliminated 15% to 20% of Bloom's billings here and effectively boosted the agency's New York operation to a more dominant position.

Staff photo by Arnold Adler

ROBERT BLOOM

Photo by Ken Vaughan

SETH WERNER

Bloom bills approximately $200 million; the New York office handles $60 million; and the Dallas office $140 (after the Zale loss).

Bloom has made no bones about wanting to avoid the "regional agency" designation. "We are not in any way a regional agency. We are national and we want to be perceived that way," said Robert Bloom, chairman of the agency's parent, Bloom Cos.

Zale generated about $25 million in billings in 1986.

Earlier this year, though, Zale cut its ad budget by more than one-third, prompting cutbacks and layoffs at the agency.

Zale is only the latest in a series of account losses for the Dallas office.

In 1986, Bloom in Dallas didn't win a major account that it was able to keep.

The $7 million Frontier Airlines account, landed in May, took off a short three months later when Frontier was acquired by People Express.

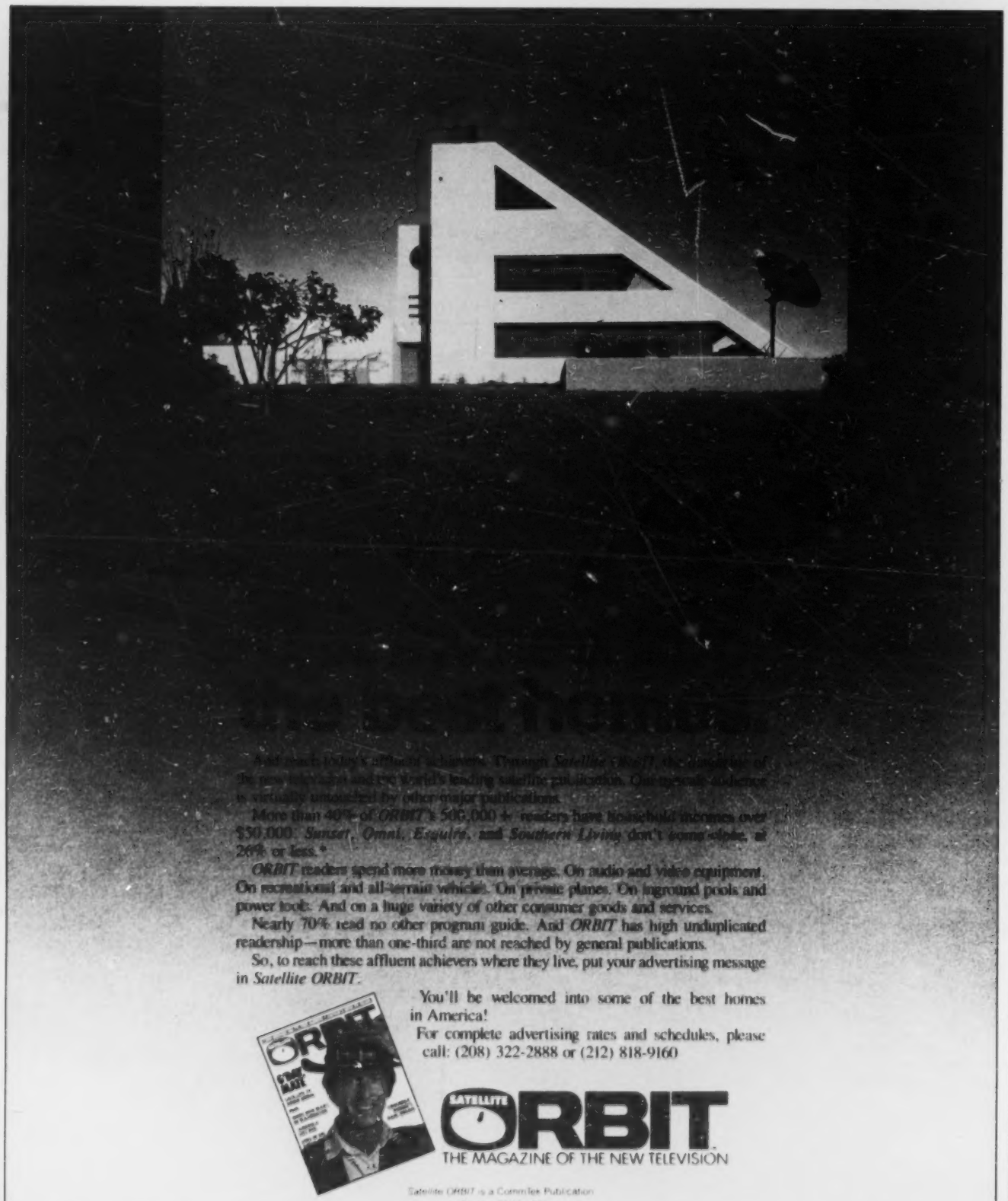
Both airlines now have been acquired by and merged into Continental Airlines.

St. Louis-based Anheuser-Busch awarded its Dewey Stevens Premium wine cooler in June, and then—apparently unhappy with the creative approach and its poor results—moved it to D'Arcy Masius Benton & Bowles in November.

Just a few weeks before Zale's departure, Schering-Plough's Memphis-based Maybelline division moved approximately $6 million to $10 million of its business to DDB Needham Worldwide, Chicago (AA, April 13).

Although it lost Moisture Whip

(Continued on Page 103)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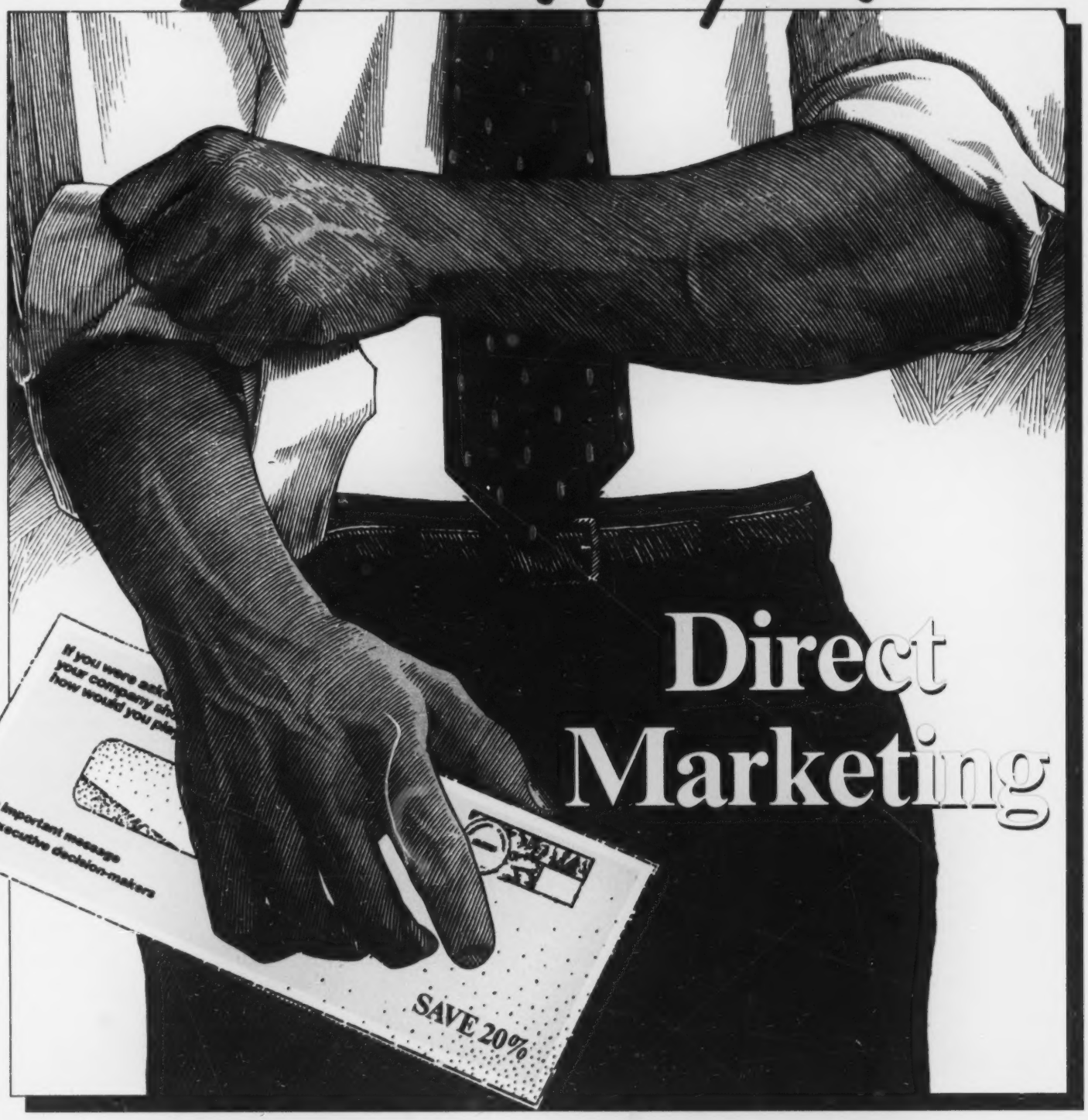
CORRECTIONS & CLARIFICATIONS

- An item about *Petersen's Pro Football* annual beginning to accept advertising from multiple sponsors (AA, April 6, P. 62), listed the ad rates incorrectly. A b&w page is $6,250 and a color page is $10,000.
- "Nation's Business Today" on ESPN is produced by BizNet for the U.S. Chamber of Commerce, not the *Journal of Commerce* (AA, May 4, P. 96).
- In the footnote for Lowe Marschalk Worldwide (AA, May 11, P. 60) Interpublic Group of Cos. was erroneously identified as holding 70% equity of LMW. This equity holding only applies to the Lowe Marschalk Worldwide office in New York.
- In a story about the *New York Daily News* (AA, May 11, P. 40), it incorrectly was reported that Macy's has been advertising in the paper less now than it did before its traditional competitor, Gimbels, closed last year. In fact, Macy's has increased the advertising it runs with the paper.#

Special Report



Mail, phone sell business-to-business

By Kevin Brown

I believe you can sell jet airplanes over the telephone," says Howard Berg, director of continuing product development & Data General/Direct at Westborough, Mass.-based Data General Corp.

Whether selling airplanes, computers, financial services or advertising, most business-to-business marketers strongly rely on direct marketing. "Mail is the primary medium to stimulate responses, whether that response is a phone call or a sale," Mr. Berg says.

Direct mail, telemarketing and direct selling through print ads all help businesses generate leads and build sales. To maintain existing accounts, direct marketers can home in on a client's needs for services, add-on equipment and even big-ticket items.

"We can sell a $30,000 disc drive in that environment," Mr. Berg says. A phone call and sometimes a sales call often close the sale.

"Without telemarketing, it just doesn't work," says Pam Lockard, president of Houston-based InterAct Communications. Telemarketing represents the lion's share of business-to-business direct-marketing expenditures.

Business-to-business DM strength

($ billions)

	Business-to-business expenditures*
Direct marketing	$30,850,000
Trade shows	21,000,000
Incentives	15,065,871
Advertising	8,589,371
Sales promotion	7,616,900
Sales force mgmt.	5,920,000
Public relations	2,405,300
Research	2,190,200
Total	**$93,637,642**

*Estimates represent annual advertising expenditures. Survey conducted during 1984-85. Source: *Business Marketing*, a Crain Communications publication

Of $93.64 billion spent on total business-to-business advertising and marketing, 32.9%, or $30.85 billion, went to direct marketing, according to a 1984-1985 study by Chicago-based *Business Marketing*, a Crain Communications Inc. publication. Nearly 90%, or $27.75 billion, was spent on telemarketing, the study found.

With that kind of money being spent, Ms. Lockard and Phyllis Libowsky, VP, found ample reason to establish InterAct in July 1986, during what Ms. Lockard calls "the bottom of Houston's economy for all time."

She thinks it was a good time to start a direct-marketing company because businesses in a declining market are more willing to fight for survival by trying areas like direct mail that they may have ignored when times were rosier.

(Continued on Page S-2)

Management responds

Percent of management personnel who bought via direct response or responded to an offer in the past 12 months

	Top mgmt.	Middle mgmt.	Technical mgmt.
Airline travel	38%	47%	41%
Office equipment	33	46	31
Office furniture	31	40	32
Credit cards	25	31	23
Computer software	34	44	51
Manufacturing materials and parts	31	45	45
Manufacturing machinery and equipment	31	41	48
Courses via video or audio cassettes	17	25	28

Source: Ogilvy & Mather Direct

Business-to-business

(Continued from Page S-1)

"The hardest people to convince are the ones who don't understand direct selling and have never really been in it," Ms. Lockard says.

To build clientele and convert marketers, InterAct spent about $15,000 on a campaign to reach potential direct-marketing spenders in Houston, particularly among financial services companies. The mailing, to 3,000 prospective clients, 400 of whom received kaleidocycles (spiffy hand-held cardboard toys comparable to worry beads, but designed to capture attention), achieved a 15% response rate. To date the company has billed $200,000, and the campaign is continuing.

Many response cards were returned by someone other than the addressee, indicating a successful campaign because "the mailing got noticed and didn't get thrown away," Ms. Lockard says.

"I made an impression in the beginning. I call them six months later and say, 'I'm the one who sent you the gadget,' and they talk to me."

InterAct's campaign illustrated lead generation to potential clients. "I used my pieces as part of an educational process to make local marketers understand what lead generation is and does," she says.

Lead generation through business-to-business direct marketing helps solve a problem faced by all marketers with heavy sales-force orientation: The cost of a cold sales call is approaching a hefty $300 a shot. But generating the lead is only the first step.

"In business to business you have a long time close," Ms. Lockard says. "The campaign's not over by a long shot. I have several more steps before I'll give up on potential clients."

Business people are conditioned not to buy on the first sales pitch, Ms. Lockard says. She says that unlike consumer direct marketing, where a single piece is expected to reach the decision maker and make the sale, business-to-business campaigns are more complex. The *BM* study confirms this, explaining that 83% of businesses "use direct-response media with some degree of sophistication as part of their marketing mix."

"A lot of the same principles are at work as with consumer direct response," says Bob Dinsea, general manager at Chicago-based Kobs & Brady. "It's not a different discipline, it's just applied in a different way."

One difference is in the mailing lists, which the *BM* study says number more than 10,000. Business-to-business direct marketers must contend with turnover and varying job descriptions and responsibilities.

Even with a good business mailing list—which in many industries is hard to find—a direct-mail piece will have to pass through a secretary and maybe another layer before reaching the decision maker.

Secretaries open mail for 58% of top managers and 49% of middle managers, according to a 1985 study, "There's No Business Like Business to Business," conducted by New York-based Ogilvy & Mather Direct. And of those, half also have their secretaries screen mail.

"To hit a CEO you may have to use four color to really make

(Continued on Page S-4)

"WHAT A DIFFERENCE ONE CALL CAN MAKE!"

"It's frightening to think how much can depend on one phone call. Just one phone call, for example, can put you in touch with Floridata, Inc., the one-source, full service direct mail advertising company. I wish / had called them when the boss told me I was going to be in charge of the next mailing. I must have called a hundred different service companies, and wound up having to work with six of them. In six different states. Just imagine what a nightmare it was trying to coordinate all that and you'll understand what happened to my hair. Copywriting here, laser printing there, typesetting somewhere else, printers, list brokers, letter shop–why didn't someone *tell* me Floridata handles all of that for you. And a lot more–computer processing, color printing, full creative services. And as a result of Florida's lower labor costs, Floridata can maintain its commitment to the very highest professional quality in each of its specialty areas. I could have enjoyed savings unprecedented in the industry. I could still have my job! *And* my hair. But you're lucky. You found this ad. You can do what I should have done, and what hundreds of smart direct marketers across the country do–send for Floridata's **FREE** catalog. Or just give Floridata a call today."

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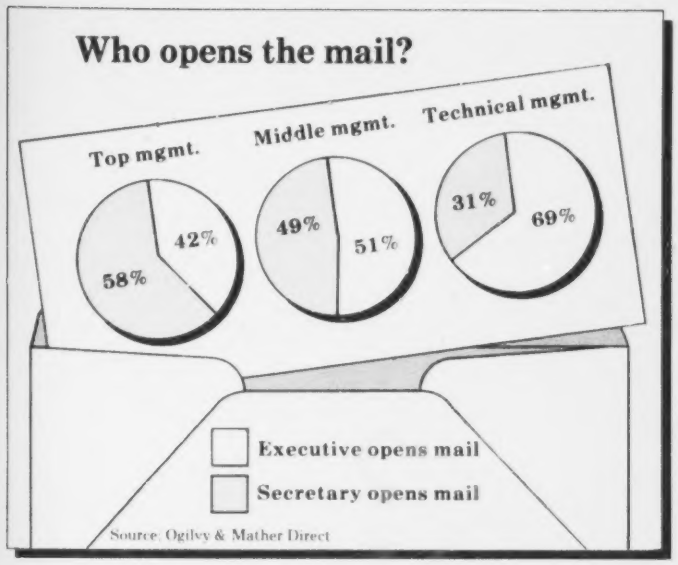

Business

(Continued from Page S-2)

it pop," says Mr. Dinsea.

InterAct's kaleidocycles cost about $5 apiece and had to be assembled by hand, but Ms. Lockard notes: "What dictates how much you can spend ... is how much that customer will be worth in the long run."

Whether using four-color, black & white or three-dimensional objects like the kaleidocycle, the trick is to involve the reader with comprehensive and relevant information, says James Graves, account supervisor at O&M Direct.

"Each situation has its own set of economics," he says. "3D is a quality direct marketing can have over over print or broadcast. It's something you can hold in your hand and spend time with."

To get small businesses involved with a direct-mail piece on financial services, O&M Direct used humor, enclosed a poster and offered recipients a free incentive. The mailing, created for Minneapolis-based IDS Financial Services, a unit of American Express Co., was sent to 900,000 small business executives who hold American Express Corporate Cards to generate leads for IDS Financial Planning Services.

O&M Direct conducted research through focus groups and discovered small businesses were drastically underserved by the financial services market.

Two lead generation and two fulfillment mailings were sent out. Although the companies won't release the response rate, Mr. Graves says it was double the expectations in the campaign.

An O&M Direct mailing for IDS included an insert called "A Bagful Of Gripes."

The mailing's hook was an insert called "A Bagful Of Gripes" —a bag of 4½-inch by 2¾-inch cards featuring *The New Yorker*-style illustrations of employee complaints such as, "Management treats us like children" and "They don't care about us."

"Reading all the cards is involving," says Mr. Graves. "We hoped the entertainment value would lead to higher readership of the whole package."

The mailing also had the advantage of coming from a respected company. "We were marketing to American Express Corporate Card members," says Mr. Graves. "Some were enthusiastically happy. These are people happy with American Express."

The image, not only of the mailing but of the company sending the mailing, is a factor in response. According to the O&M study, 90% of respondents said they would respond to more offers from companies they could trust and 80% said they would be more likely to repond to offers from well-known companies.

"The credibility of the company offering the service is important to the client," says Mr. Graves. But he adds, "Experience is the thing you want to sell."

Indeed, Ms. Lockard says a client told her: "I wouldn't have to be as impressed by O&M as I was by InterAct to be sold." They can ride a bit on their reputation, she says.

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Three direct sellers run the office party

By Len Strazewski

Pens, paper, desks, chairs and wastebaskets remain the flotsam and jetsam of business operations.

Compared with gleaming office towers, sprawling industrial parks and multimillion-dollar mainframe computer centers, office products seem practically inconsequential, yet, according to the Alexandria, Va.-based National Office Products Assn., office products are a more than $60 billion industry, expected to top $87 billion by 1989.

Len Strazewski is a Chicago-based free-lance writer.

Though most office products are marketed by dealers as part of the traditional manufacturer-wholesaler-retailer chain of distribution, a growing portion of these items is being sold by aggressive direct mail, using the latest in catalog marketing and mailing-list manipulation, and targeting America's fastest-growing business niche—small and medium-size businesses.

In 1984, the most recent year statistics are available, about 8% of office supplies, 6% of office furniture, 8% of office machines and 4% of office microcomputers were sold via direct-mail, according to NOPA. By 1989, the association predicts 11% of office supplies, 7% of office furniture, 8% of office machines and 4% of microcomputers will be sold by direct mail. Microcomputer sales by office products companies remain flat because of the growing number of computer specialists.

Though some of the direct-mail portion of the business is conducted by small entrepreneurs taking advantage of bulk buys and overstock sales, three large companies dominate the regular catalog-based direct mail business: Quill Corp., Reliable Office Supplies and Viking Office Products.

The largest of the group is Lincolnshire, Ill.-based Quill, a 30-year-old family business started in 1956 by President Jack Miller in the back of his father's chicken store on the North Side of Chicago and moved a year later to a 500 square foot coal bin in the basement of an uncle's two-flat apartment building.

Mr. Miller and his two brothers (one of whom joined the company during the move into the coal bin location) have since seen the company outgrow several locations until it moved into its present location—377,000 square feet of office and warehouse space, believed by the company to be the largest independent office-products distribution center in the country.

As the space has grown, so has the company's direct marketing.

(Continued on Page S-20)

TeleCable

(Continued from Page S-14)

cable or VCR hookup—worth up to $20 for the consumer—with each TV or VCR purchased at the shop.

Some 363 retailers, or 77% of those targeted, agreed to participate in the program. "Participation" mostly involved placing POP materials on their counters; "This is the kind of deal that didn't really cost the retailer anything, but he comes out looking like a great guy," Mr. Barker says.

TeleCable ads involved tie-ins with electronics retailers.

Participating retailers were listed in radio and newspaper ads run by TeleCable in December and January in the company's 22 markets.

In stores "that would let us," Mr. Delatte says—or about one-third of the retailers—TeleCable also conducted in-store workshops to teach employees the basics of hooking up cable descrambler boxes with VCRs and TV sets. In addition, the company provided booklets for retailers to give to consumers.

Mr. Delatte says TeleCable doesn't know how many cable or VCR hookups were provided as a result of the offer, which was available from Dec. 1 through Jan. 31.

"The installation numbers were not key for us—the key was placing those pieces at retail level," Mr. Delatte says. "And on that level, the program was a smash.

"Retailers were happy because it not only helped to sell VCRs and TVs, but it helped to sell faster," he says.

TeleCable plans to make further use of its new connection with local retailers. Mr. Delatte says another campaign, again directed at retailers, is in the works and probably will break in about six to eight weeks.

"This time, we'll be promoting our investment in MTS stereo sound, to consumers with or considering buying stereo TV sets," he says.

Terry C. Gillette,
President and Founder of
The Company Store

Terry C. Gillette On Catalog Marketing

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Office party

(Continued from Page S-19)

Mr. Miller recalls that his first mailing was a simple postal card on which he listed five "specials," and the first full catalog wasn't mailed until 1963. Today, Quill mails more than 45 million catalogs and flyers to a customer base of more than 600,000 businesses and organizations, listing about 9,500 office products.

Quill has grown to more than 850 employees, generating annual sales of more than $185 million, according to estimates from outside the company.

"Our creative presentation has improved and changed a lot over the years, but the message is still the same," Mr. Miller explains. "Price, service and quality.

"Quill is still very much a price house. Our marketing depends upon keeping prices low, and we are willing to go into battle with competitors to maintain price leadership," he says.

Discounts from retail pricing range from 15% to 60%, depending upon the season and competition. Quill mails a semi-annual comprehensive catalog in which prices dominate the presentation, but regular Quill customers know that if they can wait awhile, the products will show up more heavily discounted in one of the regular monthly flyers—priced as "barnburners" or other excitement-generating "hot" items.

Mr. Miller says that the frequent discounting is essential to keeping customers that generally have little loyalty to suppliers. "You've just got to keep mailing," he says.

However, while price may be what attracts customers, the quickest way to repel customers is by offering poor service or low-quality merchandise, he adds.

"There's plenty of ways to lose customers, and service and quality are two very quick ways to lose them. You've got to deliver exactly what people order and you've got to deliver it quickly. Most of Quill's customers are small to medium-sized businesses that order supplies when they need them, so it is essential that they receive their order immediately.

"If you want to succeed in this business, you've got to show up on time," he says.

A director of the Washington-based Direct Marketing Assn., Mr. Miller has become one of the business-to-business marketing industry's chief representatives and is implementing some of the state-of-the art marketing tools discussed in seminars. Quill is experimenting with telemarketing for some specialty products (such as microcomputer equipment) and is developing database marketing capabilities to enhance its use of the "hundreds of thousands of dollars" of prospect lists the company acquires every year.

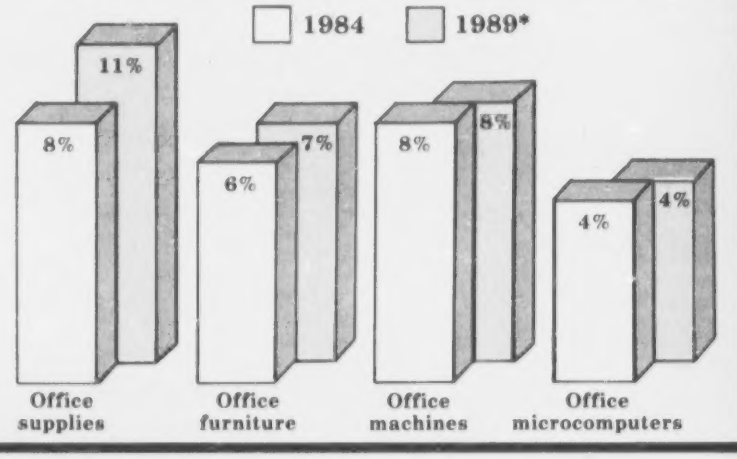
"By using sophisticated database information, it is possible to allow customers to see exactly what they want to see in products—to practically tailor a catalog or a mailing to an individual. With tools like these, the potential for growth is huge," he says.

Though NOPA predicts small but steady growth in direct marketing, Mr. Miller notes that Quill has grown at 15% to 20% a year for the last five years and expects the pace to continue. To boost that growth, Quill also is experimenting with selected advertising in such business publications as the *Wall Street Journal*. Kobs & Brady manages an undisclosed media budget. Direct-mail creative advertising is

(Continued on Page S-22)

Mail order supplies office needs

Percent of office supplies sold by direct mail



*Estimate
Source: National Office Products Assn.

We helped The Boston Company customers cash in on a new card.

Roberta G. Sydney
Vice President
Boston Safe Deposit and Trust Company

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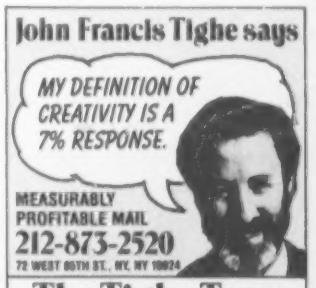

The Tighe Team

Three run the office party

(Continued from Page S-20)
handled in-house.

Quill's strongest competitor in the Midwest is Chicago-based Reliable Office Products, but unlike Quill, Reliable did not jump right into direct marketing. The company started as a traditional contract-sales supplier with a large sales staff that made the rounds from customer to customer. In the 1960s, the company started mailing a catalog to its smaller customers and in 10 years saw the mix of its business change from mostly sales staff-based to 75% direct mail.

In 1983, the company moved into direct mail full time and sold the remainder of its contract business to Publix Office Supplies, a local contract dealer.

Reliable sends more than 30 million mailings a year to more than 400,000 customers, with catalog updates and sales flyers going out monthly to both regular customers and prospects generated by regularly updated rented lists. The catalog features more than 5,000 products.

Reliable estimates 1987 sales at $100 million, a 30% increase from 1986. The office is in a 350,000 square foot complex in Chicago's West Loop; there are about 400 employees.

The key to Reliable's fast growth (34% each year for the past two years) hasn't been fancy marketing techniques, just steady development, according to President John Quinton.

"You can't be a mail-order success overnight," he explains. "It's a long road and not an easy job. Repeat. Repeat. Repeat. That's the only way to get the attention of the customer."

Unlike Quill's Mr. Miller, Mr. Quinton believes that business-to-business direct-mail customers do develop certain loyalties to suppliers, but he agrees that price and service are what builds that loyalty.

"In the business-to-business marketing area, service is very important, and by service, I mean turnaround time," he says. "Our customers are smaller and medium-sized businesses and don't have the huge resources of larger firms. When they are out of copier paper, they can't use the copier. It's that simple. So we have to process orders fast. Most orders are shipped within eight hours."

Although Reliable has done little media advertising to promote its catalogs, the company is researching the possibility of using advertising to expand its customer base. Direct Marketing Specialties, Chicago, is handing the research.

"The problem is what media is appropriate?" Mr. Quinton says. "Most publications are not aimed at our marketplace and

Direct-mail catalogs are the life blood for Reliable Office Supplies, Viking Office Products and Quill Corp.

A list of top that don't us

There are a lot of companies and agencies you *won't* find on this list. Companies like Lever Brothers, Christian Dior, Revlon, Chrysler, Mc Donald's, Sears & Roebuck and hundreds more. And agencies like Grey, Jaffee Young & Rubicam, Mc Cann-Erickson, and hundreds more.

In fact, you may be surprised to see the array of Webcraft clients. It may well represent the cognoscenti (and the up-and-coming) marketers in the U.S. today. And there are very good reasons why these leading advertisers depend upon Webcraft Technologies.

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INBOUND EXT. 2003
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the people who actually purchase office products in their companies."

Reliable, however, is looking to move beyond the business-to-business base and in February mailed its first consumer-oriented catalog, called "Home-Office," to 250,000 rented names. The 36-page four-color catalog had a response rate of 1.5% in tests with an average order of $40 to $50.

Though the consumer catalog features many of the same products as the business-to-business catalog, many products are different and offered in more colors or more modern styles.

"When people come home, they want to leave their offices behind," Mr. Quinton says. "They may be working, but they want a more fashionable, colorful environment, so we are offering products that have a little more color and style."

Mr. Quinton says results were good enough to order a new consumer catalog for a fall mailing.

Reliable estimates that more than 27 million people conduct some business from their home and need office products, a fertile market that has been relatively untapped by office-product direct marketers.

On the West Coast, Los Angeles-based Viking Office Products commands a strong presence in the direct-mail business-to-business market for office supplies. Though most of the 27-year-old company's tactics are similar to its two major competitors—more than 20 million mailings annually to more than 300,000 customers—Viking takes a more personal approach to its presentation. Each mailer features President Irwin Helford demonstrating products and commenting directly to customers on price and quality.

The personal touch has been effective, says Mr. Helford, who joined Viking in 1984 after a 23-year career at Reliable.

"The concept is very simple. Customers prefer to buy from a person and though it wasn't originally my idea, I'm that person. It's been very effective and I get calls and letters from customers all the time and when they require an answer, I do answer them personally," he says.

Viking, however, is far from the small company that might be expected to maintain such a personal touch. Mr. Helford would not disclose annual sales, but the company has more than 400 employees and branch distribution centers in Dallas and Cincinnati.

However, Mr. Helford sees as his mandate the job of providing his small-to-medium-size business customers the pricing advantages usually garnered by bigger buyers with the attention of a smaller business.

He agrees with executives from both Quill and Reliable that service and price remain paramount and that speed and efficiency count for much in the business-to-business market.

"You need to sell good quality products and ship exactly what you offer—no substitutions and no shorting of orders. And you've got to keep a steady flow of new products available, things that match the changing needs of your customers," he says.

Marketing must remain steady, with regular mailings and sales, Mr. Helford says. Though Viking does no media advertising, the company continues to experiment with other direct-marketing techniques, including mail-response card decks, telemarketing, package inserts and trying new lists on a regular basis.

With effective marketing, Mr. Helford expects the direct-mail portion of the office-products business to grow significantly—probably more than the few percentage points predicted by NOPA.

"For companies like Quill, Reliable and ourselves, people who market professionally and know what they are doing in the office-products business, I see growth being very substantial. It's a question of knowing what the users want and delivering it in a professional manner," he says.

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Placing an 800 "call to action" number in your advertising encourages your prospects to immediately pursue interest in your product or service.
Dialogue Marketing will do the rest:

Refer—We'll answer calls from your customers 24 hours-a-day and direct them to your dealers or service centers.

Fulfill—Product literature with a personalized letter will be promptly sent to callers while their interest is high.

Report—A variety of reports will keep you and your dealers accurately informed of sales leads, media effectiveness, and referral results.

Our clients are leading **brand name** manufacturers of automobiles, consumer electronics, aircraft, heating & air conditioning systems, business machines, appliances, and building materials.

As the nation's oldest and largest In-WATS referral service, over 200 major manufacturers depend on us . . . day and night. Find out how your company can benefit from our experience. Use our "call to action" and contact Don Dadds Toll-Free at:

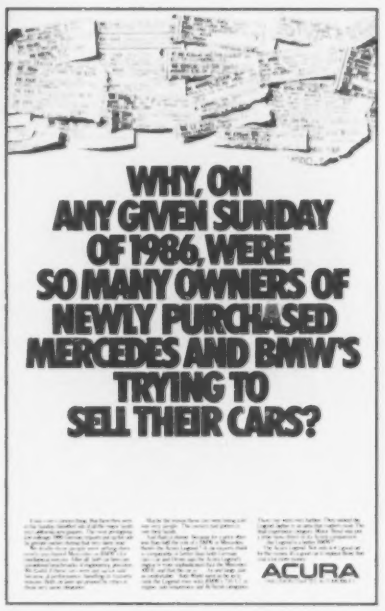
1-800-248-2280

DIALOGUE MARKETING 800
RUFFMAN MARKETING SERVICES, INC.
1909 E. Cornell, Peoria, Illinois 61614

BEST OF PRESS

The front and back pages of this Procter & Gamble Co. four-page special ad section in *USA Today* are excellent examples of creating a message to fit the medium. While the format of the section works well with the newspaper's format, it's not a direct rip-off, like oh-so-many other special ad sections that try to palm themselves off as news copy. This section was done by Wolf Blumberg Krody, Cincinnati, in association with Saatchi & Saatchi Compton, New York, the agency of record. Creative director: Ron Harley; copywriter: Judy Benson Findsen; art directors: Keith Bollmer, Willie Hillenbrand; illustrators: Willie Hillenbrand, David Sheldon.

A unique illustration gets the point across with a minimum of copy in this ad for First Federal of La Crosse (Wis.), via Clarity Coverdale Rueff, Minneapolis. Creative director: Jac Coverdale; art director: David Fox; copywriter: Jerry Fury; photographer: Rick Dublin.



A good headline and a good illustration make this ad for Acura, from Mendelsohn/Zien Advertising, Los Angeles, a standout. The use of the newspaper classified ads as an illustrative device is another example of tailoring the ad to fit the medium. Creative director and art director: Jordin Mendelsohn; copywriter: Perrin Lam; photographer: Jay Ahrend.

Best of Press selections are made by a committee of three: Hank Simons, VP-creative director at the Newspaper Advertising Bureau; James Dunaway, VP-information, Newspaper Advertising Bureau; and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the NAB for much of this work. Advertising agencies, clients and newspapers are invited to submit newspaper ads for review. Submissions should be sent to Mr. Gloede in AA's New York bureau.

FLASH REPORT: Newspaper advertising investment for February

February 1987	IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1987	1986	ACTUAL $ G OR L	% G OR L
Amusements	1987	$31,653,592	$28,763,953	+2,889,639	+10.0
	1986				
Computer stores & supplies	1987	4,638,521	4,098,857	+539,664	+13.2
	1986				
Department stores	1987	78,591,430	78,413,956	+177,474	+0.2
	1986				
Food stores	1987	30,973,626	27,021,007	+3,952,619	+14.6
	1986				
Radio, tv, phonographs, records	1987	19,148,465	19,103,840	+44,625	+0.2
	1986				
General merchandise stores	1987	34,431,002	28,635,693	+5,795,309	+20.2
	1986				
Alcoholic beverages	1987	915,670	1,356,304	-440,634	-32.5
	1986				
Cameras, photo supplies & services	1987	58,071	178,467	-120,396	-67.5
	1986				
Computers, equipment & services	1987	451,522	1,386,676	-935,154	-67.4
	1986				
Public service utilities & communications	1987	4,318,890	4,537,849	-218,959	-4.8
	1986				
Publishing & media	1987	13,451,767	15,451,725	-1,999,958	-12.9
	1986				
Cigarettes	1987	2,137,224	2,940,689	-803,465	-27.3
	1986				
Airlines	1987	17,051,098	13,494,589	+3,556,509	+26.4
	1986				
Passenger cars-new	1987	23,639,790	17,870,201	+5,769,589	+32.3
	1986				
Banks & trust companies	1987	8,430,647	7,658,942	+771,705	+10.1
	1986				
Stock, bond & investment houses	1987	2,460,553	1,773,045	+687,508	+38.8
	1986				

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Ad spending gain nears 9%

New York—Advertising investments in February in major-market daily newspapers in 16 key categories increased 8.7% over year-ago levels to a total of $272.3 million, according to the Advertising Age Flash Report prepared by Media Records Inc.

The new-car and general-merchandise advertising categories posted the biggest gains, with the former jumping 32.3% to $23.6 million and general-merchandise stores up 20.2% to $34.4 million. Airlines advertising also was up a strong 26.4% to $17 million.

Other gainers included amusements, up 10% to $31.7 million, food stores, up 14.6% to $31 million; banks and trust companies, up 10.1% to $8.4 million; computer stores and supplies, up 13.2% to $4.6 million; and stock, bond and investment houses, up 38.8% to $2.5 million.

The department stores category, the largest in terms of dollar volume, was essentially flat, posting a 0.2% gain to $78.6 million, as was the radio-TV-phonographs-records category, with a 0.2% gain to $19.2 million.

Losing categories included publishing and media, down 12.9% to $13.5 million; public service utilities and commissions, down 4.8% to $4.3 million; cigarettes, down 27.3% to $2.1 million; alcoholic beverages, down 32.5% to $915,670; computers, equipment and services, down 67.4% to $451,522; and cameras, photo supplies and services, down 67.5% to $58,071. The Flash Report is based on Standard Advertising Unit inch measurements in 27 daily and 23 Sunday newspapers in 15 top markets.#

Merit beats the tar out of Kent.
MERIT
Filter
KENT
In actual taste tests, Merit tasted just as good as Kent, but with less tar.
In fact, we've got 33% less tar than they do.
If you're smoking Kent, why not switch to Merit. The only thing you'll be giving up is a third of the tar.
LOW TAR. ENRICHED FLAVOR
Merit. We've got flavor down to a science.

This ad for Philip Morris USA's Merit cigarettes, via Leo Burnett USA, Chicago, uses a good competitive headline and a dominant illustration to make the point that Merit has a lower tar rating than Lorillard's Kent Kings. Creative director and copywriter: Martin Dawson; art director: Guerin Rife; copywriter: Steve Allen; photographer: Carl Corey.

Best, 'Barr' none

ANDY tosses praise to Chiat for Pizza Hut

NEW YORK—Chiat/Day led the pack of winners this month at the Advertising Club of New York's ANDY Awards.

The agency grabbed seven awards of excellence and the "Best of Show" (AA, May 11).

At the 23rd annual awards presentation at the Marriott Marquis, Chiat/Day took "Best of Show" for a Pizza Hut TV spot entitled "Salad Bar."

The TV spot featured Roseanne Barr, a housewife-turned-comedian.

The commercial, which was created by the agency's Los Angeles office, also won four "distinction" honors.

Chiat/Day's Los Angeles shop also won three "excellence" prizes (for Apple Computer, Pizza Hut and Mitsubishi Electric Sales America); its New York branch collected three (two for Ricoh and one for an ad for the agency itself); and San Francisco added one (Brown-Forman's California Cooler).

The agency also won a total of 16 "distinction" prizes.

A panel of 160 judges picked winners for a total of 68 awards of excellence and 334 awards of distinction.

Foote, Cone & Belding amassed four "excellence" awards through its Los Angeles, San Francisco and Toronto branches, and FCB/Leber Katz Partners, New York.

Other big winners, landing three "excellence" awards each, were BBDO Worldwide, New York; Hal Riney & Partners, San Francisco; Hill, Holliday, Connors, Cosmopulos, Boston; Levine, Huntley, Schmidt & Beaver, New York; Lowe Marschalk, New York; and Ogilvy & Mather, New York.

Pepsi-Cola accounted for two of BBDO's awards, E&J Gallo Winery for two of Riney's, California Raisin Advisory Board for two of FCB/San Francisco's and Gillette Co. for two of Lowe Marschalk's.

Chiat/Day's award-winning spot promoted Pizza Hut's salad bar with irreverent input from Roseanne Barr, a housewife-turned-comedian.

The more than 500 attendees saw not only winning commercials but also five original musical numbers, created and produced by Jed and Douglas Bernstein. The former is VP-management supervisor on the Seagram account at O&M; the latter is a composer, author and actor.

Their tunes included "Like a Merger," a tribute to the biggest news story of 1986, and "Nothing But the Blame," dubbed "a creative lament."

Looking ahead a year, Steve Frankfurt, vice chairman-chief creative officer at Bozell, Jacobs, Kenyon & Eckhardt, was named honorary chairman of the 1988 ANDY Awards competition, succeeding Norman Berry, chairman-ceo at O&M.#

U.S. advertising volume

The McCann-Erickson U.S. advertising volume reports represent all expenditures by U.S. advertisers—national, local, private individuals, etc. The expenditures, by medium, include all commissions as well as the art, mechanical and production expenses which are part of advertisers' budgets for each medium. *Source:* Prepared for Advertising Age by Robert J. Coen, McCann-Erickson

Medium	1985 Millions of dollars	1985 Percent of total	1986 Millions of dollars	1986 Percent of total	Percent change
Newspapers					
National	3,352	3.5	3,376	3.3	+ 0.7
Local	21,818	23.0	23,614	23.1	+ 8.2
Total	25,170	26.5	26,990	26.4	+ 7.2
Magazines					
Weeklies	2,297	2.4	2,327	2.3	+ 1.3
Women's	1,294	1.4	1,376	1.3	+ 6.3
Monthlies	1,564	1.6	1,614	1.6	+ 3.2
Total	5,155	5.4	5,317	5.2	+ 3.1
Farm publications	186	0.2	192	0.2	+ 3.0
Television					
Network	8,285	8.8	8,570	8.4	+ 3.4
Spot	6,004	6.3	6,570	6.4	+ 9.4
Cable (national)	637	0.7	752	0.7	+18.1
Local	5,714	6.0	6,514	6.4	+14.0
Cable (local)	130	0.1	179	0.2	+37.8
Total	20,770	21.9	22,585	22.1	+ 8.7
Radio					
Network	365	0.4	423	0.4	+16.0
Spot	1,335	1.4	1,348	1.3	+ 1.0
Local	4,790	5.1	5,178	5.1	+ 8.1
Total	6,490	6.9	6,949	6.8	+ 7.1
Direct mail	15,500	16.4	17,145	16.8	+10.6
Business papers	2,375	2.5	2,382	2.3	+ 0.3
Outdoor					
National	610	0.6	600	0.6	- 1.5
Local	335	0.4	385	0.4	+14.9
Total	945	1.0	985	1.0	+ 4.4
Miscellaneous					
National	9,551	10.1	10,175	10.0	+ 6.6
Local	8,608	9.1	9,420	9.2	+ 9.4
Total	18,159	19.2	19,595	19.2	+ 7.8
Total					
National	53,355	56.3	56,850	55.7	+ 6.6
Local	41,395	43.7	45,290	44.3	+ 9.4
Grand total	94,750	100.0	102,140	100.0	+ 7.8

Financial planning campaign breaks June 2

ATLANTA—The International Association for Financial Planning on June 2 breaks a national campaign to promote financial planning. The campaign, which includes publicity, special events and promotions, was created by D-A-Y Public Relations, New York.#

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offer is made only by the Prospectus.

May 7, 1987

1,700,000 Shares

MARKITSTAR INC.

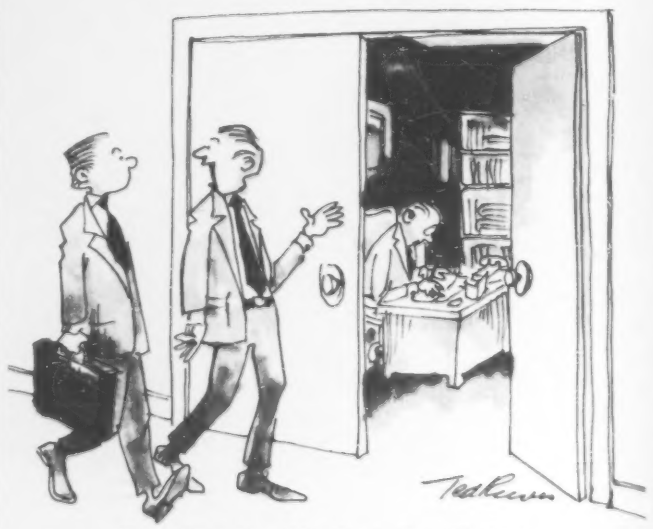
Common Stock

Price $4.50 Per Share

Copies of the Prospectus may be obtained in any State in which this announcement is circulated only from such of the undersigned as may legally offer these securities in such State.

Woolcott & Co., Inc.

Drexel Burnham Lambert Incorporated
L. F. Rothschild, Unterberg, Towbin, Inc.
Banque Industrielle et Commerciale du Marais
The Chicago Corporation
Furman Selz Mager Dietz & Birney Incorporated
Howard, Weil, Labouisse, Friedrichs Incorporated
Ladenburg, Thalmann & Co. Inc.
McLeod Young Weir Incorporated
Morgan, Olmstead, Kennedy & Gardner Incorporated
Piper, Jaffray & Hopwood Incorporated
Tucker, Anthony & R. L. Day, Inc.



"He's from the old school. He still thinks that the important people in Orange County read Los Angeles newspapers"

The Register reaches more people in Orange County households earning over $50,000 than any other newspaper. More than half read no other newspaper. (Source: Simmons Scarborough)

THE ORANGE COUNTY Register METROGROUP

The leading medium in Southern California's richest market. Represented by CWO&O

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

May

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
Art & Antiques (10X)	61.0	79.5	311.4	272.0
Art News	113.0	99.0	549.0	481.0
Southwest Art	80.1	62.0	524.9	427.4
Total Group	**254.1**	**240.5**	**1,385.3**	**1,180.4**
% change		**+5.7%**		**+17.4%**
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	146.4	142.8	690.6	690.4
Car & Driver	121.5	100.9	459.4	462.5
Car Collector & Car Classics	22.3	16.8	88.9	73.5
Car Craft	114.1	86.2	413.2	355.8
Circle Track	96.1	66.9	375.1	311.6
Cycle	63.8	66.7	261.2	270.5
Cycle Guide (9X)	49.5	75.0	215.6	253.3
Cycle World	65.5	77.8	296.3	292.6
Dirt Rider	40.0	52.2	178.3	226.7
Dune Buggies & Hot VWs	77.7	89.0	370.0	434.4
Family Motor Coaching	155.6	147.5	780.2	759.1
4 Wheel & Off-Road	111.1	95.8	410.1	424.3
Four Wheeler	99.0	96.0	418.0	418.0
Hot Rod	105.9	73.9	377.6	308.9
Motorcyclist	68.1	65.6	255.1	269.9
Motor Trend	116.4	71.7	399.2	334.9
Motorhome	100.1	104.3	414.2	469.5
Rider	61.8	84.3	231.9	280.4
Road & Track	127.5	104.6	484.0	487.0
3 Wheeling	41.2	57.1	202.4	294.5
Trailblazer	47.0	40.0	249.0	195.0
Trailer Life	124.8	131.4	517.2	589.6
Total Group	**1,955.4**	**1,846.5**	**8,057.5**	**8,202.3**
% change		**+5.9%**		**−1.8%**
— Boating & yachting —				
Boating	140.3	149.1	845.7	795.1
Chesapeake Bay	47.0	40.5	217.3	182.3
Cruising World	113.3	129.7	594.7	646.8
Lakeland Boating (10X)	81.5	82.0	386.2	361.2
Motor Boating & Sailing	168.5	176.9	923.1	1,005.8
Sail	115.9	122.8	592.4	607.6
Small Boat Journal(6X)	—	—	122.9	113.1
Southern Boating	65.8	68.9	344.6	355.6
Trailer Boats(11X)	58.4	57.2	327.6	253.2
Western Boatman(6X)	40.1	38.1	122.5	132.8
Yachting	149.7	148.3	758.9	766.5
Total Group	**980.5**	**1,013.4**	**5,235.9**	**5,220.0**
% change		**−3.2%**		**+0.3%**
— Canadian —				
L'Actualite	98.8	107.8	407.1	433.6
Chatelaine				
English Edition A	88.8	104.1	384.6	487.5
French Edition	77.8	96.5	359.9	424.3
City & Country Home(10X)	61.3	72.0	229.8	200.6
Equinox	44.3	50.0	117.1	115.0
Flare A	119.2	123.9	412.6	382.6
Harrowsmith-Canada (6X)	53.0	45.0	255.0	182.0
Macleans (52X) A	106.4	139.4	571.9	672.7
Moneywise	42.2	41.8	164.3	192.4
Reader's Digest				
Canadian-English A	78.4	91.5	334.7	435.3
Canadian-French A	56.5	90.3	287.8	358.1
Toronto Life	103.7	102.6	451.1	439.1
Vancouver	82.3	85.2	313.2	364.1
Total Group	**1,012.6**	**1,150.1**	**4,289.1**	**4,687.3**
% change		**−12.0%**		**−8.5%**
— Civic/fraternal —				
American Legion	26.5	22.2	162.2	126.4
Elks (10X)	17.4	16.5	105.9	96.7
Kiwanis	18.3	17.2	90.0	91.9
Lion (10X)	8.5	3.6	42.5	25.4
Rotarian	16.1	22.8	76.7	78.7
V.F.W. (11X)	27.5	24.2	155.0	137.5
Total Group	**114.3**	**106.5**	**632.3**	**556.6**
% change		**+7.3%**		**+13.6%**
— Comics —				
DC Comics	6.0	5.0	33.0	30.0
Marvel Comics Group	10.0	8.0	44.0	35.0
Total Group	**16.0**	**13.0**	**77.0**	**65.0**
% change		**+23.1%**		**+18.5%**
— General —				
American Health (10X)	77.2	51.8	293.9	223.8
American West (6X)	44.8	34.0	117.3	126.8
The Atlantic A	27.5	34.0	185.7	206.3
Bon Appetit A	99.2	85.6	407.7	408.9
Changing Times	70.8	49.3	330.9	250.2
Connoisseur	94.2	113.8	359.7	353.8
Consumers Digest (6X)	21.5	17.0	75.3	75.0
Ebony	99.7	115.4	445.2	483.1
Fifty Plus	41.4	40.7	218.0	212.3
Food & Wine	62.4	61.7	266.4	230.4
Games (6X)	—	—	43.5	92.6
Golden Years	38.1	21.4	202.4	111.4
Harper's A	24.3	30.9	161.7	123.2
Harrowsmith (6X)	41.0	31.0	145.6	122.3
Let's Live	43.0	56.0	231.0	240.0
Life	42.3	88.0	232.9	282.4
Mature Outlook	53.6	53.7	154.6	134.5
Modern Maturity (6X)	—	—	100.0	85.6
Money	134.3	150.3	639.3	613.8
Money Maker	8.7	—	8.7	—
Moneyworth (4X)	—	—	25.0	20.5
Mother Jones (9X)	15.2	22.1	69.9	63.9
National Geographic	29.8	29.8	99.4	116.9
National Geographic Traveler(4X)	—	—	45.4	46.0
Natural History	28.4	43.9	180.6	220.9
Prevention	58.2	62.6	322.2	317.7
Psychology Today	33.0	29.2	161.5	144.2
Reader's Digest A	151.9	126.3	490.7	572.0
Saturday Evening Post (9X)	47.6	40.6	169.4	150.7
Signature	50.2	77.4	322.2	354.1
Smithsonian	97.5	84.4	405.0	407.2
Sylvia Porter's Personal Finance (10X)	51.7	34.8	219.7	176.7
Town & Country	124.3	152.8	575.8	606.9
Travel-Holiday	37.9	38.9	260.3	237.7
Travel & Leisure	115.6	112.7	491.0	539.7
Vanity Fair	64.9	44.4	272.8	214.7
Writer's Digest	28.7	29.9	135.6	122.0
Yankee	87.2	76.5	408.1	362.6
Total Group	**2,091.1**	**2,087.0**	**9,274.3**	**9,052.6**
% change		**+0.2%**		**+2.4%**
— Home —				
Americana (6X)	17.4	25.3	69.2	94.1
Architectural Digest A	154.8	162.2	592.3	598.6
Better Homes & Gardens	145.0	149.9	554.8	565.5
Colonial Homes (6X)	81.1	77.0	200.3	203.5
Columbus Monthly-Homes(4X)	—	—	126.4	119.1
Country Home (6X)	61.3	49.0	149.3	141.1
Country Living	105.4	66.9	435.9	363.3
Dallas/Ft. Worth Home & Garden	78.8	85.5	298.0	411.9
Family Handyman (10X) A	63.9	69.3	302.8	337.6
Flower & Garden (6X)	—	—	104.4	100.8
Home	80.5	48.6	269.6	241.5
Home Mechanics	57.4	66.0	291.0	347.0
The Homeowner (10X)	33.8	30.9	157.3	141.1
Horticulture	46.8	42.1	208.5	202.7
House Beautiful	91.5	91.2	351.9	386.9
House & Garden	108.6	133.1	454.6	487.9
Houston Home & Garden	82.2	64.8	354.0	385.3
Metropolis	79.2	33.0	256.5	133.8
Metropolitan Home	72.0	76.5	336.8	313.7
1,001 Home Ideas	57.7	48.8	265.8	221.7
Phoenix Home/Garden	69.7	57.8	374.7	351.3
Practical Homeowner	42.8	56.9	236.3	262.7
Rodale's Organic Gardening	43.3	55.5	299.8	344.4
San Diego Home/Garden	105.8	92.8	351.1	347.4
South Florida Home/Garden	31.8	25.3	183.4	152.9
Southern Accents (6X)	108.9	142.1	288.8	318.0
Southern Living	157.2	175.0	629.9	738.3
Sunset Magazine A	168.9	179.5	609.5	728.8
Texas Homes	30.2	56.4	374.0	572.4
Workbench (6X)	36.8	41.1	145.9	159.8
Total Group	**2,212.4**	**2,172.6**	**9,272.7**	**9,773.1**
% change		**+1.8%**		**−5.1%**
— In-flight & other passenger —				
Aboard Group (7)(6X)	24.0	24.2	76.1	67.0
Alaska Airlines	56.8	60.4	274.4	268.3
America West Airlines	41.3	27.2	212.7	77.2
American Way (24X)	105.9	100.3	475.5	466.6
Brighton Inflight Group				
Braniff	21.3	10.2	67.3	49.2
Continental	52.7	33.8	243.7	147.9
Hawaiian Air (6X)	17.8	—	30.9	—
East/West Network				
Eastern Review	69.8	96.0	384.6	492.8
Northwest	44.5	45.0	218.8	228.8
PSA Magazine	84.3	94.0	385.8	444.5
Pan Am Clipper	50.0	42.8	208.1	231.1
Spirit	54.2	91.8	290.7	461.1
TWA Ambassador	53.0	—	240.3	—
Vis `A Vis	57.2	87.5	293.0	455.1
Halsey Publications				
Air Cal	69.8	51.0	279.8	235.9
Delta Sky	84.3	77.2	390.0	379.3
US Air	57.0	47.2	228.5	217.7
Piedmont Airlines' Pace	104.2	72.0	432.5	401.8
Spirit of Aloha (6X)	28.6	25.4	157.4	143.1
Total Group	**1,076.6**	**985.9**	**4,860.0**	**4,767.2**
% change		**+9.2%**		**+1.9%**
— Men's —				
Esquire A	94.0	89.0	415.0	424.0
Firehouse Magazine	31.5	30.2	195.3	199.6
Gentlemen's Quarterly A	142.2	131.6	668.5	728.9
M Magazine	50.0	50.5	335.2	275.0
Penthouse A	41.2	34.9	243.5	216.4
Playboy A	82.2	69.9	269.3	313.3
Salute (8X)	24.7	21.7	77.4	43.1
Total Group	**465.8**	**427.7**	**2,204.1**	**2,200.3**
% change		**+8.9%**		**+0.2%**
— Metropolitan —				
Aloha (6X)	27.5	32.2	86.9	85.7
Atlanta	70.7	69.7	285.2	264.1
Baltimore	74.9	80.6	355.6	370.5
Boston	180.6	178.0	741.1	729.8
California	68.5	95.1	291.1	319.3
Chicago	114.3	141.9	513.2	599.4
Chicago's North Shore	95.5	90.7	401.9	374.9
Cincinnati	65.5	270.7	67.6	305.2
Cleveland	81.3	88.2	362.1	355.1
Coast (52X)	383.3	248.4	1,094.7	790.6
Columbus Monthly	69.8	79.7	313.6	322.5
Connecticut	101.2	96.3	493.7	458.5
D/Magazine, Dallas/Ft Worth	112.4	149.8	542.4	635.2
Denver	40.7	42.0	161.5	174.6
Detroit Monthly	66.8	66.7	351.3	405.2
Grand Rapids	33.0	35.0	178.7	179.8
Gulfshore Life (10X)	55.0	47.0	481.8	425.0
Honolulu	73.1	66.7	288.2	290.7
Houston City	36.7	59.0	196.8	269.5
Louisiana Life (6X)	41.0	39.8	105.6	119.0
Madison	66.5	64.0	316.6	313.0
Memphis	82.0	78.0	387.0	358.0
Metropolitan Detroit	90.0	105.5	311.5	368.8
Miami Mensual	37.1	50.9	208.6	234.4
Miami/South Florida	50.2	88.1	275.4	383.7
Mid Atlantic Country	43.7	45.8	192.3	193.4
Milwaukee	61.7	75.8	269.8	337.4
Minneapolis/St. Paul	103.5	100.5	497.5	471.5
Nashville	26.0	28.0	189.0	185.0
New England Monthly	60.4	54.5	211.3	186.4
New Jersey Monthly	84.6	80.8	422.0	384.5
New Mexico	24.8	20.3	110.4	92.3
Ohio	66.8	78.1	279.0	284.6
Oregon (6X)	46.0	—	90.0	—
Orlando	81.9	90.7	465.0	504.2
Palm Beach Life	32.7	32.5	418.9	397.1
Palm Springs Life	90.8	89.6	625.7	610.9
Philadelphia	142.4	141.7	685.1	624.8
Phoenix	61.9	81.3	359.2	489.3
Pittsburgh	61.2	67.0	310.4	295.3
St. Louis	65.8	42.8	264.0	213.8
San Diego	157.8	128.0	675.1	693.2
San Francisco Focus	136.0	102.1	475.4	441.6
Texas Monthly	117.9	130.6	467.5	653.0
Twin Cities	68.4	50.4	293.3	237.0
The Virginian (6X)	60.0	58.0	174.6	175.0
Washington (7X)	74.0	90.0	170.0	229.1
The Washingtonian	163.0	193.3	757.2	749.0
Total Group	**3,948.6**	**4,145.8**	**17,214.6**	**17,580.9**
% change		**−4.8%**		**−2.1%**
— Movie/romance/radio/tv —				
Macfadden's Women's Group				
Modern Romances	25.0	22.7	119.1	102.4
Secrets	25.0	22.7	119.1	102.4
True Confessions	25.0	22.7	119.1	102.4
True Experience	25.0	22.7	119.1	102.4
True Love	25.0	22.7	119.1	102.4
True Romance	25.0	22.7	119.1	102.4
Sterling Women's Group				
Daytime TV	25.5	25.8	123.6	125.0
Modern Screen (6X)	—	—	29.0	31.0
Movie Mirror (6X)	—	—	14.5	16.5
Soap Opera Stars (6X)	—	—	30.7	33.3
TV Movie Screen (6X)	—	—	14.6	16.6
TV Picture Life (6X)	—	—	3.0	9.6
Total Group	**175.6**	**162.0**	**929.9**	**846.3**
% change		**+8.4%**		**+9.9%**
— Music/entertainment —				
Audio	91.3	78.1	379.3	345.8
Dance Magazine	67.3	69.6	186.3	193.9
Playbill	59.7	52.0	223.9	222.1
Spin	25.7	22.5	131.6	140.1
Stereo Review	73.8	73.6	399.5	340.0
Video Magazine	66.5	75.1	354.7	366.1
Total Group	**384.3**	**370.9**	**1,675.4**	**1,608.0**
% change		**+3.6%**		**+4.2%**
— Outdoor & sport —				
Alaska	49.6	36.4	192.5	228.1
The American Handgunner(6X)	43.0	35.0	121.0	100.0
American Hunter	12.4	15.2	89.1	85.2
American Rifleman	17.3	19.2	121.3	105.1
Backpacker (6X)	38.6	41.1	92.4	86.0
Bass Master (10X) A	43.0	49.8	372.6	353.8
Bicycling (9X)	121.3	100.2	419.6	367.2
Ducks Unlimited (6X)	32.5	21.7	71.6	79.7
Field & Stream	89.3	115.1	445.4	475.6
Fins & Feathers A	35.4	34.4	210.9	218.5
Fishing World	36.3	53.8	148.0	166.5
Florida Sportsman	127.2	111.0	715.7	657.6
Flying	40.8	29.8	220.8	176.7
Golf Digest	140.6	104.8	549.0	512.3
Golf Magazine	53.5	449.9	50.5	435.8
Gun Dog (6X)	27.9	30.8	91.7	88.2
Guns	24.0	32.0	121.0	143.0
Guns & Ammo	46.5	48.7	218.1	238.7
In-Fisherman (6X)	117.0	107.0	262.0	210.0
Muscle & Fitness	131.5	104.6	595.0	538.3
Outdoor Life	96.1	91.7	430.5	428.4
Outside Magazine	66.3	47.4	258.8	238.3
Petersen's Hunting	42.1	43.7	215.7	205.8
Runner's World (13X)	61.9	34.2	199.7	160.5
Southern Outdoors Saltwater Magazine (8X)	44.8	—	141.4	—
Salt Water Sportsman	102.8	98.6	617.8	585.3
Sierra (6X)	34.3	38.4	119.3	126.4
Shooting Times	32.2	32.5	202.0	220.7
Ski (8X) A	—	—	252.2	249.2
Skin Diver	108.6	104.5	503.0	461.8

A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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May

	Current month 1987	Current month 1986	Year to date 1987	Year to date 1986
Southern Outdoors (9X)	47.2	42.8	255.7	224.4
Sport	37.8	37.7	190.7	207.3
Sports Afield	96.3	87.7	508.1	388.8
Tennis	97.7	94.1	340.9	350.5
Waterski (8X)	77.3	59.6	203.3	154.4
Western Outdoors (10X)	48.1	46.4	251.0	272.7
Wildfowl (6X)	—	—	17.3	18.3
Wing & Shot	11.5	—	33.5	—
World Tennis	38.0	33.5	132.8	146.7
Total Group	**2,270.8**	**2,433.1**	**9,982.1**	**9,705.7**
% change		**-6.7%**		**+2.8%**
— Photography —				
American Photographer	52.2	36.2	170.0	181.3
Petersen's Photographic	33.0	28.1	134.6	119.7
Popular Photography	72.0	57.8	339.2	312.2
Total Group	**157.2**	**122.1**	**643.8**	**613.2**
% change		**+28.8%**		**+5.0%**
— Religious —				
Charisma	46.2	55.5	242.8	273.2
Christian Herald (11X)	28.8	25.2	142.0	146.9
Christian Life	21.7	19.2	122.0	129.4
Christianity Today (18X)	25.2	28.8	255.7	249.2
Ministries Today (6X)	—	—	77.1	136.7
Our Sunday Visitor (52X)	17.4	11.5	72.2	56.1
Today's Christian Woman (6X)	49.8	41.2	115.5	96.0
Total Group	**189.1**	**181.4**	**1,027.3**	**1,087.4**
% change		**+4.2%**		**-5.5%**
— Science/electronic/mechanic —				
Discover	44.3	28.9	227.3	158.2
Family Computing	32.4	42.8	227.8	211.6
Omni	62.6	56.3	349.9	337.3
Personal Computing	178.5	127.0	687.8	554.7
Popular Mechanics	116.9	119.9	470.8	481.9
Popular Science	102.0	370.3	70.9	374.5
Scientific American	73.5	34.7	205.6	165.7
Spectrum	66.5	86.7	335.6	459.6
Total Group	**676.6**	**866.6**	**2,575.7**	**2,743.5**
% change		**-21.9%**		**-6.1%**
— Woman/fashion/service —				
Bride's Magazine (6X) A	—	—	906.5	794.4
Essence	100.1	95.7	381.3	421.2
Family Circle (17X) A	104.3	196.0	564.8	748.9
Glamour	206.1	209.7	947.2	893.8
Good Housekeeping A	194.7	200.5	703.8	805.3
Harper's Bazaar	117.5	114.5	662.7	671.7
Health	51.6	55.4	231.4	209.9
Ladies' Home Journal	110.6	117.2	503.8	564.4
Mademoiselle	175.1	164.5	753.9	627.5
McCall's	107.6	117.9	469.0	465.8
Military Lifestyle	38.5	45.1	225.3	200.3
Modern Bride (6X)	—	—	817.6	706.3
Ms.	33.5	55.8	178.5	204.3
New Woman	101.2	79.2	409.6	355.4
Parents Magazine A	130.8	98.3	520.5	442.7
Redbook	127.1	105.5	490.2	466.2
Self	117.6	118.2	503.9	475.7
Seventeen	110.9	110.6	596.8	528.0
Shape	76.0	77.1	356.9	352.3
Soap Opera Digest (26X)	18.2	15.1	92.5	94.3
Teen Magazine	70.9	75.3	263.1	238.2
True Story A	47.7	40.2	238.4	232.9
Vogue	227.9	218.0	1,296.0	1,251.4
W Magazine	69.1	78.2	576.6	541.5
Woman (9X)	—	—	99.0	51.0
Weight Watchers	29.2	28.5	159.9	169.2
Woman's Day (16X) A	91.1	168.2	585.3	645.4
Women's Sports & Fitness	32.0	22.5	123.8	105.8
Workbasket	23.7	26.5	160.4	179.0
Working Mother	87.0	80.9	389.9	342.6
Working Woman	131.0	119.6	490.9	514.6
Total Group	**2,730.9**	**2,824.3**	**14,699.3**	**14,300.0**
% change		**-3.3%**		**+2.8%**
— Youth —				
Boys' Life	16.6	15.6	77.2	78.7
Campus Life (10X)	27.3	22.3	193.2	207.5
Total Group	**43.9**	**37.9**	**270.4**	**286.2**
% change		**+16.0%**		**-5.5%**

April

	Current month 1986	Current month 1985	Year to date 1986	Year to date 1985
— Business/national —				
Barron's	218.8	202.2	810.4	753.0
Black Enterprise	35.0	38.8	214.4	244.2
Business Week (52X) A	439.1	385.4	1,286.5	1,202.8
Financial World (26X)	79.6	66.4	260.8	205.1
Forbes (26X)	381.1	369.6	971.2	1,001.2
Fortune (26X)	376.7	286.2	872.1	820.5
Frequent Flyer	61.8	64.4	207.2	233.0
Futures	43.5	51.5	184.3	186.0
High Technology	20.4	18.0	70.7	72.5
Inc. Magazine A	75.2	91.0	289.2	305.0
Income Opportunities	73.7	58.8	259.4	204.4
Industry Week (25X) A	72.2	90.9	269.9	321.0
Nation's Business (12X) A	23.6	36.1	101.7	132.6
Savvy	38.5	40.8	141.8	125.9
Venture	51.5	68.7	248.1	249.3
Total Group	**1,990.6**	**1,868.6**	**6,187.7**	**6,056.5**
% change		**+6.5%**		**+2.2%**
— Business/regional —				
Advantage-Nashville	58.0	58.0	218.0	222.0
Arizona Bus. Gazette (52X)	33.9	31.8	125.9	131.5
Austin Bus. Journal (52X)	37.2	46.6	141.7	—
Baltimore Bus. Journal	81.1	74.9	343.3	260.0
Boston Bus. Journal (52X)	127.3	135.7	474.1	545.0
Business Atlanta	66.3	67.6	218.2	226.2
Business First of Buffalo	43.5	56.9	238.8	235.7
Business First of Columbus	86.7	75.5	377.2	307.5
Business Journal-Milwaukee	113.8	85.1	451.3	407.6
Business Journal-Sacramento	62.0	38.7	218.8	155.7
Business North Carolina	38.8	45.0	147.3	147.5
Capital Dist. Bus. Review (52X)	63.1	—	295.0	—
Cincinnati Business Courier	112.4	61.5	418.5	285.5
Corporate Report Kansas City	22.8	25.1	83.5	127.4
Corporate Report Minnesota	68.0	82.0	280.0	304.0
Crain's Chicago Bus. (52X)	147.0	175.0	562.0	613.0
Crain's Cleveland Bus. (52X)	66.7	68.9	208.5	232.7
Crain's Detroit Bus. (52X)	80.4	63.4	285.5	232.7
Crain's New York Bus. (52X)	43.8	37.3	126.5	128.7
Florida Trend (13X)	194.3	197.5	466.4	461.3
Georgia Trend	103.0	76.5	306.5	215.9
Grand Rapids Bus. Journal	47.6	34.6	172.9	118.2
Hawaii Business	41.0	51.2	160.0	167.7
Houston Bus. Journal (52X)	82.6	97.0	211.8	322.7
Indianapolis Bus. Journal (52X)	136.1	156.8	516.5	555.3
Intercorp-Connecticut (26X)	216.0	124.0	424.9	340.0
Manhattan Inc.	81.2	76.7	283.9	257.5
New England Bus. (20X) A	80.6	88.9	237.9	311.0
Pacific Bus. News (52X)	111.2	110.0	426.5	430.0
Philadelphia Bus. Journal (52X)	139.5	129.2	528.7	442.0
Pittsburgh Bus. Times (52X)	110.5	98.2	467.0	382.0
Providence Business News	80.2	—	260.4	—
Regarde s/Washington	165.5	134.0	549.7	472.6
San Jose Bus. Journal	63.0	86.5	247.6	365.1
South Florida Bus. Journal	83.7	98.0	424.5	429.1
St. Louis Bus. Journal (52X)	134.2	130.9	485.0	521.1
Texas Business	31.6	75.6	129.0	221.9
Warfields Monthly Baltimore	71.3	40.5	248.8	89.3
Total Group	**3,325.7**	**3,034.8**	**11,762.1**	**10,854.6**
% change		**+9.6%**		**+8.4%**
— National Sunday magazines —				
Parade (52X)	48.8	60.3	203.1	222.8
USA Weekend (52X)	45.9	57.3	167.5	220.6
Total Group	**94.7**	**117.6**	**370.6**	**443.4**
% change		**-19.5%**		**-16.4%**
— Newspaper Sunday magazines —				
Boston Globe	206.3	217.3	751.2	768.3
Chicago Tribune	135.5	101.5	431.1	371.5
Cleveland Plain Dealer	81.7	72.5	216.5	186.9
Columbus Dispatch	56.1	62.2	162.6	165.8
Detroit News	74.0	86.0	281.0	308.0
L.A. Times	125.9	132.3	369.2	328.5
Miami Herald	39.4	43.0	162.9	177.2
New York Times Magazine	344.7	310.5	1,300.3	1,242.5
Philadelphia Inquirer	97.0	74.0	268.0	270.0
Seattle Times	74.0	65.0	214.0	198.0
St. Louis Post Dispatch	148.0	144.0	350.0	291.0
Toledo Blade Magazine	41.8	46.0	138.3	159.4
Washington Post	154.9	120.6	535.5	515.1
Total Group	**1,579.3**	**1,475.0**	**5,180.5**	**4,982.2**
% change		**+7.1%**		**+4.0%**
— Weeklies/bi-weeklies —				
The Advocate (26X)	120.4	176.1	487.5	539.3
Army Times Military Group				
Air Force Times (52X)	172.1	176.0	636.5	680.7
Army Times (52X)	167.7	169.2	617.3	640.0
Navy Times (52X)	189.7	186.6	698.2	729.7
The Blood-Horse (52X)	232.3	286.8	1,698.0	1,625.3
Capper's (26X)	21.0	40.6	137.8	126.9
Commonweal (22X)	9.5	4.5	36.5	33.7
Golf World (43X)	143.5	117.0	397.5	363.5
Grit (52X) A	22.3	27.0	124.4	101.3
National Journal (50X)	107.5	87.6	253.7	237.3
National Review (25X)	33.9	35.1	124.4	121.5
New Republic (48X)	43.6	36.1	141.5	133.3
New York Magazine (50X)	265.8	266.9	897.1	897.7
New Yorker	180.3	228.1	734.2	776.6
Newsweek (52X) A	222.3	209.6	786.7	770.1
People (52X)	299.5	297.9	1,033.9	1,055.8
Rolling Stone (25X)	156.4	107.2	468.7	387.6
Sporting News (52X)	62.4	63.3	202.8	227.1
Sports Illustrated (52X) A	244.5	250.0	842.7	882.7
Time (52X) A	205.6	223.1	770.4	801.9
Travelhost (52X) C	3,219.0	3,146.0	11,739.0	11,580.0
TV Guide (52X) A	265.2	231.1	1,259.9	1,250.4
TV Update (52X) C	2,150.0	2,093.0	9,204.0	8,913.0
Us Magazine (26X)	78.8	30.8	178.7	134.5
U.S. News & World Report (52X) A	114.4	130.0	471.9	489.2
Total Group	**8,727.6**	**8,619.8**	**33,943.2**	**33,497.0**
% change		**+1.3%**		**+1.3%**
— Foreign —				
Business Week Int'l (52X)	134.3	163.5	383.6	451.1
De Armas Publications				
Geomundo				
Central America	7.0	6.0	18.0	13.0
Chile	5.0	6.0	15.0	13.0
Colombia	14.0	11.0	41.0	27.3
Ecuador	7.0	4.0	18.0	10.0
Mexico	9.0	4.0	25.5	16.5
Peru	6.0	5.0	14.0	10.0
Puerto Rico	6.0	3.0	20.0	6.0
U.S.	4.7	3.0	12.7	14.0
Venezuela	13.0	10.0	47.0	36.0
Hombre De Mundo				
Central America	5.0	2.0	18.0	19.0
Chile	5.0	2.0	19.0	16.0
Colombia	10.0	9.2	29.3	38.0
Ecuador	6.0	3.0	19.0	15.0
Mexico	9.0	7.0	29.0	22.0
Peru	4.0	2.0	12.0	11.0
Puerto Rico	4.0	3.0	17.0	13.0
U.S.	11.5	6.0	49.8	38.5
Venezuela	12.0	15.0	47.0	50.0
Ideas Para Su Hogar				
Colombia	6.5	4.0	25.3	24.7
Ecuador	3.0	2.0	4.0	6.0
Mexico	8.8	6.0	20.5	9.0
Peru	3.5	1.0	15.0	4.0
Puerto Rico	—	—	—	—
U.S.	4.0	3.0	17.0	12.0
Venezuela	5.0	7.8	14.0	28.3
Mecanica Popular				
Argentina	4.3	3.7	25.3	10.7
Central America	7.7	10.0	31.7	35.3
Chile	2.7	6.0	13.7	20.3
Colombia	13.2	16.5	56.7	57.7
Mexico	11.2	10.0	45.0	33.7
Peru	8.2	16.5	56.7	57.7
Puerto Rico	6.2	6.5	24.7	26.8
U.S.	5.7	4.0	18.7	22.5
Venezuela	10.2	10.5	35.2	36.8
Vanidades Continental				
Central America	30.0	21.7	51.7	43.2
Chile	5.7	7.3	10.8	14.3
Colombia	89.2	106.0	188.5	191.2
Ecuador	24.0	29.5	61.8	65.5
Mexico	105.0	113.0	259.5	211.2
Peru	25.3	18.0	60.0	33.3
Puerto Rico	75.3	57.2	152.3	114.8
U.S.	56.8	48.8	199.3	150.8
Venezuela	59.0	42.8	138.7	118.0
Hearst International Publications				
Buenhogar				
Chile	1.0	1.0	4.0	4.0
Colombia	16.0	30.0	58.5	84.3
Ecuador	7.0	8.0	27.0	33.0
Mexico	33.7	40.3	96.3	88.3
Peru	8.0	4.0	26.5	13.0
Puerto Rico	3.5	9.5	7.3	31.5
U.S.	15.0	14.7	78.5	70.8
Venezuela	18.5	13.7	56.7	62.7
Cosmopolitan en Espanol				
Central America	4.0	1.0	14.0	7.7
Colombia	9.0	4.0	29.0	21.0
Mexico	39.5	40.0	93.5	85.8
Puerto Rico	10.0	13.0	44.8	27.7
U.S. (Spanish language)	21.5	17.7	90.7	79.8
Venezuela	20.0	7.0	49.0	38.7
Cosmopolitan Foreign				
Australia	67.7	69.1	231.8	224.5
Brazil	81.4	55.7	253.8	236.6
China	50.0	48.5	192.5	144.4
France	139.5	140.2	348.8	254.7
Germany	153.2	152.8	406.9	370.5
Great Britain	114.0	134.0	313.0	348.5
Greece	53.0	41.0	144.0	135.0
Holland	91.0	80.0	214.0	201.0
Italy	109.3	103.3	296.8	265.8
Japan	56.9	51.3	165.8	263.3
South Africa	74.0	58.0	267.0	258.0
Good Housekeeping Foreign				
Australia	28.2	22.0	91.8	100.7
Great Britain	161.0	149.8	454.3	440.4
International Management				
English	33.7	53.8	99.8	162.2
Middle East	5.7	11.2	20.7	35.8
Johnston International				
Alam Attijarat	27.2	35.2	96.0	130.8
Far East Business	21.2	46.0	77.5	117.0
Modern Africa (6X)	8.0	15.8	18.2	29.1
Newsweek International A				
Atlantic (52X)	82.5	85.1	252.7	279.3
Latin America (52X)	25.0	30.0	93.0	104.9
Pacific (52X)	49.9	49.7	186.0	197.4
Reader's Digest				
Asian	163.0	131.5	638.0	829.0
Australian	73.5	76.8	215.0	232.4
Belgian-Flemish	53.5	85.3	154.5	239.3
Belgian-French	37.0	44.3	94.5	152.8
British	51.0	32.5	170.1	162.5
Chinese B	73.8	83.0	307.6	374.0
Danish	28.0	26.0	120.0	110.8
Dutch	56.8	48.0	154.8	121.1
Finnish	100	68.5	169.5	178.3
French	36.2	15.1	84.0	56.7
German	92.0	83.3	297.0	262.8
Indian-English	78.0	98.0	270.0	267.0
Indian-Hindi	11.5	10.5	47.0	34.5
Italian	57.5	44.0	159.0	97.5
Korean	43.0	29.3	121.8	77.9
Latin American				
Argentina	10.5	15.0	46.0	40.5
Brazil	—	—	—	14.0
Central American	4.0	10.0	17.0	23.0
Chile	4.0	11.0	40.0	39.5
Colombia	—	3.0	74.0	42.0
Ecuador	3.0	9.0	12.0	23.0
Mexico	55.4	61.7	188.8	161.5
Peru	3.0	9.0	15.0	28.0
Puerto Rico	4.0	6.5	15.0	19.5
U.P.B.	4.5	7.0	16.5	21.0
U.S. Spanish	8.5	64.0	25.0	80.0
Venezuela	4.5	6.5	18.5	22.5
New Zealand	39.0	31.0	174.5	203.5
Norwegian	24.5	8.5	51.3	25.5
Portugal	57.5	36.5	142.5	144.0
South African	60.0	59.5	245.5	251.0
Swedish	6.0	13.0	25.0	55.0
Swiss-French	15.0	22.0	88.5	86.0
Swiss-German	20.3	28.0	114.0	115.0
Time International				
Time-Asia	39.3	90.3	165.4	255.9
Time-Atlantic	78.6	121.5	287.9	347.9
Time-Canada	147.7	217.0	588.6	702.6
Time-Latin America	29.0	42.2	96.8	164.4
Visao (52X)	107.5	163.3	395.2	554.8
Vision/Latin America (24X) A	26.4	24.0	72.4	79.7
Total Group	**4,192.8**	**4,395.9**	**13,245.4**	**13,868.4**
% change		**-4.6%**		**-4.5%**

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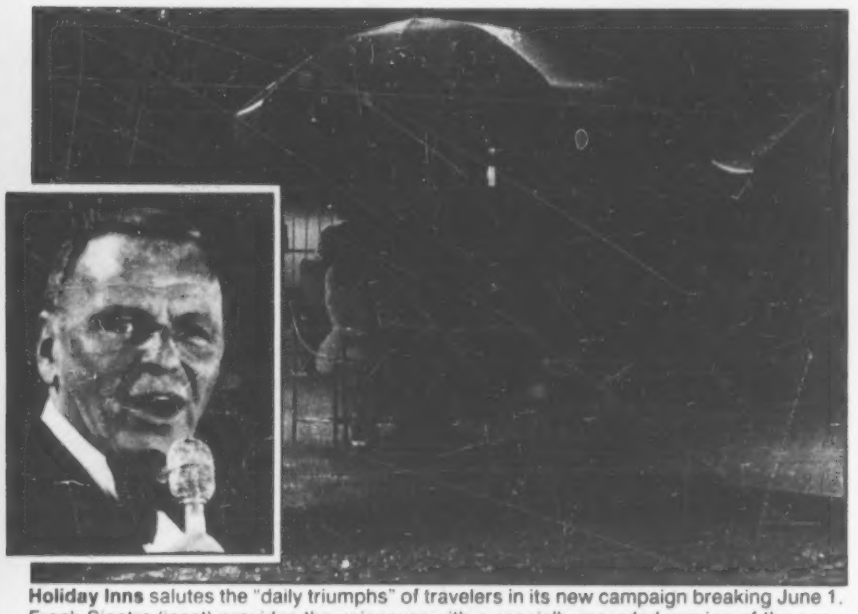

Holiday Inns salutes the "daily triumphs" of travelers in its new campaign breaking June 1. Frank Sinatra (inset) provides the voiceover with a specially recorded version of the song "Here's to the Winners."

Holiday Inns books Sinatra

By GARY LEVIN

Caught in a squeeze between upscale and budget hotel chains, Holiday Inns is turning to Frank Sinatra for help.

The Memphis-based "innkeeper" that took its name from a Bing Crosby movie will try to position itself as a "winner" in an estimated $15 million TV and print ad campaign breaking June 1.

It will be Holiday Inns' first image effort since early 1986.

Ol' Blue Eyes won't appear in the ads, but has re-recorded his classic "Here's to the Winners" for TV spots featuring emotional, vignette-style scenes captured by cinematographer Gordon Willis.

Bozell, Jacobs, Kenyon & Eckhardt, New York, handles the effort, themed "You're a winner, we're on your way."

The campaign is part of a newly aggressive marketing stance from the "world's largest innkeeper," which last year hired Andrew Lien as its senior VP-worldwide marketing, from Kentucky Fried Chicken Corp.

David McConnaughey, VP-management supervisor, BJK&E, said the campaign "celebrates our users and the positiveness of their travel experience." It escapes what he calls the Oedipus complex of smiling hotel employees and service claims, and instead seeks a unique brand personality.

Research findings led Holiday Inns to develop a campaign based on "personal achievement," using scenes to dramatize

(Continued on Page 66)

Last Minute News

Trintex lines up 42 advertisers

White Plains, N.Y.—Trintex, the $450 million videotex joint venture between IBM and Sears, has signed 42 advertisers. They include: Aetna, Buick, Carnation, Dean Witter Reynolds, Field Publications, Florsheim, Ford, Nestle, NEC Home Electronics, Showtime/The Movie Channel and Volkswagen of America/Audi of America. Also, the service has contracted with Dow Jones & Co., *USA Today* and "Consumer Reports," as well as a dozen syndicated columnists, to supply editorial information. After Trintex kicks off next year, it will start a campaign, via J. Walter Thompson USA, New York, to promote the service to potential subscribers.

Compton-DFS merger talks progress

New York—Merger talks between Saatchi & Saatchi Compton and DFS Dorland Worldwide (AA, April 13, *et seq*.) are progressing well with the possibility that internal details could be worked out this week, sources say. They add there were "no real stumbling blocks" left internally, though the plan still would have to face client approval.

P&G, Kodak join forces

Cincinnati—Procter & Gamble on Aug. 2 starts an estimated $15 million network TV and newspaper campaign for a back-to-school cross-promotion with Eastman Kodak. Six P&G personal-care brands will be tied to a giveaway of 60,000 VR35 Kodak cameras. Leo Burnett USA, Chicago,

(Continued on Page 8)

Global group attacks ad tax

Florida shakes world

By LAUREL WENTZ

Killarney, Ireland—The World Federation of Advertisers denounced Florida's 5% sales tax on advertising last week, and will petition the state to repeal the tax.

Worldwide advertisers are concerned that Florida's move might trigger similar taxes by cash-strapped governments outside the U.S.

"Whatever happens in one country is susceptible to happening in others" said Paul de Win, the WFA's Brussels-based director general. "It's a domino theory. There is a danger that every government that needs money could contemplate it."

The WFA is the worldwide counterpart of the U.S.' Association of National Advertisers. Members include major marketers such as Procter & Gamble Co. and Bristol-Myers Co.

"We got skunked in Florida," said Robert Goldstein, P&G's VP-advertising. Mr. Goldstein is an outspoken critic of the Florida tax and part of the U.S. delegation to the WFA meeting.

"The real story is that national advertisers feel we need to be organized in a more effective manner to provide support for the state organizations that are already there," he said.

Kraft, Frigidaire pull out of Florida, see story Page 68.

The greatest concern is in Canada, which often "borrows" regulatory ideas from the U.S.

John Foss, president of the Association of Canadian Advertisers, said the province of Quebec has a 2% tax on broadcasting and Newfoundland a 4% tax on all media advertising. Such taxes might spread in Canada if other U.S. states follow Florida's example, he warned.

In the WFA petition requesting the repeal of the Florida tax, the group said consumers' freedom of choice is aided by truthful adver-

(Continued on Page 68)

Suncare marketers raise their screens

By PAT SLOAN

The deep, dark tan—still associated with an image of health and wealth despite an awareness that the sun can damage skin—may lose some of its glamor this summer.

Fewer suncare marketers are glorifying tanning, while more are introducing bold talk about skin cancer in advertising as they market high-powered sunblocks to consumers.

One company, Eclipse Laboratories of Greenwich, Conn., has gone so far as to introduce a product with the word "cancer" in its name (AA, March 16).

Called Skin Cancer Garde, the ultra-protection sunblock is shown in print ads created by I. Goldberg & Partners, New York, that are dramatically themed: "The Sun. A matter of life and death."

The spread carries an oversize Surgeon General-type warning from the Skin Cancer Foundation, stressing that repeated overexposure of unprotected skin to the sun can cause premature aging and skin cancer, including malignant melanoma.

The suncare industry, with $400 million in retail sales last year, has taken note of Eclipse's dire message and its uniquely named product. But the com-

(Continued on Page 66)

Eclipse Laboratories and agency I. Goldberg & Partners, New York, are trying to deglamorize suntans with dramatic ads that paint a dark picture of the sun to sell protective products.

Turbulence

Controls asked for airline ads

By STEVEN W. COLFORD

WASHINGTON—The Transportation Department, under sharp attack in Congress for not moving more aggressively against airline marketing and performance problems, last week warned Continental Airlines—and all other major carriers—they face fines and other enforcement actions.

The Houston-based Texas Air Corp. carrier has been the subject of more complaints to the Transportation Department than any other airline this year.

In an appearance before a hostile House subcommittee, Continental VP-Marketing Services Jim O'Donnell said his company would not object to new federal controls, provided they took the form of industrywide rules that applied equally to all airlines.

Any likely rule would include requirements that airlines disclose on-time performance records and other service-related data. Consumer complaints also have focused on the availability of discount fares and sudden changes in frequent-flier programs.

Continental's Mr. O'Donnell warned against requiring lengthy disclosures in advertising, however. "Continental has seven fare compartments in its computer, ranging from regular fares to our advance purchase MaxSaver," he said. "The advertisement—just to provide a consumer with fare availability to and from New York City [covering all . . . destinations]—would take 50 pages."

Transportation Department critics, meanwhile, pressed legislation to shift responsibility for airline advertising and marketing to the Federal Trade Commission. Legislation to do so has been introduced in both the Senate and House.

However, one senior Democrat on the House energy and commerce committee, Rep. James Florio (D., N.J.), complained FTC "hasn't got any interest in what it's supposed to deal with under its existing authority, much less in taking on jurisdiction over the airlines."

Rep. Florio suggested policing of airline advertising be turned over to state attorneys general, some of whom have been increasingly active in challenging national advertisers.

Some congressional sources also contend the uproar over airline advertising may jeopardize ad-industry legislative objectives.

Among these is the passage of legislation amending the Federal Trade Commission Act to end the commission's authority to write industrywide rules against "unfair" ads.#

'Time,' others pare back int'l sales units

By JULIE SKUR HILL

Fortune, *Newsweek* and *Time* are backpedaling on the international front.

The magazines are restructuring international sales departments to cope with the declining value of the U.S. dollar. As the dollar falls, production costs overseas rise.

Newsweek International closed its two-person Chicago international sales office.

In New York, staff members have left the newsweekly or have been reassigned to the domestic sales staff.

A source close to the magazine said five members of New York's international staff were affected.

In 1985, Newsweek International started a Japanese-language edition of *Newsweek* and paid a royalty to American Express Co. to gain publishing rights for *Travel & Leisure Asia*.

"It's been a hell of a financial drain on them," the source added.

However, a Newsweek International spokeswoman said, "The two new magazines are very successful. Having more magazines to work on is only helping *Newsweek*."

Time Inc., which has been reducing its work force, has cut into the international sales departments of *Time* and *Fortune*.

At *Time*, two leaders of the international sales department are "pending reassignment," a spokesman said. Also, staff responsibilities have been shuffled.

William Kupper Jr., previously associate ad sales director at Time Inc.'s *Sports Illustrated*, is replacing Edward McCarrick as international ad sales director at *Time*.

Jack Crowley, associate publisher and international publishing director, also will be reassigned. His duties will be consolidated into other positions.

Previously, the international staff strictly sold space for international editions and domestic staff members only sold for the U.S. editions. Now, all salespeople will sell for all editions.

"This will maximize the presences of U.S. companies overseas," the *Time* spokesman said.

R. Timothy Leedy, *Fortune's* international publishing director, has left to pursue other opportunities, and his post will not be filled.

"*Fortune* was not having that much difficulty, compared to the newsweeklies," he said.

In fact, last week it announced a joint project with Hachette Filipacchi, Paris, to introduce a French edition of *Fortune* in 1988.

"Newsweeklies compete with the indigenous magazines, but people around the world still want to know the U.S. perspective on business," Mr. Leedy said.

May figures show combined year-to-date linage for Time's international editions down 22.6%, while combined Newsweek International figures fell 8.6% (AA, May 18). *Fortune* figures are not available.#

Highlights

What's cooking at Wendy's? 6

Wendy's International is expected to end a brief flirtation with its past this week when its new marketing team decides the beleaguered restaurant chain's future. The likely decision will be to initiate a formal review of its $50 million national ad account.

Murdoch goes to the movies 12

Murdoch Magazines and France's Hachette Publications again are teaming to translate a French magazine concept for an American audience. *Premiere* is the latest in a string of major magazines out to attract American moviegoers.

Southland calls out the troops 26

Southland Corp. is supplementing its new national ad campaign with an aggressive, price-oriented local campaign from W.B. Doner & Co., marking the first time Southland's 7-Eleven chain has brought in a second agency. Its job labeled "tactical," and for specific markets only, Doner is being referred to internally as the company's "S.W.A.T." team.

INTERNATIONAL

Havas' privatization will not affect accounts 48

Even though the French government is selling its 40.3% share of the Havas communications giant, the president of Havas' Eurocom division says the sale will have no effect on clients, accounts or international partnerships.

Mexican Televisa to modify ad tactics 49

Latin America's largest TV and entertainment conglomerate will modify its controversial "French plan"—which allows companies to pay for a year's advertising in advance—within three years, according to President Miguel Aleman.

OTHER NEWS

MasterCard International's new affinity marketing program is its latest effort to grab a bigger share of the travel and entertainment market dominated by American Express. Page 26.

Hiram Walker's shakeup of its U.S. agency roster is part of a long-term strategy to expand beyond its traditional distilled spirits base. Page 26.

At the American Graduate School of International Management, student teams develop an international advertising campaign for clients for a mere $2,000. Page 34.

Overall wine consumption increased in 1986, thanks to wine coolers, without which domestic wine sales may have declined. Page 50.

Procter & Gamble Co.'s olestra fat substitute may put the company among top U.S. food marketers. FDA clearance of olestra as a food additive could come within two years. P&G plans to use the substance in its food products and to sell it to food marketers, including fast-food chains. Page 61.

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Bay's agency list shrinks

Evans splices Frisco shops

By ALICE Z. CUNEO

SAN FRANCISCO—The agency scene continues to shrink here, with Salt Lake City-based Evans Communications acquiring Busse & Cummins and merging it into Evans/Lynch Rockey.

The merged agency, which will have about $20 million in billings, will continue under the Evans/-Lynch Rockey name. Busse & Cummins' billings were about $7 million.

The move forced E/LR to resign the $1 million Chilean Winter Fruit account because of a conflict with the $5 million California Tree Fruit Agreement business at Busse & Cummins.

Evans says the acquisition brings its total billings to more than $160 million. Evans hopes the San Francisco merger will give it an opportunity to focus on consumer business, moving away from its dependence on business-to-business accounts.

The San Francisco market over the past 18 months has been hard hit by a series of major account departures, primarily stemming from mergers and business consolidations (AA, Aug. 18, 1986). Dole Food Co., after the acquisition of its parent, Castle & Cooke, took its $30 million account to New York (to William Esty Co. and then to Ted Bates Advertising). RJR Nabisco transferred an estimated $25 million in Del Monte USA billings to Lowe Marschalk, New York, from that agency's San Francisco office. Several other smaller accounts have moved their business to Los Angeles agencies.

West Coast News

At present, the market seems to have stabilized. But sources expect further consolidation of offices unless some major areas of new business arise.

Ketchum Communications, Pittsburgh, recently purchased the Oakland, Calif., office of Chicago-based Mandabach & Simms, and BBDO/West is expected to announce soon the acquisition of two shops in the Bay Area. Oakland-based Lewis, Browand & Associates is rumored to be one target.

Busse & Cummins received an undisclosed amount of Evans stock and cash in the transaction.#

Jaguar Cars broke print ads for its new $40,500 XJ6 May 15. Ads—via Geer, DuBois—are running in newsweeklies, business magazines, auto buff books and various upscale publications.

Domestic cars race to challenge European luxury

By PATRICIA STRNAD

DETROIT—The ultraluxury-car segment, long dominated by foreign nameplates, is becoming a marketing battlefield as more players—including U.S. automakers—try to lure affluent baby-boomers.

Many automakers are starting to court the growing number of young, affluent buyers of high-price, high-performance luxury cars, whose annual household incomes are swelling beyond the $50,000 mark.

One industry analyst predicts that sales of ultraluxury automo-

(Continued on Page 65)

Philly ignored?

National sponsorship effort flags

By PHYLLIS FURMAN

National advertisers have expressed little brotherly love for We, the People 200, Philadelphia's tribute to the Constitution which begins today.

Feuding between Philadelphia-based We, the People 200 and former Chief Justice Warren Burger's federally funded Constitution bicentennial commission has left Philadelphia's tribute without a single national corporate sponsor.

The state of Pennsylvania promised this month to kick in $2.5 million to help bail out organizers of the six-month celebration. The state also said it would double the amount if We, the People 200 can come up with $2.5 million in sponsor fees of its own.

Encouraged by the $100 million in corporate sponsorships generated by last year's successful Statue of Liberty centennial celebration, We, the People 200 had set a goal of raising $20 million from national sponsors.

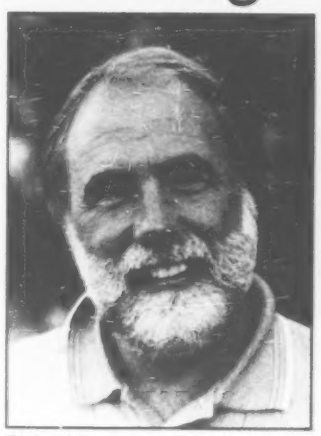
But the effort never got off the ground, and chief fund-raiser Richard Rovsek quit the project earlier this month.

Mr. Rovsek, president of Santa Barbara, Calif.-based American Marketing & Communications, charges that competition from Mr. Burger's commission undermined We, the People 200's corporate sponsorship efforts.

Mr. Rovsek, who handled marketing and sponsorships for Sail America, the U.S. entry in last winter's America's Cup, also is credited with conceiving the Statue of Liberty Foundation's corporate sponsorship effort.

Mr. Burger's Washington-based Foundation for the Commemoration of the U.S. Constitution, which publicly has voiced opposi-

(Continued on Page 65)



Richard Rovsek, president of American Marketing & Communications and chief fund-raiser for the constitutional celebration, quit the project this month.

World News Roundup

LONDON—Omnicom's Group's Doyle Dane Bernbach and Reeves Robertshaw Needham will merge May 26 to form DDB Needham Worldwide/-London, the latest step in creating one agency in markets where DDB and Needham operate separately. Only Needham client Van Melle Ltd. is expected to leave, pulling its $1.3 million Menthos chewy mint candies account because of conflicts with DDB's $7.5 million Trebor account, which includes mint candies.

SYDNEY—BMW Australia moved its $2.9 million account to The Ball Partnership, now owned by WCRS, from Ball's former owner, Ogilvy & Mather. O&M gained a $1.4 million Black Douglas whisky account, previously with Ball.

FRANKFURT—Chesebrough-Pond's moved its $4 million account to Ogilvy & Mather from D'Arcy Masius Benton & Bowles.

SYDNEY—The AWA Radio Network cut agency commission rates from 12.5% to 10%. Fairfax-owned Macquarie Network is expected to follow.

LONDON—ICI Fibres, a U.K.-based fibers producer, picked Colman RSCG here for a $7.5 million campaign to promote its Tactel fibers for the

(Continued on Page 48)

Ratings race is on

'Family Ties' shift sets up key fall fight

By JAMES P. FORKAN

NEW YORK—NBC's shift this fall of "Family Ties" to Sunday opposite CBS' "Murder, She Wrote" will hurt both top 10 series, many agency executives believe, and may enable CBS and ABC to erode NBC's blockbuster Thursday lead.

Most agency sources saw "Family Ties" (No. 2 last season) versus "Murder, She Wrote" (No. 4) as this fall's clash of the series titans, much as the "Miami Vice" vs. "Dallas" battle was billed a year ago. That contest resulted in both programs dropping out of the seasonlong top 10, though "Dallas'" 11th place '86-87

(Continued on Page 68)

'M*A*S*H' is smash in ad awareness

IBM's new 'reunion' TV spots put Apple's action in traction

By SCOTT HUME

Who needs Alan Alda?

The last original episode of "M*A*S*H" aired on Feb. 28, 1983, a two-hour farewell episode that set viewership records.

Four years later, the cast of "M*A*S*H" still has the power to set records.

Seeking to revive sales of its personal computers, IBM Corp. last month unveiled its new Personal System/2 line. Shelving the Chaplin-esque "Little Tramp" character who had represented its PCs for the past six years, IBM enlisted most of the "M*A*S*H" cast to appear in the estimated $50 million introductory ad campaign (AA, April 6).

One of the stars missing from the campaign was Mr. Alda, who has been an ad spokesman for Atari Corp., an IBM competitor.

The "M*A*S*H" "reunion" concept, developed by Lord, Geller, Federico, Einstein, New York, has been an immediate hit, even without the popular Mr. Alda.

When the 1,000 respondents to ADVERTISING AGE's adWatch survey were asked last month to name the computer advertising that first came to mind, 23.7% named IBM.

In the March survey, before the new advertising's April 2 debut, IBM's advertising had been named first by only 13.8% of the national sample.

IBM's jump of nearly 10 percentage points not only is the largest single change in top-of-mind awareness ever registered in the computer category, but also displaced Apple Computer from the No. 1 spot for only the second time in the three years that the survey has tracked awareness of computer advertising.

Apple's share of first mentions last month dropped 4.8 points to 21.1%, the lowest score its advertising ever has registered.

Tandy Corp.'s Radio Shack held the No. 3 spot with a 2.3% share of first mentions.

Computers are hardly a mass-market product, which is one reason IBM supplemented the TV advertising with a heavy introductory print schedule, including 24-page inserts in a variety of news and computer magazines.

But IBM's campaign appears to be making the strongest impact on the most desirable demographics.

Top-of-mind recall for IBM ads was heaviest among respondents with the highest incomes.

Better than 15% of respondents

(Continued on Page 70)

April's Top 10 in top-of-mind awareness

Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind?
Source: SRI Research Center Inc., Lincoln, Neb.

Rank 4/87	3/87	Advertiser	Agency
1	2	Pepsi-Cola	BBDO Worldwide
2	1	California Raisins	Foote, Cone & Belding
3	3	Coca-Cola	McCann-Erickson
4	4	McDonald's	Leo Burnett USA
5	5	Ford	J. Walter Thompson USA
6	7	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham Worldwide
7	10	Miller/Miller Lite	J. Walter Thompson Co./Backer & Spielvogel
8	6	Chevrolet	Campbell-Ewald USA
9	—	Tide	Saatchi & Saatchi Compton
10	—	AT&T	Ogilvy & Mather

Wine industry stays cool

Domestic market shows strength against imports

By JOHN C. MAXWELL JR.

Overall wine consumption increased about 3% in 1986, mainly due to the continued strong growth of wine coolers.

Wine cooler volume was up by more than 60% in '86, and dollar sales up by 73% to $1.3 billion.

This spectacular growth helped domestic wine gallonage increase by 10.3% and offset the decline of imported wines. We estimate that, excluding coolers, the domestic wine industry would have declined about 3% to 4%.

Wine coolers currently account for more than 30% of the domestic wine market and more than 25% of the total industry.

As the wine industry has been shaken by wine coolers, the wine cooler market has been shaken up by major players competing for their share in the market.

This shakeout began to take effect in 1985, when four coolers (E&J Gallo Winery's Bartles & Jaymes, Brown-Forman's California Cooler, Canandaigua's Sun Country and Seagram) accounted for almost 75% of the market.

These four brands continued to dominate the market in '86 but still were not able to shake off some smaller players. Joseph Victori Wines' Calvin Cooler, for instance, with a 6.4% share in '85, grew approximately 120% to an 8.3% share last year.

Similarly, Sun Country, Seagram and Bartles & Jaymes also grew by more than 100% and increased share.

Faced with these major growth rates, Brown-Forman's relatively small 10% growth caused California Cooler to lose 9.4 share points and the No. 1 position. Bartles & Jaymes quickly picked up the lead in '86, with 26.2% of the market.

We expect 1987 to be another year of stiff, relentless competition, supported by huge ad budgets and innovative marketing tactics.

In addition, we expect the enormous growth of the past few years to begin to slow and new flavors to emerge in the continuing race for market share in the wine cooler industry.

Although wine cooler growth has leveraged the wine industry, it also has affected table wine growth. While wine coolers have hurt domestic wines, it appears they benefited from the declining demand for imported wines.

In 1986 we saw a greater than 20% decline in imports, with more than 30% declines in both Italian and German wines. Although some of this may be a residual effect of the fear from last year's contamination in Italian wines, more likely it is a result of the declining dollar, which puts imports at a greater price disadvantage.

All five major importing countries posted declines in '86. With the improved quality and value of domestic wines, we believe that this situation will continue. Of course, the magnitude of this trend depends on the currency situation.

Again, E&J Gallo Winery increased market share to approximately 28%, maintaining the No. 1 position in the domestic wine market. Most of Gallo's 9.4% growth was attributable to the strong performance of its Bartles & Jaymes wine cooler.

Also due to the strength of its wine cooler business, Seagram Wine Co. showed a gain of almost 9%. Canandaigua Wine Co. posted a strong increase from its Sun Country cooler.

As for the rest of the wine industry, we expect to see a continuing trend of buyouts in 1987.

California wineries' margins have been lowered severely due to the diversion of marketing dollars to coolers, the decreased shelf space available for wine (also due to coolers) and increasing packaging and wine costs.

We believe these conditions will continue to be the force behind the sale of many top brands.

Already this year, Grand Metropolitan acquired Heublein, which included Heublein's recent acquisition of Almaden Vineyards, while Vintners International acquired Seagram and Wine World acquired Soverain.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

U.S. wine market: Sales and shares

Sales in millions of gallons. *Source: John C. Maxwell Jr.*

Rank 1986	Rank 1985	Company	1984 Amount	1984 Share	1985 Amount	1985 Share	1986 Amount	1986 Share	Change 1985-86
1	1	E&J Gallo	142.0	25.6%	152.5	26.4%	166.8	28.0%	9.4%
2	2	Vintners Int'l.*	49.9	9.0	57.0	9.9	62.0	10.4	8.8
3	3	Canandaigua	19.5	3.5	31.0	5.4	45.0	7.6	45.2
4	4	Almaden	26.9	4.5	23.8	4.1	24.3	4.1	1.9
5	5	Heublein	21.5	3.9	20.8	3.6	20.3	3.4	(2.5)
6	6	Franzia	14.3	2.6	16.2	2.8	18.6	3.1	14.9
7	7	Monarch	13.0	2.3	13.2	2.3	13.5	2.3	2.3
8	8	Guild	10.5	1.9	9.7	1.7	11.1	1.9	14.1
9	9	Sebastiani	6.0	1.1	6.6	1.1	5.2	0.9	(21.1)
10	12	Lamont	3.6	0.6	3.7	0.6	5.1	0.8	37.9
11	11	Beringer	3.8	0.6	3.9	0.7	4.8	0.8	25.1
12	10	Robert Mondavi	3.9	0.7	4.0	0.7	4.1	0.7	0.9
13	11	Mogen David	4.0	0.7	3.9	0.7	3.5	0.6	(10.3)
14	11	Bronco	2.9	0.5	3.9	0.7	3.3	0.6	(15.4)
15	14	Christian Bros.	3.3	0.6	3.2	0.5	2.8	0.5	(11.5)
16	13	Gibson	4.3	0.8	3.6	0.6	2.7	0.5	(24.2)
17	16	F. Korbel	2.1	0.4	2.4	0.4	2.7	0.5	12.4
18	15	C. Mondavi	3.2	0.6	2.7	0.5	2.5	0.4	(8.7)
19	17	Delicato	2.2	0.4	1.8	0.3	2.2	0.4	20.8
20	18	California Growers	0.4	0.1	1.5	0.3	2.0	0.3	31.1
21	—	ISC	—	—	1.2	0.2	1.8	0.3	59.2
22	18	Weibel	1.7	0.3	1.5	0.3	1.5	0.2	(6.1)
23	18	Guimarra	1.9	0.4	1.5	0.3	1.2	0.2	(23.6)
24	20	San Martin	0.7	0.1	0.9	0.1	1.2	0.2	25.1
25	19	Wente	1.4	0.3	1.2	0.2	1.0	0.2	(21.6)
26	21	Mirasou	0.6	0.1	0.7	0.1	0.9	0.1	37.1
27	20	Sierra Wines	0.9	0.1	0.9	0.2	0.9	0.1	2.0
28	20	Sonoma	1.0	0.2	1.2	0.2	0.8	0.1	(31.3)
29	21	M&H	0.6	0.1	0.7	0.1	0.6	0.1	(16.2)
30	22	Louis Martini	0.6	0.1	0.6	0.1	0.6	0.1	4.5
31	23	East-Side	0.3	0.1	0.2	—	0.4	0.1	85.5
32	23	Brookside	0.2	—	0.2	—	—	—	—
33	—	Pacific Land & Viticulture	—	—	—	—	—	—	—
		Subtotal	342.2	62.6	373.2	64.6	413.4	69.2	10.8
		Other Domestic	64.8	11.7	67.8	11.7	72.9	12.2	7.5
		Total Domestic	412.0	74.3	441.0	76.3	486.3	81.7	10.3
		Imports	142.4	25.7	136.7	23.7	108.7	18.3	(20.5)
		Total	554.4	100.0	577.7	100.0	595.0	100.0	3.0

*Purchased Seagram Wines.

FDA may take nip at toothpaste claims

By LAURIE FREEMAN and NANCY GIGES

The battle for superiority among the top three U.S. toothpaste marketers is heating up on the regulatory front as Procter & Gamble Co., Colgate-Palmolive Co. and Lever Bros. push their ad claims to new limits.

By this summer, the Food & Drug Administration is expected to decide whether to change the classification of tartar and plaque-removal toothpastes—and their accompanying claims—from cosmetic to therapeutic.

If the FDA reclassifies the tartar-control and anti-plaque toothpastes, the companies would have to seek new-drug status for their products to continue making certain therapeutic claims in labeling and advertising. And to win new-drug approval, a product has to be tested and found to be safe and effective.

The FDA is said to be "intent on exploring" the dentifrices and their plaque-removal claims, because "plaque is considered to be the forerunner of serious periodontal disease."

At the same time, the three marketers have stepped up their negotiations with the American Dental Association on using its coveted Seal of Acceptance, not only for cavity prevention but also for gum-related diseases.

The ADA's Council on Dental Therapeutics, independently of the FDA, reviews products—and their claims and advertising—that apply for the seal (AA, March 19, 1984, *et seq.*).

The Big 3 dentifrice marketers are clawing to gain market share in the hotly competitive $1 billion market and especially in the growing $250 million plaque/tartar segment.

Cincinnati-based P&G's Crest, the long-time front-runner in the category, has regained its 39% market share (after dropping to the low 30s) with the tartar-control line extension it introduced a little more than a year ago.

> FDA staffers expressed dismay when references to tartar and plaque began appearing in ad claims, but the issue was given low priority because the claims were not considered to cause any health damage.

New York-based Colgate, the No. 2 brand with a 23% share, has counterattacked with an ad campaign claiming that new research shows Colgate Tartar-Control toothpaste is better than Crest's.

CBS-TV earlier this month rejected P&G's objection to the ad claims that Colgate made in its new TV commercials.

Lever, also New York, is aiming to improve the 7% share of the No. 4 brand, Aim, by introducing Extra-Strength Aim and claiming superiority over both Crest and Colgate in cavity-fighting (AA, May 4).

Last week Lever broke two new hard-hitting TV spots for Aim, claiming fluoride superiority.

Lever also is gearing up to launch tartar-control companions to Aim and Close-Up toothpastes.

D'Arcy Masius Benton & Bowles, New York, handles Crest; Young & Rubicam is Colgate Tartar-Control's agency; and SSC&B handles Aim.

While the Big 3 fight for consumers' attention, the FDA is becoming more concerned about these ever-bolder therapeutic claims regarding tartar and plaque removal when the products themselves are classified by the FDA as having cosmetic benefit only.

According to one measurement service, tartar-control toothpastes now account for almost one-third of the toothpaste market.

FDA staffers expressed dismay when references to tartar and plaque began appearing in ad claims, but the issue was given low priority because the claims were not considered to cause any health damage.

Toothpaste marketers have been striving to avoid FDA scrutiny by limiting their claims to removal or reduction of plaque and tartar *above the gum line*, where the relationship to gum disease is not well documented.

Now, having been pushed too far, the FDA within weeks is expected to "open a call for data" on the role of tartar, plaque and gingivitis and their relationship to gum disease.

"Plaque is not [simply] a cosmetic problem, like tartar," said an executive for a major toothpaste company.

Despite the prospect of more stringent federal regulations, marketers in the $830 million mouthwash market also have been airing stronger comparative ads.

Warner-Lambert Co., Morris Plains, N.J., now marketing Listerine mouth rinse as a cosmetic plaque-removal agent, is seeking to strengthen its therapeutic claims.

While still pursuing the ADA's Seal of Acceptance for plaque removal, Warner-Lambert places more hope in winning the FDA's approval to market Listerine as effective against gingivitis, a form of gum disease.

In addition, Oral Research Laboratories, New York, is seeking ADA and/or FDA approval for its Plax product as an anti-gingivitis agent. Plax is described as a pre-brushing dental rinse.

Vipont Pharmaceutical, also jockeying for ADA approval, nearly doubled in size this year based on sales of its Viadent anti-plaque toothpaste and mouthwash products, which help remove the sticky bacteria that builds up on teeth.

Until now, the tiny, Fort Collins, Colo.-based company has been the most aggressive

(Continued on Page 69)

Company sells invent-ory

Gottlieb's got gadgets galore

Inventors got their reputation as oddballs thanks to people like Mark Gottlieb, inventor of a violin that can be played under water, as well as the more prosaic electronic Car Finder.

By LENORE SKENAZY

There are basically two kinds of inventors: the serious scientists at places like Bell Labs and the copy-worthy wackos whose scrapbooks bulge with newspaper stories beginning "There are basically two kinds of inventors. . . ." Mark Gottlieb, complete with scrapbook, is one of the latter.

The 30-year-old's first invention? Aquapods: plastic foam shoes that make it possible to walk on water without the help of higher authorities.

Naturally, he went on to create the Aqualin—a violin that can be played under water.

But after earning two master's degrees from Stanford University, the inventor decided to address more prosaic needs, like helping folks find their cars in a dark, crowded parking lot.

Press the button on his pocket-size Car Finder ($99.50) and your horn and headlights start to honk and flash, respectively.

His pricier Car Starter ($319) goes one step further and starts the engine.

A West Coast native, Mr. Gottlieb now works in the nation's capital, where he runs his six-person company, Design Tech, California-style. Thursday nights from 6:30 till midnight he and his colleagues "eat pizza, drink Diet Coke, go through all the projects and solve all the problems."

Most of the resulting products are sold through catalogs. They aren't advertised, Mr. Gottlieb says, "because we can't afford it."

These items include:

- The Caretaker, a device that allows absentee landlords to ring the phone in their second homes, which in turn electronically checks whether the pipes have frozen.
- The Sound Wedge, a $29.95 marvel that automatically lowers stereo volume when the phone rings. "No more 'Wait a sec, I have to turn the music down,' " as Mr. Gottlieb points out.
- The Postronic, one of Design Tech's newest gadgets, which sends a signal to the house when the mail has arrived.

Now just because the young man seems to be selling legitimate goods to responsible adults, that doesn't mean he has joined their ranks.

For instance, Mr. Gottlieb most enjoys activating his Car Starter not when his car is lost but when he sees it in plain view—and other people are walking in front of it.

"First they hear the horn and turn around to see where it came from," the inventor says. "Then they see the lights flash and the motor start. And then—they walk around and peer into the windows!"

At this point, Mr. Gottlieb likes to saunter up, unlock the haunted car and drive away.

Those left behind shake their heads: There goes a wacky scientist.#

IBM's ads do monster 'M*A*S*H'

(Continued from Page 3)

who said IBM ads came to mind first are in households with incomes of $60,000 or more, and more than 50% of those naming IBM were between the ages of 25 and 44.

Apple's advertising had better recall among less affluent respondents.

IBM's recall also is fairly evenly divided between male and female respondents (51% male), while those for whom Apple had better top-of-mind awareness were more likely (59%) to be female.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the previous 30 days.

Consumers are queried on the first ad they remember overall, as well as in a variety of product areas.

During April, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers can be attributed to more than sample variation.

The overall Top 10 for April—when respondents were asked to name the first advertising that came to mind without regard to product category—contains some familiar names and two new entries *(see chart on Page 3)*.

Pepsi-Cola emerged as the best-recalled advertising, surpassing the popularity and memorability of those dancing California raisins. April was the first time since July 1986 that Pepsi-Cola has held the top spot.

Earlier this year, Pepsi-Cola unleashed new commercials featuring TV and film star Michael J. Fox (AA, Jan. 19, *et seq.*). Its recall score also may have been buoyed by the popularity of the "Top Gun" tie-in commercial for its Diet Pepsi brand.

Coca-Cola had the third-best overall recall score (behind the California raisins). Coca-Cola on March 5 broke its "You can't beat the feeling" multibrand campaign and continues to use Max Headroom in commercials for brand Coke.

Surprisingly, Pepsi-Cola's advertising registers most strongly with women: 75% of those who named Pepsi as the most memorable were female. The opposite is true for Coca-Cola: 62% of those who named Coca-Cola first were male.

Not surprisingly, both advertisers had their best recall among younger respondents: 25% of Pepsi namers were aged 18 to 24; 38% who said Coca-Cola were members of that "new generation."

When the sample was specifically asked to recall the first soft-drink advertising that came to mind, the memorability battle was very, very close: 31.1% named Pepsi-Cola, 30.3% named Coca-Cola.

Making a rare appearance among the top 10 in April was AT&T Co.

Although the company has several agencies doing creative for a variety of products and services, it's probably safe to guess that Ogilvy & Mather's controversial TV commercials for AT&T's business phone systems account for its recall increase, which earned it the No. 10 spot.

O&M's spots clearly have registered with consumers. The commercials use wandering camera work while frustrated phone users mumble their desperate complaints about the systems they have to deal with.

But whether that's because consumers find these spots interesting or annoying is impossible to discern from adWatch figures.

Last month's survey also provides glimmers of hope for two embattled agencies in the fast-food industry.

As J. Walter Thompson USA, New York, prepares for the struggle to retain Burger King Corp.'s account, it should note that its "Best food for fast times" campaign may be catching on. BK's share of first mentions in the fast-food category rose 4.2 points to 14.2% in April.

McDonald's, meanwhile, lost 4.2 points, sliding to a still-commanding 41.5% of first mentions.

Dick Rich Inc.s' "Give a little nibble" campaign for Wendy's International also moved the awareness needle a bit. The campaign made its debut April 6. Wendy's share was 9% in April, up from 7.1% the previous month.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

JWT plots BK defense

(Continued from Page 6)

would involve, in effect, having BK's Mid-Atlantic Region being handled by JWT's New York office as a separate account from the national business. (Currently, JWT fulfills BK's local needs through an overlay of 60 or so field contacts who do local media planning.)

The second key related component is to establish a sales-promotion capability that would integrate point-of-purchase, couponing and merchandising into the ad program. This has been a reported weakness in BK's marketing.

Since JWT does not now have a sales-promotion operation, fulfilling this plan might require purchasing or affiliating with a major sales-promotion shop.

The regional "prototype" idea is expected to be refined and developed further and become the heart of JWT's attempts to retain the account in further presentations, especially since it plays into JWT's particular strength of having more strong offices around the U.S. than many other major agencies.

Several sources noted that even the infamous "Herb" campaign, which was intended as a promotional vehicle, failed in part because there was no coordinated tie-in promotional support.

Sales went "through the roof," sources said, when franchisees on their own initiative developed tie-ins, such as Herb-burgers.

There appear to be two reasons why regional support that can integrate sales promotion is more relevant today, whereas in the past BK and JWT were better able to get more mileage by duplicating ad plans on a region-by-region basis.

One reason is the softness generally in the fast-food industry. Slower sales growth requires more promotional stimulation to sales.

Secondly, BK's rapid growth in recent years has given it more potential resources at the regional level.

There are regions with enough strong franchisees who, in addition to kicking in 2% of gross sales for national ad campaigns and 2% for local ad campaigns, can afford another 1% toward sales promotion.

JWT also is facing problems with Burger King business outside the U.S.

BK announced last week it is reviewing its $300,000 radio and print account in the U.K. JWT will not participate in that review, making the U.K. business the fifth piece of international BK work the agency has lost in the last year. Earlier JWT lost accounts in Hong Kong, West Germany, Korea and Spain (AA, Sept. 29). All those accounts combined are worth less than $4 million in billings.

One ray of hope for JWT was BK Canada's announcement last week that it will not review its $6 million account, now with the agency's Toronto office.#

European Editor Laurel Wentz contributed to this story.

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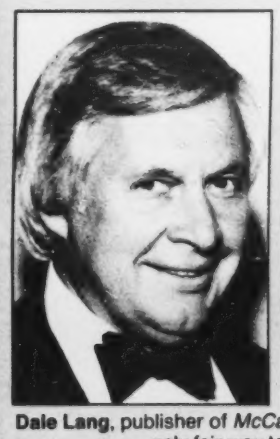

Dale Lang, publisher of *McCall's*, says the open rate card is "the only fair way to treat the situation."

'McCall's' opens war on rate card

By STUART J. ELLIOTT

NEW YORK—*McCall's* move to an "open," TV-style negotiable rate card is accelerating a shift to selling magazine ad pages like broadcast commercial time, and bringing an outcry from opponents of the trend.

Kenneth Caffrey, exec VP-director, media and broadcast operations, Ogilvy & Mather, said it is "conceivable *McCall's* may have signed its own death warrant in terms of negotiations ... when a magazine like *McCall's* announces it's negotiable, how will anyone know how far is down?"

"*McCall's* has thrown down the gauntlet," said Mike Drexler, exec VP-national media director at Bozell, Jacobs, Kenyon & Eckhardt. "It's going to spread, no question about it."

Effective with *McCall's* September issue, the decision by the women's-service monthly to abandon the traditional rate card is striking because it is co-owned by Time Inc., which is known for its

(Continued on Page 86)

Saatchi plots to keep Jeep

Spinoff or Esty union considered

By RAYMOND SERAFIN

Saatchi & Saatchi Co. will try to save the $120 million Renault/Jeep account by either spinning off the Detroit-area office of Saatchi & Saatchi Compton Worldwide into a new agency, or by merging the office into sister agency William Esty Co.

The restructuring would take place as Saatchi merges DFS Dorland Worldwide and Saatchi & Saatchi Compton, posing a conflict with the $200 million Toyota Motor Sales USA account held by DFS Dorland.

The changes could be announced as early as this week, sources said.

Other sources, however, contend both the Esty and spinoff plans are only proposals, and there is still much infighting within the Saatchi organization over the merger and conflict fallout.

The efforts to save the American Motors Corp. account have been complicated by the pending acquisition of Southfield, Mich.-based AMC by Chrysler Corp. The acquisition, already approved by the boards of directors of Chrysler, AMC and AMC's French parent, Renault, is expected to be completed by mid-August.

Under one agency restructuring scenario, Compton's 80-person office in Southfield will become autonomous, in effect creating a new agency reporting directly to Saatchi & Saatchi in London.

The principals in the new shop would likely be the five-man executive committee at the Southfield shop, headed by David Welch, an Englishman who was director of Compton-Europe before becoming president of the Detroit-area office.

Mr. Welch would likely become president-ceo. The other principals would be four management directors: Dick Johnson, creative; Rick Paschke, media; Mike

(Continued on Page 83)

Big Mac, NBA court Soviets

By BRIAN MORAN

McDonald's Corp. plans to tip off a marketing push into the Soviet Union this fall by sponsoring the first-ever basketball game between a team from the National Basketball Association and the Soviet national team.

The fast-food giant is in final discussions with the NBA to become title sponsor of the first World Basketball Open, a round-robin tournament involving a team from the NBA, the Italian professional champions and the Soviets.

The event is set for late October in an as-yet-unannounced U.S. city and will be carried by ABC-TV and

(Continued on Page 82)

Sears plans McKids, McDads and more. Page 82.

Shulton adds Scali, splits $47M account

By PAT SLOAN

American Cyanamid Co.'s Shulton USA division has rearranged its agency roster, splitting $47 million in spending between Carrafiello, Diehl & Associates and Scali, McCabe, Sloves and avoiding any mega-agencies that might result in conflicts now or in the future.

Under the new setup, Carrafiello, Diehl & Associates, Irvington, N.Y., gets $22 million by retaining the Combat line of insecticides and picking up Pine-Sol household cleaners and Lady's Choice antiperspirant.

New York-based Scali wins $25 million in billings, including the Old Spice line of men's fragrances and deodorants,

(Continued on Page 83)

Last Minute News

JWT buyout effort suspected

NEW YORK—JWT Group, in unusually heavy trading of more than 450,000 shares May 29, rose 2 points to 35¼ and had been as high as 36¼ earlier in the day, as rumors circulated of an accumulation of shares. JWT started the week at 31⅛ and usually less than 50,000 shares trade daily. Trading was heavy all week, and JWT itself had no idea who was buying. Various reports pointed toward a buyer familiar with the ad agency business. Some buy orders were coming from London, and Martin Sorrell's WPP Group emerged as one credible potential buyer. Another rumor focused on London-based WCRS Group. But WCRS sources indicated it had explored internally, and rejected, an offer for JWT.

Levine shops for Calif. agency

LOS ANGELES—Levine, Huntley, Schmidt & Beaver Chairman-CEO Harold Levine confirms he is in "serious discussions" about acquiring a Southern California agency. The New York-based subsidiary of Grey Ad-

(Continued on Page 8)

Will market new luxury cars

Toyota to join upscale drive

By CLEVELAND HORTON

Toyota Motor Sales USA is creating a new division to sell automobiles at the fast-growing upper end of the automotive market.

The new division, designed to compete grille-to-grille against European luxury/performance cars, joins the growing list of companies vying for a piece of the 22.5 million-vehicle U.S. car market. Within the past year, five new importers have entered—or announced plans to enter—the market.

Toyota's new division will place the leading Japanese importer in a segment of the market it hasn't approached head-on in its 29-year history of selling cars in the U.S.

Insiders said Toyota hasn't decided when it will go public

(Continued on Page 86)

Highlights

P&G prescribes medical endorsement 6

Procter & Gamble Co. will use a medical endorsement in ads for Citrus Hill Plus Calcium beverages to help increase its share of the fruit-juice market. According to sources, that advertising will be closely tied to the beverage's recent endorsement from the American Medical Women's Association, the third such independent "seal of approval" granted to the company.

Krafting growth through purchase 6

Kraft Inc. improved its position in the salad dressing and margarine categories last week by buying Anderson Clayton Foods from Quaker Oats Co. The purchase gives Kraft Seven Seas salad dressings and Chiffon margarine. Although the additional brand names improve Kraft's position in both markets, its overall ranking in those businesses remains unchanged.

As the megamerger dust clears 37

When Gerry Rubin walked away from the high-stakes world of ad agency megamergers to head his own spinoff shop, client-conflict headaches gave way to problems regional agencies have had adjusting to the megamerger fallout. Independent agencies now have a chance to grow from the resulting client-conflict fallout of merged shops. Big national agencies have begun to re-evaluate the value of a branch-office network.

Mickey Mouse leaves the parks 80

Walt Disney Co. is opening its first retail outlets outside its theme parks and may develop a national chain. Disney's consumer products division will open its second store in July; its first outlet has been open since March. The Disney Store stocks everything from $2.50 wind-up toys to $30 Mickey Mouse watches to a $2,700 porcelain scene from "Cinderella."

How the Duke was won 80

Primerica's $3.5 million print campaign introducing its new name began with an ad featuring a photo of John Wayne. The campaign only came together after months of negotiations with the late actor's heirs.

Justice in the 'Twilight Zone' 80

Commercial producers and ad agency executives are casting a wary eye toward the "Twilight Zone" trial, which saw film director John Landis acquitted of charges. The adverse publicity and lengthy court battle led to more caution in movie production and an increased awareness among those involved in making TV commercials.

Bright idea for outdoor ads 84

Gannett Outdoor Group flexed its marketing muscle last week with the national introduction of Superflex, a vinyl-coated fabric for outdoor boards that could revolutionize outdoor advertising. The material allows magazine-quality reproductions that will not fade for as long as two years, giving longer life to outdoor campaigns.

INTERNATIONAL

Advertisers side with consumers' rights 56

The World Federation of Advertisers has called on the Canadian government to reject its proposed ban on all promotion of tobacco products. The advertisers based their case on consumers' rights to information rather than the advertisers' own right to self-expression.

Big Mac lists ingredients in U.K., Germany 56

McDonald's nutrition-information print campaign, which has stirred controversy in the U.S., is being exported to Europe. Print ads extolling the quality and outlining the nutritional makeup of the chain's foods are running in West Germany and the U.K.

OTHER NEWS

Joan Collins goes from "Dynasty" dragon lady to a national name in lingerie when Sanmark-Stardust introduces the Joan Collins Lingerie Collection this fall. Page 12.

Periscope Associates hopes to round up corporate sponsors and a TV network for a three-day rodeo event, which will be part of a yearlong celebration of America's "forgotten black cowboys." Page 33.

Now that Sterling Drug Co. has stemmed the erosion of Bayer aspirin's market share, the company hopes to regain lost ground with expanded claims that Bayer can help prevent heart attacks. Page 64.

Claiming condoms are never available when they are most needed, a New Jersey company is introducing condoms in cigarette-size packs dispensed by vending machines. Page 65.

Lorimar Telepictures Corp.'s creation of a "new" Poppe Tyson specializing in business-to-business advertising comes at a time when the segment has lost some of its allure. Page 70.

Bausch & Lomb is expected to introduce hypoallergenic eye cosmetics by the end of 1987. The line will be handled by Della Femina, Travisano & Partners, which last month announced an undisclosed new-product assignment from Bausch & Lomb's Personal Products division. Page 71.

SPECIAL REPORT

***Licensing**—The double-digit growth of the early 1980s has slackened in the $54 billion licensing industry, as marketers and retailers weary of short-lived characters. But corporate licensing—particularly brand-extension ventures—will keep the industry growing.*

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CBS may say nix to Nielsen

Meter squabble continues

By VERNE GAY and JAMES P. FORKAN

NEW YORK—CBS-TV's top research official says there is "a real possibility" the network will not renew its ratings contract with A.C. Nielsen Co. and instead rely on other sources to get national ratings for its programs.

VP-Research David Poltrack, citing the network's "despondence" over Nielsen's people-meter data, said CBS could get data from AGB Television Research, which, like Nielsen, will start a national people-meter service Aug. 31.

CBS also could use syndicated local-market research services, such as Arbitron or Nielsen's, he added.

Mr. Poltrack and other network executives have hinted for months that CBS may defect, but few industry observers believed it would follow ABC, which canceled its Nielsen contract last February.

ABC, however, is expected to resign.

"It would be very difficult to operate without a national rating service," said Marvin Mord, VP-marketing and research services, ABC. Mr. Mord said it would be difficult to use AGB because it does not have a year of tracking data.

CBS, the only network to date to have signed with AGB, and Nielsen plan to discuss their future relations in meetings this week.

The networks will establish prices for their prime-time inventory for upfront sales next week, while actual negotiations will begin June 15.

Because virtually the entire ad agency buying community intends to buy upfront time based on people-meter data, this is a critical juncture for CBS.

Agencies would be hard-pressed to establish separate pricing estimates for one network using AGB audience estimates and for the other networks using Nielsen estimates.

Mr. Poltrack, at a briefing last week on the May sweeps, alluded to CBS' disagreement with Nielsen over the composition of its people-meter sample and the current sample's cooperation rate.

The TV networks and major syndicators have been hurt under the people-meter system and have been especially critical of the way Nielsen's audience numbers have varied with each new people-meter test-rating book.

Each network has various theories about the causes of these problems, and each is haggling with Nielsen about how the problems should be solved.

The networks have delayed signing new contracts until these "problems" have been addressed by Nielsen.

Both ABC and NBC have continued future contract negotiations with Nielsen.

Nielsen had hoped all three networks would take advantage of a $300,000 incentive for early sign-up in May; all three declined because of their concerns over the people meter.

Now Nielsen says there is a "possibility" that one or all of the networks could still be in negotiation by September, when Nielsen's new people-meter service is scheduled to kick off.

Meanwhile, the confusion grows as the ratings change with each new People Meter Evaluation Report, which comes out every other week.#

Seven shops vying for Invest America

MILL VALLEY, CALIF.—Invest America, a newly formed network of independent financial planners, reportedly named seven agencies as finalists for a $14 million-to-$20 million account. They are: Chiat/Day, Doremus & Co. and McCann-Erickson, all San Francisco; Financial Marketing Services, Santa Monica; and New York-based Angotti, Thomas, Hedge; Homer & Durham, and SSC&B:Lintas Worldwide.

West Coast News

International Food Marketing, Plainview, N.Y., hired Ketchum Advertising, Los Angeles, to handle the launch of a new line of frozen dinners and entrees based on recipes served at the Marie Callender's restaurant chain.

IFM is planning to introduce the Marie Callender's branded items on the West Coast in the fall, but plans to expand the line nationally in 1988.

Suissa Advertising, Santa Monica, Calif., is the agency for Marie Callender's restaurants.

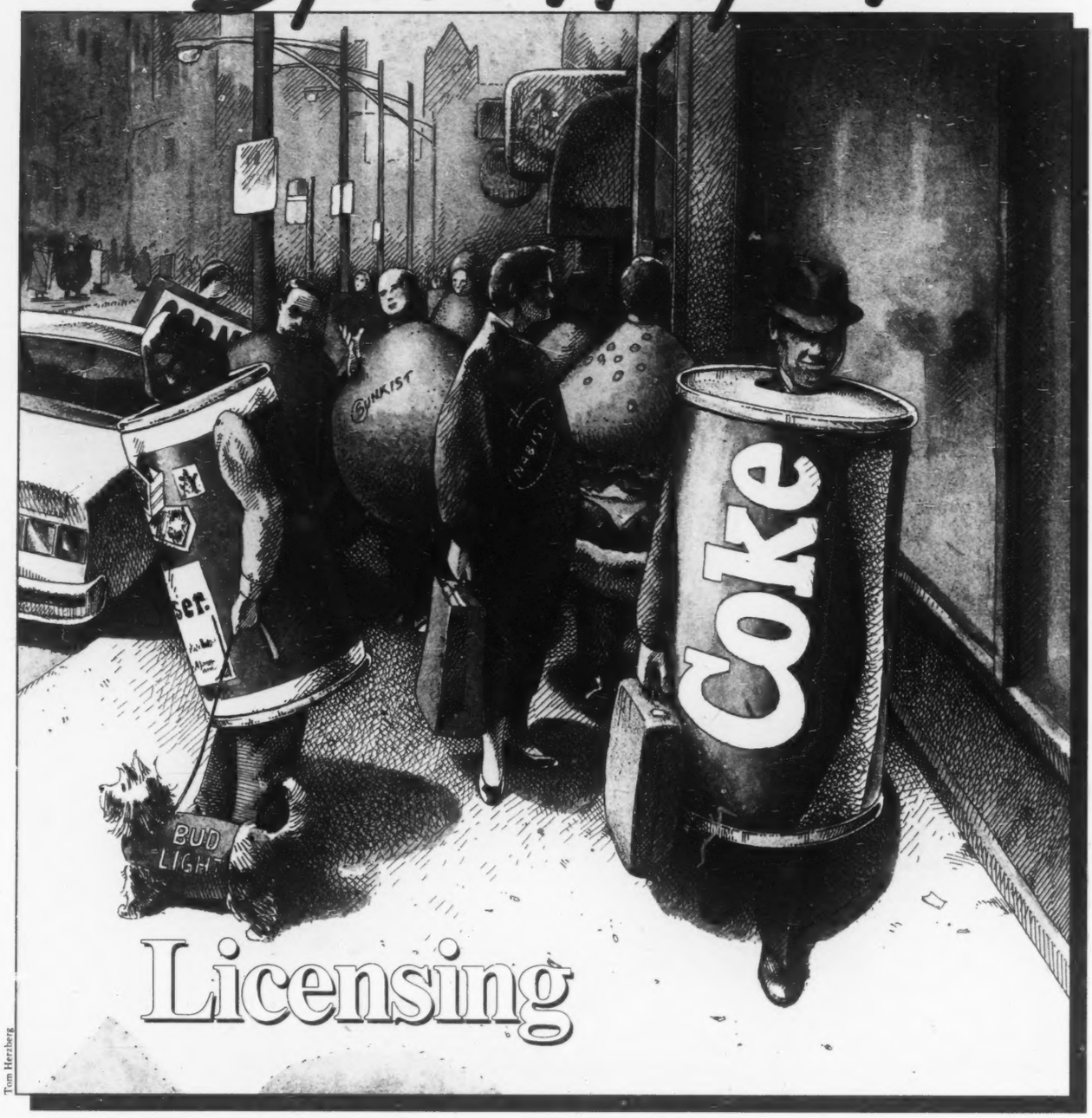
Sea World of California, San Diego, narrowed the review for its $5 million account to nine southern California agencies.

They are: San Diego-based Chapman/Warwick and Franklin & Associates; Los Angeles-based BBDO/West, Campbell & Wagman, DYR, and Gumpertz, Bentley, Fried Advertising; Cochrane Chase, Livingston & Co., Newport Beach; Reiser Williams DeYong, Irvine; and Salvati Montgomery Sakoda, Santa Ana.

A decision is expected by June 30. DDB Needham Worldwide, Los Angeles, previously handled all six Sea World theme parks.

MGM Grand Air, El Segundo, Calif., will introduce its scheduled service between Los Angeles and New York with a TV, radio and print campaign breaking June 15 in those cities. Ads for the luxury carrier startup, which plans to begin service by early July, use the tag line "Everything else is second class." Admarketing, Los Angeles, handles the $3 million account.#

Special Report



Tom Herzberg

Extensions leave brand in new areas

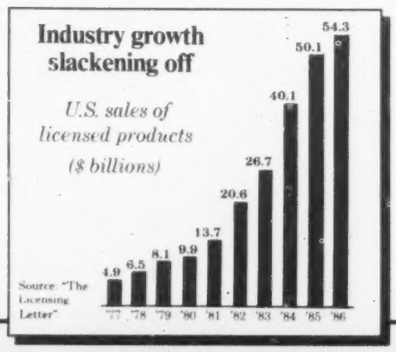
By Lori Kesler

When shoppers find themselves face to face with a shiny new Simplicity sewing machine, they sometimes wax nostalgic. "I remember my mom had a Simplicity machine way back in 1935," one woman was overheard saying.

Simplicity didn't make sewing machines in 1935. It doesn't even make them today. But New York-based Simplicity Pattern Co.'s name commands such power in the home sewing and crafts field that, through licensing, the company can bring consumers Simplicity brand sewing machines, scissors, craft kits and about 1,200 other related products.

Armed with research suggesting its "mother, God and apple pie" image could attract today's neotraditionalist parents, the company also has licensed a line of children's learning activities.

Lori Kesler, ADVERTISING AGE's St. Louis correspondent, examined the marketing of the Louisville Slugger name in the June 9, 1986, Licensing Special Report.



Jim Bell, director of new ventures, says Simplicity also may put its name on home-decorating products, small appliances and publications.

A growing number of companies like Simplicity are tapping into new product areas via licensing. This kind of brand extension represents the licensing industry's greatest growth opportunity.

Observers note that in the past, most companies put their logos on licensed products primarily to boost brand awareness—a trend which gave rise to Budweiser drinking glasses, Burger King erasers and Coca-Cola telephones.

Although this kind of promotional licensing probably will continue, most insiders say the industry's real future belongs to companies using licensing to reach beyond their core business into related product categories.

"Brand extension licensing has taken this

(Continued on Page S-2)

Branding new areas

(Continued from Page S-2)

tired, old-fashioned industry into whole new areas," says Wes Anson, president of Marketing/-Trademark Consultants, licensing consultants based in La Jolla, Calif., and New York.

"Five years ago, most corporate-licensing efforts fell into pretty traditional patterns. Today we're getting into territories we never dreamed of before."

Licensing agents point to successful current examples of brand-extension licensing: Astroturf sport shoes designed for playing on Astroturf playing fields; Louisville Slugger batting gloves and baseball uniforms; Old Spice shaving mugs and safety razors; Sunkist fruit snacks and Sunkist vitamin C tablets; Winnebago camping equipment; and bridal gowns and wedding invitations licensed by After Six, marketer of men's formalwear.

"Brand extension is where corporate licensers can begin to realize real advantages," says Nancy Bailey, president of Nancy Bailey Associates, a licensing agent based in New York and Miami. "They can enter new markets without the usual research and development costs, because the licensee takes on the function of making, selling, marketing and advertising the product."

In an era when large corporations are gobbling up each others' brand-name lineups, brand-extension licensing provides "a quick, low-cost, low-risk way to take a corporate brand into specific new product areas," Mr. Anson says.

He notes that licensed brand extensions can reinforce sales of core products by moving the brand name into wider distribution. For example, when Winnebago licensed a line of tents and camping accessories, its name—previously found only in recreational vehicle showrooms—suddenly appeared in thousands of department stores.

Brand-extension licensing also can open up new ad channels. When a distilled spirit, for example, is licensed to an ice cream company, its name then can be advertised in broadcast media that otherwise are shut to its primary product.

Glen Konkle, president of Equity Management, Palatine, Ill.-based licensing consultants, says brand-extension licensing generally yields greater financial benefits than promotional licensing, but companies tend to be more reluctant to enter into it. "It's a big deal to let somebody else use your name," he says. "It's a decision that can't be taken lightly."

The brand-extension arrangement has serious ramifications for the licensee as well. "In most cases, it means the company making the product surrenders its own identity and becomes, in effect, the brand it bought a license for," says Murray Altchuler, executive director of the Licensing Industry Merchandisers' Association, New York.

Despite the risks, many insiders see the general category of corporate licensing—renting out trademarks or brand logos in return for royalty fees—as the salvation of a young industry that's trying to break its dependence on short-lived, oversold character licenses.

Annual sales of corporate licensed products already have eclipsed those of cartoon-character products, according to "The Licensing Letter," a Scottsdale, Ariz.-based trade publication.

Tom Herzberg

Last year consumers spent about $15.2 billion, or 28% of the licensing industry's $54.3 billion in retail sales, on products with trademark or brand-name licenses, says Arnold Bolka, "The Licensing Letter" publisher. Cartoon characters, on the other hand, brought in $12.5 billion, or 23% of licensing sales. Sports properties, a distant third, rang up $6.5 billion, with the remaining sales divided between eight different property types ranging from celebrities to movies.

Mr. Bolka says industry sales grew about 8% in 1986, "the most modest gain by far since we started these measurements a decade ago." In a survey conducted by his newsletter, licensing executives blamed the slowdown on economic conditions, an overabundance of licensed properties and an absence of any sensational new properties.

Ironically, those factors could bode well for licensing's mainstays—"the Disneys and corporate symbols and celebrities who are known and loved," Mr. Bolka says. He sees the industry returning to "the fundamental precept that something first gains public acceptance—and *then* gets licensed."

He says corporate licensing best reflects licensing's *raison d'etre* "because a brand name has to prove its popularity before it becomes a desirable property."

Toy and greeting card companies turned that idea upside down in the late 1970s, when they started creating entities specifically for licensing. The trend was led by American Greetings Corp.'s Strawberry Shortcake, who appeared in 1979. Observers say the create-a-character formula worked well for a while, but by last year hordes of licensed characters had glutted the market for children's products—cereals and toys in particular.

"Now, in many product categories, retailers just don't want any more characters because they've been overloaded with properties that didn't meet expectations. They ended up with excess inventory, and it left a tremendously bad taste in their mouths," Ms. Bailey says.

Not that retailers are likely to swear off characters for good. "Of course, eveybody's always waiting for the next Cabbage Patch phenomenon," she says. "But these days, retailers won't risk buying a lot of characters in hopes of having the right one. Now they figure if they see some movement, they'll still have time to jump in. They're much more cautious."

Although Mr. Altchuler says, "There's been more linage written about corporate licensing than real accomplishments," insiders take it for granted that corporate licensing is the industry's future.

"Character properties have driven this business until now," Ms. Bailey says. "But I think as the industry gets more sophisticated and companies find licensing an effective marketing tool, corporate licensing will become an even more important part of the picture."

However, Michael Sisson, president of Sisson Group, a New York-based licensing agent, says history could repeat itself if corporate licensers rush headlong into the market.

"Suddenly everybody who has a well-advertised logo is saying, 'Gee, I've got to do something.' But I wonder how much of this activity is justified," says Mr. Sisson, who detects a "lack of discretion" in choosing licensing relationships.

He says licensing industry growth, which mushroomed in the late 1970s and early 1980s, now is leveling off. "I've got to believe we're approaching some limits in the market," he says, "and when we reach those limits, licensers will gain share only by taking it away from somebody else."

Mr. Sisson warns corporations to develop a game plan before jumping into licensing. As a marketing tool, licensing can accomplish several goals: expanding a brand's product lineup, increasing name exposure, creating a secondary income source and protecting a trademark. A company needs to determine which of those benefits it needs.

Another consultant, Craig Kalter, president of Marathon Projects, a Forest Hills, N.Y.-based licensing agent, says 80% of all corporate licensing programs fail to meet their goals, often because of a mismatch between the licensed trademark and product.

Bad timing, poor design or the wrong choice of distribution channels also can sink a project, he says. A surprising number of corporations are caught up in licensing "me-too" products simply because "an executive sees his competitor doing something and decides he has to follow suit," he says.

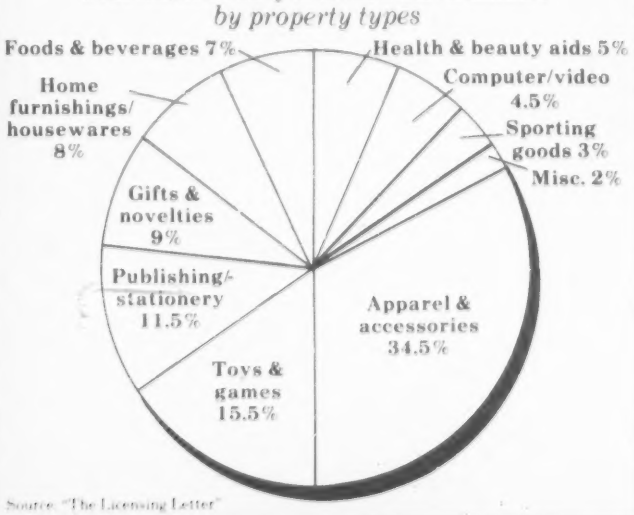
Although corporate licensing can be profitable, experts say most companies aren't in it primarily for the money. "They're doing it for other reasons—such as the added awareness, placement into new distribution systems, a chance to reach new demographics, to reinforce trade relationships or get greater penetration in retail," Ms. Bailey says.

"Money is important to some, but it's generally not the focus of the program."

This means corporations may have more to gain from licensing than other kinds of licensers—but they also have more to lose, Mr. Bolka says. "They, least of all, can afford a failure because any misuse of their trademark jeopardizes its value in the company's core business."

Branded apparel racks up sales

1986 total sales of licensed merchandise by property types



Source: "The Licensing Letter"

Wider market awareness a tempting enticement

It's a sweet deal. Making virtually no investment itself, a corporate licenser may find licensees willing to pay royalties ranging from 4% to 8.5% of wholesale sales.

But for a company to make the most of it, licensing needs to be integrated into overall marketing strategy and used to support specific marketing goals.

"Our mission is to return maximum revenues on the fruit grown by our 6,000 members," says Michael Loudon, senior manager of licensed products marketing and administration for Sunkist Growers, Sherman Oaks, Calif., a federated farmers' cooperative.

"Licensing supports the core branded fresh-fruit business by allowing us to take the Sunkist message to the consumer all year round," Mr. Loudon says. "And it provides economies of scale in marketing."

Sunkist's first licenses, in the early 1960s, were non-royalty agreements signed with foreign concerns that could use the trademark if they could guarantee there would be retail outlets for the product.

Today Sunkist has a more sophisticated and profitable worldwide licensing progam. Its licensing revenues topped $13 million last year.

Sunkist Vitamin C tablets, produced by Ceiba Consumer Pharmceuticals, Edison, N.J., met with such success that Sunkist hopes to license additional "wellness products," Mr. Louden says.

He says he's not talking about medicinal or clinical products. Those things wouldn't fit the Sunkist image. He's talking about the promotion of good health. In fact, Sunkist limits

(Continued on Page S-4)

Wider market awareness

(Continued from Page S-2)
the use of its 75-year-old trademark to just three categories: food-related products, beverages and health products.

Sunkist Orange Soda, one of the cooperative's primary licensed products—now owned by Cadbury Schweppes USA, Stamford, Conn.—recently has been squeezed by PepsiCo's Slice, Procter & Gamble Co.'s Orange Crush and Coca-Cola USA's Minute Maid soda.

However, Thomas J. Lipton Inc., Englewood, N.J., holds licenses for Sunkist Fun Fruits, a five-flavor line of fruit snacks, and Sunkist juices, juice drinks, juice bars, institutional foodservice products and frozen dessert confections.

"While the soft-drink business is important for awareness, the Lipton franchises are important because of their close alignment with our core business," Mr. Loudon says. "We have a number of new products on the drawing board that would combine a health positioning with current interest in frozen desserts and snacks."

Although New York-based Simplicity Pattern Co.'s brand extension licensing ultimately may increase sales of Simplicity patterns, unlike Sunkist "we didn't go into it with that in mind," says Jim Bell, the company's director of new ventures.

> ***"[A trademark] is the one thing your competition can't knock off."***
> **Jim Bell**
> **Simplicity Pattern Co.**

Instead, the company is trying to establish the Simplicity trademark on products that are consistent with its original image, but offer wider distribution. "We want the consumer to see the trademark and become comfortable with it in other product areas," he says.

Mr. Bell says a trademark can be a very valuable asset—"and it's also the one thing your competition can't knock off," he says. Yet he believes few companies really know what their trademarks mean to consumers.

He discovered, for example, that the Simplicity name struck a familiar chord with baby-boom families. He adds that consumers associate the name not only with sewing, but also with such general characteristics as "learning, tradition, saving time and getting good value."

That's why Simplicity, already a licenser of home sewing products, this year is taking on toys. Simplicity knitting, weaving, yarn and needlework kits are part of the line of 15 toy products that will reach retail this month. Meanwhile, Simplicity continues to expand its presence in sewing notions and craft-related products, and it is looking into home-decorating products, gardening products and small appliances, where research indicates the Simplicity name could add value.

Like Simplicity, Winnebago Industries has used licensing to bring its name to younger consumers. But the Forest City, Iowa-based company also sought trademark protection and profits from its licensing program.

"When Johnny Carson tells a story about a motor home, he's likely to say, 'There goes a Winnebago.' We were concerned about our name becoming generic," says Dwayne Brecht, director of licensing.

In 1982, Winnebago licensed a line of camping products including tents, sleeping bags, air mattresses, propane lanterns, stoves and portable toilets. Its trademark helped licensees gain access to mass-merchandise outlets because, as company research shows, 98% of all Americans know the Winnebago name.

He says the licensing program builds name awareness among younger consumers. That's important because "when people are 20, they buy sleeping bags and tents with our name on them," he says. "When they're 40 and more affluent, they may get a Winnebago motor home."

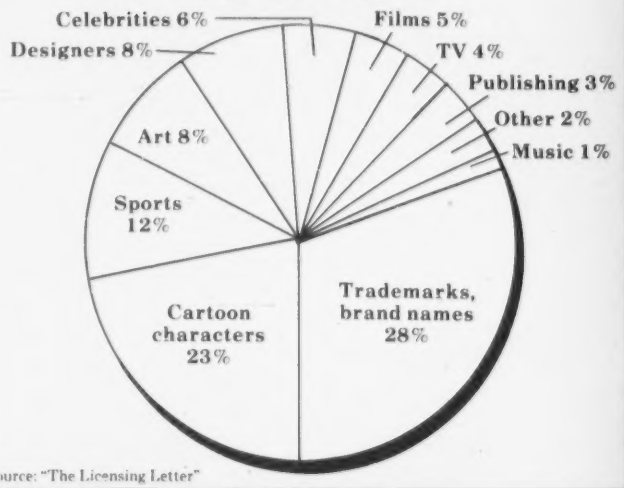
Sales of Winnebago's camping products added up to an estimated $12 million to $15 million last year, which means royalties contributed only a small fraction of the company's $424 million in revenues. But Mr. Brecht is not complaining.

He says after Winnebago approves a licensed product, the marketer takes responsibility for producing and selling it "and we receive the royalties—with no capital outlay for facilities, marketing or design."

—Lori Kesler

Branding the market

1986 total sales of licensed products by property types



Source: "The Licensing Letter"

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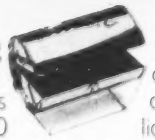

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'Going it alone' often a viable option

By Joanne Y. Cleaver

Both licensing agents and licensees say they perceive a backlash by many companies against character licensing, used in the early 1980s for product visibility and solid sales opportunities.

Increasingly, marketers of even such mundane items as toothbrushes and sleeping bags are forgoing traditional licensing agreements in favor of graphics and characters developed in-house.

That was the decision made by John O. Butler Co., a Chicago-based marketer of toothbrushes and other dental hygiene products.

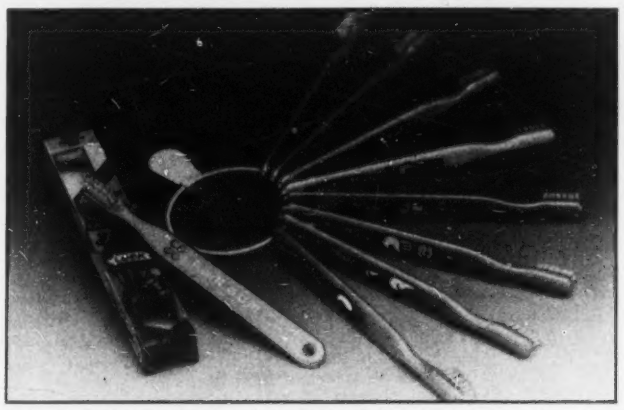
Butler isn't categorically opposed to licensing; it held the Batman license for toothbrushes in the late 1960s, recalls Ron Tarrson, Butler president.

But two years ago, the company decided to design a toothbrush proportioned specifically for a child's mouth, with a smaller head and larger, easy-to-grip handle. Because the broader handle cried out for some kind of decoration, Butler began exploring alternatives.

Joanne Y. Cleaver is a frequent contributor to Special Report.

"Licensing was considered right from the start, but we wanted to create a concept, not a character," Mr. Tarrson says. "The characters had to [be appropriate] for a child's toothbrush, not a scaled-down adult one. In looking at what was available for licensing, it was a tough job to find a suitable character; this [product] will live a long, long time."

■ *Some marketers shun licensing by creating their own graphics and characters.*



John O. Butler Co. developed the Butler Critters in-house as characters to appear on the company's toothbrushes.

Although Butler's marketing executives did consider several characters popular with 1-to-7-year-old boys and girls, including Cabbage Patch Kids and Care Bears, they eventually rejected them all in favor of creating their own characters.

Introduced last year, the Butler Critters look much like other soft, pastel animal characters. They appear on the brushes themselves, not just on the packaging.

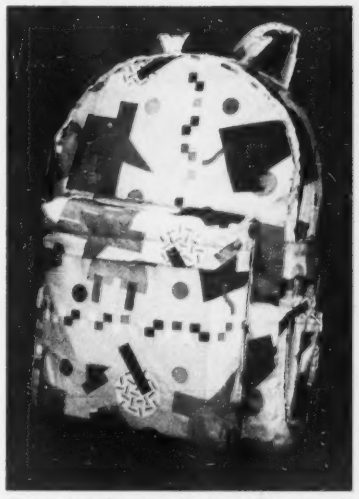
Several factors entered into Butler's decision. The company didn't want to limit the brush's life cycle by burdening it with a hot-today-dead-tomorrow character. Executives were reluctant to deal with the legal and financial arrangements of licensing.

The Butler Critters, although sold through drug stores, are promoted almost exclusively to dentists, who recommend them to patients. The company wanted to use the characters on these promotional items for dentists without having to seek permission from a licenser.

For similar reasons, Scott Paper Co. eschewed licensing for Kachoos, its new line of facial tissues designed for children.

Michael Kilpatrick, Scott's manager of public information, says the Philadelphia-based company did consider licensing briefly, but shied away because "we were afraid the license would go out of fashion, and then we'd have to find another trademark."

Instead, Scott came up with eight different original designs for the Kachoos boxes. Some are "me-too" graphics that closely imitate popular themes in licensing: outer space, unicorns and rainbows. But several of the designs feature outdoor scenes or soft and cuddly generic animals—much like the Butler Critters.



Ero Industries commissioned Lisa Frank to design backpacks and other items.

Arnold Bolka, publisher of "The Licensing Letter," a Scottsdale, Ariz.-based trade

(Continued on Page S-8)

1950's—1960's

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Clothing, housewares, food to pace the pack

Most insiders predict that food, clothing and housewares will be among the licensing industry's top growth categories during the rest of the decade.

They look for more products similar to Hershey's chocolate milk; Hiram Walker's Haagen-Dazs cream liqueur; Land O'Lakes' butter-based baked goods and cream sauces; Oreo Cookies 'N Cream, an ice cream product from Popsicle Industries with a name licensed from RJR Nabisco; and Southern Comfort's flavored chocolate candies from Swiss chocolatier Tobler Suchard.

These insiders also expect more licensing of personal care products, home tools, automotive supplies, home video and computer products. But they say corporate licensers soon may find they've saturated some areas.

Craig Kalter, president of Marathon Projects, a Forest Hills, N.Y.-based licensing agent, thinks apparel already is getting crowded. "It's one thing to have Calvin Klein underwear," he says. "It's another thing to have 25 different food brands on T-shirts."

Others insist clothing is a huge, diverse market with plenty of niches yet to fill. According to "The Licensing Letter," about $18.7 billion in licensed clothing and accessories were sold last year, which makes that category more than twice as large as licensed toys and games, which added up to $8.3 billion.

The Coca-Cola line of apparel introduced by Murjani International two years ago is regarded as one of corporate licensing's most impressive success stories. Now others are following suit.

McDonald Corp.'s McKids line for young children will debut at Sears, Roebuck & Co. stores in September. Burger King's line of children's sportswear and General Foods' Jell-O clothing for kids are expected to hit the racks just in time for back-to-school shopping.

Marketing/Trademark Consultants, licensing consultants based in La Jolla, Calif., and New York, brokered the McDonald's-Sears match. President Wes Anson says the idea for that partnership came out of focus groups "where we mentioned McDonald's and heard the word trust coming back at us. Every mother knows she can take the brat there and he'll eat. The Sears name generates that same kind of trust."

He says that's what makes a good marriage. Licensed clothes lines may come and go, Mr. Anson says, "but I'm convinced this one will have a 15-year life cycle."

—Lori Kesler

Adidas fits nicely for Beecham scent

By Lori Kesler

Sometimes, confides one licensee, you wonder if you're doing the right thing. You pay a company a hefty fee for the privilege of borrowing its name. Yet when things go wrong, you shoulder the financial burden and pay the licenser a minimum guarantee.

But when it succeeds—when a licensed product can capture top-of-mind awareness—"For a licensee, it's the most cost-effective marketing tool there is," he says.

"Everyone calls it the 'licensing industry,'" says Murray Altchuler, executive director of the New York-based Licensing Industry Merchandisers' Association. "But when you peel away the veneer, licensing's just an extremely efficient marketing tool, when done right.

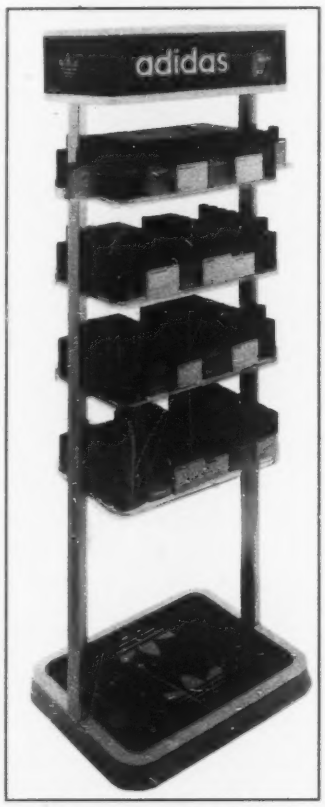
"It cuts through clutter—and, aside from the Procter & Gambles of the world, how many companies can do that?"

For instance, it made sense for Chicago-based Beecham Cosmetics to put the Adidas name on a new line of men's toiletries last fall. Peter Whitaker, Beecham marketing director, points out the new products hit the starting line with a name already familiar to 97% of American males. The U.S. licensing arrangement also made sense for Adidas, which was attempting to broaden its fashion base.

Beecham followed the example of its West German Margaret Astor Cosmetics subsidiary, which introduced a similar line of Adidas men's toiletries to Europe in 1985.

Mr. Whitaker says research had shown Adidas' name was tied to a wide range of sporting activities, and it tested especially well in the mass-market category where the new line would compete. In addition, he says, female consumers who might be scared off by a "sexy positioning" in men's toiletries responded positively to Adidas' "safe, familiar" name. Women buy about 60% of men's toiletries as gifts.

The Adidas products include aftershave and cologne, shampoo, deodorant, antiperspirant and a lotion that warms muscles by heating the skin. Fragrance currently provides the bulk of sales, but Mr. Whitaker says Beecham wants to expand the line by adding more "sports-related products that exclusively fit the Adidas name."



Adidas, aiming to widen its fashion base, licensed its name to Beecham Cosmetics for men's toiletries.

He concedes that the idea of naming a fragrance after a sport shoe did surprise some people at first. But he says when consumers saw the total package, they accepted it because "the package and fragrance both are clean, crisp and sporty. They make a strong impression."

■ *Licensing link often can make marketing sense for seemingly strange bedfellows.*

On the surface, the combination of a power-tool company and a toy marketer is as odd as the Adidas-Beecham connection. But, according to Marvin Greenburg, president of Creative Design, "These days people are buying toys with more function and play value."

So when his Jenkintown, Pa.-based toy company decided to produce a series of toy appliances that looked just like the real thing, he got together with Black & Decker. The line of B&D Junior small appliances will reach retail stores this month.

The toys, which target girls aged 6 years and older and cost less than $10, will include a Spacemaker mixer, a replica of B&D's under-the-counter model; a toy Dustbuster that generates some vacuum power; a toaster; and an automatic shutoff iron. All are battery-operated.

B&D hopes the toys will help build brand awareness for its small appliances. "We've only been in the housewares business since April 1984, when we acquired General Electric's household products division," says Barbara Lucas, VP-public affairs for Black & Decker, Towson, Md. "This is another way to groom future clientele."

Mr. Greenburg thinks his toys will be more popular because of the B&D connection. "We're a small company, but we spend time creating toys that have value," he says. "We went to B&D and pitched our proposal because we think they have the leading name in small appliances."

Similarily, Mark Echales, president of Little People Footwear, Des Plaines, Ill., says when he read that the East Aurora, N.Y.-based Fisher-Price division of Quaker Oats was moving into diversified products, he immediately contacted them.

"They've been in the toy business 54 years, and in that time they've developed one of the most trusted names in kids' products."

Fisher-Price challenged Mr. Echales to create a line of footwear that met its specifications for quality and style at a popular price. After producing samples and conducting a two-year test, his company won approval to market a line of children's shoes priced at less than $20. Little People Footwear now is selling Fisher-Price shoes through mass-market chains and independent shoe stores across the country.

When Mr. Echales answers the telephone these days, he refers to his company as Fisher-Price Footwear. He doesn't mind. He says that's the way the game is played. "From a marketing point of view, we're not a shoe company that's putting the Fisher-Price name on our product," he says. "As far as consumers are concerned, we *are* Fisher-Price shoes." AA

'Going it alone' an option

(Continued from Page S-6)

newsletter, points out that in-house character developments shouldn't be confused with knock-offs, which merely imitate a successful property. He also questions the effort that companies involved in developing their own franchises must invest to build recognition and loyalty, without benefit of a recognizable character.

Chicago-based Ero Industries, whose $40 million in 1986 sales are generated almost totally by licensed products from backpacks to camping gear, has come up with a less expensive alternative to licensing that has some built-in recognition.

James Solarz, VP-marketing for licensed products, says Ero is introducing a line of sleeping bags printed with exclusive designs by Lisa Frank, a designer of children's stickers.

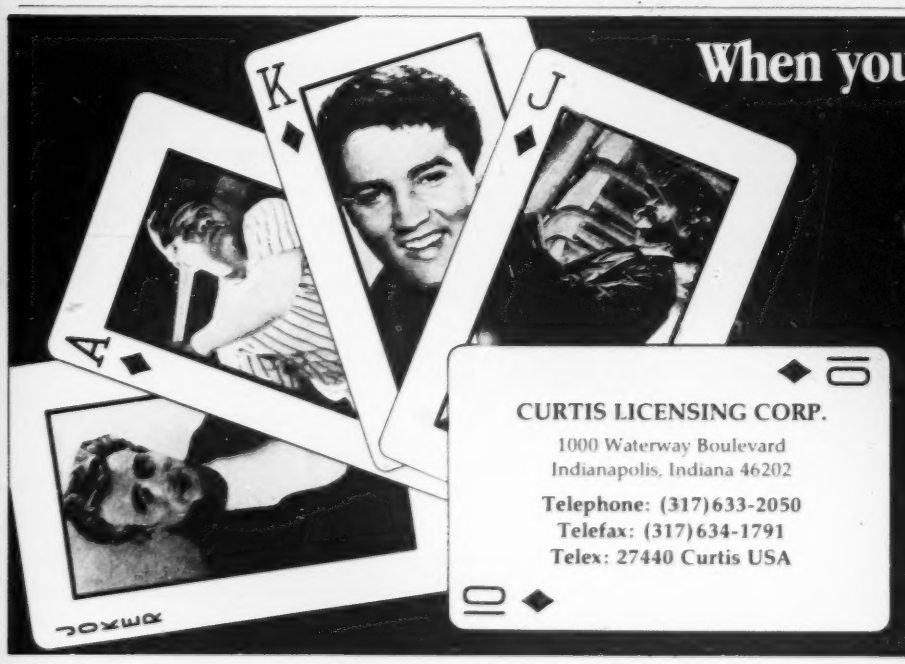
The bright, poster-like designs seek to catch the eyes of junior high school-age children—those too old for juvenile characters. Ero holds the Snoopy, Mickey Mouse and Sesame Street licenses for slumber bags and bed tents but their appeal is limited to 3-to-7-year-olds, Mr. Solarz says.

Two of Ms. Frank's designs—one of bubblegum machines and the other of a bear and penguin holding hands—have sold well enough that Ero and the designer worked out a quasi-licensing agreement for a new line, called 40 Winks.

Although Ms. Frank's signature is on the bags, it's doubtful that the average pre-teen will notice it, much less recognize the name. But there's no way the pre-teen can fail to notice the splashy designs: both wild, brightly colored geometrics and stylized, oversized animal prints.

The bags will be hitting mass merchandiser shelves sometime later this summer, says Mr. Solarz.

"Some people are trying to come up with their own designs, but it's much harder to execute than it sounds. We've tried in the past to come up with generic things and it's not easy," he says. "That's why we like Lisa Frank." AA



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Sidelights

LICENSING

Spuds, ALF, Ernest should liven up show

This week's Licensing '87 will feature its share of offbeat characters.

The June 3-5 conference/exposition at New York's Jacob K. Javits Convention Center is produced by the Licensing Industry Merchandisers' Association, New York, and Expocon Management Associates, Southport, Conn. Among the unusual properties on display will be:

- Spuds MacKenzie, Anheuser-Busch's spokesdog/party animal.
- Max Headroom, the ABC-TV series star, via Hamilton Projects, New York.
- ALF, NBC-TV's wise-cracking alien, via Leisure Concepts, New York.
- Regional commercial star Ernest P. Worrell, ("Know whut I mean, Vern?"), star of Walt Disney Productions' summer movie "Ernest Goes to Camp," via Quentin Properties, Memphis.

Stan Miskiewicz

But get ready. Perhaps next year's show will top that list with a visit from Freddy, the star of three (so far) "Nightmare on Elm Street" horror flicks. New York-based New Line Cinema, the movies' producer and distributor, hopes "Nightmare" may spawn some spinoff toys and other licensed items.

The razor-gloved star of the cult films, Freddy (portrayed by actor Robert Englund) has a big following among moviegoers in the youth market, primarily among 14-to-25-year-old males.

—James P. Forkan

Link leaves Murjani, Coke effervescent

In discussing corporate licensing, industry executives invariably mention the joint venture of Coca-Cola USA, Atlanta, and Murjani International, New York.

In 1986, its first full year of sales, the Coca-Cola clothing line racked up $250 million in sales in about 1,500 retail locations in the U.S., representing "a substantial portion" of Murjani business, according to a company spokeswoman. She says the company this year has signed agreements with 19 sublicensees to market related products such as beachwear, outerwear and shoes.

Murjani also this spring won the rights to market its Coca-Cola products internationally, and expects to have Fizazz boutiques—featuring Coca-Cola products exclusively—in Toyko and London by yearend.

The original Coca-Cola clothing line first made its mark with high school and college-age consumers. Murjani has broadened its line to include clothing for large women—scheduled for a late 1987 introduction—and children—introduced last fall. Youngsters can buy Coca-Cola clothing not only for themselves, but for their dolls.

Stan Miskiewicz

For kids craving the Coke look, there is a line of Coca-Cola clothes for dolls.

Introduced at Toy Fair '87, the Barbie-size dolls, from New York-based BBI Toys International, sport a variety of Coca-Cola-branded apparel—exercise outfits, sportswear, T-shirts and even a Hawaiian skirt and lei. Also available are accessories including a picnic cooler and, of course, doll-size replicas of Coke bottles and cans.

According to Michael Stone, president of New York-based Taft/Hamilton Group, Coca-Cola's licensing agent, future licensing areas include toy trucks, bicycles, toy athletic equipment and skateboards. "We want to create in Coca-Cola toys what Murjani has created in Coke clothes," he says.

—Julie Liesse Erickson

Through reseacher's effort, legends live on

Licensing opportunities these days extend beyond products to personalities—not only living celebrities such as Vanna White and Mikhail Baryshnikov, but also the famous among the dead.

Names including Elvis Presley, Laurel & Hardy, Frank Lloyd Wright and Ernest Hemingway are available for a licensing fee. For potential licensees worried about how relevant these names are with today's consumers, Marketing Evaluations offers a possible solution.

The Port Washington, N.Y.-based research company, marketer of the TvQ, Performer Q, Cartoon Q and Product Q popularity ratings, is promoting a new service at this week's Licensing '87 convention. The new rating measures the public's familiarity with and appreciation for legendary celebrities.

Marketing Evaluations President Steve Levitt's name for the new service: Dead Q.

—Julie Liesse Erickson

Not just a product, it's also a lifestyle

One of the licensing industry's current buzzwords is lifestyle licensing, a nebulous term encompassing not simply individual characters or personalities, but broader themes.

"The key in licensing today is establishing and licensing properties that connote a lifestyle—for example, Ralph Lauren's Polo moniker, or Coca-Cola—so that the consumer wants to buy not just the product, but that lifestyle," says Michael Sisson, president of Sisson Group, New York, a licensing agent.

Mr. Sisson is working with New York-based Simon & Schuster to market Nancy Drew's River Heights USA. Plans call for the program, marketed to 12-to-16-year-old girls, to include a new series of Nancy Drew mystery books plus licensed cosmetics, apparel, school supplies and a fan club. "We want to find products that fit the concept of middle America," he says. "We want that young girl to feel like she's in River Heights."

Likewise, Kansas City, Mo.-based Hallmark Properties has begun licensing its Auntie Em line, which includes greeting cards, furnishings, housewares and giftware—all reflecting a 1930s Midwestern prairie style.

But one of the purest lifestyle concepts is New York-based United Media Licensing's Sun East "lifestyle brandmark." Sun East began as a series of graphic designs, but today, a United Media spokeswoman says, "It's more. It represents a lifestyle, a strong statement of energy, confidence and individualism." The "Sun East way of life" is "the inner drive behind spiking the ball over the net."

The original Sun East designs were created by 28-year-old Brian Geverd while an art director for a small, family-owned New Jersey ad agency. Currently appearing on sportswear, sport bags and watches, the designs have spawned a store in Philadelphia; plans call for franchising the stores and licensing the property to housewares, giftware and paper goods marketers.

United Media Licensing's line of sportswear pushes the "Sun East way of life."

Mr. Geverd is the second agency art director whose licensed property is represented by United Media. Susan Rose, a former senior art director at J. Walter Thompson USA, New York, is co-creator of Fido Dido—a new-wave cartoon—that is licensed to six companies.

—Julie Liesse Erickson

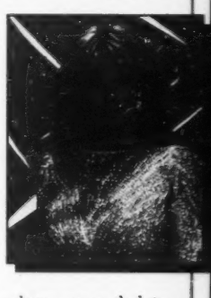
'Dynasty' dresses up its licensed lines

For Esther Shapiro, co-producer of ABC-TV's "Dynasty," TV soap operas capitalize on the licensing industry's trend toward broad lifestyle concepts.

" 'Dynasty' symbolizes a return to elegance and family," Ms. Shapiro says.

Despite a ratings drop this season, the show has 20 U.S. licensees and about as many abroad, according to Joseph Grant, Licensing Corp. of America chairman.

Current licensees are estimated to have sold about $200 million last year in "Dynasty"-branded products. The group is led by After Six, Philadelphia, and Charles of the Ritz Group and Leslie Fay Cos., both New York.



Charles of the Ritz accounts for the bulk of those sales—about $120 million—through its Forever Krystle and Carrington fragrances.

This year the "Dynasty" lineup has been expanded to lingerie, via Kayser-Roth Corp., New York; crystal, china and silverware from Gorham division of Textron, Providence, R.I.; and monthly novels and audio cassettes from Pioneer Books, New York.

—James P. Forkan

Associate editor Julie Liesse Erickson coordinated this report on Licensing.

Coming

Next week Advertising Age's Special Report will focus on **Out-of-Home Advertising.**

Product characters raisin' awareness

Stan Miskiewicz

Those in charge of licensing the California Raisins—the California Raisin Advisory Board and Foote, Cone & Belding, San Francisco—are dancing atop their lunch boxes. The raisins are consumers' favorites among the animated characters that act as product spokesmen, according to Port Washington, N.Y.-based Marketing Evaluations' fall 1986 Cartoon Q ratings. The ratings measure likability of animated characters—TV and newspaper cartoon characters as well as characters serving as product spokesmen—among consumers familiar with them.

Character	10/84	10/85	10/86
The California Raisins	—	—	44%
Pillsbury Doughboy (Pillsbury refrigerated dough)	38	40	40
Snuggle (Lever Bros.)	—	33	33
Noid (Domino's Pizza)	—	—	32
Snap, Crackle & Pop (Kellogg Rice Krispies)	26	26	31
Tony the Tiger (Kellogg Frosted Flakes)	24	27	31
Rabbit (Nestle Quik)	25	27	28
Charlie the Tuna (Star-Kist)	28	30	27
Elves (Keebler)	29	27	25
Ronald McDonald (McDonald's)	21	21	24
Sprout (Pillsbury Green Giant)	23	26	24
Campbell Soup Kids	19	24	23
Green Giant (Pillsbury)	20	24	22
Sud Z. Lemon (Procter & Gamble Joy)	—	18	20

Source: Marketing Evaluations' Cartoon Q. Numbers represent percentage of those responding "one of my favorites."

Int'l advertisers take consumers' view vs. ban, tax

By LAUREL WENTZ

KILLARNEY, IRELAND—The World Federation of Advertisers is calling on the Canadian government to reject its proposed ban on all promotion of tobacco products.

The action taken at the WFA conference here May 18 to 20 was an example of advertisers basing the case against ad restrictions on consumers' rights to information rather than the advertisers' own right to self-expression.

In its petition, the WFA said, "The consumers of Canada now receive information through advertising regarding tar and nicotine content of tobacco products and other relevant health-related communications, which will be diminished if advertising is banned."

In a similar petition asking for the repeal of the new 5% sales tax on advertising in Florida, the WFA said, "Truthful advertising of lawful products and services is a valuable aid to consumers in exercising their freedom of choice in the marketplace ... and taxation upon the advertising process is ... an abridgement thereof."

In the Canadian case, John Foss, president of the Assn. of Canadian Advertisers, said, "The next thing this Health Minister [Jake Epp] will go after is alcoholic beverages. ... Analgesics have been mentioned and even some food products, like sugar-coated cereal."

Robert Goldstein, VP-advertising, Procter & Gamble Co., said, "The advertising industry is changing the presentation of its case from advertisers' right to advertise to the citizens' right to information from advertising."

But Dr. B. Schmitz, legal counsel to the European Consumer Unions, took an opposing view.

"We wonder seriously whether commercial speech should be put on the same footing as information in the sense mentioned by the European Convention on Human Rights," he said.

Dr. Schmitz advocated greater regulation of the advertising industry, saying, "In our view, self-control is insufficient control."

He also suggested that if the ad industry was concerned about the supply of information, general requirements for the information content of advertising should be set up and lack of consumer information in advertising should be counterbalanced by stricter labeling rules and other means.

"The ad industry could support our request to counterbalance advertising on radio and television by free time being given to consumer associations to impart information to the audience," he said.

On other topics, delegates approved a resolution calling for a consistent method of TV audience research that would include all the ways TV programs are delivered—by networks, cable, satellite or videocassette—and provide national data in standard forms to allow comparison and analysis between different countries.

Vincent Finn, director general of the Irish state radio and TV broadcaster Radio Telefis Eireann, predicted TV ad spending in Europe, estimated at $5.8 billion in 1986, will explode as more ad time is opened up on existing channels in Britain, France and Italy and on new channels in Holland, Scandinavia, Spain and Portugal.

For example, Mr. Finn told delegates that about 250,000 Irish homes now have greater viewing choice through satellite TV channels delivered to cabled TV homes.

WFA President Marvin Koslow, senior VP Bristol-Myers, said the organization will be expanding in Asia and Latin America, where advertiser associations in several countries have expressed interest in joining the WFA.

"We must broaden our geographical horizons," Mr. Koslow said. "And we hope to get more women delegates, along with blacks and other minorities."

Mr. Koslow said the WFA plans to sponsor a seminar in London in the next year on the portrayal of women in advertising worldwide.#

Lottery fever sweeps Ireland

KILLARNEY, IRELAND—The new national lottery is sweeping the country, backed by a $4.5 million advertising campaign that convinced 74% of Ireland's 2.4 million adults to try the game in the first 17 days. The lottery will be the biggest Irish advertiser this year.

In the first eight weeks after the March 23 launch, the lottery took in $45 million from ticket sales, said John Fitzpatrick, national lottery director and a former president of the World Federation of Advertisers.

The TV, print and radio campaign by Ogilvy & Mather-owned Wilson Hartnell, Dublin's third-largest ad agency, uses the slogan, "Come play your big dream."

Two TV spots feature vignettes of happy participants enjoying their winnings. A farmer lounges in a hammock sipping champagne and watching someone else drive his tractor. Another winner ends a shopping spree by stepping into a Rolls-Royce ahead of a row of bellhops weighed down with her purchases.

Instant prizes won by finding three matching numbers after scratching the latex film off the play area of the lottery ticket range from $3 to $7,500. Each week five players with special winning tickets identified by stars on the play area are eligible to play the Grand Prize Game and spin the Grand Prize Wheel to win cash amounts ranging from $7,500 to $375,000.

"Our management targets were for sales of $75 million for the first year," he said. "Now it's clear we're going to beat the hell out of it."

Lottery proceeds will be allocated by the Irish government to projects in the areas of health, sports and recreation, culture and the arts, he said.#

—L.W.

World News Roundup

(Continued from Page3)

gional, municipal and European Parliament elections. Danis/B&B won the government's $1.6 million campaign explaining the voting system.

LONDON—Goodyear Tyre & Rubber Co. will sponsor a weather program beginning June 1 on pan-European satellite TV channel Super Channel while Uniroyal Tyres will sponsor a weather report which will start this summer on Rupert Murdoch's Sky Channel.

TORONTO—Harlequin North America awarded its $2.2 million U.S. and Canadian books account to DDB Needham Worldwide. J. Walter Thompson Co. previously handled.

TOKYO—British Caledonian Airways launched a campaign to promote its new U.K.-to-Japan service. Foote, Cone & Belding (Japan) handled.

OTTAWA—The Canadian government added $1.9 million to its $11.1 million ad budget to attract U.S. tourists. Camp Associates Advertising handles.

SAO PAULO—Philip Morris launched L&M cigarettes here to compete with market leader BAT's Hollywood Brands. Leo Burnett Publicidade handles.

Agency affiliations and acquisitions: N W Ayer bought a minority of **Lee Davis Advertising**, Hong Kong. **McCann-Erickson Worldwide** and **United Commmunications**, Taipei, created a joint venture, called United McCann-Erickson, Taipei. In Hong Kong, McCann entered an association with **Adcom**.

How much agencies bill abroad

Rank		Agency 1986 billings in $000,000	Non-U.S. billings	% of total billings
1.	(1)	TBWA	348.8	76.9
2.	(2)	HCM	545.4	75.4
3.	(3)	SSC&B:Lintas	1,187.5	72.1
4.	(4)	McCann-Erickson Worldwide	1,873.4	65.7
5.	(7)	DYR Worldwide	216.0	62.2
6.	(5)	Saatchi & Saatchi Compton Worldwide	1,942.7	58.5
7.	(-)	Ogilvy & Mather Worldwide	1,489.4	47.2
8.	(-)	Ogilvy & Mather Direct Response	214.0	47.1
9.	(8)	J. Walter Thompson Co.	1,409.4	44.9
10.	(-)	Young & Rubicam	1,802.9	43.0

Source: compiled by Advertising Age

Nutrition push in U.K., Germany

Mac's ad export

By SCOTT HUME

McDonald's nutrition-information print campaign, which has stirred controversy in the U.S., is being exported to Europe.

Print ads extolling the quality and outlining the nutritional makeup of the restaurant chain's foods are running in West Germany and the U.K.

According to a spokesman at the chain's Oak Brook, Ill., headquarters, the strategy overseas, as in the U.S., is to "communicate in a straightforward way about the good food we serve."

Both the West German and U.K. campaigns are independent efforts by operators in those two countries, the McDonald's spokesman said, rather than parts of a unified global strategy of stressing links between McDonald's menu items and nutrition. Whether similar campaigns are conducted in other countries will be decided by local operators' marketing officials.

Packaged salads have been introduced in West Germany, as they recently were in the U.S. (AA, May 18), and are spotlighted in some print executions. Another is a variation of the U.S. "We shop where you shop" ad in which McDonald's lists brand-name suppliers it uses for its foods.

The U.K. and West Germany are two of McDonald's largest overseas markets. The 231 U.K. restaurants and 245 West German outlets account for two-thirds of its 665 European outlets.

Heye & Partners, Munich, handles the $18 million McDonald's Systems of Germany account.

Details of the U.K. campaign were unavailable. Leo Burnett Co., London, handles the $12 million account.#

"Many vitamins and few calories at McDonald's," German ad says.

Boost for Swedish TV ads

By JACK BURTON

STOCKHOLM—Swedish Television is consolidating its foreign program-buying departments, an action which threatens to reduce the purchase of TV shows from abroad.

The controversy may wind up giving a boost to those who support allowing commercial advertising on Swedish TV (SVT).

To reduce costs, SVT plans to merge the program purchase units for the two state-run, non-commercial channels and cut personnel from 100 to 80. The long-range goal of STV is to have at least 60% Swedish-produced shows.

However, SVT is handicapped in its efforts by a lack of funding, and the need to produce more Swedish programming is providing one key argument for allowing advertising on at least one of its two channels.

SVT director Sam Nilsson, an ad supporter, estimates that SVT could receive $75 million to $90 million a year from ad revenues, boosting its budget by 50% from its current funding level of $180 million.

Sweden's Socialist government, however, still is opposed to the introduction of advertising despite growing support for TV commercials from the public and non-socialist opposition parties.

Goran Sellberg, one of the chief buyers for TV 2 and the man responsible for bringing such U.S. TV hits as "Dallas," "M*A*S*H" and "Dynasty" to Sweden, has resigned to protest the consolidation of the buying departments. He believes the merger will end the "stimulating competition" between TV 1 and TV 2.

The move is also being viewed as part of an attempt by SVT to counter the arrival of Pan-European satellite channels.

Although the satellite channels have established only a small beachhead in Sweden so far, they have proved enormously popular among those receiving them. This has caused fears among government officals about the erosion of Sweden's cultural identity.#

Newspaper Advertising SAU Inches in the MRCS

March 1987 vs. March 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	89,182	—	82,219	—
Beacon Journal (S)	86,010	—	81,125	—
Grand Total	175,192	—	163,344	—

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	153,802	—	152,662	—
Call (S)	97,702	—	89,071	—
Grand Total	251,504	—	241,733	—

NOTE: Part run figures not available.

ASBURY PARK, NJ

Press (E)	182,202	26,580	173,664	17,230
Press (S)	183,523	14,192	153,710	18,728
Grand Total	365,725	40,772	327,374	35,958

ATLANTA, GA

Constitution (M)	171,757	86,862	170,764	64,423
Journal (E)	167,605	92,344	167,225	65,203
Journal & Constitution (S)	148,408	68,167	145,580	76,320
Journal & Constitution (Sat)	45,895	—	47,981	—
Grand Total	533,665	247,373	531,550	205,946

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

Sun (M)	130,444	8,186	116,412	4,080
Sun (E)	112,057	8,182	90,266	4,080
Sun (S)	178,395	44,673	156,489	46,078
Grand Total	420,896	61,241	363,169	54,238

BERGEN COUNTY, NJ

Record (E)	149,483	17,404	142,413	18,279
Record (S)	179,903	44,574	146,565	45,852
Grand Total	329,386	61,978	288,978	64,131

NOTE: Record Evening published five days a week only.

BOSTON, MA

Herald (M)	88,520	—	56,582	—
Herald (S)	24,188	55,519	19,139	41,019
Globe (M)	135,750	13,367	134,463	10,559
Globe (S)	229,218	42,945	210,705	33,641
Grand Total	477,676	111,831	420,889	85,219

BUFFALO, NY

News (AD)	98,550	35,000	107,604	15,725
News (S)	81,271	28,229	82,666	14,408
Grand Total	179,821	63,229	190,270	30,133

CAMDEN, NJ

Courier-Post (E)	131,098	16,750	130,122	18,477
Courier-Post (S)	68,412	13,880	67,407	11,285
Grand Total	199,510	30,630	197,529	29,762

CHARLOTTE, NC

Observer (M)	120,652	—	119,684	—
Observer (S)	85,060	—	89,858	—
Grand Total	205,712	—	209,542	—

NOTE: Part run figures not available.

CHICAGO, IL

*Tribune (M)	126,227	269,303	119,618	253,732
*Tribune (S)	129,203	93,326	117,247	72,101
Sun-Times (M)	126,292	81,402	134,441	84,420
Sun-Times (S)	69,169	53,289	76,252	28,064
Grand Total	450,891	497,320	326,558	438,317

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 3/2/87 to 3/29/87.

CINCINNATI, OH

Enquirer (M)	143,024	5,700	154,330	7,205
Enquirer (S)	157,092	12,381	150,780	12,893
Post (E)	73,079	19,264	71,486	20,153
Grand Total	373,195	37,345	376,596	40,251

CLEVELAND, OH

Plain Dealer (M)	128,042	33,453	135,084	32,026
Plain Dealer (S)	135,441	10,886	130,584	7,712
Grand Total	263,483	44,339	265,668	39,738

DALLAS, TX

News (M)	267,978	8,385	300,110	13,616
News (S)	184,052	13,885	265,669	18,968
Times-Herald (AD)	204,321	20,971	280,189	33,127
Times-Herald (S)	131,416	17,339	147,524	20,584
Grand Total	787,767	61,560	883,492	86,295

DENVER, CO

Rocky Mt. News (M)	256,096	1,590	260,925	4,706
Rocky Mt. News (S)	103,934	173	99,313	2,154
Post (M)	177,493	28,149	191,015	7,646
Post (S)	131,846	907	136,052	1,267
Grand Total	669,369	30,819	687,305	15,773

DETROIT, MI

Free Press (M)	96,737	48,884	102,066	28,037
Free Press (S)	54,633	41,756	56,144	28,732
News (AD)	136,158	47,378	139,067	45,627
News (S)	107,735	30,369	105,471	34,020
Grand Total	395,263	168,387	403,048	136,416

ESCONDIDO, CA

Times-Advocate (E)	94,589	5,816	—	—
Times-Advocate (S)	45,821	—	—	—
Grand Total	140,410	5,816	—	—

NOTE: 1986 figures not available.

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	143,432	—	129,224	—
Sun-Sentinel (M)	273,366	—	318,119	—
Grand Total	416,798	—	447,343	—

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	69,694	—	65,959	—
Journal Gazette (S)	76,281	—	80,398	—
News Sentinel (E)	80,242	—	72,631	—
Grand Total	226,217	—	218,988	—

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	79,595	3,903	74,494	979
Time (S)	82,730	265	71,219	—
Advocate (E)	98,447	17,385	97,656	7,674
Advocate (S)	80,472	5,507	69,335	156
Grand Total	341,244	27,060	312,704	8,809

HARTFORD, CT

Courant (M)	144,153	26,956	148,989	29,430
Courant (S)	100,056	172,807	90,721	138,537
Grand Total	244,209	199,763	239,710	167,967

HONOLULU, HI

Advertiser (M)	115,090	—	116,271	—
Star-Bulletin (E)	107,857	—	110,639	—
Star-Bulletin & Advertiser (S)	94,125	—	84,925	—
Grand Total	317,072	—	311,835	—

HOUSTON, TX

Chronicle (AD)	214,746	30,535	234,008	38,185
Chronicle (S)	135,248	25,816	141,710	28,591
Post (M)	135,197	32,721	167,503	28,593
Post (S)	86,492	28,883	91,621	26,960
Grand Total	571,683	117,955	634,842	124,329

LONG BEACH, CA

Press Telegram (M)	104,269	40,037	103,696	39,566
Press Telegram (S)	68,422	918	62,807	3,984
Grand Total	172,691	40,955	166,503	43,550

LONG ISLAND, NY

Newsday (E)	117,461	113,362	140,490	75,975
Newsday (S)	95,272	109,452	105,591	81,256
Grand Total	212,733	222,814	246,081	157,231

LOS ANGELES, CA

Times (M)	278,472	275,165	276,514	267,877
Times (S)	199,179	108,081	195,659	107,510
Herald-Examiner (M)	58,794	9,710	53,467	9,173
Herald-Examiner (S)	16,399	10,730	17,405	8,652
Grand Total	552,844	403,686	543,045	393,212

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	170,645	36,568	188,157	29,275
News (S)	96,091	640	93,968	4,439
Grand Total	266,736	37,208	282,125	33,714

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	207,954	—	212,626	—
Grand Total	207,954	—	212,626	—

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	128,731	71,665	119,287	82,099
Commercial Appeal (S)	109,834	9,180	104,903	10,247
Grand Total	238,565	80,845	224,190	92,346

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	145,123	—	163,497	—
Herald (S)	112,662	—	108,328	—
News (E)	57,027	—	64,405	—
Grand Total	314,812	—	336,230	—

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	104,172	17,613	104,546	19,060
Star & Tribune (S)	153,995	9,118	153,688	3,394
Star & Tribune (Sat)	26,277	—	29,269	—
Grand Total	284,444	26,731	287,403	22,454

*NASHVILLE, TN

Banner (E)	97,488	—	106,746	—
Tennessean (M)	97,694	—	107,545	—
Tennessean (S)	111,985	—	100,387	—
Grand Total	307,167	—	314,678	—

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	82,953	2,012	82,157	2,900
Home News (S)	82,654	15,043	82,878	1,664
Grand Total	165,607	17,055	165,035	4,564

NEW YORK, NY

Times (M)	174,853	15,923	164,127	13,992
Times (S)	248,060	138,886	233,007	120,605
News (M)	58,776	84,710	56,148	86,727
News (S)	47,212	90,453	39,985	88,702
Post (AD)	60,293	1,363	52,281	1,557
Grand Total	589,194	331,335	545,548	311,583

NEWARK, NJ

Star Ledger (M)	200,206	5,330	191,753	6,210
Star Ledger (S)	230,529	34,717	201,439	23,810
Grand Total	430,735	40,047	393,192	30,020

OAKLAND, CA

Tribune (M)	79,015	76,759	76,985	84,367
Tribune (S)	42,172	41,831	43,487	37,444
Grand Total	121,187	118,590	120,472	121,811

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	95,551	4,611	82,637	2,973
Blade-Tribune (S)	53,672	1,934	54,886	—
Grand Total	149,223	6,545	137,523	2,973

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	281,748	93,612	288,528	74,845
Register (S)	149,364	—	136,208	10,633
Grand Total	431,110	93,612	424,736	85,478

PHILADELPHIA, PA

Inquirer (M)	151,242	17,778	152,993	35,903
Inquirer (S)	156,662	72,207	141,976	56,341
News (E)	75,692	1,106	77,323	9,468
Grand Total	383,596	91,091	372,292	101,772

*PHOENIX, AZ

Arizona Republic (M)	276,257	14,260	293,983	13,172
Arizona Republic (S)	176,901	—	190,664	—
Gazette (E)	264,027	14,389	283,101	13,241
Grand Total	717,185	28,649	767,748	26,413

NOTE: Figures supplied by publisher to Media Records.

*PROVIDENCE, RI

Journal (M)	109,973	87,708	102,914	83,278
Journal (S)	134,175	57,887	123,133	47,597
Grand Total	244,148	145,595	226,047	130,875

NOTE: MRCS/SAU inches were supplied by publisher to Media Records. 1987 figures represent advertising for 2/23/87 to 3/29/87.

*ST. LOUIS, MO

Post Dispatch (M)	98,531	31,622	104,518	39,913
Post Dispatch (S)	143,184	632	138,410	598
Grand Total	241,715	32,254	242,928	40,511

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	82,307	—	84,416	—
Pioneer Press Dispatch (S)	131,100	—	114,383	—
Grand Total	213,407	—	198,799	—

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	114,580	34,818	126,230	30,739
Express-News (S)	96,298	27,055	107,192	28,475
Express-News (Sat)	34,562	—	47,418	—
Light (AD)	126,077	18,936	118,731	32,943
Light (S)	100,054	3,923	100,672	16,866
Light (Sat)	27,071	1,138	40,292	—
Grand Total	498,642	85,870	540,135	109,023

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	192,289	34,493	211,583	21,943
Union (S)	139,720	—	139,322	—
Tribune (E)	200,699	34,206	214,108	22,558
Grand Total	532,708	68,699	565,013	44,501

SAN FRANCISCO, CA

Chronicle (M)	123,585	64,832	125,605	71,921
Examiner (E)	123,006	63,931	—	—
Examiner & Chronicle (S)	92,215	38,096	89,160	39,878
Grand Total	338,806	166,659	214,765	111,799

NOTE: 1986 Examiner Evening figures not available.

SAN JOSE, CA

Mercury News (AD)	284,281	15,537	281,180	24,739
Mercury News (S)	158,296	—	167,724	—
Grand Total	442,577	15,537	448,904	24,739

*STATE COLLEGE, PA

Centre Times (E)	71,146	9,757	80,706	542
Centre Times (S)	44,345	371	42,338	607
Grand Total	115,491	10,128	123,044	1,149

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	102,439	—	95,183	—
Blade (S)	86,394	—	109,793	—
Grand Total	188,833	—	204,976	—

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	266,327	43,340	265,139	42,687
Post (S)	175,579	44,141	168,745	36,717
Grand Total	441,906	87,486	433,884	79,604

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	59,183	43	61,271	766
Fairfax Journal (M)	67,611	1,440	72,720	2,326
Grand Total	126,794	1,483	133,991	3,092

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only.

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	85,167	14,027	77,664	13,196
Reporter Dispatch (S)	84,261	31,842	90,929	18,441
Grand Total	169,428	45,869	168,593	31,637

WICHITA, KS

Eagle-Beacon (M)	98,010	—	109,379	—
Eagle-Beacon (S)	84,056	—	76,741	—
Grand Total	182,066	—	186,120	—

NOTE: Part run figures not available.

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service, Total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS/SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA/NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page.
   Width and Depth in Inches.
2. Determine Square Inches of Page.
   Multiply Width by Depth Inches.
3. Determine the Number of SAU Inches of Page.
   Divide the Square Inches by 2.0625 (SAU Inches).
4. Measure the Total Lines of the Page.
   Multiply Column Depth Agate Lines by the Number of Columns on the Page.
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches.
   Divide the Total Lines of Page by the Number of MRCS/SAU Inches of the Page.

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NEWSPAPER

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

AAF, GF rally against tax

Execs see hopeful signs

By STEVEN W. COLFORD

ORLANDO, FLA.—As an estimated 1,000 American Advertising Federation conventioneers rally today against Florida's 5% ad tax, some industry leaders believe the state may retreat from its plan to tax national advertising.

That optimistic view by two advertising and media industry leaders is not shared by Florida Gov. Bob Martinez, state legislators or bureaucrats. The regulators say they still plan to start collecting the tax on July 1 but admit they are having a hard time drafting rules on how to apportion and collect the sales tax.

"If they see prospects for change, I don't know what they're looking at," said a Martinez spokesman.

AAF leaders believe their anti-tax rally, ads and other high-profile events will keep public attention riveted on the tax and the politicians who are ignoring public sentiment by raising state taxes.

DeWitt Helm Jr., president of the Association of National Advertisers, and William Gorog, Magazine Publishers Association

(Continued on Page 84)

Company may get tough

By JUDANN DAGNOLI

General Foods Corp. went on the attack last week with its tough stance against Florida's 5% tax on advertising, making senior executives available to the news media in hopes of spreading its views.

In addition to planned ad cancellations in the state, a GF spokeswoman hinted the food company might consider curtailing production at its six Florida plants if the tax is not repealed. The plants employ 1,300 people.

GF's plans for curtailing its advertising in Florida (AA, June 1) involve canceling 90% of its local advertising and consumer promotions. In addition, the Rye Brook, N.Y.-based company is considering having its network TV spots blacked out in Florida markets, a step also being examined by Kraft Inc.

The cancellations will begin July 1, when the ad tax takes effect, and will involve not only spot TV but print and radio as well. GF said it spent $3 million on spot TV in Florida last year, but estimates of the total amount of ad dollars involved in the cancellations were not available.

Other companies that have announced

(Continued on Page 84)

Sanguine penguins

Coca-Cola USA is giving the penguins that played backup to the Pointer Sisters their own commercials. The Atlanta-based soft-drink company will feature the web-footed flightless birds in Diet Coke commercials running June 15 through Labor Day. The birds got their own commercials after Coca-Cola's toll-free hot line heated up with phone calls from the penguins' fans. SSC&B, New York, created the spots with outtakes of the Pointer Sisters commercials.

Hakuhodo, SSC&B link

By JULIE SKUR HILL and DAVID KILBURN

Plans for a new Japanese-American agency with offices in Tokyo and New York solidified last week, nearly a year after a similar joint venture hit rough waters.

SSC&B:Lintas Worldwide, part of the Interpublic Group of Cos., and Hakuhodo Inc., Japan's second-largest agency, exchanged letters of intent to create the Tokyo office of the joint venture (AA, Dec. 8, 1986).

The office, to be called Hakuhodo SSC&B:Lintas Co. Ltd., will open July 1.

Plans for a New York office, to be called SSC&B:-Lintas Hakuhodo Co., are expected to be finalized next month.

Last year, a conflict with the parent companies of DYR Worldwide, a joint venture between Dentsu and Young & Rubicam, the world's two largest ad agencies (AA, May 11), led to losing major client Canon USA

(Continued on Page 86)

Last Minute News

JWT stock keeps hopping

NEW YORK—JWT Group's stock price, after rising on heavy trading through June 3 to a high of $38.75, declined to $37 by June 5 on trading of 316,700 shares June 4 and 5. As of June 5, there was no filing with the Securities & Exchange Commission that might explain the trading. Various rumors on potential buyers focused on WPP Group, whose chairman, Martin Sorrell, had "no comment" *(see news analysis on Page 2)*; Lorimar Telepictures Corp., the entertainment/agency company, which denied it was involved; the U.K.-based Hanson Trust, which said corporate policy is not to comment; and entertainment conglomerate MCA Inc., where no one was available for comment.

Heublein backs Lancers blush

FARMINGTON, CONN.—Heublein today breaks a multimillion-dollar network TV campaign to promote new Lancers Blush Wine. Young & Rubicam handles. The spots, directed by former

(Continued on Page 8)

Will test discount plan

Newspapers cut national ad rate

By WILLIAM F. GLOEDE

In what's being called a significant breakthrough, a sizable segment of the newspaper business is about to start slaughtering a sacred cow: the premium paid by national advertisers for newspaper space.

During the next two weeks, 258 daily newspapers—representing 52% of all U.S. circulation—will begin offering national package-goods advertisers an average 30% discount for orders of ¼-page or larger, run 13 times.

The lower rate is part of an overall, industrywide effort among newspapers to reverse a long decline in their national ad volume.

While the special package-goods test rate—to remain in effect for the next 18 months—is an average 25% higher than comparable retail rates, it is an average 30% lower than current frequency discount rates for national advertising.

At press time, the aggregate circulation of the newspapers indicating they would participate was 32.3 million.

Each ¼-page insertion in all 258 papers, costing around $237,000, would generate more than 50 gross

(Continued on Page 86)

K mart has big plans for scanners—P. 36

U.K. political ad duel heats up—P. 60

Addy Awards, Effies and One more—P. 68

Highlights

Omnicom to produce cost-cutting plan 12
Omnicom Group executives are exploring whether they can cut TV production costs and media-buying expenses by using Omnicom's clout as an agency group. If successful, the group could provide the kind of megamerger benefit clients have wanted.

Burnett's Subchapter S filing questioned 33
Leo Burnett Co. officials said they have adopted Subchapter S tax-filing status in the past year to reduce the company's tax burden. But the $2 billion agency holding company has more than 200 shareholders, said Vice Chairman Jack Kraft, and the Internal Revenue Service says Subchapter S filers must have fewer than 35 owners. That has observers wondering how the company changed status without meeting the IRS' limit.

200 shopping days till Christmas 36
K mart Corp. wants to make shopping hassles a memory of Christmas past with a $1 billion automation program it hopes will eliminate long lines and other frustrations. The focus on service turns K mart 180 degrees from its initial marketing philosophy.

Daihatsu drives into fierce fight 43
Daihatsu Motor Co. is entering the U.S. market during what could become the most competitive selling season in recent years. The market is saturated with new-car models, and volatile currency exchange rates are increasing the prices of once-inexpensive imports. Industry analysts are predicting that this year Japan's once-indomitable automakers may not sell the Ministry of International Trade & Industry's 2.3 million allocation.

Gauging adwomen's success worldwide 62
While American women have been making gains in the fight for equality in the agency business, women overseas have met with varying degrees of success. Worldwide, there are very few women at the top in the agency business; usually it's only the women who have founded agencies who have titles of chairman or president. While opportunities for women in agencies vary in different disciplines from country to country, women do well in account management positions in very few countries.

INTERNATIONAL

European elections keep voters busy 60
In the U.K. elections, the Labour Party is taking a page from the campaign handbook Saatchi & Saatchi wrote for Margaret Thatcher and the Conservative Party in the last two elections. For its $6.5 million election campaign, the party also has tapped the team behind the Oscar-winning movie "Chariots of Fire" to create its election commercial. In Italy, all six main political parties are using ad agencies in the June 14 election campaign for the first time in the country's history.

First comparative ads break in Japan 61
Comparative advertising has reached Japan via a $1 million campaign for All Nippon Airways, handled by Dentsu Inc. The campaign promotes the airline's trans-Pacific service to the U.S., comparing the spaciousness of ANA's "2-2-2" seating with the "2-4-2" of its competitors.

FEATURES

A view from the aisle 54
As anyone who works in a supermarket knows, the nation's food basket is filled with contradictions and surprises. Observation at a New Jersey A&P Futurestore revealed some insight into marketing—and the expert there is the 20-year-old manager of the store's health & beauty aids merchandise.

OTHER NEWS

The U.S. attorney investigating N W Ayer's handling of the U.S. Army account has dropped plans to indict Ayer Public Relations VP Thomas Donoghue. Page 12.

Borden's acquisition of Prince Co. last week noodled Hershey Foods Corp. further away from the No. 1 position in pasta, and gave Borden an entry into the spaghetti sauce market. Page 24.

Tired of its toy-company image, Worlds of Wonder is diversifying into school supplies and teen-age electronics with a pricey line of school supplies. Page 32.

Young & Rubicam has improved substantially in its standing among U.S. agencies, according to Agency Watch, a national survey of corporation advertising executives. Y&R moved into second place—tying Ogilvy & Mather—in how often it was named the agency providing the best products and services. J. Walter Thompson Co. ranked No. 1. Page 39.

Thirty Connecticut ad agencies are fed up with the reinterpretation of a 7.5% state sales tax and are pooling money to fight back. In 1984, the state decided some creative services fell under the sales tax. But most of the agencies have not been paying the tax because they say the state has not made clear what can be taxed. Now the state is saying it's time to pay up. Page 63.

Johnson & Johnson wants to be the first to introduce a prescription anti-wrinkle cream, and it wants to do it by using an acne cream. Page 63.

SPECIAL REPORT

***Out-of-home**—As marketers continue to tighten budgets and targets, this medium of few words, bold color, low cost and strong local tradition is expected to show a dramatic increase in revenues in 1988. Starts after Page 46.*

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NEWSPAPER AD SPENDING, MARCH 1987 28

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Hostile buyout of JWT seen as possibility

NEWS ANALYSIS

By STEWART ALTER

Long-held conventional wisdom that unfriendly takeovers don't work with ad agencies is being turned on its head by JWT Group, which may be facing just that kind of takeover threat.

More than 1.4 million JWT Group shares, or almost 15% of the total 9.6 million outstanding shares, were traded between Thursday, May 28, and Wednesday, June 3, boosting the share price almost 20% from $32.50 to $38.75.

As speculation grows about whether a single buyer is accumulating JWT stock, doubt also is growing about whether JWT's management would be able to defend itself in spite of its great resolve to do so.

Although no one knows yet who the bidder might be, speculation continues to focus on Saatchi & Saatchi's former financial chief, Martin Sorrell, who now heads the WPP Group (AA, June 1).

Mr. Sorrell said he had "no comment" about the rumors when he was reached at a Wertheim Schroder & Co. seminar for investors he was presenting in New York June 5.

WPP chiefly focuses on acquiring marketing services companies, though he has purchased a specialized real estate ad agency.

In response to a question, Mr. Sorrell would not rule out that more ad agencies could become part of his company's holdings as well.

Even though no buyer had declared ownership of at least 5% of the shares, as is required by the Securities & Exchange Commission, JWT Group Chairman-CEO Don Johnston last week issued an internal memo stating, "We have not been approached by anyone regarding a sale, acquisition or merger. . . . We are monitoring what is going on carefully. . . . We believe it is in the best interest of our people, our clients and our shareholders to remain independent."

In the past, Mr. Johnston has said hostile takeover bids would be met with an "equally hostile" response.

But many observers, from both the agency and financial communities, are starting to feel JWT's reported plan to buy back its own stock as a defensive move against a takeover is no longer possible.

The stock price may be getting too high for JWT to try going private as a defense, unless it were willing to sell off some units—such as its Hill & Knowlton PR unit—to raise the cash, sources say.

In other words, no banker would be willing to lend JWT more than $370 million plus perhaps 11% interest to buy back shares at the current price, given the agency group's history of low margins and uneven financial performance.

These sources also note JWT's chances decrease tremendously if it is challenged by a determined bidder with deep pockets. If that buyer were someone with knowledge of the agency business and a good reputation, and if the participation of some former JWT executives were enlisted, the buyer might come across as a credible stabilizing influence to shareholders, employees and clients of the giant agency, these sources say.

"It's a cinch to buy Thompson,"

(Continued on Page 86)

Account worth $14 million

FCB wins HMO

IRVINE, CALIF.—Travelers Health Network named Foote, Cone & Belding, San Francisco, and its direct-marketing unit, Smith Hemmings Gosden, El Monte, to handle its $12 million-to-$14 million account after a monthlong review.

THN is the new name for Whittaker Health Services, acquired last year by Travelers Corp.

Also in the review were: Ketchum Advertising, San Francisco; Keye/Donna/Pearlstein and Ogilvy & Mather, Los Angeles; and Scali, McCabe, Sloves, New York, interim agency on the account.

Scali retains the Yellow Pages billings. Kaiser McEuen, Los Angeles, handles collateral.

The 100,000-member health maintenance organization will begin a branding campaign, identifying it with Travelers, in the fourth quarter.

FCB said the THN account does not conflict with the $15 million American Medical International account handled by its Los Angeles office. AMI approved the agency's participation in the review, said Steve Hayman, general manager of FCB's Los Angeles office.

Vipont Pharmaceutical, Fort Collins, Colo., marketer of Viadent toothpaste and mouthwash, hired McCann-Erickson for its estimated $5 million account, after a review in which incumbent agency McCaffery & Ratner, New York, didn't take part. DDB Needham Worldwide, Ramey Communications, both Los Angeles, and McCann and Pallas Advertising, both San Francisco, were finalists.

Vipont, which has aimed its advertising at healthcare professionals, is considering its first intensive consumer effort.

Its professional marketing program will continue in conjunction with McCann's healthcare unit, Sieber & McIntyre.

West Coast News

BEST OF PRESS

FLASH REPORT: Newspaper advertising investment for March

March 1987 CATEGORIES	YEAR	IN 100 THOUSANDS IN MILLIONS	DOLLARS 1987	DOLLARS 1986	CHANGE ACTUAL $ G OR L	CHANGE % G OR L
Amusements	1987		$33,773,611	$31,810,887	+1,962,724	+6.2
	1986					
Computer stores & supplies	1987		5,917,896	5,224,963	+692,933	+13.3
	1986					
Department stores	1987		87,423,075	90,992,397	-3,569,322	-3.9
	1986					
Food stores	1987		34,524,226	31,352,673	+3,171,553	+10.1
	1986					
Radio, tv, phonographs, records	1987		19,678,626	18,512,688	+1,165,938	+6.3
	1986					
General merchandise stores	1987		51,101,410	45,771,150	+5,330,260	+11.6
	1986					
Alcoholic beverages	1987		1,327,530	1,784,006	-456,476	-25.6
	1986					
Cameras, photo supplies & services	1987		437,721	282,393	+155,328	+55.0
	1986					
Computers, equipment & services	1987		2,929,072	2,884,168	+44,904	+1.6
	1986					
Public service utilities & communications	1987		7,645,257	4,475,148	+3,170,109	+70.8
	1986					
Publishing & media	1987		11,472,538	10,567,494	+905,044	+8.6
	1986					
Cigarettes	1987		2,429,522	4,924,338	-2,494,816	-50.7
	1986					
Airlines	1987		16,101,949	19,645,541	-3,543,592	-18.0
	1986					
Passenger cars-new	1987		27,736,558	17,596,348	+10,140,210	+57.6
	1986					
Banks & trust companies	1987		12,954,861	9,882,275	+3,072,586	+31.1
	1986					
Stock, bond & investment houses	1987		2,901,698	2,933,585	-31,887	-1.1
	1986					

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Ad spending up 6.6% to $318M

New York—Ad spending in 16 categories showed an overall increase of 6.6%, hitting $318.1 million, during March in major-market daily newspapers, according to the Advertising Age Flash Report prepared by Media Records Inc. here.

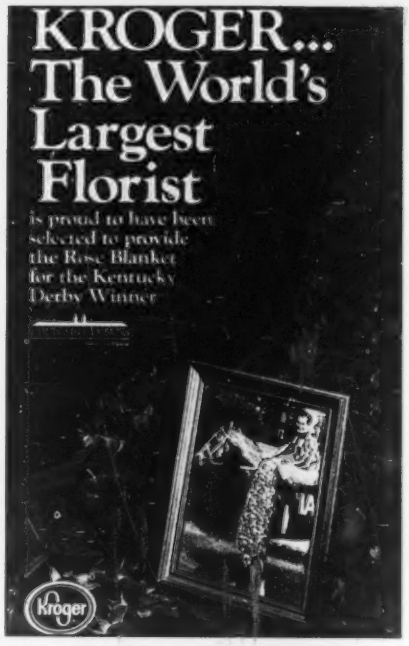
Automotive (new passenger cars) led the categories posting increases; it shot up by 57.6% vs. the same period in 1986, to $27.7 million. Spending by general merchandise stores also posted a strong dollar gain, rising 11.6% to $51.1 million.

Other gainers included food stores, up 10.1% to $34.5 million; amusements, up 6.2% to $33.8 million; radio-TV-phonograph-record dealers, up 6.3% to $19.7 million; banks and trust companies, up 31.1% to $12.9 million; publishing and media, up 8.6% to $11.5 million; public service utilities and communications, up 70.8% to $7.6 million; computer stores and supplies, up 13.3% to $5.9 million; computers, equipment and services, up 1.6% to $2.9 million; and cameras, photo supplies and services, up 55% to $437,721.

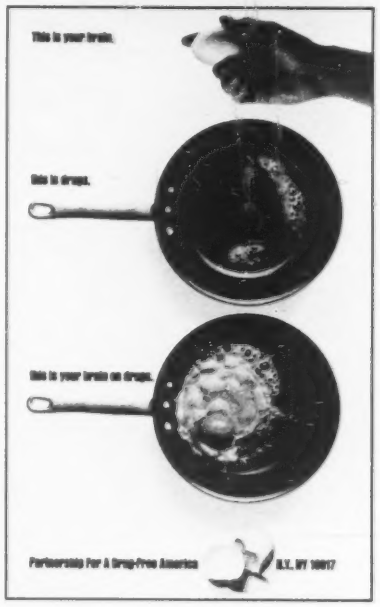
Department stores, the largest users of newspaper ad space, cut spending 3.9% to $87.4 million, with the drop partly due to the fact that Easter was in March last year.

Other losing categories included airlines, down 18% to $16.1 million; stock, bond and investment houses, down 1.1% to $2.9 million; cigarettes, down 50.7% to $2.4 million; and alcoholic beverages, down 25.6% to $1.3 million. The Flash Report is based on iinage measurements in 27 daily and 23 Sunday newspapers in 15 major markets.#

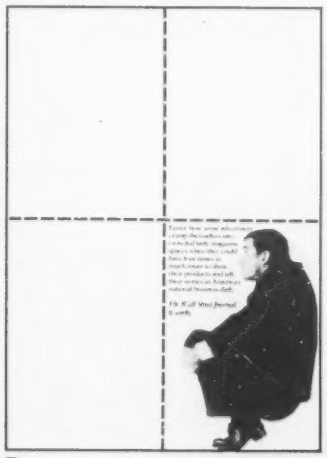
Best of Press selections are made by a committee of three: Hank Simons, VP-creative director at the Newspaper Advertising Bureau; James Dunaway, VP-information, Newspaper Advertising Bureau; and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tear sheets to the NAB for much of this work. Advertising agencies, clients and newspapers are invited to submit newspaper ads for review. Submissions should be sent to Mr. Gloede in AA's New York bureau.


KROGER...
The World's Largest Florist
is proud to have been selected to provide the Rose Blanket for the Kentucky Derby Winner
Kroger

Kroger Food Stores' advertising department found three ways to make this ad particularly creative. First, it tied in the ad with a news/sports event; next, it chose a great combination of words, colors and graphics; and, finally, it used a sepia-tone photo to give the process color even more impact and the ad a sense of timelessness. Creative director and copywriter: Rich McGraw; art director: Ron Baker; photographer: Bray Ficken.

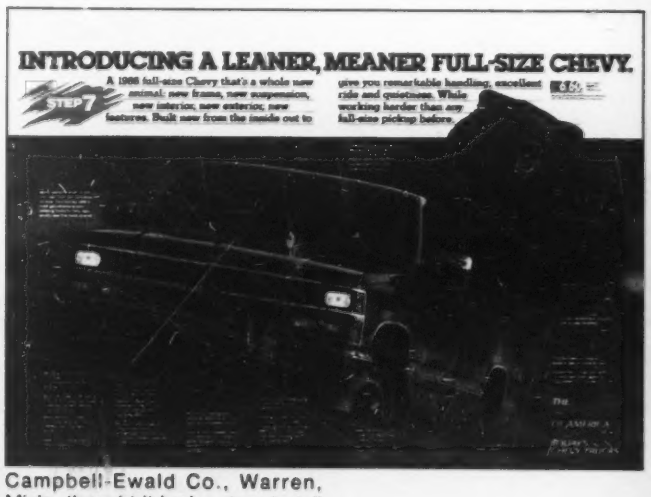


This public service advertisement by Keye/Donna/Pearlstein, Los Angeles, for Media-Advertising Partnership for a Drug Free America, New York, used a good mix of copy and graphics to make its point. We also thought the ad translated well into the companion TV commercial. Creative director: Paul Keye; copywriter: Larre Johnson; art directors: Rick Bell, Scot Fletcher; photographer: Michael Rupert.



This promotion ad for *The Wall Street Journal* from the Johnston & Johnston Group, New York and Los Angeles, is a textbook example of how to use space to illustrate a product's value. Copywriter and designer: Jim Johnston; art director: Petter Thoen; photographer: Gil Smith.

INTRODUCING A LEANER, MEANER FULL-SIZE CHEVY.
The 1988 Chevy Pickup. A whole new truck built new from the inside out.
STEP 1
Begin with a massive new frame. One of the biggest, heaviest ever put under a full-size Chevy Pickup.
THE
OF AMERICA
TODAY'S CHEVY TRUCKS



Campbell-Ewald Co., Warren, Mich., thought it had a story to tell about the new full-size Chevrolet pickup truck. So the agency told it like a news story, day by day over the course of a week in a series of seven ads that built the truck from the frame up. It made news of the advertising. Creative directors: Don Gould, Bill Ludwig; copywriter: Keith Stentz; art directors: Kick Chasey, David Johns, Carlos Vazquez; photographers: Tom Bent, Guy Morrison.

Y&R gets corporate kudos

Shop ranks 2nd to JWT in survey

By JOSEPH M. WINSKI

Perhaps reaffirming the value of independence in an era of megamergers, Young & Rubicam has improved substantially in its standing among U.S. agencies, according to Agency Watch, ADVERTISING AGE's national survey of corporation advertising executives.

New York-based Y&R, which has picked up significant business from disaffected clients of merged agencies, moved into second place—tying Ogilvy & Mather—in how often it was named the agency providing the best products and services.

Y&R and Ogilvy each were named best agency by 8% of the respondents, behind J. Walter Thompson Co., named by 10% of the 300 people surveyed.

In all previous Agency Watch surveys, JWT and Ogilvy held the No. 1 and No. 2 positions by comfortable margins.

Y&R's 8% first-quarter score compares with its average 1986 score of 4.1%.

The agency also moved into third place from No. 4 in top-of-mind awareness. It was named the agency that first comes to mind by 13.6% of those surveyed, a statistically significant increase from its score of 8.9% for the fourth quarter and 8.7% for 1986.

Y&R also improved in six agency attributes specifically surveyed by Agency Watch.

Here are the percentage of respondents naming Y&R best for those attributes in the first quarter, vs. its 1986 average. Its first-quarter rank in that attribute is shown in parentheses:

- Creativity—3.7% (No. 4), up from 1.4%.
- Account execs—5.2% (No. 3), up from 2.2%.
- Top management—6.5% (No. 3), up from 2.2%.
- Media—6% (No. 2), up from 2.5%.
- Marketing—4.3% (No. 3), up from 1.9%.
- Research—4.9% (No. 2), up from 2.6%.

No other agency has made such sweeping gains in any quarter since the Agency Watch survey of agency reputations began in fourth-quarter 1984.

Y&R's improvement in Agency Watch's quarterly surveys began in last year's fourth quarter when, in the space of six days, it got important assignments from major advertisers Kraft Inc., Hertz Corp. and Pillsbury Co.

In that quarter, 6.7% of respondents named Y&R the best agency, up from 4% the previous quarter.

But other agencies have shown one-quarter spurts, only to revert to previous levels.

Bozell, Jacobs, Kenyon & Eckhardt, for example, was named best agency by 6% of those questioned in the third quarter last year but fell back to its typical score of 2.3% in the fourth quarter and to just 0.7% in the latest quarter.

Y&R, however, managed to continue its gains from last year's fourth quarter.

That may be due in part to its winning of the highly visible competition for the U.S. Army account in January.

But the agency also may be benefiting from growing appreciation of its string of account gains, which the agency and its clients alike have attributed in part to Y&R's resolve to remain independent and less prone to account conflicts.

Thanks, no doubt, to its much-publicized management upheaval that began early this year, JWT's first-quarter awareness soared.

Asked to name the agency that first came to mind, 27.9% of the respondents named JWT, up from an average of 19.2% in 1986. JWT has led in awareness in every Agency Watch quarter. Its latest score is its second-highest yet.

Somewhat surprisingly, perhaps, JWT was named best agency by 10% of the respondents, up from its 7.5% average for 1986 and 6.7% for the fourth quarter last year.

It ranked No. 1 in best-agency polling for the quarter, the sixth time it has done so in the nine quarters of Agency Watch surveys.

The persons surveyed last quarter apparently felt—at that point, at least—that JWT's top-management troubles hadn't impaired the quality of the work delivered by the people who work most directly with clients.

The survey was conducted early in the agency's continuing wave of executive departures and before key client Burger King Corp. announced that it would stage a competition for the account, which JWT has held since 1974.

In another significant finding of the latest survey, Hal Riney & Partners was named the country's hottest agency, being named that by 7% of those surveyed.

The San Francisco-based agency, probably best known for its Bartles & Jaymes wine cooler commercials for E&J Gallo Winery, began showing up in the hottest-agency polling in the second half of last year, when it was mentioned by 3% of respondents in both the third and fourth quarters.

In the latest quarter, Riney edged out Minneapolis-based Fallon McElligott, last year's hottest agency, by just one mention.

Agency Watch is conducted for AA by SRI Research Center Inc., Lincoln, Neb.

SRI each quarter polls a random sample of 300 ad directors and other ad executives of companies with more than $25 million in annual sales. The companies are not necessarily the country's largest advertisers; they are selected at random from the 20 largest markets, with the largest markets having the most respondents.

In questioning for best agency, awareness and hottest agency, each respondent is allowed as many as three answers, with each counted as one mention. Respondents can give two replies in naming which agency is best at specific attributes.

The maximum margin of error for each quarterly sample is 5.7 percentage points.#

For more information, contact Jim Clifton, SRI Research Center Inc., 301 S. 68th St., Lincoln, Neb. 68510. Phone: (402) 489-9000.

Best agency

Question: Which ad agency, regardless of size, provides the best overall services and products to its clients?

1985		1986		1st Quarter 1987	
1. Ogilvy & Mather	7.7%	1. J. Walter Thompson	7.5%	1. J. Walter Thompson	10.0%
2. J. Walter Thompson	7.4%	2. Ogilvy & Mather	6.7%	2. Ogilvy & Mather	8.0%
3. Young & Rubicam	4.6%	3. Young & Rubicam	4.1%	3. Young & Rubicam	8.0%
4. BBDO	3.8%	4. Leo Burnett	3.9%	4. Leo Burnett	5.3%
5. Leo Burnett	2.9%	5. BBDO	3.8%	5. BBDO	4.3%

Source: SRI Research Center, Lincoln, Neb.

First agency that comes to mind

Question: When I mention advertising agencies, which single advertising agency first comes to mind?

1985		1986		1st Quarter 1987	
1. J. Walter Thompson	25.4%	1. J. Walter Thompson	19.2%	1. J. Walter Thompson	27.9%
2. Ogilvy & Mather	12.7%	2. Ogilvy & Mather	13.0%	2. BBDO	15.0%
3. BBDO	12.7%	3. BBDO	12.6%	3. Young & Rubicam	13.6%
4. Young & Rubicam	10.6%	4. Young & Rubicam	8.7%	4. Ogilvy & Mather	12.3%
5. Doyle Dane Bernbach	7.3%	5. Bozell & Jacobs	8.2%	5. Leo Burnett	8.3%

Source: SRI Research Center, Lincoln, Neb.

Hottest agency

Question: Considering all ad agencies, including your own, which one ad agency is the hottest up-and-coming agency in the industry?

1985		1986		1st Quarter 1987	
1. Chiat/Day	7.2%	1. Fallon	6.2%	1. Hal Riney	7.0%
2. Fallon	5.6%	2. Saatchi	3.4%	2. Fallon	6.6%
3. Ogilvy & Mather	2.8%	3. Chiat/Day	3.2%	3. Chiat/Day	4.3%

Source: SRI Research Center, Lincoln, Neb.

AGENCY SPOTLIGHT

Gotta getta Gund, the familiar tagline for Gund plush animals, got Scott Lancaster Mills Atha the reputation for being a "toy agency" after winning the account in 1980.

'Toy shop' hunts for new game

By CLEVELAND HORTON

LOS ANGELES—There's just not a lot of fame to be gained by creating TV commercials that air on Saturday mornings.

"People have an image of toy commercials that they're sort of cookie cutter [spots] with no creativity, no concept—just a bunch of mealymouthed kids going: 'I'm going to beat you!' 'No you're not!'" said Clifford Scott, VP-account supervisor at Scott Lancaster Mills Atha here.

But, he insisted, "From a creative standpoint [toy] spots are as good as many of the national, highly touted creative spots that get all the attention."

If Mr. Scott sounds defensive, he is. The agency his father, Stephen, founded with three partners and the Tyco Industries account 11 years ago retains its reputation as a "toy shop," despite some creative and successful ad campaigns in other fields.

"The toy industry is probably the most advertising-responsive industry there is," said the younger Mr. Scott. "The average marketing life cycle of a toy is two to three years, so toys don't really have time to depend on word-of-mouth or customer satisfaction. What really makes or breaks a toy is advertising."

SLMA is trying to raise its profile beyond toys, but, ironically, a round of account moves is at the same time opening up new business opportunities within the field (AA, March 30).

The shop picked up an additional $12 million-plus in billings from existing-client Coleco Industries, when the West Hartford, Conn.-based toy company became disenchanted with one of its agencies, Richard & Edward's, New York.

As part of its diversification effort, the agency developed a self-promotional campaign that it mailed to marketers in five diverse categories: fashion, beverages, package goods, health & beauty aids and retail.

Those "ads" feature catchy headlines, such as "We've got a drinking problem," followed by an explanation: "The problem is, we've done a lot of great work. . . . Yet when it comes to beer, wine and soft-drink accounts, our cup isn't exactly running over."

Toy accounts have represented the bulk of the agency's billings throughout its decade of work. And the billings have grown considerably. By the agency's reckoning, it billed $32 million last year, up 45% from 1985, putting it among the top five independent agencies

(Continued on Page 66)

Special Report

Mary Anne Erickson

Marketers look to local medium

By Lisa Phillips

The timing is crucial for the outdoor advertising industry: Just as ad spending dips to new lows in tobacco and liquor, national package-goods marketers have begun to shift advertising emphasis to regional markets.

"We think the classic consumer products companies are looking for an alternative medium because of the decline in television viewership and the rising TV costs," says Pat Wheeler, director of advertising and PR at Gannett Outdoor Group and Outdoor Network, New York.

In outdoor, that shift is to middle-and-smaller markets, where local sales have always been strong. Those markets fared better in 1986 than did large outdoor markets such as Chicago and Los Angeles, where national advertisers cut back on ad spending.

Major marketers including Campbell Soup Co., Chiquita Brands, Del Monte Corp., and Nabisco Brands are using outdoor boards to target consumers on their way to the supermarket; for many consumers it's the last advertising message they see before entering the store.

Top 1986 outdoor categories
($ millions)

	Revenues
Cigarettes, tobacco	$304.2
Beer, wine & liquor	100.5
Travel, hotels & resorts	93.5
Business & consumer services	91.8
Retail	83.7
Automotive, accessories & parts	81.6
Entertainment & amusements	58.9
Publishing & media	58.9
Insurance & real estate	52.7
Drugs & remedies	18.0

Source: IOA estimates based on Leading National Advertisers

Clothing marketers, among them Reebok International and Jantzen, and department store chains such as R.H. Macy & Co., and J.W. Robinson Co., are using outdoor boards, bus shelters and transit posters to target local markets.

"Our [national] clients are saying that targeting local markets is more cost-efficient," says Richard Asch, president of Asch Advertising, New York. "They feel their national advertising is developing lots of waste circulation."

Alice Vantrease, president of Creative Marketing Services, a tracking service for out-of-home co-op advertising in Augusta, Ga., sees a "natural evolution in the sales promotion cycle," where national advertisers such as Burger King and McDonald's Corp., are using more outdoor advertising to promote tie-ins on local levels.

Some of the out-of-home ad industry's best

(Continued on Page S-2)

Package goods move up

(Continued from Page S-1)

news of the year came from Congress, and the defeat, in March, of an attempt to change the language of the Highway Beautification Act of 1965. Earlier in January, the House of Representatives passed the Surface Transportation Act of 1987, H.R. 2, a four-year funding bill that retained many of the rights of compensation guaranteed to outdoor board owners in the 1965 highway bill. A bill introduced by Sen. Robert T. Stafford (R., Vt.), in 1986, which would have banned all new or replacement outdoor boards—an act that would ultimately eliminate all outdoor advertising—didn't make it to debate; another bill, S. 387, also proposed by Sen. Stafford, which would have restricted construction of outdoor boards in "environmentally sensitive areas," was defeated in February by a 57 to 40 vote.

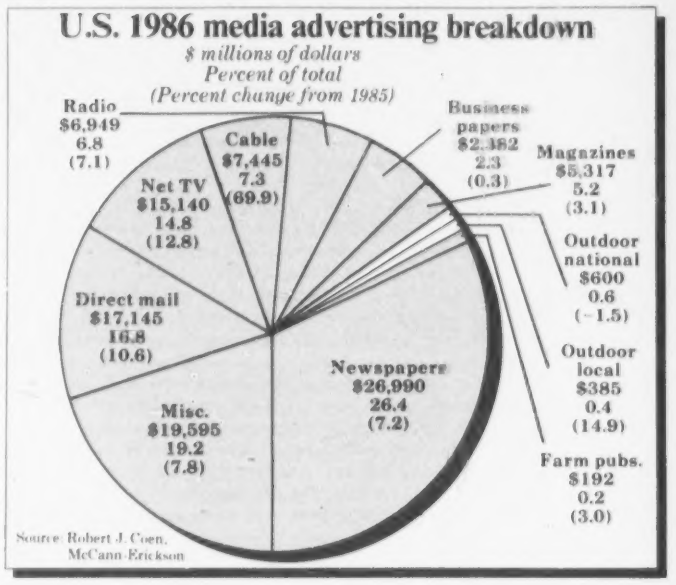
Although the Outdoor Advertising Association of America, Washington, doesn't expect another fight at the federal level this year, an OAAA spokesman says the controversy has transferred to the state and local levels; San Diego, Seattle and Portland, Ore., recently banned new outdoor boards and restricted on-premise signage.

To date, four states and several communities, primarily around famous resort areas have banned or restricted the placement of outdoor boards.

The outdoor industry also faces challenges from within. The long-anticipated crash in tobacco and liquor ad spending left the 30-sheet industry with soft sales in 1986—up only 4.4%, to $1.28 billion—an increase that fails to reflect the 6% to 8% industrywide rate hike in 1986.

According to Dave Rouatt, VP-marketing for Gannett Outdoor, the outdoor industry will see only 3% to 6% sales growth again this year.

However, Mr. Rouatt estimates 6% to 10% sales increases in 1988, as technological advances take hold and national advertisers become more familiar with outdoor's creative and marketing possibilities.



In the past year, Gannett doubled the marketing staff for itself and the Outdoor Network USA, a consortium of 36 outdoor companies led by Gannett. Last spring Outdoor Network USA also broke a $1.8 million self-promotion out-of-home ad campaign in the top 10 U.S. markets.

Outdoor co-op advertising reported sales of $58.5 million in 1986, a 100% increase over 1985's $29.2 million, says Ms. Vantrease. Along with co-op's phenomenal sales, the number of brands advertised on outdoor boards jumped to 2,553 from 1,206 in 1985.

In the first four months of 1987, CMS tracked $32 million in co-op sales at local levels, although 1987 first quarter sales in the co-op market were flat, Ms. Vantrease says. April sales figures show a 20% increase over the same period in 1986.

Despite increased spending, the flood of new co-op advertisers caused a decline in the overall share of market for traditional leading categories—automotive, beverages and fast food.

Much of the boom comes from the trend among national advertisers to give their local sales or marketing staff more power over local media buying.

"Even dealing with national companies like National Distillers, more and more there's a local marketing person who makes the decisions, no matter who I call on [at the company's headquarters]," says Connie Barry, president of TranStop Inc., a Minneapolis-based bus-shelter media company. The U.S. Postal Service has a separate marketing manager in each of its regions, with the power to make all media buying decisions for that area, she says.

The eight-sheet outdoor industry also is experiencing a spending boomlet. Sales in the mostly urban medium climbed 7.7% in 1986 to $112 million, from 1985, says Ronald Waggener, executive director of the Eight-Sheet Outdoor Advertising Association, Independence, Mo.

Last year national sales accounted for 45% of eight-sheet advertising; the ESOAA does not keep records for local sales, which accounts for the remaining 55%. Package goods, especially those targeted to Hispanics and blacks, marked the sharpest increases: food products increased 153%, personal care rose 30.8%, and miscellaneous—including healthcare services and other package goods—shot up 260%, Mr. Waggener says. Liquor, beer and tobacco advertising rose a more modest 25%, 21.4% and 24%, respectively.

Bus-shelter advertising hasn't been adversely affected by the slowdown in tobacco and liquor ad spending, chiefly because the industry has always pursued other advertisers and categories, says Ms. Barry. TranStop hasn't had a tobacco advertiser for the past two years, she says.

The company's first quarter sales hit record levels, up 64% over the same period last year, along with a 50% increase in inventory.

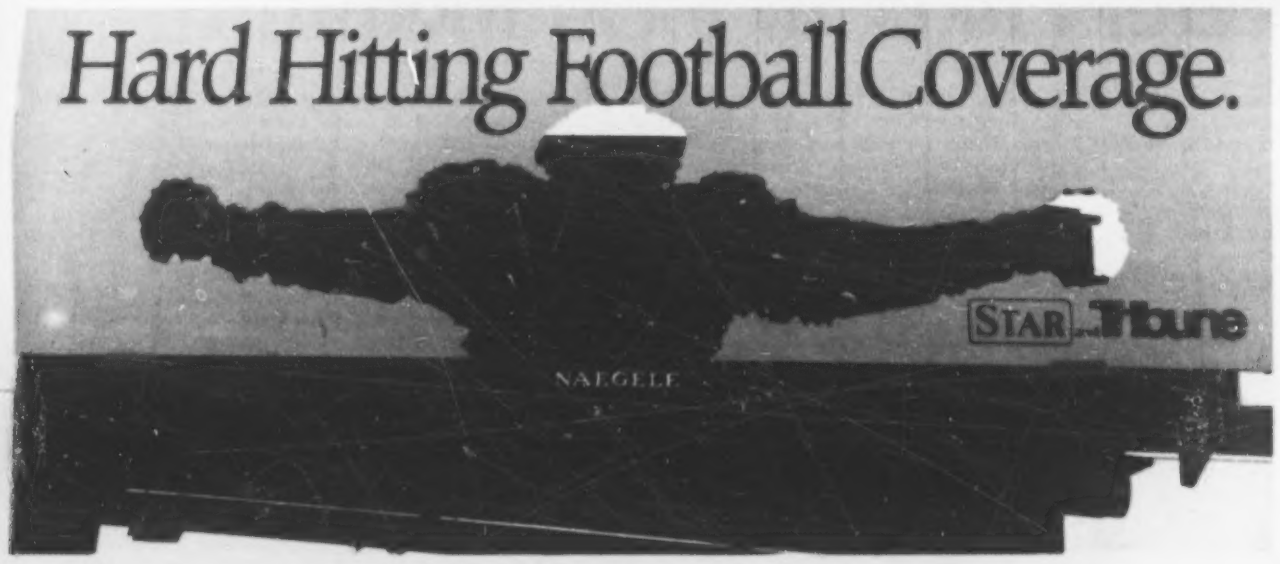
However, bus shelters form

(Continued on Page S-4)

If you want to know about OUTDOOR you need to know us

Creative Marketing Services
P.O. Box 12247 Augusta, Georgia 30904-0247
(404) 736-3589 - FAX 404/733-6663

WE'LL TEAR OUT OUR GUTS FOR A GOOD IDEA.



Can you imagine this idea on television? What would they do? Break everyone's TV screen?

And, of course, most publications would be delighted to die cut through every page for you.

Or, you could personally take a chain saw to thousands of mailboxes.

But why bother? There's already one medium that's just as big as your idea.

Naegele Outdoor provides hard hitting coverage in 21 markets. Look us over.

If you're not 100% delighted with what you see, we'll cut it out!

NAEGELE
Outdoor Advertising, Inc.
404-724-8988

Package

(Continued from Page S-2)
only a small part of the overall out-of-home industry, and aren't located yet in all top 50 U.S. markets. Annual sales are estimated between $15 million and $20 million for all shelter advertising, Ms. Barry says.

Winston Network, New York, owning the largest share of the out-of-home market, is undergoing its own revolution. Company executives bought the out-of-home leader from the Winston family last December for an undisclosed amount, and Craig Heard, former exec VP, is now president.

Although first quarter 1987 sales were soft, second quarter figures are 100% ahead of last year's second quarter, which hit $105 million, says Helene Goldfine, VP-director of marketing.

Winston, now in 55 transit markets and representing seven of the nine U.S. rail systems, also manages telephone kiosks in New York, bus shelters and taxis in several markets, and is expanding its eight-sheet boards to reach a broader audience.

"We think eight-sheets are the future," says Ms. Goldfine. "In transit advertising, you can't sell more buses than are on the streets, but you can always add more boards."

Citing a recent study conducted by New York-based Simmons Market Research Bureau, Ms. Goldfine sees further industry growth in the synergy between out-of-home and other media—in this instance, television, using recall tests for the marketer of a nationally known nasal spray.

In Cleveland, the test market, bus cards supported TV spots in a 45-day test; recognition of the brand went from 3% before the test to 28% after. In Pittsburgh, the control market, only TV ads ran—using the same campaign and the same schedules as in the test market; brand recognition for the nasal spray went from 4% pre-test to 0% after 45 days

(Continued on Page S-6)

Top growth categories in outdoor revenues

($ millions)

	1986	1985	1984	% 2-yr. growth
1. Healthcare	$29.0	$19.9	$8.3	249%
2. Food stores	14.9	10.6	5.2	185
3. Gas dealers	5.4	3.5	2.3	135
4. Car dealers	62.2	46.9	34.2	82
5. Hotels & resorts	67.3	54.1	42.5	58
Area resort promotion	12.2	3.5	3.5	249
6. Department stores	3.9	3.6	2.5	53
7. Financial	53.9	50.4	35.8	51
Banks	40.1	38.6	27.3	47
Brokers	1.0	.8	.5	87
Savings & loan assns.	9.5	7.3	5.5	74
8. Real estate	35.1	33.4	26.0	35

Source: IOA estimates based on Leading National Advertisers

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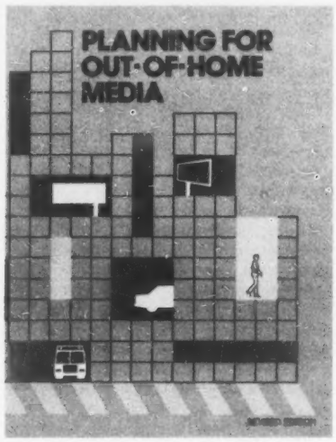

By Ken Sammon, President, Traffic Audit Bureau

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Finding a home for out-of-home—Clios taking step to solve dilemma

By Richard Edel

This weekend, The Clio Awards in New York will present more than 200 awards for outstanding creative advertising. In place of the single traditional poster category, two awards will be given for standard and non-standard out-of-home advertising.

Splitting the poster category is the first step in testing the potential of creating a separate competition for out-of-home, says Nancy Ross, Clio's VP for U.S. competition. The poster category now falls under print media, which competes along with TV, cinema and cable; radio; package design; and specialty advertising.

"There's always the possibility that out-of-home could become its own competition, but it takes time to do these things," Ms. Ross says. "I don't foresee it next year."

Standard outdoor includes 30-sheet printed posters and painted bulletins, while non-standard is all other out-of-home advertising such as smaller posters, transit, bus shelter, eight-sheet.

The odd thing about including outdoor in the print competition is that painted bulletins are not even printed pieces, says Joel Byron, Chicago-based marketing support manager for Scranton, Pa.-based Patrick Media Group. Mr. Byron first called attention to problems with the poster awards when a print ad that evolved from outdoor boards created by Chiat/Day, Los Angeles, for Nike athletic shoes won a Clio last year.

"After that I was up in arms," Mr. Byron says. "I felt it was a terrible injustice. There was not even a vague reference to the outdoor campaign that fathered the Nike print ad."

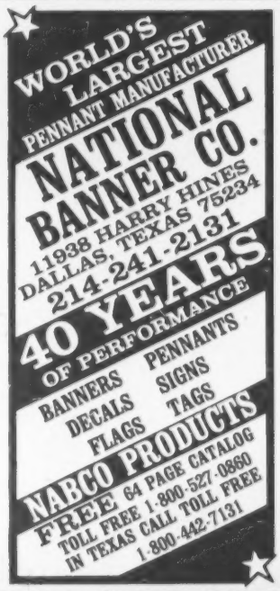
So Mr. Byron began writing letters and talking to executives at Gannett Outdoor Group, New York, and Patrick. "Under the print competition, outdoor is a separate sister," Mr. Byron says. "The only way outdoor will achieve parity with other forms of advertising is if we get our own separate competition."

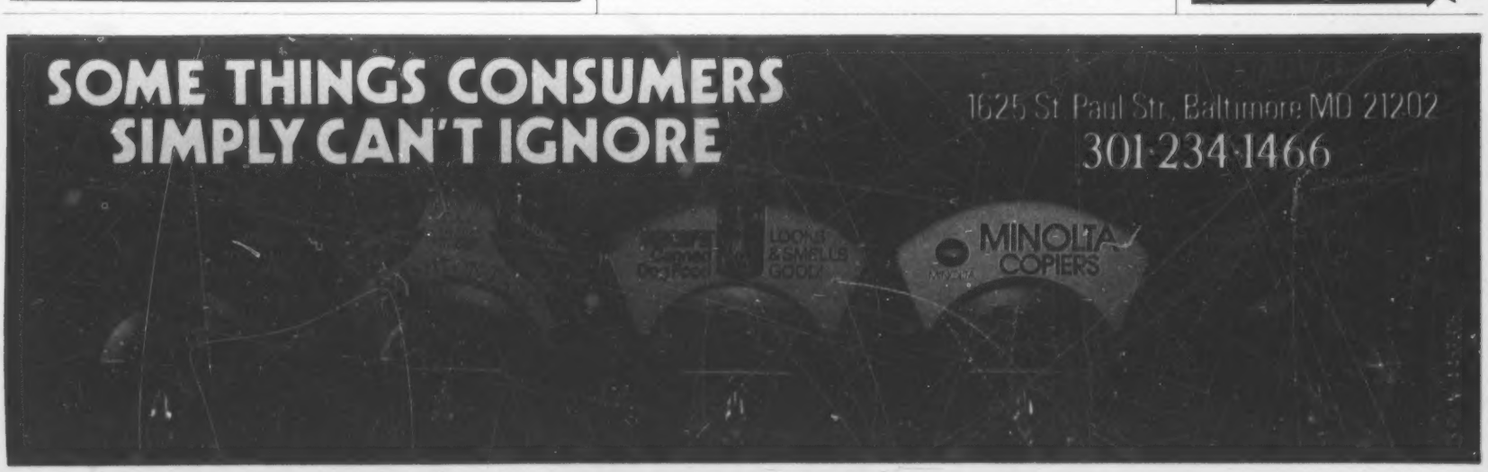
Outdoor advertising already has its own Obie awards sponsored by the Institute of Outdoor Advertising, New York. But The Clio Awards, often described as the ad industry's Oscars, are important in recognizing creative excellence, Mr. Byron says.

Entries for the newly split out-of-home categories are up slightly to 310 in 1986, from 298 the previous year, says Mike Demetriades, senior VP at The Clio Awards, who supervises the print and international competition. A total of 22 entries were selected as finalists from 200 entries for non-standard outdoor, and nine finalists out of more than 100 entries for standard outdoor, he says.

"Outdoor probably won't get its own competition in the near future," Mr. Demetriades says, "unless we really start to get a lot of entries."

Richard Edel is a frequent contributor to Special Report.





Local medium

(Continued from Page S-4)

of TV-only ad scheduling.

New technological developments—computerization is the biggest buzzword—will be changing the face of the outdoor industry in the next few years, according to outdoor watchers. Gannett Outdoor recently announced the U.S. introduction of Superflex, a vinyl fabric that will be used to cover boards that previously used paint or posters. Computer-painted images will have magazine quality reproduction, and special inks developed by Gannett won't fade for more than two years.

Metromedia Technologies, Los Angeles-based subsidiary of John Kluge's Metromedia Co., and the older Computer Image Systems, Torrance, Calif., have entered into marketing agreements with Gannett and will use Superflex with their computerized printing processes. AA

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Aggressive media turning to outdoor in big, bold way

By Janice Steinberg

Media is spending millions of dollars on out-of-home advertising: It's King Kong on top of a building, it's an outdoor board painted to look like a movie marquee, it's a blowup of distinctive magazine cover art.

Whatever the picture, it measures 5% of total outdoor revenues in 1986, according to the Institute of Outdoor Advertising in New York. Radio and television stations, newspapers and magazines spent $60.9 million on painted bulletins and poster panels in 1986, up from $24.8 million in 1980.

Pittsburgh-based Gateway Outdoor, the nation's largest eight-sheet outdoor advertising company reports an increase of 20% in 1986 media participation, with sales up 5% from 1985, says Robert J. Smith, president of Gateway.

Helene Goldfine, VP-director of marketing for New York-based Winston Network, the largest vendor of transit advertising in the U.S., says that the media category moved past liquor, which has 5%, into second place with 19% of total advertising at Winston in 1986; tobacco is first with 23%.

Janice Steinberg is a frequent contributor to Special Report.

Although there is no percentage breakdown of media spending in the $15 million spent on bus-shelter advertising nationally last year, Connie Barry, president of TranStop Minnesota and the Shelter Advertising Association, says media is the largest category of advertiser with 25% of sales at the Minneapolis-based company.

The increasing use of out-of-home by media companies is coupled with a growing level of creativity, says Jack Donahue, VP-public relations at IOA.

"The big image, bold use of color, and minimal copy seem to be the magic formula," says Mr. Donahue.

"The whole industry has advanced in the last few years," says Larry Cognetti, VP-marketing, at Patrick Media Group's corporate office in Scranton, Pa. "Because of the use of computers, we can now target specific outdoor locations to meet client needs by ZIP code, by category, by industry, by ethnic or minority group."

The largest outdoor user among the media, radio, which accounted for 68% or $41 million of outdoor's 1986 revenues from media companies, is fine-tuning its targeting techniques. "They're using research that pinpoints their listeners by ZIP code and looking for outdoor locations within those ZIP-coded areas," says Nicolas Hemes, VP of Los Angeles-based Martin Communications, which has outdoor and mall locations in California and Hawaii.

Industry watchers note two trends in radio's use of out-of-home: a switch from two-or-three-month campaigns to year-round presence, and increasingly refined targeting.

The growth of continuous out-of-home advertising is partly in response to Arbitron's continuous measurement, which began in 75 major markets in the fall of 1985.

However, many radio stations went to year-round schedules prior to the changes in measurement.

KBIG-FM, Los Angeles, placed its message on the city's articulated buses seven or eight years ago. "It keeps our message out on the street," says Joyce

Bose, VP-promotion.

Los Angeles-based "KIIS (FM) has a game going now where you send in a postcard to try to win $5,000 to $50,000," says Bill Crabtree, VP-general sales manager at Gannett Co.'s Outdoor Network in Los Angeles—Gannett owns KIIS.

55% of its out-of-home budget annually on outdoor boards and 45% on other vehicles such as transit and mall posters.

In cable, Atlanta-based Turner Broadcasting System's superstation, WTBS, took a three-pronged approach in a $1 million campaign focused via

Part of an award-winning campaign, movie marquee bulletins promote the movie programming of WTOG-TV, St. Petersburg, Fla.

"They use it as a contest, but they also use it as a tool to locate their listeners." They've established priority ZIP codes, and outdoor can target those areas as no other medium can, says Mr. Crabtree.

KIIS features top personality Rick Dees on its out-of-home ads designed by Los Angeles-based Campbell Powell Thompson Advertising. Dan Acree, director of marketing at KIIS, says the station spends about

super king transit posters.

"We were trying to increase viewership. We were trying to gain subscribers for the cable operator. And we were putting our product in front of the agencies," says Ron Harris, VP-advertising and promotion.

The five-month campaign—last October through December and March and April of this year—ran in Chicago, Detroit, Los Angeles, Miami and New York, where advertising agencies are concentrated. In New York, bus advertising was augmented by subway posters, and in other cities, by outdoor.

Ms. Goldfine of Winston Network sees the WTBS campaign as part of a trend of media companies using out-of-home to attract advertisers. "I think now in the larger markets where there are advertising agencies, the media companies are trying to position their ads to pass by the people who have dollars to spend."

Television's spending in outdoor, although less than radio's, rose to $14.3 million in 1986. "For lack of a better term" it focuses on "star awareness," says Mr. Cognetti.

"They tend to highlight the new [local] anchor team or the new fall programming and the various stars.

"It's worked for them," he says. "Their studies have shown that putting that personality out in front of the programming allows them to garner more market share."

The '87 Obie merit award-winning movie marquee from WTOG-TV, St. Petersburg, Fla., went up last September. Designed by Louis Benito Advertising in Tampa, the six painted bulletins were intended to run for only three-to-four months, says Edward Aiken, WTOG's VP-general manager.

"But the impact was so great, we determined that they should stay up." The boards are now

(Continued on Page S-8)

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Media turning to outdoor

(Continued from Page S-7)
scheduled for an indefinite run, says Mr. Aiken.

The bulletins were augmented in November with a paper showing of more than 190 boards, minus the flashing lights. The total cost of the out-of-home campaign was $100,000, representing 13% of the approximately $750,000 the station spends annually to promote its movie programming, he says.

Although newspapers account for only 6.4% of media spending in outdoor, newspaper advertising creativity wins high honors.

The past three media Obie Awards presented by the IOA have gone to newspapers; and the *Tulsa World* won in both 1985 and 1986.

The 1986 award-winning design, presented in 1987, by Brown Bloyed & Associates, Tulsa, shows the *World* folded into a boat with the copy line "World cruise $7.25" and in small print under the $7.25, "Monthly subscription." Arney Brown, agency president, says the *World* has three 14-by-48 ft. painted bulletins rotated at two

Papers press home their creativity

Outdoor industry watchers praise the creative work for the *Boston Globe*, the *Minneapolis Star & Tribune* and the *Los Angeles Times*.

Several years ago the *Globe* won a number of awards for a board created by Hill, Holliday, Connors, Cosmopulos, Boston, on which two "painters" gradually filled in a front page.

The *Globe's* current campaign featuring its editorial staff has four boards up for a cost of about $250,000 a year, says Sales Promotion Director Jim Regan.

Year-round presence also is an aspect of the *Minneapolis Star and Tribune's* out-of-home strategy. Last fall the *Star and Tribune's* painted bulletin across from the Metrodome pictured the outline of a football player cut out as if he had crashed through the board. The current creative has a three-dimensional baseball umpire who moves his arms to signal "safe."

"The *Star and Tribune* uses outdoor as a base continuity vehicle," says Kevin Lynch, VP-account supervisor at Bozell, Jacobs, Kenyon & Eckhardt.

The *Los Angeles Times* is currently running a major promotion that includes TV, radio and out-of-home.

Sports often figure in boards for the *Minneapolis Star and Tribune*.

The creative, developed by J. Walter Thompson USA in Los Angeles, uses the theme, "We're there for you, every day." The five different out-of-home designs show the face of one of five world leaders—Ronald Reagan, Margaret Thatcher, Pope John Paul II, Mikhail Gorbachev or Deng Xiaoping—each backed by a recognizable landmark such as the Vatican.

—Janice Steinberg

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Advertisers are the primary target of Hearst Magazines' *Redbook* out-of-home advertising. Five years ago the magazine added the *Redbook* juggler—the woman juggling husband, family, job and home—and followed the traditional route of using the ads in trade magazines. Then in 1983 the magazine's agency, Rosenfeld, Sirowitz & Humphrey, New York, suggested using the juggler in transit ads.

The response was so positive, says Promotion Director Sandy Spaeth, that approximately 18 months ago, *Redbook* added outdoor boards to the schedule.

Although magazines are the smallest media buyer in outdoor advertising, the category's spending increased by 600% from 1980 to 1986.

New York-based *Omni* blows up its cover art for New York subway ads and for bus shelters in Los Angeles, Minneapolis/St. Paul, Philadelphia and Washington.

Omni usually couples the shelter ads with television and spends approximately $140,000 annually for shelter space alone, with a total ad budget in excess of $2 million, says Andrew C. Kristiansson, accounts manager at Tilley Marlieb Advertising, *Omni's* in-house agency.

In response to unused space, out-of-home companies often exhibit unusual creative techniques to attract potential advertisers.

Malcolm Bordelon, sales and marketing manager at Carlisle Outdoor in Dallas, says self-promotion has made his company "practically a household name."

Carlisle owns seven painted bulletins equally spaced along a one mile stretch of the Dallas/Fort Worth turnpike. In February it put up a campaign series that started with one cartoon-style cow in a pasture and grew by the sixth board to a bovine herd. The final board says "Herd of Carlisle?" and gives the company telephone number.

All advertisers say that it is virtually impossible to measure the impact of out-of-home advertising; because there are so many factors involved in greater circulation or ratings, the effectiveness is gauged by more subjective criteria.

"You can't really attribute, 'Our sales are up, or viewership is up, or acquisition is up,' although all three of those are up. The real way we have to measure this type of campaign is based on awareness," says WTBS's Mr. Harris.

"We get feedback day in and day out from agencies and from Manhattan Cable," he says. "In fact, Manhattan Cable has gotten such feedback on our transit campaign that they're adapting it for a [Cable News Network] campaign."

When the *Boston Globe* boards stimulate a lot of conversation, "that's the best indicator we have, says Rita Harris, account supervisor at Hill, Holliday, Connors, Cosmopulos in Boston.

"We know that we have a successful board, a great creative, when the town is talking about it."

Outdoor media advertising expenditures

($ thousands)

	1986	% chng. from 1980
Magazines	$211.2	84.4
Newspapers	3,894.7	56.3
Radio stations	41,411.0	59.5
TV stations	14,300.5	56.1
Cable TV	1,121.2	—
Totals	**60,938.6**	**59.4%**

Source: IOA estimated based on Leading National Advertisers reported expenditures

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Utilities find outdoor right on target

By Richard Edel

Southern Bell Telephone & Telegraph is taking a slapstick approach to outdoor bulletins by comparing its Yellow Pages with those of competitors. In one campaign, the Atlanta-based company cautions consumers "How to avoid a case of mistaken identity," showing a Southern Bell directory next to a competitor's product wearing a funny nose and glasses.

The tone may be tongue in cheek, but the objective is quite serious.

It's an attempt to create brand awareness for directories published by Southern Bell's parent company, BellSouth, Atlanta, one of seven regional Bell companies formed by the 1984 breakup of American Telephone & Telegraph Co., New York.

The court-ordered divestiture introduced a new element of competition to the communications industry. One effect is a more visible role for out-of-home advertising among quasi-public utilities.

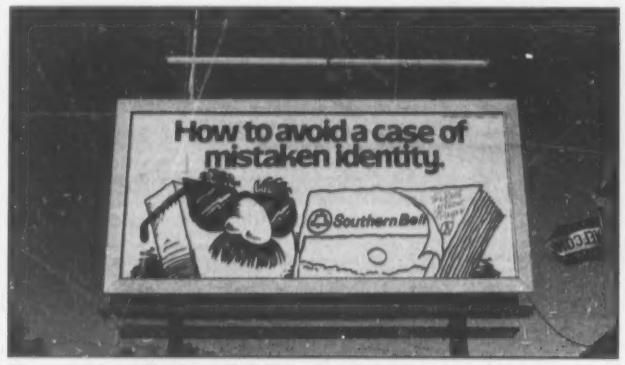
"We've been using a lot more billboard advertising [as part of an integrated strategy] in the last two years," says Neal Clay, manager-corporate information at BellSouth Advertising & Publishing Corp., Atlanta.

"We're striving to create brand awareness for our directories as 'The Real Yellow Pages,'" he says.

BellSouth, which publishes 500 directories in a nine-state area for its two main operating units, Southern Bell and South Central Bell, is in a pitched battle with independent publishers, Mr. Clay says.

The competition is stiff in larger markets, such as South Florida, but it is here that BellSouth can claim some success. Purchase, N.Y.-based R.H. Donnelley Information Publishing, a division of Dun & Bradstreet, announced recently that it is withdrawing a competing Yellow Pages this month from the Dade County, Fla., market.

BellSouth is not alone among utilities and communications companies in turning to out-of-



The portrait on Southern Bell Telephone's outdoor board may be tongue in cheek, but the campaign results are quite serious.

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home advertising, says Andy Weitzer, VP-media research at Outdoor Network USA, a consortium of 36 independent outdoor companies nationwide represented by Gannett Outdoor, New York.

"We're seeing a lot of changes in how outdoor is being used. Years ago, outdoor might have been out of the mainstream, but now it's being used as part of an integrated advertising strategy, particularly in local markets to generate top-of-mind awareness," Mr. Weitzer says.

Nowhere is this more important than when dealing with a company's logo and image, says Rick Janke, communications coordinator for San Diego Gas & Electric.

The San Diego utility company is considering petitioning the California Public Utilities Commission this year to permit the creation of a holding company to own the utility. "If that happens, there will have to be widespread circulation of our new name and logo as part of an integrated campaign," which includes TV, radio and print media, he says. Mr. Janke adds that outdoor suits this strategy well.

Several years ago, the utility created a fully integrated campaign that asked consumers to reduce energy consumption during the peak hours between 11 a.m. and 5 p.m. A simple outdoor ad warning consumers to "Get off the juice" supported TV, radio and print. Post advertising research found the campaign highly effective, Mr. Janke says.

"It was the most successful public information campaign we've ever run," he says. "That was a good message for that kind of medium. It was simple and didn't require a consumer response."

Other utilities are recognizing the ability of outdoor to convey a simple message with impact. Toronto-based Consumers Gas Co. is launching a fully integrated campaign this month in Ontario to promote using natural gas or gasoline in modified vehicles, says Eleanor Abaya, manager-advertising and media relations.

Cars using natural gas go 50% farther on a per-dollar basis, she says. Outdoor boards show a horizon line with the copy, "Drive 50% farther," featuring the logo of Consumers Gas Co.

"It's a simple, straightforward, powerful visual," Ms. Abaya says. "We want people to make the connection between driving 50% farther and Consumers Gas Co. There's a lot of education to be done. Very few people are aware of [natural gas vehicles]."

The campaign is being placed cleverly, she says. The boards will appear on the backs of buses, where consumers and fleet operators will be certain to see it. "Your target is obviously everybody who drives. You're hitting people in the very environment where you'd like to reach them: in the car," she says.

Low-cost targeting also is the reason Northern States Power Co., Minneapolis, is using outdoor to reach likely users of its Budget Helper payment plan, says Michelle Juntunen, manager of paid communications. The utility is using outdoor posters at transit stops in moderate to low-income neighborhoods, she says.

The utility has used outdoor to show that its electric and gas rates are among the lowest in the country and to inform consumers about safety, and community programs.

Advertisers are shifting their media-buying patterns as they seek new media combinations to address changing demographic

(Continued on Page S-12)

Utilities spending in outdoor advertising

($000)

	1986	1985	1984	% 2-yr. growth
Gas power & lighting cos.	$2,866.4	$2,461.9	$1,127.0	154%
Data communication networks	16.3	10.1	5.6	191
Telephone cos. (public & private)	4,025.9	3,524.5	2,377.6	69
Business phone equipment	267.9	175.7	321.1	—
Home phone equipment	85.9	115.4	57.6	48
Cellular radio systems	1,706.4	961.4	702.7	143
Misc. communication & public utilities	1,974.9	934.7	149.1	1,224
Totals	**$10,941.9**	**$8,185.8**	**$4,740.8**	**131%**

Source: IOA estimates based on Leading National Advertisers

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Utilities

(Continued from Page S-11)

and TV viewership patterns, says Jack Donahue, IOA's VP-public relations.

The inability of daytime TV to reach working women, and the increasing use of VCRs during prime time programming, for example, are just two reasons why advertisers are paying closer attention to the out-of-home media. "Most advertisers are working under the mandate that they examine alternative media," Mr. Donahue says.

Additional factors include rising competition in certain categories, such as long-distance and cellular telephone service, says Gerard Joyce, president of Scranton, Pa.-based Patrick Media Group, the nation's largest outdoor media company, with reported revenues of $220 million in 1986.

"Four years ago, advertising for cellular telephone service was virtually nonexistent. Today, it probably represents 5% to 6% of our business. It's really come on," Mr. Joyce says.

Cost is a critical factor, says Pam Eldridge, general manager-PR, for BellSouth Mobility, the Atlanta-based cellular unit of BellSouth. "If you only have so many dollars available, outdoor becomes more attractive because it's so cost effective."

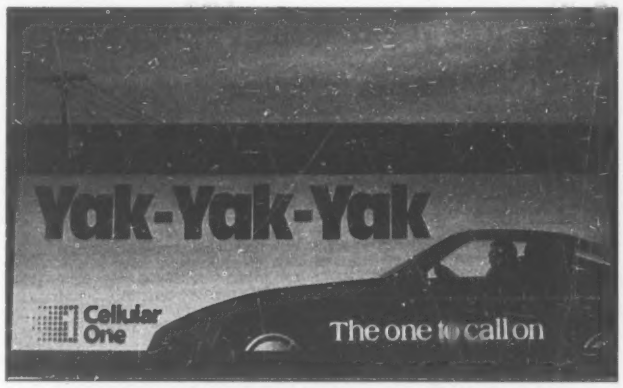
BellSouth Mobility is adapting out-of-home media in 17 major markets in the Southeast, served by 14 cellular systems. It is using outdoor to expand on its theme, "The fun company for your car," to include boats in the South Florida market and trucks in others, she says.

Although out-of-home represents the smallest measured media category, it had the largest percentage increase of any media category, up 35%, from 1985 to 1986 among communications and utilities companies, based on an analysis of Leading National Advertisers and Broadcast Advertiser Reports by Outdoor Network USA, New York.

In measured spending for the two categories in 1986, network TV was second in terms of percentage gain, up 14% to $206 million; followed by spot TV, up 9% to $303 million. Magazines fell 6% to $150 million; spot radio dropped 12% to $24 million; newspapers decreased 24% to $5 million, according to Outdoor Network USA.

The biggest advantage in using outdoor bulletins is targeting, says Jim Robertiello, advertising manager at NYNEX Mobile Communications, Pearl River, N.Y. NYNEX has used outdoor effectively in promoting its cellular telephone services.

"In our case, our purpose was to reach commuters. Our prime customers are people who are stuck in their cars on the freeway. You can't get any closer targeting than that," Mr. Robertiello says. AA



Cellular One won an Obie Award for Kansas City, Mo.-based Harmon Smith Advertising's "Yak-Yak-Yak" outdoor board.

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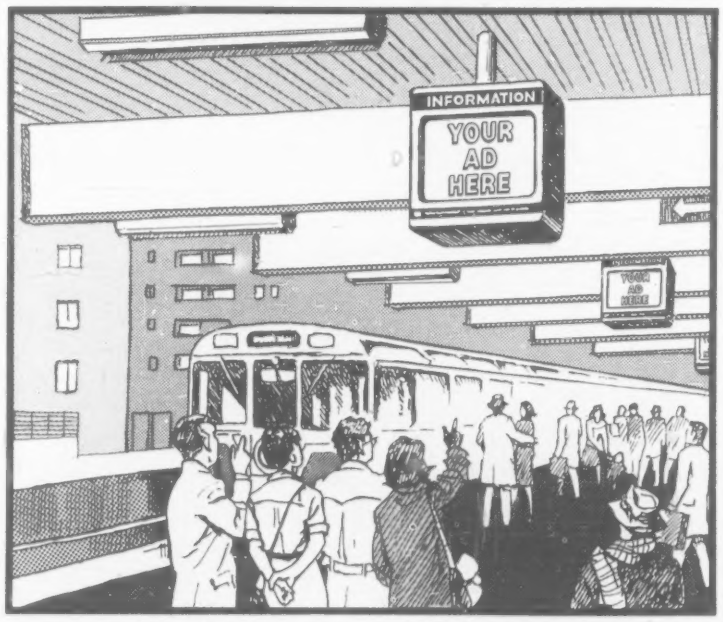

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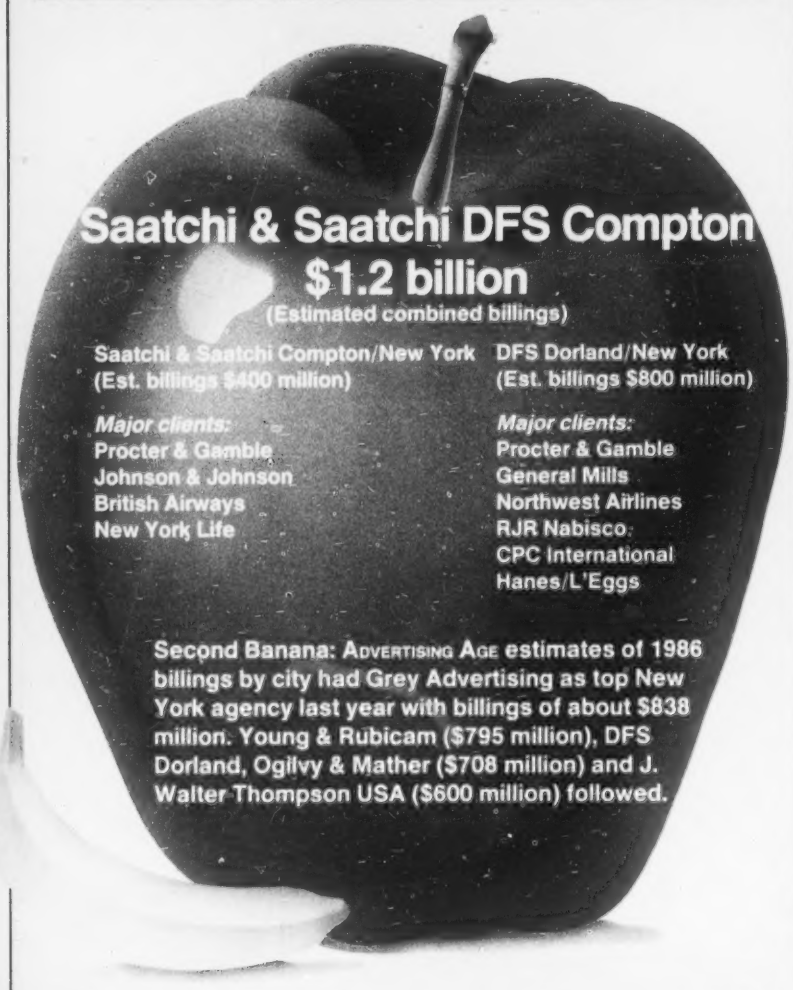
Big Apple's biggest apple


Saatchi & Saatchi DFS Compton
$1.2 billion
(Estimated combined billings)
Saatchi & Saatchi Compton/New York
(Est. billings $400 million)
Major clients:
Procter & Gamble
Johnson & Johnson
British Airways
New York Life
DFS Dorland/New York
(Est. billings $800 million)
Major clients:
Procter & Gamble
General Mills
Northwest Airlines
RJR Nabisco
CPC International
Hanes/L'Eggs
Second Banana: Advertising Age estimates of 1986 billings by city had Grey Advertising as top New York agency last year with billings of about $838 million. Young & Rubicam ($795 million), DFS Dorland, Ogilvy & Mather ($708 million) and J. Walter Thompson USA ($600 million) followed.

But who's in charge?

By PAT SLOAN

New York—Saatchi & Saatchi Co. will announce consolidation of part of its empire today, and the group's Compton agency apparently lost out.

The consolidation of DFS Dorland and Saatchi & Saatchi Compton into Saatchi & Saatchi DFS Compton will make the merged agency the largest in New York, with combined billings of $1.2 billion.

But a high-level Saatchi & Saatchi source outside New York said, "There are a tremendous number of disaffected people at Compton." The combined shop

(Continued on Page 90)

Second British bidder for JWT

By PAT SLOAN and LAUREL WENTZ

The advertising industry's first hostile takeover battle heated up last week when a second British company came forward as a possible "white knight" for JWT Group.

Trilateral Communications, a U.K. holding company formed four months ago and run by John Wood, a London adman, has had discussions with the New York-based agency group.

The move follows last week's breakfast meeting between JWT Group Chairman-CEO Don Johnston and WPP Group chief executive Martin Sorrell to discuss WPP's attempted takeover of JWT Group.

WPP's bid, upped last week from $45 to $50.50 a share, has not been matched by anyone, including Mr. Wood's group.

Late June 19, WPP extended its $50.50 offer to noon today, which one source close to the negotiations interpreted as a favorable sign for WPP. The total offer is worth $515 million.

U.S. agencies, either separately or in a consortium, also have been rumored to be looking at purchasing JWT Group, and Ogilvy & Mather is cited as the leading contender.

It would be ironic if JWT were "rescued" by another British company.

Trilateral was created to take a U.K. financial services group, British & Commonwealth Ltd., into the communications business.

B&C owns 24% of London-based ad agency Wood Brigdale, Nisbet & Robinson Ltd., and also owns a merchant bank, Cayzer Ltd., which would finance the deal.

Although he would not comment on any discussions in the works, Mr. Wood, who also is chairman of the agency, told Advertising Age three separate JWT officers from three different JWT-owned operations contacted him about acting as a white knight.

That began 10 days ago when WPP started lining up underwriting for its financing.

"It was a well-telegraphed punch," Mr. Wood said.

Mr. Wood would not identify the JWT individuals but said that Mr. Johnston was not one of them.

"Our merchant bank would be the vehicle" for the bid, he said. "[JWT Group] could have us as significant players in their company, leaving them free to restructure the financial side of the business with some help."

One possibility is a minority stake in JWT,

(Continued on Page 92)

SmithKline, B-M prepare for OTC

Antacid attack

By NANCY GIGES

SmithKline Beckman Corp. is laying plans to take a consumer version of its $1 billion-a-year anti-ulcer drug, Tagamet, into the over-the-counter market, an explosive development likely to reshape the $700 million antacid category.

Although Food & Drug Administration approval of OTC-strength Tagamet may be a few years away, Bristol-Myers Co. already has positioned itself to share in the spoils.

Under a pact with SmithKline, B-M will be able to market its own OTC antacid containing cimetidine, the active ingredient in Tagamet.

Philadelphia-based SmithKline's patent on cimetidine runs until 1994, which should give it and B-M time to build awareness for their brands before competitors jump in with "me-too" products.

New York-based B-M earlier struck a similar marketing link with Upjohn Co., Kalamazoo, Mich., in the analgesics market. That earlier deal gave B-M marketing rights to Nuprin, the OTC pain reliever based on ibuprofen, a hugely successful prescription drug sold by Upjohn under the name Motrin.

SmithKline, though it markets consumer products such as Contac cold remedy, is primarily a prescription-drug marketer. In another deal last week, it acquired potentially valuable rights from B-M to a newer-genera-

(Continued on Page 93)

GF may cut commission

By JUDANN DAGNOLI

General Foods Corp., one of the country's leading advertisers spending about $350 million a year, appears to be cutting back on commissions to its core ad agencies.

The four agencies—Grey Advertising, D'Arcy Masius Benton & Bowles, Young & Rubicam and Ogilvy & Mather—would not comment officially. But two inside sources said their shops are working up a plan to present to GF that would stretch the agencies' dwindling commissions from the Rye Brook, N.Y.-based marketer.

Those plans are said to include contingencies for additional new-product development payments and a relaxation of GF's stance on client conflicts.

It was not clear whether the agencies were working alone or in concert.

GF agencies now get the 15% commission that was once the industry standard, according to sources.

Expected to be hardest hit by the GF commission cut is O&M, which only two months ago lost an estimated $17.5 million in billings for GF's Maxwell House (AA, April 20).

Maxwell House's $70 million budget, cut by 25%, had been a casualty of volatile coffee pricing and high promotional spending in the category.

O&M also handles an estimated $47 million for Country Time powdered beverages, some Post cereals, Shake 'n Bake coating mix and

(Continued on Page 93)

Last Minute News

MasterCard's $40M account goes to SSC&B

New York—SSC&B:Lintas Worldwide won the $40 million MasterCard International account (AA, March 23, *et seq*.), beating out fellow finalists Chiat/Day; Bozell, Jacobs, Kenyon & Eckhardt; and Levine, Huntley, Schmidt & Beaver. Incumbent William Esty Co. withdrew from the competition last month.

Dentsu snares Grand Prix at Cannes

Cannes—Dentsu's 60-second TV spot entitled "The Illustrated Guide to Animals," for an encyclopedia of animals, won the Grand Prix here last week at the International Advertising Awards Film Festival, sources said at press time. The spot, directed for the Tokyo-

(Continued on Page 8)

Highlights

Toppels just won't topple 12

After last year's new-product blitz crumbled, Frito-Lay is back testing Cracker Snax—the new name for its short-lived Toppels. The marketing test in Dallas contrasts F-L's ill-fated burst of new-product activity last year with MaxSnax, a family of three snacks including Toppels. But F-L just won't give up on the MaxSnax concept.

Shell experiences new image 12

Shell Oil Co. is shifting gears in an estimated $15 million ad campaign themed "Experience the difference." The nation's leading gasoline marketer will move from a straight product message to an umbrella image campaign, keying on consumer concern about service. The switch comes as virtually all other competitors are concentrating on "high performance" aspects of their products. "Experience the difference" is the first umbrella theme Shell has used since 1982.

Ad execs rap rate-busting 24

Business publishers who, like some consumer magazines, are employing flexible rate cards drew heat from agency and advertising executives attending the Business/Professional Advertising Association annual meeting in Boca Raton, Fla., last week. Fear of a trend toward rate-busting following *McCall's* highly publicized move to negotiable rates was a hot topic. None of the publishers admitted to selling off their rate cards, but several said they knew other publishers who did.

Paxson pitching game show 44

Home Shopping Network is taking its pitch one step further into the game-show business. HSN President Lowell "Bud" Paxson has begun a major media tour, including a satellite video conference and the talk-show circuit, to plug the new "Home Shopping Game." The show, which made its debut June 15, has been cleared in 50% of the country and will run on all CBS owned-and-operated stations. The game show marks the biggest challenge to date for HSN as it morns into syndicated TV from radio and cable and UHF TV.

Turtle Wax moves indoors 86

Turtle Wax is about to give its 5-year-old diversification plan its toughest test. The world's largest marketer of carcare products, looking to move out of the garage and into the home, this fall takes a major step into household products by introducing Scratchguard bath and kitchen cleaner. For Turtle Wax, a privately held company with annual sales of about $100 million, it means changing its distribution and sales networks, specifically targeting female consumers for the first time and taking on some of the nation's largest consumer-products marketers.

INTERNATIONAL

Detergent battle bubbles in the U.K. 60

Procter & Gamble Co. and Unilever are pitting their newly launched Ariel and Wisk brands against each other in a battle for the U.K.'s new liquid-detergent market. The two brands hold 20% of the $600 million low-suds detergent market since P&G launched Ariel Liquid nationally in December, following Unilever's rollout of Wisk in September.

Japan gets RJR apology 60

R.J. Reynolds Tobacco Co., under investigation by U.S. authorities after shipping to Japan Winston Lights cigarettes with tobacco containing higher-than-allowed herbicide levels, ran a newspaper ad apologizing to Japanese consumers. The ad, created by J. Walter Thompson Japan, expresses RJR Nabisco's "sincerest apology for having caused great concern to consumers and retailers due to various media reports regarding Winston Lights."

OTHER NEWS

Financial services could be the next major ad category to encounter agency/client conflicts. As banks, insurance companies and brokerage houses offer increased services, several agency executives say the concept of a financial "supermarket" will cause closer examination of account conflicts. Page 28.

Levi Strauss & Co. is back in the fashion business. A year after dismantling its fashion-conscious Battery Street Enterprises unit, the jeans marketer is testing the water again with Levi's Dockers, a new line of casual men's wear. Page 41.

Procter & Gamble Co. is racing to increase its estimated $30 million special-events sponsorship program and to add events-marketing agencies to its roster. P&G is exploring sponsorships of several spectator sports, including bicycle racing, sailboarding and fishing. Page 41.

Marketers are blurring the line between cars and trucks in response to a new wave of customers looking for carlike features in their trucks. "Toughness" is no longer the only positioning for trucks; "fun" and even "prestigious" are major selling points. Page 41.

The top 15 advertisers on network TV increased spending by 13% during the first quarter of 1987 vs. the same period a year ago, according to Broadcast Advertiser Reports. Johnson & Johnson Co., Chrysler Corp. and Mars Inc. increased spending, but Procter & Gamble Co. decreased its network spending 6% to $108.7 million. Page 70.

SPECIAL REPORT

***Magazines**—Despite the inherent complexities of the international publishing arena, many U.S. and foreign publishers are navigating the waters successfully. Starts after Page 48.*

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Alien message

Actor Luis Avalos of "Hill Street Blues" fame appears in Spanish-language TV public service announcements discussing the new immigration law, as part of the Immigration & Naturalization Service's information campaign. Actor Eddie Albert does an English-language version directed at employers. The tougher law is under attack from a number of quarters; its June 1 effective date has been set back to July 1. The government plans to add a paid ad campaign to the public service effort when the law takes effect. The Justice Group, Los Angeles, handles.

Chiat may give up Porsche

Nissan eyes 3

By CLEVELAND HORTON

Nissan Motor Corp. USA cut the list of agencies contending for its $150 million account to three—Chiat/Day, Ogilvy & Mather and Tatham-Laird & Kudner.

It also decided against splitting its account between cars and trucks, meaning there may be a parting of the ways between C/D and Porsche Cars of North America, Reno, Nev.

C/D Los Angeles General Manager Greg Helm insisted the agency hasn't resigned the $14 million Porsche business, but acknowledged it was up to Porsche whether the relationship will continue.

Porsche officials denied they are about to make a change, but sources said Porsche will sever its ties with the agency soon.

Dropped from the Nissan competition were the Bloom Agency, Dallas, and Jordan, Manning, Case, Taylor & McGrath, New York. Both Bloom and JMCT&M suffered because they lack a West Coast presence and executives ready to head a possible new office.

Carson, Calif.-based Nissan insists its account be serviced on the West Coast.

The winning agency will succeed William Esty Co. on the account (AA, May 4).

Another question on Nissan surfaced last week: Is there more than $150 million in billings at stake for the agencies involved?

Nissan's Japanese parent indicated last week it plans to establish a new U.S. division to market upscale cars and minivans in the 1989 model year.

That division, following the example set by American Honda Motor Co. for its Acura line and,

(Continued on Page 93)

Levine acquires Los Angeles shop

By JENNIFER PENDLETON

Levine, Huntley, Schmidt & Beaver expanded outside its New York base by acquiring a majority interest in Los Angeles agency Larsen, Colby, Koralek.

The $10 million agency, founded less than three years ago by three former executives of Keye/Donna/Pearlstein, is becoming a division of LHS&B, but will operate under the LCK name.

LCK Exec VP-Creative Director Rick Colby declined to reveal how big a share LHS&B holds in his agency, but stressed the three LCK partners retain a sizable chunk.

Neither Mr. Colby nor LHS&B Chairman-CEO Harold Levine would reveal the terms of the deal.

The three LCK partners will keep their existing titles. Garry Koralek, 36, remains president-ceo; Mr. Colby, 35, and Gary Larsen, 38, will keep the title they share—exec VP-creative director.

West Coast News

LHS&B will use LCK to enter the southern California market, one of several U.S. regions into which the $130 million agency hopes to expand.

Mr. Levine said LHS&B clients Subaru of America and Jos. E. Seagram & Sons didn't demand the agency establish a southern California branch, although each has operations here.

LCK likely will start working on

(Continued on Page 94)

Seoul riots cloud NBC's Olympics

By VERNE GAY and KEVIN COTE

The Olympics jinx that plagued NBC-TV seven years ago is rearing its head again.

Riots and political upheaval in Seoul, South Korea, where the 1988 Summer Olympics will be held, are raising old fears at NBC. But no sponsor has yet shown any public concern, and one, AT&T, is ready to make a major Olympics buy.

Still, "NBC has to be a little shell-shocked," said one media executive last week.

The network's plans to telecast the 1980 Olympics from Moscow were scuttled when President Jimmy Carter ordered a boycott of the Games by the U.S. teams.

NBC has estimated it will sell about $600 million in commercial time in the Olympics.

Sources estimate $150 million to $200 million of this amount is "incremental," or money that sponsors will pull from other sources to fund their Olympics sponsorship.

Current sponsors include Coca-Cola Co., General Motors, Eastman Kodak Co., Federal Express Corp., Visa USA, McDonald's Corp. and Isuzu Motors.

If the Games were canceled, this incremental money would probably flow back into promotion, or to other media vehicles, according to executives.

The rest of the money would likely be "re-expressed" in other replacement programming that would run from Sept. 17 to Oct. 2, when the Games will be telecast.

NBC would not have to pay the $300 million in rights fees to the Seoul Olympics Organizing Committee (SLOOC) if the Games are not held.

AT&T, the largest TV sponsor of the 1984 Summer Games, said last week a deal with NBC for the 1988 Games was imminent.

"I'm concerned obviously about [the unrest] ... but I'm confident there will be a deal with NBC—that's the bottom line," said Bob Watson, director of media and corporate services for AT&T.

"I would start to get worried if this unrest continues after June," said an official with SLOOC. Demonstrations have traditionally followed the cycle of the school year, which ends in a few weeks.

But Robert Helmick, president of the U.S. Olympic Committee, warned last week, "We don't want to participate in any athletic events where tear gas is popping off outside the stadium."

"I think most of the sponsors would say it is still a year until the games take place and a lot can happen in a year," said Ems Magnus, VP-marketing services, ISL Marketing in London, the company that arranges global sponsorship rights for the Games.

"I'm speculating, but even if the Seoul venue went away, there are other places that could handle the Olympics on short notice," said Steve Leff, exec VP-director of media services, Backer & Spielvogel, which has Hyundai and Miller as sponsors.

An NBC spokesman said, however, that "the Games will be held in Seoul or not at all."#

Oles Gadacz in Seoul also contributed to this story.

Ad linage error

In the Consumer Magazine Ad Linage report on Page 71 of this issue of Advertising Age, the year-to-date performance figure for the "Auto/cycle/rec. vehicles" magazine category is incorrect. It should read -0.4%, not -460.4%.#

CORRECTIONS & CLARIFICATIONS

- Stephen Matis was identified incorrectly in a list of Effie Award judges in the Research Beat column (AA, June 15, P. 34). He is director of marketing research, Colgate-Palmolive Co. Also, the list should have included Marvin Mord, VP-marketing research, Capital Cities/ABC.
- Tandem/DDB Needham, Madrid, created the umbrella theme "Spain, everything under the sun" for the Spanish Tourism Board. An article said Saatchi & Saatchi, Madrid, created the campaign (AA, May 18, P. 30). S&S created the U.S. portion of the campaign.
- A story about *New Republic* incorrectly described its financial status. *New Republic* is marginally profitable, not "financially troubled" (AA, June 15, P. 67).
- A story on liquid yogurt stated that 12% of yogurt consumed in the U.S. is liquid yogurt, a figure incorrectly reported by Dannon Co. The A.C. Nielsen Co. figure applies to sales of liquid yogurt in seven countries where Dannon markets Dan'up liquid yogurt (AA, June 1, P. 3).#

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*SOURCE: ERDOS and MORGAN, Inc., 1985 Subscriber Study

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Special Report

John Rush

Global media offer order, obstacles

By Carolyn Hulse

Global advertising is for a privileged few. It's for a handful of "universal products," such as Coca-Cola and Levi's jeans, which are sold and recognized worldwide. It's for upscale products, such as BMW and Chanel No. 5, which sell to a small percentage of the world's consumers. And it's for state-of-the-art technology, such as Apple Computer and IBM Corp. computers, which are sought by the international business community.

While the majority of multinational advertisers still test foreign waters strictly on a market-by-market basis, it only takes one or two global accounts to make publishers of international magazines sing the praises of global advertising.

For the publisher, global packages permit economies of scale to be offered to advertisers; generate more business for international titles; make foreign editions more competitive with local media; and eliminate market-by-market pricing confusion, bringing order to the international ad placement process.

For the advertiser, global campaigns can reach the upscale, primarily English-speaking market; offer economies of scale and provide creative consistency, where desirable; and aid local agencies in solving tricky positioning problems.

But magazine publishers such as Chicago-based Playboy Enterprises, which licenses foreign editions to local publishers rather than owning them, and New York-based Hearst

(Continued on Page S-2)

Carolyn Hulse is a Chicago-based free-lance writer and was formerly assistant international editor of Advertising Age.

Unless noted, all circulation figures listed in this report are total circulation averages for the six months ended Dec. 31, 1986, as reported in Audit Bureau of Circulations' FAS-FAX.

Foreign circulation of top 10 A.B.C. magazines

(exclusive of foreign editions)

A.B.C. rank/magazine	Foreign circ.* (issue)
1. *TV Guide*	12,193 (10/4/86)
2. *Reader's Digest*	98,520 (11/86)
3. *Modern Maturity*	7,572 (12/86-1/87)
4. *NRT/AARP Bulletin*	7,792 (12/86)
5. *National Geographic*	1,142,609 (12/86)
6. *Better Homes & Gardens*	16,473 (11/86)
7. *Family Circle*	23,644 (12/2/86)
8. *Woman's Day*	15,247 (11/86)
9. *Good Housekeeping*	39,984 (12/86)
10. *McCall's*	14,271 (8/86)

* Including military or civilian personnel overseas.
Source: Audit Bureau of Circulations, six-month averages for second half of 1986

Global order, obstacles

(Continued from Page S-1)

Corp., which also licenses the vast majority of its foreign editions, have been slow to put together international rate cards. They express ambivalence about committing enormous amounts of time, money and manpower to pursuing global ad sales.

This ambivalence is easy to understand, says international publishing consultant Lee Hall, president of IntPub, Chicago, if one considers the difficulty in placing an American-produced global ad, for example, in 16 licensed foreign editions when the U.S. sales staff has little to gain.

In licensor/licensee arrangements, the licensor receives percentage royalties on ad revenues from the licensed editions. The salesman for a global ad sale, however, receives commission only for ads placed in his local publication. What is needed, says Mr. Hall, is a licensee commission structure compensating the salesman for foreign sales.

"But this is where it gets complex," he adds. He says that licensees who are already paying royalties to licensors often don't want to chalk up the salesman's commission as well. For global packages to work with licensees, says Mr. Hall, there must be "more cooperation between the magazine's U.S. advertising staff and the licensed publisher."

Despite the obstacles, Playboy Enterprises, with 13 licensed foreign editions of *Playboy*, will "attempt" global ad sales, according to Tim Dolman, senior VP-assistant publisher. Mr. Dolman says there hasn't been much demand from *Playboy's* advertisers that the company respond to their global marketing needs. However, with new editions licensed in Turkey, Greece and Hong Kong within the last 18 months, he feels it's time to "show advertisers the worldwide capabilities of the magazine and to provide a financial incentive to commit to *Playboy* on a selected international basis." The combined foreign circulation of *Playboy's* licensed editions is 1.7 million, according to information supplied to Advertising Age by the publisher.

Similarly, Hearst Corp., which licenses Cosmopolitan, Esquire, Good Housekeeping, Harper's Bazaar, and *Popular Mechanics*, is "in the process of organizing a global rate card," says Pilar del Solar, director of international editions. "But it's slow in coming. International editions are growing so fast, and the licensees are doing so well on their own."

While publishers with wholly owned international networks reap the most benefit from global ad sales, the strategy is not without obstacles for them as well.

At Conde Nast International, New York, publishers of 27 international titles including editions of *Glamour, House & Garden* and *Vogue*, Ralph Timm, director-international advertising, says the major obstacle for his publications is local taxation, such as Italy's IVA—a whopping 18%—which often drives up the global price.

Another factor impeding global ad sales, he says, is philosophical confusion. "The same hesitation, the same element of worry, enters into international marketing that exists in marketing here. Advertisers aren't sure if they should launch a campaign to generate demand for a product not yet in distribution, or if it would be smarter to get the product into the marketplace first," he says.

An Apple Computer ad spread pushed the "family of computers" theme.

Conde Nast's U.S.-originated international ad pages—from ads placed in both the U.S. title and in anywhere from one to many foreign titles—rose from fewer than 100 pages in 1981 to 538 in 1986, according to Mr. Timm. Advertisers included Revlon Group, Estee Lauder Inc., Elizabeth Arden Inc., and Cosmair Inc., among others.

At *Newsweek International*, New York, President Peter Luffman is bullish about global ad sales over the long term, despite a 10% decline in global advertising over the last three years. He attributes the decline partly to intensified competition from local media.

Newsweek's biggest advantage, he says, is its commitment to the English language in 191 countries and its ability to offer global advertisers a one-book buy. *Newsweek International*, which posted 1986 revenues of $46.8 million, according to Elise Moyse, international promotion director, has approximately 10 global ad clients that agree.

One of them, Apple Computer, Cupertino, Calif., feels that English-language publications like *The Economist, Newsweek* and *Time* are serving the company's global marketing purposes quite well. To reach the English-speaking international business community, Apple is spending in excess of $1 million, or 10% of its international ad expenditure, on a two-tier global campaign that is primarily Pan-European, with a little Asian and Latin American support added.

Apple's campaign, created by BBDO Worldwide, New York, began with a corporate image ad celebrating Apple's 10-year anniversary and focusing on Apple's promise to "push open the doors of human possibility." "We hoped this first ad would stimulate thinking in each country," says Bill Holtzman, marketing communications manager for Apple Computer International.

The second step was a three-page magazine spread intended to launch the new Macintosh SE and Macintosh II computers, country by country. "By focusing on the 'family of computers' theme—'One good idea leads to another . . . And another'—the ads, which could be run with or without the third page (depending on product availability), were designed to help local distributors solve tricky positioning problems," he says.

While the English-language publications have an obvious appeal, some advertisers don't feel they're really covering the international market unless they're "heavily into local media, which requires enormous expenditure," says Denis Beran, VP-advertising for *USA Today* and former international publishing director for *Business Week*.

If Mr. Hall is right that the current trend among multinational advertisers is toward regionalization—nationally and internationally—global strategies may get put on the back burner and international media seeking global buys will have to wait.

Some aren't willing to do that, and have been assuring potential global clients that their international publications have strong local appeal. According to William Thorn, international advertising/marketing director for Reader's Digest, the fact that the *Digest's* 39 foreign editions, five of which are licensed, are locally edited and published with local content in 15 languages is a distinct advantage.

Mr. Thorn says the number and variety of local media choices are rising dramatically, and the only way to win the scramble for increasingly fragmented media dollars is to give advertisers global reach, economically, in an effective medium—one readers feel comfortable with because it's local and reflects their interests.

For his part, Mr. Hall stresses the importance of customizing campaigns to individual cultures, and takes the concept a step further than simple linguistic translation.

"Very few products can be marketed globally, with one ad, without the ad losing it's appeal and effectiveness in direct translation," he says. "When Chevrolet went to launch its new Nova in Mexico, for example, it discovered 'no va' in Spanish means 'no go.' What is needed is a single *marketing* campaign, individualized for each country."

Like *Newsweek's* Mr. Luffman, Frank Cutitta, managing director-international marketing services for Framingham, Mass.-based IDG Communications—formerly CW Communications—which publishes *Computer World, PC World* and other computer publications in 30 countries, is optimistic about his company's global ad sales. They're growing 40% annually.

IDG is whole owner of its international network of foreign editions, which are managed with a large degree of local autonomy. IDG's success in selling global ad space—$1.5 million so far this year—comes largely from sales to smaller, high-tech advertisers like Video 7, Polygon, EMC Corp. and Ashton-Tate, says Mr. Cutitta.

Despite the many arguments for and against global strategies, the real success of global advertising may boil down to matters of diplomacy, suggests Mr. Cutitta. For the publisher thinking of creating global packages, he recommends establishing a "symbiotic" not "heirarchical" relationship with foreign offices. "Be open to taking leads from foreign offices and focusing on accounts they want you to focus on."

For the advertiser, Apple's Mr. Holtzman has this final thought: "If you listen carefully and spend time in the field talking to product, marketing and advertising managers, you can assimilate their hopes and concerns. And, if you're creative, you can build that into a strategy so everybody wins."

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Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

June

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
Art & Antiques (10X)	78.1	46.8	389.5	318.8
Art News	127.4	112.0	676.4	593.0
Southwest Art	80.1	62.0	524.9	427.4
Total Group	**285.6**	**220.8**	**1,590.7**	**1,339.2**
% change		+29.3%		+18.8%
— Auto/cycle/rec. vehicles —				
Autoweek (52X)	206.9	177.9	897.4	868.2
Car & Driver	105.1	93.6	564.4	556.1
Car Collector & Car Classics	15.7	17.5	104.6	91.0
Car Craft	102.8	82.1	516.1	437.9
Circle Track	80.2	60.6	455.2	372.2
Cycle	62.1	55.2	323.3	325.7
Cycle Guide (9X)	54.7	52.9	270.3	308.2
Cycle World	58.3	60.9	354.6	353.5
Dirt Rider	40.1	47.1	218.4	273.8
Dune Buggies & Hot VWs	83.0	86.0	453.0	520.4
Family Motor Coaching	142.1	139.0	922.4	898.1
4 Wheel & Off-Road	97.6	92.1	507.7	516.4
Four Wheeler	99.0	86.0	517.0	504.0
Hot Rod	87.4	72.6	465.0	381.5
Motorcyclist	49.3	63.0	304.4	332.9
Motor Trend	105.5	77.5	504.7	412.4
Motorhome	93.7	107.2	507.9	576.7
Rider	53.5	68.2	285.4	348.6
Road & Track	153.4	126.7	637.4	613.7
3 Wheeling	43.4	60.7	245.8	355.2
Trailblazer	57.3	35.5	276.3	230.5
Trailer Life	110.9	137.0	628.1	726.6
Total Group	**1,902.0**	**1,799.3**	**9,959.4**	**10,003.7**
% change		+5.7%		-460.4%
— Boating & yachting —				
Boating	128.3	119.7	980.8	914.8
Chesapeake Bay	54.5	41.5	271.8	223.8
Cruising World	99.2	107.0	693.9	753.8
Lakeland Boating (10X)	73.2	69.8	459.4	431.0
Motor Boating & Sailing	145.5	148.8	1,068.6	1,154.6
Sail	98.7	99.5	691.1	707.1
Small Boat Journal(6X)	60.5	53.7	183.4	166.8
Southern Boating	55.4	57.7	397.3	415.4
Trailer Boats(11X)	61.9	43.3	389.5	296.5
Western Boatman(6X)	—	—	122.5	132.8
Yachting	120.2	122.7	879.1	889.2
Total Group	**897.4**	**863.7**	**6,137.5**	**6,085.7**
% change		+3.9%		+0.9%
— Canadian —				
L'Actualite	87.3	86.7	494.4	520.3
Chatelaine				
English Edition A	80.7	92.1	465.3	579.6
French Edition	71.8	81.0	431.7	505.3
City & Country Home(10X)	54.0	57.3	283.8	269.9
Equinox	—	—	117.1	115.0
Flare A	56.4	60.4	469.0	443.0
Harrowsmith-Canada (6X)	52.6	45.7	135.2	126.4
Macleans (52X) A	93.9	114.3	669.1	787.0
Moneywise	34.0	36.4	198.3	228
Reader's Digest				
Canadian-English A	42.8	64.6	363.8	499.9
Canadian-French A	32.8	59.8	274.8	416.9
Toronto Life	101.1	87.4	552.2	526.5
Vancouver	70.3	67.3	383.5	431.4
Total Group	**784.7**	**853.0**	**4,838.3**	**5,450.1**
% change		-8.0%		-11.2%
— Civic/fraternal —				
American Legion	30.1	19.3	192.3	145.7
Elks (10X)	15.9	15.4	121.8	112.1
Kiwanis	17.1	15.6	107.1	107.5
Lion (10X)	7.5	5.3	49.2	30.0
Rotarian	13.7	10.1	90.4	88.8
V.F.W. (11X)	29.6	26.4	193.5	163.9
Total Group	**113.9**	**92.1**	**754.3**	**648.0**
% change		+23.7%		+16.4%
— Comics —				
DC Comics	4.5	3.5	37.5	33.5
Marvel Comics Group	9.0	8.0	53.0	43.0
Total Group	**13.5**	**11.5**	**90.5**	**76.5**
% change		+17.4%		+18.3%
— General —				
American Health (10X)	65.0	65.5	358.9	289.3
American West (6X)	—	—	117.3	126.8
The Atlantic A	20.3	24.6	238.6	232.9
Bon Appetit A	61.4	61.7	469.1	470.6
Changing Times	59.2	42.4	390.1	292.6
Connoisseur	88.5	80.0	448.2	438.1
Consumers Digest (6X)	21.5	14.0	75.3	89.0
Ebony	107.5	95.0	552.7	578.1
Fifty Plus	34.0	32.5	252.0	244.8
Food & Wine	58.3	41.6	324.6	272.0
Games (6X)	15.3	28.9	58.8	151.5
Golden Years	42.0	27.4	424.4	138.8
Gourmet	94.8	94.9	588.8	550.5
Harper's A	22.2	19.2	183.8	142.4
Harrowsmith (6X)	—	—	145.6	122.3
Let's Live	47.0	50.0	278.0	290.0
Life	35.2	51.0	268.1	333.4
Modern Maturity (6X)	47.4	43.8	144.2	129.4
Money	131.1	147.0	770.4	760.8
Money Maker	3.5	—	12.2	—
Moneyworth (4X)	9.2	10.0	34.2	30.5
Mother Earth News (6X)	48.9	44.2	163.6	158.8
Mother Jones (9X)	—	—	54.7	63.9
National Geographic	23.5	20.7	123.0	137.6
National Geographic Traveler (4X)	41.7	32.5	86.0	78.5
Natural History	23.6	26.8	204.2	247.7
Prevention	57.6	57.7	379.8	375.4
Psychology Today	25.9	21.6	187.5	165.8
Reader's Digest A	89.4	94.5	580.1	606.5
Rx Being Well (6X)	—	—	70.0	56.0
Saturday Evening Post (9X)	—	—	169.4	150.7
Signature	45.1	74.4	367.4	428.5
Smithsonian	74.1	63.1	479.1	470.3
Sylvia Porter's Personal Finance (10X)	41.3	34.8	261.0	211.5
Town & Country	107.0	99.7	682.8	706.6
Travel-Holiday	29.3	33.1	275.1	270.7
Travel & Leisure	93.2	129.1	584.2	668.8
Vanity Fair	44.5	38.7	317.3	253.4
Writer's Digest	36.6	33.4	172.2	155.4
Yankee	60.8	66.2	468.9	428.8
Total Group	**1,805.8**	**1,799.8**	**11,761.3**	**11,318.4**
% change		+0.3%		+3.9%
— Home —				
Americana (6X)	—	—	69.2	94.1
Architectural Digest A	157.4	172.0	749.7	771.2
Better Homes & Gardens	100.0	123.7	657.6	689.1
Colonial Homes (6X)	—	—	200.3	203.5
Columbus Monthly-Homes(4X)	—	—	126.4	119.1
Country Home (6X)	—	—	149.3	141.1
Country Living	81.4	65.9	517.3	429.2
Dallas/Ft. Worth Home & Garden	56.3	74.2	410.2	550.0
Family Handyman (10X) A	—	—	302.8	337.6
Flower & Garden (6X)	34.7	29.2	139.1	130.0
Home	38.4	54.4	308.0	295.9
Home Mechanics	56.6	39.2	347.6	386.2
The Homeowner (10X)	22.3	21.6	179.6	162.7
Horticulture	34.1	35.9	242.6	238.5
House Beautiful	75.2	78.0	427.1	464.9
House & Garden	108.7	87.0	563.3	574.9
Houston Home & Garden	79.1	74.5	433.1	459.8
Metropolitan Home	60.7	55.9	397.5	369.5
1,001 Home Ideas	40.0	34.7	305.8	246.2
Phoenix Home/Garden	58.2	55.7	432.8	407.0
Practical Homeowner	—	—	236.3	262.7
Rodale's Organic Gardening	38.9	50.4	338.7	394.8
San Diego Home/Garden	62.5	68.4	413.6	416.8
South Florida Home/Garden	24.2	32.9	207.5	185.8
Southern Accents (6X)	—	—	288.8	318.0
Southern Living	111.0	155.1	740.9	893.4
Sunset Magazine A	138.8	147.3	748.3	876.1
Workbench (6X)	—	—	159.8	171.7
Total Group	**1,378.4**	**1,452.8**	**10,093.1**	**10,589.8**
% change		-5.1%		-4.7%
— In-flight & other passenger —				
Aboard Group (7)(6X)	—	—	76.1	67.0
Alaska Airlines	55.7	71.2	330.1	339.4
America West Airlines	49.0	30.6	261.7	107.8
American Way (24X)	105.7	102.5	581.1	569.1
Brighton inflight Group				
Braniff	13.7	13.5	81.0	62.6
Continental	45.1	37.2	258.8	185.1
Hawaiian Air (6X)	—	—	30.9	—
East/West Network				
Eastern Review	47.8	71.7	432.4	564.5
Northwest	42.7	43.8	261.5	272.6
PSA Magazine	84.5	103.2	470.3	547.7
Pan Am Clipper	43.3	54.3	251.4	285.4
Spirit	58.0	118.8	348.7	579.9
TWA Ambassador	48.5	—	288.8	—
Vis A Vis	52.0	102.0	345.0	557.1
Halsey Publications				
Air Cal	58.0	60.0	337.8	295.9
Delta Sky	75.7	83.0	465.7	462.3
US Air	41.5	48.0	270.0	265.7
Piedmont Airlines Pace	85.8	105.0	518.3	506.9
Spirit of Aloha (6X)	28.6	25.4	186.0	168.6
Total Group	**935.5**	**1,070.3**	**5,795.6**	**5,837.6**
% change		-12.6%		-0.7%
— Men's —				
Esquire A	118.2	197.5	533.2	621.7
Firehouse Magazine	69.5	71.3	264.8	271.0
Gentlemen's Quarterly A	137.3	130.1	805.8	859.0
M Magazine	49.9	45.3	385.1	320.3
Penthouse A	45.1	34.9	247.4	216.4
Playboy A	45.6	73.5	314.9	386.9
Salute (8X)	23.7	—	101.1	43.1
Total Group	**489.3**	**552.7**	**2,652.1**	**2,718.3**
% change		-11.5%		-2.4%
— Metropolitan —				
Aloha (6X)	—	—	86.9	85.7
Atlanta	61.2	59.7	346.4	323.8
Baltimore	61.6	61.5	417.2	432.1
Boston	157.0	149.7	898.1	879.5
California	61.8	73.3	352.9	392.6
Chicago	128.2	131.4	641.4	730.8
Chicago's North Shore	78.7	90.2	480.6	465.1
Cincinnati	55.9	47.0	326.6	352.2
Cleveland	49.9	73.5	412.0	503.1
Coast (39X)	245.9	368.7	1,300.4	1,108.2
Columbus Monthly	66.2	60.4	379.9	382.9
Connecticut	102.9	103.5	596.6	562.0
D/Magazine, Dallas/Ft Worth	131.5	114.6	673.9	749.8
Denver	40.7	38.0	202.2	212.6
Detroit Monthly	80.8	86.2	432.1	491.4
Grand Rapids	32.0	28.7	210.7	208.5
Gulfshore Life (10X)	87.0	71.0	568.8	496.0
Honolulu	46.9	52.5	335.1	342.2
Louisiana Life (6X)	—	—	105.6	119.0
Madison	85.0	81.0	401.0	394.0
Memphis	68.0	68.0	455.0	426.0
Miami/South Florida	60.3	73.9	335.7	457.6
Mid Atlantic Country	28.2	55.0	220.5	248.4
Milwaukee	71.3	57.1	341.1	394.4
Minneapolis/St. Paul	127.6	85.9	625.1	557.4
Nashville	57.0	24.0	246.0	209.0
New England Monthly	62.7	33.9	274.1	220.3
New Jersey Monthly	95.1	82.4	517.1	466.9
New Mexico	30.0	34.6	140.4	126.9
Ohio	75.1	65.6	354.1	350.2
Oregon (6X)	59.0	—	149.0	—
Orlando	87.8	90.5	552.8	594.5
Palm Beach Life	25.6	24.7	444.5	421.8
Palm Springs Life	51.5	56.5	677.2	667.4
Philadelphia	131.5	120.1	816.6	744.8
Phoenix	54.6	74.2	413.8	563.5
Pittsburgh	114.0	102.2	424.4	395.5
St. Louis	47.9	40.0	311.9	253.8
San Diego	138.1	130.0	813.2	823.2
San Francisco Focus	79.3	110.3	554.7	551.9
Texas Monthly	107.0	127.4	574.5	780.5
Twin Cities	94.3	71.9	387.6	308.9
The Virginian (6X)	—	—	174.6	175.0
Washington (7X)	100.0	90.0	270.0	229.1
The Washingtonian	135.0	135.8	889.5	884.7
Total Group	**3,473.9**	**3,444.8**	**20,131.5**	**20,083.3**
% change		+0.8%		+0.2%
— Movie/romance/radio/tv —				
Macfadden's Women's Group				
Modern Romances	21.7	21.6	140.8	124.0
Secrets	21.7	21.6	140.8	124.0
True Confessions	21.7	21.6	140.8	124.0
True Experience	21.7	21.6	140.8	124.0
True Love	21.7	21.6	140.8	124.0
True Romance	21.7	21.6	140.8	124.0
Sterling Women's Group				
Daytime TV	24.5	26.5	148.1	151.5
Modern Screen (6X)	14.5	16.5	43.5	47.5
Movie Mirror (6X)	—	1.0	14.5	17.5
Soap Opera Stars (6X)	16.8	16.3	47.5	49.6
TV Movie Screen (6X)	7.3	9.3	21.9	25.9
TV Picture Life (6X)	5.3	1.0	8.3	10.6
Total Group	**198.7**	**200.0**	**1,128.7**	**1,046.3**
% change		-0.6%		+7.9%
— Music/entertainment —				
Audio	96.7	97.5	476.0	443.4
Dance Magazine	104.5	44.1	290.8	238.0
Playbill	40.3	40.0	264.2	262.1
Spin	29.7	34.0	161.3	174.1
Stereo Review	71.3	78.6	470.8	418.6
Video Magazine	62.6	82.6	417.3	448.7
Total Group	**405.0**	**376.8**	**2,080.4**	**1,984.9**
% change		+7.5%		+4.8%
— National Sunday magazines —				
Parade (52X)	40.4	59.4	290.6	327.9
Total Group	**40.4**	**59.4**	**290.6**	**327.9**
% change		-32.0%		-11.4%
— Outdoor & sport —				
Alaska	29.5	38.6	222.7	266.7
The American Handgunner(6X)	—	—	121.0	100.0
American Hunter	12.4	22.9	101.5	108.2
American Rifleman	19.4	33.8	140.7	138.9
Backpacker (6X)	—	—	92.4	86.0
Bass Master (10X) A	51.8	—	434.4	353.8
Bicycling (9X)	119.9	93.5	539.5	460.7
Ducks Unlimited (6X)	—	—	71.6	79.7
Field & Stream	73.5	85.7	518.9	561.3
Fins & Feathers A	47.8	28.4	258.7	246.9
Fishing World	37.8	53.8	149.5	166.5
Florida Sportsman	103.1	99.2	818.8	756.8
Flying	45.3	41.3	266.1	218.0
Golf Digest	181.2	164.4	730.2	676.7
Golf Magazine	100.4	84.5	550.3	520.3
Gun Dog (6X)	—	—	91.7	88.2
Guns & Ammo	40.2	45.3	258.3	284.0
In-Fisherman (6X)	54.5	61.5	316.5	271.5
Muscle & Fitness	127.7	110.0	722.7	648.3
Outdoor Life	59.2	64.5	489.7	492.9
Outside Magazine	58.8	57.4	317.6	295.7
Petersen's Hunting	49.0	40.3	264.7	246.0
Runner's World (13X)	29.2	34.3	228.9	194.8
Southern Outdoors Saltwater Magazine (8X)	30.8	—	172.2	—
Salt Water Sportsman	93.0	77.1	710.8	662.4
Sierra (6X)	—	—	119.3	126.4
Shooting Times	25.4	26.3	227.4	247.0
Ski (8X) A	—	—	252.2	249.2
Skin Diver	134.7	108.2	638.2	570.0
Southern Outdoors (9X)	—	—	255.7	224.4
Sport	36.5	30.2	227.2	237.4

A. Sectional linage included but prorated to circulation of regional editions.
All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

(Continued on Page 72)

(Continued from Page 71)

June

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Sports Afield	64.1	71.2	572.2	460.0
Tennis	96.5	93.6	437.4	444.1
Waterski (8X)	64.0	58.8	267.0	213.3
Western Outdoors (10X)	29.3	29.0	280.3	301.7
Wildfowl (6X)	12.9	11.1	30.2	29.4
Wing & Shot	—	—	33.5	—
World Tennis	46.3	42.9	181.7	188.7
Total Group	**1,884.1**	**1,707.9**	**12,111.6**	**11,215.8**
% change		**+10.3%**		**+8.0%**
— Photography —				
American Photographer	35.2	35.2	205.1	216.5
Petersen's Photographic	33.1	32.9	167.7	152.6
Popular Photography	75.2	77.2	414.3	389.4
Total Group	**143.5**	**145.3**	**787.1**	**758.5**
% change		**−1.2%**		**+3.8%**
— Religious —				
Charisma	60.8	48.0	303.6	321.2
Christian Herald (11X)	25.7	21.2	167.7	168.1
Christianity Today (18X)	29.2	24.8	284.9	274.0
Ministries Today (6X)	45.3	41.2	122.4	177.9
Our Sunday Visitor (52X)	10.2	9.2	82.4	65.3
Today's Christian Woman (6X)	—	—	115.5	96.0
Total Group	**171.2**	**144.4**	**1,076.5**	**1,102.4**
% change		**+18.6%**		**−2.4%**
— Science/electronic/mechanic —				
Discover	49.1	23.6	276.4	181.8
Family Computing	40.4	44.9	268.2	255.2
Omni	62.6	56.3	349.9	337.3
Personal Computing	195.1	131.6	881.9	686.3
Popular Mechanics	78.4	66.7	549.2	548.6
Popular Science	64.5	65.6	434.8	440.0
Scientific American	57.7	39.4	263.3	205.0
Spectrum	58.7	68.1	394.3	527.7
Total Group	**606.4**	**496.0**	**3,418.0**	**3,181.9**
% change		**+22.3%**		**+7.4%**
— Woman/fashion/service —				
Bride's Magazine (6X) A.	362.4	305.4	1,268.9	1,099.8
Cosmopolitan A.	198.1	220.1	1,208.4	1,228.1
Essence	79.3	62.6	460.6	483.7
Family Circle (17X) A.	168.3	124.4	733.1	873.3
Glamour	140.5	157.6	1,087.7	1,051.4
Good Housekeeping A.	124.9	181.0	828.7	986.3
Harper's Bazaar	66.4	64.8	728.7	736.2
Health	56.0	35.7	287.5	245.6
Ladies' Home Journal	89.6	117.5	593.4	681.9
Mademoiselle	108.3	107.7	862.2	735.1
McCall's	83.7	86.1	552.7	551.9
Military Lifestyle	48.3	62.8	273.5	263.0
Modern Bride (6X)	248.0	236.0	1,066.0	927.0
Ms.	35.7	34.1	214.2	238.4
New Woman	87.8	71.5	496.9	427.0
Parents Magazine A.	92.6	88.5	613.1	531.2
Redbook	89.7	98.5	579.9	564.7
Self	95.4	93.2	599.3	568.9
Seventeen	86.2	103.1	683.0	631.1
Shape	70.5	75.5	427.4	427.8
Soap Opera Digest (26X)	23.2	16.8	115.6	96.1
'Teen Magazine	61.8	50.3	324.9	288.5
True Story A.	44.4	38.5	282.7	271.3
Vogue	132.4	159.1	1,428.4	1,410.5
W Magazine	67.4	64.1	644.0	605.5
Woman (9X)	35.0	27.5	134.0	78.5
Weight Watchers	32.0	33.3	191.9	202.5
Woman's Day (16X) A.	192.6	128.3	777.9	773.7
Women's Sports & Fitness	21.0	16.7	144.8	122.5
Workbasket	30.0	29.7	190.4	208.7
Working Mother	73.2	54.9	463.0	397.4
Working Woman	93.7	105.8	584.6	620.4
Total Group	**3,138.2**	**3,050.8**	**18,847.3**	**18,328.3**
% change		**+2.9%**		**+2.8%**
— Youth —				
Boys' Life	16.9	11.8	94.0	92.8
Campus Life (10X)	—	—	193.2	207.5
Total Group	**16.9**	**11.8**	**287.2**	**300.3**
% change		**+42.7%**		**−4.3%**

May

	Current month 1986	Current month 1985	Year-to-date 1986	Year-to-date 1985
— Business/national —				
Barron's	219.5	198.4	1,030.5	951.4
Black Enterprise	42.8	61.9	257.3	306.2
Business Week (52X) A.	409.5	333.4	1,696.0	1,535.0
Financial World (26X)	57.4	41.5	318.2	246.6
Forbes (26X)	262.8	251.0	1,234.0	1,252.2
Fortune (26X)	227.8	227.7	1,099.8	1,048.2
Frequent Flyer	67.6	64.2	274.8	297.2
Futures	41.0	39.0	225.3	225.0
Inc. Magazine A.	152.9	126.1	436.6	431.1
Income Opportunities	80.6	56.5	339.9	260.9
Industry Week (25X) A.	99.3	134.2	369.2	455.2
Nation's Business (12X) A.	42.5	41.7	144.2	174.3
Savvy	38.0	36.1	179.8	162.0
Venture	71.9	88.6	349.9	337.9
Total Group	**1,813.5**	**1,700.3**	**7,925.6**	**7,683.0**
% change		**+6.7%**		**+3.2%**
— Business/regional —				
Advantage-Nashville	56.0	67.0	274.0	289.0
Arizona Bus. Gazette (52X)	41.0	29.4	168.0	160.8
Austin Bus. Journal (52X)	34.5	47.3	176.1	236.7
Baltimore Bus. Journal	74.0	76.0	417.3	336.0
Business Atlanta	55.1	57.8	281.3	276.0
Business First of Buffalo	61.9	47.0	300.7	282.7
Business First of Columbus	108.1	92.8	485.3	400.4
Business Journal-Milwaukee	113.2	103.4	564.5	511.0
Business Journal-Sacramento	75.0	44.1	293.8	199.8
Business North Carolina	53.8	49.2	201.1	196.6
Capital Dist. Bus. Review(52X)	61.0	—	295.0	—
Cincinnati Business Courier	93.3	94.3	511.8	379.8
Corporate Report Kansas City	27.4	27.7	111.0	155.1
Corporate Report Minnesota	76.0	94.0	357.0	395.0
Crain's Chicago Bus. (52X)	155.0	185.0	717.0	798.0
Crain's Cleveland Bus. (52X)	80.0	54.9	388.5	287.5
Crain's Detroit Bus. (52X)	77.0	57.8	362.5	290.5
Crain's New York Bus. (52X)	34.8	38.5	161.3	167.1
Florida Trend (13X)	61.9	69.1	432.6	440.2
Georgia Trend	48.8	47.9	355.3	263.8
Grand Rapids Bus. Journal	40.5	41.7	213.4	159.9
Hawaii Business	49.3	54.3	209.3	222.0
Houston Bus. Journal(52X)	—	—	—	—
Indianapolis Bus. Journal (52X)	146.9	145.3	663.4	700.6
Intercorp-Connecticut (26X)	123.3	109.0	412.5	499.6
Kansas City Bus. Journal	—	—	—	—
Manhattan Inc.	88.5	82.8	372.4	340.2
New England Bus(20X)	—	—	—	—
Pacific Bus. News (52X)	123.0	118.8	549.5	548.8
Philadelphia Bus. Journal(52X)	129.1	101.4	657.8	543.4
Pittsburgh Bus. Times (52X)	127.3	97.3	594.3	479.3
Providence Business News	72.8	35.3	333.2	35.3
Regardie's/Washington	157.8	140.3	707.5	612.9
San Diego Bus. Journal (52X)	22.0	29.7	164.9	140.7
San Jose Bus. Journal	—	—	—	—
St. Louis Bus. Journal (52X)	140.8	152.5	627.1	673.6
Texas Business	26.1	44.4	155.2	266.3
Warfields Monthly Baltimore	84.2	46.5	333.0	135.8
Total Group	**2,719.3**	**2,479.4**	**12,747.7**	**11,424.4**
% change		**+9.7%**		**+11.6%**
— National Sunday magazines —				
Parade (52X)	47.1	45.7	250.2	268.5
USA Weekend (52X)	40.0	47.5	207.5	268.1
Total Group	**87.1**	**93.2**	**457.7**	**536.6**
% change		**−6.6%**		**−14.7%**
— Newspaper Sunday magazines —				
Boston Globe	177.7	178.5	928.8	946.8
Chicago Tribune	114.0	103.5	545.1	451.8
Cleveland Plain Dealer	95.7	51.3	312.3	238.2
Columbus Dispatch	31.2	41.7	193.8	207.5
Detroit News	80.0	76.0	361.0	384.0
L.A. Times	62.4	49.9	310.0	391.0
Louisville Courier Journal	—	—	—	—
Miami Herald	—	—	—	—
New York Times Magazine	414.5	338.1	1,714.8	1,580.6
Philadelphia Inquirer	73.0	71.0	341.0	341.0
Seattle Times	72.0	68.0	286.0	266.0
St. Louis Post Dispatch	79.3	54.9	365.0	278.6
Toledo Blade Magazine	36.8	38.4	175.1	197.8
Washington Post	158.3	129.3	693.8	644.4
Total Group	**1,394.9**	**1,200.6**	**6,226.7**	**5,927.7**
— Weeklies/biweeklies —				
The Advocate (26X)	175.1	129.0	662.6	668.3
Army Times Military Group:				
Air Force Times (52X)	164.0	174.0	862.2	903.7
Army Times (52X)	161.3	168.9	778.6	808.9
Navy Times (52X)	176.0	189.6	812.5	870.3
The Blood-Horse (52X)	246.7	233.0	1,944.7	1,856.2
Capper's (26X)	35.3	23.0	173.1	149.9
Commonweal (22X)	17.1	6.5	53.6	40.3
Golf World (43X)	105.2	106.8	502.7	470.3
Grit (52X) A.	28.7	23.3	153.1	124.6
National Journal (50X)	87.0	69.3	340.7	306.6
National Review (25X)	30.1	30.2	154.6	151.7
New Republic (48X)	38.8	38.7	180.3	172.0
New York Magazine (50X)	275.2	288.0	1,172.3	1,185.7
New Yorker	237.2	209.7	971.4	986.3
Newsweek (52X) A.	203.0	195.4	990.0	965.5
People (52X)	304.5	368.4	1,338.4	1,424.2
Rolling Stone(25X)	—	—	—	—
Sporting News (52X)	48.3	40.5	251.1	267.6
Sports Illustrated (52X) A.	218.6	236.9	1,061.3	1,119.6
Time (52X) A.	214.4	225.4	1,019.1	1,027.3
Travelhost (52X) C.	3,012.0	3,315.0	14,751.0	14,895.0
TV Guide (52X) A.	339.5	367.5	1,599.4	1,617.9
TV Update (52X) C.	2,131.0	2,092.0	11,335.0	11,005.0
Us Magazine (26X)	50.8	40.7	229.5	175.2
U.S. News & World Report (52X) A.	146.9	132.4	619.7	621.6
Total Group	**8,446.7**	**8,704.1**	**41,956.9**	**41,813.5**
% change		**−3.0%**		**+0.3%**
— Foreign —				
Business Week Int'l (52X)	132.0	153.5	515.6	604.6
De Armas Publications:				
Geomundo:				
Central America	8.0	4.0	26.0	17.0
Chile	7.0	4.0	22.0	17.0
Colombia	14.0	8.0	55.0	35.3
Ecuador	7.0	3.0	25.0	13.0
Mexico	10.0	9.0	35.5	25.5
Peru	7.0	2.0	21.0	12.0
Puerto Rico	6.0	3.0	26.0	9.0
U.S.	6.0	7.0	18.7	21.0
Venezuela	19.5	14.0	66.5	50.0
Hombre De Mundo:				
Central America	5.0	12.0	23.0	31.0
Chile	5.0	14.0	24.0	30.0
Colombia	10.0	36.7	39.3	74.7
Ecuador	5.0	9.0	24.0	24.0
Mexico	9.5	48.5	38.5	70.5
Peru	4.0	8.0	16.0	19.0
Puerto Rico	6.0	12.0	23.0	25.0
U.S.	10.8	11.0	60.7	49.5
Venezuela	16.5	37.5	63.5	87.5
Ideas Para Su Hogar:				
Colombia	18.2	19.5	43.5	44.2
Ecuador	1.0	2.0	11.0	8.0
Mexico	12.2	10.3	32.7	19.3
Peru	6.0	8.0	21.0	12.0
U.S.	4.0	4.0	21.0	16.0
Venezuela	13.0	15.8	27.0	44.2
Mecanica Popular:				
Argentina	3.3	2.7	28.7	13.3
Central America	11.7	9.5	43.3	44.8
Chile	5.7	3.0	19.3	23.3
Colombia	34.2	17.5	90.8	75.2
Mexico	40.2	10.0	85.2	43.7
Peru	21.2	10.5	54.8	46.8
Puerto Rico	10.5	7.0	35.2	33.8
U.S.	6.2	6.5	24.8	29.0
Venezuela	41.2	11.0	76.3	47.8
Vanidades Continental:				
Central America	15.7	20.3	67.3	63.5
Chile	5.5	3.3	16.3	17.7
Colombia	68.2	48.8	256.7	240.0
Ecuador	19.5	15.7	81.3	81.2
Mexico	68.8	74.5	328.3	285.7
Peru	11.3	6.3	71.3	39.7
Puerto Rico	20.0	36.2	172.3	151.0
U.S.	61.7	54.2	261.0	205.0
Venezuela	34.3	28.8	173.0	146.8
Hearst International:				
Buenhogar:				
Central America	1.0	2.0	3.0	4.0
Chile	2.0	2.0	6.0	6.0
Colombia	52.7	43.2	111.2	127.5
Ecuador	12.0	14.0	39.0	47.0
Mexico	36.8	44.0	133.2	132.3
Peru	15.0	11.0	41.5	24.0
Puerto Rico	8.5	9.0	15.8	40.5
U.S.	30.0	29.7	108.5	100.5
Venezuela	41.3	24.0	98.0	86.7
Cosmopolitan en Espanol:				
Central America	12.0	6.3	26.0	14.0
Colombia	21.7	17.0	50.7	38.0
Ecuador	4.0	—	9.0	—
Mexico	49.0	58.5	142.5	144.3
Peru	1.0	—	1.0	—
Puerto Rico	24.0	24.0	68.8	51.7
U.S.(Spanish language)	37.3	38.3	128.0	118.5
Venezuela	24.8	16.3	73.8	55.0
Cosmopolitan Foreign:				
Australia	72.9	62.9	304.7	287.4
Brazil	68.4	54.7	322.2	291.3
China	49.0	49.8	241.5	194.2
France	187.7	157.2	536.4	411.8
Germany	176.5	152.0	583.4	522.5
Great Britain	119.0	212.0	432.0	469.5
Greece	52.0	70.0	196.0	205.0
Holland	106.0	99.0	320.0	300.0
Italy	103.0	102.0	399.8	367.8
Japan	56.0	44.3	221.8	257.7
South Africa	82.0	94.0	349.0	352.0
Good Housekeeping Foreign:				
Australia	42.7	30.9	134.5	131.6
Great Britain	146.7	164.6	600.9	605.0
International Management:				
English	37.3	54.5	137.2	216.7
Middle East	6.8	10.5	27.6	46.3
Johnston International:				
Alam Attijarat	24.5	41.1	120.5	171.9
Far East Business	37.8	32.3	115.3	149.3
Modern Africa (6X)	17.8	24.0	36.0	53.1
Latin America Finance (6X)	18.0	14.5	49.4	53.4
Newsweek International A.:				
Atlantic (52X)	95.4	97.2	348.0	376.6
Latin America (52X)	24.4	35.5	117.4	140.4
Asia (52X)	55.2	63.0	241.1	260.4
Progreso (9X)	7.0	15.0	21.6	27.2
Reader's Digest:				
Arabic	14.0	2.5	51.0	24.0
Asian	202.5	178.0	840.5	1,007.0
Australian	37.5	69.5	252.5	301.9
Belgian-Flemish	89.0	110.0	243.5	349.3
Belgian-French	62.0	49.5	156.5	202.3
British	51.1	46.6	221.2	209.1
Chinese B.	123.0	99.5	430.6	473.5
Danish	36.3	35.5	156.3	146.3
Dutch	38.5	38.5	193.3	159.6
Finnish	72.0	55.5	241.5	233.8
French	41.7	24.4	125.7	81.1
German	92.1	70.8	389.1	333.6
Iberian	—	2.5	1.0	5.0
Indian-English	98.0	87.0	368.0	354.0
Indian-Hindi	32.0	9.0	79.0	43.5
Italian	56.5	61.5	215.5	159.0
Korean	39.0	29.0	160.8	106.9
Latin American:				
Argentina	7.5	11.0	53.5	51.5
Brazil	—	—	—	14.0
Central American	4.0	4.0	21.0	27.0
Chile	10.0	7.0	50.0	46.5
Colombia	28.0	26.0	102.0	68.0
Ecuador	3.0	4.0	15.0	27.0
Mexico	84.7	68.7	273.5	230.2
Peru	3.0	3.0	18.0	31.0
Puerto Rico	1.0	—	16.0	19.5
U.P.B.	2.0	6.0	18.5	27.0
U.S. Spanish	16.5	10.5	41.5	90.5
Venezuela	2.0	5.0	20.5	27.5
New Zealand	45.0	43.0	219.5	246.5
Norwegian	32.0	11.5	83.3	37.0
Portugal	38.5	52.0	181.0	196.0
South African	65.0	80.0	310.5	331.0
Swedish	9.0	16.5	34.0	71.5
Swiss-French	21.0	25.3	109.5	111.3
Swiss-German	30.0	31.0	144.0	146.0
Time International:				
Time-Asia	52.9	74.0	218.4	330.3
Time-Atlantic	87.8	109.8	375.8	458.4
Time-Canada	162.8	213.5	751.9	916.9
Time-Latin America	35.9	50.0	132.7	214.3
Visao (52X)	100.1	110.6	495.3	665.4
Vison/Latin America (24X) A.	23.1	34.3	95.5	114.0
Total Group	**4,731.0**	**4,808.1**	**17,984.7**	**18,516.9**
% change		**−1.6%**		**−2.9%**

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

JWT Group sold

Hefty $566M bid brings takeover victory to British newcomer WPP

By STEWART ALTER

The first hostile takeover of an advertising agency turned friendly last week when JWT Group agreed to be acquired by WPP Group.

The buyout occurred on June 26, after WPP made last-minute moves to sweeten the price, retain management—including JWT Group Chairman-CEO Don Johnston—and shelve plans to bring back JWT's ousted managers.

In a board meeting that started after dinnertime June 25 and ran into early the next morning, the directors of $4.3 billion New York-based JWT Group agreed to a tender offer of $55.50 a share, or $566 million. That price is up from WPP's previously raised offer of $50.50, and 23.3% higher than its original bid of $45 a share.

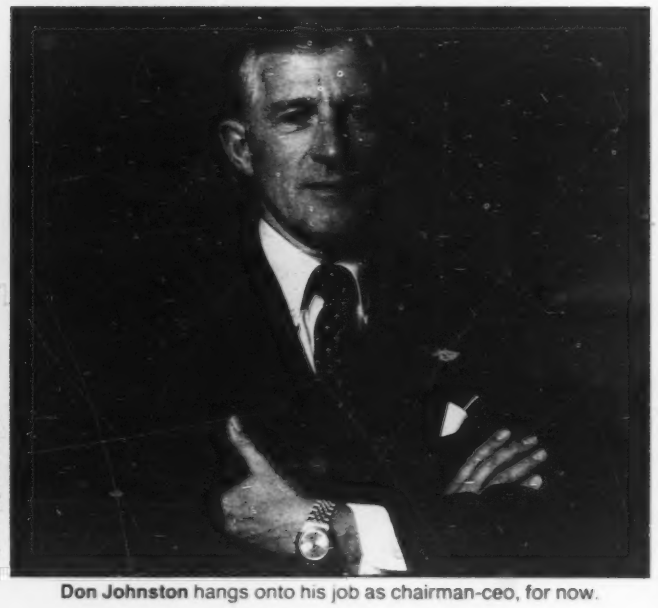
How JWT fell into takeover trap. Page 64.

Technically, the tender offer will expire at midnight July 13 unless extended. JWT shareholders still have to surrender their shares and WPP shareholders have to vote for the acquisition, but this is considered a formality.

As a result, the 123-year-old J. Walter Thompson agency—not only one of the best-known and most widely admired in the world, but a symbol of a U.S.-based global agency—will have as a new owner Martin Sorrell's London-based WPP Group.

Staff photos by Arnold Adler

Martin Sorrell succeeds in pulling off his JWT takeover.



Don Johnston hangs onto his job as chairman-ceo, for now.

This historic takeover sustained its first client fallout, however.

Goodyear Tire & Rubber Co., Akron, Ohio, immediately put up for review its estimated $30 million account. Goodyear had warned JWT and WPP that a takeover would prompt it to rethink its almost decadelong relationship with Thompson.

The buyout agreement culminates several weeks of speculation about whom was accumulating JWT's shares and sending the price up. During the 16 days of intense legal and financial maneuvering, JWT tried to enlist the Rockefeller family as a "white knight," and WPP topped a competitive bid of $55 a share in cash from an investment group led by three former executives of Ted Bates Worldwide.

WPP's move to pay more per share for JWT was expected, but the final $55.50 price raised some eyebrows on Wall Street, where the price was seen as being precariously high.

However, what was not expected was the management agreement that includes a key role for Mr. Johnston.

His decision to agree to the offer and remain chairman-ceo—at least

(Continued on Page 62)

Last Minute News

Lawrence to sell WRG

NEW YORK—Wells, Rich, Greene owner Mary Wells Lawrence agreed to sell the agency to a small group of employees within the next year, according to reliable information, ending long speculation that WRG would be sold to outsiders. WRG officials could not be reached for comment.

ComputerLand sues FCB

OAKLAND, CALIF.—ComputerLand is suing former agency Foote, Cone & Belding, San Francisco, over money advanced to the agency to pay for media. The amount involved is several million dollars, sources said. John Balousek, general manager of FCB's San Francisco office, refused comment. FCB handled the account from 1984 to 1985.

Upfront may hit $3 billion

NEW YORK—The 1987-88 network TV upfront market could reach $3 billion in sales, or 20% above reported

(Continued on Page 8)

Will it take over Ford account?

O&M exits Nissan

By CLEVELAND HORTON

Ogilvy & Mather dropped out of Nissan Motor Corp. USA's review of its $150 million-plus account, leading to speculation the agency may be in line to take the $260 million Ford account from J. Walter Thompson Co.

In a surprise move, O&M did not attend the creative briefing at the second-largest automotive importer's Gardena, Calif., headquarters June 25.

The move stunned the remaining two agencies, Chiat/Day, Los Angeles, and Tatham-Laird & Kudner, Chicago. Observers noted that O&M has been pitching the account for about five years.

Sources said O&M U.S. Chairman Graham Phillips addressed O&M's Los Angeles staff late last week to explain the reasons for the decision. The fee arrangement proposed by Nissan through its consultants—Canter, Achenbaum, Associates—was unfair, Mr. Phillips reportedly told the agency's employees.

Mr. Phillips was returning to New York at press time and couldn't be reached for comment.

Nissan expects to name its new agency July 31. William Esty Co. previously handled the account.

There may be a method to Mr. Phillips' madness. With the takeover of JWT Group by London-based WPP Group, O&M is in a strong position to snare Ford Motor Co.'s Ford division business should the automaker decide to leave JWT. O&M handles Ford's advertising in the U.K.

Meanwhile, Porsche Cars North America, another piece in the automotive domino game, is expected to make a decision this week about its relationship with Chiat/Day.

Agency sources said Chiat/Day's Los Angeles office assumes it has lost the $14 million Porsche account. The agency has offered to assist Porsche in an agency review.

O&M's departure from the Nissan competition may mean

(Continued on Page 62)

Highlights

Oatmeal war heats up 12

General Mills is declaring Total war on Quaker Oats Co.'s corner on the oatmeal market with its new one-minute "quick" Total Oatmeal. The Minneapolis-based company wants to turn Quaker to mush, and is taking the competitor head-on with similar cylindrical-shape packaging for Total Oatmeal, mimicking Quaker's decades-old container. Total Oatmeal also will be priced comparably.

Nielsen rates new meters 24

A.C. Nielsen Co. will install 200 "passive" people meters as part of a national test to start in fall 1988. If the test is successful, the new passive meter would eventually replace the system of people meters that will begin recording audience viewing behavior this fall. The people-meter system as it now exists is being criticized by the Big 3 TV networks. A key complaint is that children do not push buttons properly on the people meter, which looks and operates like a hand-held TV channel selector.

Levi signs on computer system 28

Levi's jeans will be electric blue in September. That's when San Francisco-based Levi Strauss & Co. inaugurates a video purchase system and joins Procter & Gamble Co., K mart Corp., J.C. Penney Co. and others in testing new ideas in electronic shopping. Levi will introduce by September video kiosks in 10 unidentified retail stores nationwide. Customers can view the full Levi's line of pants on the video display terminal and order their selections, which are delivered to them within two weeks. The bill is paid to the store.

Raisins to sweeten Hardee's ads 32

The popular, high-stepping California raisins are about to swing from the grapevine to the hamburger stand. Hardee's Food Systems, Rocky Mount, N.C., signed the exclusive merchandising rights in the fast-food category for the California Raisin Advisory Board's dancing raisins.

Our love affair with Fred Astaire 67

It isn't enough to say that he danced gloriously. And to take pleasure in the way he attached his debonair style and graceful voice to those marvelous movie songs. No matter who is singing oldies like "Cheek to Cheek," "Night and Day" or "They Didn't Believe Me," we always hear—and see—Fred Astaire, who died a week ago at age 88. From the beginning, about 55 years ago, Americans began falling in love with him and his movies.

How sweet it was 67

Jackie Gleason, who died June 24 at age 71, was one of the pioneers of TV comedy, but he remained a holdout in commercial endorsements until the past 10 years, when he used his trademark expressions in two major commercials.

INTERNATIONAL

Japan takes Grand Prix at Cannes festival 48

Just about anyone in advertising would agree that a cheap, fast, good commercial production is tough to get. But cheap, fast and good turned out to be the Grand Prix winner at Cannes this year. The Japanese spot, for an encyclopedia named "The Illustrated Guide to Animals," published by Heibonsha Publishing, won the top prize at the festival. The U.S., which brought back the Grand Prix the past three years, collected seven Gold Lions, 13 Silver Lions and 15 Bronze Lions.

U.S. agencies mull Eastern Europe 49

As major U.S. advertisers pierce the Iron Curtain to reach Soviet bloc nations, ad agencies are debating whether to follow suit. But agency executives still have concerns ranging from politics to finance, and, so far, Ogilvy & Mather Worldwide's office in Budapest, Hungary, is the only major U.S. agency branch in an Eastern European country.

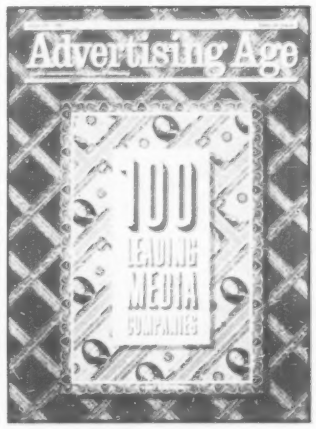
OTHER NEWS

Like a surrogate mother, American Motors Corp. is showing the press its new midsize car that likely will belong to Chrysler Corp. by the time it goes on sale in November. AMC's strategists also are plowing ahead with marketing plans for the car they have dubbed Renault Premier, though the fate of that name is uncertain because of Chrysler's pending takeover of the company. Insiders say Chrysler is expected to drop the Renault name. Page 12.

Affiliated Advertising Agencies International, a 49-year-old network of independent shops, broadened its member services by forming AAAI Media Buying Co-op. The 56 U.S. and 36 foreign members will share media research, trends information, competitive analysis, local-market information, planning and post-buy analysis as well as media buying. Page 32.

Organizers of We the People 200, Philadelphia's troubled celebration of the Constitution's bicentennial, are demanding that former chief fund-raiser Richard Rovsek return $160,000 in fees. Also, the Pennsylvania Attorney General's Office is seeking to recover all payments made to Mr. Rovsek, who quit the project last month after failing to raise any sponsor money. Page 32.

SPECIAL REPORT



Media Companies—*Acquisitions and divestitures continued to exact their toll on revenues generated by media companies, according to* Advertising Age*'s report on the 100 Leading Media Companies. This year there were nine new entries on the top 100 list, representing the largest year-to-year flux in the seven years the list has been compiled. The list ranks media companies by their 1986 media revenues. Starts after Page 36.*

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ABP MPA RED TAG ABC NRA

TV nets eye big increases for prime time

By VERNE GAY

New York—The Big 3 TV networks are shooting for commercial price increases of as much as 30% on 1987-88 prime-time programs, according to agency and TV industry executives.

In the first sign of how aggressive networks will be with prime-time advertisers in the people-meter era, ABC, CBS and NBC last week submitted upfront—or advance—pricing details to about a half-dozen agencies with motion-picture clients.

Several closed deals by June 26 and were believed to have paid 20%-to-25% unit cost increases.

MGM/UA Communications, via Paul Schulman Co., New York, a subsidiary of Advanswers Media Programming, reported a three-network buy late last week.

Sources said price packages going to other advertisers this week will seek similar hikes.

Earlier rate increases in the upfront children's TV market went as high as 30%.

However, the children's market is dominated by a handful of advertisers.

So far, the proposed rate applies only to movie advertisers, which typically pay the highest rates on TV and, unlike other upfront TV buyers, do not get guarantees or make-goods on ratings shortfalls.

The networks can charge movie advertisers the highest price because those advertisers have unusually specific buying parameters. For example, many scramble for high-rated Thursday night inventory to support Friday releases.

The networks reportedly want to finish deals with non-guaranteed advertisers before those expected to demand guarantees.

"The networks first will find the guys willing to do business the way they want to do it before they tackle the ones who will play hard ball," said an agency executive.

"This [the proposed price hike] is not that unusual," said an agency executive. "We get our package back from the network [with the pricing], count to a hundred, call them back and say it's not acceptable. Then we start negotiating."

The initial asking price is never the final price in network negotiations, buyers said. Typically, the

(Continued on Page 63)

Mobil may lead Fla. tax battle

By STEVEN W. COLFORD

Tallahassee, Fla.—Ad industry attorneys are urging the state Supreme Court not to answer the governor's request for an advisory opinion on the state's ad tax.

Industry leaders are trying to get Mobil Corp. or a comparable national advertiser to file suit against the tax, and lawyers are telling the high court an advisory opinion could affect lower courts.

An army of industry attorneys told the Florida Supreme Court June 22 that the tax is unconstitutional. But, they argued, the court should sit back, let the 5% tax take effect July 1, and wait for individual lawsuits on its constitutionality to filter up to its level.

The court is expected to respond to the governor's request by mid-July.

Not only is it highly irregular for the governor to seek an advisory opinion on legislation already passed, argued ad industry attorney Gregory Diskant, but it also is unfair for him to solicit such an opinion from the state's highest court and then expect lower courts to consider suits against the tax

(Continued on Page 66)

Cole & Weber wins

Diet Center switch

Rexburg, Idaho—Diet Center, which only three months ago hired Phoenix, Ariz.-based WFC Advertising to replace J. Walter Thompson USA, San Francisco, on its $6 million account (AA, March 30), reversed itself and appointed Cole & Weber, Seattle. The U.S.' largest franchisor of weight-control clinics appointed C&W without a review. Diet Center General Manager-Marketing Ted Austin said he was disappointed with the creative campaign that WFC developed for the fall and so turned to C&W, which had impressed him in the earlier competition.

Sega of America, South San Francisco, Calif., cut the list of finalists for its $7 million account to BBDO Worldwide, Los Angeles and San Francisco; Fallon McElligott, Minneapolis; and Jordan, Manning, Case, Taylor & McGrath, New York. The videogame marketer earlier fired J. Walter Thompson USA, San Francisco (AA, Feb. 16). At that time, the company said it would handle its account in-house. Woolward & Co., San Francisco, did some interim creative work; Bohbot & Cohn, New York, handled media buys.

West Coast News

PROMOTIONS VIA SHOPPING MALLS

Sampling, Product Demonstrations, Couponing, National Publicity Campaigns, and increased consumer brand awareness, highlight the fastest growing media in direct marketing history ... Co-Op Mall Marketing. **Procter & Gamble, Chevrolet, General Foods, Clairol, RCA, and Nabisco,** are among a few of the leading consumer product companies using our Shopping Center Network.

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GF ad policies look lenient

By JUDANN DAGNOLI

General Foods Corp.'s major agencies, facing a cut in their client's traditional 15% commissions, are pressing for a relaxation of GF conflict policies that already are liberal by most standards.

GF's worldwide agencies—New York-based D'Arcy Masius Benton & Bowles, Grey Advertising, Ogilvy & Mather and Young & Rubicam—are planning to request greater leeway in conflict policies and more compensation for new-product work (AA, June 22).

But GF's current policies on these matters, as outlined by documents obtained by ADVERTISING AGE, are not unreasonable, and the two documents—one from 1984 and an amendment from 1985—indicate GF already has relaxed its conflict policy at least twice.

A memorandum dated Nov. 28, 1984, designated "Advertising agency relationships," delineates international conflict policies. It singles out coffee beverages and fruit beverages as GF's foundation businesses, where the strictest conflict policies apply.

A later document, dated Jan. 16, 1985, entitled "Product conflict in agencies," expands the foundation categories to five, adding ready-to-eat cereal, packaged desserts and processed meat and poultry.

Within beverages, according to the documents, Rye Brook, N.Y.-based GF considers these products direct conflicts: fruit juice and nectar products, regardless of form; concentrates; and fruit-flavor, ready-to-drink refreshment beverages, carbonated, non-carbonated, bottled and canned.

Considered indirect conflicts are mineral waters, alcoholic beverages, alcoholic beverage mixers, milks and colas.

In the '85 document, GF amended that stance to allow its shops to handle sugar-sweetened colas and carbonated beverages but not diet carbonated beverages.

Full-strength juices, the documents say, are not direct conflicts, but "the agency assigned Kool-Aid ought not to be allowed to handle a product" in juice or sugar-sweetened carbonated beverages. Grey handles Kool-Aid.

Coffee conflicts are determined geographically, according to the documents.

An agency handling a GF coffee in Europe may not accept coffee assignments from GF competitors in that continent.

GF's main coffee agency, for flagship Maxwell House, is O&M. DMB&B handles Yuban and Brim; Y&R handles Sanka.

GF's meals division—Birds Eye, Minute Rice, Open Pit, Shake 'n Bake and Stove Top—has a less clear-cut policy.

Categories where the shops are advised to consult GF before accepting business include starches, vegetables, coatings/sauces, dressings and convenience meals.

Compensation, according to the documents, is 15% of gross media payments or a 15% service charge on net non-media payments. GF also compensates its agencies with cost plus 25%—or a flat fee—for design and sales-brochure work.

The agencies also are "expected to contribute to the cost of creative research, usually at the rate of half of 1% of billings."

As for product-development work, GF pays its agencies "a fee not to exceed full cost plus a profit of 25%," the documents say. Only during the "advanced development stage"—defined in the documents as the "point which product formulation, general marketing strategy and introductory timing are known"—is the new product formally assigned to a GF agency.

After assignment, the agency is paid commission during the first year. In the second year, "agency costs of servicing the brand that are not offset by test-market or regional commissions may be offset by fees," the documents state, set at a maximum of $30,000.#

CORRECTIONS & CLARIFICATIONS

- In the decision by the National Advertising Division of the Council of Better Business Bureaus involving Warner-Lambert Co.'s Trident sugarless gum (AA, June 15, P. 24), the company said it would employ qualified promises to advertise the gum's cavity-reduction properties, not that it would refrain from using cavity-reduction claims entirely.
- In the credits for the Global Gallery item for Ken-L Ration Tender Chops (AA, June 8, P. 56), the name of Debbie Nightingale as copywriter was omitted by the agency.
- The International Advertising Festival, New York, said its 73 gold awards for print included 14 for outdoor, rather than 14 additional prizes, as reported (AA, June 22, P. 88).
- Burke Promotional Marketing, Chicago, is one of the finalists for Sales Promotion Agency of the Year. The agency was misidentified earlier as Burke Creative Merchandising (AA, June 22, P. 88).#

Media errors

At press time, two errors were found in the 100 Leading Media Companies report in this issue of ADVERTISING AGE:

- **Cox Enterprises is mistakenly referred to as Cox Communications.**
- **Capital Cities/ABC's total media revenues should be listed as $4,124.4 million in the table on Page S-8.#**

THE MEN YOU WANT ARE WATCHING DALLAS, CHEERS AND DIFFERENT STROKES.

The upscale men you're after stand way apart from the norm. And so do their viewing habits. To this select group, "Night Court" means a college basketball game in prime time. And "L.A. Law" is the Raiders' defensive unit. No wonder these men who earn more, spend more and do more are turning off the broadcast networks and turning to ESPN.*

They know ESPN is where they can find CFA College Football, Top Rank Boxing, NHL Hockey, College Basketball and more. This season we've even got TV's ultimate weekly drama series: NFL Sunday Night Football.

And smart advertisers know ESPN is where they can find men who buy 22% more life insurance, 35% more telecommunications equipment and who take 35% more business trips than the national norm.* Which proves just how above average our average viewer is.

Without ESPN, you're underdelivering this very attractive audience. But you can reach them effectively—for a much lower CPM than the networks—by placing a mere 10% of your sports budget with us. You'll see results so dramatic they could change the way you spend your ad dollars from now on. After all, if you're still trying to reach upscale men through the likes of "Knots Landing," you just might be missing the boat.

ESPN
THE TOTAL SPORTS NETWORK

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June 29, 1987 Special Issue

Advertising Age

Crain's International Newspaper of Marketing

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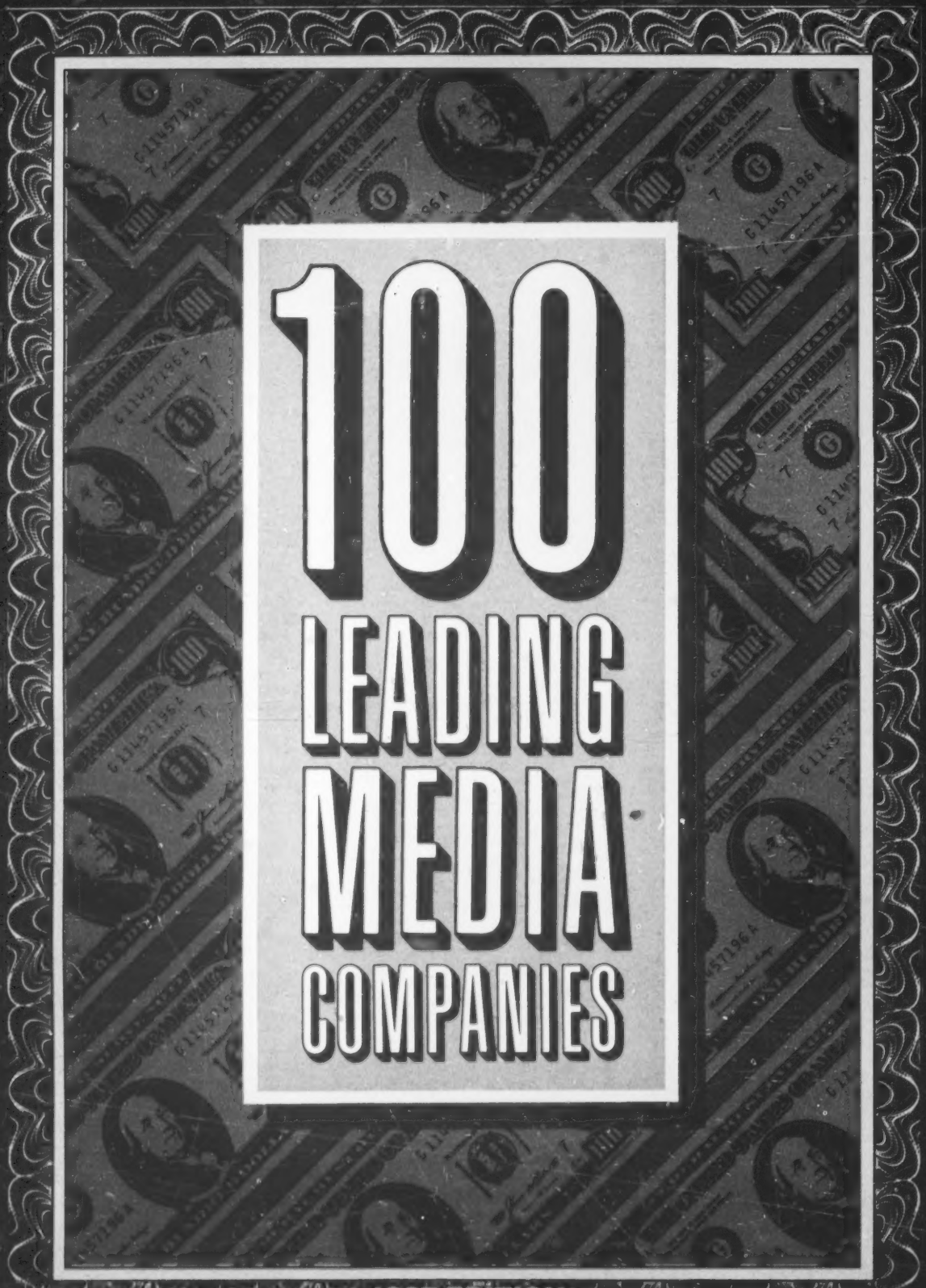

100 LEADING MEDIA COMPANIES

1987 EDITION

Sales surge 11% for media giants

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By R. CRAIG ENDICOTT

The nation's 100 leading media companies continued to show strong revenue growth and exceptional profitability in 1986 in spite of a soft national advertising market.

The AD AGE 100, selected annually on the basis of net revenues, grew 11.1% in media-only sales to $58.4 billion in 1986 over 1985. The same companies reported total sales of $122.1 billion, up 13.4%, for a 20% year-to-year growth rate. That profitability largely could be attributed to media divisions of the 100, because some $47.4 billion of the spread between media and total revenues came from two basically non-media companies: No. 4 General Electric Co. and No. 20 Westinghouse Electric Corp.

Acquisitions continued to dramatically reshape the industry. About 400 media properties were bought and sold by the 100 media companies. Ten companies from the 1985 list underwent ownership changes, and the sale of two more on the 1986 list is pending. From the 1985 list, RCA Corp. (NBC) went to General Electric; American Broadcasting Corp. merged with Capital Cities Communications to form No. 1 Capital Cities/ABC; and No. 18, Viacom International, was sold to National Amusements. John Blair & Co. was split apart, putting No. 28 Advo-System and No. 61 Quad/Graphics on the list. A.S. Abell was sold to No. 6 Times Mirror Co., Houston Chronicle Publishing went to No. 12 Hearst Corp., McCall Publishing Co. evolved into a joint venture, No. 77 Working Woman/McCall's, Rollins Inc. was sold to No. 100 Heritage Communications, Winston Network was sold to management and became No. 98 American Media Network, and GFV was bought by No. 45 Consolidated Press Holdings, Sydney, Australia.

Other additions to this year's list include No. 57 Chicago Sun-Times Co. by virtue of its purchase by its publisher from Rupert Murdoch's News Corp. Ltd.; No. 63 Product Movers, which experienced a 33% growth in revenues; and No. 78 Home Shopping Network, which saw its revenues jump to $160.2 million overnight as the network fed the tele-merchandising crazed marketplace.

Properties bought in late 1986 or early 1987 from the 100 leading media companies will ensure ascent to the list in 1987 of TVX Broadcast Group, Virginia Beach, Va., Cooke Media Group, Middleburg, Va., and Gillett Holdings, Nashville, Tenn.

Sure to be absent next year from the 100 list is No. 100 Heritage Communications, whose returns will be folded into prospective parent No. 23 Tele-Communications Inc. RKO General, No. 55, is on the block to help its parent company, Gencorp, pay off the debt incurred in fighting off an unwanted suitor.

Newspapers, the largest contributor in sales in accounting for 36% of the 100's total media, grew to $21.4 billion in 1986, up 10.7%. Newspapers began to emulate cable in clustering. No. 10 Tribune Co. and No. 17 Scripps Howard swapped community papers in a six-county area of west-central Florida to maximize operations around larger dailies.

Evening newspapers continued to take it on the chin. Times Publishing Co., No. 69, closed its St. Petersburg (Fla.) *Evening Independent*; No. 47 Landmark Communications shut down the afternoon edition of its *Greensboro* (N.C.) *News & Record*; and Knight-Ridder, No. 9, continued its conversion policy, switching four more evening papers to morning editions.

Heavy buying of leading dailies has slowed as the number of available properties has diminished. The big media companies are now emptying their pockets on weeklies, often with intent to increase frequency. Major dailies did change hands, though, led by two papers from economically-depressed Texas—the *Dallas Times Herald*, sold by Times Mirror to No. 37 Media News Group, and *Houston Chronicle*, sold by Houston Endowment to Hearst Corp.

Newspaper divisional revenue declines were recorded by No. 24 Harte-Hanks Communications, No. 26 Opubco and No. 93 Allbritton Communications, as the result of divestitures, and by No. 51 Maclean Hunter Ltd. (the *Houston Post*) as a result of the depressed Houston market.

Broadcast (TV and radio) claimed a 9.2% year-to-year growth with $15.5 billion in revenues for the 100, although as a percentage of total media sales, broadcast dropped from 27% in 1985 to 26.5% in 1986.

Contributing to the drop were reduced revenues from Times Mirror, No. 22 Kohlberg Kravis Roberts & Co., No. 46 McClatchy Newspapers, No. 48 Taft Broadcasting Co., No. 50 Donrey Media Group and No. 60 Providence Journal Co.

Only prime-time ratings leader NBC fared well among the three networks. ABC and CBS even did the unmentionable in cutting ad rates for prime-time commercials.

However, CBS's President-CEO Laurence Tisch expects a healthy year for the Big 3 in 1987, predicting advertisers will pay at least 6%-to-8% more for upfront ad time. Other than a poor national ad climate, the networks themselves were the object of buyouts that ultimately brought on wholesale changes in their executive suites and budget slicing, including major layoffs.

Magazines were the poorest performing media group. There were 41 magazine companies or segments contributing to the 6.4% growth in magazine revenue to $9.5 billion in 1986. Magazines as a rule have been down for several years, particularly the trade press, newsweeklies and general interest titles.

Strapped with revenue losses in their magazine properties were No. 14 Washington Post Co. (Newsweek); No. 25 International Thomson Organisation; No. 27 Readers Digest Assn.; No. 59 National Geographic Society; No. 72 Playboy Enterprises; and No. 83 U.S. News & World Report.

A combination of this slump and new direction at No. 59 Working Woman/McCall's led to the highly controversial move by *McCall's* to open its ad page rate to negotiation, reflecting the "open" TV-style of buying advertising and mocking the rate-breaking practices of Seven Sisters titles. Prior to its decision, McCall's, of all the Sisters, was most often singled out as the major violator of the rate-card buying structure.

Cable deregulation in the U.S. and Canada during 1987 will give cable companies a larger revenue stream. Cable operators have wasted no time in hiking their rates. No. 90 Rogers Communications already has boosted rates up to 23% in most of its U.S. systems. Media General, No. 35, boosted rates 22% at its Fairfax cable system serving 140,000 basically affluent subscribers in Washington-area bedroom communities that already pay an average of $32 per month for service. There has been no apparent drop-off in subscribers, either. The industry theorizes that higher rates for basic will influence greater subscriptions for pay, because in narrowing the differential, pay will "seem" less expensive.

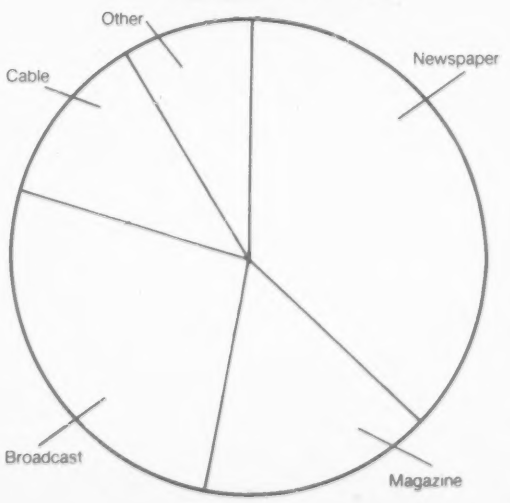
Of the individual media tracked in this issue, cable had the largest year-to-year growth of 14.9% to $6.9 billion among the 100. Cable accounted for 11.7% of total media dollars in 1986. In 1985, it took 11.4% of the total.#

Composite revenues for 100 leading media companies

Totals	Corporate totals 1986	1985	% chg	Sales % media* 1986	1985	% chg
Media revenues	$58.4	$52.5	11.1			
Total revenues	122.1	107.7	13.4			
Net income	8.3	6.9	20.0			
Newspaper revenues	21.4	19.3	10.7	36.6	36.7	(0.4)
Magazines revenues	9.5	8.9	6.4	16.4	17	(4.2)
Broadcast revenues	15.5	14.2	9.2	26.5	27.0	(1.7)
Cable revenues	6.9	6.0	14.9	11.7	11.4	3.4
Other media revenues	5.2	4.2	24.3	8.9	8.0	11.9

NOTES: Dollars in billions.
* Sales taken as % of total media sales for 100 leading media companies.

Revenues by media as % of $58.4 billion



ABC

ABC's woes even included its sitcom "Moonlighting." The highest rated hour among adults 18-49, it suffered production delays that forced earlier than usual re-runs.

McCall's
LOVEBUSTERS: 6 Ways You Can Wreck Your Romance
THE NEW FACES OF FATHERHOOD: A Special Report
WOMAN
BUILDING YOUR POWER STYLE
SUCCESS SECRETS OF TOP MANAGERS
HOW TO SPOT A BOTTOM JOB BEFORE YOU'RE HIRED
THE TIMESAVING KITCHEN: LESS WORK, MORE FUN
NOW YOU CAN MAKE MONEY IN GOOD TIMES AND BAD

Magazine entrepreneur Dale Lang set the magazine industry on its ear by announcing this September *McCall's* would begin negotiating rates. Its fast-growing sister publication, *Working Woman*, will hold to its rate card, however.

Knight-Ridder used Pulitzer Prize material from a photo essay by *Philadelphia Inquirer* photographer Tom Gralish to promote itself in 1986. Beber Silverstein handled.

The top 50 companies

RANK **7**

Advance Publications

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	2,200.0	2,030.0	8.4
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A

Sales by media	1986	1985	% chg
Newspaper	1,470.0	1,350.0	8.9
Magazine	544.0	510.0	6.7
Broadcast	—	—	—
Cable	186.0	170.0	9.4
Other	—	—	—

Media revenues at Advance Publications, which grew to $2.2 billion in 1986, up 8.3% according to ADVERTISING AGE estimates, largely reflect the acquisition of the *Trenton Times*, a 65,000-circulation daily newspaper in New Jersey's capital city and a 6.5% overall increase in revenues across the company's holdings.

Advance is a tightly held, extremely private enterprise controlled by the two sons of the late Samuel I. Newhouse, Donald and S.I. Jr. Its primary revenue generator is newspaper publishing, which accounts for an estimated $1.47 billion in revenues. Magazines account for about $544 million and cable, an estimated $186 million.

The acquisition of the *Trenton Times* from Allbritton Communications for an estimated $40 million to $50 million—about its annual gross, analysts estimate—put Advance in a hotly contested battle with Ralph Ingersoll's tabloid *Trentonian*. Advance already has a strong presence in New Jersey, owning the Newark *Star Ledger*, the state's largest paper.

As June began, a grand jury was still investigating allegations that Advance illegally conspired with Cleveland industrialist Joseph Cole to create a monopoly by shutting down Mr. Cole's *Cleveland Press* and sell its distribution list to Advance's *Cleveland Plain Dealer*. The grand jury empaneled to probe the allegations was slated to be disbanded at the end of June.

Another legal matter, the settlement of the estate of the late S.I. Newhouse still is pending. In that case, the IRS claims the family owes $914 million in estate taxes; the family claims its liability is only $47 million. The parties agreed early this month to settle out of court.

In Advance's magazine division, Conde Nast Publications took on a new leader and a new title in 1986-early 87. The leader is Bernard Leser, who previously had run the company's British subsidiary. He succeeded Robert Lapham as president of the group. The new title was *Signature*, acquired from Citicorp/Diners Club. In September 1987, the old *Signature* was scheduled to reappear as *Conde Nast's Traveler*, which analysts presumed would develop synergies with the "Fodor Travel Guides," which are owned by another Advance company, Random House.

It appears that *The New Yorker* has achieved more stability under Newhouse ownership than it had before its sale to the brothers in May 1985. *The New Yorker* ended 1986 with a 10.5% drop in ad pages to 2,683 and a 12.1% drop in ad revenues to $46.4 million. That contrasts with losses of 15% and 12.4%, respectively, in 1985, while circulation climbed 10.7% to 560,000, according to yearend 1986 figures reported to ABC.

At *Parade*, Advance's newspaper-distributed Sunday magazine, ad pages were off 2.1% to 643 while revenues climbed 5.5% to $198.4 million and circulation rose 2% to an all-time high of 31.4 million. In early 1987, *Parade* sold its rotogravure printing unit, Diversified Printing Corp., to British publishing magnate Robert Maxwell for an undisclosed sum. Gannett Co. precipitated the sale when it notification Advance it would terminate its contract for the printing of *USA Weekend*, its Sunday newspaper magazine, when the current contract expired in 1988.

Of the Ad Age 100 leading media companies, newspapers accounted for 36.6% of total media sales of $58.4 billion in 1986, and broadcast, 26.5%, but both were slightly down from their percentage of total media of the 100 in 1985. Cable, which contributed 11.7% of total media revenues, showed the strongest year-to-year growth among monitored media of 14.9%.

NEWHOUSE NEWSPAPERS
Newark, N.J. *Star-Ledger*
Star-Ledger Plaza
Newark, N.J. 07101
(201) 877-4141

Corporate Personnel

Donald Newhouse, president

Conde Nast Publications
350 Madison Ave.
New York, N.Y. 10017
(212) 880-8800

Corporate Personnel

S. I. Newhouse, chmn-ceo
Bernard Leser, president

The New Yorker
25 W. 43rd St.
New York, N.Y. 10036
(212) 840-3800

Corporate Personnel

Steve Florio, president, publisher

MEDIA PROPERTIES

Cable/Video

Metrovision—ILLINOIS: Blue Island, Berwyn, Crestwood, Hickory Hills (90% interest), Melrose Park, Midlothian, Northlake, Palos Hills, Posen, Stickney, Tinley Park, Westhaven. INDIANA: Portage. KENTUCKY: Newport. LOUISIANA: St. John the Baptist Parish. NEBRASKA: Auburn, Crete, David City, Fairbury, Fremont, Humbolt, Lincoln, Nebraska City, Pawnee City, Seward, Superior, Table Rock, Tecumseh, York. OHIO: Green Township. TEXAS: Belton, Belmead, Beverly Hills, Greenville, Killeen, Lacey-Lakeview, Robinson, North Weedway, Temple, Waco. WISCONSIN: Lannon (90% interest), Menomonee Falls. WYOMING: Sheridan. New Channels Corp.—ALABAMA: Anniston, Eufala, Greenville, Wetumptka. NEW YORK: Binghamton, Carthage, Cooperstown, Corning, Delhi, Fulton, Malone, Massena, Ogdensberg, Oenonta, Potsdam, Rome, Sidney, Syracuse, Troy. PENNSYLVANIA: Canonsburg, Coraopolis, Crescent Township, Moon Township, Neville Township. Vision Cable Communications—FLORIDA: Clearwater (90% owned), Kenneth City, Pinellas Park. LOUISIANA: Alexandria, Houman. NEW JERSEY: Fort Lee. NORTH CAROLINA: Albemarle, Concord, Jacksonville, Morehead City, Salisbury, Shelby, Southport, Wilmington. PENNSYLVANIA: DuBois. SOUTH CAROLINA: Darlington, Florence, Sumter.

Magazines

Conde Nast Publications: *Bride's, Conde Nast's Traveler, Glamour, Gourmet, Gentlemen's Quarterly, House & Garden, Mademoiselle, Self, Vanity Fair, Vogue.* Other: *The New Yorker, Parade.*

Newspapers

ALABAMA: *Birmingham News & Post-Herald, Huntsville Times, Huntsville News, Mobile Press, Mobile Register.* LOUISIANA: *New Orleans Times-Picayune/States-Item.* MASSACHUSETTS: *Sprinfield Republican, Springfiled Union News.* MICHIGAN: Booth Newspapers, including *Ann Arbor News, Bay City Times, Flint Journal, Grand Rapids Press, Jackson Citizen Patriot, Kalamazoo Gazette, Muskegon Chronicle, Saginaw News.* MISSISSIPPI: *Pascagoula Press & Chronicle.* NEW JERSEY: *Jersey Journal, Newark Star-Ledger, Trenton Times.* NEW YORK: *Staten Island Advance, Syracuse Herald-Journal, Syracuse Post-Standard.* OHIO: *Cleveland Plain Dealer.* OREGON: *Portland Oregonian.* PENNSYLVANIA: *Harrisburg Patriot-News.*

100 leading media companies

Rank	Company	Media revenues
1	Capital Cities/ABC	$4,124.4
2	CBS Inc.	3,224.0
3	Time Inc.	3,099.0
4	General Electric Co.	2,965.0
5	Gannett Co.	2,727.0
6	Times Mirror Co.	2,245.0
7	Advance Publications	2,200.0
8	Dun & Bradstreet Corp.	1,932.0
9	Knight-Ridder Newspapers	1,879.6
10	Tribune Co.	1,775.7
11	New York Times Co.	1,564.7
12	Hearst Corp.	1,529.0
13	Cox Communications	1,465.3
14	Washington Post Co.	1,162.0
15	McGraw-Hill	1,089.1
16	Dow Jones & Co.	1,078.0
17	Scripps Howard	1,062.0
18	Viacom International	855.0
19	News Corp. Ltd.	841.3
20	Westinghouse Electric Corp.	839.0
21	Triangle Publications	730.0
22	Kohlberg Kravis Roberts & Co.	664.9
23	TCI	645.7
24	Harte-Hanks Communications	575.0
25	Int'l Thomson Organisation	549.0
26	Opubco	500.0
27	Reader's Digest Assn.	486.0
28	Advo-System	467.1
29	Thomson Newspapers	412.0
30	Central Newspapers	407.0
31	Affiliated Publications	399.0
32	A.H. Belo Corp.	397.2
33	Continental Cablevision	392.0
34	Meredith Corp.	390.7
35	Media General	$381.0
36	Turner Broadcasting System	379.4
37	Media News Group	375.0
38	Multimedia Inc.	372.0
39	Ingersoll Publications	370.0
40	Warner Communications	360.0
41	Freedom Newspapers	357.0
42	Morris Communications	349.0
43	Copley Newspapers	330.0
44	Pulitzer Publishing Co.	329.0
45	Consolidated Press Holdings	325.0
46	McClatchy Newspapers	310.0
47	Landmark Communications	290.0
48	Taft Broadcasting Co.	281.1
49	Chronicle Publishing Co.	275.0
50	Donrey Media Group	275.0
51	Maclean Hunter Ltd.	270.1
52	Cahners Publishing Co.	267.0
53	Cowles Media Co.	256.8
54	International Data Group	250.0
55	RKO General	239.0
56	Journal Communications	228.7
57	Chicago Sun-Times Co.	225.0
58	Patrick Media Group	220.0
59	National Geographic Society	219.0
60	Providence Journal Co.	208.0
61	Quad/Graphics	205.0
62	Lee Enterprises	203.3
63	Product Movers	200.0
64	Chris-Craft Industries	199.8
65	3M	197.0
66	United Cable Television Corp.	195.8
67	Blade Communications	189.0
68	Howard Publications	185.0
69	Times Publishing Co.	$184.0
70	Seattle Times	175.0
71	Ziff Communications	175.0
72	Playboy Enterprises	168.0
73	Sammons Communications	167.0
74	Dispatch Printing Co.	165.5
75	Harcourt Brace Jovanovich	164.8
76	National Enquirer	164.0
77	Working Woman-McCalls	164.0
78	Home Shopping Network	160.2
79	LIN Broadcasting	154.0
80	Macromedia Inc.	152.0
81	Cablevision Systems Corp.	150.8
82	Petersen Publishing Co.	143.9
83	U.S. News & World Report	140.4
84	TeleCable Corp.	137.0
85	Times Journal Co.	136.0
86	Penthouse International	135.6
87	Hubbard Broadcasting	135.0
88	Bonneville International Corp.	131.0
89	Park Communications	126.6
90	Rogers Communications	125.0
91	Forbes Inc.	120.0
92	Crain Communications	117.9
93	Allbritton Communications	115.0
94	Berkshire Hathaway	114.0
95	H&C Communications	114.0
96	Stauffer Communications	112.4
97	Knapp Communications	107.0
98	American Media Network	105.0
99	Pittway Corp.	101.4
100	Heritage Communications	100.1

NOTE: Dollars in millions

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S-12 CBS Inc.
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S-14 Copley Newspapers
S-32 Cowles Media Co.
S-15 Cox Communications
S-32 Crain Communications
S-32 Dispatch Printing Co.
S-18 Donrey Media Group
S-18 Dow Jones & Co.
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S-32 Forbes Inc.
S-18 Freedom Newspapers
S-19 Gannett Co.
S-20 General Electric Co.
S-32 Harcourt Brace Jovanovich
S-20 Harte-Hanks Communications
S-20 Hearst Corp.
S-33 H&C Communications
S-33 Heritage Communications
S-33 Home Shopping Network
S-33 Howard Publications
S-33 Hubbard Broadcasting
S-21 Ingersoll Publications Co.
S-33 International Data Group
S-22 International Thomson Organisation
S-33 Journal Communications
S-33 Knapp Communications
S-22 Knight-Ridder Newspapers
S-23 Kohlberg Kravis Roberts & Co.
S-23 Landmark Communications
S-33 Lee Enterprises
S-33 LIN Broadcasting
S-33 Maclean Hunter Ltd.
S-33 Macromedia Inc.
S-24 McClatchy Newspapers
S-24 McGraw-Hill
S-24 Media General
S-25 Media News Group
S-25 Meredith Corp.
S-25 Morris Communications
S-26 Multimedia Inc.
S-33 National Enquirer
S-33 National Geographic Society
S-26 New York Times Co.
S-26 News Corp. Ltd.
S-27 Opubco
S-34 Park Communications
S-34 Patrick Media Group
S-34 Penthouse International
S-34 Petersen Publishing Co.
S-34 Pittway Corp.
S-34 Playboy Enterprises
S-34 Product Movers
S-34 Providence Journal Co.
S-27 Pulitzer Publishing Co.
S-34 Quad/Graphics
S-27 Reader's Digest Assn.
S-34 RKO General
S-34 Rogers Communications
S-34 Sammons Communications
S-27 Scripps Howard
S-34 Seattle Times Co.
S-34 Stauffer Communications
S-28 Taft Broadcasting Co.
S-36 TeleCable Corp.
S-28 Tele-Communications Inc.
S-28 Thomson Newspapers Ltd.
S-36 3M
S-29 Time Inc.
S-36 Times Journal Co.
S-29 Times Mirror Co.
S-36 Times Publishing Co.
S-30 Triangle Publications
S-30 Tribune Co.
S-30 Turner Broadcasting Systems
S-36 United Cable Television
S-36 U.S. News & World Report
S-30 Viacom International
S-31 Warner Communications
S-31 Washington Post Co.
S-31 Westinghouse Electric Corp.
S-36 Working Woman-McCall's Group
S-36 Ziff Communications

Other media operations
Eastern Microwave (common carrier).
OTHER OPERATIONS
Random House, Alfred A. Knopf Inc., Ballantine Books, Vintage Books, Modern Library.

RANK **28**

Advo-System

Windsor, Conn.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	467.1	443.5	5.3
Total sales	467.1	443.5	5.3
Net income	(44.9)	(17.5)	(156.6)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Dir. mail/FSI	467.1	443.5	5.3

A top Advo-System executive says the "worst is behind and the strong potential is beginning to be realized" at Advo, based in Windsor, Conn.

In mid-1983, Advo developed a joint venture with John Blair called Network Mail (now called Mail Box Values). Within months, Blair purchased Advo and began to build the business. Blair's impatience, however, was costly. Although Advo's Shared Mail concept—marrying various ad pieces into a single packet for distribution via third-class mail—was a sound one (it reached 23 million households weekly in 1983), growth was gradual.

Blair forced the pace—increasing its shared mailings to nearly 50 million households weekly and sending out its Network Mail about every other week. Blair paid for all this—about $100 million (including a $35 million purchase price for Advo); and quickly accumulated losses of more than $50 million. Competition from other FSI publishers was stiff. Growth proved artificial and too rapid.

Last year, after turning down an offer of only $100,000 for Advo, Blair sold 28% of the equity in Advo to Warburg Pincus, which obtained voting control. When, a few weeks later, Reliance Capital bought Blair *sans* Advo, the remainder of Advo was distributed to Blair shareholders as a special dividend. Since last fall, Advo has been a publicly traded company.

During 1986, Advo had a year-to-year growth of 5.3% in revenue to $467.1 million. It lost $44.9 million after-taxes because of a $75.2 million one-time goodwill writeoff.

New management at Advo may realize its potential. In late 1984, Hugh R. Beath was appointed Blair's chief operating officer. He began paying more attention to Advo, which led to restructuring in 1985, though with little financial results. He took over the presidency in February 1986, and quickly began reorganizing the company. He reduced employees, pulled out of certain markets and instituted a salary freeze.

Simultaneously, division presidents were named to each of four geographically localized divisions, each representing about $160 million in revenues, which put operating and profit responsibilities lower in the organization to make Advo more responsive to local market conditions.The theory was that despite being a national organization, Advo needed to be close to local markets.

The result: In 1986, Advo made almost $10 million. This year Advo is "expanding selectively again, going back into certain markets that show potential, and signing up new customers." It made nearly $4 million in the quarter ending in December and about $2 million in the quarter ending in March.

Advo's 22,000 customers can use the company's assistance in designing ads, pulling and targeting appropriate ZIP codes and coordinating printing. Advo claims it can achieve 98% penetration of homes in a designated trading area.

The company has two basic programs. Solo Mail covers about 1.5 billion catalogs and other specialty mailings sent out yearly; and Shared Mail, the increasingly popular combination of ads from several customers in one package, in the form of either an FSI or individual ad.

ADVO-SYSTEM
One Univac Lane
Windsor, Conn. 06095-2688
(203) 285-6100
Corporate Personnel
Hugh R. Beath, chmn, president-ceo
MEDIA PROPERTIES
ADVO-System.

RANK **31**

Affiliated Publications

Boston

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	399.0	349.4	14.2
Total sales	401.1	350.7	14.4
Net income	66.1	31.0	113.5
Sales by media	**1986**	**1985**	**% chg**
Newspaper	399.0	349.4	14.2
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

Affiliated Publications, Boston, dropped its radio broadcasting and cable TV businesses and picked up a magazine publisher during 1986. Affiliated also recorded record revenue and net income, saw its stock split two for one—a little more than a year after a three-for-two split—and began trading on the New York Stock Exchange.

Affiliated Broadcasting was sold Dec. 2 to EZ Communications, Fairfax, Va., for $65.5 million. The division, characterized financially as static in revenues and profits, had been a minor contributor to Affiliated. The company sold the operation to "expand into cellular telephone and paging," says Daniel Orr, Affiliated VP, noting the sale of its cable TV operations was done for the same reason.

The company bailed out of cable TV when McCaw Communications Cos., in which Affiliated has a 45% interest, sold all its 46 cable systems, effective Dec. 20, 1986, to Jack Kent Cooke for $755 million.

Through the McCaw venture, the company agreed to purchase the cellular telephone interests of Charisma Communications Corp. and Maxcell/Telecom Plus for $158 million, and all the cellular licenses and paging systems of MCI Communications Corp. for $120 million. These purchases will make McCaw one of the largest cellular telephone operators in the country.

Affiliated's first priority remains newspapers, specifically the *Boston Globe*. To that end, the company made offers but no buys last year. "We are looking at papers with 40,000 to 50,000 in circulation or more," says Mr. Orr, although Affiliated made a bid to purchase the employee-owned Journal Communications, Milwaukee, for a reported $626 million. It was rejected.

Affiliated's strategic plan places cellular telephone second in emphasis followed by cable.

Affiliated's fourth strategic priority is magazines. Affiliated purchased Billboard Publications on April 30, 1987, for $100 million. As part of the deal, several members of Billboard's management bought a combined 10% equity in Billboard. The acquisition gives Affiliated an instant stable of successful publications including eight magazines and 15 specialty publications. Billboard's leading publications are *Amusement Business, Backstage, Billboard, Interiors, Music & Media* and *Photo Weekly*.

Affiliated revenues from all operations in 1986 increased 14.4% to $401.1 million. Operating income was $85.6 million, a 32.4% improvement over 1985 credited to a 9.1% increase in ad volume, an average 7.5% hike in ad rates and moderate increases in newsprint and labor costs.

The *Boston Globe* continued to generate the revenue and profits at Affiliated. Advertising revenue for 1986 jumped to $328.3 million, up 17.2% from the year before. Circulation revenue showed a modest 2% gain to $70 million because of selective price increases.

The ABC FAS-FAX report for average circulation at March 31, 1987, reported the daily *Globe* at 500,106, down 2.7% from year earlier figures, and 798,118 for Sunday, down 1.6%. Ad linage for the year increased 9.8% to 4.5 million inches for Sunday and daily combined.

The *Globe* is relishing the situation at its crosstown rival, the feisty *Herald*. Rupert Murdoch's News America must sell the *Herald* because of a cross-ownership conflict that arose when Mr. Murdoch acquired local TV station WXNE-TV for his Fox Broadcasting Network.

Under Mr. Murdoch, the *Herald* made significant gains and was a constant thorn to the *Globe*. "We love competition. We hope there will always be two newspapers here," says Mr. Orr. On the cellular telephone side, Affiliated in August began operating a 50/50 joint venture with McCaw, called Affiliated McCaw Personal Communications, which also is involved in the radio common carrier or paging business. Apart from the 50/50 venture, McCaw Communications Cos., 45% owned by Affiliated, has cellular operations in 23 markets and paging systems in seven states.

McCaw operations showed net losses for the year. Affiliated McCaw joint venture had revenues of $11.2 million, and a net loss of $10.5 million for the five months of its existence in 1986. McCaw Communications had full-year revenues of $63.3 million and a net loss of $62.9 million. Affiliated does not report its percentage of revenues from either its joint venture or minority ownership position in McCaw but shows its participation in both on the income side.

AFFILIATED PUBLICATIONS
135 Morrissey Blvd.
Boston, Mass. 02107-2378
(617) 929-3300
Corporate Personnel
William O. Taylor, chmn-ceo, dir
Globe Newspaper Co.
135 Morrissey Blvd.
Boston, Mass. 02107-2378
(617) 929-2000
Corporate Personnel
William O. Taylor, chmn-publisher
Billboard Publications
1515 Broadway
New York, N.Y. 10036
(212) 764-7300
Corporate Personnel
Jerry Hobbs, president
MEDIA PROPERTIES
Magazines
Billboard Publications—*Billboard, Music & Media, Backstage, Interiors, Photo Business, Amusement Business, Musician, American Artist*. Directories—*Amusement Business Directory, Amusement Rides & Games Buyers Guide, Audio/Video Tape Source Book, Cavalcade of Arts and Attractions, Country Music Source Book, Directory of North American Fairs, Facility Supplies Source Book, Funparks Directory, International Recording Studio & Equipment Directory, International Talent & Touring Directory, Trade Show & Convention Guide, World Radio TV Handbook*.
Newspaper
Boston Globe.
OTHER OPERATIONS
Photography Book Club, American Artist Book Club, Billboard Information Network (on-line data base), McCaw Communication's (45% owned), Affiliated/McCaw Personal Communications, Globe Pequot Press, Auburn Press, Cellular radio telephones, Watson-Guptill Publications (imprints)—Watson-Guptill, Whitney Library of Design, Amphoto, Billboard Books.

Bonneville PSAs up

Bonneville Media Communications, the full-service agency arm of Bonneville International specializing in public service accounts, gained American Library Assn. and Salvation Army in 1986. A new anti-drug campaign featuring basketball superstar Julius Erving of the Philadelphia 76'ers has gone to the top 75 markets and networks. Bonneville's largest and long-time client, the Church of the Latter Day Saints, made a greater commitment to paid media in 1986, with campaigns in 30 of the top 100 markets.

RANK **32**

A.H. Belo Corp.

Dallas

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	397.2	385.2	3.1
Total sales	397.2	385.2	3.1
Net income	20.3	23.8	(14.7)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	221.6	221.3	0.1
Magazine	—	—	—
Broadcast	175.6	163.9	7.1
Cable	—	—	—
Other	—	—	—

Geographic factors affected A.H. Belo Corp. earnings in 1986, which dropped 11.3% from 1985 to $20.3 million on a 3% growth in revenues to $397 million. All of its newspaper holdings, including its flagship paper, the *Dallas Morning News*, are in the economically depressed Dallas-Fort Worth area as is one of its five TV stations. Two other TV properties are in Houston and Tulsa, cities even harder hit by the downturn in oil prices.

The company showed a one-time loss of $12.8 million related to debt retirement. That was offset by the positive impact of a major debt restructuring program and the Dec. 31, 1986, sale of its two Dallas radio stations, KRQX-AM and KZEW-FM, for $20 million to Tampa-based Anchor Media Ltd.

In April 1987, Belo announced an agreement to sell its two remaining radio stations, KOA-AM and KOAQ-FM in Denver, to Jacor Communications for $24 million. Officials say the move to consolidate holdings in newspapers and TV is an effort to concentrate in the most successful areas.

In the newspaper arena, ad revenues at the *News* remained flat in 1986, staying at the $191 million level of 1985. But the *News* continues to lead rival *Dallas Times Herald* in circulation and advertising share. During the year, the *News* won a victory of sorts when Times Mirror Co. of Los Angeles ended a 15-year fight with the *News* for dominance in the Dallas-Fort Worth market and sold the *Times Herald* to Media News Group. The *Times Herald* continues the war with a livelier looking paper and an aggressive ad campaign that dishes out barbs like "Nobody wants to read a wimp newspaper," at the more established News.

The *Times Herald* also has challenged the *News* and the ABC in federal court, charging circulation figures are padded. The *News* countersued, leveling circulation irregularity charges of its own. In November 1986, Texas Attorney General Jim Mattox started investigating the matter, an action that wound up in district court when the *News* sued to stop the investigation. In February, the court called a six-month truce in that battle.

The dispute between the two papers continues with both being left off ABC's March 31 audit list. According to the ABC's Sept. 30, 1986 FAS-FAX report, the *News* circulation was reported as 390,987 daily, up 3.5% from the year-earlier period, and 531,417 Sunday, up 6.1%, while the *Times Herald* reported 246,371 daily, up 6.6%, and 338,963 Sundays, up 2.2%.

In TV, Belo leads the Dallas-Fort Worth market with WFAA-TV, but it is less successful in other markets like Houston where it has failed to raise KHOU-TV from third place in the key 6 p.m. and 10 p.m. news slots.

In Dallas, *News* advertisers, Joske's department stores and Safeway's North Texas grocery division, were purchased by competitors that also were *News'* advertisers, eliminating about $3 million in advertising revenues annually. Belo executives blamed declining ad revenues, limited promise for short-term recovery and a 7% increase in newsprint this year at the *News* in deciding this May to eliminate about 100 positions.

Its first-quarter earnings reflected a 3% decline in revenues to $87.5 million in 1987. However, earnings increased 37.5% to $2.2 million. Analyst Richard Straley of Eppler, Guerin & Turner does not predict a major improvement in revenues for Belo through 1987 but says its earnings should benefit from lower interest and tax rates.

In 1986, Belo, seeking to ensure in-

Staff for this report
- Fred Danzig, *editor*
- Larry Doherty, *deputy editor*
- Robert Goldsborough, *executive editor*
- R. Craig Endicott, *profile issues editor*
- Julie Doherty, *profile issues assistant editor*
- Mike Ryan, *copy editor*
- Kevin Brown, *assistant editor*
- Sandra Davis, *editorial assistant*
- Geoffrey Shives, *art director*
- Christopher Colletti, *graphic designer*
- Karen Brodsky, *production director*
- Anita Busch, *production editor*
- Norma Green, *copy reader*
- Virginia Hunsche, *copy reader*
- Cover graphics: Jeffrey Toth

What is media?

As witnessed by the composition of the leading 100 media companies profiled in this issue, media cannot be confined to a classical fourth-estate definition. That is a stereotype.

The definition of media continues to evolve as the "traditional" media companies themselves add yet another "non-traditional" activity to their business profile. Seventeen of the companies in this seventh 100 Leading Media Companies report now contain "communications" in their title—a word generally added in recent years to reflect a broad sweep of "media" activities years removed from the classical media form that first identified the company.

As a rule the definition essentially comes down to the dissemination of information, editorial or advertising, through subscription or otherwise, a broad reading that lets in the media door total market coverage units within newspaper companies, and companies as free-standing as their inserts—the direct marketers who have drawn a bead on your Zip code.

Videodiscs, home shopping networks and subscription-based information networks that provide everything from electronic news services to analyses of corporate returns and commodity information to farmers also are merged into the definition. Specialty advertising calendars and the networking of news and information via satellite to member stations are classified as media.

Still on the doorstep, but not included in Advertising Age's interpretation of media, are program production, motion pictures, syndication activities, book publishing and ad rep sales made to non-owned broadcast stations.

The definition is continually being rewritten—today by the skywriters over crowded beaches and the entrepreneurs planting advertising and movie previews on the movie cassettes picked up for a night's viewing, and tomorrow?

It also should be noted that media companies that are headquartered outside the U.S. are ranked in this issue only by their U.S. revenues.

100 leading media cos. by revenue

Rank 1986	Rank 1985	Company	Headquarters	Media revenues 1986	Media revenues 1985	% chng	Total revenues 1986	Total revenues 1985	% chng	Media % total	Net income 1986	Net income 1985	% chng
1	1	Capital Cities/ABC	New York	$4,060.6	$4,068.7	1.3	$4,124.4	N/A	N/A	100.0	$447.7	N/A	N/A
2	2	CBS Inc.	New York	3,224.0	3,192.0	1.0	4,754.0	4,452.0	6.8	67.8	375.0	27.0	1,288.9
3	3	Time Inc.	New York	3,099.0	2,852.0	8.7	3,762.0	3,404.0	10.5	82.4	376.0	200.0	88.0
4	4	General Electric Co.	Fairfield, Conn.	2,965.0	2,647.5	12.0	36,752.0	29,252.0	25.6	8.1	2,492.0	2,277.0	9.4
5	6	Gannett Co.	Arlington, Va.	2,727.0	2,153.0	26.7	2,801.0	2,209.0	26.8	97.4	276.4	253.0	9.1
6	5	Times Mirror Co.	Los Angeles	2,245.0	2,172.0	3.4	2,948.0	2,959.0	(0.4)	76.2	408.0	237.0	72.2
7	7	Advance Publications	New York	2,200.0	2,030.0	8.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	8	Dun & Bradstreet Corp.	New York	1,932.0	1,718.0	12.5	3,114.0	2,772.0	12.3	62.0	340.0	295.0	15.3
9	10	Knight-Ridder Newspapers	Miami	1,879.6	1,700.1	10.6	1,910.7	1,729.6	10.5	98.4	140.0	132.7	5.5
10	9	Tribune Co.	Chicago	1,775.7	1,684.0	5.4	2,029.8	1,938.0	4.7	87.5	292.9	123.8	136.6
11	12	New York Times Co.	New York	1,564.7	1,393.8	12.3	1,564.7	1,393.8	12.3	100.0	132.2	116.3	13.7
12	11	Hearst Corp.	New York	1,529.0	1,428.2	7.1	1,750.0	1,604.2	9.1	87.4	N/A	N/A	N/A
13	13	Cox Communications	Atlanta	1,465.3	1,326.0	10.5	1,569.0	1,471.5	6.6	93.4	N/A	N/A	N/A
14	15	Washington Post Co.	Washington	1,162.0	1,037.0	12.1	1,215.0	1,079.0	12.6	95.6	100.0	102.0	(2.0)
15	16	McGraw-Hill	New York	1,089.1	1,030.7	5.7	1,576.8	1,491.2	5.7	69.1	154.0	147.4	4.5
16	17	Dow Jones & Co.	New York	1,078.0	978.0	10.2	1,135.0	1,041.0	9.0	95.0	183.0	139.0	31.7
17	18	Scripps Howard	Cincinnati	1,062.0	924.0	14.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	29	Viacom International	New York	855.0	376.0	127.4	919.0	444.0	107.0	93.0	(9.9)	37.0	(126.6)
19	21	News Corp. Ltd.	Sydney	841.3	584.0	44.1	2,670.0	1,900.0	40.5	31.5	169.9	74.4	128.4
20	14	Westinghouse Electric Corp.	Pittsburgh	839.0	1,069.0	(21.5)	10,730.0	10,700.0	0.3	7.8	732.0	605.0	21.0
21	20	Triangle Publications	Radnor, Pa.	730.0	720.0	1.4	730.0	720.0	1.4	100.0	N/A	N/A	N/A
22	19	Kohlberg Kravis Roberts & Co.	New York	664.9	769.0	(13.5)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	22	TCI	Denver	645.7	577.0	11.9	645.7	577.0	11.9	100.0	72.3	10.1	615.8
24	24	Harte-Hanks Communications	San Antonio, Texas	575.0	550.0	4.5	575.0	550.0	4.5	100.0	N/A	N/A	N/A
25	23	Int'l Thomson Organisation	Toronto	549.0	560.0	(2.0)	2,530.0	2,609.0	(3.0)	217.0	143.0	164.0	(12.8)
26	26	Opubco	Oklahoma City	500.0	411.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	—	Reader's Digest Assn.	Pleasantville, N.Y.	486.0	512.0	(5.1)	1,400.0	1,282.0	9.2	34.7	N/A	N/A	N/A
28	—	Advo-System	Windsor, Conn.	467.1	443.5	5.3	467.1	443.5	5.3	100.0	(44.9)	(17.5)	(156.6)
29	30	Thomson Newspapers	Toronto	412.0	378.0	9.0	746.0	691.0	8.0	55.2	145.0	127.0	14.2
30	28	Central Newspapers	Indianapolis	407.0	384.0	6.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
31	31	Affiliated Publications	Boston	399.0	349.4	14.2	401.1	350.7	14.4	99.5	66.1	31.0	113.5
32	27	A.H. Belo Corp.	Dallas	397.2	385.2	3.1	397.2	385.2	3.1	100.0	20.3	23.8	(14.7)
33	39	Continental Cablevision	Boston	392.0	295.0	32.9	392.0	295.0	32.9	100.0	N/A	N/A	N/A
34	32	Meredith Corp.	Des Moines, Iowa	390.7	356.2	9.7	533.4	474.9	12.3	73.2	47.2	42.7	10.5
35	36	Media General	Richmond, Va.	381.0	346.0	10.1	635.0	579.0	9.7	60.0	17.0	33.0	(48.5)
36	34	Turner Broadcasting System	Atlanta	379.4	316.3	20.0	570.4	362.7	57.3	66.5	(200.0)	1.0	(20,100.0)
37	74	Media News Group	Woodbury, N.J.	375.0	150.0	150.0	375.0	150.0	150.0	100.0	N/A	N/A	N/A
38	33	Multimedia Inc.	Greenville, S.C.	372.0	336.0	10.7	372.0	336.0	10.7	100.0	(5.0)	22.0	(122.7)
39	50	Ingersoll Publications	Princeton, N.J.	370.0	235.0	57.4	370.0	235.0	57.4	100.0	N/A	N/A	N/A
40	35	Warner Communications	New York	360.0	331.0	8.8	2,848.0	2,234.0	27.5	12.6	186.0	195.0	(4.6)
41	37	Freedom Newspapers	Irvine, Calif.	357.0	325.0	9.8	357.0	325.0	9.8	100.0	30.0	26.0	15.4
42	40	Morris Communications	Augusta, Ga.	349.0	284.0	22.9	349.0	284.0	22.9	100.0	N/A	N/A	N/A
43	38	Copley Newspapers	La Jolla, Calif.	330.0	306.0	7.8	332.0	310.0	7.1	99.4	N/A	N/A	N/A
44	42	Pulitzer Publishing Co.	St. Louis	329.0	272.0	21.0	329.0	272.0	21.0	100.0	16.4	20.0	(18.0)
45	43	Consolidated Press Holdings	Sydney	325.0	270.0	20.4	325.0	270.0	20.4	100.0	N/A	N/A	N/A
46	41	McClatchy Newspapers	Sacramento, Calif.	310.0	275.0	12.7	310.0	275.0	12.7	100.0	N/A	N/A	N/A
47	44	Landmark Communications	Norfolk, Va.	290.0	251.0	15.5	293.0	262.0	11.8	99.0	N/A	N/A	N/A
48	60	Taft Broadcasting Co.	Cincinnati	281.1	283.4	(0.8)	499.8	472.8	5.7	56.2	(53.1)	19.4	(373.7)
49	46	Chronicle Publishing Co.	San Francisco	275.0	242.0	13.6	278.0	247.0	12.6	98.9	N/A	N/A	N/A
50	48	Donrey Media Group	Fort Smith, Ark.	275.0	237.0	16.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
51	45	Maclean Hunter Ltd.	Toronto	270.1	258.0	4.7	834.4	704.8	18.4	32.4	50.2	43.0	16.6
52	55	Cahners Publishing Co.	Newton, Mass.	267.0	210.0	27.1	436.0	352.0	23.9	61.2	N/A	N/A	N/A
53	47	Cowles Media Co.	Minneapolis	256.8	240.6	6.7	256.8	240.6	6.7	100.0	22.5	19.2	17.2
54	61	International Data Group	Framingham, Mass.	250.0	185.0	35.1	300.0	200.0	50.0	83.3	N/A	N/A	N/A
55	54	RKO General	New York	239.0	213.0	12.2	444.0	406.0	9.4	53.8	31.0	7.0	342.9
56	53	Journal Communications	Milwaukee	228.7	216.0	5.9	360.8	338.7	6.5	63.4	38.7	35.8	8.1
57	—	Chicago Sun-Times Co.	Chicago	225.0	200.0	12.5	225.0	200.0	12.5	100.0	20.0	9.0	122.2
58	52	Patrick Media Group	Scranton, Pa.	220.0	215.0	2.3	220.0	215.0	2.3	100.0	N/A	N/A	N/A
59	51	National Geographic Society	Washington	219.0	220.0	(0.5)	370.0	356.0	3.9	59.2	23.0	22.0	4.5
60	57	Providence Journal Co.	Providence, R.I.	208.0	208.0	0.0	211.0	434.0	(51.4)	98.6	N/A	N/A	N/A
61	—	Quad/Graphics	New York	205.0	134.0	53.0	400.0	200.0	100.0	51.3	N/A	N/A	N/A
62	62	Lee Enterprises	Davenport, Iowa	203.3	190.6	6.7	220.9	206.6	6.9	92.0	32.6	30.7	6.1
63	—	Product Movers	New York	200.0	150.0	33.3	200.0	150.0	33.3	100.0	N/A	N/A	N/A
64	68	Chris-Craft Industries	New York	199.8	168.3	18.7	224.0	190.3	17.7	89.2	14.7	18.3	(19.7)
65	59	3M	St. Paul, Minn.	197.0	176.0	11.9	8,602.0	7,846.0	9.6	2.3	779.0	664.0	17.3
66	67	United Cable Television Corp.	Denver	195.8	169.0	15.8	195.8	169.0	15.8	100.0	8.9	12.5	(28.6)
67	64	Blade Communications	Toledo, Ohio	189.0	174.0	8.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
68	63	Howard Publications	Oceanside, Calif.	185.0	178.0	3.9	185.0	178.0	3.9	100.0	N/A	N/A	N/A
69	69	Times Publishing Co.	St. Petersburg, Fla.	184.0	172.3	6.8	184.0	172.3	6.8	100.0	N/A	N/A	N/A
70	66	Seattle Times	Seattle	175.0	170.0	2.9	175.0	170.0	2.9	100.0	N/A	N/A	N/A
71	80	Ziff Communications	New York	175.0	125.0	40.0	175.0	125.0	40.0	100.0	N/A	N/A	N/A
72	65	Playboy Enterprises	Chicago	168.0	173.0	(2.9)	182.0	190.0	(4.2)	92.3	(62.2)	67.0	(192.8)
73	77	Sammons Communications	Dallas	167.0	132.0	26.5	167.0	132.0	26.5	100.0	N/A	N/A	N/A
74	72	Dispatch Printing Co.	Columbus, Ohio	165.5	156.0	6.1	165.5	156.0	6.1	100.0	N/A	N/A	N/A
75	76	Harcourt Brace Jovanovich	Orlando, Fla.	164.8	137.0	20.3	1,300.1	990.5	31.3	12.7	70.5	50.5	39.4
76	71	National Enquirer	Lantana, Fla.	164.0	159.0	3.1	164.0	159.0	3.1	100.0	N/A	N/A	N/A
77	—	Working Woman-McCalls	New York	164.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
78	—	Home Shopping Network	Clearwater, Fla.	160.2	N/A	N/A	160.2	N/A	N/A	100.0	17.1	N/A	N/A
79	70	LIN Broadcasting	New York	154.0	142.0	8.5	195.0	172.0	13.4	79.0	66.0	36.0	83.3
80	85	Macromedia Inc.	Hackensack, N.J.	152.0	120.0	26.7	153.0	121.0	26.4	99.3	9.0	9.0	0.0
81	—	Cablevision Systems Corp.	Woodbury, N.Y	150.8	137.0	10.1	150.8	137.0	10.1	100.0	(16.1)	(48.2)	66.5
82	83	Petersen Publishing Co.	Los Angeles	143.9	135.2	6.4	150.8	138.6	8.8	95.5	N/A	N/A	N/A
83	75	U.S. News & World Report	Washington	140.4	145.0	(3.2)	162.4	169.0	(3.9)	86.5	N/A	N/A	N/A
84	82	TeleCable Corp.	Norfolk, Va.	137.0	122.0	12.3	137.0	122.0	12.3	100.0	N/A	N/A	N/A
85	87	Times Journal Co.	Springfield, Va.	136.0	115.0	18.3	176.0	155.0	13.5	77.3	N/A	N/A	N/A
86	78	Penthouse International	New York	135.6	132.0	2.7	153.9	144.8	6.3	88.1	N/A	N/A	N/A
87	79	Hubbard Broadcasting	St. Paul, Minn.	135.0	125.0	8.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
88	84	Bonneville International Corp.	Salt Lake City	131.0	120.0	9.2	161.0	151.0	6.6	81.4	N/A	N/A	N/A
89	91	Park Communications	Ithaca, N.Y.	126.6	105.0	20.6	126.6	105.0	20.6	100.0	14.9	15.2	(2.0)
90	86	Rogers Communications	Toronto	125.0	119.0	5.0	296.0	255.0	16.1	42.2	(24.0)	(16.0)	(50.0)
91	89	Forbes Inc.	New York	120.0	114.6	4.7	158.0	150.0	5.3	75.9	N/A	N/A	N/A
92	94	Crain Communications	Chicago	117.9	102.1	15.5	117.9	109.0	8.2	100.0	N/A	N/A	N/A
93	81	Allbritton Communications	Washington	115.0	122.0	(5.7)	115.0	122.0	(5.7)	100.0	N/A	N/A	N/A
94	90	Berkshire Hathaway	Omaha, Neb.	114.0	108.0	5.6	2,200.0	940.0	134.0	5.2	131.5	93.0	41.4
95	95	H&C Communications	Houston	114.0	102.0	11.8	114.0	102.0	11.8	100.0	N/A	N/A	N/A
96	98	Stauffer Communications	Topeka, Kan.	112.4	108.4	3.7	118.2	113.7	4.0	95.1	20.4	6.7	204.4
97	100	Knapp Communications	Los Angeles	107.0	93.0	15.1	117.0	100.0	17.0	91.5	N/A	N/A	N/A
98	92	American Media Network	New York	105.0	93.8	11.9	105.0	93.8	11.9	100.0	N/A	N/A	N/A
99	97	Pittway Corp.	Northbrook, Ill.	101.4	98.0	3.5	585.7	548.0	6.9	17.3	27.6	31.1	(11.3)
100	99	Heritage Communications	Des Moines, Iowa	100.1	67.9	47.5	118.0	96.0	22.9	84.8	(9.9)	8.0	(223.8)

NOTE: Dollars in millions

Sources: Media revenues are Advertising Age estimates. Total revenues were obtained through company sources where possible.

Revenue breakout by media

Rank 1986	Rank 1985	Company	Newspaper 1986	Newspaper 1985	Newspaper % chng	Magazine 1986	Magazine 1985	Magazine % chng	Broadcast 1986	Broadcast 1985	Broadcast % chng	Cable 1986	Cable 1985	Cable % chng	Other media 1986	Other media 1985	Other media % chng
1	1	Capital Cities/ABC	$412.4	$405.0	1.8	$558.4	$554.0	0.7	$3,153.6	$3,109.7	1.4	—	—	—	—	—	—
2	2	CBS Inc.	—	—	—	407.0	407.0	0.0	2,817.0	2,785.0	1.1	—	—	—	—	—	—
3	3	Time Inc.	—	—	—	1,576.0	1,482.0	6.3	—	—	—	1,523.0	1,370.0	11.2	—	—	—
4	4	General Electric Co.	—	—	—	—	—	—	2,965.0	2,647.5	12.0	—	—	—	—	—	—
5	6	Gannett Co.	2,165.0	1,680.0	28.9	—	—	—	351.0	265.0	32.5	—	—	—	211.0	208.0	1.4
6	5	Times Mirror Co.	1,727.0	1,620.0	6.6	148.0	144.0	2.8	127.0	129.0	(1.6)	243.0	279.0	(12.9)	—	—	—
7	7	Advance Publications	1,470.0	1,350.0	8.9	544.0	510.0	6.7	—	—	—	186.0	170.0	9.4	—	—	—
8	8	Dun & Bradstreet Corp.	—	—	—	—	406.0	—	—	—	—	—	—	—	1,932.0	1,312.0	47.3
9	10	Knight-Ridder Newspapers	1,688.1	1,554.7	8.6	—	—	—	102.6	65.2	57.2	—	—	—	88.9	80.1	11.0
10	9	Tribune Co.	1,363.7	1,358.0	0.4	—	—	—	412.0	273.0	50.9	—	53.0	—	—	—	—
11	12	New York Times Co.	1,252.4	1,108.7	13.0	219.3	216.5	1.3	57.0	42.0	35.7	36.0	26.6	35.3	—	—	—
12	11	Hearst Corp.	390.0	369.0	5.7	780.0	738.0	5.7	280.0	250.0	12.0	9.0	7.0	28.6	70.0	64.2	9.0
13	13	Cox Communications	683.3	644.0	6.1	—	—	—	287.0	261.0	10.0	495.0	421.0	17.6	—	—	—
14	15	Washington Post Co.	589.0	556.0	5.9	321.0	326.0	(1.5)	167.0	155.0	7.7	85.0	—	—	—	—	—
15	16	McGraw-Hill	—	—	—	318.2	313.0	1.7	92.9	83.0	11.9	—	—	—	678.0	634.7	6.8
16	17	Dow Jones & Co.	917.7	844.0	8.7	34.5	32.0	7.8	—	—	—	—	—	—	125.8	102.0	23.3
17	18	Scripps Howard	750.0	702.0	6.8	51.0	50.0	2.0	210.5	135.0	55.9	50.5	37.0	36.5	—	—	—
18	29	Viacom International	—	—	—	—	—	—	111.3	83.5	33.3	743.7	292.5	154.3	—	—	—
19	21	News Corp. Ltd.	500.0	435.0	14.9	180.0	149.0	20.8	122.8	—	—	36.5	—	—	—	—	—
20	14	Westinghouse Electric Corp.	—	—	—	—	—	—	559.0	539.0	3.7	280.0	530.0	(47.2)	—	—	—
21	20	Triangle Publications	77.0	72.0	6.9	653.0	648.0	0.8	—	—	—	—	—	—	—	—	—
22	19	Kohlberg Kravis Roberts & Co.	—	—	—	—	—	—	248.2	278.0	(10.7)	416.7	491.0	(15.1)	—	—	—
23	22	TCI	—	—	—	—	—	—	—	—	—	645.7	577.0	11.9	—	—	—
24	24	Harte-Hanks Communications	224.0	230.0	(2.6)	—	—	—	79.0	74.0	6.8	39.0	37.0	5.4	233.0	209.0	11.5
25	23	Int'l Thomson Organisation	—	—	—	549.0	560.0	(2.0)	—	—	—	—	—	—	—	—	—
26	26	Opubco	135.0	154.0	(12.3)	—	2.0	—	305.0	240.0	27.1	60.0	15.0	300.0	—	—	—
27	—	Reader's Digest Assn.	—	—	—	486.0	500.0	(2.8)	—	—	—	—	—	—	—	12.0	—
28	—	Advo-System	—	—	—	—	—	—	—	—	—	—	—	—	467.1	443.5	5.3
29	30	Thomson Newspapers	412.0	378.0	9.0	—	—	—	—	—	—	—	—	—	—	—	—
30	28	Central Newspapers	407.0	382.5	6.4	—	—	—	—	—	—	—	1.5	—	—	—	—
31	31	Affiliated Publications	399.0	349.4	14.2	—	—	—	—	—	—	—	— c	—	—	—	—
32	27	A.H. Belo Corp.	221.6	221.3	0.1	—	—	—	175.6	163.9	7.1	—	—	—	—	—	—
33	39	Continental Cablevision	—	—	—	—	—	—	—	—	—	392.0	295.0	32.9	—	—	—
34	32	Meredith Corp.	—	9.0	—	267.6	227.5	17.6	123.0	114.7	7.3	—	5.0	—	—	—	—
35	36	Media General	266.0	253.0	5.1	16.0	17.0	(5.9)	60.0	51.0	17.6	39.0	25.0	56.0	—	—	—
36	34	Turner Broadcasting System	—	—	—	—	—	—	207.6	189.7	9.5	171.8	126.6	35.7	—	—	—
37	74	Media News Group	375.0	150.0	150.0	—	—	—	—	—	—	—	—	—	—	—	—
38	33	Multimedia Inc.	117.0	109.0	7.3	—	—	—	174.0	153.0	13.7	81.0	74.0	9.5	—	—	—
39	50	Ingersoll Publications	370.0	235.0	57.4	—	—	—	—	—	—	—	—	—	—	—	—
40	35	Warner Communications	—	—	—	35.0	35.0	0.0	325.0	296.0	9.8	—	—	—	—	—	—
41	37	Freedom Newspapers	305.0	280.0	8.9	—	—	—	52.0	45.0	15.6	—	—	—	—	—	—
42	40	Morris Communications	238.0	231.0	3.0	1.0	1.0	0.0	—	—	—	—	—	—	110.0	52.0	111.5
43	38	Copley Newspapers	326.0	304.0	7.2	—	—	—	—	—	—	4.0	2.0	100.0	—	—	—
44	42	Pulitzer Publishing Co.	232.0	179.0	29.6	—	—	—	97.0	93.0	4.3	—	—	—	—	—	—
45	43	Consolidated Press Holdings	—	—	—	—	—	—	—	—	—	—	—	—	325.0	270.0	20.4
46	41	McClatchy Newspapers	283.0	248.0	14.1	—	—	—	10.0	14.0	(28.6)	17.0	13.0	30.8	—	—	—
47	44	Landmark Communications	244.0	217.0	12.4	—	—	—	32.0	28.0	14.3	14.0	6.0	133.3	—	—	—
48	60	Taft Broadcasting Co.	—	—	—	—	—	—	281.1	283.4	(0.8)	—	—	—	—	—	—
49	46	Chronicle Publishing Co.	150.0	129.0	16.3	—	—	—	85.0	80.0	6.3	40.0	33.0	21.2	—	—	—
50	48	Donrey Media Group	225.0	192.0	17.2	—	—	—	27.0	28.0	(3.6)	13.0	8.0	62.5	10.0	9.0	11.1
51	45	Maclean Hunter Ltd.	128.8	129.0	(0.1)	58.4	52.0	12.3	—	—	—	82.9	77.0	7.6	—	—	—
52	55	Cahners Publishing Co.	—	—	—	267.0	210.0	27.1	—	—	—	—	—	—	—	—	—
53	47	Cowles Media Co.	256.8	240.6	6.7	—	—	—	—	—	—	—	—	—	—	—	—
54	61	International Data Group	—	—	—	250.0	185.0	35.1	—	—	—	—	—	—	—	—	—
55	54	RKO General	—	—	—	—	—	—	239.0	213.0	12.2	—	—	—	—	—	—
56	53	Journal Communications	183.5	176.0	4.3	—	—	—	45.2	40.0	13.0	—	—	—	—	—	—
57	—	Chicago Sun-Times Co.	225.0	200.0	12.5	—	—	—	—	—	—	—	—	—	—	—	—
58	52	Patrick Media Group	—	—	—	—	—	—	—	—	—	—	—	—	220.0	215.0	2.3
59	51	National Geographic Society	—	—	—	219.0	220.0	(0.5)	—	—	—	—	—	—	—	—	—
60	57	Providence Journal Co.	111.0	102.0	8.8	—	15.0	—	29.0	31.5	(7.9)	68.0	59.5	14.3	—	—	—
61	—	Quad/Graphics	—	—	—	5.0	4.0	25.0	—	—	—	—	—	—	200.0	130.0	53.8
62	62	Lee Enterprises	142.7	131.5	8.5	—	—	—	52.8	51.8	1.9	—	—	—	7.8	7.3	7.9
63	—	Product Movers	—	—	—	—	—	—	—	—	—	—	—	—	200.0	150.0	33.3
64	68	Chris-Craft Industries	—	—	—	—	—	—	199.8	168.3	18.7	—	—	—	—	—	—
65	59	3M	—	—	—	—	—	—	—	—	—	—	—	—	197.0	176.0	11.9
66	67	United Cable Television Corp.	—	—	—	—	—	—	—	—	—	195.8	169.0	15.8	—	—	—
67	64	Blade Communications	149.0	136.0	9.6	—	—	—	14.0	13.0	7.7	26.0	25.0	4.0	—	—	—
68	63	Howard Publications	152.0	147.0	3.4	—	—	—	20.0	18.0	11.1	13.0	13.0	0.0	—	—	—
69	69	Times Publishing Co.	163.0	154.3	5.6	21.0	18.0	16.7	—	—	—	—	—	—	—	—	—
70	66	Seattle Times	175.0	170.0	2.9	—	—	—	—	—	—	—	—	—	—	—	—
71	80	Ziff Communications	—	—	—	175.0	125.0	40.0	—	—	—	—	—	—	—	—	—
72	65	Playboy Enterprises	—	—	—	144.0	149.0	(3.4)	—	—	—	24.0	24.0	0.0	—	—	—
73	77	Sammons Communications	—	—	—	—	—	—	—	—	—	167.0	132.0	26.5	—	—	—
74	72	Dispatch Printing Co.	123.0	118.0	4.2	3.5	2.0	75.0	39.0	36.0	8.3	—	—	—	—	—	—
75	76	Harcourt Brace Jovanovich	—	—	—	145.8	119.0	22.5	19.0	18.0	5.6	—	—	—	—	—	—
76	71	National Enquirer	164.0	159.0	3.1	—	—	—	—	—	—	—	—	—	—	—	—
77	—	Working Woman-McCalls	—	—	—	164.0	—	—	—	—	—	—	—	—	—	—	—
78	—	Home Shopping Network	—	—	—	—	—	—	—	—	—	160.2	—	—	—	—	—
79	70	LIN Broadcasting	—	—	—	17.0	16.0	6.3	137.0	126.0	8.7	—	—	—	—	—	—
80	85	Macromedia Inc.	127.0	98.0	29.6	—	—	—	25.0	22.0	13.6	—	—	—	—	—	—
81	—	Cablevision Systems Corp.	—	—	—	—	—	—	—	—	—	150.8	137.0	10.1	—	—	—
82	83	Petersen Publishing Co.	—	—	—	143.9	135.2	6.4	—	—	—	—	—	—	—	—	—
83	75	U.S. News & World Report	—	—	—	140.4	145.0	(3.2)	—	—	—	—	—	—	—	—	—
84	82	TeleCable Corp.	—	—	—	—	—	—	—	—	—	137.0	122.0	12.3	—	—	—
85	87	Times Journal Co.	136.0	115.0	18.3	—	—	—	—	—	—	—	—	—	—	—	—
86	78	Penthouse International	—	—	—	135.6	132.0	2.7	—	—	—	—	—	—	—	—	—
87	79	Hubbard Broadcasting	—	—	—	—	—	—	135.0	125.0	8.0	—	—	—	—	—	—
88	84	Bonneville International Corp.	—	—	—	—	—	—	131.0	120.0	9.2	—	—	—	—	—	—
89	91	Park Communications	67.7	58.0	16.7	—	—	—	58.9	47.0	25.3	—	—	—	—	—	—
90	86	Rogers Communications	—	—	—	—	—	—	—	—	—	125.0	119.0	5.0	—	—	—
91	89	Forbes Inc.	—	—	—	120.0	114.6	4.7	—	—	—	—	—	—	—	—	—
92	94	Crain Communications	—	—	—	117.7	102.0	15.4	0.2	0.1	100.0	—	—	—	—	—	—
93	81	Allbritton Communications	29.0	44.0	(34.1)	—	—	—	86.0	78.0	10.3	—	—	—	—	—	—
94	90	Berkshire Hathaway	114.0	108.0	5.6	—	—	—	—	—	—	—	—	—	—	—	—
95	95	H&C Communications	—	—	—	1.0	1.0	0.0	113.0	101.0	11.9	—	—	—	—	—	—
96	98	Stauffer Communications	60.1	60.3	(0.3)	17.9	17.2	4.1	25.2	21.6	16.7	—	—	—	9.2	9.3	(1.1)
97	100	Knapp Communications	—	—	—	107.0	93.0	15.1	—	—	—	—	—	—	—	—	—
98	92	American Media Network	—	—	—	—	—	—	—	—	—	—	—	—	105.0	93.8	11.9
99	97	Pittway Corp.	—	—	—	101.4	98.0	3.5	—	—	—	—	—	—	—	—	—
100	99	Heritage Communications	—	—	—	—	—	—	10.6	1.8	489.9	85.0	66.1	28.7	4.5	—	—

NOTE: Dollars in millions
Sources: Media revenues are Advertising Age estimates

dependence, continued its stock buyback program, repurchasing 859,000 shares at about $54 a share. The board authorized the repurchase of up to 688,000 more shares. It also adopted a preferred share rights purchase plan.

Belo passed the operating mantle to a fourth generation by naming Robert W. Decherd as chairman-ceo. The 35-year-old Mr. Decherd, great grandson of *News* founder G.B. Dealey, is cousin to the man he succeeded, James M. Moroney Jr., who remains on the board of directors.

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Ward L. Huey Jr., vice chmn, president-broadcast div
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Corporate Personnel
Burl Osborne, president-editor
Dallas-Fort Worth Suburban Newspapers
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Corporate Personnel
David L. Crowe, president-ceo
MEDIA PROPERTIES
Broadcasting
TV: KHOU-TV, Houston; KOTV, Tulsa, Okla.; KXTV, Sacramento-Stockton, Calif.; WFAA-TV, Dallas-Fort Worth; WVEC-TV, Hampton-Norfolk-Portsmouth-Newport, Va.
Newspapers
Dallas Morning News. Belo's Dallas-Fort Worth Suburban Newspapers—*Arlington Daily News, Garland Daily News, Grand Prairie Daily News, Irving Daily News, Mid-Cities Daily News, Richardson Daily News.*
Newspapers (non-dailies)
Belo's Dallas-Fort Worth Suburban Newspapers-*Metrocrest News.*
OTHER OPERATIONS
Publishes the Texas Almanac.

Capital Cities/ ABC — RANK 1
New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	4,124.4	4,008.7	1.3
Total sales	4,124.4	N/A	N/A
Net income	447.7	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	412.4	405.0	1.8
Magazine	558.4	554.0	0.7
Broadcast	3,153.6	3,109.7	1.4
Cable	—	—	—
Other	—	—	—

Capital Cities/ABC had a less-than-spectacular financial performance in 1986 as it consolidated operations following the January 1986 acquisition of American Broadcasting Co. by Capital Cities Communications.

Cap Cities, known for its financial austerity, has supplanted what was predominantly a spend-thrift "show-biz" image of ABC with one of financial conservatism.

Capital Cities' top executives also have quickly reorganized priorities. Cap Cities/ABC is not a company dominated by a TV network, but one dominated by two major divisions, publishing and broadcasting. The TV network is merely a component—and an ailing one—of the broadcast division where the real performers are the owned-and-operated TV stations.

Cap Cities/ABC totals shown in the accompanying box include pro forma results for 1985 as if ABC had been part of what was then Capital Cities Communications. Using these totals for comparison, operating income in 1986 decreased 10.3% to $501 million on a 1.4% increase in revenues to $4.12 billion.

In comparing the various segments of the company in 1986 with pro forma 1985 returns, ABC Television Network Group had $2.05 billion in revenue, down 4% from 1985, while the network reported a loss in operating income of $70 million, compared with a pro forma 1985 profit of $105 million.

The Broadcasting Group (owned-and-operated TV, radio and video enterprises) accounted for $1.1 billion in revenue, up 13%, with operating income of $412 million, up 42% from 1985 pro forma results. Publishing, including both specialized publications and newspapers, recorded net revenues of $970.8 million, up 1.2%, and operating income of $159 million, down 4.6% from pro forma 1985.

Of the segment totals, daily newspapers accounted for $412.4 million (includes shoppers and inserts), up 2%, and special publications (includes some book publishing), $558.4 million, up 0.8%.

Overall, consolidated income at Cap Cities/ABC in the first quarter 1987 was $23.9 million compared with $1.9 million (before the sale of some TV properties) the year before. Net revenues were $959.2 million, a 5% increase from the same period in 1986. Broadcast revenues were $721.9 million, a 6% increase, while publishing had revenues of $237.3 million for a 3% increase. Profits were $76.6 million, up from $30.1 million.

During 1986, despite gains in other divisions, the TV network continued to grab most of the attention. The network had a dismal year, due to overall slowdown in ad spending and one of the worst performances of its prime-time schedule ever. Continuing escalation in program costs and the final and most expensive year of its National Football League contract did not help.

ABC is coming off of its worst prime-time season (1986-87) since 1955. The network's average 14.1 rating was 26% lower than top-ranked NBC's. CBS had a 15.8 rating.

In addition to the regular season average, ABC suffered its worst sweeps ratings ever in May 1987. The network had an 11.3 rating and 20 share during May, compared to the previous low of 12.9 rating in May, 1970.

There was even bad news within the good news. "Moonlighting" emerged as ninth most popular show of the 1986-87 season, but because of an extremely difficult production schedule, about one-half of all episodes were repeated. The network cannot even break even on its most popular show.

In network daytime, ABC continued to lag behind CBS in household ratings. ABC had a 5.3 rating through May 10. CBS's was 5.5. However, ABC maintained its lead in some key demographics. Its "Good Morning, America" remained entrenched behind NBC's "Today Show."

In on-going tests with people meters —which this fall will supplant diaries as the primary means of measuring the demographic components of the TV viewing audience—ABC was found to have superior demographics in some categories to CBS. For example, the people meters show that ABC's strengths in younger demos are much higher than thought.

ABC also won a new $1.43 billion contract to telecast National Football League games through 1990, including 16 "Monday Night Football" games. The network dropped five "special-edition" games on Thursday and Sunday nights. ABC blamed much of its loss under the old contract on these games which in the main drew poorly. ABC's loss was ESPN's gain. The cable sports network with 41 million subscribers is 80% owned by Cap Cities/ABC. It paid $50 million-per-year for eight regular-season Sunday night games, four pre-season exhibition games, and the Pro Bowl.

The transaction is a big gamble for the cable network, which had earlier estimated it might charge advertisers $40,000 a 30-second unit to break even. ESPN, however, plans to make up its expenses through increased subscriber fees.

The ABC-TV Stations division, the crown jewel of the company in 1986, had an increase of 11% in net revenues over 1985 for its eight TV stations—a gain attributed to strong local advertising that offset the weakness in national spot advertising.

Radio revenue increased a modest 4% over 1985. The FCC has granted Cap Cities/ABC an 18-month waiver for the sale of its radio properties in Los Angeles, San Francisco, Chicago and New York and is seeking public comment on a proposal that would allow both Cap Cities/ABC and General Electric Co., which has NBC, to retain ownership, reasoning that retention would help the companies save money that could then be invested in better programming. Under cross-ownership rules the company would have to divest at least one of its radio or TV stations in those markets by July. Since it's unlikely Cap Cities would part with the profitable TV stations, four AM and three FM stations would be sold if the rule is enforced.

The radio division, up 4% in revenue in 1986 on a pro forma basis, was hurt by poor local sales. The division was bolstered by the acquisition for $10 million of KQRS-FM, Minneapolis-St. Paul.

Cap Cities/ABC breaks down its publishing segment into specialized publications, newspapers and shoppers. The over-all decline in operating income for the publishing segment was largely caused by poor results from Fairchild Publications, several units of ABC Publishing, the *Fort Worth Star-Telegram* and Southern California shopping guide operations.

Fairchild, considered part of specialized publications, suffered its second consecutive year of lower earnings—largely traced to the weak marketplaces and increased competition for its *Women's Wear Daily, Daily News Record* and *Electronic News*. ABC Publishing operating income increased only slightly while revenues decreased in 1986. Continuing to be a negative influence was its agricultural group, whose revenues and profits were down substantially. Chilton and Hitchcock Publishing had record profit years. ABC Consumer Magazines had substantial gains in operating income largely because of it computer magazine group. The depressed market of Fort Worth held back returns of the *Star-Telegram*.

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John Sias, president, network group
Michael Mallardi, president, broadcast group
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7 E. 12th Street
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Corporate Personnel
Phillip Meek, president, ABC publishing group
MEDIA PROPERTIES
Broadcasting
TV: WABC-TV, New York; WLS-TV, Chicago; WPVI-TV, Philadelphia; WTVD, Raleigh-Durham, N.C.; KABC-TV, Los Angeles; KGO-TV, San Francisco; KTRK-TV, Houston; KFSN-TV, Fresno, Calif.
RADIO: KABC, KLOS (FM), Los Angeles; KQRS (AM, FM) Minneapolis; KGO, San Francisco; WBAP, KSCS (FM), Dallas-Fort Worth; WABC, WPLJ (FM), New York; WJR, WHYT (FM), Detroit; WKHX (AM, FM), Atlanta; WPRO (AM, FM), Providence, R.I.; WMAL, WRQX (FM), Washington; WLS, WYTZ (FM), Chicago.
Cable/video
CHANNELS: ESPN (Bristol, Conn.), Arts & Entertainment Network (38% ownership), Lifetime (33% ownership).
Magazines
McCall's Needlework & Crafts, Modern Photography, High Fidelity, Schwann Record & Tape Guide, Country Style, Video & Sound, Schwann CD, Musical America, Los Angeles Magazine, COMPUTE!, COMPUTE! PC, COMPUTE!'s Gazette, COMPUTE!'s Atari ST Disk & Magazine. Chilton Co.: *Automotive Industries, Automotive Marketing, Commercial Carrier Journal, Distribution, Electronic Component News, Food Engineering, Food Engineering International, Food Engineering Master* (annual prefiled catalog), *Industrial Maintenance and Plant Operation (IMPO), Industrial Safety & Hygiene News, IAN, I&CS, Jewelers' Circular-Keystone, Motor/Age, Owner Operator, Product Design & Development, Review of Optometry.* Hitchcock Publishing: *Assembly Engineering, Industrial Finishing, Infosystems, Machine and Tool Blue Book, Manufacturing Systems, Office Products Dealer, Quality, MITE.* ABC Agricultural Publications: *Prairie Farmer* (Illinois), *Ohio Prairie Farmer, Michigan Prairie Farmer, Indiana Prairie Farmer, Wallace's Farmer* (Iowa, N.D., S.D., Neb., Mo., Minn., Kan.), *Wisconsin Agriculturist, Dairy Herd Management, Farm Store Merchandising, Feedstuff, Garden Supply Retailer, Hog Farm Management, Tack 'n Togs.* Fairchild Publications: *Woman's Wear Daily, Daily News Record, American Metal Market, HFD-Retailing Home Furnishings, Energy User News, Footwear News, Supermarket News, Electronic News, MIS Week, Multichannel News, W, SportStyle, Entree, Children's Business, M, Metal Center News, Home Fashions Textiles, Heat Treating, Travel Agent.* Fairchild International Medical News Group: *Family Practice News, Internal Medicine News, Ob. Gyn. News, Pediatric News, Clinical Psychiatry News, Skin & Allergy News.* Fairchild Professional Press Group: *Optical Index, International Eyecare.* Institutional Investor: *II Domestic Edition, II International Edition.* Philatelic Publications: *Stamp Collector, Stamp Wholesaler.*
Newspapers
ILLINOIS: *Belleville News-Democrat.* MICHIGAN: *Oakland Press.* MISSOURI: Kansas City Times, Kansas City Star. OREGON: *Albany Democrat-Herald, Daily Tidings* (Ashland). PENNSYLVANIA: *Times Leader* (Wilkes-Barre). TEXAS: *Fort Worth Star-Telegram.*
Newspapers (nondailies)
CALIFORNIA: Sutton Industries: penny-savers in Orange, Riverside and San Diego counties, Sacramento and Stockton. CONNECTICUT: Shore Line Newspapers, Guilford. ILLINOIS: *Highland News-Leader.* KANSAS/MISSOURI: *Pennypower Shopping News* (Wichita and Topeka, Kan., and Springfield, Mo.). OREGON: *Gresham Outlook, Newport News-Times, Nickel Ads* (Portland), *Springfield News, Cottage Grove Sentinel, Sandy Post, Lebanon Express.* TEXAS: *Arlington Citizen-Journal.* WASHINGTON: *Little Nickel Want Ads* (Seattle-Tacoma), *Nickel Nik* (Spokane).
Other media operations
Securities Data Co.; Videolog Communications; National Price Services; NILS Publishing; Word Inc.

CBS Inc. — RANK 2
New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	3,224.0	3,192.0	1.0
Total sales	4,754.0	4,452.0	6.8
Net income	375.0	27.0	1,288.9
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	407.0	407.0	0.0
Broadcast	2,817.0	2,785.0	1.1
Cable	—	—	—
Other	—	—	—

Beset by plunging profits and hostile takeover attempts in 1986, CBS Inc. instituted major management changes and strategies to pare its budget. Laurence A. Tisch, chairman of Loews Corp., effectively gained control of CBS and claimed the ceo post from Thomas H. Wyman for himself after Loews raised its holdings in CBS to 25%. Mr. Tisch brought back CBS founder William S. Paley as chairman.

Despite significant declines in its broadcast division, CBS salvaged its performance in 1986 through massive staff reductions and the sale of assets, including its St. Louis TV station KMOX-TV, its music-publishing operations and its educational and professional publishing division. These one-time sale gains are reflected in the jump in net income, from $27 million to $375 million in 1986. Total revenue increased 6.7% to $4.75 billion, and operating profit fell 10% to $426.6 million, mainly the result of declining profitability of the CBS/Broadcast division, which accounts for about 60% of total revenues.

Early achiever

Malcolm Forbes, Forbes Inc. chairman and *Forbes* editor in chief, returned to newspaper publishing with the acquisition in March 1987 of Somerset Press (six weeklies with 44,300 combined circulation), Somerville, N.J., for $6 million. Mr. Forbes, fresh out of Princeton in 1941, bought the *Fairfield Times*, a weekly in Lancaster, Ohio, and founded the *Lancaster Tribune*, but folded the papers when he was inducted into the Army in 1942.

CBS reduced debt to $687 million in 1986 from $1.2 billion in 1985 by using proceeds from asset sales and internal cash flow. CBS incurred heavy debt in 1985 when it bought back more than 20% of its common shares to repel a takeover attempt by Ted Turner.

In the broadcast division, operating profit plunged 39% to $229 million. The TV network accounted for the decline; by contrast, both the owned-and-operated TV stations and the radio division performed well.

The other divisions fared better. While total revenue for CBS's magazine division remained flat at $407 million, operating profits rose to $10.6 million from $4.6 million. This included substantial amortization charges associated with the 1985 acquisition of the Ziff-Davis magazines.

For the most part, the financial community has applauded Mr. Tisch's arrival. Under his regime, CBS has become a much leaner operation. In 1986, the overall work force shrank by about 10%, while corporate staff was reduced by as much as 35%. Mr. Tisch accelerated staff reductions begun under Mr. Wyman.

Job cutbacks and budget slashing have continued into 1987. In March, Mr. Tisch called for a $30 million reduction (about 10%) in the news division, drawing sharp criticism from inside and out. The House telecommunications subcommittee scheduled hearings to discuss the matter in April this year, concerned that the cuts would adversely affect news coverage. Earlier, the Loews acquisition had prompted a request for an investigation by the FCC on the issue of control over the broadcast stations. The FCC responded to the request saying that control had not been transferred. Had it found otherwise, CBS may have been forced to sell some of its broadcast properties.

The staff reductions made last year will save CBS up to $100 million a year, according to some estimates. However, one analyst commented that so far, the cuts have been only a Band-Aid cure. Edward Atorino, communications analyst at Smith-Barney, believes that nothing short of a turnaround in programming and ratings will bring back profitability.

This is no small challenge. For the second successive season, CBS ranked behind NBC in the prime-time TV ratings. CBS dropped from its No. 1 spot for the first time in six seasons at the end of the 1985-86 season. At the same time, CBS lost its chief of programming, Harvey Shephard, to Warner Bros. Mr. Shephard was succeeded by Kim LeMasters. This change is seen as a positive one by observers, who view Mr. Shephard's primary strength as scheduling and Mr. LeMasters' as program development.

Under mounting pressure from advertisers, CBS, like ABC, announced last year it was cutting prime-time prices for early buyers. The cuts, averaging 1% to 5% below 1985 start-of-the-season prices, are unprecedented in view of the network's history of consistent increases. These cuts helped CBS maintain tighter inventory and a firmer price structure, but may affect revenues adversely.

CBS initiated the 15-second commercial to attract new advertisers. Other networks followed. Analysts say the practice has hurt the networks by enabling existing advertisers to capitalize on the savings of shorter spots while not attracting a sufficient number of new advertisers.

CBS Sports renewed an exclusive contract for network TV rights to air the NCAA Basketball Championship tournament through 1990. "Murder She Wrote" and "60 Minutes" were among the top 10 shows of last season.

The close scrutiny of the Tisch regime is no less apparent in other divisions. Despite several inquiries to buy CBS Records, CBS vetoed the idea as operating income of CBS Records grew 114% to $192.1 million in 1986. Mr. Tisch also said CBS had no plans to sell its magazine division, which in

January 1987 sold *The Runner* to Rodale Press.

For the first quarter 1987, CBS reported operating income of $67.9 million, up 30% from the prior year period, while net income grew to $48.7 million from $16.3 million. These gains were attributed to a decline in net interest expense and a strong performance by CBS Records.

Although network TV again showed a loss, this was offset by profits from its TV stations and sales from the Super Bowl. Year-earlier results also were restated to reflect CBS's sale of its book-publishing division in 1986 to Harcourt Brace Jovanovich for $500 million.

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Corporate Personnel
Gene Jankowski, president, CBS/Broadcast Group
Peter Diamondis, president, CBS Magazines div

MEDIA PROPERTIES
Broadcasting
TV: CBS Television Network, network owned stations—KCBS-TV, Los Angeles; WBBM-TV, Chicago; WCBS-TV, New York; WCAU-TV, Philadelphia.
RADIO: CBS Radio Network, RADIORADIO, network-owned stations—KNX (AM, FM) Los Angeles; KCBS, KRQR (FM), San Francisco; WBBM (AM, FM), Chicago; WMRQ (FM), Boston; KMOX, KHTR (FM), St. Louis; WCBS (AM, FM), New York; WCAU (AM, FM), Philadelphia; KTXQ (FM), Dallas-Fort Worth; KTLR-FM, Houston; WSUN, WYNF (FM), Tampa-St. Petersburg, Fla.; WLTT (FM), Washington.
Magazines
American Photographer, Audio, Automobile Quarterly, Backpacker, Boating, Car & Driver, Cycle, Cycle World, Field & Stream, Flying, Home Mechanix, Leisure Time Electronics, Modern Bride, Popular Photography, Road & Track, Skiing, Skiing Trade News, Stereo Review, TV Crosswords, Woman's Day, Yachting.

OTHER OPERATIONS
CBS Records Group—CBS Records International, Columbia House, CBS Songs, CBS Masterworks (classical), CBS/Fox (50%).

RANK **30**

Central Newspapers
Indianapolis

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	407.0	384.0	6.0
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	407.0	382.5	6.4
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	1.5	—
Other	—	—	—

Central Newspapers thrives in two disparate markets: the booming Valley of the Sun, Phoenix, Ariz., and Indianapolis, America's so-called surviving crossroads.

Though Central Newspapers is headquartered in Indianapolis, the *Arizona Republic* continues to be the strong horse in the company's stable of newspapers. Average net paid circulation of the morning *Republic* was 343,723 on March 31, 1987, up 3.6% from the same period in 1986, according to ABC FAS-FAX reports. The Sunday Republic grew 6.1% to 539,323 in the same period.

Central Newspapers is no exception to the national trend in declining evening circulation. Despite Phoenix's burgeoning population, the evening *Phoenix Gazette* had average daily circulation of 111,253, down 1.5%, according to ABC.

In Indianapolis, as in Phoenix, Central dominates the daily newspaper market. For decades the company's morning *Indianapolis Star* and evening *News* have been the only dailies in town.

This combined with aggressive downtown development contributed to a slight circulation increase for the Sunday *Star*—to 401,776, up 1.8%, according to ABC.

The evening *News* dropped 6.8% to 119,720 circulation during the year-to-year period, as the morning *Star* increased circulation 0.6% to 227,225.

Central's other dailies in Muncie and Vincennes, Ind., registered slight circulation decreases.

In July 1986, Central ceased publication of its year-old *City Life*, a free weekly entertainment tabloid published by Phoenix Newspapers. *City Life* was launched to compete with the local independently owned *New Times*, but apparently fell short of its mark.

Also in July, the company suspended operations of its Teleguide Videotex service, after 2½ years. "It was not a feasible economic program," says Central President Frank Russell.

The company's joint venture project to develop a newsprint mill in the state of Washington found its fifth and last partner—Knight-Ridder Newspapers, which replaces Chronicle Publishing (*San Francisco Chronicle*), which had bowed out of the project now scheduled to break ground this July.

CENTRAL NEWSPAPERS
307 North Pennsylvania St.
Indianapolis, Ind. 46204
(317) 633-9027
Corporate Personnel
Frank Russell, president
MEDIA PROPERTIES
Newspapers
ARIZONA: *Arizona Republic, Phoenix Gazette.* INDIANA: *Indianapolis News, Indianapolis Star, Muncie Press, Muncie Star, Vincennes Sun-Commercial.*
Newspapers (non-dailies)
ARIZONA: *Arizona Business Gazette.*

Network on shopping spree

Home Shopping Network, Clearwater, Fla., is more than just a cable telemerchandising happening. It now owns 13 UHF stations in the top 25 markets (via a $200 million spending spree in 1986), and has created the "Home Shopping Game," scheduled to appear soon on network affiliates.

RANK **49**

Chronicle Publishing Co.
San Francisco

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	275.0	242.0	13.6
Total sales	278.0	247.0	12.6
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	150.0	129.0	16.3
Magazine	—	—	—
Broadcast	85.0	80.0	6.3
Cable	40.0	33.0	21.2
Other	—	—	—

Chronicle Publishing Co. in 1986 pruned away some non-media holdings and expanded in its areas of strength—newspapers, broadcast and cable TV—as it grew 13.6% to an estimated $275 million in media revenues.

San Francisco-based Chronicle Publishing added another $3 million in sales from a book-publishing operation and returns from the defunct non-media ventures to bring total revenues to $278 million. Media sales do not include income from newspaper properties acquired late last year.

Chronicle eliminated all but media-related properties in 1986, divesting its real-estate holdings and Bay Area Teleguide, a public access videotex system in San Francisco.

Chronicle Broadcasting owns KRON-TV, the NBC affiliate in San Francisco, currently No. 1 in the market in prime time and prime access. The company also owns NBC affiliate WOWT-TV in Omaha, Neb., and

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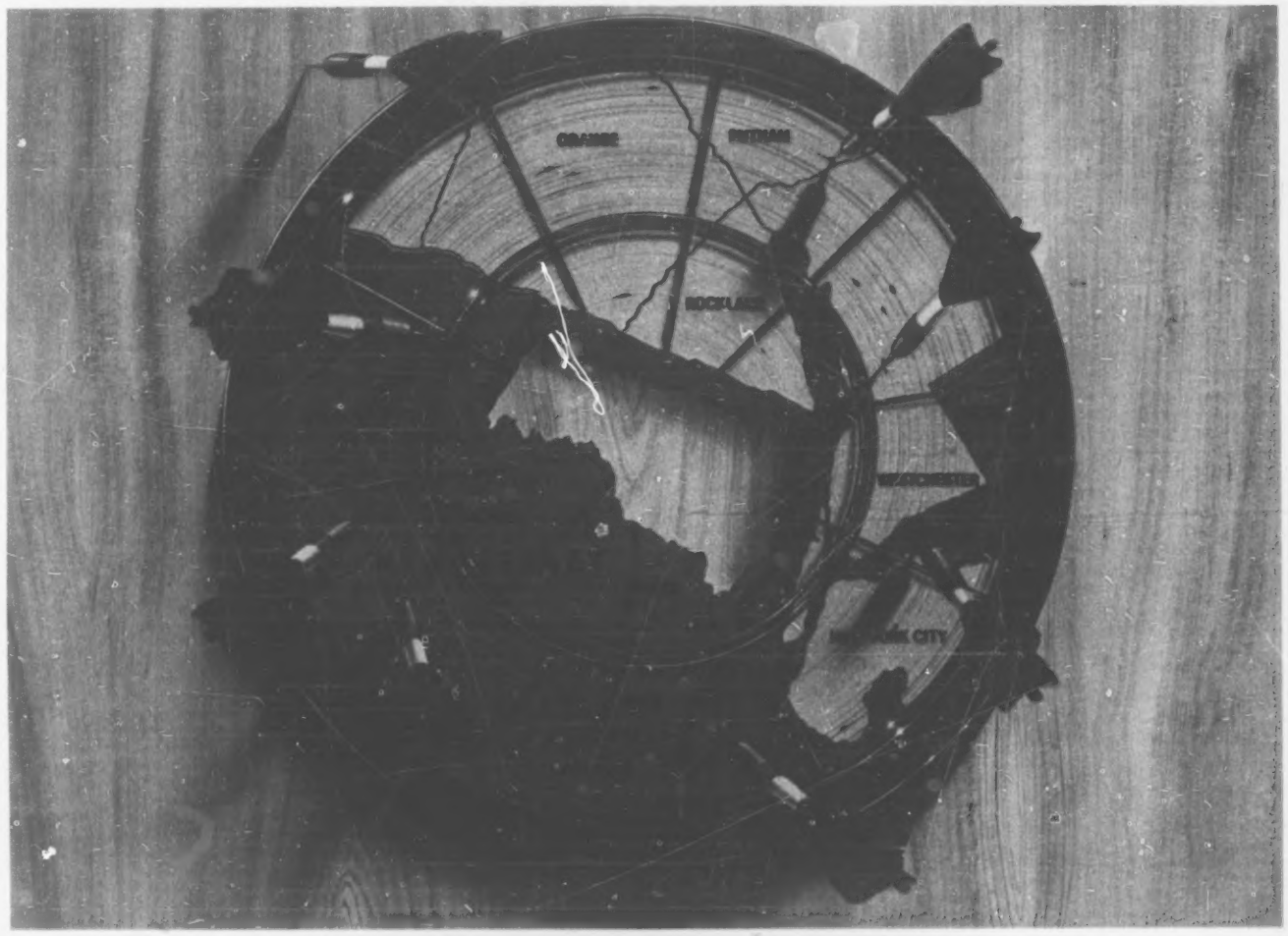

Your media plan may be missing the mark.

If you're taking aim at the New York ADI, make sure your media plan isn't missing an important part of its target audience: the affluent residents of Bergen and Passaic counties in northern New Jersey.

Only one newspaper gives you a clear shot at this lucrative market and the $20.7 billion in purchasing power wielded by the people who live there: The Record, New Jersey's largest evening newspaper.

The Record reaches more adults in the Bergen/Passaic market than any other newspaper, and targets readers with the greatest spending power.

In fact, Record readers have the second highest personal employment income in America, and Bergen/Passaic residents account for more than 21 cents of every dollar spent in the entire state of New Jersey.

In 1985, they dished out an incredible $909 million in restaurants, and rang up $10.1 billion in retail spending. This impressive grand total placed Bergen/Passaic 29th in the nation for total retail sales.

With The Record's Bergen/Passaic audience, you're taking aim at a market whose population of 1,293,400 makes it the 33rd largest in America. And sixty-five percent of this affluent audience cannot be reached regularly in any other newspaper. That's because no other newspaper covers their world so well or so colorfully. The Record's award-winning reporting, full-color graphics and eye-popping demographics give you an advertising forum that hits home with Bergen/Passaic residents like no other newspaper.

The Record. Try to target the Bergen/Passaic market without it, and you're just taking a shot in the dark.

The Record
We cover your world. All of it.
150 River Street, Hackensack, N.J. 07601
Call John E. Kimball, Director of Advertising at (201) 646-4259

Sources: The Scarborough Report, 1986 © S&MM Survey of Buying Power, 1986 Simmons-Scarborough National Newspaper Audience Ratings Study, 1985
National Representative: Sawyer-Ferguson-Walker Co.

KAKE-TV, the ABC affiliate in Wichita, Kan. In 1986, Chronicle purchased KOBY-TV, Colby, Kan., from Channel 4 Broadcasting Ltd. for an estimated $1.3 million.

Daily circulation of the morning *Chronicle*, as reported in the March 31, 1987, FAS-FAX reports was 557,934, up 0.9% from the same period in 1986, reversing a downward trend in circulation in recent years. The company's Sunday paper, operating under a joint operating agreement in which revenues and profits are shared with Hearst Corp.'s *San Francisco Examiner*, had circulation of 708,035, down 0.2% from March 1986.

The JOA, forged in 1965, gives the *Chronicle* a morning monopoly and keeps Hearst's *Examiner* an afternoon paper. The *Sunday Examiner & Chronicle* has its news pages supplied by the *Examiner*. The *Chronicle* turns out feature material and editorials. The JOA comes up for renewal in 1991. Either paper can then extend the arrangement for 10 years. Both must agree to continuation of the JOA in 2005. It is believed the *Examiner* might then elect to revert to morning publication. The daily *Examiner* is far behind the *Chronicle* in circulation. The evening circulation as of March 31, 1987 was 142,335, down 5.4%.

Last December Chronicle concluded the purchase of the daily *Worcester* (Mass.) *Telegram & Gazette*, a morning/afternoon newspaper with daily circulation of 134,725 and 128,112 Sunday from the Stoddard and Booth families. Along with the purchase came 12 weeklies and three small dailies owned by Beacon Co., a wholly owned subsidiary of Worcester Telegraph & Gazette Inc. The three dailies were the *Marlboro Enterprise*, *Clinton Daily Item* and *Hudson Daily Sun*.

Chronicle added to its cable interests with the acquisition of Ventura County Cable Systems in California from Storer Communications, Miami. The 58,000-subscriber operation covers eight communities. The Ventura system brings Western Communications cable subscriber total to 238,000, up 36.8% from 1985.

Chronicle Information Services, a division of Chronicle Publishing, currently operates Computer Sports World, a Las Vegas-based sports videotex service offering sports information accessed by PCs and telephones.

CHRONICLE PUBLISHING CO.
Fifth & Mission Streets
San Francisco, Calif. 94119
(415) 441-4444
Corporate Personnel

Richard Thieriot, president
Peter Thieriot, vp, Chronicle Publishing Co.
Ed Allen, president, Western Communications
Francis Martin, president, Chronicle Broadcasting

MEDIA PROPERTIES
Broadcasting

TV: KOBY, Colby, Kan.; KAKE-TV, Wichita, Kan.; KRON-TV, San Francisco; WOWT, Omaha, Neb.

Cable/video

SYSTEMS: CALIFORNIA: Butte County, Carmel-by-the-Sea, Carmel Valley, Chico, Clayton, Concord, Contra Costa County, Corning, Del Monte Forest, Del Ray Oaks, Glenn County, Hemet, Marina, Monterey County, Orland, Pacific Grove, Palm Springs, Salinas, San Mateo County, Seaside, South San Francisco, Ventura County, Willows. NEW MEXICO: Dona Ana County, Los Cruces, Mesilla.

Newspapers

CALIFORNIA: *San Francisco Chronicle, San Francisco Sunday Examiner & Chronicle* (owned jointly with the Hearst Corp.). ILLINOIS: *Bloomington Daily Pantagraph*. MASSACHUSETTS: *Worcester Telegram & Gazette, Marlboro Enterprise, Clinton Daily Item, Hudson Daily Sun*.

OTHER OPERATIONS

Chronicle Books, Chronicle Productions, Chronicle Features, Computer Sports World.

Enquirer seeks new ventures

Parent GP Group, named for sole owner Generoso "Gene" Pope Jr., is taking returns from its gossip tab (*National Enquirer*) to buy or start new publications, beginning this February with testing a monthly review of new videotape releases, *Video Digest*.

Consolidated Press Holdings

RANK 45

Sydney

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	325.0	270.0	20.4
Total sales	325.0	270.0	20.4
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Other	325.0	270.0	20.4

This was a year of acquiring and being acquired for the biggest of the free standing insert producers, GFV Communications, based in Livonia, Mich., which at yearend was merged into Consolidated Press Holdings Ltd., Sydney.

Bearing the monogram of its founder, George F. Valassis, who started the four-color free-standing insert field in the early 1970s, GFV now claims $325 million in revenues, which would give it more than half the U.S. FSI market.

Led by the familiar Valassis Inserts, the glossy four-color 8¼-by-11¼ inch folders from several producers have grown to be a familiar part of the weekend newspaper. By late 1986 the then four FSI producers had scheduled 122 insert dates for 1987.

Reportedly it was to cut this number and stabilize FSI rates to advertisers that GFV in November 1986 bought the No. 4 FSI company, Newspaper Co-op Couponing, a division of Marketing Corp. of America, Westport, Conn.

Then on Dec. 3, George Valassis sold the company to Australian media group, Consolidated Press Holdings Ltd., Sydney. Although the move surprised many it probably was clearly in character for Mr. Valassis.

A printer, Mr. Valassis founded GFV as an entrepreneurial venture and is said to have become removed in recent years from day-to-day involvement with details but still felt closely attached to GFV and its personnel. Now in his 50s, he is expected to pursue other interests. Consolidated Press Holdings' chairman Kerry Packer now runs GFV, while GFV's Larry Johnson and David Brandon continue in their posts as president and exec VP-chief operating officer respectively.

With the NCC purchase, GFV moved from a 45% market share to about 55%, according to Lynn Scholz, GFV marketing services. The other two major competitors, Quad/Marketing and Product Movers, fairly evenly split the remaining market, but they also peg GFV at a lower figure than it claims.

For 1987, GFV jumped to 44 insert programs from 33 in 1986. Included this year are 42 original GFV dates plus two from NCC. The 1988 schedule will carry 42. And Ms. Scholz says that GFV is looking for 10% growth next year in the total $700 million FSI market.

This would put total Valassis 1988 sales around $423.5 million, a 30% increase over 1986.

Circulation of Valassis Inserts now stands at 48.5 million, putting total circulation of the 44 1987 insert programs in the 2.1 billion-to-2.2 billion range.

Innovation in both graphic arts and marketing techniques from the major GFV competitors also are keeping the FSI market in continual evolution. One of the biggest moves was the recent introduction of a national, rather than regionalized, insert program by Quad/Marketing, which bought the John Blair Marketing division in 1986. Like GFV, Quad is firmly founded in printing technology, and in February 1986 announced its new rotogravure national insert, printed in a single version for distribution throughout the U.S.

Production economy is a clear advantage, but GFV says it is not thinking about a national program.

Ms. Scholz says "The industry that buys FSIs wants targeted regionalized editions. They don't want to buy and use a full national run. Some customers may buy nationally, but they want to regionalize their presentations."

GFV markets itself, but rarely advertises. The company's major promotional efforts are made directly to customers, principally through a quarterly newsletter, "Couponing Insights," which goes to GFV's package-goods customers.

CONSOLIDATED PRESS HOLDINGS
54-58 Park St.
Sydney, NSW, Australia
011-(612)-282-8000
GFV Communications
35955 Schoolcraft Road
Livonia, Mich. 48150
(313) 591-3000
Corporate Personnel

Larry Johnson, president

MEDIA PROPERTIES

Valassis Inserts and Promotion Watch, both of Farmington Hills, Mich.; Valassis Printing, Livonia, Mich.; Thomas C. Lane Publishing, Durham, N.C.; Valassis Color Graphics, Wichita, Kan.

Continental Cablevision

RANK 33

Boston

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	392.0	295.0	32.9
Total sales	392.0	295.0	32.9
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	392.0	295.0	32.9
Other	—	—	—

Continental Cablevision boosted its cable holdings, continued with its cluster strategy and through stock buybacks became more tightly controlled in 1986.

Four acquisitions added 82,549 new basic and 72,261 pay subscribers to the multiple system operator, whose basic subscriber count is 1.54 million and pay subscribers, 1.43 million, and helped raise Continental's overall revenues 32.9% to $392 million in 1986.

Privately held Continental paid $127 million for four McClatchy Systems' cable systems—all in the California/Nevada area—raising its total count to 106 systems in 14 states. Purchased were Fresno (Calif.) Cable TV TelCab Communications, Reno, Nev., Nor Cal Cablevision, Yuba City, Calif., and Continental Cablevision of the Sierra Valleys, Stockton, Calif., The latter system also covers the area of Tulare and Visalia, Calif.

Continental has been following a clustering strategy for the past few years, and in 1985 acquired a 3,000-subscriber system, PCNH Inc., in Hampton, N.H., and a 50% interest in Stellar Communications, Chicago, from Tele-Communications. The company also paid $13 million to buy the remaining 60% of Commonwealth Cable Corp., Westfield, Mass., and a 68% interest in Natick Cablevision Corp., Natick, Mass.

The Boston-based company's pay-to-basic ratio, previously one of the highest in the cable industry, dipped dramatically during 1986, from 1:1.5 to 1:1.

The cable industry believes deregulation, begun in 1987, is expected to improve the pay-to-basic ratio industry-wide largely because of the psychological impact of bringing basic charges in line with pay costs. The reasoning is that pay will then "seem" less expensive.

Continental, which in 1985 bought back almost 8% of its stock from Dow Jones & Co., the only corporate stockholder in Continental, continued its strategy of stock repurchases in 1986, buying back an additional 37% of its stock from individual shareholders.

In early 1985, Amos Hostetter became chairman of the company. His previous post of president was filled by Timothy Neher, former exec VP.

CONTINENTAL CABLEVISION
Pilot House, Lewis Wharf
Boston, Mass. 02110
(617) 742-9500
Corporate Personnel

Amos Hostetter, chmn

MEDIA PROPERTIES
Cable/video

SYSTEMS: CALIFORNIA: Continental Cablevision of California—Manteca/Lathrop, Stockton, San Joaquin County; Continental Cablevision of Sierra Valleys-Stockton/Tulare/Vasalia; Fresno Cable TV Ltd.—Fresno/County of Fresno/Clovis/Madera; Nor Cal Cablevision—Yuba City/County of Sutter/County of Yuba/Beale Air Force Base/Marysville/Wheatland; Telcab Communications—Reno/Washoe. NEVADA—Continental Cablevision of Reno-Reno. CHICAGO REGION—Continental Cablevision of Cook County—Calumet City/Calumet Park/Dolton/Riverdale; Elmhurst/Berkeley/Oakbrook Terrace/Bensenville; Elmwood Park, Forest Park, Franklin Park/River Grove/Rosemont/Schiller Park/Lombard, unincorporated DuPage County, Westchester/Hillside; Westmont/Clarendon Hills/Countryside/unincorporated Westmont/Willowbrook, unincorporated Cook County; Continental Cablevision of Morton Grove—Morton Grove. FLORIDA REGION—Continental Cablevision of Jacksonville—Jacksonville. ILLINOIS/IOWA/MISSOURI REGION: Continental Cablevision of Illinois—Freeport/Cedarville/Stephenson County, Kewanee, Lincoln/Logan County, Morton, Pekin/Groveland/Marquette Heights/N. Pekin/S. Pekin/Tazewell County/Tremont, Quincy. Continental Cablevision of St. Louis County—Belleville/Fairview Heights/O'Fallon/St. Clair County/Swansea, Bellefontaine Neighbors/Country Club Hills/Flordell Hills/Moline Acres/Northwoods/Pine Lawn/Riverview/Wherry Housing Base/Overland/Breckenridge Hills/Brentwood/Clayton/Edmundson/Maplewood/St. Ann/University City/St. Louis County—Area B/Maryland Heights/Scott Air Force Base/Albers/Aviston/Clinton County/Damiansville/Freeburg/Lebanon/Mascoutah/New Baden/St. Clair County/Shiloh/Summerfield/Trenton. MICHIGAN REGION—Continental Cablevision of Michigan—Dearborn Heights, Jackson/Blackman Township/Reedvile, Hazel Park/Holland, Lansing/Dewitt/Eaton Rapids/Grand Ledge, Delhi, Delta, Dewitt, Eaton Rapids, Hamlin, Lansing and Oneida Townships, Madison Heights, Oak Park, Roseville, Southfield/Latrup Village, West Bloomfield Township, Westland. NEW/HAMPSHIRE/MASSACHUSETTS/MAINE/CONNECTICUT REGION—Continental Cablevision of Brockton (99.9% owned)—Brockton. Continental Cablevision of Massachusetts/Topsfield/Wenham, Newton/Wayland/Wellesley/Weston, Reading, Saugus/Nahant, Watertown. Continental Cablevision of Needham (99.7% owned)—Needham. Continental Cablevision of New England—Concord/Allenstown/Boscawen/Bow/Pembroke/Hopkinton, Dover/Rollinsford/Somersworth/Berwick/S. Berwick, Lawrence/Methuen/N. Andover, Portsmouth/Eliot/Greenland/Hampton/Kittery/New Castle/Rey/Stratham, Sac/Old Orchard Beach, Salem/Derry. Continental Cablevision of Southern Massachusetts—Hanson/E. Bridgewater/Holbrook/W. Bridgewater/Whitman, Middleboro/Lakeville/Berkley/Dighton/Freetown, Stoughton/Avon/Easton/Raynham. Continental Cablevision of Western New England—Agawam/Granby/Holyoke/S. Hadley/Southwick/Westfield/W. Springfield, Deerfield/Bernardston/Northfield/Sunderland, Enfield/ Northampton/Hatfield/Williamsburg, Springfield/Longmeadow. Continental Cablevision of Winchester—Winchester. Cablevision Service Co.—Bristol, Alexandria/Bridgewater/Bristol/New Hampton. Hillsboro/Antrim/Derring/Hillsboro/Henniker, Seacoast-Durham/Epping/Exeter/Hampton Falls/Newfields/Newmarket/N. Hampton/Raymond/Seabrook. Natick Cablevision Corp.—Natick. Pease Cablevision—Pease Air Force Base. Rockingham County Cablevision—Hampsteed/Plaistow. OHIO—Continental Cablevision of Ohio, Athens/The Plains, Bay Village/Avon Lake, Bellevue/Clyde/Green Springs, Butler Township/Clayton/Englewood/Madison Township/Randolph Township/Trotwood/Union/Vandalia, Eastlake/Fairport Harbor/Garden River/Lakeline/Mentor/Painesville/Timberlake/Wickliffe/Willoughby/Willoughby Hills, Elyria/Carlisle and Elyria Townships, Fairborn/Donnelsville/Enon/New Carlisle, Bath, Bethel and Mad River Townships, Findlay/Arlington/McComb/Mt. Cory/Rawson/Van Buren, Fostoria/Tiffin/Arcadia, Galion/Crestline/N. Robinson/Huer Heights/Harrison Township, Kettering/Beavercreek/Beavercreek Township/Bellbrook/Centerville/Clearcreek Township/Corwin/Franklin Township/Miamisburg/Miami Township/Moraine/Oakwood/Springboro/Sugarcreek/Washington Township/Wayne Township/Waynesville/W. Carrollton, N. Ridgeville/Amherst/Amherst Township, Norwalk/Milan/Monroeville/Norwalk Township, Springfield/Harmony/Moorefield, Pleasant and Springfield Townships/S. Charleston/South Vienna Village, Upper Sandusky/Nevada, Willard/Attica/Greenwich Village/New Haven/New Washington/N. Fairfield/Plymouth/Republic/Shiloh, Xenia/Cedarville/Jamestown/New Jasper/Silver Creek/Spring Valley/Wilberforce/Cedarville/Spring Valley and Xenia Townships. VIRGINIA REGION—Continental Cablevision of Richmond (87.4% owned)—Richmond. Continental Cablevision of Virginia —Ashland/Goochland County, Hanover County, Henrico County, James City County, York County. MINNESOTA—North Central CableCommunications (50% owned)—Anoka/-Andover/Champlin/Ramsey, Elaine/Centerville/Circle Pines/Coon Rapids/Ham Lake/Lexington/Liro Lakes/Spring Lake Park, Burnsville/Eagen, Columbia Heights/Hilltop, Roseville/Arden Hills/Falcon Heights/Lauderdale/Little Canada/Mounds View/New Brighton/North Oaks/Shoreview/ St. Anthony, White Bear Lake/Birchwood Village/Dellwood/Grant Township/Lake Elmo/Mahtamedi/Maplewood/North St. Paul/Oakdale/Vadrais Heights/White Bear Lake Township/Willernie. Continental Cablevision of Northern Dakota County—Inver Grove Heights/Lilydale/Mendota/Mendota Heights/South St. Paul/Sunfish Lake/W. St. Paul. Continental Cablevision of St. Paul—St. Paul. Insight Communications Co., L.P. (40.3%)—Noblesville, Ind./Noblesville/Arcadia/Atlanta/Cicero/Fishers/Hamilton/Tipton City/Tipton County/Westfield. Louisville, Ky.—Clark County/Charlestown/Clarksville/Crestwood/Jeffersonville/LaGrange/Oldham/Orchird/Sellersberg. CENTRAL TEXAS—Giddings/Halletsville/LaGrange/Schuleburg/Weimar. FRANKLIN, VA.—Franklin/Courtland/Isle of Wight/Smithfield/Southampton/Sussex/Wakefield/Waverly/Windsor. UTAH—Sandy/Alpine/American Fork/-Brigham City/Cedar City/Delta/-Lehi/Midvale/Orem/Perry/Pleasant Grove/Springfield/Vernal/W. Jordan. NORTH CAROLINA—Prime Cable of Hickory (33.3% owned)—Hickory/Brockford/Catawba/Catawba County/Claremont/Conover/Granitfalls/Hildebran/Longview/Newton/Rhodhis.

Copley Newspapers

RANK 43

La Jolla, Calif.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	330.0	306.0	7.8
Total sales	332.0	310.0	7.1
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	326.0	304.0	7.2
Magazine	—	—	—
Broadcast	—	—	—
Cable	4.0	2.0	100.0
Other	—	—	—

Copley Newspapers plotted a steady, uneventful course in 1986. Newspaper properties showed overall improvement largely because of growth at the *San Diego Union* and *Tribune*. While less of a factor, maturing cable TV operations, which contribute about 1.2% of corporate revenue, doubled their contribution in 1986 from 1985.

The La Jolla, Cal.-based company reported combined daily circulation for its five California and seven Illinois papers of more than 747,000, up less than 1% from 1985, says Robert F. Crouch, VP-finance.

The Copley executive says expanded coverage in a rezoned market area in San Diego, as well as continuing population growth, has resulted in the increased circulation of the morning *San Diego Union* and evening *Tribune*, whose combined circulation of 375,773 as of March 31, 1987, is up 2.2% from 1986. The gain was offset by losses in other markets, notably in the Los Angeles area where the evening *Santa Monica Outlook* suffered a 12% loss in circulation to 24,854, according to ABC Sept. 30, 1986 audit reports.

Separately, the *Union* reported average daily circulation of 252,686 for the March 31, 1987, ABC audit period, up 3.9% from the same period in 1986. The evening *Tribune* circulation fell 1.3% to 123,087.

Most of Copley's seven daily newspapers in central Illinois and metropolitan Chicago reported small daily circulation declines during 1986. Exceptions were Sunday editions of most papers and the *Joliet Herald News* with 47,413 daily circulation, up 1.3% from the year-earlier period.

Copley's cable TV partnership, Copley/Colony, contributed $4 million, up 100%, to media revenues from Copley's ownership share. The joint venture, a partnership with Colony Communications, Providence, R.I., serves nearly 100,000 subscribers in six Orange County cities.

In its only major property sale of the year, Copley sold its electronic classified ad service in California called CLEO (Computer Listing of Employment Opportunities) to Dallas-based Management Insight.

COPLEY NEWSPAPERS
7776 Ivanhoe Ave.
La Jolla, Calif. 92037
(619) 454-0411

Corporate Personnel

Herbert L. Kalpenbach, president
Harold O. Walker, vp-mktg planning & rsch

MEDIA PROPERTIES

Cable/video

SYSTEMS: CALIFORNIA: San Pedro-Wilmington-Harbor City, Lomita and portions of unincorporated areas, Los Angeles County, Costa Mesa, Cypress, unincorporated area in Orange County.

Newspapers

CALIFORNIA: *San Diego Tribune, San Diego Union, San Pedro News-Pilot, Daily Breeze* (Torrance), *Santa Monica Outlook.* ILLINOIS: *Aurora Beacon-News, Elgin Courier-News, Joliet Herald-News, Lincoln Courier, Springfield State Journal Register, Waukegan News-Sun, Wheaton Daily Journal.*

Newspapers (non-dailies)

CALIFORNIA: *Borrego Sun.* Also, 23 nonpaid circulation weeklies and shoppers associated with dailies.

Other media operations

Copley News Service.

OTHER OPERATIONS

La Casa del Zorro (resort hotel); Copley Computer Services.

RANK **13**

Cox Communications

Atlanta

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,465.3	1,326.0	10.5
Total sales	1,569.0	1,471.5	6.6
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	683.3	644.0	6.1
Magazine	—	—	—
Broadcast	287.0	261.0	10.0
Cable	495.0	421.0	17.6
Other	—	—	—

Privately held Cox Enterprises, still absorbing its 1985 purchase of Cox Communications, operated basically in a stand-pat mode through 1986. "It's not that we weren't interested in acquisitions. In fact, we made bids on several properties," says John R. Dillon, VP-cfo, "but we found the cost of media properties to be extremely high."

The company, however, sold media properties in 1986, which did not stop it from showing a 6.7% growth in overall revenues to $1.57 billion in 1986, and a gain of 10.5% in media revenues to $1.47 billion. Cox's revenue continues to come largely from its newspaper division, which owns 21 dailies, mostly in the Sun Belt from Florida to Arizona.

The newspapers have a combined daily circulation of 1.29 million and Sunday circulation of 1.58 million. But about 35% of the daily circulation and 41% of the Sunday circulation is held by the company's two leading Atlanta papers, the morning *Atlanta Constitution*, and the evening *Atlanta Journal*.

The emergence of James Cox Kennedy, exec VP and scion of the family which controls 97% of the Cox Enterprises stock, as designated heir to Chairman Garner Anthony the end of this year was paralleled by a major change in operating philosophy at the Atlanta newspapers. In late 1986 the company broke a decades-long tradition of promoting its news executives from within the company when it named Bill Kovach, who had been chief of the *New York Times* Washington bureau, as editor of the *Atlanta Journal-Constitution.*

Mr. Kovach, in turn, promptly recruited *Times'* veterans Wendell "Sonny" Rawls and Dudley Clendenin to head the metro news operation and newspapers' features department, respectively.

In 1986, the two Atlanta papers scored net circulation gains of 5%, but virtually all of that gain was accounted for by the *Constitution*, which had daily circulation of 264,812, according to the FAS-FAX report for March 31, 1987. That compared with 251,042 at the same time in 1986. Circulation on the *Journal* was up only 801 on March 31, 1987 from the 187,816 of a year earlier.

The Cox-owned *Miami News*, which has a joint operating agreement with Knight-Ridder's far stronger *Miami Herald*, continued its circulation slide. The paper had a March 31, 1987 circulation of 57,119, down 2.2% from 1986.

The broadcasting group sold WZGO-FM in Philadelphia to Malrite Guaranteed Broadcast Partners, Cleveland, in December. In April, the company sold its CyberTel radio common carrier division to St. Louis investor David Bayer.

Cox neither added nor sold TV stations in 1986. The TV flagship, WSB-TV in Atlanta, an ABC affiliate, has slipped behind NBC affiliate WXIA by 0.2 of a rating point in Nielsen sign-on to sign-off ratings. WSB's 7.1 rating and 23 share were hurt by the lackluster ABC prime-time schedule. Cox boasts possession of the UHF independent with the largest sign-on to sign-off rating in the top 50 markets with WKBD-TV, Detroit. The station is constructing a new $8 million building.

Cox's TV programming division is involved in syndicating several popular shows, including "Entertainment Tonight," "Star Search" and "Lifestyles of the Rich and Famous."

Cox was one of a group of four cable operators which last summer each purchased a 10% stake in the Discovery Channel, a basic cable service specializing in nature and adventure documentaries. Cox also struck a deal in June 1986 to begin bringing the American Movie Classics pay service to subscribers on its systems. Cox officials say the movie channel could reach about 100,000 additional homes under the agreement.

Since the company neither added nor sold cable systems in 1986, cable subscribers were up 2.7% to 1,353,731 in 1986. Subscriptions to premium channels were off 4.3% to 1,206,009. Cox operates 24 cable systems.

COX ENTERPRISES
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Corporate Personnel

Garner Anthony, chmn-ceo
Stan Mouse, sr vp
James Cox Kennedy, exec vp
Kevin O'Brien, exec vp-independent group
Nick Trigony, exec vp-radio
James O. Robbins, president-Cox Cable
David Easterly, president-Cox Newspapers

MEDIA PROPERTIES

Broadcasting

TV: KDNL-TV, St. Louis; KTVU, Oakland-San Francisco; WHIO-TV, Dayton, Ohio; WFTV, Orlando, Fla.; WKBD-TV, Detroit; WPXI, Pittsburgh; WSB-TV, Atlanta; WSOC-TV, Charlotte, N.C.
RADIO: KFI, KOST (FM), Los Angeles; WCKG (FM), Chicago; WHIO (AM, FM) Dayton, Ohio; WIOD, WGTR (FM), Miami; WSB (AM, FM), Atlanta; WSOC (AM, FM) Charlotte, N.C.

Cable/video

SYSTEMS: CALIFORNIA: Bakersfield, Eureka, San Diego, Santa Barbara. CONNECTICUT: Hartford. FLORIDA: Gainesville, Ocala, Pensacola. GEORGIA: Macon, Warner Robbins. ILLINOIS: Quad Cities. IOWA: Cedar Rapids. LOUISIANA: Jefferson Parish, New Orleans. MICHIGAN: Saginaw. NEBRASKA: Omaha. NEW YORK:

More about Florida's Money Market

Fort Lauderdale/Palm Beach is the #1 major Florida market in per capita retail sales.

The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

Fort Lauderdale/Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.

Staten Island (under development). OHIO: Cleveland. OKLAHOMA: Oklahoma City. RHODE ISLAND: Cranston/Johnston. SOUTH CAROLINA: Myrtle Beach. TEXAS: Lubbock. VIRGINIA: Roanoke, Tidewater. WASHINGTON: Spokane.

Magazines

Palm Beach Life Magazine.

Newspapers (dailies)

ARIZONA: Chandler Arizonan, Mesa Tribune, Tempe Daily News, Yuma Sun & Sentinel. COLORADO: *Daily Sentinel* (Grand Junction). FLORIDA: *Evening Times, Miami News, Palm Beach Daily News, The Post* (West Palm Beach). GEORGIA: *Atlanta Constitution, Atlanta Journal.* OHIO: *Dayton Daily News, Journal Herald, Springfield News-Sun.* TEXAS: *Austin American-Statesman, Longview Daily News, Longview Morning Journal, Lufkin Daily News, Orange Leader, Port Arthur News, Waco Tribune Herald.*

Newspapers (non-dailies)

ARIZONA: *Arizona Pennysaver* (Mesa), *Arizona Spirit, Valley Foothills News* (Yuma). COLORADO: *Delta County, Shopping News.* FLORIDA: *Florida Pennysaver* (West Palm Beach). . OHIO: *DownTowner* (Dayton), *Town & Country Guide, Tri-County Shopper News* (Springfield). TEXAS: *Ad Pak* (Longview), *Community Post, Opportunity Valley News* (Port Arthur).

OTHER OPERATIONS

Datext Inc., Landsburg Co.

Donrey Media Group — RANK 50

Fort Smith, Ark.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	275.0	237.0	16.0
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	225.0	192.0	17.2
Magazine	—	—	—
Broadcast	27.0	28.0	(3.6)
Cable	13.0	8.0	62.5
Other	10.0	9.0	11.1

Donrey Media Group immediately was embroiled in a local controversy at its latest acquisition—the 106-year-old Pulitzer Prize-winning *Pine Bluff* (Ark.) *Commercial*—following the paper's purchase at the end of 1986. Shortly after Donrey took over from Freeman Newspaper Group, the Donrey-appointed general manager fired the Freeman Group executive editor over an editorial dispute.

Whether or not this dispute is symbolic of changes ahead in Pine Bluff, what is almost certain is the paper will become more profitable under Donald Reynolds, the 79-year-old media mogul who lists himself as publisher on each of his 130 newspapers.

The Freeman Newspaper Group purchase, estimated at $20 million, was done in typical Donrey style: Find a family-owned paper that isn't meeting its economic potential, purchase it for cash or with little debt involved, then pump it up to a money-making operation.

The Freeman papers, which in addition to the daily 21,000-circulation *Pine Bluff Commercial*, included a daily and weekly in Arkadelphia, Ark., and a weekly in Yazoo City, Miss., represented Donrey's largest purchase in 1986 and added about 30,000 to the almost 750,000 subscribers Donrey counts. In 1986, it also added the 7,000-circulation *Claremore* (Okla.) *Daily Progress*, and the *Athens Daily Review* (6,800 circulation), but sold Nevada radio stations KORK and KYRK-FM.

Donrey, owned 100% by its founder, talks little about its financial operations. But from media sources, total revenues for the company are estimated at $285 million, with media accounting for about $275 million, up 16% from 1985.

Donrey executives, including Fred Smith, president, who has assumed increasing operating responsibilities, declined to give specific financial information about operations. Newspapers, however, remain the bulk of revenues, although Mr. Reynolds began investing in catfish farming in 1985 and effectively doubled that operation in 1986. A 1985 venture into a cellular telephone operation in Tulsa, Cellular One, was sold in 1986.

Donrey's leading newspaper, the *Las Vegas Review-Journal*, maintained its circulation upswing, increasing daily 8.3% to 114,269 and Sunday 10.9% to 135,407. Las Vegas is one of few Donrey properties facing local print competition. Donrey also operates lucrative outdoor advertising operations, Donrey Outdoor Advertising.

Mr. Reynolds plans to leave his vast holdings, estimated by *Forbes* to be pushing $1 billion in net worth and including seven homes across the U.S., to a foundation that will operate what he began with $300 in cash and $700 in borrowed money.

DONREY MEDIA GROUP
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Corporate Personnel

Fred W. Smith, president
Don Burris, vp-outdoor, broadcast & cable
Bob Bush, vp-western newspaper div
Ross Pendergrait, vp-eastern newspaper div

MEDIA PROPERTIES

Broadcasting

TV: KOLO-TV, Reno, Nev.
RADIO: KBRS, Springdale, Ark.; KEXO, KLDR-FM, Grand Junction, Colo.; KOCM (FM), Newport Beach, Calif.; KOLO, Reno, Nev.

Cable/video

SYSTEMS: ARKANSAS: Donrey Cablevision-Rogers. CALIFORNIA: Donrey Cablevision-Vallejo; Falcon Cable-Los Angeles. OKLAHOMA: Donrey Cablevision-Bartlesville, Blackwell, Guymon. TEXAS: Kilmore Cable-Kilmore.

Newspapers

ARKANSAS: *Arkadelphia Sitfings Herald, Northwest Arkansas Morning News* (Rogers), *Pine Bluff Commercial, Southwest Times Record* (Fort Smith), *Springdale News, Southern Standard.* CALIFORNIA: *Chico Enterprise-Record, Daily News* (Red Bluff), *Lompoc Record, Ontario Daily Report, Progress Bulletin* (Pomona), *Redlands Daily Facts, Ukiah Daily Journal, Vallejo Times-Herald, Woodland Daily Democrat.* HAWAII: *Hawaii Tribune-Herald* (Hilo), *West Hawaii Today* (Kailua-Kona). ILLINOIS: *Savanna Times Journal.* INDIANA: *Washington Times-Herald.* IOWA: *Clinton Herald, Oskaloosa Herald.* KENTUCKY: *Glasgow Daily Times.* MISSISSIPPI: *Picayune Item, Yazoo City Herald.* MISSOURI: *Moberly Monitor-Index and Democrat.* NEVADA: *Nevada Appeal* (Carson City), *Ely Daily Times, Las Vegas Review-Journal.* NEW MEXICO: *Alamogordo Daily News.* NORTH DAKOTA: *News* (Minot). OKLAHOMA: *Altus Times, Bartlesville Examiner-Enterprise, Blackwell Journal-Tribune, Chickasha Daily Express, Claremore Daily Express, Claremore Daily Progress, Durant Daily Democrat, Frederick Daily Leader, Guthrie Daily Leader, Guymon Daily Herald, Henryetta Daily Free-Lance, Holdenville Daily News, Norman Transcript, Okmulgee Daily Times, Paul's Valley Daily Democrat, Pawhuska Daily Journal-Capital, Port of Catoosa Times-Herald, Wewoka Daily Times.* TENNESSEE: *Daily Herald* (Columbia). TEXAS: *Athens Daily Review, Athens Weekly Review, Borger News-Herald, Cedar Creek Pilot, Clebourne Times Review, Gainesville Daily Register, Jacksonville Daily Progress, Kilgore News Herald, Malakoff News, Sherman Democrat, Sweetwater Reporter, Weatherford Democrat.* WASHINGTON: *Aberdeen Daily World, Valley Daily News* (combination of papers in Auburn, Kent and Renton with separate editions).

Newspapers (non-dailies)

74 non-daily newspapers in 21 states.

Outdoor

Donrey Outdoor Advertising.

Dow Jones & Co. — RANK 16

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,078.0	978.0	10.2
Total sales	1,135.0	1,041.0	9.0
Net income	183.0	139.0	31.7
Sales by media	**1986**	**1985**	**% chg**
Newspaper	917.7	844.0	8.7
Magazine	34.5	32.0	7.8
Broadcast	—	—	—
Cable	—	—	—
Other	125.8	102.0	23.3

Dow Jones & Co., New York, boosted net earnings 32.3% to $183.4 million in 1986 on revenues of $1.14 million, up 9% over 1985, despite a drop in ad linage at the company's flagship, the *Wall Street Journal*.

Journal ad linage was down 1.7% for the year, reflecting the general soft advertising market for most national media. Circulation of the *Journal* closed out 1986 at 2.04 million, up 1.8% from the end of 1985.

The advertising outlook showed signs of improvement during the year's fourth quarter, as *Journal* linage increased 6.3%. Dow Jones is projecting a slight ad linage increase for the *Journal* in 1987.

Earnings for the first quarter 1987, excluding one-time gains from year-to-year period, rose 23% to $37.4 million —an improvement Dow Jones credits partly to a 4.3% growth in ad linage at the *Wall Street Journal*, which also gained 2% in circulation to 2.05 million.

Linage at Ottaway Newspapers was up 4.2% in the quarter.

The *Journal*, which accounts for 65% to 70% of Dow Jones' earnings each year, in 1986 raised its national ad rates 5% and its regional rates 6%. The slowing of inflation, which has made advertisers less tolerant of price increases, did not seem to affect adversely the *Journal*.

Dow Jones' full-year earnings for 1986 included a first-quarter gain of $31.4 million from the sale of part of the company's stake in Continental Cablevision of Boston back to that company. Dow Jones retains a 17% stake in Continental, which has 1,541,000 subscribers.

Increases by the company's information services group and by the Ottaway community newspaper operations helped offset the shortfall in *Journal* linage.

The information services group's operating earnings rose to $41.4 million in 1986 from $17.7 million, while revenues increased 23% to $125.8 million. The group accounted for 15.7% of total Dow Jones earnings in 1986, up from 7.3% in 1985.

The Ottaway community newspaper group's pre-tax operating profit jumped 19%, to $41.9 million, on an 11% revenue increase to $195.1 million. Ottaway publishes daily newspapers in 22 communities.

Circulation of *Barron's*, Dow Jones' other national publication, increased 5.7% during the year, to 279,000, as ad linage and revenue also gained.

The *WSJ* in Europe and Asia grew in advertising by 27% and 11%, respectively, and in circulation by 6.4% and 15%, respectively. Dow Jones also boosted its stake from 49% to 100% in the *Far Eastern Economic Review*, a 64,000-circulation weekly.

The *WSJ* is attempting to adapt to a tougher competitive environment by increasing special sections and stepping up coverage of personal money management.

DOW JONES & CO.
World Financial Center
200 Liberty St.
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Corporate Personnel

Warren H. Phillips, chmn-ceo
Ray Shaw, president
Peter R. Kann, exec vp, assoc publisher

MEDIA PROPERTIES

Magazines

American Demographics, Asian Wall Street Journal Weekly, Barron's, National Business Employment Weekly.

Newspapers

Asian Wall Street Journal, Wall Street Journal, Wall Street Journal/Europe. Ottaway Newspaper Group-ARIZONA: *News-Sun* (Sun City). CALIFORNIA: *Santa Cruz Sentinel.* CONNECTICUT: *Danbury News-Times.* KENTUCKY: *Ashland Daily Independent.* MASSACHUSETTS: *Times* (Beverly-Peabody), *Cape Cod Times, Gloucester Daily Times, New Bedford Standard-Times, Newburyport Daily News.* MICHIGAN: *Traverse City Record-Eagle.* MINNESOTA: *Mankato Free Press, Owatonna People's Press.* MISSOURI: *Joplin Globe.* NEW YORK: *Middletown Times Herald-Record, Oneonta Daily Star, Pittsburgh Press Republican, Tarrytown Gazette.* OREGON: *Medford Mail Tribune.* PENNSYLVANIA: *Pocono Record, Sharon Herald, Sunbury Daily Item.*

Other media operations

Dow Jones News Service, DowAlert, Dow Jones News/Retrieval, Dow Jones Cable News (videotex), Telerate Inc. (44.8% interest), *Far Eastern Economic Review* (100% interest), *South China Morning Post* (16% interest), Press-Enterprise Co. (20.1% interest), Continental Cablevision (17% interest).

OTHER OPERATIONS

AP-Dow Jones (50% ownership), Richard D. Irwin Inc. (publisher, newsprint mills).

Dun & Bradstreet Corp. — RANK 8

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,932.0	1,718.0	12.5
Total sales	3,114.0	2,772.0	12.3
Net income	340.0	295.0	15.3
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	406.0	—
Broadcast	—	—	—
Cable	—	—	—
Other	1,932.0	1,312.0	47.3

Dun & Bradstreet's divestiture of Technical Publishing for $250 million in the fourth quarter 1986 scaled down media contributions to its marketing services segment, including Donnelley Marketing cooperative mailing programs, A.C. Nielsen Co.'s marketing and media-research groups and high-tech researcher Dataquest.

D&B actually ended its involvement in magazine publishing through two divestitures. Cahners Publishing bought Technical Publishing, which included 20 magazines and related services in the industrial, medical and technology markets. The publications had a book value of about $41 million; Technical had about 740 employees. The second sale was of Technical's *Dun's Business Month* to Boston-based Goldhirsh Group, publisher of *Inc.* Technical Publishing's ad pages had been dropping, reflecting the downturn in heavy industries and the technology markets served by the publications.

Remaining publishing units include Official Airline Guides and Yellow Pages classified directory publishing, via the Donnelley Directory subsidiary. The 1984 breakup of AT&T has allowed D&B to renegotiate long-term directory deals with regional phone companies, permitting the company to take greater advantage in the growth of its markets. D&B also has expanded its activity in publishing its own line of "proprietary" directories, both in competition with other regional phone companies and in less established territories. This effort has been particularly active in Mideast states, including Pennsylvania and Delaware.

In the marketing sevices segment, the company in July 1986 acquired Market Data Retrieval, a closely held Shelton, Conn.-based marketer of data on businesses, executives and educational institutions.

D&B was outbid in late 1986 for Broadcast Advertiser Reports and its subsidiary, Radio-TV Reports, by Arbitron Ratings Co., a competitor of D&B's Nielsen. Nielsen in September 1987 will drop its long-used diary system of evaluating TV audience composition in favor of the "people meter." ABC-TV has dropped the Nielsen Rating Service. The company originally planned to introduce the people meter in 1986 but fell to pressure from the Big 3 networks to delay the move. The meters have been showing lower demographic ratings for several popular prime-time shows, suggesting the traditional diary method had been overstating viewing levels.

D&B, on behalf of its Nielsen Marketing Research subsidiary, expanded its role in selling grocery ad research via the December 1986 acquisition of Majers Corp., an Omaha, Neb., company that specializes in the measurement of grocery chain product activity. The estimated $30 million acquisition of Majers was expected to complement Nielsen's Scantrack Plus, which provides scanner-based sales data. Both are sold primarily to brand managers.

D&B's non-media business segment, business information services, includes D&B credit services, administration of small-business group insurance plans, commercial collection and computer services and McCormack & Dodge.

The company late in 1986 announced it would end 86 years of operating in South Africa, citing the "direct and indirect effects" of apartheid. Also overseas, Nielsen Marketing Research acquired the Marketindex Co. of Helsinki, bringing to 28 the total number of countries in which Nielsen operates.

DUN & BRADSTREET CORP.
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Corporate Personnel

Robert E. Weissman, president-ceo
Kenneth O. Johnson, president, Donnelley Directory
John C. Holt, chmn-ceo, A.C. Nielson Co.
William O. Dwyer, president, Moody's Investors Services

MEDIA PROPERTIES

Dataquest, Donnelley Directory and Donnelley Information Publishing, Donnelley Marketing, Donnelley Marketing Data Processing Operations, Donnelley Information Technology, D&B Business Marketing Services, Financial Services Industry Group, Moody's Investors Services, Nielsen Clearing House, Nielsen Market Research, Nielsen Media Research, Neodata Services, Official Airline Guides, Salesnet, Technical Data Resources.

OTHER OPERATIONS

Business Information Services, including Dun & Bradstreet Credit Services, D&B International, D&B Plan Services (insurance), D&B Receivable Management Services (formerly D&B Commercial Collections), D&B Computing Services, McCormack & Dodge, Petroleum Information, DunsNet, Zytron.

Freedom Newspapers — RANK 41

Irvine, Calif.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	357.0	325.0	9.8
Total sales	357.0	325.0	9.8
Net income	30.0	26.0	15.4
Sales by media	**1986**	**1985**	**% chg**
Newspaper	305.0	280.0	8.9
Magazine	—	—	—
Broadcast	52.0	45.0	15.6
Cable	—	—	—
Other	—	—	—

Earlier this month, dissident Freedom Newspaper heir Harry H. Hoiles lost his battle in court to dissolve the company in a bid for control of the $1 billion-plus publishing chain. The ruling, returned two months after the hearing began, erased at least temporarily the one dark cloud hanging over this otherwise solidly performing media company.

Freedom operates 29 daily and three weekly newspapers in 11 markets across the U.S. and five TV stations. Its lead paper is the *Orange County Register* in Santa Ana, Calif., Freedom's home base until late last year when the company moved its corporate headquarters to nearby Irvine.

Based on details of the company's financial performance disclosed in court documents during the protracted litigation, Advertising Age estimates that Freedom's total sales increased 9.9% to $357 million in 1986, most of it generated by the *OCR*.

Following the purchase of WRGB-TV in Schenectady, N.Y., from General Electric Co. in early March, media acquisition activity by Freedom seems to have ceased. Expansion plans appear to have been moved to a back burner, pending settlement of the court case.

The three immediate heirs of R.C. Hoiles, factionalized into two groups, each own about a third of the privately held company founded in 1935 by R.C. Hoiles when he bought the *OCR*, then the *Santa Ana Register*.

In 1985, R.C. Hoiles' son Harry placed the value of the company at $1.01 billion when he offered to buy the shares of other family members for a total of $682.5 million or sell them his shares for $330 million. Subsequent offers by Mr. Hoiles, which also were rejected, reached as high as $900 million. In the absence of a sale, he

sought to dissolve the corporation. Cited among the points of contention was his objection to Freedom's expansion into TV. The company bought the first of its five TV stations in 1982.

The suit also claimed that other family members froze Harry Hoiles out of a key management position and took a number of actions, including refusing to elect him chief executive of the company, thus damaging the value of his family's stock. Mr. Hoiles' attorney says an appeal of the decision handed down June 2 by a judge in Orange County Superior Court is under consideration.

With an average daily paid circulation of 314,300, according to March 31, 1987, ABC FAS-FAX reports, *OCR* is up 4.4% from year-ago figures. The *OCR* Sunday edition reports a 5.9% gain to 360,404. In its home turf, Orange County, the *OCR* is outpacing the *Los Angeles Times*, which also recorded modest circulation gains for its Orange County edition, according to ABC reports. The *Times* outside Los Angeles and mostly in Orange County, had daily circulation of 165,736, up slightly from a year ago, holding steady with a 22% market penetration in both 1985 and 1986. The *Times* Sunday circulation was 210,440, up 0.3%, for a 28% market penetration in Orange County, the affluent suburban area south of Los Angeles.

Daily circulation of the *OCR* only in Orange County was 294,562, for a 39% penetration, while the *OCR's* Orange County Sunday circulation of 336,581 represented a 45% market penetration.

OCR has 32 community editions, which cover the county with zoned advertising capability (the zoning structure was in the process of being revamped at press time) and local news coverage, providing the newspaper with total market coverage. The community editions are mailed to more than 300,000 households each week and they are inserted in the *OCR* on Tuesdays. Combined with the 8,609 daily circulation of Freedom's *Anaheim Bulletin* and the 4,968 of the *La Habra-Brea Daily Star-Progress*, daily circulation totals 327,877.

Keeping pace with circulation at *OCR* were increases in advertising linage. According to Media Records, the paper ranked No. 1 nationally in 1986 full-run daily advertising, No. 2 in classified, No. 3 in retail and No. 3 in total advertising, up from No. 6 position in 1984. By 1986, the paper had moved to third place, with more full run advertising than the *New York Times*, *Washington Post*, *Chicago Tribune* or *Boston Globe*. Last year the paper published over 5.3 million inches of full-run advertising, the equivalent of 100 ad pages per day.

All of Freedom's five TV properties are CBS affiliates, except for WTVC-TV, Chattanooga, an ABC affiliate. All stations are No. 1 news stations in their markets, except for WLNE-TV, New Bedford, Mass., reportedly in No. 2 position in late night news ratings.

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Corporate Personnel
Gary Chapman, sr vp, broadcasting
MEDIA PROPERTIES
Broadcasting
TV: KFDM-TV, Beaumont, Texas; KTVL, Medford, Ore.; WLNE, New Bedford, Mass./Providence, R.I.; WRGB, Schenectady, N.Y.; WTVC, Chattanooga, Tenn.
Newspapers
CALIFORNIA: *Anaheim Bulletin, La Habra-Brea Daily Star-Progress, Marysville Appeal-Democrat, Porterville Recorder, Orange County Register* (Santa Ana), *Turlock Daily Journal, Victorville Daily Press*. COLORADO: *Colorado Springs Gazette-Telegraph*. FLORIDA: *Playground Daily News* (Fort Walton Beach), *Fort Pierce News Tribune, Panama City News-Herald*. INDIANA: *Crawfordsville Journal Review, Seymour Daily Tribune*. MISSISSIPPI: *Greenville Delta-Democrat Times*. NEBRASKA: *Columbus Telegram*. NEW MEXICO: *Clovis News Journal*. NORTH CAROLINA: *Burlington Times-News, Gastonia Gazette, Jacksonville Daily News, Kinston Daily Free Press, New Bern Sun-Journal*. OHIO: *Bucyrus Telegraph-Forum, Lima News*. SOUTH DAKOTA: *Huron Daily Plainsman*. TEXAS: *Brownsville Herald, Harlingen Valley Morning Star, McAllen Monitor, Odessa American, Pampa Daily News*.
Newspapers (non-dailies)
ALABAMA: *Dothan Progress*. Three weeklies-Dothan. COLORADO: Community Press Newspapers-28 shoppers.

Journal assumes upbeat title

A more contemporary-sounding Journal Communications, Milwaukee, became the new name of employee-owned Journal Co., whose lead properties are the evening *Milwaukee Journal* and morning *Milwaukee Sentinel*. "We felt that it was more indicative of the scope of our company. We don't own a ball team," quipped a bemused Jack Knake, VP-corporate communications, presumably referring to Tribune Co., owner of the Chicago Cubs.

RANK **5**

Gannett Co.

Arlington, Va.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	2,727.0	2,153.0	26.7
Total sales	2,801.0	2,209.0	26.8
Net income	276.4	253.0	9.1

Sales by media	1986	1985	% chg
Newspaper	2,165.0	1,680.0	28.9
Magazine	—	—	—
Broadcast	351.0	265.0	32.5
Cable	—	—	—
Other	211.0	208.0	1.4

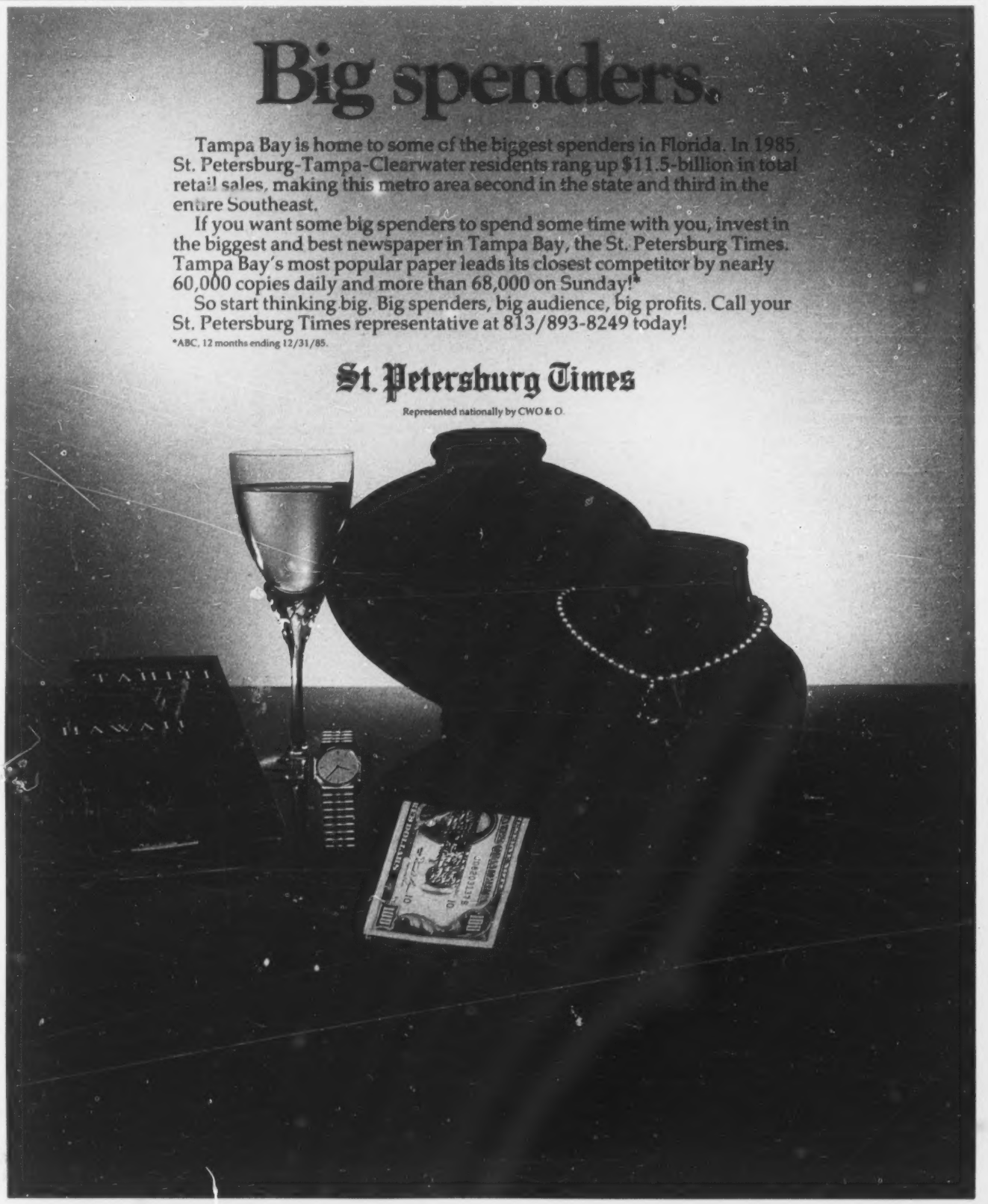
Perhaps the most significant development at Gannett Co. so far this year is its failure to make a major acquisition. Acquisitions in 1986 helped boost net income 9% to $276.4 million and revenues 27% to $2.8 billion.

Those gains continued to roll in in the first quarter 1987, which recorded a 17% jump in net income to $52.3 million and a 16% growth in operating income to $117.1 million over the year-earlier period. Newspaper linage in the first quarter increased 4%, with *USA Today* showing a health 24% rise in linage to help offset "sluggish" national advertising at Gannett's broadcast and outdoor divisions.

By January, Gannett decided to fold the *Louisville Times* evening daily and broaden its *Courier-Journal* into an all-day newspaper. The papers' acquisition earlier in the year from Louisville's Bingham family completed Gannett's purchases of what chairman Allen Neuharth refers to as the "Triple Crown" of dailies, the other two being the *Des Moines Register* and *Detroit Evening News*. The *Arkansas Gazette* also was purchased in 1986, for $51 million, and Gannett sold off its *Knoxville Journal* for $25 million to two executives from the daily.

In broadcast, Gannett last year added WUSA-TV, Washington, by virtue of its purchase in late 1985 of the Evening News Assn., Detroit, for $717 million, and KVUE-TV, Austin, Texas. Both Chairman Mr. Neuharth and President-CEO John Curley predicted *USA Today* would achieve its five-year goal of profitability in 1987, and it did—turning into the black this May. Gannett says the international daily showed ad revenues up 48% through April 24 and that audited circulation for the six months ending March 28 averaged 1,544,547, or up 9% over the previous period. Readership, according to the Mediamark Research spring 1987 survey, ranked *USA Today* as the nation's most widely read newspaper with 4.8 million readers.

Total newspaper ad linage at Gannett in 1986 grew 4%, with classified alone up 8%. This helped to offset a slight decline in national linage. Operating income was $501 million, up 21%, on operating revenues of $2.24 billion, up 29%. Daily circulation for Gannett papers last year declined 1%.


Big spenders.
Tampa Bay is home to some of the biggest spenders in Florida. In 1985, St. Petersburg-Tampa-Clearwater residents rang up $11.5-billion in total retail sales, making this metro area second in the state and third in the entire Southeast.
If you want some big spenders to spend some time with you, invest in the biggest and best newspaper in Tampa Bay, the St. Petersburg Times. Tampa Bay's most popular paper leads its closest competitor by nearly 60,000 copies daily and more than 68,000 on Sunday!*
So start thinking big. Big spenders, big audience, big profits. Call your St. Petersburg Times representative at 813/893-8249 today!
*ABC, 12 months ending 12/31/85.
St. Petersburg Times
Represented nationally by CWO & O.

Operating profit for the Gannett broadcasting division increased 27% to $116 billion, and operating revenues grew by 32% to $351 million.

Gannett's outdoor division grew 9% in operating income to $46 million, as operating revenues were $211 million, up 1%. Gannett attributes the declining numbers to reduced ad expenditures by the alcohol and tobacco industries.

GANNETT CO.
1100 Wilson Blvd.
Arlington, Va. 22209
(703) 284-6000
Corporate Personnel
Allen H. Neuharth, chmn
Thomas Curley, president-*USA Today*
Brian J. Donnelly, president-Metro Newspaper div
Gary L. Watson, president-Community Newspaper div

Gannett Central Newspaper Group
99 E. State Street
Rockford, Ill. 61105
(815) 987-1200
Corporate Personnel
Michael J. Coleman, president
Gannett East Newspaper Group
301 Cuthbert Blvd.
Cherry Hill, N.J. 08002
(609) 662-6262
Corporate Personnel
Robert T. Collins, president
KIIS Radio
6255 Sunset Blvd., Ste. 1926
Los Angeles, Calif. 90028
(213) 466-8381
Corporate Personnel
John R. Cook, president, Gannett radio div
Gannett Outdoor
535 Madison Ave.
New York, N.Y. 10022
(212) 715-5400
Corporate Personnel
Donald W. Davidson, president
Gannett West Newspaper Group
955 Kuenzli, P.O. Box 22000
Reno, Nev. 89520
(702) 788-6200
Corporate Personnel
Susan Clark-Jackson, president
Gannett South Newspaper Group
Gannett Plaza P.O. Box 36300
Melbourne, Fla. 32936
(305) 242-3500
Corporate Personnel
Frank J. Vega, president
Gannett Broadcasting
1611 W. Peachtree Blvd.
Atlanta, Ga. 30309
(404) 892-1611
Corporate Personnel
Cecil L. Walker, president-ceo
MEDIA PROPERTIES
Broadcasting
TV: KPNX-TV, Phoenix; KUSA-TV, Denver; WUSA-TV, Washington; WXIA-TV, Atlanta; WLVI-TV, Boston; KARE-TV, Minneapolis-St. Paul; KOCO-TV, Oklahoma City; KVUE-TV, Austin.
RADIO: KIIS (AM, FM), Los Angeles; KSDO (AM, FM), San Diego; WDAE, WUSA-FM, Tampa-St. Petersburg; WGCI (AM, FM), Chicago; KCMO, KCPW-FM, Kansas City, Mo.; KUSA, KSD-FM, St. Louis; KTKS-FM, Dallas; KKBQ (AM, FM), Houston; KHIT-FM, Seattle.
Newspapers
USA Weekend, USA Today
ARIZONA: *Tucson Citizen*. ARKANSAS: *Arkansas Gazette*. CALIFORNIA: *Indio Daily News, Marin Independent Journal, Palm Springs Desert Sun, Salinas Californian, San Bernadino County Sun, Stockton Record, Visalia Times-Delta*. COLORADO: *Fort Collins Coloradoan*. CONNECTICUT: *Norwich Bulletin*. DELAWARE: *Wilmington Morning News, Evening Journal*. FLORIDA: *Florida Today, Fort Myers News-Press, Pensacola News Journal*. GEORGIA: Gainesville Times. GUAM: *Pacific Daily News* (Agana). HAWAII: *Honolulu Star-Bulletin, Sunday Star-Bulletin & Advertiser*. IDAHO: *Boise Idaho Statesman*. ILLINOIS: *Danville Commercial-News, Rockford Register Star*. IOWA: *Des Moines Register, Iowa City Press-Citizen*. KANSAS: *Coffeyville Journal*. KENTUCKY: *Louisville Courier-Journal*. LOUISIANA: *Monroe News-Star-World, Shreveport Times*. MICHIGAN: *Battle Creek Enquirer, Detroit News, Lansing State Journal, Port Huron Times Herald, Sturgis Journal*. MINNESOTA: *St. Cloud Daily Times*. MISSISSIPPI: *Hattiesburg American, Jackson Clarion-Ledger, Jackson Daily News*. MISSOURI: *Springfield News-Leader*. NEBRASKA: *Fremont Tribune*. NEVADA: *Reno Gazette-Journal*. NEW JERSEY: *Bridgewater Courier-News, Camden Courier-Post, Millville Daily, Vineland Times Journal*. NEW MEXICO: *Santa Fe New Mexican*. NEW YORK: *Binghamton Press & Sun Bulletin, Elmira Star-Gazette, Ithaca Journal, El Diario-La Prensa, Niagara Gazette, Poughkeepsie Journal, Rochester Democrat and Chronicle, Rochester Times-Union, Saratoga Springs Saratogian, Utica Observer-Dispatch*. Westchester Rockland Newspapers-*Mamaroneck Daily Times, Mount Vernon Daily Argus, New Rochelle Standard-Star, Ossining Citizen Register, Peekskill Star, Port Chester Daily Item, Tarrytown Daily News, West Nyack-Rockland Journal-News, White Plains Reporter Dispatch, Yonkers Herald Statesman*. OHIO: *Chillicothe Gazette, Cincinnati Enquirer, Fremont News-Messenger, Marietta Times, Port Clinton News Herald*. OKLAHOMA: *Muskogee Daily Phoenix and Times-Democrat*. OREGON: *Salem Statesman-Journal*. PENNSYLVANIA: *Chambersburg Public Opinion, Lansdale Reporter, Tarentum Valley News Dispatch*. SOUTH DAKOTA: *Sioux Falls Argus Leader*. TENNESSEE: *Jackson Sun, Nashville Tennessean*. TEXAS: El Paso Times. VERMONT: *Burlington Free Press*. VIRGIN ISLANDS: *St. Thomas Virgin Islands Daily News*. WASHINGTON: *Bellingham Herald, Olympia Olympian*. WEST VIRGINIA: Huntington Herald-Dispatch. WISCONSIN: *Green Bay Press-Gazette, Wausau Daily Herald*.
Newspapers (non-dailies)
39 weekly or semi-weekly publications in Connecticut, Florida, Georgia, Iowa, Mississippi, New Jersey, New York, Pennsylvania and Virginia.

RANK **4**
General Electric Co.
Fairfield, Conn.

($ in billions)

Corp. returns	1986	1985	% chg
Media sales	3.0	2.6	12.0
Total sales	36.8	29.3	25.6
Net income	2.5	2.3	9.4
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	3.0	2.6	12.0
Cable	—	—	—
Other	—	—	—

General Electric Co., Fairfield, Conn., continues to digest RCA, its $6.46 billion acquisition that brought on board the RCA subsidiary, National Broadcasting Co., GE's sole media operation.

For the last seven months of 1986—the period of ownership by GE—NBC had revenues of $1.8 billion and operating profit of $203 million. ADVERTISING AGE estimates that full-year revenue for NBC would be $2.97 billion, an increase of 12% over the prior year.

GE's revenues for the first quarter were $8.32 billion, up 41% the same period in 1986. Net income rose 16% to $624 million. GE did not disclose NBC's quarterly results.

GE's influence on its new holdings were seen in several ways. In September, GE sold its 75% interest in the RCA/Ariola record business to Bertelsmann AG, a West German company that owned the other 25%.

At NBC, Robert C. Wright, the president-ceo who came over from GE, looked to make the network more efficient. In the fall NBC announced personnel cutbacks "in the low hundreds" throughout the organization.

NBC continued to lead the networks' ratings race for the second year in a row. For the season ending in April, NBC had a 17.8 overall rating and a 28 share, compared with CBS's 15.8/25 and ABC's 14.1/22. That was the largest lead for network since the 1978-79 season. It was the only network not to pare back its rates.

"The Cosby Show" finished at the top with a 34.9 rating and a 53 share. "Family Ties" finished second with 33.4/50 and "Cheers" was third with 27.5/41. "The Golden Girls" finished fifth at 24.5/41 and "Night Court" was seventh at 23.2/35. The only new fall program that did not survive was "Easy Street." NBC Sports, which averaged a very high 68 million viewers for each game of the 1986 World Series, will broadcast the 1988 Summer Olympics from South Korea.

NBC had five owned-and-operated TV stations before its January 1987 purchase of WTVJ-TV in Miami for $270 million. NBC bought the CBS-affiliate with General Electric Property Management Co., a holding company. GE also brought another TV station into the deal, KCNC-TV in Denver, an NBC affiliate.

GE has yet to sell five of the eight NBC radio stations that are in markets served by its owned-and-operated TV stations. It must do so by December 1987 in accordance with FCC regulation on multiple media properties held in the same market. RCA had cross-ownership rights under grandfather clause privileges, which do not apply to properties if they change ownership. GE has applied to the FCC to retain these properties, however. A ruling has not been handed down.

GENERAL ELECTRIC CO.
3135 Easton Turnpike
Fairfield, Conn. 06431
(203) 373-2211
Corporate Personnel
John F. Welch Jr., chmn-ceo
National Broadcasting Co.
30 Rockefeller Plaza
New York, N.Y. 10112
(212) 664-4444
Corporate Personnel
Robert C. Wright, president-ceo
MEDIA PROPERTIES
Broadcasting
TV: NBC-TV Network, with 207 affiliates. NBC-owned stations: WNBC-TV, New York; KNBC-TV, Los Angeles; WMAQ-TV, Chicago; WKYC-TV, Cleveland; WRC-TV, Washington. GE-owned: KCNC-TV, Denver; WTVJ-TV, Miami.
RADIO: NBC Radio Network. NBC-owned stations: KNBR-AM, KYUU-FM, San Francisco; WJIB-FM, Boston; WNBC-AM, WYNY-FM, New York; WMAQ-AM, WKQX-FM, Chicago; WKYS-FM, Washington.
OTHER OPERATIONS
GE industry segments: aerospace, aircraft engines, consumer products, financial services, industrial, major appliances, materials, power systems and technical products and services.

RANK **24**
Harte-Hanks Communications
San Antonio, Texas

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	575.0	550.0	4.5
Total sales	575.0	550.0	4.5
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	224.0	230.0	(2.6)
Magazine	—	—	—
Broadcast	79.0	74.0	6.8
Cable	39.0	37.0	5.4
Other	233.0	209.0	11.5

Privately held Harte-Hanks Communications, San Antonio, Texas, sold nearly half its operating divisions in 1986 to concentrate on running a smaller number of larger units in attractive markets.

Robert G. Marbut, Harte-Hanks president-ceo, says the company made agreements last year for more than 75 divestitures and 27 acquisitions, including 56 divestitures in November. Even though all the deals did not close during 1986, HH was involved in restructuring the entire year.

Last November, HH announced it would sell 56 operating units. Media properties sold included newspapers, shoppers, broadcast and cable tv systems that only produced 15% of HH's revenue and operating profit, according to HH officials.

Included among the divestitures were 25 newspaper-related units and three shopper-related operations sold to Worrell Communciations, Charlottesville, Va. Worrell then granted Tucker Sutherland, who had resigned from HH as its senior vp-president of the newspaper division, an option to buy nine of the newspaper-related divisions acquired from Harte-Hanks.

Mr. Sutherland, through Sutherland Media, acquired from Worrell six Texas dailies: *Corsicana Daily Sun, Copperas Cove Leader-Press, Universal City Herald-News, Medical Gazette*, San Antonio, *Wingspread*, serving Randolph Air Force Base and *News Leader*, serving Fort Sam Houston.

Radio & Records, a 7,800 circulation weekly trade publication for the radio and recording industry, was purchased from HH by Westwood One.

HH also completed the sale of KYTV in Springfield, Mo., to Schurz Communications, South Bend, Ind. It was the only TV station among the operating units being sold.

HH sold 13 cable TV systems serving 25 communities in seven states to First Carolina Communications, Rocky Mount, N.C. Although cable is still one of its five core businesses, the company wants to focus resources on operating a smaller number of systems in larger growing markets, officials say. Industry observers say HH put the units on the block to reduce the bank debt from its leveraged buyout in 1985 that took the company private. Harte-Hanks continues to operate cable systems in suburbs of Houston, Miami and Philadelphia, with a total of 103,600 subscribers.

HH ceased publication of *Texas Weekly* magazine in August 1986. The Sunday magazine, concentrating on Texas news and features, was begun September 1985 to replace Gannett Co.'s *USA Weekend* in some of the 13 HH-owned Texas newspapers. It ran as a news feature in others, but lack of ad support HH credits to the poor Texas economy forced its closure.

Corpus Christi (Texas) *Times*, an afternoon newspaper with a circulation of 22,667, was discontinued this June 1. Officials of the Caller-Times Publishing Co. say resources spent on the afternoon paper would be transferred to the morning *Caller*, now called the *Caller-Times*. Some jobs were eliminated. The combined *Caller-Times* has circulation of 69,807 on Saturdays and 90,857 on Sundays, according to ABC FAX-FAX reports for March 31, 1987. The *Caller-Times* is largest newspaper owned by HH.

HH merged its San Antonio direct mail operation with its Houston direct mail facility. Houston will increase significantly production capacity to handle business now being handled by the San Antonio unit.

HH Community Newspapers in nine North Dallas suburbs launched a major promotion in September called The Sell Classifieds. The promotion guaranteed that if an item advertised did not sell within a week that advertiser would get another week of free advertising.

HH is the country's largest publisher of shoppers, which are grouped into 380 zoned editions, reaching more than 5 million households weekly. The largest shopper is in Southern California and has a circulation of 2.4 million. Last year, HH acquired from Mel Skolnik the *South Coast Shopper*, a weekly direct-mail shopper with a 32,000 circulation in southern Orange County. The combined circulation of the two provides advertisers with total Orange County coverage. Harte-Hanks California CDM in Brea, Calif., also acquired Greensheet Publications, publisher of *Greensheet Shopper*, in Van Nuys, from Tribune Co., Chicago.

One other big portion of HH business is Harte-Hanks Direct Marketing, consisting of five marketing service companies and 11 direct-mail systems that offer advertisers direct mail programs reaching 96% of American households. It has three alternate delivery systems which can reach more than half a million households via hand delivery.

HARTE-HANKS COMMUNICATIONS
Harte-Hanks Tower
7710 Jones Maltsberger
San Antonio, Texas 78216
(512) 829-9000
Corporate Personnel
Robert G. Marbut, president-ceo
Larry D. Franklin, coo-exec vp
MEDIA PROPERTIES
Broadcasting
TV: KENS-TV, KENS-II San Antonio, Texas; WFMY-TV, Greensboro/High Point, N.C.; WTLV, Jacksonville, Fla.
Cable/video
SYSTEMS: FLORIDA: Miami, Okeechobee. NEW JERSEY: Asbury Park, Ocean. PENNSYLVANIA: Delaware County, Montgomery County. TEXAS: East and West Houston.
Newspapers
MASSACHUSETTS: *Daily Transcript* (Dedham), *Middlesex News* (Framingham), *News-Tribune* (Waltham). SOUTH CAROLINA: *Anderson Independent-Mail*. TEXAS: *Abilene Reporter-News, Bryan-College Station Eagle, Corpus Christi Caller-Times, Denison Herald, Herald Banner* (Greenville), *Lewisville Daily Leader, Plano Star-Courier, San Angelo Standard-Times, Wichita Falls Record News, Wichita Falls Times*.
Newspapers (non-dailies)
MASSACHUSETTS: *Arlington Advocate, Belmont Citizen, Belmont Herald, Needham Chronicle, Newton Graphic, Parkway Transcript* (Roslindale), *Sudbury Town Crier, Watertown Sun, Wayland-Weston Town Crier, Wellesley Townsman, West Roxbury Transcript, Winchester Star*. TEXAS: *Addison/North Dallas Today, Allen American, Carrollton Chronicle, Colony Leader, Commerce Journal, Coppell Gazette, Farmers Branch Times, Harte-Hanks Graphics* (San Antonio), *Mesquite News, Trademark Press* (Corpus Christi), *Nortex Press* (Wichita Falls).
Other media operations
Harte-Hanks Direct Marketing.

RANK **12**
Hearst Corp.
New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,529.0	1,428.2	7.1
Total sales	1,750.0	1,604.2	9.1
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	390.0	369.0	5.7
Magazine	780.0	738.0	5.7
Broadcast	280.0	250.0	12.0
Cable	9.0	7.0	28.6
Other	70.0	64.2	9.0

Hearst Corp., on the heels of a soft year in media sales, rebounded in 1986 to post improved performances in magazines, broadcasting and books/publishing. The company also stepped up its pace of expansion.

Hearst, celebrating its 100th year in 1987, invested in the division it has had the most trouble with recently—newspapers—with the March 1987 acquisition of the *Houston Chronicle*, Texas' largest daily newspaper.

The *Chronicle* was Hearst's second largest purchase, following its March 1986 acquisition of WCVB-TV, the ABC affiliate in Boston, from Metromedia Inc. for $450 million.

The *Chronicle* purchase reinvigorates a division characterized more recently by selloffs, closures and declining metro dailies. Hearst closed down the failing *News-American* in Baltimore in 1986. Losses continue at its *Los Angeles Herald Examiner*. Hearst publishes 15 daily newspapers with a combined circulation of 1.5 million and 2.6 million on Sundays.

In late 1986, Hearst purchased the News America Syndicate Division of News America Holdings. News America is a U.S. holding company for Rupert Murdoch's News Corp. Ltd.

The nation's largest publisher of monthly magazines, circulating just over a quarter billion copies of 12 monthlies, one bi-monthly and other special magazines, closed out 1986 with the purchase of *Esquire* for $50 million plus future payments.

March '87 saw the debut issue of *Victoria*, a spinoff of *Good Housekeeping* that reflects the romance of the Victorian era, with an initial circulation of 400,000.

Hearst Broadcasting, sparked by impressive second-half performances by WCVB-TV, Boston; WBAL-TV, Baltimore; KMBC-TV, Kansas City, Mo.; and WDTN-TV, Dayton, Ohio, was reported to have made a strong comeback after a somewhat disappointing 1985. The company's six VHF TV stations and seven radio stations make Hearst one of the largest group broadcasters in the U.S.

The cable communications division's Cablevision of California acquired the Mountain View, Calif., system from Viacom International. The purchase brought the number of Hearst cable systems in northern California to six and added another 10,000 basic subscribers for a total of nearly 50,000.

The Lifetime cable network, jointly owned by Hearst, ABC Video Enterprises and Viacom, became both fee and advertiser-supported in 1986. The network now serves 27 million homes. Arts & Entertainment (A&E) network,

another joint ownership of Hearst, ABC and RCA Cable Inc., now serves 20 million households on 2,200 cable systems in the U.S. and Canada.

HEARST CORPORATION
959 Eighth Ave.
New York, N.Y. 10019
(212) 262-5700
Corporate Personnel

Frank A. Bennack, president
John G. Conomikes, vp, genl mgr-broadcasting
Gilbert C. Maurer, president-magazine div
Raymond E. Joslin, president-cable div
Robert J. Danzig, genl mgr-newspapers

MEDIA PROPERTIES

Broadcasting

TV: KMBC-TV, Kansas City, Mo.; WBAL-TV, Baltimore; WCVB-TV, Boston; WDTN-TV, Dayton, Ohio; WISN-TV, Milwaukee; WTAE-TV, Pittsburgh.
RADIO: WAPA, San Juan, P.R.; WBAL, WIYY-FM, Baltimore; WTAE, WHTX-FM, Pittsburgh; WISN, WLTQ-FM, Milwaukee.

Cable/video

CHANNELS: Arts & Entertainment Network, Lifetime Network.
SYSTEMS: CALIFORNIA: Hearst Cablevision of California—Los Gatos, Milpitas, Mountain View, Newark, Santa Clara, Saratoga.

Magazines

American Druggist, Colonial Homes, Connoisseur, Cosmopolitan, Country Living, Diversions, Electronic Products, Esquire, Good Housekeeping, Harper's Bazaar, House Beautiful, Motor Boating & Sailing, Motor Magazine, Popular Mechanics, Redbook, Sports Afield, Town & Country.

Newspapers

CALIFORNIA: *Los Angeles Herald Examiner, San Francisco Examiner.* FLORIDA: *Clearwater Sun.* ILLINOIS: *Edwardsville Intelligencer.* MICHIGAN: *Huron Daily Tribune, Midland Daily News.* NEW YORK: *Albany Knickerbocker News, Albany Times-Union.* TEXAS: *Beaumont Enterprise, Houston Chronicle, Laredo Times, Midland Reporter-Telegram, Plainview Daily Herald, San Antonio Light.* WASHINGTON: *Seattle Post-Intelligencer.*

Newspapers (non-dailies)

MICHIGAN: *Marlette Leader, Vassar Pioneer Times.* TEXAS: *Jasper News Boy.*

Other media operations

Hearst Books/Business Publishing: Arbor House, Avon, Beech Tree Books, Greenwillow Books, Hearst Books, Hearst Marine Books, William Morrow & Co., Fielding's Guides, Morrow Junior Books, Motor Books, Lothrop, Lee & Shepard; Quill Trade Paperbacks, American Druggist Blue Book, Electronic Engineers Master Catalog, Electronic Products, Floor Covering Weekly, Industrial Machinery News, Integrated Circuits Master Catalog, Motor Crash Estimating Guide, NARP, Office World News, Office World Newswatch, Retirement Advisors, Today's Office, Magazine Distribution: Eastern News Distributors, Communications Data Services, International Circulation Distributors, Periodical Publishers Service Bureau.

OTHER OPERATIONS

Cal Graphics, Down East Timberlands, Hearst Advertising Service, Hearst Feature Service, Hearst Metrotone News, Hearst Realties, King Features Entertainment, King Features Syndicate, Reader Mail, San Francisco Realties, Sunical Land & Livestock Division.

RANK **39**

Ingersoll Publications

Princeton, N.J.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	370.0	235.0	57.4
Total sales	370.0	235.0	57.4
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	370.0	235.0	57.4
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

Ingersoll Publications continues to stick to the newspaper business, concentrate on smaller suburban weeklies and dailies, and pursue acquisitions aggressively—a strategy that produced total media sales of $370 million in 1986, up 57.5% from the year earlier.

In the past year, the Princeton, N.J.-based company has acquired 23 newspapers in eight states, including 10 newspapers in New Jersey: *Northern New Jersey Suburbanite, Teaneck Suburbanite, Ocean County Reporter, Summit Independent, Independent Press, Short Hills/Millburn Independent, Madison Independent, Independent of the Chathams, Berkley Heights/New Providence Press, Suburban News Target.*

Ingersoll paid more than $25 million last winter for its first Wisconsin newspaper, the evening *Sheboygan Press* with circulation of 29,690 on March 31, 1987, according to AEC's FAS-FAX report. The company also purchased the *New Haven* (Conn.) *Register*. In Delaware, it added *Town Talk/Delaware, Brandywine* and *Wilmington West;* in Indiana, the *Anderson Herald* and *Anderson Daily Bulletin;* in Michigan, the *Ionia Sentinel-Standard, Lake Odessa-Sentinel* and *Portland Sentinel;* in North Carolina, the *Courier-Tribune*, and in Pennsylvania, *Town Talk Newspapers.*

Also, in mid-May Ingersoll entered into a partnership with Chanry Communications on Long Island, which publishes 40 weeklies in that area as part of the Center Island Pennysaver group. "We're enthusiastic about both dailies and weeklies, but the weeklies are growing faster. The dailies are a little less volatile since they already have the circulation," notes Ralph Ingersoll II, the company's chairman.

In Connecticut, the last edition of the morning *Journal-Courier* was printed in late March 1987. Ingersoll, which bought the *Journal-Courier* and *New Haven Register* last May for nearly $200 million (four times the annual revenue)—its largest purchase to date—merged the two publications and converted the afternoon *Register* to a morning publication. Combined daily circulation, according to March 31, 1987 FAS-FAX data, was 120,886, down 5.6% from the corresponding period in 1986.

Offices in Lakeville, Conn., New York City and Philadelphia were shut down last summer and the Ingersoll headquarters consolidated in Princeton.

David Carr became president, succeeding Thomas Geyer, who was named editor and ceo of the *New Haven Register*. With the organization since 1966, Mr. Carr was the creator of the "St. Louis Suburban ring," a paradigm of Ingersoll's saturation strategy that has been duplicated in Youngstown, Ohio, Providence, R.I., Philadelphia, and most recently, northern New Jersey. By clustering newspapers in a region, Ingersoll has been able to build substantial readership and blanket the area, often challenging the dominant daily there.

The northern New Jersey situation is sparking debate in media circles as to whether the company intends to go up against Macromedia's *Bergen County Record*, the dominant ad medium in the area. While Mr. Ingersoll insists there is plenty of room for all, last October he grouped nine locally edited newspapers, with 28 zones midweek and an additional 10 on Sunday, under a new marketing organization, Suburban Newspapers of Northern New Jersey. The papers have a combined daily circulation of 156,765, according to ABC FAS-FAX reports.

Together the publications cover Bergen and Passaic counties, and parts of Morris, Union, Hudson and Essex counties. Package buys are available for advertisers who want to run in a minimum of four newspapers. "From a news point of view, we're clearly not competition," says Chazy Dowaliby, senior publisher of the Bergen division of Suburban Newspapers of Northern New Jersey, stressing the community nature of the coverage. "If anyone feels there is competition, it is probably with our regional advertising, but many of our regional advertisers also advertise in the *Record*. They don't feel there's a conflict."

INGERSOLL PUBLICATIONS CO.
457 N. Harrison Street
Princeton, N.J. 08540
(609) 683-5300
Corporate Personnel

Ralph Ingersoll, chmn

MEDIA PROPERTIES

Newspapers

CALIFORNIA: Costa Mesa newspapers, Costa Mesa-*Orange Coast Daily Pilot*. JFP Publications, Glendale-*Glendale News Press, Burbank Daily Review*. CONNECTICUT: Milford Publishing, Milford-*Milford Citizen*; New Haven Newspapers-*New Haven Register*. ILLINOIS: Suburban Newspapers of Greater St. Louis-*Alton Telegraph*. INDIANA: Anderson Newspapers-*Anderson Herald—Bulletin*; Terre Haute Newspapers, *Terre Haute Tribune-Star*. MASSACHUSETTS: Berkshire Newspapers, North Adams-*North Adams Transcript*. Northeast Publishing, Fall River-*Fall River Herald News*. MICHIGAN: *Ionia Sentinel-Standard, South Haven Daily Tribune-Sentinel-Standard, Lake Odessa-Sentinel, Portland Sentinel*; Royal Oak Newspapers, Royal Oak-*Royal Oak Tribune*. MISSOURI: Suburban Newspapers of Greater St. Louis-*News Democrat*. NEW HAMPSHIRE: Eagle Publications, Claremont-*Eagle-Times*. NEW JERSEY: Capital City Publishing, Trenton-*Trentonian*. Precision Publications, Toms River-*Toms River Ocean County Times-Observer*. Precision II & Seacoast Publications- *Ocean County Reporter*; Westfield Newspapers-*Suburban News Target*. NEW YORK: Mid-Hudson Publications, Kingston-*Daily Freeman*; Oneida Publications, Oneida-*Oneida Daily Dispatch*; Tonawanda Publishing Corp., North Tonawanda-*Tonawanda News*. NORTH CAROLINA: Asheboro Publications-*Courier-Tribune*. OHIO: Massillon Newspapers, Massillon-*Evening Independent*; Phoenix Publications, Niles-*Daily-Times*; Warren Newspapers, Warren-*Tribune Chronicle*. PENNSYLVANIA: Central States Publishing, Primos-*Delaware County Times*; Community Service Publishing, Coatesville-*Coatesville Record*; Peerless

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Publications, Pottstown-*Mercury*; Phoenixville Newspapers, Phoenixville-*Evening Phoenix*; Shenandoah Valley Publishing, Shenandoah-*Evening Herald*; West Chester Newspapers, West Chester-*Daily Local News*. RHODE ISLAND: New England Newspapers, Pawtucket-*Pawtucket-Central Falls Times*, Woonsocket-*Woonsocket Call & Reporter*; WISCONSIN: Press Publishing Company-*Sheboygan Press*.

Newspapers (non-dailies)

CALIFORNIA: JFP Publications, Glendale-*Leader, Burbank Weekly Review, Glendale Weekly Review, North Hollywood Review, Huntington Beach Independent, Fountain Valley Independent*. CONNECTICUT: Milford Publishing, Milford-*Stratford Bard, West Haven News, Milford Reporter*. DELAWARE: Town Talk Newspapers/Delaware-*Town Talk/Delaware, The Brandywine, Wilmington West*. ILLINOIS: Suburban Newspapers of Greater St. Louis-*Alton Citizen Journal, Bethalto American Journal, Wood River Journal, Belleville Journal, Cahokia/Dupo Journal, Collinsville Herald, Collinsville Journal, Collinsville Herald Journal, County Journal, East St. Louis News Journal, Edwardsville Journal, Fairview/O'Fallon Journal, Granite City Press-Record, Granite City Journal, Granite City Press Record Journal, News Journal*. INDIANA: Indiana Weeklies. MICHIGAN: Royal Oaks Newspapers, Royal Oaks-*Tribune Plus*. MISSOURI: Suburban Newspapers of Greater St. Louis-*Central West End Journal, Clayton Citizen Journal, County Star Journal, Courier Journal, Fenton Journal, Jefferson County Journal, Meramec Journal, Neighborhood Journal, North County Journal, North Side Journal, Northwest County Journal, Press Journal, St. Charles Journal, South County Journal, South Side Journal, Tri-County Journal, T.V. Week-Jefferson County, Warrenton News-Journal, Weekend Journal, West Citizen Journal, West County Journal*. NEW HAMPSHIRE: Eagle Publications, Claremont-*Claremont/Springfield (Vt.) Advisor*. NEW JERSEY: Capital City Publishing, Trenton-*Midweek, Weekend*. Fair Lawn Shopper Co., Fair Lawn-*News Beacon, Shopper, Week Ahead*. Manahawkin Newspapers, Manahawkin-*Beach Haven Times, Beacon, Summer Times*. M/C Newspapers, Paramus-*Town News*. Northern New Jersey Suburbanite-*Northern New Jersey Suburbanite, Teaneck Suburbanite*. Precision Publications, Tom River-*Jackson News, Point Pleasant Leader, Ocean County Reporter*. Riverdale Publishing, Butler-*Suburban Trends*. RNI Publications, Ridgewood-*Ridgewood News, Local Review, Sunday News, Sunday Post*. Suburban News, Franklin Lakes-*Suburban News*. Summit Independent—*Summit Independent, Independent Press, Short Hills/Millburn Independent, Madison Independent, Independent of the Chathams, Berkley Heights/New Provident Press*. Today Newspapers, Wayne-*Dateline Journal, Lakeland Today, Passaic Valley Today, Suburban Life, Wayne Today, West Milford-Ringwood Argus Today*. Westfield Newspapers—*Suburban News Target*. NEW YORK: Tonawanda Publishing Corp., North Tonawanda-*Kenmore Record-Advertiser, Tonawanda News Extra*. OHIO: Phoenix Publications, Niles-*Girard News, Hubbard News, Liberty News, Austintown Leader, Poland Clarion, Howland Bandwagon, Courtland Home News, Western Reserve Democrat, Brookfield Masury News*. PENNSYLVANIA: Acme Newspapers, Ardmore-*Main Line Times, News of Delaware County, Neighbors News, Germantown Courier, West Philadelphia Scene, TMC News*. Community Service Publishing, Coatesville-*Tri-County Shopper News, Chester County Courier*. Town Talk-*Town Talk Newspapers*. Media Editions, Ashton/Brookhaven/Chester Editions. Wayne Publications, Wayne—*Suburban and Wayne Times, Suburban Advertisers, King of Prussia Courier*.

International Thomson Organisation

RANK **25**

Toronto

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	549.0	560.0	(2.0)
Total sales	2,530.0	2,609.0	(3.0)
Net income	143.0	164.0	(12.8)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	549.0	560.0	(2.0)
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

International Thomson Organisation, which continues to shift out of the highly volatile oil and gas industries and into publishing and leisure and travel, spent $610 million on information and publishing acquisitions in 1986, quadrupling for the second consecutive year its outlays on all acquisitions.

Major purchases in 1986 included Cordura Corp. in June for $204 million, and South-Western Publishing Co. for $265 million in December. Cordura, now Mitchell International, publishes a range of automotive repair manuals and estimating data for the U.S. casualty-insurance industry. South-Western is a publisher of high school business texts. To help pay for the acquisitions, Thomson raised $290 million by issuing Canadian preference shares.

Oil and gas holdings provided only 19.9% of total income in fiscal 1986, down sharply from 50.3% a year earlier. Revenues from the same properties contributed 13% of the corporate total, down from 26% in 1985. For fiscal 1986, ITO had income of $153 million, down 12.8%, and revenues of $2.53 billion, down 3%.

Information and publishing segment accounted for $1.02 billion in revenues, or 40.4% of the total, up from 34% of the total in 1985. For the purpose of this issue, four out of the six groups comprising the segment contain operations that classify as U.S. media: International Thomson Business Press had revenues of $184.2 million in 1986; InFiNet generated $72 million; International Thomson Professional Publishing, $164 million, and International Thomson Publishing, $214.8 million. Some 87% of all this is from U.S. properties.

Medical titles are the backbone of Thomson's U.S. business press activity, but publications addressing industrial, transportation and retail complement this core.

Lead publications in the medical field are *Medical Economics*, a fortnightly, and one of a number of titles published by Medical Economics Co., Oradell, N.J. Latest available revenue data for *ME* is for 1985 when the publication dropped 6.2% in ad revenue to $19.5 million on a decline in pages of 14.2%, according to *Folio:400*, which compiles statistical data on consumer and business magazines.

Mitchell lends its reference manuals titles to a Thomson automotive sector that includes Ward's Communications, publisher of Ward's *Auto World*.

InFiNet includes the publishing of newspapers, *American Banker, Bond Buyer* and *Credit Markets* among other activities.

U.S. dollar figures for this profile were converted from British pounds at the rate of 1 pound sterling=$1.47. The same figure was applied to 1985 figures for comparison. The British pound improved 1.4% against the U.S. dollar during the 1986 calendar year.

By the early 1990s, ITO expects half its profits to come from North American holdings, largely information and publishing.

First quarter 1987 returns show revenues of $585 million, up 15.2%, although net income dropped from $19 million to only $2 million largely because of reduced earnings from oil and gas holdings primarily in the North Sea area. Again, information and publishing interests—the latter including a "particularly encouraging performance from business magazines in the U.S."—proved the strength of International Thomson.

James Cole, media analyst with Toronto's McCarthy Securities Ltd., says the company will continue to redeploy cash flow out of the U.K. and into the U.S. where the greater portion of assets currently are located.

Although public, 73.5% of ITO's common shares are owned by the family of Lord Thomson of Fleet, the same Thomson family that owns 61% of Thomson Newspapers, profiled elsewhere in this issue. Administratively, Thomson family operates from Toronto the Woodbridge Co. Ltd., which controls by itself or through affiliates both Thomson Newspapers and ITO.

INTL THOMSON HOLDINGS
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Corporate Personnel

Robert J. Jachino, president-ceo, publishing & info
Peter A. Shipman, president-ceo, InFiNet

Intl Thomson Business Press
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Corporate Personnel

Charles P. Daly, president-ceo

International Thomson Publishing
Glenpointe Center West
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Corporate Personnel

Donald A. Schaefer, president-ceo

Intl Thomson Prof. Publishing
1120 Birchmount Road
Scarborough, Ontario M1K 5G4
(416) 752-7101

Corporate Personnel

Jack C. Fleming, president-ceo

MEDIA PROPERTIES

Magazines

Clark Boardman Co. Ltd.—*Securities and Federal Corporate Law, Searches & Seizures, Arrests & Confessions, Licensing in Foreign & Domestic Operations*. Warren, Gorham & Lamont—*Federal Income Taxation of Corporations & Shareholders, Journal of Taxation, Practical Accountant, Real Estate Review, Bankers Magazine Corporate Accounting Journal*. International Thomson Industrial Press—*Tooling & Production, Purchasing World*. Ward's Communications—*Ward's Auto World, Ward's Automotive International*. International Thomson Communications—*Cablevision*. International Thomson Retail Press—*Consumer Electronics, Video Business, Toy & Hobby World, Convenience Store Merchandiser*. International Thomson Transport Press—*American Sailings, Traffic World, The Official Railway Guide, Motor Carrier Directory*. Medical Economics Co.—*Medical Economics, Physician's Desk Reference, AIDS Alert, Today's Nursing Home, Veterinary Economics, Drug Topics, RN*. Med Publishing—*Practical Cardiology*. Mitchell International—*Mitchell Manuals, Mitchellmatix*. South-Western Publishing Co.—*Century 21 Accounting, Century 21 Typewriting, Accounting Principles & Practices*. PWS/Kent—*Calculus With Analytic Geometry*. Brooks/Cole—*Foundations of College Chemistry*. Gale Research Co.—*Encyclopedia of Associations, Encyclopedia of Information Systems & Services*. Boyd & Fraser—*Computer Fundamentals with Application Software*. InFiNet—*Autex Trading Information System, Munifacts, First Call, The Financial Software Series, InvesText, Mortgage-Backed Securities Information Services*.

Newspapers

American Banker, The Bond Buyer.

Other media operations

Callaghan & Co.—Mertens Law of Federal Income Taxation, Nichols Cyclopedia of Legal Forms, The Uniform Commercial Code Reporting Service, Lanes Goldstein Trial Technique, McQuillin Law of Municipal Corporations, Richard De Boo Publishers—Canada Tax Service, Ontario Corporation Manual, Canada Corporation Manual, Thomson & Thomson—Trademarkscan, Trademark Search Reports, Trademark Watching Services, Delmar Publishers—Technology in Your World, Technical Drawing and Design, Van Nostrand Reinhold: Dangerous Properties of Industrial Materials, Accounting Handbook for Non-Accountants, Encyclopedia of Chemistry, Wadsworth—Biology-The Unity and Diversity of Life, The Practice of Social Research.

Knight-Ridder Newspapers

RANK **9**

Miami

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,879.6	1,700.1	10.6
Total sales	1,910.7	1,729.6	10.5
Net income	140.0	132.7	5.5
Sales by media	**1986**	**1985**	**% chg**
Newspaper	1,688.1	1,554.7	8.6
Magazine	—	—	—
Broadcast	102.6	65.2	57.2
Cable	—	—	—
Other	88.9	80.1	11.0

Miami-based Knight-Ridder, Miami, is divesting its non-media and money-losing properties and seeking additional newspaper and tv properties. KR is dominated by five newspapers—*Miami Herald, Philadelphia Inquirer, Philadelphia News, San Jose Mercury News* and *Detroit Free Press*—which provided 55% of operating revenues in 1986. Twenty seven other dailies and six suburban papers contributed 33% of revenues.

Last year, KR made its first newspaper acquisition in six years, paying $311 million for six daily newspapers, two weeklies and two printing operations in South Carolina and Mississippi, owned by the Columbia, S.C.-based State-Record Co. K-R a year after acquiring the company sold three of the newly-acquired Mississippi papers—the *Daily Times-Leader* of West Point, *Daily News* in Starkville, and the weekly *Webster Progress-Times* in Eupora—to Morris Newspapers Corp. of Savannah, Ga.

KR, which generated 5% of its operating revenues from eight TV stations, purchased for $160 million three TV stations from Gannett in Oklahoma City, Tucson and Mobile, Ala. The broadcast buys influenced a 57% increase in broadcast revenues in 1986.

The remaining 7% of operating revenues came from a Northeast cable operation, a book division, business information services and other operations.

The heart of KR is still its newspaper operation. Ad linage for all papers in 1986 rose a slight 0.5%, though at least eight newspapers had linage declines. Ad revenues rose 9.2%, however, mainly resulting from a rebound in Philadelphia, which suffered a 46-day strike in 1985. Overall, KR circulation improved by 2.9% for morning papers, dropped 13% for evenings and gained a scant 0.1% on Sunday.

In April 1986, the *Detroit Free Press* accepted the title of the failing newspaper in a proposed JOA with its rival *Detroit News*, owned by Gannett. Under the Detroit JOA, as in most JOA agreements, business operations of the two papers would be combined, while editorial staffs would remain independent. The *Free Press* had lost $56.5 million from 1980-85, plus an additional $17 million in 1986. Its daily circulation during 1986 had been slightly less than the *News* but trailed by 85,000 on Sunday.

U.S. Justice Department hearings on the JOA begin Aug. 3. The Justice Department's antitrust division challenges the *Free Press* claims that it is a failing newspaper. The division has suggested the *Free Press* pursued market dominance over the *News* at the expense of profitability.

Converting from afternoon to morning publication in 1986 were the *Boca Raton News, State College* (Pa.), *Centre Daily Times* and the *Gary Post-Tribune*, and brings to eight the number of conversions in the past 10 years. A handful of KR afternoon dailies remain.

Late last year, P. Anthony Ridder, president of the KR newspaper division and son of former Knight-Ridder chairman, Bernard H. Ridder Jr., initiated staff cuts throughout the system, primarily through attrition and early retirement, to contain expenses.

Long KR's most profitable newspaper, the *Miami Herald*, suffered a year-to-year drop in ROP linage of 4.7%, a drop KR officials connect to Dade County's soft economy. Its share of KR operating revenue dropped from 16% in 1985 to 15% in 1986. According to the ABC FAS-FAX report monitoring average circulation for March 31, 1987, circulation at the daily *Herald* fell to 437,233, down 4.7% from the year earlier period, and dropped 2.3% to 546,980 for Sunday.

KR serves 184,000 cable tv subscribers in New Jersey and New York through its TKR Cable company, up 7.6% from 171,000 in 1985. The company is a joint venture with Tele-Communications. TKR purchased in April 1987 three additional cable systems representing 55,000 additional subscribers. The systems were in Ramapo, N.Y., and Warwick and Wildwood, N.J. KR treats cable returns on an equity basis, folding 50% of the joint-venture earnings into its income.

KR's Business Information Systems division generated 5% of revenues in 1986, mainly from its Commodity News Service. Another division publication is the five day a week *Journal of Commerce*, a New York-based trade and transportation newspaper. The company's HP Books, a how-to book publishing company, is being sold in July, 1987, to Price/Stern/Sloan Publishers in Los Angeles. Some early forays into mobile phones and videotext were disbanded in 1986.

KNIGHT-RIDDER NEWSPAPERS
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Corporate Personnel

Alvah H. Chapman Jr., chmn-ceo
P. Anthony Ridder, president-newspaper div
Daniel E. Gold, president-ceo, K-R Broadcasting Co.

TKR Cable Co.
67 Mountain Blvd.
P.O. Box 4247
Warren, N.J. 07060
(201) 356-1010

Corporate Personnel

Paul W. Freas, president

MEDIA PROPERTIES

Broadcasting

TV: WJRT-TV, Flint, Mich.; WKRN-TV, Nashville, Tenn.; WPRI-TV, Providence, R.I.; WTEN, Albany, N.Y.; WTKR-TV, Norfolk, Va; KOLD-TV, Tucson, Ariz.; KTVY, Oklahoma City; WALA-TV, Mobile, Ala.

Cable/video

SYSTEMS: TKR Cable Co. (jointly owned with Tele-Communications): NEW JERSEY: Aberdeen, Allentown, Barnegat Light, Beach Haven, Bernards, Bound Brook, Bridgewater, Dunellen, Edison, Elizabeth, Green Brook, Hamilton, Harvey Cedars, Highland Park, Keansburg, Key Port, Long Beach, Manville, Matawan, Metuchen, Middlesex, Milltown, New Brunswick, North Brunswick, Old Bridge, Piscataway, Raritan, Sayerville, Ship Bottom, Somerville, South Amboy, South Bound Brook, Surf City, Union Beach, Warren, Watchung. NEW YORK: Clarkstown, Grandview, Montvale, Nyack, Orangetown, Piermont, Ramapo, South Nyack, Spring Valley, Upper Nyack, Wesley Hills.

Newspapers

CALIFORNIA: *Long Beach Press Telegram, Pasadena Star-News, San Jose Mercury News-AM, San Jose Mercury News-PM*. COLORADO: *Boulder Daily Camera*. FLORIDA: *Boca Raton News, Bradenton Herald, Miami Herald, Tallahassee Democrat*. GEORGIA: *Columbus Enquirer, Columbus Ledger, Macon Telegraph and News, Milledgeville Union-Recorder*. INDIANA: *Fort Wayne News-Sentinel, Gary Post-Tribune*. KANSAS: *Wichita Eagle-Beacon*. KENTUCKY: *Lexington Herald-Leader*. MICHIGAN: *Detroit Free Press*. MINNESOTA: *Duluth News-Tribune & Herald, St. Paul Pioneer Press and Dispatch*. MISSISSIPPI: *Biloxi Sun Herald*. NEW YORK: *Journal of Commerce*. NORTH CAROLINA: *Charlotte Observer*. NORTH DAKOTA: *Grand Forks Herald*. OHIO: *Akron Beacon Journal*. PENNSYLVANIA: *Philadelphia Daily News, Philadelphia Inquirer, State College Centre Daily Times*. SOUTH CAROLINA: *Columbia Record, Columbia State, Myrtle Beach Sun News*. SOUTH DAKOTA: *Aberdeen News American*.

Newspapers (non-dailies)

CALIFORNIA: *Arcadia Tribune, Duarteun* (Duarte), *Monrovia News-Post, Temple City Times*. FLORIDA: *Florida Keys Keynoter*. SOUTH CAROLINA: *Newberry Observer*.

Other media operations

Commercial Terminals of Detroit, Knight-Ridder Newspaper Sales, KNT News Services, Observer Transportation Co., Portage Newspaper Supply Co., Roconex Corp., Seattle Times (49.5% ownership), Southeast Paper Mfg. Co. (33⅓% ownership), Twin Cities Newspaper Services, *Walla Walla Union-Bulletin* (49.5% ownership) HP Books (sale pending), Band & White, Knight-Ridder Graphics Network, State Printing Co.

OTHER OPERATIONS

American Quotation Systems, Commodity News Service, Commodity Perspective, Commodity Research Bureau, Knight-Ridder Financial News, Knight-Ridder Software, MoneyCenter, Tradecenter, Unicom News, PIERS (Port Import/Export Reporting Service), RATES (Rapid Access Tariff Expediting Service), Transax Data Corp.

Boss reaps bounty

Warner Communications' chairman-CEO Steven J. Ross is reaping the rewards of Warner's strong fiscal performance under his new 10-year contract that provides Mr. Ross a base salary of $800,000 a year, $400,000 a year in deferred compensation, a bonus of 1% of the company's net income each year and a long-term bonus in cash tied to Warner's stock and earnings. If the full-year's performance ends up reflecting first quarter 1987 results, Mr. Ross truly will be a rich man. In the first quarter 1987, Warner's net profit rose 115% to $66 million.

Kohlberg Kravis Roberts & Co.

RANK 22

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	664.9	769.0	(13.5)
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	248.2	278.0	(10.7)
Cable	416.7	491.0	(15.1)
Other	—	—	—

Kohlberg Kravis Roberts & Co., New York, is seeking to divest what is left of the media properties it obtained from Storer Communications and Wometco Cable in leveraged buyouts that totaled $3.2 billion.

Following the logical course of a leveraged buyout, KKR is selling off these assets to cover the cost of the buyout and make a profit. Since the acquisition of the two Miami-based companies—Storer in 1985 and Wometco in 1984—KKR has sold or is in the process of selling parts of these properties for more than $3 billion.

KKR currently is negotiating a media divestiture of 50% interest in six TV stations with Gillett Holdings, Nashville, Tenn., for $650 million. Gillett, which is becoming a major broadcasting concern itself, will have operating control over the stations and the right to buy KKR's remaining interest should KKR decide to sell. As part of the agreement, Gillette also will manage Storer Television Sales, a TV rep; Storer Programs, a TV programming unit; and a Washington news bureau. The agreement is expected to be finalized by July.

Included in the transaction is WAGA-TV, Atlanta; WJW-TV, Cleveland; WJBK-TV, Detroit; WITI-TV, Milwaukee; KCST-TV, San Diego; and WSBK-TV, Boston—the stations that were included in a deal with Lorimar Telepictures that fell through late last year when a final agreement could not be reached.

The only other Storer TV property is WTVG-TV in Toledo, which the company is expected to sell to Buddy Ray, president and general manager of Toledo Television and Terry Lee, chairman/president-ceo of SCI Holdings, for an estimated $65 million. SCI is the KKR-created parent company of Storer.

In a finalized sale, KKR unloaded the Wometco cable systems, which had estimated revenues of $120 million, to a joint venture headed by Robert M. Bass Group for $625 million. Included in the venture is Taft Broadcasting, in which Mr. Bass has a 24.9% interest, and members of Wometco Cable management.

Wometco Cable includes 41 systems serving 350,000 subscribers largely in the South.

KKR also sold for $270 million in cash the former Wometco station, WTVJ-TV in Miami, to General Electric, parent company of NBC. The station is a CBS affiliate and NBC is currently in an affiliation contract with WSVN-TV, Miami, that it is expected to break soon, leaving CBS without an affiliate in one of the industry's major markets.

WSVN-TV could drop in value $100 million or more if CBS does not link with it, because it would be forced to go independent, some analysts believe.

Two small Wometco tv stations, WWHT (now WHSE) in Newark, N.J., and WSNL (now WHSI) in Smithtown, N.Y., were sold to Silver King Broadcasting, a subsidiary of Home Shopping Network, in October for $25 million.

Storer Cable is KKR's largest media asset not yet being sold. The company did, however, divest all systems in Arizona, California, Minnesota, Oregon, and parts of New Jersey last year for a total of $329 million. Without these systems, Storer cable had 1.3 million subscribers and revenues of $416.7 million in 1986.

Besides this revenue, KKR's total includes returns from its seven Storer stations of $232 million, and $15 million from Wometco TV station WLOS, Asheville, N.C./Greenville-Spartanburg, S.C. which was sold to Anchor Media, St. Petersburg, Fla. on April 30, 1987, for $55 million.

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Terry Lee, chmn-president-ceo
MEDIA PROPERTIES
Broadcasting
TV: WAGA-TV, Atlanta; WSBK-TV, Boston; WTVG-TV, Toledo, Ohio; WJBK-TV, Detroit; WJW-TV, Cleveland; WITI-TV, Milwaukee; KCST-TV, San Diego.
Cable/video
Storer Cable Communications: ALABAMA: Baldwin County, Bay Minette, Brundidge, Chilton County, Clanton, Daphne, Elba, Elmore, Fairhope, Florala, Geneva, Hartford, Lockhart, Montgomery, Oak Grove, Prattville, Samson, Slocomb, Sylacauga, Troy. ARKANSAS: Bryant, Cammack Village, Jacksonville, Little Rock, North Little Rock, Pulaski County, Sherwood. CONNECTICUT: Chester, Clinton, Deep River, Durham, Essex, Groton, Haddam, Hamden, Killingworth, Ledyard, New Haven, North Stonington, Old Saybrook, Stonington, U.S. Naval Facility-Groton, Voluntown, West Haven, West Brook. DELAWARE: Blades, Camden, Cheswold, Clayton, Delmar, Dover, Dover Air Force Base, Georgetown, unincorporated Kent & Sussex Counties, Laurel, Lewes, Milford, Rehoboth Beach, Smyrna, Seaford, Wyoming. FLORIDA: Altamonte Springs, Arcadia, Avon Park, Bartow, Blountstown, Biscayne Park, Bristol, unincorporated Broward County, Charlotte County, Chattahoochee, Chipley, Dade County, DeFuniak Springs, DeSoto County, El Portal, Fort Meade, Frostproof, Graceville, unincorporated Hardee County, Highlands County, Hillcrest Heights, Hollywood (85% interest), Lake Mary, Lake Placid, Lake Wales, Lee County, Longboat Key, Maanatee County, metropolitan Dade County, Miami Shores, Miramar, North Miami, North Miami Beach, North Port, Pembroke Park, Pembroke Pines, unincorporated Polk County, Port Charlotte, Punta Gorda, Sarasota, Sarasota County, Sebring, Seminole County, Seminole Tribe of Florida, Venice, Wauchula. GEORGIA: Adel, Albany, Americus, Ashburn, Bainbridge, Berrien County, Camilla, Colquitt, Cook County, Cordele, Dawson, Donalsonville, Ellaville, Lee County, Leesburg, Miegs, Moultrie, Nashville, Omega, Pelham, Poulan, Sparks, Sumter County, Sycamore, Sylvester, Tift County, Tifton, Vienna. KENTUCKY: Anchorage, Audubon Park, Bancroft, Barbourmeade, Beechwood Village, Bellemeade, Bellewood, Blue Ridge Manor, Boone County, Bowling Green, Briarwood, Broadfields, Broeck Point, Brownsboro Farm, Brownsboro Village, Campbell County, Cambridge, Cherrywood Village, Covington, Creekside, Crossgate, Devondale, Douglass Hills, Druid Hills, Fairmeade, Fincastle, Forest Hills, Glenview Hills, Glenview Manor, Goose Creek, Graymore, Green Springs, Hickory Hill, Hills and Dales, Hollow Creek, Hollyvilla, Hurstbourne Acres, Indian Hills, Jefferson County, Jeffersontown, Keeneland, Kenton County, Kingsley, Langdon Place, Lincolnshire, Louisville, Lyndon, Lynnview, Manor Creek, Maryhill Estates, Meadowbrook Farm, Meadow Vale, Meadowview Estates, Middletown, Minor Lane Heights, Mockingbird Valley, Moorland, Newport, Norbourne Estates, Northfield, Norwood, Oakland, Old Brownsboro Place, Parkway Village, Pewee Valley, Plantation, Plum Springs, Plymouth Village, Prospect, Richlawn, River Bluff, Riverwood, Robinswood, Rolling Hills, Rolling Fields, St. Matthews, St. Regis Park, Seneca Gardens, Shivley, Smiths Grove, Springlee, South Park View, Strathmoor Manor, Strathmoor Village, Sycamore, Ten Broeck, Thornhill, Warren County, Watterson Park, Wellington, West Point, Westwood, Whipps Millgate, Wildwood, Winding Falls, Windy Hills, Woodburn, Woodland Hills, Woodland Park, Worthington Hills. MARYLAND: Delmar, Fruitland, Hebron, Howard County, Pocomoke City, Princess Anne, Salisbury, Show Hill. NEW JERSEY: Allenhurst, Atlantic Highlands, Bay Head, Belvidere, Beverly, Bordentown, Brick Township, Cinnaminson, Delanco, East Brunswick, Burlington, Califon, Clayton, Cranbury, Deal, Delran, Deptford, East Greenwich, East Windsor, Eatontown, Edgewater Park, Fair Haven, Franklin, Freehold, U.S. Government-Fort Monmouth, Glassboro, Glen Gardner, Greenwich, Hackettstown, Hampton, Hazlet, Helmetta, High Bridge, Highlands, Highstown, Holmdel, Independence, Jamesburg, Lebanon, Liberty, Little Silver, Loch Arbor, Long Branch, Mansfield, Mantura, Mantoloking, Middletown, Monmouth Beach, Monroe, Mt. Olive, National Park, North Plainfield, Oceanport, Oxford, Palmyra, Paulsboro, Plainfield, Plainsboro, Pt. Murray, Pt. Pleasant, Pt. Pleasant Beach, Red Bank, Riverside, Riverton, Roosevelt, Rumson, Sea Bright, Shrewsbury, Spotswood, South Brunswick, South Plainfield, Tinton Falls, Washington (Morris & Warren County), Wenonah, West Deptford, West Long Branch, Westhampton, Westville, White, Willingboro, Woodbury, Woodbury Heights. PENNSYLVANIA: New Hope. SOUTH CAROLINA: Beaufort, Berkley County, Charleston, Charleston Air Force Base, Colleton County, Goose Creek, Hanahan, Isle of Palms, Mt. Pleasant, North Charleston, Sullivan's Island, Summerville, Walterboro, U.S. Marine Corps Air Station-Laurel Bay, U.S. Naval Station-Hunley Park, unincorporated Charleston County. TEXAS: Addison, Alvin, Bayou Vista, Bedford, Brookside Village, Carrollton, Cedar Hill, Clear Lake Shore, Cockrell Hill, Colleyville, DeSoto, Dickinson, El Lago, Euless, Friendswood, Garland, Glenn Heights, Grand Praire, Hebron, Hillcrest Village, Hitchcock, Hutchins, Kemah, LaMarque, Lancaster, League City, Magnolia, Nassau Bay, North East Houston, Oak Ridge, Pearland, Red Oak, Rowlett, Santa Fe, Seabrook, South East Houston, Sunnyvale, Taylor Lake Village, Texas City, Tomball, Webster. VIRGINIA: Chesterfield.
Other media operations
Golden West Subscription of Dallas; Golden West Productions; Golden West Videotape and Golden West Television Distribution.

Landmark Communications

RANK 47

Norfolk, Va.

($ in millions)

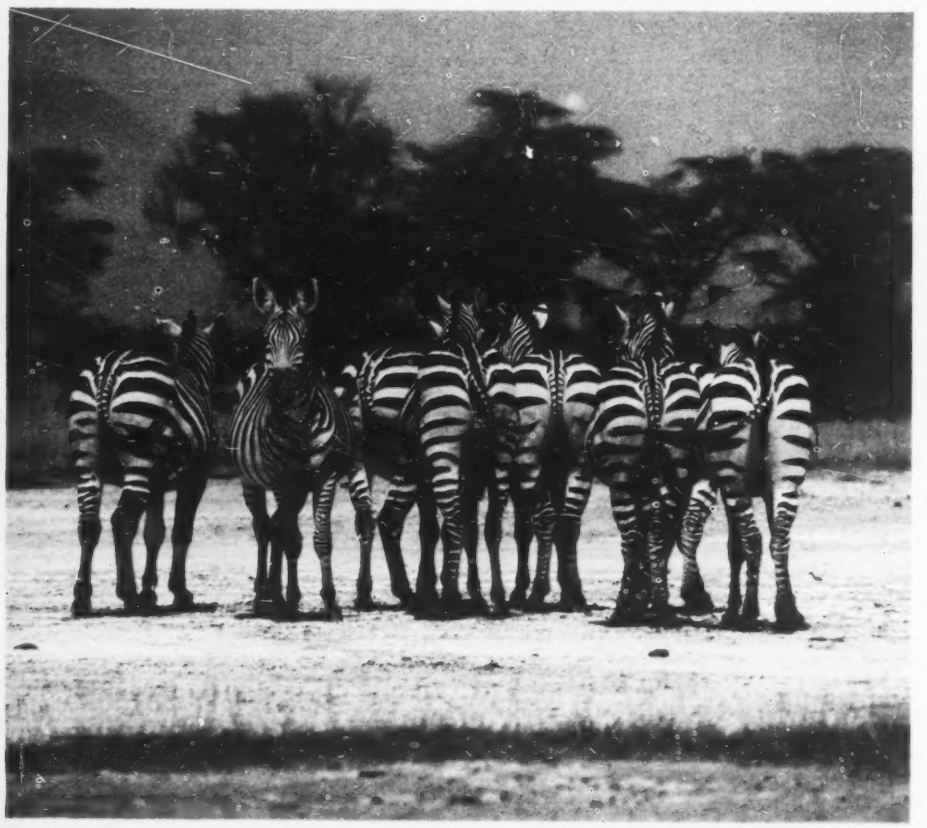
Corp. returns	1986	1985	% chg
Media sales	290.0	251.0	15.5
Total sales	293.0	262.0	11.8
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	244.0	217.0	12.4
Magazine	—	—	—
Broadcast	32.0	28.0	14.3
Cable	14.0	6.0	133.3
Other	—	—	—

Steady growth in each of Landmark Communications media divisions led to a 12% increase in revenues over 1985. Leading the growth surge was the Weather Channel based in Atlanta.

While Landmark's efforts at acquiring an additional major metropolitan TV station were thwarted, the Norfolk, Va.-based company expanded its community newspaper operation and also formed a new division—Classified Advertising Publications.

The 24-hour Weather Channel now reaches 27 million households, compared with 20 million at the end of 1985. Cable systems under contract

BIG GAME HUNTERS



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Call Bob Nelson, Sales Manager
Chicago Lithographing Company
560 S. Vermont, Palatine, IL 60067 (312) 359-3733

rose to about 2,750 from 1,962 in 1985. During the year, subscriber fees were increased, generating an estimated $13 million in 1986. Ad revenues also continued to rise, says TWC Chairman John Wynn, noting that year-to-date 1987 revenues were up 30%. The company predicts subscriptions will grow 50% in 1987.

Landmark is primarily a publications company, with print operations providing 84% of total revenues. Newspaper revenues grew 12% for the year. The backbone of the company's newspaper operations are three dailies, each operated a separate division: the *Greensboro* (N.C.) *News & Record*, *Norfolk Virginian-Pilot* and *Ledger Star* and Roanoke (Va.) *Times & World News*.

The three papers had combined daily circulation in 1986 of 258,477, Saturday circulation of 355,710, and Sunday, 483,486. Circulation was up only slightly at the papers in 1986, and although revenue increases were steady, they failed to meet budget expectations, says Landmark VP E.C. Oldfield.

In February 1986 the *Greensboro News & Record* discontinued its afternoon edition, combining elements of both editions into the morning paper. The morning and evening *Roanoke Times & World News* completed its conversion to offset presses and its move into a new distribution center. The division's largest newspaper, *Richmond* (Va.) *Times-Dispatch*, had March 31, 1987, circulation of 141,544, up 1.2%. Sunday circulation was 245,741, up 2.3%.

Landmark Community Newspapers added seven papers to its non-daily portfolio. The division includes 34 newspapers with combined circulation of 210,286. Five of the papers are dailies, the latest conversion being the *Citrus County Chronicle*, Inverness, Fla., which in September went from a tri-weekly to a Sunday-through-Friday publishing schedule with circulation of 14,090.

In November, Landmark purchased the *Roane County News*, a 7,000 circulation tri-weekly in Kingston, Tenn. The purchase included three weeklies: *Rockwood Times*, *Harriman Record* and *Morgan County News* in Wartburg.

In March 1987, three additional non-dailies in Kentucky were bought from Scripps Howard: *Kentucky Standard*, Bardstown, *Pioneer News*, Shepherdsville, and *Grant County News*, New Castle.

Early in 1986, Landmark formed its new Classified Advertising Publications division, with the purchase of seven *Tradin' Times* classified publications in Illinois, Michigan, Minnesota, Missouri, Ohio and Pennsylvania.

LANDMARK COMMUNICATIONS
150 W. Brambleton
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Atlanta, Ga. 30339
(404) 434-6800
Corporate Personnel
John Wynn, chmn
MEDIA PROPERTIES
Broadcasting
TV: KLAS-TV, Las Vegas, Nev.; KNTV, San Jose, Calif.
RADIO: WTAR, WLTY-FM, Norfolk, Va.
Cable/video
CHANNELS: Weather Channel.
Magazines
Antiques & Collectibles (El Cajon, Calif.); *Apartments of Greater Baltimore*, *Florida Nursing News*, *Folio Weekly* (Jacksonville, Fla.); *Gambit* (New Orleans); *Homes of York-Adams County* (Westminster, Md.); *Port Folio* (Virginia Beach, Va.); *Senior World of South Florida*, *Senior World* (San Diego, Orange County, Central Coast, Los Angeles); *Spectator Magazine of the Triad* (Greensboro, N.C.); *Style Weekly* (Richmond, Va).
Newspapers
CALIFORNIA: *El Cajon Daily Californian*. FLORIDA: *Inverness Citrus County Chronicle*. KENTUCKY: *Elizabeth News Enterprise*. MARYLAND: *Westminster Carroll County Times*. NEW MEXICO: *Los Alamos Monitor*. NORTH CAROLINA: *Greensboro News & Record*. VIRGINIA: *Norfolk Virginian Pilot*, *Ledger-Star Roanoke Times & World News* (Norfolk), *Times-Dispatch* (Richmond).
Newspapers (non-dailies)
FLORIDA: *Sumter County Times* (Bushnell). ILLINOIS: *Vandalia Leader Union*. INDIANA: *Journal-Democrat* (Rockport), *Mount Vernon Democrat*, *News* (Tell City). IOWA: *Opinion Tribune*, *Red Oak Express* (Glenwood). KENTUCKY: *Anderson News* (Lawrenceburg), *Henry County Local* (New Castle), *News Democrat*, *Lebanon Enterprise* (Carrollton), *Casey County News* (Liberty), *Central Kentucky News-Journal* (Campbellsville), *Cynthia Democrat*, *Grant County News* (Williamstown), *Oldham Era* (La Grange), *Sentinel News* (Shelbyville), *Springfield Sun*, *Trimble Banner Democrat* (Bedford), *Kentucky Standard* (Bardstown), *Pioneer News* (Shepherdsville). MARYLAND: *Reisterstown Community Times*, *Randallstown News*. MISSISSIPPI: *New Albany Gazette*. TENNESSEE: *Harriman Record*, *Morgan County News*, *Rockwood Times* (Wartburg), *Roane County News* (Kingston). VIRGINIA: *Gazette* (Galax). Also, 11 classified advertising publications, 24 shoppers, and holds 49.9% of Capital-Gazette Communications, Annapolis, Md.

RANK **46**

McClatchy Newspapers

Sacramento, Calif.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	310.0	275.0	12.7
Total sales	310.0	275.0	12.7
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	283.0	248.0	14.1
Magazine	—	—	—
Broadcast	10.0	14.0	(28.6)
Cable	17.0	13.0	30.8
Other	—	—	—

McClatchy Newspapers expects to be nearly 100% print-oriented by the end of this year when it sells off its four remaining broadcast properties. The Sacramento, Calif.-based company, which had an estimated 12.7% increase in media revenues in 1986, will divest four profitable cable systems and a perennially losing videotex operation during the year as a prelude to the broadcast selloff.

McClatchy is intensifying its concentration on newspapers (seven dailies and three weeklies). It purchased the daily *Tacoma* (Wash.) *News Tribune* and the weekly *Pierce County* (Wash.) *Herald* from Tribune Co. in 1986 for an estimated $112 million. The papers were part of a $205 million sale that included Tribune's cable and tv properties, which went to Viacom.

The *News Tribune* joined the McClatchy newspaper fold on Aug. 1, 1986 and shifted this April to a morning publication. The *News Tribune*, the lone Tacoma daily, has a circulation of 110,184 daily, up 2.3%, and 122,948 Sunday, up 3.2%, according to ABC FAS-FAX figures comparing March 31, 1987 with the same period in 1986.

To finance the Tacoma purchase, McClatchy sold for an estimated $127 million four cable systems with 86,000 subscribers to Continental Cablevision, Boston. The systems encompassed Reno, Nev., and in California, Fresno, Marysville/Yuba City and Visalia.

McClatchy's lead properties are its *Bee* papers, the *Sacramento Bee*, *Fresno Bee* and *Modesto Bee*, all morning dailies. ABC FAS-FAX reports comparing the March 31, 1987 period with the same period in 1986, show Sacramento circulation of 245,377 daily, up 4%, and 289,083 Sunday, up 5.5%; Fresno circulation of 139,888 daily, up 0.5%, and 166,899 Sunday, down 0.06%, and Modesto circulation of 75,675 daily, up 1.9% and 81,592 Sunday, up 0.7%. While the Fresno and Modesto papers have no head-on competition, the Sacramento paper competes with the much smaller *Sacramento Union*, also a morning paper, which had daily circulation of 90,888, down 3.4%, and 89,561 Sunday, down 3.6%.

Currently on the media selling block are McClatchy's four California radio properties, which the company hopes to sell as a package before the end of the year. Asking price was not disclosed. Also, it is selling its commercial printing operation in Clovis, Calif., a Fresno suburb. The plant accounts for $5 million in revenues annually.

The company's electronic communications division has continued to shrink with the closure of the El Dorado Teleguide, a public-access videotex information service begun in 1984.

MCCLATCHY NEWSPAPERS
2100 Q Street
Sacramento, Calif. 95813
(916) 321-1000
Corporate Personnel
C.K. McClatchy, president
MEDIA PROPERTIES
Broadcasting
RADIO: KMJ, KNAX (FM), Fresno, Calif.; KFBK, KAER (FM), Sacramento, Calif.
Newspapers
ALASKA: *Anchorage Daily News*. CALIFORNIA: *Fresno Bee*, *Gilroy Dispatch*, *Hollister Free Lance*, *Modesto Bee*, *Sacramento Bee*. WASHINGTON: *Tri-City Herald* (Richland); *Tacoma News-Tribune*.
Newspapers (nondailies)
CALIFORNIA: *Clovis Independent*, *Lincoln News Messenger*, *Morgan Hill Times*. WASHINGTON: *Pierce County Herald*.
Other media operations
LegiTech (90% owned), Sacramento, Calif., Albany, N.Y., Washington.

RANK **15**

McGraw-Hill

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,089.1	1,030.7	5.7
Total sales	1,576.8	1,491.2	5.7
Net income	154.0	147.4	4.5
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	318.2	313.0	1.7
Broadcast	92.9	83.0	11.9
Cable	—	—	—
Other	678.0	634.7	6.8

McGraw-Hill recorded operating profit increases for all segments in 1986 except its Publications Co., the divisional home of MH's lead publication, *Business Week*.

The group—one of four segments contributing to media revenues as defined in this issue—returned operating income of $42.2 million, down 11.9%, on revenues of $318.2 million, up 1.7%.

Returns by *Business Week*, one of some 60 magazines in the publications group, which also oversees newsletters and newswires, were symptomatic of the problems besetting the magazine field in general. The publication sold 3,893 pages in 1986, 7.6% fewer than in 1985, representing $166.6 million in gross ad revenues, up 1.5%, according to Publishers Information Bureau.

Despite a difficult advertising market for much of the year, *Business Week* increased its market share and carried more ad pages than any other magazine measured by PIB, and ranked No. 1 in ad revenues among business magazines. However, *Business Week* profits declined because of on-going enhancements to the editorial quality and design and investments to strengthen the subscriber base.

A turnaround at the publication has begun in 1987. In the first quarter 1987, gross ad revenues have grown 10.4% to $38.8 million on a 3.8% growth in ad pages to 847, reports PIB. Circulation also has jumped from 860,000 in January 1987 to 902,000 in May, according to Standard Rate & Data Service.

Within the publications segment, McGraw-Hill acquired *Industrial Chemical News*. In 1987 the magazine was redesigned and renamed *Industrial Chemist*.

New York-based McGraw-Hill in 1986 had overall growth in net income of 4.8%, and a 5.7% increase in operating revenue from 1985. Net income growth, while modest, still outpaced the year-to-year growth from 1984 to 1985 of 2.2%.

McGraw-Hill Information Systems Co., which consists of two market-focus groups aimed at the construction and computer markets, had revenues of $366.1 million, up 3.8%, and $94.2 million in operating profit, up 5.4% in 1986 over 1985. Within this group the corporation acquired Construction Information Systems and LSI Systems, both building-products databases.

Standard & Poor's Corp. (formerly McGraw-Hill Financial & Business Information group) was restructured in 1986 to create two operating companies: Standard & Poor's Corporate Information Co. and the Financial & Economic Information Co. Together, they had revenues of $311.9 million, up 10.6%, and operating profit of $74.7 million, up 17.2%.

Broadcasting Co., comprising four TV stations in regional markets, had revenues of $92.9 million for the year, up 11.5%, and operating profit of $32 million, up 16.3%.

McGraw-Hill made several acquisitions and expansions in the magazine field, but most took place abroad, notably in China. In May 1986, McGraw-Hill acquired the telecommunications tariff information services and related assets of Telcom MIS, used by telecommunications managers and vendors for network planning and competitive analysis.

McGraw-Hill Book Co. is the only non-media contributor at the company. Its revenues of $487.7 million in 1986 were up 6%, and operating profits of $71.8 million, up 6.4%.

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Harold W. McGraw Jr., chmn
Edward T. Reilly, president-broadcasting
John G. Wrede, president-McGraw-Hill Publications
MEDIA PROPERTIES
Broadcasting
TV: KERO-TV, Bakersfield, Calif.; KGTV, San Diego, Calif.; KMGH-TV, Denver; WRTV, Indianapolis.
Magazines
American Machinist & Automated Manufacturing, *Architectural Record*, *Aviation Week & Space Technology*, *Business Week*, *Business Week International*, *Business Week's Careers*, *BYTE*, *Chemical Engineering*, *Chemical Week*, *Coal Age*, *Data Communications*, *Electrical Construction & Maintenance*, *Electrical Wholesaling*, *Electrical World*, *Electronics*, *Engineering & Mining Journal*, *Engineering News-Record*, *Fleet Owner*, *Graduating Engineer*, *Industrial Chemist*, *International Management*, *Modern Plastics*, *Modern Plastics International*, *The Physician & SportsMedicine*, *Postgraduate Medicine*, *Power*, *Textile World*, *33 Metal Producing*.
Newsletters
Avoided Cost Quarterly, Clean-Coal/Synfuels Letter, Coal Statistics International, Coal Week-Coal Week International Combination, Cogeneration Report, Electric Utility Week, Electrical Marketing, Electronic Chemicals News, From DRI Health Care Costs, Green Markets, Health Business, Health Legislation & Regulation, ICW Africa Construction Business Report, ICW Asia Construction Business Report, ICW Latin America Construction Report, ICW Mideast Construction Report, Inside Energy/ With Federal Lands, Inside F.E.R.C., Inside F.E.R.C.'s Gas Market Report, Inside N.R.C., International Construction Week, International Petrochemical Report, Legal Briefs for the Construction Industry, Long Term Care Management, McGraw-Hill's Biotechnology Newswatch, McGraw-Hill's Biotechnology Patentwatch, Medicine and Health-Washington Health Record Combination, Metals Week, NuclearFuel, Nucleonics Week, Nuclear Index Platt's Export/Import Report, Platt's Oilgram News, Platt's Oil Price Handbook, Platt's Oilgram Price Report, Report on Proformance Materials, Securities Week, Techpak, Utility Cost Forecaster, Waste-To-Energy Report, World Nuclear Performance.
Other media operations
Newswires and services, American Industrial Report Ltd., COADE (microcomputer software), Electronic Markets & Information Systems, GEMCO (global electronic trading company), McGraw-Hill Video Productions, Nikkei McGraw-Hill (publishing), Money Market Directories, Numerax.
OTHER OPERATIONS
McGraw-Hill Book Co.

RKO turns shark repellent

Gencorp is selling its RKO General and corporate namesake, General Tire, to reduce debt taken on when it bought off shareholders with cash in a hostile takeover bid.

RANK **35**

Media General

Richmond, Va.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	381.0	346.0	10.1
Total sales	635.0	579.0	9.7
Net income	17.0	33.0	(48.5)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	266.0	253.0	5.1
Magazine	16.0	17.0	(5.9)
Broadcast	60.0	51.0	17.6
Cable	39.0	25.0	56.0
Other	—	—	—

Media General, which is upgrading its media hardware—$45 million in presses at the *Tampa Tribune*, ongoing $200 million cable system construction in northern Virginia, and new TV towers in Tampa, Fla., and Charleston, S.C.—wrote off much of the equipment made obsolete by these improvements in 1986, along with some TV syndication rights, in posting a $16.8 million after-tax charge that reduced earnings 48.4% to $17 million on sales of $635 million, up 10%.

For the first quarter 1987, revenues were up 10% over 1986 to $167 million, and net income was up 16% to $8 million.

During the year, the Richmond, Va.-based company's three large morning dailies showed daily circulation increases with only the afternoon daily, the *Richmond* (Va.) *News-Leader* showing a decline.

The ABC FAS-FAX figures for March 31, 1987 compared to prior year averages show the morning *Richmond* (Va.) *Times-Dispatch*, up 1.1% to 141,544; the morning *Winston-Salem* (N.C.) *Journal*, virtually even at 91,571; *Tampa* (Fla). *Tribune*, up 8.6% to 248,415, and the evening *Richmond* (Va.) *News-Leader*, down 1.9% to 109,103.

VP David L. Jordan says Media General, which folded a circulation-losing afternoon paper in Winston-Salem in 1985, had no plans to drop the *News-Leader*, which he termed "a pretty viable newspaper." In the Richmond area, he says, its circulation is larger than that of the *Times-Dispatch*, which depends on statewide readership. "But being an evening newspaper, you can't get it to northern Virginia."

Newspaper revenues were up in all three cities. Garden State Newspapers, in which Media General has a 40% interest, added 13 dailies and several weeklies in 1986, to bring its total to 18 small-to-medium-size dailies and eight weeklies. Media General also owns a string of weeklies in southern California, some of which struggle against fierce competition. Seven of them were folded or converted to shoppers in 1986.

The company also provides electronic database services and several small special-interest magazines. Sales for this division were down, but initial response to a new glossy, free-distribution monthly, *Virginia Business*, has the company considering moving it to a paid basis.

Subscribers to the new Fairfax cable system along Virginia's northern border number 140,000. They pay an average $32 for services, a rate far above the norm. Subscriptions did not drop in the high-income bedroom community near Washington after a 22% rate increase went into effect the beginning of the year. Media General expects the system to show a positive cash flow this year for the first time.

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J. Stewart Bryan III, exec VP
James A. Linen IV, exec VP
MEDIA PROPERTIES
Broadcasting
TV: WCBD-TV, Charleston, S.C.; WJKS-TV, Jacksonville, Fla.; WXFL, Tampa, Fla.
Cable/video
SYSTEMS: VIRGINIA: Cablevision of Fredericksburg-Fredericksburg, Spotsylvania

County, Stafford County; Media General Cable of Fairfax-Fairfax County.

Magazines

Consultant, Journal of Respiratory Diseases, Journal of Musculoskeletal Medicine, Journal of Critical Illness, Virginia Business.

Newspapers

FLORIDA: *Tampa Tribune*. NORTH CAROLINA: *Winston-Salem Journal*. VIRGINIA: *News-Leader* (Richmond), *Times-Dispatch* (Richmond).

Newspapers (non-dailies)

CALIFORNIA: Highlander Publications, publishing 20 weeklies in the Orange County-Los Angeles area. Golden West Publishing, Mission Viejo, publishing 13 papers in the area between Los Angeles and San Diego.

Other media operations

Garden State Newspapers (40% interest), publishing 18 medium to small-sized dailies and eight non-dailies; Media General Financial Services, Technical Information Distribution Service.

OTHER OPERATIONS

Beacon Press (commercial printing), Garden State Paper Co. (newsprint manufacturer), Media General Broadcast Services (TV-radio services offering media buying services, broadcast musical productions, travel trade services, and barter services for advertisers).

Media News Group

RANK **37**

Woodbury, N.J.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	375.0	150.0	150.0
Total sales	375.0	150.0	150.0
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	375.0	150.0	150.0
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

Media News Group, Woodbury, N.J., made the biggest acquisition in its four-year history when it purchased the *Dallas Times Herald* on Sept. 1, 1986, for $110 million in cash and notes.

The purchase of three other smaller newspapers in 1986 brought the total owned by the newspaper chain to 24. Acquisitions, particularly that of the *Times Herald*, lifted companywide revenues to $375 million in 1986, almost 2½ times what it was the previous year.

Media News is composed entirely of newspapers, most in the 10,000-circulation range. The policy of President William Dean Singleton, until now, has been to buy foundering small- or medium-circulation dailies and return them to profitability via automation and aggressive cost-cutting.

His reputation clearly had some employees nervous, especially after more than 100 *Times Herald* employees were laid off or given early retirement less than a week after the newspaper was sold.

However, Tony Tierno, a financial officer in the Woodbury, N.J., home office, says, "The Dallas economy is that way right now. Other Dallas papers have had staff trims too." The competing *Dallas Morning News* in the early months of 1987 has eliminated 120 positions.

In September 1986 Media News purchased the *Alameda* (Calif.) *Times-Star* for an undisclosed sum. The circulation has been boosted from 8,200 to 9,000 since the takeover, according to ABC. On December 29, 1986, MNG purchased the *Bristol* (Conn.) *Press*, a daily with circulation of 19,826 on March 31, 1987, down 1.3% from the prior year, according to ABC FAX-FAX reports.

In February, 1986, MNG bought the *Elizabeth* (N.J.) *Daily Journal* with a circulation of 31,000. Circulation has risen since the purchase to 32,000.

Gloucester Suburban Newspapers, part of the New Jersey-based Media News Group, in July 1986 purchased the *Blackfoot Morning News*, a daily in southeastern Idaho. Terms of the Idaho sale were not disclosed. Gloucester is owned by Peter Bernhard of Salt Lake City and Mr. Singleton. Mr. Bernhard is president of Green Sheet Newspapers, a group of seven weeklies published in the region of Salt Lake City.

Media News Group is 40% owned by Media General of Richmond, Va. Media General also owns Garden State Newsprint, which sells recycled newsprint to publications, including those owned by Media News Group.

MEDIA NEWS GROUP
309 S. Broad St.
Woodbury, N.J. 08096
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Corporate Personnel

William Dean Singleton, president

MEDIA PROPERTIES

Newspapers

CALIFORNIA: *Argus* (Fremont), *Daily Review* (Hayward), *San Ramon Valley Herald* (Danville), *Tri-Valley Herald* (Dublin), *Alameda Times-Star*. CONNECTICUT: *Bristol Press*. IDAHO: *Blackfoot Morning News*.MASSACHUSETTS: *Daily Transcript* (Dedham), *News-Tribune* (Waltham). MICHIGAN: *Ypsilanti Press*. NEW JERSEY: *Advance* (Dover), *Dispatch, Elizabeth Daily Journal, Gloucester County Times* (Woodbury), *North Jersey Herald-News* (Passaic), *Paterson News* (Union City). OHIO: *Ashtabula Star-Beacon, Conneaut News Herald, Geuga Times Leader* (Chardon), *Hamilton Journal-News, Lake County Telegraph* (Painesville), *Today's Sunbeam* (Salem). TEXAS: *Big Spring Herald, Dallas Times Herald, Del Rio News Herald, Huntsville Item, Marshall News Messenger*. WASHINGTON: *Yakima Herald Republic*.

Meredith Corp.

RANK **34**

Des Moines, Iowa

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	390.7	356.2	9.7
Total sales	533.4	474.9	12.3
Net income	47.2	42.7	10.5
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	9.0	—
Magazine	267.6	227.5	17.6
Broadcast	123.0	114.7	7.3
Cable	—	5.0	—
Other	—	—	—

Meredith Corp. continues to refocus on its primary businesses—national advertiser-supported magazine publishing and broadcasting—primarily through divestiture.

In 1986, the Des Moines, Iowa-based company sold its Los Angeles and San Jose, Calif., weekly newspapers and all but one of its nine Texas, Louisiana and Arkansas-based Star cable TV systems. It also divested its percentage ownership in *Dallas-Fort Worth Home & Garden* and *Houston Home & Garden*. Meredith is selling its remaining Texas system, and its 82% share of Planned Cable Systems Corp.

Meredith Corp. had media revenues of $390.7 million for the fiscal year ended June 30, 1986, a 9.7% increase from fiscal 1985. Media revenues account for 73% of total company revenues of $533.4 million in 1986, up 12.3%. Companywide earnings were $42.7 million, up 10.5%. The remainder of Meredith's operations are commercial printing and real estate-related activities.

While many magazine publishers are continuing to experience softness in the market—and Meredith is no exception—advertising revenues, accounting for 28% of total net revenues, rose 17% to $151 million in 1986. Subscription and newsstand revenues increased 19%. They represent 22% of total revenues.

Part of Meredith's strategy is to continue to launch new magazines. *Midwest Living*, started from scratch, debuted in February 1987. After three issues, the new every-other-month magazine has met or exceeded projections, including achieving a 400,000 rate base and 142 ad pages for the first three issues.

Ladies' Home Journal, purchased last year from Family Media, has become a fully integrated Meredith product, no longer a wholly owned subsidiary. *LHJ* and lead magazine *Better Homes & Gardens* are now being sold in a combination discount rate card, which gives a 20% discount on open rates to dual advertisers. Publishers Information Bureau shows that *LHJ* had gross ad revenue of $77.1 million, up 0.1%, on 1,337 ad pages, down 1.8% from 1985. *BH & G* sold 1,347 pages, down 1.2%, as gross ad revenue advanced 5.3% to $129.8 million.

Metropolitan Home underwent a facelift (larger format, heavier stock) with the September 1986 issue. Ad rates, newsstand and subscription prices rose accordingly. *MH* sold 683 ad pages, down 11.7%, but higher rates brought gross ad revenues to $14.7 million, up 5.7%.

Farm Computer News, which received good subscriber response, was unable to outlast the agricultural depression and was discontinued.

Meredith continues to realize healthy revenues from its 19 special interest publications.

WPGH-TV, Pittsburgh, was sold to Lorimar-Telepictures, although Meredith plans to add broadcast properties in Sunbelt areas up to FCC limits.

The company had a 13% growth in revenues to $442.3 million for the three quarters of fiscal 1987, which ends June 30, although net earnings dropped 31.7% to $25.6 million during the period—the latter a factor of lower year-to-date profits from printing, book and broadcasting operations and special items charged against earnings.

MEREDITH CORPORATION
Locust at 17th
Des Moines, Iowa 50336
(515) 284-3000
Corporate Personnel

E.T. Meredith III, chmn
William C. McReynolds, president-broadcasting group
James Autry, president-magazine group

MEDIA PROPERTIES

Broadcasting

TV: KPHO-TV, Phoenix, Ariz.; KSEF-TV, Fresno, Calif.; WOFL-TV, Orlando; WNEM-TV, Saginaw/Bay City/Flint, Mich.; KCTV, Kansas City, Mo.; WTVH, Syracuse, N.Y.; KVVU-TV, Henderson/Las Vegas.

Cable/video

SYSTEMS: TEXAS: Star CATV Investment Corp. FLORIDA: Planned Cable Systems Corp. (82% owned by Meredith), cable services in planned unit developments.

Magazines

Better Homes & Gardens (including 18 special interest publications), *Country Home, Metropolitan Home, Midwest Living, Ladies' Home Journal, SAIL, Successful Farming, WOOD*.

OTHER OPERATIONS

Wholly owned subsidiaries—Better Homes & Gardens Real Estate Service; Better Homes & Gardens Insurance Agency; Better Homes & Gardens Securities; Meredith International; Meredith Relocation Corp.; Meredith Mortgage Corp. (subsidiary of Meredith Relocation Corp.); Meredith Video Publishing Corp.; MerPrint Co.; Sail Publications.

Morris Communications

RANK **42**

Augusta, Ga.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	349.0	284.0	22.9
Total sales	349.0	284.0	22.9
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	238.0	231.0	3.0
Magazine	1.0	1.0	0.0
Broadcast	—	—	—
Cable	—	—	—
Other	110.0	52.0	111.5

Privately held Morris Communications Corp., experienced an estimated 3% real growth in media print revenues in 1986, although total media sales grew substantially because of a full-year inclusion of Naegele Outdoor Cos., acquired in July 1985.

While nothing in the last 12 months compares with the boost to sales given by Naegele, Morris has moved to solidify its already substantial position in its several markets.

Morris, which publishes the South's oldest newspaper, the *Augusta* (Ga.) *Chronicle*, established in 1785, experienced flat to slight declines in circulation not only for the *Chronicle* but for the other morning, evening and weekend Morris dailies in Jacksonville, Athens, Augusta, and Savannah, Ga., and Amarillo and Lubbock, Tex.

Morris seeks to maintain growth through clustering newspaper and printing operations in its markets. For example, in the Jacksonville area, Morris publishes the port city's only daily papers, the morning *Florida Times-Union* and evening *Journal*, and also the evening *St. Augustine Record*, circulating about 13,000 in that retirement and tourist area, and the weekly *Putnam County Courier Journal*, to the south in Crescent City, Fla. In addition, St. John Publishing Co., operating at the *St. Augustine Record* production plant, turns out commercial printing, including newsprint marketing supplements for the *Record's* advertisers.

Similarly, Hartwell Publications in Hartwell, Ga., serves Morris ad clients in its Athens, Ga., marketing area. Besides its morning *Daily News* and evening *Banner-Herald* in Athens, Morris publishes in surrounding counties the semiweekly *Elberton* (Ga.) *Star-Beacon*, and two weeklies, the *News Leader* in Royston and the *Sun* in Hartwell.

The biggest of these ancillary printing operations is in Amarillo, where Morris owns the city's two dailies, the

Mags rev up Knapp returns

Unlike many other magazine companies that experienced flat to declining advertising in 1986, Knapp got sterling performances from its big three—*Architectural Digest, Bon Appetit* and *Home*—which gave the Los Angeles-based company a year-to-year 15.1% increase in net media revenues.

COME TO RHODE ISLAND AND SEE IF YOUR CHICKEN CAN FLY ACROSS AMERICA.

A company like Weaver doesn't launch new products on a wing and a prayer. To find out how their new chicken specialties would fly nationally, they rolled out their Zesty Wing line extension in Rhode Island. Because Rhode Island's a near-perfect microcosm of America. With demographic and economic profiles that are remarkably close to the national norm. What's more, the market's virtually immune to media spillage. And it's extremely cost-efficient. You can reach practically everyone in the market through Rhode Island's only major newspaper. At a CPM that's mere chicken feed. So if you're introducing something new to America, don't run around like a chicken with its head chopped off. Come to Rhode Island. Call Bill Peckham at 401-277-7172 or write and ask for our free test market information kit.

RHODE ISLAND
Put America to the test.

The Providence Journal-Bulletin
Put America to the test.
75 Fountain St., Providence, RI 02902
Represented nationally by Cresmer, Woodward, O'Mara & Ormsbee

morning *Daily News;* evening *Globe-Times.* The company's Southwestern Publications Co. produces telephone directories, booklets, perfect-bound books, and other major publications.

A major construction development for Morris was the opening on March 28, 1987 of a new 58,000-sq. ft. production plant for *Juneau Empire,* the sole daily newspaper in Alaska's capital city of 22,000. Another newspaper plant for the *Athens Banner-Herald* is being planned.

Only one magazine publishes under the Morris banner, a tabloid format semimonthly, *Quarter Horse News.* Issued from Fort Worth, Texas, the magazine is of special interest to Morris Communications owner, William S. Morris III, himself a horse owner and breeder. *Quarter Horse News* circulation is about 10,500, mostly paid.

MORRIS COMMUNICATIONS
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Augusta, Ga. 30913
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Corporate Personnel
William S. Morris III, chmn-ceo
Paul Simon, president
Naegele Outdoor Advertising
713 Broad Street
Atlanta, Ga. 30901
(404) 724-8987
Corporate Personnel
Richard Marlowe, president
MEDIA PROPERTIES
Newspapers
ALASKA: *Juneau Empire.* FLORIDA: *Florida Times-Union* (Jacksonville), *Jacksonville Journal, St. Augustine Record.* GEORGIA: *Athens Banner Herald, Athens Daily News, Augusta Chronicle, Augusta Herald, Savannah Evening Press, Savannah Morning News.* TEXAS: *Amarillo Daily News, Amarillo Globe-Times, Lubbock Avalanche Journal, Lubbock Evening Journal.*
Newspapers (non-dailies)
FLORIDA: *Putnam County Courier Journal* (Crescent City). GEORGIA: *Elberton Star, Hartwell Sun, News-Leader* (Royston). SOUTH CAROLINA: *Hilton Head News.* TEXAS: *Quarter Horse News.*
Outdoor
Naegele Outdoor Advertising Co.
OTHER OPERATIONS
Hartwell Publications, Southwestern Publications, St. Johns Publishing Co.

Multimedia Inc. — RANK 38
Greenville, S.C.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	372.0	336.0	10.7
Total sales	372.0	336.0	10.7
Net income	(5.0)	22.0	(122.7)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	117.0	109.0	7.3
Magazine	—	—	—
Broadcast	174.0	153.0	13.7
Cable	81.0	74.0	9.5
Other	—	—	—

At Multimedia Inc., revenues have continued to climb despite softness in the ad market, enabling the company to retire debt resulting from a 1985 recapitalization at a much faster rate than anticipated.

Revenues at the Greenville, S.C.-based company were up 10.7% in 1986 to $372 million. The trend continues with first quarter 1987 sales of $89.8 million, up 9.7% over the first quarter a year ago.

Applying 1986's increased revenues to the debt resulted in a net loss for the year of $5 million, down from net gain of $22 million in 1985 but contrasted favorably with the $19 million the company had expected to lose in 1986. A profit is predicted for 1987, something previously considered unlikely.

Because of the debt payment, President-CEO Walter E. Bartlett says Multimedia has no plans to acquire properties or pay dividends. "We are keeping our capital spending very tight."

There are 14 daily and 33 non-daily newspapers, five TV and eight radio stations, nearly 100 cable franchises in Kansas, Illinois, North Carolina and Oklahoma, and an entertainment division producing syndicated TV daytime talk shows bearing the names of their hosts, Phil Donahue and Sally Jessy Raphael.

During the year, four small cable systems in Kansas adjacent to franchises already owned were bought, in line with Multimedia's preference for clustering its cable systems.

WWNC-AM, a country music station in Asheville, N.C., with a whopping 35% market share, is being sold. An agreement has been reached in which Heritage Broadcast Group will buy the station for $7.3 million. Heritage operates WKST-FM and WISE-AM in Asheville.

Basic cable subscribers in the four states served numbered 294,000 by the end of 1986, and pay subscribers, 260,000. Revenues of $81 million in 1986 were up 9% over 1985.

All four network-affiliated TV stations were tops in their markets in the February Nielsen ratings, says Mr. Lynagh, and the only independent station, WZTV in Nashville, was No. 1 among independents in its market. TV-radio station revenues were up 11% in 1986, to $119.3 million.

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Walter E. Bartlett, president-ceo
Donald J. Barhyte, president, newspaper div
Multimedia Broadcasting Co.
140 W. 9th Street
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(513) 352-5063
Corporate Personnel
James T. Lynagh, president
Multimedia Cablevision Co.
P.O. Box 3027
Wichita, Kan. 67201
(316) 262-4270
Corporate Personnel
Donald D. Sbarra, president
MEDIA PROPERTIES
Broadcasting
TV: KSDK, St. Louis; WLWT, Cincinnati; WZTV, Nashville, Tenn.; WBIR-TV, Knoxville, Tenn.; WMAZ-TV, Macon, Ga.
RADIO: KEEL (AM, FM), KMBQ-FM, Shreveport, La.; WMAZ (AM,FM), Macon, Ga; WWNC-FM, Asheville, N.C.; WFBC (AM, FM), Greenville/[illegible]tanburg, S.C.; WEZW-FM, Milwaukee.
Cable/video
SYSTEMS: ILLINOIS: Alsip/Worth, Batavia, Chicago Ridge, Evergreen Park, Harvey, Hometown, Lisle, Markham, Oak Forest, Oak Lawn, Phoenix, Kane County, Four Lakes, South Holland, Villa Park. KANSAS: Bel Aire, Colonial Mobile Home Park, Crestview/Shadybrook, East Borough, Great Bend, Herington, Hoisington, Kechi, LaCrosse, Larned, Lyons, McConnell Air Force Base, McPherson, Medicine Lodge, Oaklawn, Park City, Rolling Hills, Sedgwick County, Springdale/Timberlakes, Wichita. NORTH CAROLINA: Ayden, Battleboro, Beaufort County, Bethel, Bridgeton, Clinton, Chocowinity, Craven County, Edgecombe County, Enfield, Greenville, Kinston, La Grange, Lenoir County, Martin County, Nash County, Nashville, New Bern, Parmele/Bethel, Pitt, River Bend, Robertsonville, Rocky Mount, Sampson County, Scottland Neck, Sharpsburg, Tarboro, Trent Woods, Vanceboro, Walnut Creek, Washington, Wayne County, Winterville, Wingate. OKLAHOMA: Bethany, Bixby, Chickasha, Cresent, Cushing, Del City, Edmond, El Reno, Erin Springs, Guthrie, Lindsay, Logan County, Midwest City, Moore, Mustang, Nichols Hill, Norman, Perry, Stillwater, Tinker Air Force Base, Valley Brook, The Village, Warr Acres, Yukon.
Newspapers
ALABAMA: *Advertiser* (Montgomery). *Alabama Journal* (Montgomery). ARKANSAS: *Baxter Bulletin* (Mountain Home). FLORIDA: *News Chief* (Winter Haven). GEORGIA: *Moultrie Observer.* NORTH CAROLINA: *Asheville Citizen, Asheville Times.* OHIO: *Gallipolis Daily Tribune, Daily Sentinel* (Pomeroy). SOUTH CAROLINA: *Greenville News, Greenville Piedmont.* TENNESSEE: *Leaf-Chronicle* (Clarksville). VIRGINIA: *Daily News Leader* (Staunton). WEST VIRGINIA: *Point Pleasant Register.*
Newspapers (non-dailies)
ALABAMA: *Progress* (Prattville), *Review, Bonus* (Montgomery), *Gulf Coast Magazine,* a summer guide. ARKANSAS: *Twin Lakes Shopper* (Mountain Home). FLORIDA: *Auburndale Star, Orange Shopper, TV & Shopping Guide, Ad Express* (Winter Haven). GEORGIA: *Weekly Moultrie Observer.* NORTH CAROLINA: *Asheville Citizen, Asheville Times Neighbors-North, South, East, West, Smoky Mountain Neighbors, Extra Neighbors.* OHIO: *Tri-County News* (Gallipolis). SOUTH CAROLINA: *Poinsett Register* (Greenville). *The Paper* (Spartanburg). TENNESSEE: *Ashland City Times, Clarksville Money Saver, Dickson Herald, Humphreys County Money-Saver, Nashville Record, News-Examiner* (Gallatin), *Stewart-Houston Times* (Dover-Erin), *Music City News* (Nashville), *Star News* (Hendersonville), *Rural Examiner* (Gallatin), *Shopper's Fair* (Dickson), *Cheatham County Money-Saver.* VIRGINIA: *Spotlight* (Staunton).
OTHER OPERATIONS
Program productions: "Donahue," "Sally Jessy Raphael," "America Comes Alive," "Young People's Specials," "New Music City USA," Multimedia Productions.

News Corp. Ltd. — RANK 19
Sydney

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	841.3	584.0	44.1
Total sales	2,670.0	1,900.0	40.5
Net income	169.9	74.4	128.4
Sales by media	**1986**	**1985**	**% chg**
Newspaper	500.0	435.0	14.9
Magazine	180.0	149.0	20.8
Broadcast	122.8	—	—
Cable	38.5	—	—
Other	—	—	—

The U.S. contribution to worldwide media operations of News Corp. Ltd. controlled by Rupert Murdoch, continues to escalate following the purchase of seven TV stations and the forging of a new TV network in 1986.

Of worldwide total revenues in the fiscal year ended last June 30, 1986, U.S. holdings, largely in media, contributed $1.31 billion, or 49% of worldwide revenues of $2.67 billion. World revenues were up 40.5%, and net profit was $169.9 million, up 128%, over the prior year. News Corp. is ranked in this issue on its U.S. holdings.

Media acquisitions during calendar 1986, however, sent U.S. contributions to News Corp.'s fiscal performance soaring in the current fiscal year. In the first nine months of fiscal 1987, the U.S. portion, largely in new media activity, rose to $1.46 billion or 58% of worldwide revenues of $2.52 billion. The U.S. accounted for 61% of worldwide net profit of $147.1 million, or $89.7 million for the three quarters. For the period, worldwide revenues were up 34%, and net profit up 50% over 1986 levels.

The big contribution to year-to-year growth at News Corp. was the $1.55 billion purchase in 1986 of six of seven major market TV stations from Metromedia Inc. The stations, with the addition of WXNE-TV in Boston, now WFXT-TV, have a 23.9% coverage of all U.S. TV households.

In 1986, News Corp. restructured its TV and entertainment holdings into three principal groups: Twentieth Century Fox film; Fox TV Stations, and Fox Broadcasting Co., which late in 1986 became the nation's fourth commerical broadcast network.

FBC was launched in May and rolled out by October when "The Late Show with Joan Rivers" hit the air. By June 1987, however, internal disputes about content and format and a continual ratings erosion led to Ms. Rivers leaving her post as permanant host. Meantime, FBC's prime-time programming, which to date had been confined to Sunday nights, delivered an audience under projections.

News America Publishing, the umbrella for News Corp.'s U.S. print holdings, had revenue gains from magazine and newspaper operations.

Elle, News Corp.'s 50% joint venture with Hachette, the French publishing house, increased ad pages 342.4% to 1,417 and ad revenues 535.9% to $15.86 million during calendar 1986, according to Publishers Information Bureau. Among other News Corp. titles, *Star* increased revenues 12.4% to $13.9 million against an ad page loss of 8.5%; *New Woman* was up 30.8% in pages and 49.3% in revenues to $10 million; *European Travel & Life* was up 97% (there were only four issues in 1985) in ad revenue to $1.7 million. Ad pages were flat at *New York,* with revenues up 7.8% to $41.3 million. Ad revenues at *Automobile,* in its first full year of publication, reached $3.3 million.

In newspapers, News Corp. sold the *Chicago Sun-Times* to an investor group headed by the paper's publisher, Robert Page, for $145 million., after News Corp. had bought WFLD-TV in Chicago in the deal with Metromedia. It then sold its news syndicate, News America Syndicate, to Hearst Corp.

In Boston, the *Herald* was running at break-even for the first time in years. News Corp. will be forced to seek a waiver from the cross-ownership laws or sell the paper because it bought WFXT-TV in Boston.

In New York, the *Post* lost an estimated $10 million in 1986. It, too, must be sold or a waiver sought from the cross-ownership laws because WYNY-TV was acquired from Metromedia.

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Corporate Personnel
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Jamie Kellner, president
Derk Zimmerman, president-coo, Fox tv stations
News America Publishing Co.
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Corporate Personnel
Martin Singerman, president-coo
MEDIA PROPERTIES
Broadcasting
TV: WFXT-TV, Boston; WFLD-TV, Chicago; KDAF-TV, Dallas-Fort Worth; KRIV-TV, Houston; KTTV-TV, Los Angeles; WNYW-TV, New York; WTTG, Washington.
Magazines
Automobile, A/C Flyer, Aerospace Daily, Aviation Daily, Business & Commercial Aviation, Elle, European Travel & Life, Hotel & Travel Index, Meetings & Conventions, New Woman, New York, Official Hotel & Resort Guide, Official Meeting Facilities Guide, Star, Travel Weekly, Weekly of Business Aviation, World Aviation Digest, World Travel Digest.
Newspapers
MASSACHUSETTS: *Boston Herald.* NEW YORK: *New York Post.* TEXAS: *San Antonio Express-News.*
OTHER PROPERTIES
Twentieth Century-Fox, Harper & Row (pending).

New York Times Co. — RANK 11
New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,564.7	1,393.8	12.3
Total sales	1,564.7	1,393.8	12.3
Net income	132.2	116.3	13.7
Sales by media	**1986**	**1985**	**% chg**
Newspaper	1,252.4	1,108.7	13.0
Magazine	219.3	216.5	1.3
Broadcast	57.0	42.0	35.7
Cable	36.0	26.6	35.3
Other	—	—	—

The guard changed in late 1986 at the *New York Times* when Max Frankel was named to succeed A.M. Rosenthal as executive editor, a position Mr. Rosenthal had held since 1977.

Mr. Frankel, who had been editorial page editor since 1976, assumes the new post with a company in strong financial position. For calendar 1986, New York Times Co. had revenues of $1.57 billion, up 14.3% from 1985. Net income increased 13.7% to $132.2 million. For the first quarter of 1987 revenues were $409 million, up 9%. Net income was $41.1 million, up 21%.

Revenues in the newspaper group, consisting of the *Times* and 32 regional papers, were $1.25 billion, up 13%, while operating profits rose 25%, to $245.4 million. Ad linage at the *Times* rose 5.9%, to 118 million lines. The *Times Magazine* topped all magazines in total ad pages for the second straight year, with 4,127 pages.

Average daily circulation topped a million for the first time on weekdays, rising 2.6% to 1,019,000. Sunday circulation increased 0.3% to 1,604,000. For the first quarter, the *Times'* ad linage rose 7.9%, compared with 1986.

The *Times'* regional newspapers suffered from sluggish advertising. Ad volume declined 1% to 15.9 million inches for the 27 papers the company had for the full years of 1985 and 1986. That excludes five papers purchased during 1985. The trend continued in the first quarter, as ad volume for all 32 papers slipped 3.1%.

Revenues in the magazine operations rose 1% for the year, to $219.2 million, although operating profits moved ahead 44.5% to $25.5 million. The company attributed that gain to a good showing by *Golf Digest* and tighter operations and distribution.

Family Circle underwent extensive staff shifts on the business and editorial sides as ad pages slipped 3.3% to 1,792. Circulation dropped 2.5%.

Family Circle began publishing a quarterly in 1986 called *Decorating Remodeling.* It had average circulation of 457,000 and carried 135 ad pages.

The Broadcasting/Cable TV Group boosted revenues 36%, to $93.1 million, while operating profit increased 30% to $14.3 million. The results included full-year returns from two TV stations acquired in 1985, bringing the total to five. The cable operations, serving 56 communities in New Jersey, rose 7.7% in subscribers to 140,000.

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Corporate Personnel
William T. Kerr, president
New York Times Broadcast Group
803 Channel 3 Drive
Memphis, Tenn. 38103
(901) 557-0100
Corporate Personnel
C. Frank Roberts, president
MEDIA PROPERTIES
Broadcasting
TV: WHNT-TV, Huntsville, Ala.; KFSM-TV, Fort Smith, Ark.; WREG-TV, Memphis, Tenn.; WNEP-TV, Wilkes-Barre/Scranton, Pa.; WQAD-TV, Moline, Ill.
RADIO: WQXR (AM, FM), New York.
Cable/video
SYSTEMS: NEW JERSEY: NYT Cable TV, Cherry Hill.
Magazines
Child, Cruising World, Decorating Remodeling, Family Circle, Golf Digest, Golf Shop Operations, Golf World (U.K.), *New York Times, Southern Travel, Tennis, Tennis Buyer's Guide.*
Newspapers
ALABAMA: *Times Daily* (Florence), *Gadsden Times, Tuscaloosa News.* CALIFORNIA: *Press Democrat* (Santa Rosa), *Santa Barbara News-Press.* FLORIDA: *Gainesville Sun, Lake City Reporter, Ledger* (Lakeland), *Leesburg/Commercial, Ocala Star-Banner, Palatka Daily News, Sarasota Herald-Tribune.* KENTUCKY: *Daily News* (Middlesboro), *Harlan Daily Enterprise,Messenger* (Madisonville). LOUISIANA: *Comet* (Thibodaux), *Daily World* (Opelousas), *Houma Daily Courier.* MISSISSIPPI: *Daily Corinthian* (Corinth). NEW YORK: *New York Times.* NORTH CAROLINA: *Dispatch* (Lexington), *Lenoir News-Topic, Times-News* (Hendersonville), *Wilmington Morning Star.* SOUTH CAROLINA: *Spartanburg Herald-Journal.* TENNESSEE: *State Gazette* (Dyersburg).
Newspapers (non-dailies)
FLORIDA: *Avon Park Sun, Marco Island Eagle, News-Leader* (Fernandina Beach), *Sebring News.* MAINE: *York County Coast Star* (Kennebunk). MISSISSIPPI: *Banner-Independent* (Booneville). TENNESSEE: *Claiborne Progress* (New Tazewell).
Other media operations
New York Times Syndication Sales Corp., operating The New York Times News Service, Special Features (a syndicate for non-Times materials), and NYT Pictures; equity interests in three Canadian newsprint companies, 80% interest in Madison (Maine) Paper Industries, manufacturing mostly supercalendared paper, and 33% interest in the *International Herald Tribune.*

RANK **26**

Opubco

Oklahoma City

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	500.0	411.0	21.7
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	135.0	154.0	(12.3)
Magazine	—	2.0	—
Broadcast	305.0	240.0	27.1
Cable	60.0	15.0	300.0
Other	—	—	—

Most of the growth in 1986 at Oklahoma Publishing Co., Oklahoma City, is attributed to a 300% increase in revenues from The Nashville Network cable operations. TNN sales ballooned from $15 million in 1985 to $60 million in 1986, says Oklahoma Publishing President Edward L. Gaylord.

Oklahoma Publishing, which grew 21% in revenues to $500 million, gained the cable network in 1983 when it purchased the Grand Ole Opry, Nashville. The Opryland Hotel, Opryland theme park, cable station and production company were included in the package. TNN has more than 33 million subscribers, up 20% from 1985.

The private company, known as Opubco, closely guards its financial information. Other income comes from newspapers, broadcasting, electronic database services and other operations.

Broadcast sales were up slightly in 1986, says Mr. Gaylord, but newspaper sales were down 12.3% to about $135 million because of the $30 million sale in 1986 of the *Colorado Springs* (Colo.) *Sun*, to Freedom Newspapers, Santa Ana, Calif., which publishes the rival Colorado Springs *Gazette Telegraph*. Freedom ceased publication of the *Sun* in February 1986.

The flagship, *Oklahoman & Times* and *Sunday Oklahoman*, according to ABC FAS-FAX reports covering the six-months ended March 31, 1987 had daily circulation at 239,024, a slight dip from a year ago, and Sunday circulation of 334,615, up 1.8%.

Gaylord Broadcasting Co., the broadcast division, currently is selling two units in 1987. CBS-affiliate WTVT-TV, Tampa, Fla., expected to close this June, will go to an investment group that includes Nashville-based George Gillett and Clarence V. McKee, a Washington communications attorney at Pepper & Corrazzini, the law firm handling most FCC matters for the 10 TV stations owned by Mr. Gillett. Price is $365 million. Gaylord is also in the process of selling WVUE-TV, an ABC affiliate in New Orleans, for $60 million to Burnham Broadcasting, Chicago. That sale is expected to close in October.

On completion of these divestitures, Gaylord will be left with five independent stations. Last year, the company indicated that two of the independents, KSTW-TV, Tacoma/Seattle, Wash., and WVTV-TV, Milwaukee, might also be on the block.

DataTimes, the electronic database news retrieval subsidiary of Opubco's Datatek Corp., has grown to include full-text electronic libraries of 30 newspapers, with 15 more scheduled to sign on this fall. DataTimes now serves about 3,000 subscribers, says Allen Paschal, Datatek VP.

A new database, Business Dateline, is the combined effort of Dow Jones News/Retrieval and UMI/Data Courier. Selected full-text articles from business journals are now available to DataTimes customers.

Opubco owns a 35% stake in the Texas Rangers baseball team, located in Arlington, Tex. Gaylord's KTVT-TV in Dallas-Fort Worth has TV rights for the baseball team.

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Oklahoman & Times
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Corporate Personnel
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William S. Banowsky, president
Opryland USA
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Corporate Personnel
E.W. Wendell, president
MEDIA PROPERTIES
Broadcasting
TV: Gaylord Broadcasting Co.: KHTV, Houston; KSTW, Tacoma, Wash.; KTVT, Dallas-Fort Worth; WTVT, Tampa, Fla.; WUAB, Lorain (Cleveland), Ohio; WVTV, Milwaukee; WVUE, New Orleans.
RADIO: WKY, Oklahoma City; WSM (AM, FM), Nashville.
Cable/video
CHANNELS: The Nashville Network.
Newspapers
OKLAHOMA: *Oklahoman & Times*, Sunday *Oklahoma*.
OTHER OPERATIONS
Datatek, Gaylord Productions, Gaylord Syndicom, Grand Ole Opry and AcuffRose music publishing, Music Country Radio Network, Opryland Hotel, Opryland theme park, Opryland Productions, Texas Rangers (35% interest).

RANK **44**

Pulitzer Publishing Co.

St. Louis

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	329.0	272.0	21.0
Total sales	329.0	272.0	21.0
Net income	16.4	20.0	(18.0)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	232.0	179.0	29.6
Magazine	—	—	—
Broadcast	97.0	93.0	4.3
Cable	—	—	—
Other	—	—	—

Pulitzer Publishing Co.'s revenues soared 21% in 1986, but net income fell 18% as the company fought off a hostile takeover attempt, which ended with the $187.4 million buyout of dissident Pulitzer relatives who had attempted to force the company's sale.

The 109-year-old family company, traditionally secretive about its business affairs, opened its doors just a crack when it offered 1.4 million common shares to the public in December 1986, but it kept control in the hands of family members.

Some 98% of the voting power is consolidated in a voting trust controlled by chairman Joseph Pulitzer Jr., his half-brother, Michael Pulitzer, president of the company, and a cousin, David Moore—all three grandsons of the founder, the late Joseph Pulitzer.

Revenues in the first quarter calendar 1987 rose 22% to $83.7 million fueled by gains in publishing. Much of that growth came from the *St. Louis Post-Dispatch*, which stands alone as St. Louis' only daily since the October shutdown of the *Globe-Democrat*. Returns also included revenues contributed by the Southtown Economist Newspapers, a Chicago community newspaper group bought in April 1986.

First quarter net income fell to $1.5 million, down 56.2% from a year earlier. Cited were higher interest expenses and costs related to the purchase of the Southtown Economist group, the latter of which will continue to depress income through 1988, says the company.

The *Post-Dispatch* already is reaping the benefits of its new monopoly status. In January it increased ad rates about 8%. ABC FAS-FAX reports comparing March 31, 1987 with the year-earlier period placed daily circulation at 357,314, up 12.2%, and Sunday at 548,955, up 5.7%. Full-run advertising linage grew 9.3% in 1986 with classified rising 17.9%, a reflection of a strong year in auto and home sales.

Officials say the *Post-Dispatch* continues to increase penetration in St. Louis city and county, and expect daily circulation to reach 400,000 by the end of the year. But "we don't see a lot of new retail outlets coming in," says Nicholas Penniman IV, senior vp-newspaper operations.

The company moved aggressively into the Chicago suburbs in 1985-86 when it bought two local chains—Lerner Newspapers for $9 million and Southtown Economist group for $40 million. Pulitzer hoped to build a ring of suburban papers in Chicago akin to the blanket market coverage of Ingersoll Publishing in suburban St. Louis, but abandoned the strategy because of Chicago's size.

Southtown's unaudited paid daily circulation grew from 18,433 early last year to 30,600 in May while Sunday circulation in the same period increased by 11,600 to 46,000, says Mr. Penniman.

The daily circulation of Pulitzer's Tucson morning paper, the *Arizona Daily Star*, grew to 87,571 as of March 31, 1987, up 9% from a six-month average pulled March 31, 1986, according to ABC FAS-FAX reports.

PULITZER PUBLISHING CO.
900 N. Tucker Blvd.
St. Louis, Mo. 63101
(314) 622-7000
Corporate Personnel
Joseph Pulitzer Jr., chmn
Michael Pulitzer, president
Nicholas Penniman, sr vp-newspaper operations
MEDIA PROPERTIES
Broadcasting
TV: KETV, Omaha, Neb.; KOAT-TV, Albuquerque, N.M.; WGAL-TV, Lancaster, Pa.; WLKY-TV, Louisville, Ky.; WPTA, Fort Wayne, Ind.; WXII, Winston-Salem, N.C.; WYFF-TV, Greenville, S.C.
RADIO: KKLT-FM, KTAR, Phoenix, Ariz.
Newspapers
ARIZONA: *Arizona Daily Star* (Tucson).
ILLINOIS: *Chicago Southtown Economist, South Suburban Southtown Economist, Southwest Suburban Southtown Economist.*
MISSOURI: *St. Louis Post-Dispatch.*
Newspapers (non-dailies)
ILLINOIS: Myers Newspapers-*Albany Park News, Chicago Sunday Star, North Town News, Ravenswood-Lincolnite, Ravenswood News, Rogers Park-Edgewater News, Uptown News.* Booster Newspapers-*Lincoln-Belmont Booster, Lincoln Park Lake View Booster, North Center-Irving Park Booster, Weekend Booster.* Southtown Economist Newspapers-*Calumet City-Burnham Economist Pointer, Riverdale-Dolton Economist Pointer, Glenwood-Thornton Economist Pointer, Homewood-Flossmoor-Olympia Fields Economist Pointer, Lansing Economist Pointer, South Holland/Economist Pointer, Southtown Economist, Central; Southtown Economist, South; Blue Island/Sun-Standard, Calumet Park/Sun-Standard.* Times Newspapers-*Harlem-Foster Times* (city), *Harlem-Foster Times* (suburban), *Harlem-Irving Times* (city), *Harlem-Irving Times* (suburban), *Franklin Park Times, Elmwood Park Times, Northwest Times, River Grove Times, Schiller Park Times, Portage Park Times, Jefferson-Mayfair Times, Logan Square Times.* Near North Suburban-*Lincolnwood Life, Morton Grove Life, Niles Life, Skokie Life.* Far North Suburban-*Deerfield Life, Northbrook Life, Glenview Life, Wheeling Life.* Skyline-*Skyline.* Voice Newspapers-*DuPage County Voice, Voice of Bensenville, Voice of Hanover Park North, Voice of Hanover Park South, Voice of Hoffman Estates, Voice of Itasca, Voice of Roselle, Voice of Bloomingdale, Voice of Schaumburg, Suburban Voice.*
Other media operations
Sports Stats (80% interest), Frank Popper Audiovisual Productions.

RANK **27**

Reader's Digest Assn.

Pleasantville, N.Y.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	486.0	512.0	(5.1)
Total sales	1,400.0	1,282.0	9.2
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	486.0	500.0	(2.8)
Broadcast	—	—	—
Cable	—	—	—
Other	—	12.0	—

Reader's Digest Assn. acquired *Travel/Holiday* magazine at the end of 1986, and in April sold The Source, a computer-based information service, in keeping with a new strategy of staying within four core business lines adopted by a new management team headed by Chairman-CEO, George Grune and Chief Operating Officer Richard McLoughlin.

RD lists those four core areas as magazines, recorded music, direct mail and book publishing, the latter being the largest revenue-generator and accounting for 44% of Reader's Digest's $1.4 billion in worldwide net revenues.

At the end of last year, Pleasantville, N.Y.-based Reader's Digest took a major step in expanding its magazine business—35% of total revenue—when it purchased the monthly *Travel/Holiday* from owner-publisher Sheldon Shane. Advertising gross revenues for the monthly were $6.2 million, up 1.4% over 1985, according to Publishers Information Bureau. Ad pages, however, dropped 5.7% to 432. Headquartered in Floral Park, N.Y., *Travel/Holiday* dates to 1901. Current circulation is 780,000.

Mr. Grune says travel is "a consistently strong industry, even in tough times," in citing RD's interest. The magazine also has similar demographic features to *Reader's Digest*, thereby contributing to the company's direct mail core of 16.3 million subscribers. RD records more than $1 billion in revenues annually through direct mail.

This April Welsh, Carson, Anderson & Stowe, a venture-capital company, bought RD's 80% stake in Source, the computer-based information service headquartered in McLean, Va. Source serves more than 100,000 personal computer users and generated over $14 million in revenues last year.

Reader's Digest cut its rate base last year to 16,250,000 and lowered ad rates 3%, which improved profitability, according to Craig Louder, public relations director of the company. Ad pages grew 12.3% in 1986 to 1,203, according to PIB, although gross ad revenue dropped 1% to $109.4 million.

READER'S DIGEST ASSOCIATION
Pleasantville, N.Y. 10570
(914) 769-7004
Corporate Personnel
George Grune, chairman-ceo
Kenneth A. Gordon, vp-publisher
Travel/Holiday
Travel Bldg. 51 Atlantic Ave.
Floral Park, N.Y. 11001
(516) 352-9700
Corporate Personnel
Sheldon Shane, publisher
MEDIA PROPERTIES
Magazines
Reader's Digest, Travel Holiday.
OTHER OPERATIONS
Reader's Digest Entertainment, book publishing, mail-order sales of records, tapes and videocassettes, QSP (youth fund-raising organization), specialty products, financial services (health and life insurance), travel services.

RANK **17**

Scripps Howard

Cincinnati

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,062.0	924.0	14.9
Total sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	750.0	702.0	6.8
Magazine	51.0	50.0	2.0
Broadcast	210.5	135.0	55.9
Cable	50.5	37.0	36.5
Other	—	—	—

Scripps Howard entered the media-swapping business this year to enhance an acquisition made last year when SH purchased *Naples* (Fla.) *Daily News*. The acquisition gained further significance when SH traded nine weeklies in suburban St. Petersburg and Tampa in April 1987 for eight weeklies in and around Naples and Fort Myers to the north owned by Tribune Co. The trade gave both media companies contiguous media properties grouped around major newspapers.

Scripps Howard in July 1986 gained full ownership of TeleScripps Cable Co. by buying out the 50% interest of partner, Tele-Communications, for $78 million. TeleScripps serves 375,000 basic subscribers.

Scripps Howard Broadcasting, SH's publicly held broadcast unit, purchased WXYZ-TV, an ABC affiliate in Detroit, and WFTS-TV, a Tampa independent, from Capital Cities/ABC for $246 million. The purchases, folded into operations January 1986, largely influenced growth in total reve-

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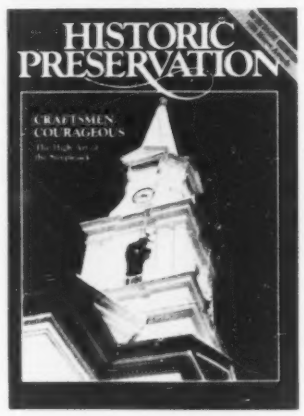

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nues at the broadcast company of 56.5% to $210.5 million in 1986, and the drop in net income from $30.9 million in 1985 to $5.5 million because of higher interest payments and costs related to the purchases.

In September the company completed its merger with the John P. Scripps newspaper group, controlled by a different branch of the family. The merger added six dailies and four non-dailies in California, plus a daily in Washington.

At yearend, the company received $24 million in stock of American City Business Journals, Kansas City, Mo., for its 11 metropolitan business journals and three magazines comprising its Scripps Howard Business Journals group.

SCRIPPS HOWARD
1100 Central Trust Tower
Cincinnati, Ohio 45202
(513) 977-3000
Corporate Personnel
Lawrence A. Leser, president-ceo
William R. Burhegh, sr vp, president-news papers & publishing
Michael W. Callaghan, vp-cable
Scripps Howard Broadcasting Co.
3001 Euclid Ave.
Cleveland, Ohio 44115
(216) 431-3720
Corporate Personnel
Donald L. Perris, president-ceo
MEDIA PROPERTIES
Broadcasting
TV: WCPO-TV, Cincinnati; WEWS-TV, Cleveland; WMC-TV, Memphis, Tenn.; WPTV, West Palm Beach, Fla.; KJRH, Tulsa, Okla.; KNXV-TV, Phoenix, Ariz.; KSHB-TV, Kansas City, Mo.; WXYZ-TV, Detroit; WFTS, Tampa, Fla.
RADIO: WMC (AM, FM), Memphis, Tenn.; KUPL (AM, FM) Portland, Ore.; WBSB-FM, Baltimore.
Cable/video
SYSTEMS: CALIFORNIA: Sacramento, Tulare County. COLORADO: Denver, Fort Lupton, Lafayette, Longmont, Loveland, Louisville, Parachute. FLORIDA: De Bary, Madison/Jasper, Leesburg. GEORGIA: Blue Ridge, Elberton, North DeKalb, Rome, Tallapoosa, Walker County, Waynesboro. KENTUCKY: Barbourville, Elizabethtown, Glasgow, Lake City/LaFollette, Livingston. SOUTH CAROLINA: Newberry. TENNESSEE: Chattanooga, Knoxville, Gray, Greensville. VIRGINIA: Glade Springs. WEST VIRGINIA: Bluefield.
Newspapers
ALABAMA: *Birmingham Post-Herald*. CALIFORNIA: *Redding Record-Searchlight, San Luis Obispo Telegram-Tribune, Thousand Oaks News-Chronicle, Tulare Advance-Register, Ventura County Star Free-Press, Watsonville Register-Pajaronian*. COLORADO: *Rocky Mountain News* (Denver). FLORIDA: *Naples Daily News, Stuart News, Sun-Tattler*. INDIANA: *Evansville Courier*. KENTUCKY: *Kentucky Post* (Covington). NEW MEXICO: *Albuquerque Tribune*. OHIO: *Cincinnati Post*. PENNSYLVANIA: *Pittsburgh Press*. PUERTO RICO: *San Juan Star*. TENNESSEE: *Commercial Appeal* (Memphis), *Knoxville News-Sentinel*. TEXAS: *El Paso Herald-Post*. WASHINGTON: *Bremerton Sun*.
Newspapers (non-dailies)
CALIFORNIA: *Alhambra Post-Advocate, Bell/Maywood/Cudahy Industrial Post, Bellflower/Paramount Herald American, Cambrian* (Cambria), *Central Coast Sun-Bulletin* (Morro Bay), *Bell Gardens Review, Buena Park News, Compton/Linwood Herald American, Downey Herald American, East Los Angeles Gazette, East Los Angeles Tribune* (Montebello), *Fullerton News Tribune, Huntington Park Bulletin, La Mirada Lamplighter, Montebello Commerce Tribune, Montebello News, Monterey Park Progress, Norwalk Herald American, Pico Rivera News, San Gabriel Progress, Scotts Valley Banner* (Alhambra), *Santa Fe Spring News* (Pico Rivera), *Valley Press* (Felton), *South Gate Press, South San Gabriel/Rosemead Progress* (Monterey Park), *West Whittier Independent* (Pico Rivera). FLORIDA: *Jensen Beach Mirror, Port St. Lucie Mirror, Stuart Mirror, Palm City Mirror, Port Salerno-Hobe Sound Mirror, Bonita Springs Banner, Collier County Shopping Guide* (Naples), *Courier Journal* (Jupiter), *Destin Log, Charlotte Shopping Guide, Island Reporter, Fort Myers Observer, North Fort Myers Observer, Cape Coral Observer, Fort Myers Beach Observer*.
Other media operations
George R. Hall Contracting, Kartes Video Communications, Print Communications Group (Consumer Communications Services, Pro Distributing Company/Saneck International), Scripps Howard Supply Co., Scripps Howard News Service, United Media (Newspaper Enterprise Assn, Pharos Books TV Data, TV Decisions, TV Extra, TV Update, United Feature Syndicate, United Media Canada, United Media Licensing, United Media Productions, World Almanac Education).

RANK **48**

Taft Broadcasting Co.

Cincinnati

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	281.1	283.4	(0.8)
Total sales	499.8	472.8	5.7
Net income	(53.1)	19.4	(373.7)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	281.1	283.4	(0.8)
Cable	—	—	—
Other	—	—	—

Three major shareholder groups of Taft Broadcasting Co. have put aside their apparent differences over the company's future and agreed to go their separate ways. As a result, Taft is expected to be acquired by a subsidiary of Carl H. Lindner's American Financial Corp. and continue to operate out of Cincinnati, though under a new corporate name, according to a board decision this month. Stockholder and regulatory approval still are required.

Taft's cable interests—with 544,000 basic subscribers—will likely operate as a separate entity.

Taft's strategic direction has been uncertain ever since investment partnerships associated with Texas financier Robert M. Bass began acquiring a stake in the company in 1985. Mr. Bass, who gained four seats on Taft's board in July 1986, eventually bought almost 25% of the company's stock.

Mr. Lindner, who has held large stakes in other media companies over the past decade, joined the fray in mid-1986, accumulating more than 16% of Taft's stock.

The third major shareholder group is the Taft family, which owned about 12% of Taft's stock as of 1986. It is represented on the board by three family members, including Dudley S. Taft, son of the company's founder. Dudley Taft stepped down as president-chief operating officer in July 1986 and was named vice chairman.

All three groups, controlling more than an aggregate 46% of Taft's stock, formed a partnership to take Taft private for $157 a share. Under the agreement reached by directors the company will become a subsidiary of general partner FMI Financial Corp., a publicly traded subsidiary 72% owned by American Financial.

Taft's cable properties—BT Cable, a partnership formed by Taft and the Bass group to acquire Wometco Cable in December 1986, and Taft Cable Partners, a partnership with Tele-Communications—as well as WTUN-TV in Columbus, Ohio, will come under the Bass group's control. Cable operations generated $11 million in revenue in fiscal 1986, a figure eclipsed in the first three quarters of fiscal 1987.

In a separate agreement, FMI has agreed to sell WGHP-TV in High Point, N.C., to a new entity formed by the Taft family and help it acquire at least one other major-market TV station. FMI will extend a $235 million line of credit, secured in part by the family's partnership interest, to finance further media acquisitions.

In early April, Taft completed the sale of its five independent TV stations—WTAF-TV, Philadelphia, WDCA-TV, Washington, WCIX-TV, Miami, KTXA-TV, Dallas, and KTXH-TV, Houston—to TVX Broadcasting Group for $240 million. Because of poor performance by the Houston and Dallas operations, Taft had been losing money on the independent group.

In radio, Taft in 1986 bought WBCS (AM, FM), Milwaukee, since renamed WLZR (AM, FM), and sold WRLT-FM and WGR-AM in Buffalo.

Reported earnings have continued to be depressed by $750 million in long-term debt, most of which was taken on to finance the acquisition of Gulf Broadcast properties in 1985.

For fiscal 1987 ended March 31, Taft report net revenues of $499.8 million, up 5.5%, and a loss of $53.1 million. Taft's broadcast group, which determines Taft's media ranking in this issue, was down 0.8% to $281.1 million and operating profit dropped 0.3% to $71.8 million. Losses during the year were attributed largely to the sale of its independent stations.

TAFT BROADCASTING CO.
1718 Young Street
Cincinnati, Ohio 45210
(513) 721-1414
Corporate Personnel
Charles S. Mechem Jr., chmn-ceo
Jack Sanders, exec vp-tv
Carl J. Wagner, exec vp-cable & radio
MEDIA PROPERTIES
Broadcasting
TV: WBRC-TV, Birmingham, Ala.; WDAF-TV, Kansas City, Mo.; WKRC-TV, Cincinnati; WTVN-TV, Columbus, Ohio; KTSP-TV, Phoenix, Ariz.; WTSP-TV, Tampa-St. Petersburg, Fla.; WGHP-TV, Greensboro/High Point, N.C.
RADIO: WKLS (AM, FM), Atlanta; WKRC-AM, WKRQ-FM, Cincinnati; WTVN, WLVQ-FM, Columbus, Ohio; WNDE-AM, WFBQ-FM, Indianapolis; WDAF-AM, KYYS-FM, Kansas City, Mo.; WDVE-FM, Pittsburgh; KEX-AM, KKRZ-FM, Portland, Ore.; WLZR (AM, FM), Milwaukee.
Cable/video
SYSTEMS: CONNECTICUT: Lakeville. MASSACHUSETTS: Cape Cod, Nantucket. MICHIGAN: Alpena, Battle Creek, Brighton, Charlevoix, Cheboygan, Muskegon, Niles, Ontonogan, Petoskey, Saginaw, St. Joseph, Ypsilanti. NEW HAMPSHIRE: Lebanon. BT Cable (50% interest); Taft Cable Partners (50% interest).
OTHER OPERATIONS
Taft Entertainment Co. (Cine Guarantors, Hanna-Barbera Productions, Ruby-Spears Enterprises, Southern Star Productions, Sunn Classic Pictures, Sy Fischer Co., Taft Entertainment/Lawson Group, Taft Entertainment Television, Taft Entertainment Motion Pictures, Taft-Hamilton Marketing Group, Taft Hardie Group Pty. Ltd., Titus Productions), Worldvision Enterprises, Canada's Wonderland (20%), Kings Entertainment Co. (30%), College Football Hall of Fame (managed by Taft), Coney Island, Jack Nicklaus Sport Center (a partnership), Kings Island Inn (a partnership), Kings Island Real Estate Co., Black Entertainment Television (a partnership).

RANK **23**

TCI

Denver

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	645.7	577.0	11.9
Total sales	645.7	577.0	11.9
Net income	72.3	10.1	615.8
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	—	—	—
Cable	645.7	577.0	11.9
Other	—	—	—

Tele-Communications Inc. broke out of a two-year earnings slump to end 1986 with net income of $72.3 million, up from only $10.1 million in 1985, a growth TCI attributes to gains from the sale and exchange of assets during the year. Earnings also were influenced by the company's expansion of existing systems, a 32.4% jump in basic subscriber levels and increases in rates in its cable TV system.

Beginning in 1987, Englewood, Colo.-based TCI raised its rate structure to offer more basic services to subscribers, says Art Lee, VP-cable operations. Basic rates now run from $10 to $15 per month.

TCI finished stringing its cable for its St. Louis franchise in the fourth quarter of 1986 that passes 130,000 homes, while beginning construction on a Washington, D.C. franchise that will pass 250,000 homes. At the end of the year, TCI was in 45 states.

TCI in June 1986 was one of several buyers of the 135-system Group W Cable from Westinghouse Electric Co. TCI's share was 35 systems in 17 states serving over 645,000 subscribers. The deal, closing in December, did not significantly affect TCI's 1986 returns.

TCI gained another 750,000 basic subscribers and more than 1,000 movie theaters in the last quarter of 1986 when it finalized a 65% stake in United Artists Communications.

In February 1987, TCI entered into a merger agreement with Des Moines-based Heritage Communications, and moved closer in April to that acquisition when it purchased a 6% stake in Heritage from the Robert M. Bass Group for about $48.2 million. At year-end, TCI totaled 4.2 million basic subscribers. That total could jump to 6.2 million subs with the Heritage purchase. TCI had 2.6 million pay subscribers by yearend 1986.

TCI served as one of the 31 investing units that bailed out Ted Turner this June by buying 37.5% of the stock in debt-ridden Turner Broadcasting Systems for $562.5 million. The group was led by TCI's commitment of $175 million.

TCI's largest sale of the year was in the March 1986 sale of its share of TeleScripps Cable Corp. for $78 million to Scripps-Howard Broadcasting Co., the TV and cable subsidiary of Scripps Howard.

During the first quarter of 1987, TCI launched a drive signing up premium subscribers. Called the Pay $2 Promo, it allowed existing subscribers who had not signed up for a pay service to do so at a rate of $2 per month for the initial first year. So far, about 700,000 subscribers have signed up, says Mr. Lee.

TCI lost its court battle against Central Telecommunications Inc., Jefferson City, Mo., when the U.S. Supreme Court refused to hear the case after lower courts had ruled against TCI. TCI was claiming violation of its First Amendment rights. Central was awarded damages of $36 million.

TELE-COMUNICATIONS INC.
54 Denver Technological Center
Call Box 22595, Wellshire Station
Denver, Colo. 80222
(303) 771-8200
Corporate Personnel
Bob Magness, chmn
John C. Malone, president
Art Lee, vp-cable operations
MEDIA PROPERTIES
Cable/video
ALABAMA: Birmingham, Centre, Piedmont. ARKANSAS: Ft. Smith. ARIZONA: Fredonia. CALIFORNIA: Brentwood, Camarillo, Daly City, El Cerrito, Fremont, Grass Valley, Los Banos, Martinez, Millbrae, Oakland, Pacifica, Pleasant Hill, Rio Vista, San Carlos, San Mateo, South Lake Tahoe, Sunnyvale, Tahoe, Travis AFB, Walnut Creek. COLORADO: Alamosa, Boulder, Craig, Del Norte, Delta, Denver, Durango, Englewood, Fort Morgan, Glenwood Springs, Lakewood, Leadville, Monte Vista, Montrose, Pueblo, Salida, Steamboat Springs, Sterling. CONNECTICUT: Greenwich, Lakeville. D.C.: Washington. FLORIDA: Daytona Beach, Key Largo, Key West, LeCanto, Miami, New Port Richey, Opa Locka, Titusville. GEORGIA: Athens, Carrollton, Columbus, Eastman, Fitzgerald, Hazelhurst, McRae, Sandersville, Swainsboro, Thomasville, Toccoa, Valdosta, Vidalia. IOWA: Dubuque. IDAHO: Burley, Idaho Falls, Lewiston, Pocatello, Rathdrum, Rexburg, Salmon. ILLINOIS: Alton, Bloomington, Cahokia, Carbondale, Carlyle, Carterville, Chanute Air Force Base, Charleston, Chicago, Chicago Heights, Dixon, East St. Louis, Glen Ellyn, Iroquois, Macomb, Marion, Mattoon, McHenry, Morris, Mount Prospect, Rock Island, Skokie. INDIANA: Alexandria, Attica, Bloomington, Boonville, Elwood, Franklin, Gary, Greencastle, Greenfield, Greensburg, Griffith, Hartford City, Jasper, Lebanon, Linton, Martinsville, Mount Vernon, New Castle, Princeton, Richmond, Salem, Sullivan, Winchester. KANSAS: Arkansas City, Augusta, Coffeyville, Derby, Dodge City, El Dorado, Fredonia, Garden City, Hutchinson, Iola, Junction City, Manhattan, Newton, Ottawa, Overland Park, Peabody, Pratt, Rose Hill, Salina, Topeka, Winfield. KENTUCKY: Dawson Springs, Henderson, Pineville, Providence and Winchester. LOUISIANA: Denham Springs, Gonzales, Lake Charles. MARYLAND: Cumberland, Elkton. MASSACHUSETTS: Nantucket, South Yarmouth, Waltham. MICHIGAN: Adrian, Alpena, Battle Creek, Calumet, Charlevoix, Cheboygan, Muskegon, Niles, Ontonagon, Petosky, Saginaw, South Haven, St. Joseph, Calumet, Escanaba, Iron Mountain, Ironwood, Marquette, Nequanee, Sault Ste. Marie, Walled Lake. MINNESOTA: Aitkin, Albert Lea, Alexandria, Austin, Blue Earth, Brainerd, Crookston, Duluth, Ely, Faribault, Fergus Falls, International Falls, Little Falls, Moorhead, St. Cloud, Wadena. MISSOURI: Arnold, Atco, Cape Girardeau, Chesterfield, Clinton, Hannibal, Hazelwood, Jackson, Jefferson City, Kansas City, Knob Noster, Mexico, Moberly, Nevada, St. Charles, St. Louis. MONTANA: Anaconda, Belgrade, Billings, Bozeman, Broadus, Butte, Conrad, Deer Lodge, Dillon, Glasgow, Glendive, Great Falls, Havre, Helena, Lewistown, Livingston, Kalispell, Miles City, Missoula, Sidney, Wolf Point. NEBRASKA: Alliance, Grand Island, Hastings, Kearney, Kimball, Lexington, McCook, North Platte, Ogallala, Ravenna, Scottsbluff, Sidney. NEVADA: Battle Mountain, Carson City, Elko, Reno, Wells. NEW HAMPSHIRE: Newport, West Lebanon. NEW JERSEY: East Brunswick, Elizabeth, Gloucester, Hamilton Township, Montvale, Paterson, Ramapo, Spray Beach, Warren, Warwick, Wildwood. NEW MEXICO: Artesia, Carlsbad, Farmington, Hobbs, Raton. NEW YORK: Boonville, Buffalo, Port Ewen, Poughkeepsie, Rockland, Schenectady, West Nyack, White Plains. NORTH CAROLINA: Marion, Morgantown, Mount Airy. NORTH DAKOTA: Grand Forks, Minot, Williston. OHIO: Ashtabula, Bridgeport, Cincinnati, Columbiana, East Liverpool, Hamilton, Martins Ferry, Middleton, Minerva, Mingo Junction, Niles, Port Clinton, Ravenna, Steubenville, Zanesville. OKLAHOMA: Duncan, Enid, Grove, Henryetta, Marietta, McAlester, Muskogee, Okmulgee, Pawhuska, Purcell, Sallisaw. OREGON: Corvallis, Eugene, Lebanon, Newberg, Newport, Portland, Sweet Home, Waldport. PENNSYLVANIA: Albion, Ambridge, Apollo, Bala Cynwyd, Bedford, Boyertown, Carnegie, Carrolltown, Clarion, Coatesville, Columbia, Erie, Greensburg, Hamburg, Hazelton, Huntingdon Valley, Kane, Lebanon McKeesport, McKees Rocks, Monessen, Montgomery, Mt. Union, Phoenixville, Philipsburg, Pittsburgh, Pottstown,Red Lion, Ridgeway, Sellerville, Sewickley, Smethport, Somerset, State College, Towanda, Verona, Waynesburgh. SOUTH CAROLINA: Bennettsville, Columbia, Greenwood. SOUTH DAKOTA: Eureka, Milbank, Mitchell, Rapid City, Red-field, Sioux Falls, Tyndall. TENNESSEE: Manchester, Memphis, Shelbyville. TEXAS: Albany, Allen, Baytown, Beaumont, Beeville, Bishop, Breckenridge, Burkburnett, Clifton, Clute, Columbus, Corpus Christi, De Leon, Eastland, Flower Mound, Gainesville, Galveston, Gonzales, Gorman, Iowa Park, Liberty, Lockhart, Mart, Mathis, McKinney, Mineral Wells, Mt. Pleasant, Nederland, New Braunfels, Odem, Olney, Orange, Port Arthur, Refugio, Robstown, San Angelo, Sequin, Seymour, The Colony, Vernon, West, Wylie, Yoakum. UTAH: Aurora, Heber City, Kanab, Milford, Morgan, North Salt Lake, Ogden, Park City, Price, Provo, Redmond, Richfield, Salem, Salina, Salt Lake City, Smithfield, Wendover, West Valley City, Woods Cross. VIRGINIA: Chesapeake, Culpepper. VERMONT: St. Albans. WASHINGTON: Airway Heights, Anacortes, Arlington, Auburn, Bellevue, Bellingham, Bremerton, Burlington, Ferndale, Marysville, Olympia, Raymond, Seattle, Tacoma, Wenatchee. WEST VIRGINIA: Cameron, Logan, Moundsville, Parkersburg, Wellsburg, Weston, Wheeling. WISCONSIN: Ashland, Bloomer, Columbus, Cornell, Ladysmith, Madison, Richland Center, River County, Spooner, Tomah, Walworth. WYOMING: Buffalo, Cheyenne, Cody, Gillette, Greybull, Lander, Laramie, Newcastle, Powell, Rawlins, Riverton, Thermopolis, Warren, Worland.
Other media operations
TCI is part owner in a host of cable systems; services including 50% in Taft/TCI, 23.4% in United Cable, 50% in American Movie Classics and Cable Value Network.

RANK **29**

Thomson Newspapers

Toronto

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	412.0	378.0	9.0
Total sales	746.0	691.0	8.0
Net income	145.0	127.0	14.2
Sales by media	**1986**	**1985**	**% chg**
Newspaper	412.0	378.0	9.0
Magazine	—	—	—
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

Thomson Newspapers increased sales from U.S. media holdings 9% to $412 million in 1986. Still, the gain is minimal compared with the 26.8% increase of fiscal 1985.

The increase in sales cooled off on a year-to-year basis because Thomson bought fewer newspapers according to James Cole, a media analyst at McCarthy Securities Ltd. in Toronto. "They didn't make acquisitions to the same extent last year primarily because of the prices being high," he says.

However, in the first quarter 1987, Thomson acquired a Minnesota daily and reached an agreement in April to purchase the daily newspaper publishing interests of Clay Communications, including full ownership of three papers and half ownership in another.

Overall fiscal revenue increased 8% to $746 million for the year, with U.S. operations comprising 55% of the total.

In the first quarter 1987, net income of $32.9 million was 13.8% more than the prior year period. U.S. newspaper profits were lower, however, than in the last quarter 1986, although that is expected to pick up through the year, says the company. Overall revenues for the quarter increased 4% to $177.9 million.

A major reason behind Thomson's expansion is its overall financial position: At year end, Thomson's cash and short-term investments equaled $49 million and total debt was only $13 million. "They're debt free at the end of 1986," says Mr. Cole. "This is a company with over C$1 billion and earnings over C$200 million annually. Debt is not a problem with them."

U.S. dollar figures for this profile were converted from Canadian currency at the rate of C$1=$0.7244. The same rate was applied to 1985 figures for comparison. The Canadian dollar rose 1% against the American dollar during the fiscal year ending Dec. 31, 1986.

During 1987, acquisitions have continued with the acquisition in February of the *Worthington* (Minn.) *Daily Globe*, followed by the deal that is pending with Clay that will bring to Thomson papers with combined circulation of 118,000. The papers are the *Register/Herald* of Beckley, W. Va., *Shelby* (N.C.) *Star*, *Enquirer-Journal* in Monroe, N.C., and half interest in the joint venture that publishes the evening *Charleston* (W. Va.) *Daily Mail*, the morning *Charleston Gazette*, and *Sunday Gazette-Mail*.

Thomson under the joint venture will have editorial responsibility for the *Charleston Daily Mail*.

In Canada, media sales increased to $334 million last year, up 6.4% from 1985. Companies headquartered outside the U.S. are ranked in this issue by their U.S. revenues only.

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Corporate Personnel
S.L. McCabe, president

MEDIA PROPERTIES
Newspapers

ALABAMA: *Dothan Eagle*, *Enterprise Ledger*, *Opelika-Auburn News*. ARKANSAS: *Northwest Arkansas Times* (Fayetteville). CALIFORNIA: *Barstow Desert Dispatch*, *Eureka Times-Standard*, *Oxnard Press-Courier*, *San Gabriel Valley Tribune* (West Covina), *Siskiyou Daily News* (Yreka), *Whittier Daily News*. CONNECTICUT: *Ansonia Evening Sentinel*. FLORIDA: *Clay Today* (Orange Park), *Jackson County Floridian* (Marianna), *Charlotte Herald-News* (Punta Gorda), *Key West Citizen*. GEORGIA: *Americus Times-Recorder*, *Cordele Dispatch*, *Dalton Daily Citizen-News*, *Griffin Daily News*, *Thomasville Times-Enterprise*, *Tifton Gazette*, *Valdosta Daily Times*. ILLINOIS: *Jacksonville Journal Courier*, *Mount Vernon Register-News*, *Sterling-Rock Falls Daily Gazette*. INDIANA: *Kokomo Tribune*, *New Albany Tribune*, *Vidette-Messenger* (Valparaiso). IOWA: *Council Bluffs Nonpariel*, *Oelwein Daily Register*. KANSAS: *Atchison Daily Globe*, *Leavenworth Times*. KENTUCKY: *Corbin Times-Tribune*, *Richmond Register*. LOUISIANA: *Lafayette Daily Advertiser*. MARYLAND: *Salisbury Daily Times*, *Cumberland News/Evening Times*. MASSACHUSETTS: *Fitchburg Daily Sentinel & Enterprise*, *Taunton Daily Gazette*. MICHIGAN: *Benton Harbor Herald-Palladium*, *Adrian Daily Telegram*, *Escanaba Daily Press*, *Houghton Daily Mining Gazette*, *Iron Mountain Daily News*, *Marquette Mining Journal*. MINNESOTA: *Albert Lea Evening Tribune*, *Austin Daily Herald*, *Daily Journal* (Fergus Falls), *Worthington Daily Globe*. MISSISSIPPI: *Laurel Leader-Call*. MISSOURI: *Carthage Press*, *Sedalia Democrat*, *Sikeston Daily Standard*, *Mexico Ledger*. NEW HAMPSHIRE: *Portsmouth Herald*. NEW YORK: *Herkimer Evening Telegram*, *Newburgh Evening News*, *Oswego Palladium-Times*. NORTH CAROLINA: *Daily Advance* (Elizabeth City), *Rocky Mount Evening Telegram*, *Shelby Star* (pending), *Enquirer-Journal*, in Monroe (pending). NORTH DAKOTA: *Dickinson Press*. OHIO: *Canton Repository*, *Coshocton Tribune*, *East Liverpool Evening Review*, *Greenville Daily Advocate*, *Lancaster Eagle-Gazette*, *Marion Star*, *Middletown Journal*, *Newark Advocate*, *Piqua Daily Call*, *Portsmouth Times*, *Salem News*, *Steubenville Herald-Star*, *Xenia Daily Gazette*, *Zanesville Times Recorder*. OKLAHOMA: *Ada Evening News*. PENNSYLVANIA: *Altoona Mirror*, *Connellsville Daily Courier*, *Easton Express*, *Greenville Record-Argus*, *Hanover Evening Sun*, *Kittanning Leader-Times*, *Lock Haven Express*, *Meadville Tribune*, *Monessen Valley Independent*, *News Item* (Shamokin-Mount Carmel), *Lebanon Daily News*. SOUTH CAROLINA: *Florence Morning News*. SOUTH DAKOTA: *Mitchell Daily Republic*. UTAH: *St. George Daily Spectrum*. VIRGINIA: *Petersburg Progress-Index*. WEST VIRGINIA: *Fairmont Times-West Virginian*, *Weirton Daily Times*, *Charleston Daily Mail* (pending), *Beckley Register-Herald* (pending). WISCONSIN: *Fond du Lac Reporter*, *Manitowoc Herald-Times Reporter*, *Appleton Post-Crescent*, *Waukesha Freeman*, *Wisconsin Rapids Daily Tribune*.

Newspapers (non-dailies)

FLORIDA: *Englewood Herald*. ILLINOIS: *McLeansboro Times-Leader*. OHIO: *Franklin Chronicle*. WISCONSIN: *West Bend News*.

RANK **3**

Time Inc.

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	3,099.0	2,852.0	8.7
Total sales	3,762.0	3,404.0	10.5
Net income	376.0	200.0	88.0
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	1,576.0	1,482.0	6.3
Broadcast	—	—	—
Cable	1,523.0	1,370.0	11.2
Other	—	—	—

Time Inc. continued to concentrate on cutting costs and developing new areas of growth during 1986. Several new magazine ventures were abandoned and business lines were streamlined through acquisition and divestiture. In addition to more narrowly focusing its magazines, Time expanded its publishing arm with the December acquisition of Scott Foresman Cos., a major educational book publisher, for $520 million.

Time posted a 10.5% increase in total revenue to $3.8 billion and an increase of 88% in net income, the latter a reflection of a pretax gain on the sale of 20% of its cable subsidiary, American Television & Communications. Gains were offset by charges resulting from staff reductions and other management restructuring. The company estimates that staff reductions in 1986 saved Time $75 million. More layoffs are expected in 1987.

The magazine division posted a 6% gain in total revenue but an 8% decline in operating revenue, to $162 million in 1986. This is attributed to a $32 million charge to cover staff reductions and other expenses resulting from the closing in late 1986 of *Picture Week*, after 15 months on the market.

Like other newsweeklies, Time Inc.'s lead magazine, *Time*, was hurt by the weak advertising market. It suffered a 4.2% decline in ad pages for the year to 2,582, which with higher rates translated into gross ad revenues of $344.8 million, down only 0.5%. Despite *Time*'s off year, the company reported an overall 3% rise in ad revenues and 10% in circulation revenue, both largely the result of higher prices. *Time* maintained the lion's share of company's consumer magazine ad revenue, estimated at 22.6%.

Magazine revenue gains also were linked to strong sales of *Life*, which celebrated its 50th anniversary, and a full year's contribution from the Southern Progress magazines acquired in 1985. *Life* had a 1% growth in pages to 779, but a 22.2% growth in ad revenues to $48.7 million, according to Publishers Information Bureau.

Time reclassified its video business, separating its pay TV programming from its cable systems. The programming division, consisting of two pay-TV services—HBO and Cinemax—reported an 8% decline in operating income because of higher costs, on revenues that rose 11% because of higher rates and increased subscribers; HBO has more than 15 million subscribers, and Cinemax about 4.1 million.

Time's cable TV division, which is comprised of ATC and Manhattan Cable Television, registered increases of 9% in revenue and 22% in operating income. ATC's basic subscriber count rose 700,000 to 3.4 million. Subscribers to pay TV grew 500,000 to 2.8 million. Continued revenue growth from cable seems assured in 1987 because of higher rates permitted in the newly deregulated environment. Time's ATC bought 13% of Group W Cable in 1986 and joined a consortium of cable operators in investing $562.5 million in Turner Broadcasting Systems.

In addition to its magazine and video operations, Time's books and information services division reported a 20% rise in revenue and 9% drop in operating income. Returns were affected primarily by increases in book sales and the acquisition of Burke Marketing Services, which was merged with Time's own market research unit, SAMI. Thus far, the merger has not been as successful as hoped. Burke is reportedly up for sale.

Major shifts in management took place in July when Time named Nicholas J. Nicholas Jr. the new president and chief operating officer. Mr. Nicholas had been head of Time's video business. As he stepped into Richard Munro's spot as president, Mr. Munro, still CEO, became chairman, replacing Ralph P. Davidson, who was appointed executive committee chairman.

In May 1987, Time announced the sale of *Discover* to Family Media Inc. for $26 million. Time gained a foothold in the women's market through a joint venture with Working Woman/McCall's Inc. Through this arrangement, it has acquired a 50% interest in *McCall's*, *Working Mother* and *Working Woman*.

Time announced an 8% drop in net income to $46 million, while total revenue increased 7.4% to $939 million. Cost saving measures at the magazine group helped increase operating profits 64% to $59 million in the period. Operating profit at HBO fell 7.7% to $36 million because of the absence of a one-time gain in 1986. Operating profits at ATC rose 31% to $37.8 million.

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Nicholas J. Nicholas Jr., president-coo
Reginald K. Brack Jr., exec VP, president & ceo-magazines
Trygve E. Myhren, chmn-ceo, American Television and Communications Corp.
Michael J. Fuchs, chmn-ceo, Home Box Office

MEDIA PROPERTIES
Cable/video

CHANNELS: Cinemax, Home Box Office.
SYSTEMS: American Television & Communications Corp. (82% ownership), Manhattan Cable Television.

Magazines

Asiaweek (84% ownership), *Cooking Light*, *Creative Ideas for Living*, *Fortune*, *Life*, *McCall's* (50% ownership), *Money*, *Parenting* (49% ownership), *People*, *Progressive Farmer*, *Southern Accents*, *Southern Living*, *Sports Illustrated*, *Time*, *Working Woman* (50% ownership), *Working Mother* (50% ownership).

OTHER OPERATIONS

Book-of-the Month Club, Little Brown & Co., Oxmoor House, Scott, Foresman & Co., SAMI/Burke, Time-Life Books, Time-Life Video.

Papers knock heads

The *Minneapolis Star & Tribune* and *St. Petersburg Times* have planted bureaus in neighboring cities of St. Paul and Tampa, respectively, to claim new markets.

RANK **6**

Times Mirror Co.

Los Angeles

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	2,245.0	2,172.0	3.4
Total sales	2,948.0	2,959.0	(0.4)
Net income	408.0	237.0	72.2
Sales by media	**1986**	**1985**	**% chg**
Newspaper	1,727.0	1,620.0	6.6
Magazine	148.0	144.0	2.8
Broadcast	127.0	129.0	(1.6)
Cable	243.0	279.0	(12.9)
Other	—	—	—

Times Mirror Co. conducted an extensive buying and selling campaign in 1986 that marks the completion of a restructuring process begun in 1984.

The Los Angeles-based company paid $600 million for A.S. Abell Co., owner of Baltimore *Sun* newspapers, added *Broadcasting* and the *National Journal* to its magazine holdings for $75 million and $10 million, respectively, and sold the struggling *Dallas Times Herald* for $110 million. It also disposed of five TV stations, including two acquired as part of the Abell purchase, cable interests in Las Vegas, and a number of non-media holdings.

After divesting $1 billion in assets during the three-year restructuring period and spending $750 million on acquisitions, Times Mirror now concentrates its resources in three core businesses—print media, electronic media, and information-based, professional publishing.

Dispositions in 1986 contributed to record earnings of $408 million, 72.2% higher than 1985. Earnings also were favorably affected by a change in the method of accounting for pensions. Operating revenues were down 0.3%, a drop attributed to loss of revenue from the divested properties. In the first quarter of 1987, a leaner Times Mirror reported a 35% growth in earnings, to $58.2 million, and a 3% growth in revenues, to $715.8 million, over first quarter 1986.

With the restructuring completed, Times Mirror plans to dedicate a major share of future resources to capital expenditures, particularly in its newspaper operations. Newspapers accounted for 58.6% of total revenues in 1986 and generated operating profits of $330.9 million, an 18% increase over 1985, primarily due to higher rates.

Times Mirror is embarking on a five-year, $385 million capital investment in a new plant and facilities for the *Los Angeles Times*. The company also will expand press facilities at the *Sun* papers, modernize the *Hartford Courant* and *Denver Post*, and increase production capacity at the burgeoning New York City edition of *Newsday*.

Launched two years ago, *New York City Newsday* has gone from a circulation of 40,000 in 1985 to 133,000 in spring 1987. Long Island-based *Newsday*'s circulation for all editions is 624,291 evenings and 680,618 Sunday, according to ABC FAS-FAX reports for March 31, 1987.

The *Baltimore Sun* has been pursuing suburban readers and last year debuted *O.C.* (Ocean City), a section targeting summer vacationers on Maryland's eastern shore. The section, published 26 times a year, averaged 38 pages and 1,250 ad inches, a total expected to hit 1,650 this year. The closing last year of Hearst's *Baltimore News-American* has stimulated the *Sun*'s circulation. Combined daily circulation grew 15% to 410,638 on March 31, 1987, compared to the prior year, while Sunday circulation grew 14.5% to 489,771, according to ABC FAS-FAX reports.

The *Los Angeles Times* debuted *Los Angeles Times Magazine* Sunday magazine in October 1985. A *Times* executive says the glossy magazine has done what the company wanted it to do—attract national advertisers. It now runs a minimum of 52 pages advertising, 56% national.

The *Times*' daily circulation increased 2.7% in 1986, to 1,117,952, accord to ABC FAS-FAX reports for March 31, 1987, compared with the same period in 1986. Although the undisputed leader in Los Angeles, it continues to encounter significant competition in other parts of the Southern California market, particularly Orange County.

In the beginning of 1986, Times Mirror tried to bolster the *Dallas Times Herald* by bringing in Shelby Coffey III as editor and introducing new sections and technology. But in June 1986 the company sold the paper to Media News Group.

The company's book, magazine and other publishing segments ended 1986 with a 14% increase in revenues and operating profits and several important new properties. Times Mirror gained the *National Journal* in May and *Broadcasting* in December.

Broadcasting is seen as the nucleus of a trade-publishing cluster, which Times Mirror has stated is a significant strategic objective. This fall the company will introduce *Sports Inc.*, *The Sports Business Weekly*.

In 1986, Times Mirror sold WSTM-TV (Syracuse), WHTM-TV (Harrisburg, Pa.), and WETM-TV (Elmira, N.Y.) for a total of $79 million. A 1.6% decrease in broadcast TV revenues reflected the absence of these stations and soft national advertising. However, higher revenues at the company's four remaining broadcast properties resulted in a 10% rise in operating profits. WMAR-TV in Baltimore and WRLJ-TV in Richmond, Va., were sold for over $200 million two days after they were acquired from Abell.

On Jan. 1, 1987, David Laventhol became president of Times Mirror. He succeeded Robert F. Erburu, who continued as chairman-ceo.

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W. Thomas Johnson Jr., vice-chmn, publisher, *L.A. Times*
David A. Laventhol, president

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Dow W. Carpenter, sr vp-books, magazines and other publishing, cable tv and other operations
John J. McCrory, vp, president-Times Mirror Broadcasting
Larry W. Wangberg, vp, chmn-Times Mirror Cable Television

MEDIA PROPERTIES

Broadcasting

TV: KDFW-TV, Dallas; KTBC-TV, Austin, Texas; KTVI-TV, St. Louis; WVTM-TV, Birmingham, Ala.

Cable/video

SYSTEMS: ARIZONA: Bullhead City, Casa Grande, Lake Havasu, Nogales, Phoenix. CALIFORNIA: Orange County, Palos Verdes, North San Diego County. CONNECTICUT: Meriden. ILLINOIS: Springfield. INDIANA: Lafayette. KENTUCKY: Ashland. MASSACHUSETTS: Amherst, Greenfield, Palmer, Haverhill, Weymouth. NEW YORK: Long Island. OHIO: Caldwell, Cambridge, Coshocton, Defiance, Greenfield, Ironton, Logan, Marion, Napoleon,Newark, Newcomerston, New Philadelphia/Urichsville, Toronto, Waverly, Wauseon. PENNSYLVANIA: Beaver Falls, Washington. RHODE ISLAND: Providence, Warwick. TEXAS: Del Rio, Kerrville, Midland, Texarkana, Uvalde. WEST VIRGINIA: Weirton.

Magazines

Broadcasting, Golf, Government Executive, National Journal, Outdoor Life, Popular Science, Ski, Ski Business, Sporting Goods Dealer, Sporting News.

Newspapers

CALIFORNIA: *Los Angeles Times*. COLORADO: *Denver Post*. CONNECTICUT: *Greenwich Time, Hartford Courant, Stamford Advocate*. MARYLAND: *Baltimore Sun & Evening Sun, Sunday Sun*, (Baltimore). PENNSYLVANIA: *Morning Call*, (Allentown). NEW YORK: *Newsday, New York Newsday*.

Other media operations

Times Mirror Broadcasting (Greenwich, Conn.); Million Market Newspapers/Times Mirror National Marketing.

OTHER OPERATIONS

Matthew Bender & Co. (publishing), C.V. Mosby Company (publishing), Year Book Medical Publishers, Learning International, (professional training), Jeppesen Sanderson (flight navigation information), Harry N. Abrams, Inc. (publishing), CRC Press (publishing), Mirror Systems (software and videodiscs), Times Mirror Press, Times Mirror Land and Timber Company.

RANK **21**

Triangle Publications

Radnor, Pa.

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	730.0	720.0	1.4
Total sales	730.0	720.0	1.4
Net income	N/A	N/A	N/A
Sales by media	**1986**	**1985**	**% chg**
Newspaper	77.0	72.0	6.9
Magazine	653.0	648.0	0.8
Broadcast	—	—	—
Cable	—	—	—
Other	—	—	—

Triangle Publications is getting good results in redirecting the circulation thrust of its newest publication, *Good Food*, from newsstand to mainly subscription. The Radnor, Pa.-based publisher controlled by chairman, Walter Annenberg, was forced to alter distribution of *Good Food* when its first several issues since February 1986 averaged only 375,000 in circulation, far below the 750,000 guaranteed rate base.

The main thrust of the circulation move was the acquisition and then the discontinuation of *Great Foods*, a 600,000-circulation magazine based in Englewood Cliffs, N.J. The two lists were merged beginning with the July issue for a base of around 900,000.

Ultimately, Triangle expects the magazine's distribution to be two-thirds subscription and one-third newsstand, says Frank Wolf, group publisher of Triangle Communications, the subsidiary which publishes *Good Food* and *Seventeen*. Ad contribution is nominal at this point—$1,144,735 from 100 pages in its first 11 issues.

Seventeen's 4.2% decline in ad pages was attributed by Mr. Wolf to "general softness in the magazine business during 1986." Gross ad revenue increased by 3.5% to $35.4 million, according to PIB. However, circulation grew 5.8% to 1,853,314, for six months ending Dec. 31, 1986, compared to the prior year period, according to ABC.

Triangle's dominant publication, *TV Guide*, showed a gross ad revenue increase of 1.3% to $318.1 million in 1986, while pages declined by 2.8% to 3,566—a decline linked to the dramatic changes affecting the tv networks, from economics to ownership, and reduced cigarette advertising. *TV Guide* will boost rates 4%, effective July 4, bringing the full-page color rate to $99,750.

Circulation at *Daily Racing Form* had an overall 1.4% increase. The largest gain coming from the Saturday circulation, up 2.4% to an average of 188,486 for three-month figures ending June 30, according to ABC.

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Corporate Personnel
Frank G. Wolf, publisher

Daily Racing Form
170 S. Bimini Place
Los Angeles, Calif. 90004
(213) 387-5131
Corporate Personnel
Michael P. Sandler, publisher

MEDIA PROPERTIES

Magazines

Good Food, Seventeen, TV Guide.

Newspaper

Daily Racing Form.

RANK **10**

Tribune Co.

Chicago

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,775.7	1,684.0	5.4
Total sales	2,029.8	1,938.0	1.7
Net income	292.9	123.8	13.5
Sales by media	**1986**	**1985**	**% chg**
Newspaper	1,363.7	1,358.0	0.4
Magazine	—	—	—
Broadcast	412.0	273.0	50.9
Cable	—	53.0	—
Other	—	—	—

Tribune Co., Chicago, spent the better part of 1986 digesting two recent acquisitions—the record-breaking $510 million 1985 buy of Los Angeles' KTLA-TV, and *Daily Press* of Newport News, Va.—and divesting its remaining cable systems.

When the company bought *Daily Press* for $200 million last year, it immediately put the *Daily Press*' two Virginia cable systems on the block and got $100 million back for them. And Tribune completed separate sales of 15 cable systems it owned before the Daily Press purchase for an aggregate of $450 million that brought an after-tax gain of $88 million in 1986.

Tribune Co., whose media revenues grew to $1.81 billion, up 4.7% from the prior year, had operating profits of $281.3 million, up a record 17%, while net income grew 136% to $292.9 million, a gain that continued into the first quarter of 1987 when the company reported a more than sixfold increase in net income, to $106.9 million, due mainly to a one-time gain from the sale of the *Los Angeles Daily News* to Cooke Media Group. That sale was required by FCC rules after Tribune's purchase of KTLA. Excluding the gain, the company had net income of $18.3 million, still up 10.6%. Revenues for the period rose 0.9% to $453.5 million.

In newspaper publishing, which accounted for 67% of total operating revenues last year, ad revenues rose a modest 1.2%, to $983.7 million, while circulation revenue grew 3.8%, to $311.4 million. The *Chicago Tribune* accounted for 36% of newspaper revenues, and the *New York Daily News* represented another 30%.

High labor costs continue to hinder the company's two largest dailies, although the *Tribune* is profitable. The *Daily News*, in the midst of negotiations for renewed labor contracts, lost $11 million in ad business over the past year from consolidations by New York-area retailers. It also has faced increasing competition from Times Mirror Co.'s *Newsday*, which has made gains in Manhattan via a *New York Newsday* edition.

The broadcasting and entertainment division, which includes the company's TV and radio stations, programming arm and the Cubs baseball team, reported a 21% increase in operating revenues, to $466.2 million, and a 9.3% gain in profits, to $65.5 million. Excluding the Cubs, the unit had estimated revenues of $442.9 million.

Facing a glut of syndicated programming projects, Tribune has scaled back its development to two new series this fall. Currently, the company co-produces 10 weekly TV series.

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Corporate Personnel
Stanton R. Cook, president-ceo
James C. Dowdle, president, Tribune Broadcast Co.

MEDIA PROPERTIES

Broadcasting

TV: KWGN-TV, Denver; KTLA, Los Angeles; WGN-TV, Chicago; WGNO-TV, New Orleans; WGNX, Atlanta; WPIX-TV, New York.
RADIO: KGNR-AM, KCTC-AM, Sacramento, Cal.; WGN-AM, Chicago; WICC-AM, Bridgeport, Conn; WPIX-FM, New York.

Newspapers

CALIFORNIA: *Times-Advocate* (Escondido), *Peninsula Times Tribune* (Palo Alto). FLORIDA: *Fort Lauderdale News & Sun-Sentinel, Orlando Sentinel*. ILLINOIS: Chicago Tribune. NEW YORK: *Daily News* (New York). VIRGINIA: *Daily Press, Times Herald, Newport News*.

Newspapers (non-dailies)

Tribune Community Publications.

Other media operations

Independent Network News, Tribune Entertainment.

OTHER OPERATIONS

Chicago Cubs, Tribune Media Services, Orlando, Fla., and various newsprint operations.

RANK **36**

Turner Broadcasting System

Atlanta

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	379.4	316.3	20.0
Total sales	570.4	362.7	57.3
Net income	(200.0)	1.0	(20,100)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	207.6	189.7	9.5
Cable	171.8	126.6	35.7
Other	—	—	—

Actual yearend 1986 results at Turner Broadcasting Systems, Atlanta, were forecast internally almost to the dollar, says the company, which must have been a hard forecast for founder Ted Turner to swallow because by yearend, TBS had lost $187.3 million.

The year was a wash financially for Mr. Turner. This June, he sold a 36% stake in the company for $562.5 million to a consortium of 31 investing units, thus paring his holdings to about 50%. Proceeds were used to retire massive debts TBS piled up in last year's buyout of MGM/UA Entertainment.

After failing in its 1985 attempt to acquire CBS Inc., Turner in March 1986 bought MGM/UA with intent to sell off all but the film library to retire the debt incurred through the issuance of preferred stock. But by mid-May 52.6 million of the preferred stock was still outstanding requiring continuous dividend payments. Faced with the prospect of having to issue common stock to raise money to pay the dividend, Turner concocted the plan to sell off part of itself. Under the plan, the participating MSOs will get seven seats on the board, newly expanded to 15.

Joining the huge debt left over from the MGM/UA acquisition as a leaven-ing agent on financial returns were $26 million in losses from the Turner-sponsored, Olympic-style Goodwill Games held in Moscow last summer. Undaunted, Turner plans another round of Goodwill Games in Seattle during in 1990. But this time, there will be more advanced planning.

Despite its heavy losses, TBS continues to survive through strong cash flow from its base cable TV business. WTBS, the Turner "Superstation," continues to be the top-rated basic cable network with a composite 1986 Nielsen rating of 2.1, which translates into 654,000 households nationwide. About 93% of the cable households and about 45% of total U.S. TV homes receive WTBS. WTBS generated ad revenues of $185.3 million, up 7.2% in 1986 over the prior year.

Cable News Network and CNN Headline News combined were rated a composite second in the 1986 Nielsen cable ratings for basic cable services with an 0.9 rating, representing 326,000 cable homes. Together, the Cable News Network and CNN Headline News generated $91.2 million in revenue, up 30%, most of that coming from Cable News Network ($73.1 million, up 29.4%).

Aside from its film library and cable TV operations, TBS owns the Atlanta Braves and Atlanta Hawks.

Turner also produces original programming—the occasional Jacques Cousteau specials and a continuing series profiling all 50 states hosted by Hal Holbrook. Some of CNN's original programming also is sold to local stations.

Mr. Turner has said he would like to start yet another cable network using the MGM film library as the base programming. But it still is uncertain what impact the buy-in by cable operators will have on TBS. The refinancing "provides a recapitalization and that will give them [Turner] a more stable equity base," says Lee D. Wilder, first VP, Robinson-Humphrey Co. "It also puts a few more chefs in the kitchen." Ms. Wilder predicts a $6 per share loss this year "and I don't expect to see reported earnings for several more years."

TURNER BROADCASTING SYSTEMS
1050 Techwood Drive N.W.
Atlanta, Ga. 30318
(404) 827-1500
Corporate Personnel
R.E. (Ted) Turner, chmn & president

MEDIA PROPERTIES

Broadcasting

TV: WTBS, Atlanta.
RADIO: CNN Radio.

Cable/video

CHANNELS: Cable News Network, CNN Headline News, WTBS superstation services.

Other media operations

MGM film library, Turner Program Services.

OTHER OPERATIONS

Atlanta Braves; Atlanta Hawks basketball team (96% interest).

RANK **18**

Viacom International

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	855.0	376.0	127.4
Total sales	919.0	444.0	107.0
Net income	(9.9)	37.0	(126.6)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	111.3	83.5	33.3
Cable	743.7	292.5	154.3
Other	—	—	—

After defending itself from takeover by financier Carl Icahn in early 1986, Viacom International rejected an offer from management in bowing to a bid of $3.4 billion from National Amusements.

The deal, subject to governmental approval, merges this broadcast and entertainment company that produces and syndicates "The Cosby Show" with one of the country's largest movie theater owners. National is owned by its president, Sumner M. Redstone.

Viacom in 1986 had revenues of $919.2 million, up from $444.1 million in 1985. The dramatic increase was largely because of a full year's ownership of Showtime/The Movie Channel and MTV Networks. In November 1985, Viacom bought the 50% it did not already own in Showtime/TMC and the 66% it did not already own in MTV. Seller in both cases was Warner Communications. Viacom reported a loss of $9.9 million compared with a gain of $37 million in 1985. The net loss reflected the costs of about $30.1 million related to repurchase of stock from Icahn Group.

First quarter 1987 saw a loss of $45.8 million from a gain of $4.2 million in the prior year period as revenues increased 10.3% to $234.2 million. The loss was because of expenses incurred when it terminated a merger agreement with MCV Holdings, the management-led buyout group.

Viacom Broadcast Group's earnings from operations rose 51% in the first quarter of this year. Earnings from operations would have been only 9% higher excluding the results from the May 1986 acquisition of KMOV-TV, St. Louis (formerly KMOX-TV) from CBS for about $122 million.

In the quarter, the Networks Group, comprised of Showtime/TMC, MTV Networks (MTV, VH-1 and Nickelodeon) and 33% of Lifetime, experienced a decline in earnings from operations of 27%, compared with the year earlier, S/TMC's poor performance was responsible for the drop.

Showtime/TMC, with a little over 8 million subscribers and a pay cable market share of about 29%, runs a distant second to HBO. At the end of 1986 Neil Austrian left his post as Showtime/TMC's president-ceo because it lost its independence when it moved from part to full-ownership.

Viacom was among 31 investing units that bought 36% of Turner Broadcasting Systems this June.

VIACOM INTERNATIONAL
1211 Avenue of the Americas
New York, N.Y. 10036
(212) 575-5175
Corporate Personnel
Ralph M. Baruch, chmn
Paul M. Hughes, president, broadcast group
Kenneth F. Gorman, chmn, networks group
Jules Haimovitz, president, networks group

Viacom Cable
5924 Stoneridge Drive
P.O. Box 13
Pleasanton, Calif. 94566
(415) 828-8510
Corporate Personnel
John W. Goddard, sr vp, president -cable tv div

MEDIA PROPERTIES

Broadcasting

TV: KSLA, Shreveport, La.; WVIT, New Britain/Hartford/New Haven/Waterbury, Conn.; WHEC, Rochester, N.Y.; WNYT, Albany/Troy/Schenectady, N.Y.; KMOV-TV, St. Louis.
RADIO: KIKK, Pasadena, Texas; KIKK-FM, Houston; WMZQ-FM, Washington; WMZA, Arlington, Va.; KNBQ-FM, Tacoma, Wash.; WLAK-FM, Chicago; WLTW-FM, New York; WRVR (AM, FM), Memphis.

Cable/video

CHANNELS: Viacom Networks: Showtime/The Movie Channel, MTV Networks, Lifetime (33%), Cable Health Network.
SYSTEMS: CALIFORNIA: San Francisco region; North Bay Region-Marin County, Sonoma County, Napa/Pinole; Diablo Region; East Bay, Castro Valley, Delta, Finer Living, Oroville. NEW YORK: Long Island. OHIO: Cleveland and Dayton regions. TENNESSEE: Nashville region. WASHINGTON: Puget Sound, Tacoma, Salem. WISCONSIN: Milwaukee region.

OTHER OPERATIONS

Viacom Enterprises and Viacom Productions, Viacom World Wide, MGS Services and the licensing and merchandising division, Orion Pictures (15% interest), stake in Turner Broadcasting Systems.

Post ads show more blacks

Washington Post in September instituted a new real estate display ad policy that required advertisers to show blacks in at least 25% of their display ads. The policy came after a Washington legal group sued Realtors and agencies for not showing blacks in ads. Real estate display ads, which declined during 1986, are up the first half 1987.

RANK

Warner Communications 40

New York

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	360.0	331.0	8.8
Total sales	2,848.0	2,234.0	27.5
Net income	186.0	195.0	(4.6)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	35.0	35.0	0.0
Broadcast	325.0	296.0	9.8
Cable	—	—	—
Other	—	—	—

Warner Communications bought into theater operating companies to augment its filmed entertainment division (Warner Bros.) and gained full ownership of Warner Cable during 1986, a year in which its three leading divisions—cable and broadcasting, filmed entertainment, and recorded music—posted record profits. First quarter 1987 results were equally strong.

New York-based Warner's revenues rose 27% in 1986 to $2.8 billion. Net income dropped 5.1% to $185 million because of a gain in the prior year from the sale of its interest in MTV Networks and Showtime/The Movie channel to Viacom International.

First quarter 1987 revenues of $788 million represent a 14% increase from the first quarter 1986. Net income in the quarter rose 115% to $66 million largely because of strong growth in the recorded music and Warner Cable divisions.

Warner became one of the last entertainment companies to buy a theater chain, when in late 1986, it came to the rescue of financially troubled Cannon Group by exchanging $50 million for notes and stock in Cannon. Securities involved in the deal are convertible into 50% of Cannon's European theaters. For another $25 million in cash, Warner also acquired North American home video rights to 21 Cannon films.

In February, the company further moved into the theater operating business when it agreed to acquire 50% of Gulf & Western's domestic motion picture theater operation.

According to a spokesman, Warner most likely will issue stock to the public this year to reduce its risk in the venture.

During 1986, Warner's largest division, filmed entertainment, posted an 8.3% increase in revenues to $1.3 billion and a growth of 7.5% in operating income to $172.2 million. First quarter 1987 revenues of $342 million were up 1.5%, and operating income up 4.4% over first quarter 1986. Warner recently signed an agreement with Disney Studios for the foreign distribution rights to Disney's films. HBO signed a five-year deal, for about $125 million, for TV rights to Warner's films.

Last year was the first time Warner consolidated Warner Cable into its overall financial statements. The cable and broadcasting division had 1986 revenues of $325 million, up 9.8%, and operating income of $16.2 million, compared with a loss of $8.9 million in the prior year when Warner Cable was 50% owned and accounted for on an equity basis. Warner bought the other half from American Express for $450 million in February 1986. First quarter 1987 revenues grew 17.9% to $92 million as operating income rose 57% to $7.4 million.

Warner Cable, with slightly more than 1.3 million subscribers, is looking to rate increases to provide revenue growth and funds for upgrading of current systems.

WARNER COMMUNICATIONS
75 Rockefeller Plaza
New York, N.Y. 10019
(212) 484-8000
Corporate Personnel
Robert A. Daly, chmn-ceo
Warner Cable Communications
425 Metro Place, Ste. 500
Dublin, Ohio 43017
(614) 766-2021

Corporate Personnel
James L. Gray, president
Mad Magazine
485 Madison Ave.
New York, N.Y. 10022
(212) 752-7685
Corporate Personnel
William M. Gaines, president
DC Comics
666 5th Ave., 8th Floor
New York, N.Y. 10103
(212) 484-2800
Corporate Personnel
Jenette Kahn, president, publisher

MEDIA PROPERTIES

Cable/video

SYSTEMS: Warner Cable Communications: ARIZONA: Flagstaff, Kingman, Parker, Sedona. ARKANSAS: Booneville, Clarksville, Fayetteville, Paris, Russellville. CALIFORNIA: Avenal, Bakersfield, Barstow, Blythe, Palm Springs, Taft. FLORIDA: Crestview, Fort Walton Beach, Lake City, Niceville. ILLINOIS: Altamont, Danville, DeKalb, Rochelle, St. Almo, Sycamore. INDIANA: Union City, Warsaw. MASSACHUSETTS: Athol, Chelsea, Dalton, Everett, Lynn, Pittsfield, Salem, Somerville, Swampscott, Wakefield, Winthrop. MICHIGAN: Menominee. MISSISSIPPI: Batesville, Cleveland, Lambert, Marks, Yazoo City. NEW HAMPSHIRE: Berglin, Claremont, Nashua. NEW JERSEY: Avalon. NEW YORK: New York (under construction), Olean. OHIO: Akron, Alliance, Canton, Cincinnati, Columbus, Cridersville, Delphos, Fort Shawnee, Kenton, Plain Township, Sandy, St. Mary's, Sidney, Wapakoneta, Youngstown. OREGON: Coos Bay, Myrtle Point. PENNSYLVANIA: Altoona, Bradford, Chambersburg, Clearfield, Marietta, Morrison Cove, Newport, Pottsville, Reedsville, Roaring Springs, Shippensburg, Warren. TENNESSEE: Kingsport. TEXAS: Houston (suburbs), Houston (NW & suburbs), Houston (SW & suburbs), Houston (Meyerland area). VERMONT: Bellows Falls, Brattleboro, Bristol (under contract to be sold). VIRGINIA: Hampton, Harrisonburg, Reston, Williamsburg, Poquoson, Reston, Williamsburg. WEST VIRGINIA: Martinsburg. WISCONSIN: Marinette, Marshfield, Menasha, Merrill, Milwaukee (under construction), Neenah, Oshkosh.

Magazines

DC Comics, *Mad, Mad Specials.*

OTHER OPERATIONS

BHC Inc., Chappell & Co. (pending), Gulf & Western domestic motion picture theater operation (50% interest), Warner Bros. (films), Warner Bros. Television, Warner Bros. Television Programming, Warner Bros. Television Syndication, Warner Bros. Television-East Coast, Warner Home Video, Licensing Company of America, Warner Bros. Records, Atlantic Records, Electra/Asylum/Nonesuch Records, WEA Corp., WEA Manufacturing, Warner Bros. Music, Warner Books, Warner Publisher Services, Warner Audio Publishing.

RANK

Washington Post Co. 14

Washington

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	1,162.0	1,037.0	12.1
Total sales	1,215.0	1,079.0	12.6
Net income	100.0	102.0	(2.0)
Sales by media	**1986**	**1985**	**% chg**
Newspaper	589.0	556.0	5.9
Magazine	321.0	326.0	(1.5)
Broadcast	167.0	155.0	7.7
Cable	85.0	—	—
Other	—	—	—

Washington Post Co.'s move last year into cable appears to be paying off. Revenues for the 53-system cable division purchased in January 1986 from Capital Cities/ABC for $350 million increased 17% in the first quarter of 1987, with greater increases predicted for the year.

Post Co. intends to invest $17 million in the cable systems this year, after investing $24 million into them in 1986. It also will continue to buy smaller cable systems and combine them into existing operations. The cable subscriber base rose 3% in 1986 to 369,000. Ad sales were launched in 19 of the 53 systems in 1986, and the Modesto, Calif., system is experimenting with pay-per-view.

The rejuvenation from cable comes as the Post's magazine division's mainstay, *Newsweek*, performed poorly in the past year, with revenue falling 2% to $320.9 million. While *Newsweek's* first quarter 1987 ad pages and revenue were flat, compared with the same period for 1986, the magazine will be slightly ahead in the second quarter, says Richard Simmons, Post Co. president-coo.

The *Washington Post* continues to be the company's major revenue producer. In the first quarter of 1987, the newspaper saw revenues increase 8%, with ad inches up 3% to 1.3 million. Ad rates increased 6% to 6.5% in January.

Last September, the *Post* introduced an expensive redesign of its Sunday magazine, now a glossy, smaller-sized insert.

For the first half of 1987, the magazine is ahead about 16% in ad pages over the same period in 1986, and ad revenues are up as well. However, the magazine is more costly to produce, and officials say it will take several years to become profitable. The magazine editorial has been controversial. Its first issue created a furor among blacks because of a cover story about a black man accused of murder. The *Post* has since appeased black readers by running more positive pieces about blacks.

The newspaper reorganized its sales force for the magazine and created a national sales force, including a new, six-person office in New York. The national team also sells ads for the four-year-old *Washington Post National Weekly*, which saw no growth last year in either ad pages or circulation, which remains at 50,000.

Overall, Post Co.'s advertising revenues increased 4% in 1986, even with *Newsweek's* 11% decline in ad pages. The *Washington Post's* ad revenues rose 6% to $454.3 million, while advertising volume rose 1.2% to 5.5 million inches.

The *Post's* circulation rose 2% daily and 2% Sunday to 796,659 and 1,112,802, respectively, for the six months ending March 31, 1987, compared with a year earlier, according to ABC. Penetration of the *Post* remains 54% of Washington households daily and 73% on Sunday.

To gain a stronger foothold in some newer suburban communities, the *Post* opened news bureaus in outlying areas to compete with the *Baltimore Sun* for residents living and working in the counties between the two cities.

The Post Co.'s other newspaper, the *Herald*, in Everett, Wash., had its second straight year in the black since 1980, with ad volume rising 12% to 2.2 million inches.

Newsweek remains Post Co.'s problem. Officials brag, however, that readership—a selling points to advertisers—rose 3% to 17.4 million. Newsstand sales rose 11% in 1986. But *Newsweek* has kept its rate base at 3.05 million. Rates in 1987 rose 2.5% for color, but stayed the same for B&W.

Christopher Little, former senior VP-director administration, last September became *Newsweek* president, replacing Mark Edmiston, who had held the post for five years before he was forced to resign.

This year *Newsweek* introduced *Newsweek on Health*, a quarterly 500,000 controlled circulation magazine, which was in test in 1986. At least half of the copies are distributed to doctors' waiting rooms.

In 1986 *Newsweek* ventured into several new foreign markets, but plans no new foreign ventures in 1987.

The Post Co.'s broadcast division revenue rose 8% to $167.1 million. The four stations continue to hold the top position in their markets, as of November 1986 rating. The stations' ad revenues are up about 6% in the first quarter of 1987, and will be up "significantly more" in the second quarter, says Mr. Simmons.

In its non-media holdings, Post Co. intends to sell its minority interests in cellular telephone ventures in Washington-Baltimore and Detroit Cellular Telephone Co. for about $50 million and has increased its ownership in the Miami-Ft. Lauderdale Cellular One Co. to 100% from 60%.

On June 18, 1987, The Washington Post Co. announced the sale of all its interest in SportsChannel to Cablevision Systems, Woodbury, N.Y., for $6 million after taxes.

WASHINGTON POST CO.
1150 15th Street N.W.
Washington, D.C. 20071
(202) 334-6000
Corporate Personnel
Katherine Graham, chmn
Richard D. Simmons, president-coo
Donald E. Graham, publisher, *Washington Post*
Joel Chaseman, vp, president-Newsweek Stations
Newsweek
444 Madison Ave.
New York 10022
(212) 350-4000
Corporate Personnel
Christopher M. Little, president
Post-Newsweek Cable
2621 E. Camelback Rd., Ste. 150
Phoenix, Ariz. 85016
(602) 468-1177
Corporate Personnel
Howard E. Wall, vp, president-Post-Newsweek Cable
SportsChannel
150 Crossway Park Dr. W.
Woodbury, N.Y. 11797
(516) 496-1533
Corporate Personnel
Marc Lustgarten, president

MEDIA PROPERTIES

Broadcasting

TV: WDIV-TV, Detroit; WPLG-TV, Miami; WFSB-TV, Hartford, Conn.; WJXT-TV, Jacksonville, Fla.
SYSTEMS: Post-Newsweek Cable, Phoenix.

Magazines

Newsweek, Newsweek International, Newsweek Japan, Travel & Leisure/Asia.

Newspapers

DISTRICT OF COLUMBIA: *Washington Post*. WASHINGTON STATE: *Herald* (Everett).

Newspapers (non-dailies)

DISTRICT OF COLUMBIA: *Washington Post National Weekly.*

Other media operations

Washington Post Writers Group, Legi-Slate (electronic data publishing), Los Angeles Times-Washington Post News Service (50% owned), *International Herald Tribune* (33% owned), Cowles Media Co. (21% owned).

OTHER OPERATIONS

Robinson Terminal Warehouse Corp. (newsprint handling and storage), Bowater Mersey Paper Co. Ltd. (49% owned), Bear Island Paper Co. (33% owned), Bear Island Timberland Co. (33% owned), Miami-Ft. Lauderdale Cellular Operations, Stanley H. Kaplan Educational Centers.

RANK

Westinghouse Electric Corp. 20

Pittsburgh

($ in millions)

Corp. returns	1986	1985	% chg
Media sales	839.0	1,069.0	(21.5)
Total sales	10,730.0	10,700.0	0.3
Net income	732.0	605.0	21.0
Sales by media	**1986**	**1985**	**% chg**
Newspaper	—	—	—
Magazine	—	—	—
Broadcast	559.0	539.0	3.7
Cable	280.0	530.0	(47.2)
Other	—	—	—

Events at Westinghouse Electric Corp. in 1986 tended to swirl about Westinghouse Broadcasting Co., also known as Group W. The big revenue generator, Group W Cable, was sold at mid-year; Group W's exec VP took over from the group's chairman, who took early retirement this March; and the new leadership vowed to expand Group W, which lost out on two expected large acquisitions in 1986 and early 1987.

A diminished Group W reported revenues in 1986 of $839 million, down nearly 22% from 1985. Those numbers reflect the loss of six months of revenues from Group W Cable. Group operating profit was up more than 8%, rising to $149.9 million.

Group W, which accounted for only 7.8% of total Westinghouse revenues in 1986, became the center of attention May 1 when Group W's Chairman-CEO Daniel L. Ritchie relinquished his post to Exec VP Burton B. Staniar.

Mr. Ritchie reluctantly endorsed the sale of Group W Cable but denied that its sale had any effect on his decision. So far, Group W officials say, the transition has been a smooth one.

In late January 1987, Westinghouse pulled out of a deal in which it had agreed to buy KHJ-TV, Los Angeles for $310 million from RKO General. The FCC caught Westinghouse off guard when it recommended the sale be disallowed because of challenges to KHJ-TV license over the past decade by Fidelity Television. (Part of the Group W deal with RKO was to pay Fidelity $98 million of the $310 million to settle the challenge.) Westinghouse dropped its bid, citing the one-year delay in FCC ruling and that it was tying up needed corporate resources. The station since has been sold to Walt Disney Co.

Also, a radio merger deal between Westinghouse and National Broadcasting Co. collapsed in December 1986.

Charles R. Furlong, director of communications for Group W Radio, says Westinghouse lost interest in the merger because the finances would not have improved Westinghouse's earnings significantly enough.

Westinghouse remains "interested" in buying individual properties from NBC. Group W Radio is fastening its growth on acquisitions.

Overall, in 1986 Westinghouse posted consolidated revenues of $10.73 billion, up 0.3%, and profits of $732 million, down 1.3%, and was affected heavily by the gain of $651.2 million from the Group W Cable sale, and a $790 million loss from provisions in restructuring the company.

First quarter 1987 returns showed improvement, with earnings of $151.6 million, up 12.1%, although revenues dropped 9% to $2.32 billion.

Westinghouse in 1986 also bought KEZW-AM, Denver, and sold the Muzak music subsidiary.

WESTINGHOUSE ELECTRIC CORP.
Westinghouse Bldg.
Gateway Center
Pittsburgh, Pa. 15222
(412) 244-2000
Corporate Personnel
Douglas D. Danforth, chmn

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Harrisburg, PA 17105
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Westinghouse Broadcasting Co.
888 7th Ave.
New York, N.Y. 10106
(212) 307-3000
Corporate Personnel
Burton B. Staniar, chmn-ceo
MEDIA PROPERTIES
Broadcasting
TV: KPIX-TV, San Francisco; WJZ-TV, Baltimore; WBZ-TV, Boston; KYW-TV, Philadelphia; KDKA-TV, Pittsburgh.
RADIO: WBZ-AM, Boston; KQZY-FM, Dallas; KEZW-AM, KOSI-FM, Denver; KODA-FM, Houston; KFWB-AM, Los Angeles; WINS-AM, New York; KYW-AM, Philadelphia; KDKA-AM, Pittsburgh; KJQY-FM, San Diego; KQXT-FM, San Antonio; KMEO (AM, FM), Phoenix, Ariz.
Cable/video
CHANNELS: Markets and distributes Home Team Sports pay cable station and The Nashville Network.
SYSTEMS: Chicago (limited partnership).

Second 50 leading media companies

The second 50 largest media companies follow alphabetically and are ranked by revenues generated by their media properties. For dollar figures supporting the ranking and composite media totals see Pages S-8 and S-10.

RANK **93** **Allbritton** Washington

ALLBRITTON COMMUNICATIONS
800 17th Street N.W.
Washington, D.C. 20006
(202) 789-2130
Corporate Personnel
Joseph Allbritton Jr., chmn
Michael Moore, president-newspaper div
WJLA-TV
4461 Connecticut Ave. N.W.
Washington, D.C. 20006
(202) 364-7777
Corporate Personnel
Tom Cookerly, president, president-broadcast div
MEDIA PROPERTIES
Broadcasting
TV: KATV, Little Rock, Ark.; KTUL-TV, Tulsa, Okla.; WCIV, Charleston, S.C.; WJLA-TV, Washington; WSET-TV, Lynchburg, Va.
Newspapers
MASSACHUSETTS: *Westfield News* and companion shopper, *Pennysaver*.

RANK **98** **American Media** New York

AMERICAN MEDIA NETWORK
275 Madison Ave.
New York, N.Y. 10016
(212) 599-1100
Corporate Personnel
Craig Heard, president-ceo
MEDIA PROPERTIES
Outdoor
NEW YORK: Winston Network: Posters on 10,000 trains, 35,000 buses, 3,000 taxis and 700 bus shelters; 20,000 displays in transportation terminals, 12,000 eight-sheet and 1,700 30-sheet posters, and 800 painted bulletins. The company operates production facilities in 30 locations nationwide covering 60 markets.

RANK **94** **Berkshire Hathaway** Omaha, Neb.

BERKSHIRE HATHAWAY
1440 Kiewit Plaza
Omaha, Neb. 68131
(402) 346-1400
Corporate Personnel
Warren E. Buffett, dir-chmn-ceo
Buffalo News
One News Plaza
Buffalo, N.Y. 14240
(716) 849-3434
Corporate Personnel
Stanford Lipsey, president-publisher
MEDIA PROPERTIES
Newspapers
Buffalo News.
Other media operations
Interest in Affiliated Publications, Capital Cities Communications (18.7% interest), interest in Time Inc., Washington Post (16.6% interest).

RANK **67** **Blade** Toledo

BLADE COMMUNICATIONS
541 Superior Street
Toledo, Ohio 43660
(419) 245-6000
Corporate Personnel
John Harms, president
MEDIA PROPERTIES
Broadcasting
TV: KTRV, Nampa/Boise, Idaho; WLFI-TV, Lafayette, Ind.; WLIO, Lima, Ohio; WDRB-TV, Louisville, Ky.
Cable/video
SYSTEMS: OHIO: Buckeye Cablevision-Harbor View, Holland, Lucas County, Maumee, Ottawa Hills, Oregon, Perrysburg, Perrysburg Township, Rossford, Springfield Township, Sylvania, Sylvania Township, Toledo, Washington Township, Wood County; Erie County Cablevision-Bay View, Castalia, Erie County, Huron, Huron Township, Margaretta Township, Oxford Township, Perkins Township, Sandusky. MICHIGAN: Monroe Cablevision-Monroe.
Newspapers
CALIFORNIA: *Monterey Peninsula Herald*. OHIO: *Toledo Blade*. PENNSYLVANIA: *Pittsburgh Post-Gazette*.

RANK **88** **Bonneville** Salt Lake City

BONNEVILLE INTERNATIONAL
36 S. State St.
Salt Lake City, Utah 84111
(801) 575-7500
Corporate Personnel
Rodney H. Brady, president
MEDIA PROPERTIES
Broadcasting
TV: KSL-TV, Salt Lake City; KIRO-TV, Seattle.
RADIO: KBIG (FM), Los Angeles; KIRO, KSEA (FM), Seattle; KMBZ, KMBR (FM), Kansas City, Mo.; KOIT (AM, FM), San Francisco; KSL, Salt Lake City; KZPS (AM, FM), Dallas; WCLR (FM), Skokie, Ill.; WRFM (FM), New York.
OTHER OPERATIONS
Bonneville Broadcasting System, Bonneville Media Communications, Bonneville Telecommunications, Radio Data Services.

RANK **81** **Cablevision Systems** Woodbury, N.Y.

CABLEVISION SYSTEMS CORP.
One Media Crossways
Woodbury, N.Y. 11797
(516) 364-8450
Corporate Personnel
Charles F. Dolan, chmn-ceo-dir
James A. Kofalt, pres-cable operations
Cable/video
SYSTEMS: Cablevision of Connecticut (lower Fairfield County); Cablevision of Southern Connecticut (Bridgeport area); Cablevision of Long Island; Cablevision of Michigan (Kalamazoo area); Cablevision of the Midwest (suburban Cleveland); Cablevision of Bayonne (New Jersey); Cablevision of New Jersey (Bergen County); Cablevision of Westchester (Yonkers, N.Y.). Related companies: Cablevision of Chicago, Cablevision of Boston.
PROGRAMMING: Rainbow Program Enterprises—SportsChannel New York, SportsChannel New England, SportsChannel Chicago; PRISM (Philadelphia area); American Movie Classics; Bravo; Rainbow News 12; Rainbow Home Video.
OTHER OPERATIONS
Rainbow Advertising Sales Co., Rainbow Network Communications.

RANK **52** **Cahners** Des Plaines, Ill.

CAHNERS PUBLISHING CO.
275 Washington St
Newton, Mass. 02158
(617) 964-3030
Corporate Personnel
Ronald G. Segel, president
Cahners Publishing Co.
Cahners Plaza
1350 E. Touhy Ave.
P.O. Box 5080
Des Plaines, Ill. 61108
(312) 635-8800
Corporate Personnel
William Platt, president-magazine div
MEDIA PROPERTIES
Magazines
American Baby, American Baby/The First Year of Life, American Journal of Cardiology, American Journal of Medicine, American Journal of Surgery, Building Design & construction, Building Supply Home Centers, Childbirth '87, Childbirth Educator, Chromatography, CPI Purchasing, consulting/Specifying Engineer, Construction Equipment Contractor, Control Engineering, Corporate Design, Cutis, Datamation, Design News, EDN, EDN News, Electronic Business, Electronic Packaging & Production, Electronics Purchasing, Emergency Medicine, Foodservice Equipment & Supplies Specialist, Graphic Arts Monthly, Highway & Heavy Construction, Hotels & Restaurants Int'l., Industrial Distribution, Interior Design, Library Journal, Mini-Micro Systems, Modern Materials Handling, Packaging, Physicians Travel & Meeting Guide, Plant Engineering, Plastics World, Professional Builder, Publishers Weekly, Purchasing, Research & Development, Restaurants & Institutions, School Library Journal, Security, Security Distributing & Marketing Semiconductor International, Test & Measurement World, Traffic Management, U.S. Industrial Directory, VA Practitioner.

RANK **57** **Chicago Sun-Times** Chicago

CHICAGO SUN-TIMES
401 N. Wabash
Chicago, Ill. 60611
(312) 321-3000
Corporate personnel
Robert E. Page, president, publisher
Matthew V. Storin, sr vp, editor
MEDIA PROPERTIES
Newspapers
Chicago Sun-Times.
Newspapers (non-dailies)
Star Publications (Chicago Heights): *Chicago Heights Star, Crete University Park Star, Frankfort-Mokena Star, Harvey-Markham Star, Hazel Crest-Country Club Hills Star, Homewood-Flossmoor Star, Matteson-Richton Park Star, Oak Forest Star, Orland Park Star, Park Forest Star, South Holland Dolton-Riverdale-Thornton Star, Tinley Park Star.*

RANK **64** **Chris-Craft** New York

CHRIS-CRAFT INDUSTRIES
600 Madison Ave.
25th Floor
New York, N.Y. 10022
(212) 421-0200
Corporate Personnel
Evan Thompson, president, Chris-Craft Television
MEDIA PROPERTIES
Broadcasting
TV: KCOP, Los Angeles; KPTV, Portland, Ore.; KMSP-TV, Minneapolis/St. Paul; KTVX, Salt Lake City; KMOL-TV, San Antonio, Texas; KBHK-TV, San Francisco; KUTP-TV, Phoenix, Ariz.

Forbes poopoos premiums

Forbes, unlike others, does not offer premiums to boost magazine subs: "We maintain a subscriber to Forbes gets the magazine, not a clock," says Jack Thornton, circulation director.

RANK **53** **Cowles** Minneapolis

COWLES MEDIA COMPANY
329 Portland Ave.
Minneapolis, Minn. 55415
(612) 375-7000
Corporate Personnel
David Kruidenier, chmn
David Cox, president-ceo
James Alcott, vp-admin
MEDIA PROPERTIES
Newspapers
MINNESOTA: *Minneapolis Star & Tribune*. MONTANA: *Great Falls Tribune*. SOUTH DAKOTA: *Rapid City Journal*. IDAHO: *South Idaho Press*. ARIZONA: *Scottsdale Progress*.
Newspapers (non-dailies)
COLORADO: Sentinel newspapers in Arapahoe, Arvada, Aurora, Commerce City, Englewood, Lakewood, Littleton, North Glen-Thornton, South Jefferson, Westminster, Wheat Ridge; IDAHO: *Minidoka News, Reminder Shopper*.
Magazines
Civil War Times, American History Illustrated, Country Journal, Fly Fisherman, British Heritage, Early American Life, Opus.
OTHER OPERATIONS
Sun Communities Directories.

RANK **92** **Crain** Chicago

CRAIN COMMUNICATIONS INC.
740 Rush St.
Chicago, Ill. 60611
(312) 649-5200
Corporate Personnel
Mrs. G.D. Crain Jr., chmn
Rance Crain, president
Keith Crain, vice-chmn
MEDIA PROPERTIES
Broadcasting
RADIO: WWUS (FM), Key West, Fla.
Magazines
Advertising Age, American Clean Car, American Coin-Op, American Drycleaner, American Laundry Digest, Automotive News, AutoWeek, Business Insurance, Business Marketing, Crain's Chicago Business, Crain's Cleveland Business, Crain's Detroit Business, Crain's New York Business, Crain's Tire Business, City & State, Detroit Monthly, Electronic Media, Florida Keys Magazine, Humm's Guide to the Florida Keys, Modern Healthcare, Pensions & Investment Age, Rubber & Plastics News.
Other media operations
Crain News Syndicate.
OTHER OPERATIONS
Crain Computer Services.

RANK **74** **Dispatch** Columbus, Ohio

DISPATCH PRINTING CO.
University Club
40 S. 3rd Street
Columbus, Ohio 43216
(614) 461-5000
Corporate Personnel
John W. Wolfe, chmn
Robert B. Smith, editor-in-chief, *Ohio*
Columbus Dispatch
43 S. Third St.
Columbus, Ohio 43216
(614) 461-5258
Corporate Personnel
John F. Wolfe, publisher
WBNS-TV Channel 10
P.O. Box 1010
Columbus, Ohio 43216
(614) 460-3700
Corporate Personnel
Gene D'Angelo, president
MEDIA PROPERTIES
Broadcasting
TV: WTHR, Indianapolis; WBNS-TV, Columbus, Ohio.
RADIO: WBNS (AM, FM), Columbus, Ohio.
Magazines
Ohio.
Newspapers
OHIO: *Columbus Dispatch*.
Other media operations
Dispatch Consumer Services, TBS International, Dallas.

RANK **91** **Forbes Inc.** New York

FORBES INC.
60 5th Ave.
New York, N.Y. 10011
(212) 620-2200
Corporate Personnel
Malcolm Forbes, chmn, editor-in-chief-Forbes Inc.
Malcolm Forbes Jr., chmn, Somerset Press
Timothy Forbes, president, American Heritage
MEDIA PROPERTIES
Magazines
American Heritage, American Heritage of Invention & Technology, Forbes.
Newspapers (non-dailies)
NEW JERSEY: *Bound Brook Chronicle, Metuchen-Edison Review, Middlesex Chronicle, Piscataway-Dunellen Review, Somerset Messenger-Gazette, South Plainfield Reporter.*
Other media operations
Forbes Specific Situation Survey.
OTHER OPERATIONS
Forbes Investors Advisory Institute, Forbes Galleries, art collection, various real estate holdings including Forbes Sangre de Cristo Ranch, Fort Garland, Colo.; Forbes Lake of the Ozarks resort, Warsaw, Mo.; Laucala Island in the Fiji Islands.

RANK **75** **HBJ** Orlando, Fla.

HARCOURT BRACE JOVANOVICH
Orlando, Fla. 32887
(305) 345-2000
Corporate Personnel
William Jovanovich, chmn-ceo
Robert L. Edgell, vice-chmn-magazines
Harcourt Brace Jovanovich Publications
7500 Old Oak Blvd.
Cleveland, Ohio 44130
(216) 243-8100
Corporate Personnel
Richard Moeller, president
MEDIA PROPERTIES
Broadcasting
TV: WDIO-TV, Duluth, Minn.; WIRT, Hibbing, Minn.
Magazines
COMMUNICATIONS: *Communications News, Telco Craftsman, Telephone Engineer & Management, Telephone Engineer & Management Directory, Telephone Engineer & Management Fast Action Postcards.* EDUCATION: *Instructor, Instructor Action Cards, Instructor Books; Instructor Computer Director for Schools, Instructor Education Service, ECE Teacher.* ENERGY: *Brown's Directory of North American and International Gas Companies, Drilling, L/P Gas, Petroleum Engineer International, Pipeline & Gas Journal, SGA Directory.* FARM: *Colorado Rancher & Farmer, Kansas Farmer, Michigan Farmer, Missouri Ruralist, Nebraska Farmer, Ohio Farmer, Pennsylvania Farmer, Oklahoma/Texas Farmer-Stockman.* HEALTHCARE: *Dental Laboratory Review, Dental Management, Dermatology Times, DVM, Newsmagazine of Veterinary Medicine, Geriatrics, Hearing Instruments, Hospital Formulary, Modern Medicine, Neurology, Ophthalmology Times, Physician's Management, Urology Times.* MANUFACTURING, DISTRIBUTING & SERVICE: *American Automatic Merchandiser, American Automatic Merchandiser Bluebook, American Salon, Green Book, BBSI Convention Preview, Automatic ID News, Action Cards, Concrete, Exteriors, Lawn Care Industry, Lawn Care Industry Directory, Pest Control, Pest Control Show Daily, Weeds, Trees & Turf, Landscape Exposition Directory.* MERCHANDISING: *Aftermarket Business, Buyer's Guide, APAA Show Daily, Big "I" Show Daily, Body Fashions/Intimate Apparel, Body Fashions/Intimate Apparel Directory, Body Fashions/Intimate Apparel International Edition, Body Fashions/Intimate Apparel Market Maker, Flooring Market Shopper, CDTA Extra, Hosiery & Underwear, Housewares, Housewares Show Stopper, Pets/Supplies/Marketing.* PAPER: *International Container Directory, Official Container Directory, Paperboard Packaging, Paperboard Packaging International, Paper Year Book.* PLASTICS: *Plastics Compounding, Plastics Compounding Redbook, Plastics Design Forum, Plastics Machinery & Equipment, Plastics Machinery & Equipment Postcards.* PROCESSING & PACKAGING: *Beverage Industry, Beverage Industry Annual Manual, Candy Industry, Candy Marketer, Drug & Cosmetic Catalog, Drug & Cosmetic Industry, Cosmetic Insiders' Report, Food & Drug Packaging, Food & Drug Packaging Postcards, Snack Food.* RECREATION AND LEISURE: *Bicycle Dealer Showcase, Flotation Sleep Industry, Flotation Sleep Industry Buyers Guide, Motorcycle Dealernews, Motorcycle Dealernews Buyers Guide, Motorcycle Dealernews International, Spa & Sauna, Spa & Sauna Buyers Guide, Video Store.* TRADE SHOWS: *Pocket Survival Guide, Showpower.* TRAVEL & LODGING: *Corporate Meetings & Incentives, Corporate Meetings & Incentives Action Cards, Directory of Incentive Travel International, Hotel & Motel Management, Hotel & Motel*

Management Quick Order Product Postcards.

Newsletters

Homeowners Advisory Letter, Investing in Real Estate, Jack Anderson's Washington Letter, Real Estate Investing Letter.

OTHER OPERATIONS

Book clubs, book publishing, convention services, instructional materials, insurance, management consulting, Florida Cypress Gardens, Sea World Enterprises, trade & consumer shows.

RANK 95

H&C Comm.
Houston

H&C COMMUNICATIONS
3050 Post Oak Blvd., Ste. 1330
Houston, Texas 77056
(713) 993-2500
Corporate Personnel
Jim Crowther, president
WJR-TV
2233 Wisconsin Ave. N.W., Ste. 442
Washington, D.C. 20007
(202) 333-6800
Corporate Personnel
Henry Catto, president, broadcast div
MEDIA PROPERTIES
Broadcasting
TV: KCCI-TV, Des Moines, Iowa; KPRC-TV, Houston; KSAT-TV, San Antonio; KVOA-TV, Tucson, Ariz.; WESH-TV, Daytona Beach/Orlando, Fla.; WTVF-TV, Nashville, Tenn.
RADIO: KPRC, Houston.
Magazines
Washington Journalism Review (donated June 1987 to University of Maryland College of Journalism).

RANK 100

Heritage
Des Moines, Iowa

HERITAGE COMMUNICATIONS
2195 Ingersoll Ave.
Des Moines, Iowa 50312
(515) 246-1440
Corporate Personnel
James M. Hoak Jr., president
James S. Cownie, president, cable tv group
MEDIA PROPERTIES
Broadcasting
TV: WEAR-TV, Pensacola, Fla.; WCHS-TV, Charleston, W.V.; WPZT-TV, Plattsburg, N.Y.; KAUT-TV, Oklahoma City; WCJB-TV, Gainesville, Fla.; KEVN-TV, Rapid City, S.D.; KDLT, Mitchell-Sioux Falls, S.D.; WABI-TV, Bangor, Maine (30% interest); WPDE-TV, Florence, S.C.(30% interest); WCTI-TV, Greenville, N.C.(30% interest); WDAU-TV, Wilkes-Barre, Pa. (30% interest).
RADIO: WIL (AM, FM), St. Louis; WEMP, WMYX (FM), Milwaukee; WBBF, WMJQ (FM), Rochester, N.Y.; KDAY, Los Angeles; WABI, WBGW (FM), Bangor, Maine (30% interest).
Cable/video
SYSTEMS: Heritage Cablevision-ALABAMA: Red Bay. CALIFORNIA: Compton, Hawaiian Gardens, Palo Alto, South El Monte, Willowbrook. COLORADO: Avon, Buena Vista, Dowd's Junction, Fowler, Frisco, Granby, Kremmling, LaJunta, Lake Hill, Lamar, Three Lakes, Walsenburg, Winter Park, Vail. DELAWARE: Branford, Wilmington. INDIANA: Bedford, Bristol, Jefferson Township, Middlebury, Rochester, South Bend, St. Joseph County, Wakarusa. IOWA: Ackley, Albia, Ames, Applington, Avoca, Bedford, Belle Plaine, Boone, Chariton, Clarinda, Clarion, Clinton, Colfax, Columbus Junction, Corning, Council Bluffs, Creston, Denison, Des Moines, Dexter, Duncan, Durant, Eldora, Forest City, Fort Dodge, Fort Madison, Glenwood, Granger, Greenfield, Grinnell, Grundy Center, Guthrie Center, Hampton, Harlan, Hawarden, Indianola, Iowa City, Jefferson, Knoxville, LaVinia, Le Mars, Leon, Madrid, Marengo, Marshalltown, Mason City, Morning Sun, Mount Ayr, Mount Pleasant, Muscatine, New London, Newton, Northwood, Ortonville, Osage, Osceola, Parkersburg, Perry, Pella, Red Oak, Sheldahl, Shenandoah, Storm Lake, Story City, Toledo, Traer, Villisca, Wapello, Waverly, Webster City, West Point, Wilton, Winterset. MAINE: Biddeford (30% interest), Sanford (30% interest), Wells (30% interest). MASSACHUSETTS: Amesbury (30% interest), Andover, Gloucester (30% interest). MICHIGAN: Birmingham, Edwardsburg. MINNESOTA: Benson, Kerkhoven, Willmar. MISSISSIPPI: Aberdeen, Amory, Ashland, Booneville, Charleston, Columbia, Ecru, Guntown, Holly Springs, Iuka, Macon, Nettleton, New Albany, Oxford, Shelby. MISSOURI: Tarkio. NEW HAMPSHIRE: Rochester (30% interest). OHIO: Bryan, Coldwater, Paulding. PENNSYLVANIA: Philadelphia. RHODE ISLAND: Johnston. TENNESSEE: Bartlett, Germantown. TEXAS: Alice, Alton, Brownsville, Dallas, Edcouch, Falfurrias, Farmers Branch, Harlingen, Hidalgo, Los Fresnos, Pharr, Port Isabel, Premont, Raymondville, Rio Grande City, South Padre Island, Sullivan City, Weslaco. WISCONSIN: Baraboo, Lake Delton, Reedsburg.

OTHER OPERATIONS

Gill Industries (51% ownership), Heritage Communications International Finance N.V., Heritage Communications Products Corp.

RANK 78

Home Shopping
Clearwater, Fla.

HOME SHOPPING NETWORK
1529 U.S. Highway 19 South
Clearwater, Fla. 33546
(813) 530-9455
Corporate Personnel
Roy M. Speer, chmn-ceo
Silver King Broadcasting
(Channel 67)
390 W. Market Street
Newark, N.J. 07107
(201) 643-6800
Corporate Personnel
James Flynn, sr vp
MEDIA PROPERTIES
Broadcasting
TV: WQHS-TV, Cleveland; KHSC-TV, Los Angeles; WHSH-TV, Boston; WEHS-TV, Chicago; WHSE-TV, Newark, N.J.; WHSI-TV, Smithtown, Long Island, N.Y.; WHSW-TV, Baltimore; KHSH-TV, Houston; WHSP-TV, Philadelphia; KWVT-TV, Portland/Salem, Ore.; KLTJ-TV, Dallas; KPST-TV, San Francisco; Channel 69, Miami, (call letters pending).
Cable
Cable Services: HSN I, HSN II.
Other media properties
"Home Shopping Game."

OTHER PROPERTIES

Home Shopping Entertainment, Home Shopping Network Financial Services, House of Noblene, Silver King Aviation, Sun Tours, Sun Travel, Citrus Office Supply, Home Shopping Administrative Services, Home Shopping Auto Mart, Home Shopping Insurance, Home Shopping Travel, International Bargaineers, Home Shopping Network Realty, Stuart McGuire Co.

RANK 68

Howard Publications
Oceanside, Calif.

HOWARD PUBLICATIONS
P.O. Box 570
Oceanside, Calif. 92054
(619) 433-5771
Corporate Personnel
Robert Howard, president
Falcon Communications
199 S. Los Robles Ave., Ste. 600
Pasadena, Calif. 91101
(818) 796-2555
Corporate Personnel
Chris Derick, president
MEDIA PROPERTIES
Broadcasting
TV: WIVB-TV, Buffalo, N.Y.
Cable/video
SYSTEMS: CALIFORNIA: Alhambra, Huntington Park, Norco, Norwalk, Pasadena, Riverside, San Gabriel, Temple City, Walnut, West Covina and unincorporated parts of Los Angeles County including Altadena. WYOMING: Evanston.
Newspapers
CALIFORNIA: *Oceanside Blade-Tribune, San Clemente Sun-Post*. COLORADO: *Northwest Colorado Press* (Craig). IDAHO: *Twin Falls Times-News*. ILLINOIS: *Charleston Times-Courier, Freeport Journal-Standard, Mattoon Journal-Gazette, Pekin Daily Times*. INDIANA: *Hammond Times, Logansport Pharos-Tribune & Press*. IOWA: *Sioux City Journal* (owned jointly with Hagadone Newspapers), *Waterloo Courier*. KENTUCKY: *Maysville Ledger-Independent*. NEW YORK: *Auburn Citizen-Advertiser, Corning Leader, Glens Falls Post-Star*. PENNSYLVANIA: *Carlyle Sentinel*. SOUTH CAROLINA: *Orangeburg Times & Democrat*. WYOMING: *Casper Star-Tribune*.

OTHER OPERATIONS

Howard Energy Co. (Traverse City, Mich.).

RANK 87

Hubbard
St. Paul, Minn.

HUBBARD BROADCASTING
3415 University Ave. W.
St. Paul, Minn. 55415
(612) 646-5555
Corporate Personnel
Stanley S. Hubbard, chmn-president-ceo
MEDIA PROPERTIES
Broadcasting
TV: WTOG, St. Petersburg, Fla.; KSTP-TV, St. Paul, Minn.; KSAX-TV, Alexandria, Minn.; KRWF-TV, Redwood Falls, Minn.; KOB-TV, Albuquerque, N.M.; KOBF, Farmington, N.M.; KOBR-TV, Roswell, N.M.
RADIO: KSTP (AM, FM), St. Paul, Minn.
Other media properties
Conus Communications (St. Paul, Minn.); USTV St. Paul, Minn. and Los Angeles Cal., USSB (United States Satellite Broadcasting), St. Paul.

RANK 54

IDG
Framingham, Mass.

INTERNATIONAL DATA GROUP
5 Speen St.
Framingham, Mass. 01701
(617) 879-0700
Corporate personel
Patrick J. McGovern, chmn
U.S.MEDIA PROPERTIES
Magazines
CW Communications-*Computerworld, Network World, Boston ComputerNews*; InfoWorld Publications-*InfoWorld, Micro MarketWorld*; PC World Communications-*MacWord, PC World, MacIntosh Today, Publish!, Windows*; CWCI Peterborough—*Amiga World, Computers in Science, inCider, Run, 80 Micro, CD-ROM Review, PC Resource, Portable Computer Review*; Digital News Publishing-*Digital News*; GSN, Inc.-*Federal Computer Week*; Computer Currents Publishing-*Computer Currents*; International Data Corp.—special supplements, single sponsor/private label publications & *Executive Reports*.
Other media operations
LDG Communications News Division; CW/Conference Management Group.

RANK 56

Journal
Milwaukee, Wis.

JOURNAL COMMUNICATIONS
333 W. State Street
Milwaukee, Wis. 53203
(414) 224-2000
Corporate Personnel
Thomas McCollow, chmn-ceo
Robert Kahlor, president-Journal/Sentinel
WTMJ Inc.
720 E. Capitol Drive
Milwaukee, Wisc. 53201
(414) 332-9611
Corporate Personnel
Steven Smith, president
MEDIA PROPERTIES
Broadcasting
TV: KTNV-TV, Las Vegas, Nev.; WTMJ-TV, Milwaukee; WSYM, Lansing, Mich.
RADIO: WTMJ (AM), WKTI (FM), Milwaukee; WSAU, WIFC (FM), Wausau, Wis.
Newspapers
WISCONSIN: *Milwaukee Journal, Milwaukee Sentinel*.
Newspapers (non-dailies)
CONNECTICUT: Hometown Publishing—*Easton Courier, Huntington Herald, Monroe Courier, Stratford Star, Trumbull Times, Milford Mirror*. FLORIDA: Shoppers in Gainesville. MONTANA: Shoppers in Great Falls, Missoula. NORTH CAROLINA: Shoppers in Asheville, Hendersonville. WISCONSIN: *Press Star*, shoppers in Berlin, New London, Neenah, Oshkosh, Seymour, Stevens Point, Waupaca, Wausau, Wisconsin Rapids.

OTHER OPERATIONS

MJE Corp.(Niles, Ill.); Midwestern Rely Co. (Milwaukee); Perry Printing Corp. (Waterloo, Wis., with plants in Baraboo; Milwaukee; Norway, Mich.; and Trumbull, Conn.).

RANK 97

Knapp
Los Angeles

KNAPP COMMUNICATIONS
5900 Wilshire Blvd.
Los Angeles, Calif. 90036
(213) 937-5486
Corporate Personnel
Cleon T. (Bud) Knapp, chmn
Paige Rense, sr vp-genl mgr-*Architectural Digest*
William J. Garry, sr vp, genl mgr-*Bon Appetit*
Patrick R. Casey, sr vp, genl mgr-*Home*
MEDIA PROPERTIES
Magazines
Architectural Digest, AD (Milan), *Bon Appetit, Home* (general partner), *Best Selling Home Plans*. Pending October launch: *Architectural Digest Travels*.

OTHER OPERATIONS

Knapp Press, Rosebud Books, Wilshire Marketing Corp.

RANK 62

Lee Enterprises
Davenport, Iowa

LEE ENTERPRISES
130 E. Second St.
Davenport, Iowa 52801
(319) 383-2202
Corporate personnel
Lloyd G. Schermer, chmn-ceo
Richard D. Gottlieb, president-coo
Richard Belkin, vp-broadcasting & corp planning
Ronald Rickman, vp-newspapers
MEDIA PROPERTIES
Broadcasting
TV: KGGM-TV, Albuquerque, N.M. (42% ownership); KGMB, Honolulu; KHQA-TV, Hannibal, Mo.; KOIN-TV, Portland, Ore.; WSAZ-TV, Huntington-Charleston, W. Va.; KMTV, Omaha, Neb.; KGUN-TV, Tucson, Ariz.
Magazines
Western Business (Billings, Mont.).
Newspapers
ILLINOIS: *Decatur Herald & Review, Kewanee Star Courier, Southern Illinoisan Review* (Carbondale). IOWA: *Mason City Globe-Gazette, Muscatine Journal, Ottumwa Courier, Quad-City Times* (Davenport). MINNESOTA: *Winona Daily News*. MONTANA: *Billings Gazette, Butte Montana Standard, Helena Independent Record, Missoula Missoulian*. NEBRASKA: *Lincoln Star*. NORTH DAKOTA: *Bismarck Tribune*. OREGON: *Corvallis Gazette-Times*. WISCONSIN: *La Crosse Tribune, Racine Journal, Wisconsin State Journal* (Madison).

OTHER OPERATIONS

NAPP Systems (manufacturer of graphic system products); Call-It Co.

RANK 79

LIN Broadcasting
New York

LIN BROADCASTING
1370 Ave. of the Americas
New York, N.Y. 10019
(212) 765-1902
Corporate Personnel
Donald A. Pels, chmn-president
E. Blake Byrne, group vp-television
GuestInformant
210 Post St.
San Francisco, Calif. 94108
(415) 362-8384
Corporate Personnel
Harold N. Spitz, chmn
MEDIA PROPERTIES
Broadcasting
TV: WAND-TV, Decatur/Champaign/Springfield/Danville, Ill.; KTVV-TV, Austin, Texas; KXAS-TV, Dallas/Fort Worth; WAVY-TV, Portsmouth/Norfolk/Newport News/Hampton Roads Va.; WOTV-TV, Grand Rapids, Mich.; WISH-TV, Indianapolis; WANE-TV, Fort Wayne, Ind.
Magazines
GuestInformant (distributed in hotel rooms), *Quick City Guides* (distributed in hotel lobbies).

OTHER OPERATIONS

Cellular radio ventures.

RANK 51

Maclean Hunter
Toronto

MACLEAN HUNTER LTD.
Maclean Hunter Bldg.
777 Bay Street
Toronto, Ontario M5W 1A7
(416) 596-5526
Corporate Personnel
Donald G. Campbell, chmn
Maclean Hunter Cable TV
27 Fasken Drive
Etobicoke, Ontario M9W 1K7
(416) 675-5930
Corporate Personnel
J. Barry Gage, president-ceo
Lakewood Publications
50 S. 9th Street
Minneapolis, Minn. 55402
(612) 333-0471
Corporate Personnel
Jim Secord, president
Maclean Hunter Media
1351 Washington Blvd.
Stamford, Conn. 06902
(203) 325-3500
Corporate Personnel
John W. Skeels, president
National Market Reports
300 W. Adams Street
Chicago, Ill. 60606
(312) 726-2802
Corporate Personnel
Jack Heffinger, president
U.S. MEDIA PROPERTIES
Cable/video
MICHIGAN: Barden Cablevision (49% interest), Maclean Hunter Cable TV. NEW JERSEY: Cable TV of Jersey City (80% interest), Suburban Cablevision.
Magazines
Airport Services Management, American Printer, Blue Book of Used Truck Evaluations, Boxboard Containers, Coal Mining, Concrete Products, Dog World, EP&P, Frozen Food Age, Graphic Arts Product News, Hospital Practice, Kennel Doctor, Mobile/Manufactured Home Blue Book, Motorcycle Red Book, National Boat Book, National Farm Tractor & Implement Blue Book, National Mall Monitor, Older Car Red Book, Pacific Fishing, Paper, Film & Foil Converter, Photo/Design, Photomethods, Potentials in Marketing, Potentials Mart, Progressive Grocer, Progressive Grocer Executive Report, Recreation, Sports & Leisure, Recreational Vehicle Blue Book, Red Book of Official User Car Valuations, Remodeling Contractor, Rock Products, Training, Van Conversion Blue Book.
Newspaper
TEXAS: *Houston Post*.

OTHER OPERATIONS

Maclean Hunter Publishing Co. (Illinois), Maclean Hunter Media (Connecticut), HP Publishing Co. (New York), Lakewood Publications Inc. (Minnesota), Transkrit Corp. (New York).

RANK 80

Macromedia
Hackensack, N.J.

MACROMEDIA INC.
150 River Street
Hackensack, N.J. 07602
(201) 646-4000
Corporate Personnel
Malcolm A. Borg, chmn-publisher
Michael H. Heath, president, *Record*
News Tribune
1 Hoover Way
Woodbridge, N.J. 07095
(201) 442-0400
Corporate Personnel
Robert Sapara, president
Gateway Communications
Suite 612 Executive Bldg
Cherry Hill, N.J. 08020
(609) 667-8100
Corporate Personnel
Lewis Klein, president
MEDIA PROPERTIES
Broadcasting
TV: WBNG-TV, Binghamton, N.Y.; WLYH-TV, Harrisburg/York/Lancaster/Lebanon, Pa.; WOWK-TV, Charleston/Huntington, W.Va.; WTAJ-TV, Johnstown/Altoona, Pa.
Newspapers
NEW JERSEY: *News Tribune* (Woodbridge), *Record* (Hackensack).

OTHER PROPERTIES

Macromedia Leasing Corp. (vehicle leasing).

RANK 76

National Enquirer
Lantana, Fla.

NATIONAL ENQUIRER
600 S.E. Coast Ave.
Lantana, Fla. 33464
(305) 586-1111
Corporate Personnel
Iain Calder, president, editor-in-chief
Joe West, publisher-*Weekly World News*
Video Digest
1046 Hypoluxo Rd.
Lantana, Fla. 33462
(305) 582-4225
Corporate Personnel
David Minter, publisher
MEDIA PROPERTIES
Newspapers
National Enquirer, Weekly World News.
Magazine
Video Digest.

RANK 59

National Geographic
Washington

NATIONAL GEOGRAPHIC SOCIETY
17th & M Streets N.W.
Washington, D.C. 20036
(202) 857-7000
Corporate Personnel
Gilbert Grosvenor, president
MEDIA PROPERTIES
Magazines
National Geographic, "National Geographic Research," *National Geographic Traveler*, "National Geographic World."

Publisher pushes sports

Petersen Publishing turns more and more to sports, with *Petersen's Pro Basketball* and an "encyclopedia of sports" in 1988, last year's *Petersen's Pro Baseball*, and the opening up of its *Petersen's Pro Football* from a single ad sponsor to national ad support.

RANK 89

Park
Ithaca, N.Y.

PARK COMMUNICATIONS
Terrace Hill, Tower Building
Ithaca, N.Y. 14850
(607) 272-9020
Corporate Personnel
Roy H. Park, chmn-ceo
Robert J. Rossi, vp-newspapers
William L. Fowler, vp-radio
W. Randall Odil, vp-tv
MEDIA PROPERTIES
Broadcasting
TV: WBMG, Birmingham, Ala.; WUTR, Utica, N.Y.; WNCT-TV, Greenville, N.C.; WSLS-TV, Roanoke, Va.; WTVR-TV, Richmond, Va.; WDEF-TV, Chattanooga, Tenn.; WJHL-TV, Johnson City, Tenn.
RADIO: KWLO (AM, FM), KFNW-FM, Waterloo, Iowa; WPAT (AM, FM), Clifton, N.J.; KJJO (AM, FM), Minneapolis; WHEN, WRRB-FM, Syracuse, N.Y.; WNCT (AM, FM), Greenville, N.C.; KWJJ (AM, FM), Portland, Ore.; WNAX-AM, Yankton, S.D.; WDEF (AM, FM), Chattanooga, Tenn.; WTVR (AM, FM), Richmond, Va.; KEZX (AM, FM), Seattle.
Newspapers
ARKANSAS: *Courier News* (Blytheville), *Daily World* (Helena). FLORIDA: *Daily Sun Journal* (Brooksville). GEORGIA: *Sun* (Warner Robins). ILLINOIS: *Macomb Journal*. INDIANA: *Evening News* (Jeffersonville), *Pilot-News* (Plymouth). IOWA: *Evening Sentinel* (Shenandoah). MINNESOTA: *Pioneer* (Bemidji). NEBRASKA: *Nebraska City News-Press*. NEW YORK: *Evening Sun* (Norwich), *Journal, Advance News* (Ogdensburg), *Journal-Register* (Medina), *Register-Star* (Hudson), *Union-Sun & Journal* (Lockport). NORTH CAROLINA: *Citizen News-Record* (Aberdeen), *Concord Tribune* (Concord), *Daily Independent* (Kannapolis), *McDowell News* (Marion), *News Herald* (Morganton), *Observer-News Enterprise* (Newton), Robesonian (Lumberton), *Sampson Independent* (Clinton), *Statesville Record & Landmark* (Statesville). NORTH DAKOTA: *Devils Lake Daily Journal*. OKLAHOMA: *Daily Ledger* (Broken Arrow), *News-Capital & Democrat* (McAlester), *Sapulpa Daily Herald*. PENNSYLVANIA: *Milton Standard, Lewisburg Daily Journal*. VIRGINIA: *Journal Messenger* (Manassas), *News-Virginian* (Waynesboro).
Newspapers (non-dailies)
ARKANSAS: *Osceola Times, Mail Call* (Blytheville), *Missco Shopper Guide* (Osceola), *Twin City Tribune/Advertiser* (Helena/West Helena). FLORIDA: *Wednesday Hernando Free Press, Sunday Hernando Free Press* (Brooksville). GEORGIA: *Houston County News* (Warner Robins), *Houston Home Journal* (Perry), *Shoppers Extra* (Perry). ILLINOIS: *Business News* (Macomb). INDIANA: *Bremen Enquirer, Clark County Journal* (Jeffersonville), *Farm & Home News, Nappanee Advance News* (Nappanee). IOWA: Essex Independent, Weekly Times (Shenandoah). KENTUCKY: *Frenchburg County News, Grayson Journal Enquirer, Grayson County News-Gazette* (Leitchfield), *Greenup News, Logan Leader* (Russellville), *Morehead News, News-Democrat* (Russellville), *Olive Hill Times, Shopping News* (Sandy Hook shopper), *Sentinel Echo* (London). MICHIGAN: *Advertiser* (Bemidji). NEBRASKA: *Tri-State Weekly* (Nebraska City). NEW YORK: *Albion Advertiser, Chatham Courier, Massena Observer, Potsdam Courier Freeman, St. Lawrence Plaindealer, Rural News* (Canton), *Tri-County News* (Lockport), *TV Signals* (Medina), *Pennysaver* (Medina), *Chenango Shopper* (Norwich). NORTH CAROLINA: *Mecklenburg Gazette* (Davidson), *Bladen Journal* (Elizabethtown), *Valdes News, Mooresville Tribune, Sampson County Shopping Guild & TV Schedule, Cabarrus Observer* (Kannapolis), *Carbarrus Observer* (Concord), *Robesonian Weekly* (Lumberton), *McDowell Express* (Marion), *News Outlook Shopping Guide* (Aberdeen), *County News Enterprise-Maiden Times* (Newton), *Burke County Observer* (Morganton), *Landmark Observer* (Statesville), *Shoppers Guide* (Mooresville). NORTH DAKOTA: *County Peddler* (Devils Lake). OKLAHOMA: *Bixby Bulletin, Broken Arrow Weekly Ledger, Jenks Journal, Hartshorne Sun, Herald Extra* (Sapulpa), *Mannford Eagle, Sand Springs Leader, Southeastern Oklahoma Shopping News* (McAlester), *Sand Springs Extra*. PENNSYLVANIA: *Wayne Independent, Wayne Weekly* (Honesdale). VIRGINIA: *Suburban Virginia Times* (Manassas).

RANK 58

Patrick Media
Scranton

PATRICK MEDIA GROUP
2101 Myrtle Street
Scranton, Pa. 18510
(717) 347-7100
Corporate Personnel
Gerard P. Joyce, president
MEDIA PROPERTIES
Outdoor
53,000 displays in 37 metropolitan markets, divided 70% poster panels and 30% painted bulletins.

RANK 86

Penthouse
New York

PENTHOUSE INTERNATIONAL
1965 Broadway
New York, N.Y. 10023
(212) 496-6100
Corporate Personnel
Robert Guccione, president
MEDIA PROPERTIES
Magazines
Forum, "Girls of Penthouse," *Four Wheeler, Hot Talk, Longevity, Omni, Penthouse, Penthouse Letters, Spin, Variations.*
OTHER OPERATIONS
Apex Properties, Boardwalk Properties, Penthouse Films, Penthouse International Books, Omni Books, Penthouse Video.

RANK 82

Petersen
Los Angeles

PETERSEN PUBLISHING CO.
8490 Sunset Blvd.
Los Angeles, Calif. 90069
(213) 854-2222
Corporate Personnel
Robert E. Petersen, chmn
Fredrick R. Wangrow, president-genl mgr
MEDIA PROPERTIES
Magazines
Car Craft, Cartoons, Chevrolet High-Performance, Circle Track, Dirt Rider, Drag Racing, Guns & Ammo, Home Fitness & Equipment, Handguns, Hot Rod, International Combat Arms, Kit Car, Motor Trend, Motorcyclist, Muscle Car Classics, Mustang, Petersen's Fishing, Petersen's 4-Wheel & Off-Road, Petersen's Hunting, Petersen's Photo-Graphic, Pro Baseball, Pro Football, Skin Diver, Sports Cars of the World, Super/Moto Cross (beginning July '87), Teen. Also one-shot special interest publications.

RANK 99

Pittway
Northbrook, Ill.

PITTWAY CORP.
333 Skokie Blvd.
Northbrook, Ill. 60065
(312) 498-1260
Corporate Personnel
King Harris, president
Penton Publishing
1100 Superior Ave.
Cleveland, Ohio 44114
(216) 321-1647
Corporate Personnel
Saul Marino, president
MEDIA PROPERTIES
Magazines
Air Transport World, Chemical Engineering Catalog, Computer-Aided Engineering, Contracting Business, Foodservice Distributor, Foundry, Government Product News, Handling & Shipping Management, Heating/Piping/Air Conditioning, Hydraulics & Pneumatics, Industry Week, Links Guide, Lodging Hospitality, Machine Design, Material Handling Engineering, Materials Engineering, Millimeter, Modern Office Technology, New Equipment Digest, Occupational Hazards, Power Transmission Design, Power Transmission Distributor, Precision Metal, Production Engineering, Progressive Architecture, Restaurant Hospitality, School and College Product News, Used Equipment Directory, Welding Design & Fabrication, Welding Design and Fabrication, Welding Distributor.
Other media operations
Direct response cards, directories, annuals.
OTHER OPERATIONS
Animated films, C&A Investments, Curtin & Pease/Peneco (direct mail marketing to pharmaceutical companies), list services, Penton Press (graphic services), Penton Learning Systems, Pittway Real Estate, Saddlebrook.

RANK 72

Playboy
Chicago

PLAYBOY ENTERPRISES
919 North Michigan Ave.
Chicago, Ill. 60611
(312) 751-8000
Corporate Personnel
Christie Hefner, president-coo
Playboy Programs
8560 Sunset Blvd.
Los Angeles, Calif. 90069
(213) 659-4080
Corporate Personnel
Ed Risian, president
MEDIA PROPERTIES
Cable/video
CHANNELS: Playboy Channel.
Magazines
Playboy.
Other media operations
Playboy Home Video.
OTHER OPERATIONS
Playboy Products sales and licensing.

RANK 63

Product Movers
New York

PRODUCT MOVERS
621 Avenue of the Americas
New York, N.Y. 10011
(212) 255-3800
Corporate personnel
Kenneth Bortner, president-ceo
MEDIA PROPERTIES
Newspapers (FSIs)
Product Movers had 27 issue dates in 1986 and circulation of 48.6 million through 300 Sunday newspapers serving 316 metro areas.

RANK 60

Providence Journal
Providence, R.I.

PROVIDENCE JOURNAL CO.
75 Fountain Street
Providence, R.I. 02902
(401) 277-7000
Corporate Personnel
Stephen Hamblett, president
Jack Clifford, vp-broadcasting & CATV
MEDIA PROPERTIES
Broadcasting
TV: WPHL-TV, Philadelphia; KSMB, Tucson; Ariz.; KGSW, Albuquerque, N.M; WHAS-TV, Louisville, Ky.
Cable/video
SYSTEMS: CALIFORNIA: Colony Communications-Harbor City, San Pedro, Wilmington; Copley/Colony Cablevision-Costa Mesa, Cyprus. FLORIDA: Colony Communications-Hialeah-Coral Gables (88.9%). MASSACHUSETTS: Colony Communications-Fall River (84%), Lowell, New Bedford (86%), Woburn; Multipoint distribution systems-Boston, Springfield. NEW YORK: Colony Communications-Beacon, Hyde Park, Lloyd, Monroe, Wappinger. RHODE ISLAND: Hopkinton, Westerly; Multipoint distribution system-Providence; Visioncable-Pawtucket.
Newspapers
Providence Journal & Evening Bulletin, Sunday Journal.
Other media operations
Livewire.
OTHER OPERATIONS
Tulsa Cellular Telephone Communications Properties, cellular telephone in Raleigh N.C.

RANK 61

Quad/ Graphics
New York

QUAD/GRAPHICS
1290 Avenue of the Americas
New York, N.Y. 10014
(212) 603-6000
Corporate Personnel
Paul Moschetti, president-ceo
Milwaukee Magazine
312 E. Buffalo
Milwaukee, Wisc. 53202
(414) 273-1101
Corporate Personnel
Betty Quadracci, publisher
MEDIA PROPERTIES
Quad/Marketing.
Magazines
Milwaukee Magazine.

RANK 55

RKO
New York

RKO GENERAL
1440 Broadway
New York, N.Y. 10018
(212) 642-4000
Corporate Personnel
Pat A. Servodidio, president
Jerry Lyman, president, radio div
MEDIA PROPERTIES
Broadcasting
TV: WHBQ-TV, Memphis, Tenn.; WKHJ-TV, Los Angeles.
RADIO: KRTH (AM, FM), Los Angeles; KFRC (AM), San Francisco; WGMS (AM, FM), Washington; WAXY (FM), Miami Fort Lauderdale, Fla.; WFYR (FM), Chicago; WRKO (AM), WROR (FM), Boston; WOR (AM), WKRS (FM), New York; WHBQ (AM), Memphis, Tenn.
OTHER OPERATIONS
RKO Bottlers, RKO Pictures & Film Group.

RANK 90

Rogers
Toronto

ROGERS COMMUNICATIONS
Commercial Union Tower
Toronto Dominion Center,
Box 249, Ste. 2600
Toronto, Ontario M5K 1J5
(416) 864-2373
Corporate Personnel
Edward S. Rogers, chmn
Rogers Cablesystems of America
12th & Market Street
P.O. Box 1347
Wilmington, Del. 19899
(302) 658-8128
Corporate Personnel
Edward S. Rogers, chmn
MEDIA PROPERTIES
Cable
U.S. SYSTEMS: MINNESOTA: Minneapolis (10.7% interest), Minneapolis suburbs—Edina, Hopkins, Minnetonka, Eden Prairie, Richfield (59.5% interest). OREGON: Portland (81.6% interest), Multnomah County (62.6% interest). CALIFORNIA: Orange County—Huntington Beach, Westminster, Fountain Valley, Stanton (50% interest)—Garden Grove, Los Alamitos; Los Angeles County—subsequent to year end, subject to regulatory approvals)—Downey, Santa Fe Springs, Lynwood, Bell Gardens, Paramount, La Mirada. TEXAS: San Antonio (66.2% interest), Laredo (66.2% interest). ARIZONA: Yuma (66.2% interest). CALIFORNIA: El Centro (66.2% interest).

RANK 73

Sammons
Dallas

SAMMONS COMMUNICATIONS
500 S. Ervay, Ste. 200A
Dallas, Texas 75201
(214) 742-9828
Corporate Personnel
James N. Whitson, president-ceo
MEDIA OPERATIONS
Cable/video
SYSTEMS: ALABAMA: Chambers Co., Lanett, Littleville, Moulton, Russellville, Tuskegee, Valley. CALIFORNIA: Burbank, Ceres, Glendale, La Canada, La Crescenta, Merced Co., Stanislaus Co., Sylmar, Turlock, Whittier. CONNECTICUT: Middlebury, Plymouth, Prospect, Waterbury, Wolcott. FLORIDA: Live Oak. GEORGIA: Pine Mountain (town and unincorporated areas), Troup Co., West Point. ILLINOIS: Bruce, Dwight, Eagle, Jacksonville, Kangley, Marseilles, Morgan Co., Naplate, Ottawa, Otter Creek, Pontiac, Reading, South Jacksonville, Streator. INDIANA: Logansport. IOWA: Estherville, Graettinger, Emmet Co. KENTUCKY: Middlesboro. LOUISIANA: Vidalia. MISSISSIPPI: Adams Co., Brookhaven, Escatawpa, Gautier, Jackson Co., Magnolia, McComb (city and county), Moss Point, Natchez, Pascagoula, Summit. MISSOURI: Neosho, Seneca. NEW JERSEY: Absecon, Alpha, Bloomsbury, Boonton (town and township), Chatham, Denville, Dover, East Hanover, Egg Harbor, Florham Park, Galloway, Greenwich (township), Hanover, Harmony Township, Hopatcong, Jefferson (township), Linwood, Madison, Mine Hill, Montville, Morris, Morris Plains, Morristown, Mount Arlington, Mount Olive Township, Mountain Lakes, Netcong, Parsippany-Troy Hills, Phillipsburg, Pleasantville, Randolph, Rockaway Township, Rockaway (township), Roxbury Township, Somers Point, Stanhope, Victory Gardens (borough), Vineland, Wharton. NEW YORK: Amity, Andover (town and village), Belmont, Benton, Cortland, Cortlandville, East Hampton (town and village), Gloversville, Homer (town and village), Jerusalem, Johnstown, Mayfield (town and village), McGraw, Milo, Penn Yan, Scio, Wellsville (town and village), Willing. NORTH CAROLINA: Black Mountain, Buncombe Co., Buncombe Co. areas, Canton, Clyde, Hazelwood, Haywood Co., Lake Junealuska, Maggie Valley, Montreat, Waynesville. OKLAHOMA: Clinton, Elk City. PENNSYLVANIA: Bansalem, Bethlehem, Biglerville Borough, Butler Township, Carroll Township, Camp Hill, Cornplanter, Cranberry, Cumberland Township, Dauphin, East Pennsboro, Easton, Emmaus, Fairview Township, Falls Township, Fleetwood, Forks Township, Gettysburg Borough, Glendon, Hampden, Highspire, Harrisburg, Lemoyne, Lower Allen Township, Lower Macungie, Lower Mount Bethel, Lower Paxton, Lower Southampton, Lower Swatara, Macungie, Maiden Creek, Marysville, Mechanicsburg Borough, Middle Paxton, Middleton, Monroe Township, Morrisville Borough, New Cumberland Army Depot, Oakland Township, Oil City, Palmer, Paxtang, Penbrook, Plainfield, Richmond, Rouseville Borough, Royalton, Ruscombmanor, Salisbury Township, Shiremanstown Borough, Silver Spring Township, Steelton, Stockertown, Straban Township, Sugarcreek Borough, Susquehanna, Swatara, Tulleytown, Borough, Upper Allen Township, Upper Milford, Upper Southampton, Warminster, West Easton, West Fairview, West Hanover, Williams, Wilson, Wormleysburg. TENNESSEE: Bristol, Carter Co., Cocke Co., Elizabethton, Hamblen Co., Johnson City, Morristown, Newport, Sullivan Co., Washington Co. TEXAS: Benbrook, Blue Mound, Borger, Burleson, Cleburne, Corinth, Crowley, Denton, Dumas, Duncanville, Edgecliff Village, Everman, Forest Hill, Fort Worth, Fritch, Haltom City, Hickory Creek, Highland Park, Hurst, Keller, Kennedale, Lake Dallas, Lake Worth, Mansfield, McLean, Midlothian, North Richland Hills, Pampa, Panhandle, Richland Hills, Saginaw, Stinnett, Sunray, University Park, Watauga, Waxahachie, Weatherford, Westover Hills, White Deer, White Settlement. VIRGINIA: Alleghany Co., Bristol, Clifton Forge, Colonial Heights, Covington, Fort Lee, Iron Gate, Petersburg, Washington Co. WASHINGTON: Adams Co., Ephrata, Grant Co., Moses Lake, Othello, Soap Lake.

RANK 70

Seattle Times
Seattle

SEATTLE TIMES CO.
Fairview Ave. N. & John
Seattle, Wash. 98111
(206) 464-2111
Corporate Personnel
Frank A. Blethen, ceo-publisher
MEDIA PROPERTIES
Newspapers
WASHINGTON: *Seattle Times, Walla Walla Union-Bulletin.*

RANK 96

Stauffer
Topeka, Kan.

STAUFFER COMMUNICATIONS
516 Jefferson
Topeka, Kan. 66607
(913) 295-1111
Corporate Personnel
Stanley H. Stauffer, chmn
John H. Stauffer, president
Kenneth C. Bronson, vp-daily newspapers
Gerald N. Holley, vp-broadcasting
Grit Publishing
208 W. 3rd
Williamsport, Pa. 17701
1-800-233-8455
Corporate Personnel
E. Van Anderson, vp-National Media
MEDIA PROPERTIES
Broadcasting
TV: WIBW-TV, Topeka, Kan.; KMIZ-TV, Columbus, Ohio; KCOY-TV, Santa Maria, Calif.; KTVS-TV, Sterling, Colo.; KSTF-TV, Scottsbluff, Neb.; KGWC-TV, Casper, Wyo. Satellites: KOWY-TV, Lander Riverton, Wyo., KWWY-TV, Rock Springs, Wyo.; KGWN-TV, Cheyenne, Wyo.
RADIO: WIBW (AM, FM), Topeka, Kan.; KGNC (AM, FM), Amarillo, Texas; KRNT/KRNQ, Des Moines, Iowa; KGFF, Shawnee, Okla.; Kansas City Royals Radio Network; Kansas Information Network; Kansas Agricultural Network.
Cable/video
CHANNELS: Kansas Agriculture Network (Topeka), Kansas Information Network (Topeka).
Magazines
KANSAS: *Capper's Weekly* (Topeka).
PENNSYLVANIA: *Grit* (Williamsport).
Newspapers
COLORADO: *Glenwood Post*. FLORIDA: *Daily Highlander* (Lake Wales). KANSAS: *Arkansas City Traveler, Newton Kansan, Pittsburg Morning Sun, Topeka Capital-Journal*. MICHIGAN: *Hinsdale Daily News, Holland Sentinel*. MINNESOTA: *Brainerd Daily Dispatch*. MISSOURI: *Blue Spring Examiner, Hannibal Courier-Post, Independence Examiner*. NEBRASKA: *Beatrice Daily Sun, Grand Island Independent, York News-Times*. OKLAHOMA: *Daily Ardmoreite, Shawnee News-Star*. SOUTH DAKOTA: *Brookings Register, Yankton Daily Press & Dakotan*. TENNESSEE: *Oak Ridger*.
Newspapers (non-dailies)
FLORIDA: *Lake Wales Shopper*. PENNSYLVANIA: *East Lycoming County Shopper* (Williamsport).
Other media operations
Grit Printing, Grit Commercial Printing.
OTHER OPERATIONS
Communications & Signaling, Stauffer Media Systems, Computer Patch, Stauffer's Equipment & Supply Co., Capper's Insurance Service, Capper's Travel and Tours.

RANK 84

Telecable
Norfolk, Va.

TELECABLE CORPORATION
740 Duke Street
Norfolk, Va. 23510
(804) 624-5000

Corporate Personnel
Frank Batten, chmn

MEDIA PROPERTIES
Cable/video
SYSTEMS: ALABAMA: Auburn, Decatur, Selma. FLORIDA: Margate. GEORGIA: Columbus. ILLINOIS: Bloomington. INDIANA: Kokomo. KANSAS: Overland Park. KENTUCKY: Lexington, Radcliff. MISSOURI: Springfield. NORTH CAROLINA: Roanoke Rapids. SOUTH CAROLINA: Greenville, Spartanburg. TENNESSEE: Cleveland. TEXAS: Arlington, Plano, Richardson. VIRGINIA: Wytheville. WEST VIRGINIA: Beckley, Princeton. WISCONSIN: Racine.

RANK 65

3M
St. Paul, Minn.

3M
3M Center
St. Paul, Minn. 55144-1000
(612) 733-1110
Corporate Personnel
Allen F. Jacobson, president-U.S. operations

3M National Advertising Co.
6850 S. Harlem Ave.
Bedford Park, Ill. 60501
(312) 496-6500
Corporate Personnel
Tom Devine, mktg operations mgr

MEDIA PROPERTIES
Outdoor
27,000 painted bulletins of standard, highway and expressway sizes in 80 markets. Exclusive contracts with 750 U.S. shopping malls for in-mall display.

RANK 85

Times Journal
Springfield, Va.

TIMES JOURNAL CO.
6883 Commercial Drive
Springfield, Va. 22159
(703) 750-2000

Corporate Personnel
William F. Donnelly, ceo

MEDIA PROPERTIES
Magazines
Military Market (trade magazine).
Newspapers
MARYLAND: *Montgomery Journal, Prince Georges Journal.* VIRGINIA: *Alexandria Journal, Arlington Journal, Fairfax Journal.*
Newspapers (non-dailies)
NATIONAL: *Air Force Times, Army Times, Defense News, Federal Times, Navy Times.* CALIFORNIA: *Coast Dispatch, Carlsbad Journal, Del Mar Surfcomber, Rancho Santa Fe Times.*

Other media operations
Times Journal Printing Co., Times Journal Telemarketing Co.

RANK 69

Times Publishing
St. Petersburg, Fla.

TIMES PUBLISHING CO.
490 First Ave. South
St. Petersburg, Fla. 33701
(813) 893-8111
Corporate Personnel
Andrew Barnes, president

MEDIA PROPERTIES
Newspaper
St. Petersburg Times.
Magazines
Florida Trend; Georgia Trend; Arizona Trend (startup September 1986).
Other media operations
"Congressional Quarterly," Editorial Research Reports; Modern Graphic Arts commercial printer.

RANK 66

United Cable
Denver

UNITED CABLE TELEVISION
Denver Technological Center
4700 S. Syracuse Parkway
Denver, Colo. 80237
(303) 779-5999
Corporate Personnel
Fred A. Vierra, president-coo

MEDIA PROPERTIES
Cable/video
CHANNELS: Fashion Channel.
SYSTEMS: ARIZONA: Scottsdale. CALIFORNIA: Alameda, Cupertino, East San Fernando Valley, Foster City, Hacienda Heights/S. Whittier/La Puente, Hayward, San Leandro, San Lorenzo. COLORADO: Denver suburbs, Grand Junction. CONNECTICUT: Hartford/Plainville, Vernon. IDAHO: Boise. ILLINOIS: Carpentersville, Effingham, Galesburg, Mendota, Monmouth, Peru. INDIANA: Hammond. LOUISIANA: Bossier City. MARYLAND: Annapolis, Baltimore, Eastern Shore, Lexington Park. MICHIGAN: East Lansing/Meridian, Lincoln Park/Woodhaven, Oakland County/Orion. MINNESOTA: Chaska, Shakopee. NEBRASKA: Bellevue/Tri-Cities/Lavista. NEW MEXICO: Gallup, Santa Fe. OKLAHOMA: Tulsa. TEXAS: Abilene, Anson, Hamlin, Perryton, Rotan, Sweetwater, Tyler/Jacksonville. UTAH: Moab. WYOMING: Casper.
OTHER OPERATIONS
United Paging Corp.

RANK 83

U.S. News
Washington

U.S. NEWS & WORLD REPORT
2400 N Street N.W.
Washington, D.C. 20037
(202) 955-2000
Corporate Personnel
Mortimer Zuckerman, chmn, editor-in-chief
Dick Thompson, publisher
Robin Johnson, publisher, *Atlantic*

MEDIA PROPERTIES
Magazines
Atlantic, U.S. News & World Report.
Newsletter
U.S. News Washington Business Report.
OTHER OPERATIONS
Publishers Phototype International.

RANK 77

Working Woman
New York

WORKING WOMAN-MCCALL'S GROUP
230 Park Ave.
New York, N.Y. 10169
(212) 551-9500
Corporate Personnel
Dale Lange, chmn-publisher
MEDIA PROPERTIES
Magazines
Baby!, McCall's, Working Mother, Working Mother Digest, Working Woman.

RANK 71

Ziff
New York

ZIFF COMMUNICATIONS
One Park Ave.
New York, N.Y. 10016
(212) 503-3500
Corporate Personnel
Phillip B. Korsant, chmn
Kenneth Koppel, president, Ziff-Davis
MEDIA PROPERTIES
Magazines
A+ Data Sources, Digital Review, Government Computer News, Macuser, PC, PC Week, PC Tech Journal, Unique Homes.
Other media operations
Computer Intelligence (La Jolla, Calif.); Information Access Co. (Belmont, Calif.); Information Marketing International (Oak Park, Mich.); Management Contents (Northbrook, Ill.); Strategic Information (Boston).

Publicly held leading media companies by return on sales

Rank 86	Rank 85	Company	% return on sales 1986	% return on sales 1985	% chng	Net income 1986	Net income 1985	% chng	Total revenues 1986	Total revenues 1985	% chng	Media revenues 1986	Media revenues 1985	% chng
1	1	LIN Broadcasting	33.8	20.9	61.7	$66.0	$36.0	83.3	$195.0	$172.0	13.4	$154.0	$142.0	8.5
2	2	Thomson Newspapers	19.4	18.4	5.8	145.0	127.0	14.2	746.0	691.0	8.0	412.0	378.0	9.0
3	—	Stauffer Communications	17.3	58.9	(70.7)	20.4	6.7	204.4	118.2	113.7	4.0	112.4	108.4	3.7
4	18	Affiliated Publications	16.5	8.8	86.6	66.1	31.0	113.5	401.1	350.7	14.4	399.0	349.4	14.2
5	6	Dow Jones & Co.	16.1	13.4	20.8	183.0	139.0	31.7	1,135.0	1,041.0	9.0	1,078.0	978.0	10.2
6	4	Lee Enterprises	14.8	14.9	(0.8)	32.6	30.7	6.1	220.9	206.6	6.9	203.3	190.6	6.7
7	28	Tribune Co.	14.4	6.4	125.9	292.9	123.8	136.6	2,029.8	1,938.0	4.7	1,775.7	1,684.0	5.4
8	21	Times Mirror Co.	13.8	8.0	72.8	408.0	237.0	72.2	2,948.0	2,959.0	(0.4)	2,245.0	2,172.0	3.4
9	5	Park Communications	11.8	14.5	(18.7)	14.9	15.2	(2.0)	126.6	105.0	20.6	126.6	105.0	20.6
10	—	TCI	11.2	1.8	539.7	72.3	10.1	615.8	645.7	577.0	11.9	645.7	577.0	11.9
11	10	Dun & Bradstreet Corp.	10.9	10.6	2.6	340.0	295.0	15.3	3,114.0	2,772.0	12.3	1,932.0	1,718.0	12.5
12	—	Capital Cities/ABC	10.9	N/A	N/A	447.7	N/A	N/A	4,124.4	N/A	N/A	4,124.4	4,068.7	1.3
13	11	Journal Communications	10.7	10.6	1.5	38.7	35.8	8.1	360.8	338.7	6.5	228.7	216.0	5.9
14	—	Home Shopping Network	10.6	N/A	N/A	17.1	N/A	N/A	160.2	N/A	N/A	160.2	N/A	N/A
15	35	Time Inc.	10.0	5.9	70.1	376.0	200.0	88.0	3,762.0	3,404.0	10.5	3,099.0	2,852.0	8.7
16	9	Gannett Co.	9.9	11.5	(14.0)	276.4	253.0	9.1	2,801.0	2,209.0	26.8	2,727.0	2,153.0	26.7
17	12	McGraw-Hill	9.8	9.9	(1.2)	154.0	147.4	4.5	1,576.8	1,491.2	5.7	1,089.1	1,030.7	5.7
18	—	3M	9.1	8.5	7.0	779.0	664.0	17.3	8,602.0	7,846.0	9.6	197.0	176.0	11.9
19	—	Chicago Sun-Times Co.	8.9	4.5	97.5	20.0	9.0	122.2	225.0	200.0	12.5	225.0	200.0	12.5
20	17	Meredith Corp.	8.9	9.0	(1.6)	47.2	42.7	10.5	533.4	474.9	12.3	390.7	356.2	9.7
21	22	Cowles Media Co.	8.8	8.0	9.8	22.5	19.2	17.2	256.8	240.6	6.7	256.8	240.6	6.7
22	19	New York Times Co.	8.4	8.3	1.3	132.2	116.3	13.7	1,564.7	1,393.8	12.3	1,564.7	1,393.8	12.3
23	20	Freedom Newspapers	8.4	8.0	5.0	30.0	26.0	15.4	357.0	325.0	9.8	357.0	325.0	9.8
24	15	Washington Post Co.	8.2	9.5	(12.9)	100.0	102.0	(2.0)	1,215.0	1,079.0	12.6	1,162.0	1,037.0	12.1
25	43	CBS Inc.	7.9	0.6	1,200.7	375.0	27.0	1,288.9	4,754.0	4,452.0	6.8	3,224.0	3,192.0	1.0
26	23	Knight-Ridder Newspapers	7.3	7.7	(4.5)	140.0	132.7	5.5	1,910.7	1,729.6	10.5	1,879.6	1,700.1	10.6
27	—	RKO General	7.0	1.7	305.0	31.0	7.0	342.9	444.0	406.0	9.4	239.0	213.0	12.2
28	37	Westinghouse Electric Corp.	6.8	5.7	20.7	732.0	605.0	21.0	10,730.0	10,700.0	0.3	839.0	1,069.0	(21.5)
29	—	General Electric Co.	6.8	7.8	(12.9)	2,492.0	2,277.0	9.4	36,752.0	29,252.0	25.6	2,965.0	2,647.5	12.0
30	14	Chris-Craft Industries	6.6	9.6	(31.8)	14.7	18.3	(19.7)	224.0	190.3	17.7	199.8	168.3	18.7
31	3	Warner Communications	6.5	8.7	(25.2)	186.0	195.0	(4.6)	2,848.0	2,234.0	27.5	360.0	331.0	8.8
32	—	News Corp. Ltd.	6.4	3.9	62.5	169.9	74.4	128.4	2,670.0	1,900.0	40.5	841.3	584.0	44.1
33	30	National Geographic Society	6.2	6.2	0.6	23.0	22.0	4.5	370.0	356.0	3.9	219.0	220.0	(0.5)
34	33	Maclean Hunter Ltd.	6.0	6.1	(1.5)	50.2	43.0	16.6	834.4	704.8	18.4	270.1	258.0	4.7
35	13	Berkshire Hathaway	6.0	9.9	(39.6)	131.5	93.0	41.4	2,200.0	940.0	134.0	114.0	108.0	5.6
36	25	Macromedia Inc.	5.9	7.4	(20.9)	9.0	9.0	0.0	153.0	121.0	26.4	152.0	120.0	26.7
37	29	Int'l Thomson Organisation	5.7	6.3	(10.1)	143.0	164.0	(12.8)	2,530.0	2,609.0	(3.0)	549.0	560.0	(2.0)
38	39	Harcourt Brace Jovanovich	5.4	5.1	6.2	70.5	50.5	39.4	1,300.1	990.5	31.3	164.8	137.0	20.3
39	32	A.H. Belo Corp.	5.1	6.2	(17.3)	20.3	23.8	(14.7)	397.2	385.2	3.1	397.2	385.2	3.1
40	24	Pulitzer Publishing Co.	5.0	7.4	(32.2)	16.4	20.0	(18.0)	329.0	272.0	21.0	329.0	272.0	21.0
41		Pittway Corp.	4.7	5.7	(17.0)	27.6	31.1	(11.3)	585.7	548.0	6.9	101.4	98.0	3.5
42	31	United Cable Television Corp.	4.5	7.4	(38.4)	8.9	12.5	(28.6)	195.8	169.0	15.8	195.8	169.0	15.8
43	36	Media General	2.7	5.7	(53.0)	17.0	33.0	(48.5)	635.0	579.0	9.7	381.0	346.0	10.1
44	16	Viacom International	(1.1)	8.3	(112.9)	(9.9)	37.0	(126.6)	919.0	444.0	107.0	855.0	376.0	127.4
45	27	Multimedia Inc.	(1.3)	6.5	(120.5)	(5.0)	22.0	(122.7)	372.0	336.0	10.7	372.0	336.0	10.7
46	46	Rogers Communications	(8.1)	(6.3)	28.6	(24.0)	(16.0)	50.0	296.0	255.0	16.1	125.0	119.0	5.0
47	38	Heritage Communications	(8.4)	8.3	(200.7)	(9.9)	8.0	(223.8)	118.0	96.0	22.9	100.1	67.9	47.5
48	—	Advo-System	(9.6)	(3.9)	143.6	(44.9)	(17.5)	156.6	467.1	443.5	5.3	467.1	443.5	5.3
49	7	Taft Broadcasting Co.	(10.6)	4.1	(358.9)	(53.1)	19.4	(373.7)	499.8	472.8	5.7	281.1	283.4	(0.8)
50	—	Cablevision Systems Corp.	(10.7)	(35.2)	(69.6)	(16.1)	(48.2)	(66.5)	150.8	137.0	10.1	150.8	137.0	10.1
51	41	Playboy Enterprises	(34.2)	35.3	(196.9)	(62.2)	67.0	(192.8)	182.0	190.0	(4.2)	168.0	173.0	(2.9)
52	44	Turner Broadcasting System	(35.1)	0.3	(12,816.9)	(200.0)	1.0	(20,100.0)	570.4	362.7	57.3	379.4	316.3	20.0

NOTE: Dollars in millions
Source: Sales and income figures company sources

Shining sun days in Cannes

Blue skies and conviviality in Cannes. Enjoying themselves at this gathering of adfolk (top left) are Jane Feinberg and husband Bob Feinberg (right), exec VP-creative director, Bozell, Jacobs, Kenyon & Eckhardt, New York, and Bill Appelman (center), senior creative director, BJK&E. Lunching at the beach (right) are Sean Fitzpatrick, exec VP-creative director, Campbell-Ewald Co., Warren, Mich., and wife Sue Ellen. Mr. Fitzpatrick also was one of the U.S. judges.
Sightseeing (bottom left) on the beach of the Carlton Hotel are (from left) Sally Minard, Karen McIver and Joanna Patton, founders of Lotas, Minard, Patton, McIver, New York, with, amongst them, Alban Lloyd, director, European operations, Saatchi & Saatchi Compton Worldwide. His wife, Rosemarie, is next to Ms. Patton. Next to Mrs. Lloyd, who herself works at S&SCW in London as account director and who is on the board of directors, is Judy Lotas, another LMPM founder.

Bird in hand is Grand Prix winner

By CLAIRE WILSON

CANNES, FRANCE—Just about anybody in advertising would agree that cheap, fast, good commercial production is tough to get.

But cheap, fast and a Grand Prix winner in Cannes?

That's exactly how Yasumichi Uwagawa, 39, the creative supervisor for Dentsu's regional office in Osaka, Japan, describes his commercial, "The Illustrated Guide to Animals."

The commercial, for an encyclopedia of the same name, published by Heibonsha Publishing, won the top prize at the International Advertising Awards Film Festival here (AA, June 22).

Even though no U.S. agency brought home the Grand Prix this year, American agencies did collect seven Gold Lions, 13 Silver Lions and 15 Bronze Lions.

Ten Gold, four Silver and nine Bronze Lions went to the U.K., while Brazil received three Gold, three Silver and five Bronze. France won two Gold, 13 Silver and seven Bronze Lions.

The rest of the gold, silver and bronze prizes were divided among Argentina, Australia, Belgium, Denmark, Germany, Holland, Israel, New Zealand, Sweden and Spain.

Japanese agencies also took four gold and three awards each in the silver and bronze categories.

But of all the Cannes winners, the top prize-winning commercial from Japan probably was the least costly to produce.

"Two days of shooting that didn't cost much at all. The whole thing might have come to about $100,000," said Mr. Uwagawa, who also was the creative director for Dentsu's Gold Lion-winning robot spot for National Electric Co. two years ago. "Besides, we didn't have the budget to go to Africa for real animals anyway."

While prizes in recent years have gone to U.S. agencies for strong ideas as well as compelling productions, it was Mr. Uwagawa's technique that most said won the prize for Dentsu this year.

The 60-second spot featured a veritable mini-herd of animals fashioned from the hands of Mario Mariotti, an artist and performer from Milan.

Mr. Mariotti's hands and arms were painted to depict jungle beasts, from birds to zebras and serpents to swans.

It took up to two hours for Mr. Mariotti to put on the makeup for the giraffe, while other animals took less time to create, using paint and an assortment of plastic eyes.

The team for "The Illustrated Guide to Animals" spot, which broke in April 1986, included Hiroshi Matzuzaki, head of Dentsu's creative group; Mr. Uwagawa; producer Nobuo Hirata; and art director Azuma Uchida. The Proceed Co., Tokyo, handled the production.

"Animals" is quite a departure from the Grand Prix winners of the last three years, which were American. These winning spots were built around well-developed and elaborately produced ideas.

Last year's winner was Boston-based Hill, Holliday, Connors, Cosmopulos' commercial for John Hancock Mutual Life Insurance Co.

HHCC also won the Agency of the Year award from ADVERTISING AGE last year (for 1985).

That spot projected a strong idea with a production somewhat less elaborate than the previous two years' winners, which were New York-based BBDO's "Archeology" spot for Pepsi-Cola in 1985 and Los Angeles-based Chiat/Day's "1984" spot for Apple Computer.

Mr. Uwagawa said it's the simplicity of a commercial like "Animals" that holds the appeal for him. "It was easy to understand for parents and children," said Mr. Uwagawa, who has two children. "It attracts the viewers without shouting."

Dentsu's winning spot features hands that look like animals.

"Animals" entertains and hopes to get children or their parents to want the encyclopedia, he said.

In his 15 years at Dentsu working on accounts including NEC, Panasonic and Shiseido Cosmetics, Mr. Uwagawa said he has come to prefer a positive style in ads.

"I love to put a kind of dream into the commercial," he said, "to make the spot some kind of love letter from the company or the client, something that gives a positive twist."

Mr. Uwagawa discovered Mr. Mariotti's work when he saw a series of volumes about the artist in a Los Angeles bookstore. The books showed Mr. Mariotti's range of characterizations with made-up hands.

The two worked together on a Panasonic spot, where Mr. Mariotti's hands were painted to depict musicians. "Imagine all these," Mr. Uwagawa said, gesturing with his fingers and humming Vivaldi's "Four Seasons"—the music for the spot—"imagine all these dressed up in little black ties and cummerbunds like orchestra musicians."

Such imagery is the most popular and successful kind of Japanese advertising, especially when teamed with great music, Mr. Uwagawa said.

He can sing all the verses of "Call Me Irresponsible," the sound track he used for the NEC robot spot that won him the earlier Gold Lion. The sound track for "Animals," appropriately, is jungle music.

Mr. Uwagawa says the animals also were used as part of the print campaign. The choice of media was limited due to the low budget and the high cost of airtime in Japan, he said.

He added that he probably will not use Mr. Mariotti again in commercials, to keep the technique special. "It would lose its freshness as a unique idea," he said.

The complete list of Gold Lion winners follows:

Boase Massimi Pollitt (U.K.) for *The Guardian*—"Points of View."
BBDO Worldwide, New York (U.S.) for Apple Computer—"Red Eye," "Going to Work," "The Report."
Collett Dickenson Pearce (U.K.) for Gallaher—"Photobooth," "Fancy Dress Party."
Young & Rubicam Italia (Italy) for Barilla Pasta—"Barilla Rome."
TBWA (France) for Samsonite—"Les Claquettes."
Saatchi & Saatchi Compton (U.K.) for Index on Censorship—"The Censor."
Delaney Fletcher Delaney (U.K.) for TUC—"Babies."
Yellowhammer (U.K.) for Greenpeace—"Meltdown."
Virgin Records (U.K.) for music video—"Sledgehammer."
Yellowhammer (U.K.) for Barclays Bank

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Della Femina in the pit

Judges see spots before their eyes

By JERRY DELLA FEMINA

CANNES, FRANCE—Outside, it was a topless festival. Inside, it was a bottomless pit. And that sums up the 1987 International Advertising Awards Film Festival in Cannes.

Try these commercial "gems" on for size:

- A commercial that shows 10 men standing in front of urinals, singing (mercifully, this was shot from behind . . .). What could they possibly be selling? What else but a Brazilian beer? Don't ask me what the message was—I averted my eyes at the end.
- Then there was the pasta commercial featuring the divorced Italian father who was lamenting his failed marriage. When he takes his young daughter home, his ex-wife cooks pasta and, of course, they are reunited over a steaming bowl of the stuff. If only my life were that simple.
- Then we had the Norwegian commercial featuring a young man in a sauna who drops a newspaper over his "private parts." The purpose, I guess, was to get people in Norway to see this newspaper as being indispensable. In this case, it was.
- And will I ever forget the graphic Japanese commercial for hemorrhoids that was as painful to look at as any commercial I have ever seen? Once again, I averted my eyes (this time I also covered my ears).

J. Della Femina

And *these* were some of the *winners*. The losers? Don't ask.

The judges at the Cannes festival looked at 2,900 commercials. It was like searching for truffles. Every once in a while you found one and it was delicious, but you had to dig through an awful lot of dirt to get there.

The advertising I saw at Cannes (for the most part) was as flimsy as

(Continued on Page 60)

ADWATCH

Pepsi's 'Choice' keeps top spot in ad awareness

By SCOTT HUME

Pepsi-Cola's "Choice of a New Generation" campaign remained king of the hill in consumer awareness in May, after gaining that top spot in April.

The advertising for Pepsi was mentioned most frequently when 1,000 adults were asked to name the first advertising they recalled having seen, heard or read in the previous 30 days.

The adWatch survey is conducted every month as a joint project of Advertising Age and SRI Research Center, Lincoln, Neb.

The older generation also was represented in the survey as E&J Gallo Winery's Bartles & Jaymes wine cooler again made the top 10 list, in the No. 9 slot.

New advertising for the brand promises that Ed Jaymes will be skywriting "Ed's Red" this summer to introduce the "Red" flavor.

B&J's greatest support came from consumers not in the 18-to-24 age group but from those ages 55 to 64.

One-fourth of those who said B&J advertising was the first to come to mind were in this older age group, while one-fifth were from the younger group.

When respondents were specifically asked to name the first wine or wine cooler advertising that came to mind, B&J did even better.

In May it was named first by 12.8% of the sample—good enough for first place—compared with an 8.8% share of first mentions for third place in the April survey.

Among the top 10 in overall (unaided) awareness, Coca-Cola stayed close behind Pepsi in second place, while the dancing California raisins fell back to fourth place from second in the April survey.

Making a surprisingly strong showing in the May survey was the Miller Brewing Co. tandem of Miller and Miller Lite.

Its latest "Lite All-Stars" reunion commercial, featuring an alien spacecraft unloading a crew of Rodney Dangerfield look-alikes, and its new, tougher "As real as it gets" pitch for Miller Genuine Draft, seems to have registered with male viewers, who comprised 74% of respondents for whom Miller came to mind first.

Women were more apt to recall General Foods Corp.'s Jell-O, as that brand's advertising made one of its infrequent appearances among the top 10 last month.

Only 11% of those for whom Jell-O was the top ad were male.

McDonald's Corp.'s advertising, ranked No. 8 last month, also benefited from strong recall by women, who made up 79% of those who said the "Golden Arches" first came to mind from all the advertising they had seen, heard or read.

The appeal of both Pepsi's and Coca-Cola's advertising is fairly evenly split between men and women. The male/female ratio for those who named Pepsi the most memorable advertising was 46-to-54; for those for whom Coca-Cola first came to mind it was 48-to-52.

Pepsi's ascendancy was most obvious when consumers specifically were asked to name the first soft-drink advertising that came to mind. In May, 36.3% named Pepsi, the greatest share of first mentions it has received in the past three years.

Coca-Cola last month was named by 30.9% of the sample, with 7UP third with 2.5%.

Among other highlights from the May survey:

- IBM Corp. in the **computer** category maintained the No. 1 ranking it first established in the April survey. It received 24.3% of first mentions last month, while Apple remained No. 2 with 21.6%. Radio Shack/Tandy was third with 2%.
- Burger King Corp. last month lost the slight gain it had registered in the **fast-food** category in the April survey. Its "Best food for fast times" advertising garnered 9.9% of first mentions, down from 14.2% the previous month. McDonald's retained its seemingly unassailable hold on first place with 41.9% of first mentions; Wendy's International was third with a 9.4% share.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch Survey of Commercial Awareness Top 10 in May

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? Source: SRI Research Center Inc., Lincoln, Neb.

Rank 5/87	Rank 4/87	Advertiser	Agency
1	1	Pepsi-Cola	BBDO Worldwide
2	3	Coca-Cola	McCann-Erickson
3	7	Miller/Miller Lite	J. Walter Thompson/Backer & Spielvogel
4	2	California Raisins	Foote, Cone & Belding
5	5	Ford	J. Walter Thompson
6	6	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
7	8	Chevrolet	Campbell-Ewald
8	4	McDonald's	Leo Burnett
9	—	Bartles & Jaymes	Hal Riney & Partners
10	—	Jell-O	Young & Rubicam

Cannes

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—"Interview," "Videoteller," "Queue."

Livingston & Co. (U.S.) for Alaska Airlines—"What's Next?" "Taxi," "Restaurant Service."

Dentsu (Japan) for SmithKline & French—"Pray."

New Deal (Norway) for Oslo Sporveier—"The Punk."

Collett Dickenson Pearce (U.K.) for Radio Rentals—"Dodgy Duo," "Sound Barrier."

W.B. Doner & Co. (U.S.) for Little Caesar's Enterprises—"The Wisdom," "The Russian."

De Facto (Sweden) for Heinz—"Chateau Heinz 1986."

W/GGK (Brazil) for Assugrin—"Physical Exercises."

McConnaughy Barocci Brown (U.S.) for Twin Oak Products—"Ed."

Saatchi & Saatchi Compton (U.K.) for Pilkington—"Bulletproof."

Hakuhodo (Japan) for Matsushita Electric Industrial—"Lift Up the Sumo Wrestler."

RCP/Saatchi & Saatchi Compton (Spain) for Menuco—"Rugby."

Equateur (France) for Parfums Cacharel—"Loulou."

Team/BBDO (Germany) for Audi—"Audi Procom-Tem."

Della Femina, Travisano & Partners (U.S.) for American Isuzu Motors—"Pinnacle," "Mother."

W/GGK (Brazil) for Valisere—"First Brassiere."

Bartle Bogle Hegarty (U.K.) for Levi Strauss—"Parting."

DPZ Propaganda (Brazil) for Kaiser beer—"Bathroom I."

Hakuhodo (Japan) for Suntory Limited—"Reiko Ohara: Wedding Anniversary."

Dentsu (Japan) for Takara Shuzo Co.—"La Traviata."

BBDO Worldwide, New York (U.S.) for Pepsi-Cola Co.—"Mustang," "Apartment 10 G."

BBDO Worldwide, New York (U.S.) for Pepsi-Cola Co.—"Johnson: Baseball."

Strand & Lund (Norway) for Freia—"Dog I," "Dog II."

J. Walter Thompson Italia (Italy) for Sitia Yomo—"Aliemo II," "Pubblicita Telepatica."

RCP/Saatchi & Saatchi Compton (Spain) for Danone—"Let Me Try Again I," "Let Me Try Again II."#

Gold Lion winners at Cannes

The Gold Lion award is given for excellence in TV and cinema advertising. *Grand Prix winner. Source: Screenvision/SAWA

Country	'81	'82	'83	'84	'85	'86	'87	Total
Great Britain	7*	5	4	7	10	6	10	49
United States	1	0	2	7*	2*	8*	7	27
Brazil	3	4	4	1	1	1	3	17
France	1	3	0*	4	1	3	2	14
Japan	1	0*	2	1	3	2	4*	13
West Germany	2	1	1	0	0	2	1	7
Australia	0	2	1	1	0	0	0	4

Building success from 'peaks and valleys'

Hearst celebrates 100th

By STUART J. ELLIOTT

New York—The "peaks and valleys" of Hearst Corp.'s 100 years of communications history were commemorated here last week at a centennial gala.

More than 800 attended a dinner-dance at the Waldorf-Astoria Hotel June 22, from every field in which Hearst has holdings: books, business publishing, cable, magazines, newspapers, radio, syndication and TV.

"I'm sure if my father were alive today, he'd be proud," Hearst Corp. Chairman Randolph Hearst said of his father, William Randolph Hearst, who started the estimated $2 billion company in 1887.

"There isn't any company that has complete success at all times over 100 years," Mr. Hearst said. "There were peaks and valleys. In the '50s, when my father died, and the '60s, we had some tough times. After a while, we finally got ourselves together."

He credited that to Frank Bennack Jr., Hearst's president-ceo, and to Hearst's core employees.

Mr. Hearst also credited part of the company's success to its privately held status.

Hearst's centennial celebration "truly does deserve to be called historic," said Mr. Bennack, as William Randolph Hearst's "legacy has grown today to encompass more than 135 businesses with some 14,000 employees."

The longtime core of Hearst, its newspapers, provided the basis for remarks by New York Mayor Edward Koch and New York Gov. Mario Cuomo.

Gov. Cuomo reminisced about his days of growing up in the New York borough of Queens, reading "two great Hearst papers, the *Journal-American* and the *Mirror*," both of which folded in the '60s.

"Times have changed," said Gov. Cuomo, "and there are far fewer papers. . . . But the Hearst Corp. is still playing a crucial role. Despite all the changes, since I've moved to Albany [New York's state capital] I once again have two Hearst papers to read," the *Times-Union* and the *Knickerbocker News*.#

Della Femina

(Continued from Page 48)

the bathing suits on the beach. However, in the end, I believe we selected some great advertising (with the exception of the abovementioned), but there were some lessons that I learned.

First of all, we will be railroaded into something called "global marketing" but there will never be a "global creativity" in our time.

Sean Fitzpatrick, my fellow American judge and an intelligent, sensitive person, made a most eloquent plea to award the Phil Collins "Tonight Tonight" Michelob commercial a Gold Lion.

Then we voted.

The vote: the U.S., Canada and the U.K. for Michelob; the rest of the world for the urinal commercial.

The other judges were intelligent, sensitive and dedicated.

They simply live in a different world than we do and, until the U.S. learns to respect these people and their cultures, we will never do well in or even understand international competitions again.

The Grand Prix winner was from Japan. It was a simple, stunningly beautiful commercial that made all of the judges' jobs easy. It should be shown to everyone in this business who has come to believe that the only way you can produce a winning commercial is by spending half of your client's budget on production.

Japan is certainly the country to watch in future advertising competitions.

Up until 1987, Japan was a one-note winner—if you wanted a great battery commercial, you went to Japan.

This year, Japanese agencies' work for Shiseido in the cosmetics area and for Kirin in the beer category was sensational—and this seems to be just the tip of the iceberg.

The Japanese judge took notes on just about every one of the 2,900 spots we saw. He looked at the reel with the same glint in his eye and in the same manner that the Japanese looked at our electronics industry in the early 1950s.

(Then they decided to build their first transistor and you know what happened.)

For the most part, the entries from the U.S. were disappointing—one notable exception being the Michael J. Fox commercial for Pepsi, via BBDO Worldwide, which was by far the most popular American Gold Lion winner.

Many of this year's U.S. entries were either Sedelmaier or warmed-over Sedelmaier commercials.

If it wasn't Sedelmaier, it was Joe Pytka or a Pytka imitation.

Most of the Pytka commercials, if you look closely, are well-acted, intelligent versions of the old Procter & Gamble slice-of-life spots of the 1970s.

Where Sally used to tell Madge about how new Iceblue Secret has done wonders for her underarms, we now have Biff telling Troy about how his new Apple computer has done wonders for his budget forecast.

Mr. Pytka may be the first director to specialize in "masculine slice-of-life" commercials.

The work from the U.K. confirms my theory that the movie "Bladerunner" was the worst thing that has happened to the advertising business. Everything from England seems to be about the future or Ridley Scott's version of it; and if that's what the future is, it's indeed bleak.

All in all, it was an interesting experience and I feel this show was judged as fairly as any competition in the industry.#

Jerry Della Femina, chairman of Della Femina, Travisano & Partners, New York, was the president of the jury at the Cannes advertising film festival.

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Buy-fest: Networks may grab $3 billion in upfront

By VERNE GAY

NEW YORK—The network TV upfront market exploded last week.

At least 12 major ad agencies initiated or completed long-term deals with the Big 3 networks for prime-time positions in the 1987-88 TV season. Both buyers and sellers believe the advance sales will reach $3.2 billion, or $700 million more than the 1986-87 upfront market. That represents a 28% increase.

NBC-TV is expected to close in on $1 billion in prime-time sales as early as today, equaling last year's upfront total, agency sources said. ABC-TV and CBS-TV each expects to surpass $1 billion in sales for the first time when the market concludes later this summer.

Neither network ever has surpassed $900 million in prime-time upfront sales.

If NBC sells out all its advance time this week, as some industry executives expect, it would be the quickest upfront sales pace ever established by a major network.

Others contend it is unlikely NBC will shut its doors to advertisers now. However, pricing could be expected to climb dramatically on the top-rated network this week and after.

If the inflation pattern in the upfront market continues, as expected, the average prime-time unit cost—a 30-second spot—this fall could reach $136,000, ADVERTISING AGE estimates indicate, or 15% over the average unit cost for last fall.

Advertisers traditionally purchase their TV commercial inventory for the fourth quarter and the first three quarters of the succeeding year by July 4, the upfront buying period. They do this to secure "guarantees," or assurances that ratings goals will be met, and to get better pricing than they can in the short-term, or "scatter," market.

But this year's results are shoving aside projections:

- The single biggest factor behind the '87-88 bull market has been an influx of small advertisers. An estimated 225 individual advertisers are in the upfront market. Last year, between 99 and 125 bought upfront. Many of the new, smaller spenders generally worked the scatter market last year. By going upfront, they are hoping to escape the huge price escalations that plagued the scatter market the first two quarters of this year.
- The networks are getting advertisers to accept cost-per-thousand price increases of, on average, more than 20% ahead of last season's levels, agency executives said.

NBC won increases of as much as 30%, sources said. Young & Rubicam, which was the first big buyer this year, reportedly agreed to increases of 19% to 22% two weeks ago, and now that looks like a bargain.

The people meter, which in tests has shown lower viewing levels than the soon-to-be-phased-out diary-based system of A.C. Nielsen Co., contributed to the price increases.

These lower meter results added a substantial "artificial" increase in buyers' cost-per-thousand. With lower audience levels, advertisers are, in effect, subject to a price "increase" when data show lower viewing levels.

These current buys have as much as a 10% "increase" built in, sources said.

Although the upfront market is extremely strong, that does not guarantee ad spending

(Continued on Page 85)

WPP link to Saatchi irks clients

By LAUREL WENTZ

LONDON—Unilever and Procter & Gamble Co. appear to be increasingly concerned over Saatchi & Saatchi's 7% stake in WPP Group, which is about to purchase JWT Group.

"Of course there is some concern about the Saatchi investment in WPP, and we would prefer that it did not exist," said a spokesman at the London headquarters of Unilever, a JWT client in 25 countries. Saatchi & Saatchi is one of P&G's major agencies.

"However, it is extremely unlikely to affect our long-standing business relationship with JWT," the spokesman said. "We've been with JWT almost man and boy. All you can do is express some concern and hope something can come about."

The Unilever spokesman implied that if P&G expressed a similar concern about Saatchi's involvement with WPP, a Saatchi divestment of its WPP stock could become an issue.

A key source told ADVERTISING AGE that Saatchi & Saatchi is

Is JWT getting ready to lose BK?—Page 84.

under heavy pressure from P&G to sell its WPP stock. Both S&S and P&G declined to comment officially.

Unilever also is concerned that JWT's client service may be eroded by cutbacks, the company spokesman said. This concern has been exacerbated by WPP Group Chairman Martin Sorrell's reputation as a finance-oriented agency executive.

"What we use JWT for is the quality of service from the agency," the Unilever spokesman said. "If Mr. Sorrell is going to bring agency profitability up, we'd obviously be interested in knowing how and that it's not going to affect quality. For all we know, Mr. Sorrell will be a shot in the arm for JWT."

N.V. Philips, a JWT client in 13 countries, has expressed the same concern about client service.

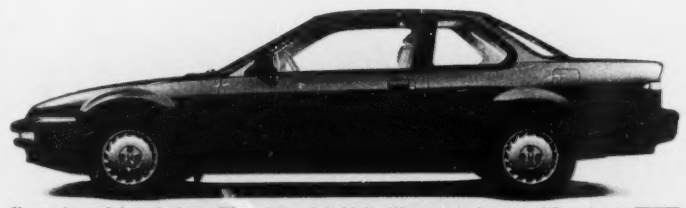
Philips is reviewing its $20 million account with JWT in Europe and Latin America.

The marketer is talking with JWT but has asked for proposals from its other international agencies—Ogilvy & Mather, SSC&B:Lintas Worldwide and BBDO Worldwide.

These anxieties are surfacing as WPP nears completion of its

(Continued on Page 84)

A new sports event.



The same plan: a new body, a new steering, a new Zillion engine, a new 4-wheel double wishbone suspension. Are you a player? The new Prelude S.

Honda first out with '88s

American Honda Motor Co. introduces the first 1988 import car this week with a $10 million campaign for the Prelude. Four-wheel steering, a feature that is very popular in Japan, will be an option of the Prelude. See story on Page 3.

Last Minute News

Quaker may sue over Total claims

CHICAGO—Quaker Oats Co. is considering suing Minneapolis-based General Mills, whose new vitamin-fortified Total Oatmeal boasts an on-pack nutritional comparison with Quaker *(see related story on Page 3)*. Saatchi & Saatchi DFS Compton, New York, handles Total Oatmeal. Quaker declined comment on the report. In 1975, Quaker lodged a complaint with the National Advertising Division of the Council of Better Business Bureaus when Total cold cereal launched a similar comparative campaign against Quaker's 100% Natural Cereal.

JWT to lay off 30 in Frisco

SAN FRANCISCO—J. Walter Thompson USA is about to lay off 30 workers in its office here in the wake of the loss of a major segment of its Chevron business *(see related story on this page)*, reliable sources said. Company officials denied any decisions had been made about personnel changes.

Mars pulls DoveBar from Zechman

BURR RIDGE, ILL.—Mars Inc.'s Dove International unit dismissed Zechman & Associates, Chicago, from the $3 million DoveBar account, saying it wants an "international agency." The Forever Yours and Rondos assign-

(Continued on Page 8)

Sues over research forecasts

Beecham vs. Saatchi

By STEWART ALTER

NEW YORK—Beecham Inc. is suing Saatchi & Saatchi Co.'s research unit, Yankelovich, Skelly & White/Clancy, Shulman, for more than $24 million, claiming over-optimistic forecasts induced the marketer to introduce Delicare Cold Water Wash, a detergent for delicate fabrics.

Beecham alleges it would not have introduced Delicare last year if the researcher had not projected the product could dislodge American Home Products Corp.'s Woolite as the No. 1 brand in the cold-water-wash segment.

The case could have broad implications for the industry if it is held that market research companies generally are liable for the accuracy of their projections.

The suit, filed in U.S. District Court here, also contends Saatchi & Saatchi's purchase of Yankelovich, Skelly & White contributed to Beecham's problems by fostering a "management malaise."

It charges negligence, negligent misrepresentation, professional malpractice and breach of contract.

The suit alleges that, without YSW/CS' projections and rec-

(Continued on Page 86)

Highlights

Weight Watchers gets mean on lean 4

It's not over till the skinny lady sings. That's the new philosophy of Foodways National, marketer of Weight Watchers frozen entrees. Weight Watchers is coming on strong in the diet-food wars. In 1984, Stouffer Foods' Lean Cuisine outsold Weight Watchers 3-to-1. Now, Weight Watchers has built strength through 46 consecutive monthly share gains and stands just 2 share points behind its rival, 11% to 13%.

ARCO to pump methanol in California 12

Atlantic Richfield Co. is entering a rare alliance with a state agency to test-market a methanol-based fuel as a gasoline substitute. The petroleum company, known for its aggressive and innovative marketing programs, this year will sell M85 fuel—comprising 85% methanol and 15% premium unleaded gasoline—at some of its stations in southern California.

Coors challenges alcohol act 27

Adolph Coors Co. is challenging federal labeling restrictions to advertise beer as a "beverage of moderation." But at least one rival suggests Coors' real motivation is to combat its nagging image as "weak" beer. Coors, the nation's fifth-largest brewer, filed suit July 2 in U.S. District Court in Denver, challenging the constitutionality of the Federal Alcohol Administration Act prohibition against stating alcohol content on beer labels or in advertising.

Ice cream makers won't chill out 32

The Donvier ice cream maker, the originator of no-fuss homemade frozen concoctions, is feeling the chill from hot competition. Nordic Ware's Supremer Ice Creamer and Salton's Big Chill are putting the pressure on Donvier in mass-merchandise and department stores. Donvier, responding to the new threats to its estimated $35 million in annual sales, has doubled its ad budget this summer to $3 million by turning to network TV and magazines.

Dakin makin' holiday push 75

R. Dakin & Co. is lining up its stuffed troops for a holiday battle in the $1 billion plush-toy market. The company will recruit its heaviest hitter—a boxing glove-clad Garfield the cat—for a $1.5 million pre-Christmas TV campaign aimed at increasing brand recognition among young mothers. Spots will include the theme "Dakin makin' friends."

Untouchables star backs INS 87

As Eliot Ness, Robert Stack was bad news for gangsters, but this week the former star of TV's "The Untouchables" has some helpful words for employers of immigrants. Mr. Stack stars in both paid and public service TV spots warning employers they must comply with the controversial immigration law passed by Congress last year and enacted in May.

INTERNATIONAL

Parker Pen in the black 49

Parker Pen Ltd., under new ownership and with a new advertising approach, is finding black ink again. The former Parker executives who bought the Parker Pen Co. pen business in January 1986 say they have turned a $500,000 loss in fiscal 1986 into a $23.4 million pretax profit for the fiscal year that ended last February.

Agency business restructuring 64

Events of the past 18 months, culminating in London-based WPP Group's recent agreement to purchase JWT Group, point to a very obvious conclusion: internationalization has restructured the advertising agency business with fury and speed.

OTHER NEWS

Disney characters will pop up this month to promote Delta Air Lines' designation as the official carrier of Walt Disney World. The centerpiece of Delta's estimated $3 million campaign is the airline industry's first "pop-up" ad, featuring 1½-inch-high Disney characters with the Magic Kingdom castle in the background. Page 26.

The Big 3 TV networks are freshening up their veteran series for the fall A.C. Nielsen Co. ratings wars. Besides preparing their new series, the nets are making changes to renewed shows, mostly cast additions and new story line directions. Page 80.

Changing Times hopes a humorously innovative TV campaign will help change its image and low profile. A 30-second spot is meant to get readers and the advertising community to see the monthly in its contemporary focus, and increase awareness. Page 69.

Borden's acquisition this month of Snacktime Co., Indianapolis, is the company's latest step in a plan to improve its position against Frito-Lay, which dominates the $7 billion salty-snack market. Snacktime is Borden's second salty-snack company acquisition in the Midwest, a region where Borden has been weak. Page 75.

SPECIAL REPORT

Sports Marketing—*There are two outs, bottom of the ninth, man on third . . . and the viewer retires both sides. The overabundance of sports programming has hurt sports media as viewers turn off and advertisers turn their budgets aside. New players are working their way into the sports media lineups, taking advantage of the game's changing rules. Special Report examines the shifts in the sports media marketplace and agencies' and advertisers' reactions to them. Starts after Page 46.*

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Irangate airline hopes agency can lift image

By MAUREEN GLABMAN

MIAMI—The airline that Lt. Col. Oliver North used to deliver missiles to Iran has doubled its advertising budget in a move to improve its image.

Southern Air Transport, a cargo carrier, handed Tinsley Advertising the $400,000 account with instructions to distance its name from the Iran-contra scandal and the Central Intelligence Agency.

Lt. Col. Oliver North's use of Southern Air Transport to deliver missiles to Iran has created an image problem for the airline.

The CIA once owned the airline, said Bill Kress, Southern's administrator for corporate communications and advertising.

Southern has flown since 1947 and is owned by James Bastian, a Miami attorney who also is its chairman. The airline's shaky reputation stems from its ownership by the CIA from 1962 until 1973 and from Mr. Bastian's willingness in recent years to accept offbeat U.S. government work.

Among the airline's credits are its servicing of Gene Hasenfus' plane in Miami en route to Nicaragua prior to Mr. Hasenfus' capture by the Sandinistas.

But Southern, with 28 cargo planes in its fleet, also has moved zoo animals, delivered relief supplies to earthquake and famine victims, carried Mercedes-Benz and Rolls-Royce automobiles to African kings and, last October, transported a plane load of greyhound dogs from Boston to Venezuela.

The airline even hauled King Kong over Wilmington, N.C., in last year's box office flop, "King Kong Lives."

"People expect we're a ramshackle air carrier with all of our employees hiding behind dark glasses," Mr. Kress said. "We want to turn our image around in the minds of those who read business journals."

For more than three years, the airline had used a small Miami agency, Jean Wescourt Advertising, spending $200,000 on ads in such publications as *Air Cargo News* and *Aviation Week*. Now Southern plans to spend $400,000 in *The Wall Street Journal* and other national business publications this fall.

The ads, said agency Chairman Sandy Tinsley, will emphasize the airline's experience in transporting large items. The campaign won't mention the Iran-contra scandal, she said.

"We know a lot of ceos have heard our name," Mr. Kress said. "We're going to capitalize on that to form the correct image for ourselves."

Mr. Kress said during the initial agency discussion the company played with the idea of promoting its missile shipment work with a slogan, "Southern moves anything."

However, Mr. Kress said, that idea never made it to the chairman's desk.#

Woolworth unit picks Italia shop

CITY OF INDUSTRY, CALIF.—Holtzman's Little Folk Shop, a division of F.W. Woolworth Co., hired Los Angeles-based Italia & Associates for its $5 million retail account, previously handled in-house.

The company, which operates 300 Kids Mart stores in the western and southern U.S., plans to add 150 stores nationwide in 1988. Advertising spending will jump 20% at that time.

Italia, an agency specializing in retail accounts, also picked up Chatsworth-based Public Image, a 12-store off-price retailer specializing in young men's apparel, to its roster. The account was previously unassigned.

ZZZZ Best Co., Reseda, Calif., which filed for Chapter 11 bankruptcy protection last week amid allegations that founder Barry Minkow defrauded the company, has shelved plans to continue TV spots featuring the flamboyant Mr. Minkow. Agency Pearlman/Wohl/Oldshever/Marchese, Los Angeles, said the retail carpet-cleaning service had been on a regular advertising hiatus before the allegations came to light. ZZZZ Best had been spending $2 million annually in nine California markets.

West Coast News

Chiat/Day named Peter deVaux, 42, senior VP-chief operating officer, based in Los Angeles. Mr. deVaux formerly was senior VP-finance at Young & Rubicam, New York. He succeeds Steve Hunt, who left.

Evans/Kraft, Seattle, named Lon LaFlamme, 38, president of its three-office network. He previously was exec VP-director of client services. Mr. LaFlamme succeeds Donald Kraft, 60, who becomes chairman and remains ceo.#

Christopher

'Ms.'-givings over celebration

By MAURINE CHRISTOPHER

"Let the celebration begin," *Ms.*, a leading voice of feminism, trumpets in the introduction to its 230-page, 15th anniversary issue.

M. Christopher

I started flipping through, hoping for inspiration to shake women and their millions of male supporters out of their lethargy and spur them to action on crucial areas for them and the country.

Like a homework assignment, I read practically everything—from the Chevrolet Beretta gatefold ad for sporty motoring, through the Charlie fanny-patting Revlon ad, to the More cigarettes back page with a striking woman seeking "more cigarettes, more pleasure" despite the bold warning against the link to lung cancer, heart disease, emphysema and difficult pregnancies.

By the end, despite the optimistic results of a superficial survey of the mood of 200 women and 100 men, I was convinced women will have to look elsewhere for direction in pinpointing achievable goals, developing workable strategy and finding future leaders not associated with past disappointments. After the Equal Rights Amendment fiasco, new generals must be found.

Late at night when I accidently tuned in Gloria Steinem, co-founder and editor of *Ms.*, on the radio, plugging her special issue and the Henry Holt book, "Letters to *Ms.*," I felt even less like celebrating. She said victory in some areas may be 100 years away.

Ms. Steinem could be right if women reinforce the worst stereotypes about them by concentrating on the matters that take up a good deal of the milestone issue of a magazine that has been a trailblazer in its best moments.

Note the titles from the index. How about these pieces for tranquilizers? "A Global Click?" (Who in the family is going to do the laundry and cleaning?) "The Marriage Trap." "Teen Lust." "The F Word." "Sister/Friends." "Best Girl Friends." And the "15 Dumbest Men in America."

One writer felt triumphant now that women as well as men are listened to during the conversation at dinner parties. Oh, glory be.

I suggest the type of women *Ms.* is trying to sell to advertisers—"opinion makers," Ms. Steinem called them on the "Casper Citron Show" on WMCA-AM—might have been expecting attention and analyses on more pressing problems, such as:

- The diversion of billions to the military while families and singles are left to deal with unemployment, catastrophic medical costs and the shortage of childcare facilities.
- Mothers' anger at having to produce the sons that are sacrificed to foreign policy while having little, if any, influence over that policy.
- The danger that women in their child-bearing years again may lose control over their own bodies if the anti-abortion crusaders win.
- Lax enforcement of equal-employment opportunity laws and the disparity between what men and women are paid.

The July-August special does have an excellent article by Angela Bonavoglia about Pamela Rae Stewart, who is being sued in California for giving birth to a brain-dead son.

Otherwise, the most interesting reading for me came in the samples from "Letters from *Ms.*" A 73-year-old Philadelphia writer theorized ERA failed because farm women were never mobilized for the fight.

Also in "Letters," a Maine reader wrote: "What disappoints me most is that women in the U.S. have not organized sufficiently to put more women in government and key decision-making positions in the military. Women are absent from areas where their presence would humanize decisions."

Unfortunately, the lead celebrities featured in quickie interviews in letters are women no longer in power: Bella Abzug, former congresswoman; Carol Bellamy, former president of the New York City Council; and Gerry Ferraro, who must wish she had never heard of Walter Mondale.

The most disconcerting note of all: *Ms.* wraps up by exhorting readers to send money—$1,000—for a tax-deductible lifetime subscription. On the late-night radio show, Ms. Steinem said her magazine is "not in the black but is not losing such large sums of money" as other magazines. She put her losses over 15 years at less than $4 million. She estimated *Esquire* lost $26 million in a much shorter period and cited reports that *Vanity Fair's* red ink is running at about $40 million.

By contrast, according to the cofounder, readership and circulation are trending the right way for her. Advertiser guarantee rate base is 450,000. Ms. Steinem said she and her colleagues may relinquish their foundation status to become a profit maker by mounting a paid advertising and promotion campaign for *Ms.*#

Tobacco takes dip

Smokeless '86 sales slide 6.2%

By JOHN C. MAXWELL JR.

The big news in the sagging smokeless tobacco area is Pinkerton Tobacco Co. starting a new-product segment with its chewable Masterpiece Tobacs.

This new, gumlike product is unlike anything on the market today.

Masterpiece Tobacs, which comes in peppermint and cinnamon flavors, does not prompt the need to spit.

There are six units per foil-blister pack and three foil packs per box. The box looks something like a hard pack of cigarettes.

Each piece is hexagonal and weighs about 1.2 grams.

The product will retail at about $1.25 to $1.45, depending on state and local taxes, and is in the process of going into test (AA, May 11).

Smokeless tobacco units overall were down 6.2% in 1986, the largest decline in recent history. The previous year marked the first decline—off by about 1%.

This acceleration has come about because of the labeling regulations and taxation on the industry, as well as the bad press due to the supposed adverse effect that chewing tobacco has on the user.

We think this type of outlook will continue, so we anticipate further declines in the industry for the foreseeable future.

All sections of the industry declined, particularly plug, down 14%, and moist plug, down 13.7%.

Moist snuff and fine cut were down only a little more than 3%.

The main factor in the industry, loose leaf, was down in line with the industry, dropping 6.4%.

These trends, of course, had various ramifications for the individual companies.

Richmond, Va.-based Pinkerton, which has more than 80% of its volume in loose leaf, had the biggest share decline, down some 1.4 share points.

However, the company maintained its No. 3 position within the industry.

Greenwich, Conn.-based U.S. Tobacco Co., which is preponderantly in moist snuff and fine cut, gained 0.8 of a share.

Memphis, Tenn.-based Conwood Co., the industry leader, with items in most product areas, also was the leader in share gains, up some 0.9 Conwood gained share pretty much across the board, up one share point in loose leaf, 0.3 in moist cut and fine cut, three share points in moist plug and 0.65 in plug.

The company maintained share in twist roll and lost slightly in the dry snuff area.

We believe this industry will continue to be under pressure from the Surgeon General and others, and basically will have a downward momentum that we also see in the other tobacco areas.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Total smokeless tobacco

Source: John C. Maxwell Jr.

Brand	1984 Lbs.	1984 Share	1985 Lbs.	1985 Share	1986 Lbs.	1986 Share
Conwood	36,990	27.4	38,429	28.7	37,133	29.6
U.S. Tobacco	35,341	26.2	36,457	27.3	35,254	28.1
Pinkerton	28,690	21.3	35,129*	26.3	31,300	24.9
Lorillard	11,914	8.8	11,593	8.7	10,401	8.3
Helm Tobacco	10,694	7.9	9,825	7.3	9,260	7.4
R.J. Reynolds	8,411	6.5	—	—	—	—
Brown & Williamson	1,790	1.3	1,594	1.2	1,462	1.2
R.C. Owen	767	0.6	712	0.5	672	0.5
Total	134,921	100.0	133,739	100.0	125,482	100.0

*Alfred & Christian & Peterson acquired RJR trademarks in November 1985 and licensed them to Pinkerton. Pound figures are listed in thousands.

Sugar group backs logo

WASHINGTON—The Sugar Association this month breaks advertising and promotional campaigns tied to its Sugermark logo, via North Castle Partners, Greenwich, Conn.

The advertising campaign is print only. The promotional campaign is for a contest for consumers to write a slogan for the logo.#

New Product Roundup

The following reports cover new-product introductions and product-line extensions.

SEASONINGS

MELROSE PARK, ILL.—**Alberto-Culver Co.** next month introduces nationally Mrs. Dash sodium-free seasoning convenience packs with a $1 million print campaign via Grey Advertising, Chicago.

LAUNDRY PRODUCTS

CARLSTADT, N.J.—**Airwick Industries** is testing liquid Lavender Sachet fabric softener in Northeastern markets as well as Dallas, Miami and the Carolinas. The product, part of a line that Airwick acquired from Bismarck, N.D.-based Gold Seal Co., is being advertised via 30 and 60-second TV spots that broke June 30 and free standing inserts distributed earlier in the month. Bloom Agency, New York, handles.

CIGARETTES

WINSTON-SALEM, N.C.—**R.J. Reynolds Tobacco USA** moved a lights version of its highly successful More cigarettes into test July 1 in western markets. More Lights 120s will deliver 12 milligrams of tar vs. the 17-milligram tar level of the mother brand, which has racked up a 1.4% share of market, or about $280 million in annual sales, since it was introduced in 1975. The new cigarettes are being marketed in western states including Arizona, Colorado, Montana and Wyoming. The rollout is supported by outdoor, magazine and point-of-purchase advertising, as well as by in-store promotion and couponing. Young & Rubicam, New York, handles.#

When your clients programs include loose-leaf binders...

then it warrants the very best.

A Peterson Case® takes you away from the ordinary.

A Peterson Case® identifies a uniquely constructed cover. It is an electronically sealed, turned edge, supported vinyl product which affords a rugged durability and exceptionally fine appearance. It can always be identified by the debossed line around the periphery of the lining which is a distinctive feature and has become a trademark of The Peterson Case®.

Many loose-leaf manufacturers incorporate "The Peterson Case®" in their "top-of-the-line" loose-leaf binders.

Ask your usual source for a sample or write to:

VINYL CASE DIVISION
Peterson Electronic Die Co., Inc.
199 Liberty Avenue
Mineola, N.Y. 11501
516-747-3835

Newspaper Advertising SAU Inches in the MRCS

April 1987 vs. April 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	103,431	——	92,860	——
Beacon Journal (S)	69,109	——	69,355	——
Grand Total	172,540	——	162,215	——

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	172,416	——	168,069	——
Call (S)	76,692	——	78,147	——
Grand Total	249,108	——	246,216	——

NOTE: Part run figures not available.

ASBURY PARK, NJ

Press (E)	215,950	34,605	204,994	25,738
Press (S)	141,345	19,430	137,378	14,281
Grand Total	357,295	54,035	342,372	40,019

ATLANTA, GA

Constitution (M)	186,860	83,928	173,807	59,824
Journal (E)	183,629	83,860	171,575	65,562
Journal & Constitution (S)	121,933	47,456	129,633	44,641
Journal & Constitution (Sat)	48,283	——	43,714	——
Grand Total	540,705	215,244	518,729	170,027

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

Sun (M)	148,983	12,126	131,582	4,355
Sun (E)	130,523	12,117	107,401	4,367
Sun (S)	151,920	44,379	138,468	38,989
Grand Total	431,426	68,622	377,451	47,711

BERGEN COUNTY, NJ

Record (E)	167,849	28,712	161,903	21,799
Record (S)	142,478	47,741	131,874	45,453
Grand Total	310,327	76,453	293,777	67,252

BOSTON, MA

Herald (M)	88,757	——	63,359	——
Herald (S)	23,598	48,953	18,575	34,807
Globe (M)	151,609	19,706	139,699	14,499
Globe (S)	196,689	44,067	184,876	29,321
Grand Total	460,653	112,726	406,509	78,627

BUFFALO, NY

News (AD)	116,278	21,533	115,366	13,862
News (S)	69,242	25,553	70,749	14,800
Grand Total	185,520	47,086	186,115	28,662

CAMDEN, NJ

Courier-Post (E)	140,559	22,859	139,038	23,944
Courier-Post (S)	61,630	18,879	57,249	10,784
Grand Total	202,189	41,738	196,287	34,728

CHARLOTTE, NC

Observer (M)	129,318	——	127,633	——
Observer (S)	69,967	——	71,387	——
Grand Total	199,285	——	199,020	——

NOTE: Part run figures not available.

CHICAGO, IL

*Tribune (M)	125,632	259,858	120,684	256,250
*Tribune (S)	126,161	100,206	123,033	113,276
Sun-Times (M)	138,889	92,433	132,962	85,260
Sun-Times (S)	55,132	47,095	63,555	28,258
Grand Total	445,814	529,592	440,234	483,044

NOTE: Tribune figures supplied by Media Records. 1987 figures represent advertising for 3/30/87 to 4/26/87.

CINCINNATI, OH

Enquirer (M)	160,876	8,101	173,889	8,399
Enquirer (S)	130,756	12,510	135,941	11,435
Post (E)	77,413	23,972	84,601	17,560
Grand Total	369,045	44,583	394,431	37,394

CLEVELAND, OH

Plain Dealer (M)	140,174	39,777	145,009	41,918
Plain Dealer (S)	107,626	11,338	114,676	7,743
Grand Total	247,800	51,115	259,685	49,661

DALLAS, TX

News (M)	277,140	13,406	285,284	12,276
News (S)	143,599	12,724	173,288	11,996
Times-Herald (AD)	225,150	26,703	227,134	45,355
Times-Herald (S)	108,674	14,034	115,878	17,233
Grand Total	754,563	66,867	801,584	86,860

DENVER, CO

Rocky Mt. News (M)	263,352	3,127	265,738	2,241
Rocky Mt. News (S)	86,339	691	90,770	54
Post (M)	186,057	32,795	195,938	7,024
Post (S)	113,582	1,132	110,406	1,615
Grand Total	649,330	37,745	662,852	10,934

DETROIT, MI

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Free Press (M)	102,471	55,979	98,297	34,935
Free Press (S)	45,414	34,848	45,724	31,471
News (AD)	157,788	50,904	181,299	44,719
News (S)	86,331	34,413	94,971	45,417
Grand Total	392,004	176,144	400,291	156,542

ESCONDIDO, CA

Times-Advocate (E)	104,389	3,159	104,612	4,705
Times-Advocate (S)	39,556	——	40,173	1,479
Grand Total	143,945	3,159	144,785	6,184

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	108,773	——	106,193	——
Sun-Sentinel (M)	279,739	——	277,768	——
Grand Total	388,512	——	383,961	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	88,120	——	82,314	——
Journal Gazette (S)	65,088	——	81,866	——
News Sentinel (E)	92,795	——	90,135	——
Grand Total	246,003	——	254,315	——

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	86,734	4,348	81,470	329
Time (S)	67,371	2,110	61,510	645
Advocate (E)	114,232	19,476	106,611	15,445
Advocate (S)	65,772	4,131	59,855	645
Grand Total	334,109	30,065	309,446	17,064

HARTFORD, CT

Courant (M)	159,049	44,694	153,898	34,223
Courant (S)	83,760	141,060	81,465	125,049
Grand Total	242,809	185,754	235,363	159,272

HONOLULU, HI

Advertiser (M)	123,932	——	121,862	——
Star-Bulletin (E)	116,602	——	120,031	——
Star-Bulletin & Advertiser (S)	78,165	——	72,982	——
Grand Total	318,699	——	314,875	——

HOUSTON, TX

Chronicle (AD)	212,144	40,420	230,015	48,163
Chronicle (S)	113,281	31,877	110,192	27,845
Post (M)	143,824	48,619	172,651	33,012
Post (S)	70,078	22,379	66,350	31,179
Grand Total	539,327	143,295	579,208	140,199

LONG BEACH, CA

Press Telegram (M)	118,063	49,777	106,950	44,938
Press Telegram (S)	57,118	1,977	56,746	74
Grand Total	175,181	51,754	163,696	45,012

LONG ISLAND, NY

Newsday (E)	119,613	134,242	147,507	98,843
Newsday (S)	85,904	100,361	102,379	95,105
Grand Total	205,523	234,603	249,886	193,948

LOS ANGELES, CA

Times (M)	294,700	301,492	287,933	262,140
Times (S)	167,908	84,504	167,104	96,631
Herald-Examiner (M)	64,501	9,920	54,777	8,325
Herald-Examiner (S)	16,282	8,040	14,462	8,290
Grand Total	543,391	403,956	524,276	375,386

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	193,847	37,594	205,487	30,638
News (S)	79,137	540	82,505	755
Grand Total	272,984	38,134	287,992	31,393

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	200,321	——	209,264	——
Grand Total	200,321	——	209,264	——

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	144,475	111,941	126,758	89,252
Commercial Appeal (S)	90,271	5,812	88,361	11,440
Grand Total	234,746	117,753	215,119	100,692

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Herald (M)	159,476	——	159,664	——
Herald (S)	92,069	——	95,503	——
News (E)	55,231	——	57,168	——
Grand Total	306,776	——	312,335	——

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	120,256	28,615	108,033	24,427
Star & Tribune (S)	116,985	6,465	149,457	2,340
Star & Tribune (Sat)	26,748	——	25,092	182
Grand Total	263,989	35,080	282,582	26,949

*NASHVILLE, TN

Banner (E)	112,887	——	119,493	——
Tennessean (M)	112,758	——	116,924	——
Tennessean (S)	92,361	——	84,993	——
Grand Total	318,006	——	321,410	——

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	94,461	4,369	98,359	2,052
Home News (S)	69,003	13,576	71,877	5,361
Grand Total	163,464	17,945	170,536	7,413

NEW YORK, NY

Times (M)	183,128	21,140	175,865	21,503
Times (S)	189,914	115,435	212,033	112,738
News (M)	63,921	93,356	61,094	95,931
News (S)	38,976	75,954	35,726	77,505
Post (AD)	64,479	1,216	57,294	1,174
Grand Total	540,418	307,101	542,012	308,851

NEWARK, NJ

Star Ledger (M)	215,660	5,372	215,089	7,027
Star Ledger (S)	184,010	31,271	179,737	29,769
Grand Total	399,670	36,643	394,926	36,796

OAKLAND, CA

Tribune (M)	81,932	95,884	76,665	94,220
Tribune (S)	35,598	40,866	42,955	33,052
Grand Total	117,530	136,750	119,620	127,272

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	98,761	7,417	98,180	4,548
Blade-Tribune (S)	39,221	2,350	42,068	——
Grand Total	137,982	9,767	140,248	4,548

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	310,260	104,086	308,724	83,601
Register (S)	127,114	535	117,027	8,925
Grand Total	437,374	104,621	425,751	92,526

PHILADELPHIA, PA

Inquirer (M)	151,581	31,187	165,766	35,019
Inquirer (S)	128,379	71,312	121,658	57,623
News (E)	79,158	3,477	83,046	4,730
Grand Total	359,118	105,976	370,470	97,372

*PHOENIX, AZ

Arizona Republic (M)	230,292	13,671	234,205	13,050
Arizona Republic (S)	138,438	——	151,701	——
Gazette (E)	221,702	13,918	224,165	13,068
Grand Total	590,432	27,589	610,071	26,118

NOTE: Figures supplied by publisher to Media Records.

*PROVIDENCE, RI

Journal (M)	90,946	84,252	81,011	64,887
Journal (S)	104,119	92,327	97,209	41,433
Grand Total	195,065	176,579	178,220	106,320

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	110,047	41,069	110,646	35,517
Post Dispatch (S)	124,867	——	123,293	——
Grand Total	234,914	41,069	233,939	35,517

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	93,171	——	90,533	——
Pioneer Press Dispatch (S)	111,457	——	93,487	——
Grand Total	204,628	——	184,020	——

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	112,499	44,432	115,993	43,363
Express-News (S)	73,752	26,828	74,266	26,885
Express-News (Sat)	32,266	——	36,665	——
Light (AD)	132,131	29,598	119,112	38,664
Light (S)	85,990	5,632	75,662	16,398
Light (Sat)	24,468	1,731	29,586	——
Grand Total	461,106	108,221	451,284	125,310

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Union (M)	221,869	39,403	208,718	24,521
Union (S)	116,654	——	119,161	——
Tribune (E)	232,722	40,291	223,175	25,467
Grand Total	571,245	79,694	551,054	49,988

SAN FRANCISCO, CA

Chronicle (M)	129,217	73,044	128,888	76,029
Examiner (E)	125,752	79,720	——	——
Examiner & Chronicle (S)	74,031	28,600	75,327	36,819
Grand Total	329,000	172,364	204,215	112,848

NOTE: 1986 Examiner Evening figures not available.

SAN JOSE, CA

Mercury News (AD)	292,750	24,346	289,734	29,913
Mercury News (S)	139,206	——	141,532	——
Grand Total	431,956	24,346	431,266	29,913

*STATE COLLEGE, PA

Centre Times (E)	94,838	7,860	84,237	3,794
Centre Times (S)	32,618	339	32,468	574
Grand Total	127,456	8,199	116,705	4,368

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	114,889	——	108,536	——
Blade (S)	93,446	——	99,342	——
Grand Total	208,335	——	207,878	——

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	279,931	45,524	264,514	43,818
Post (S)	150,715	41,744	150,042	40,826
Grand Total	430,646	87,268	414,556	84,644

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	72,466	701	77,379	758
Fairfax Journal (M)	81,235	1,710	90,121	2,135
Grand Total	153,701	2,411	167,500	2,903

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only.

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	108,605	27,721	89,108	9,209
Reporter Dispatch (S)	80,440	19,993	85,120	17,376
Grand Total	189,045	47,714	174,228	26,585

WICHITA, KS

Eagle-Beacon (M)	124,890	——	126,980	——
Eagle-Beacon (S)	70,682	——	78,326	——
Grand Total	195,572	——	205,306	——

NOTE: Part run figures not available.

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA/NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

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1. Measure Printed Page.....
   Width and Depth in Inches.
2. Determine Square Inches of Page.....
   Multiply Width by Depth Inches.
3. Determine the Number of SAU Inches of Page.....
   Divide the Square Inches by 2.0625 (SAU Inches).
4. Measure the Total Lines of the Page.....
   Multiply Column Depth Agate Lines by the Number of Columns on the Page.
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches.....
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Special Report

Mary S. Fluck

Games remain, but market ho-hums

By Ed Fitch

It might have been one of the best sports battles of the year. It might have rivaled Hagler vs. Leonard, the Mets vs. the Red Sox, Hulk Hogan vs. Andre the Giant. Instead it was more like the second half of Super Bowl XXI. In the end, the Oscars killed 'em.

According to Northbrook, Ill.-based A.C. Nielsen Co. the Academy Awards show drew nearly twice the audience as the March 30 NCAA championship basketball game pitting Indiana University against Syracuse University. During the game's crucial second half, when Chevy Chase was bantering and, of all things, Dom DeLuise and Telly Savalas singing on the Oscars, the score was, Oscars: 30.6 rating, 45 share; NCAA: 16.2 rating, 24 share.

While the NCAA championship game certainly lacks the appeal of the seventh game of the World Series, this rare one-on-one dramatic entertainment vs. sports entertainment should have been called for no contest. Even if the hotly contested Mets-Red Sox World Series was pitted against the Oscars, the game would have gone into extra innings: The Oscars matched the series' prime time seven game average of a 29 rating, 45 share.

Sports programming is not down for the count, however. By May, quite a while since the last whistle blew on the gridiron, ABC's "Monday Night Football" was in Nielsen's top 20 listing of 1986-87 season-to-date prime-time ratings.

But taking a look at National Football League broadcast rights shows just how much the game has changed. While ABC still will broadcast "MNF" next season and CBS and NBC will carry national and regional telecasts, cable network ESPN will carry four preseason contests, the Pro Bowl and eight regular season Sunday night games. This represents the first time NFL broadcast rights have strayed from the cozy con-

(Continued on Page S-2)

Viewers prefer pigskin

	Viewers (millions)*	% of U.S. adults
1. Pro football	63.2	37%
2. Baseball	62.7	37
3. College football	48.9	29
4. Boxing	37.2	22
5. College basketball	36.2	21
6. Pro basketball	34.7	21
7. Pro wrestling	28.8	17
8. Bowling	28.6	17
9. Tennis	26.3	16
10. Auto racing	25.8	15

*Those who frequently or almost always watch
Source: Simmons Market Research Bureau

Market ho-hums

(Continued from Page S-1)

fines of the networks.

"The TV world is changing in terms of who is carrying sports," says Robert Dowling, president, Westport, Conn.-based *Sports Marketing News*. "Ten years ago, the networks commanded 92% of all viewers, now the percentage is in the low to mid-70s."

As the players have changed, so have the rules.

To overly simplify past practices, the networks would send their bids to the sports' commissioners and, with about as much mystery as Oscar night, the envelopes would be opened and the winners announced.

"[The sport executives] would sit down and say, 'We have this hot property, and you know it's hot, and you're making money off of it, so we're going to charge this much,' " says Bob Iger, VP-programming and rights negotiations, ABC Sports, New York. "I'm not going to say there was no element of negotiation, but the negotiation aspect wasn't so . . . so . . . difficult. The economic circumstances didn't require anything different."

Put simply, everybody was making money hand over fist. Despite paying high rights fees, the networks weren't suffering.

"We were passing some wildly inflated costs on to the advertisers," Mr. Iger says. "We were raking in the bucks, the sports were raking in the bucks."

In 1985, the networks started to realize they would have to trade in their rakes for tweezers. The proliferation of sports on both cable and network TV—the amount of network sports programming increased 63% from 1973 to 1983, according to Paul Kagan Associates, Carmel, Calif.—started to take its toll.

"The bottom fell out because of the proliferation," Mr. Iger says. "Things once considered special no longer were, and ratings slipped." Advertisers' interest tumbled along with the ratings. The networks found themselves locked into long-term contracts on products that would never be profitable.

For example, the three networks lost an estimated $75 million on NFL broadcasts last season. An even more dramatic case is ABC Sports' estimated $600 million, six-year contract with Major League Baseball for "Monday Night Game of the Week," alternating World Series, League Championship Series and All-Star games. The soft market and MLB Commissioner Peter Ueberroth's reported refusal to renegotiate the contract, which doesn't expire until 1989, has analysts saying ABC will lose an estimated $200 million on the package.

Despite some sizable deals, such as the $166 million CBS reportedly paid for the three-year exclusive rights to the NCAA basketball tournament, sports executives are starting to realize they "simply can't demand the same fees," says Mr. Dowling.

The reason is based in simple economics. CBS will pay an average of about $55 million for the rights to the NCAA tourney that culminated in the game that was drubbed by the Oscars in terms of ratings. And although it's only one program vs. an entire tournament, a spokesman for the Academy of Motion Picture Arts & Sciences says ABC paid "considerably less" than $55 million for the Oscars.

The well-publicized management and ownership changes at the networks, placing greater emphasis on the bottom line, are having an effect as well, says Mr. Iger. "Sports is now operated under different business procedures. The mandate is to make money and streamline."

The NFL pact was the first major contract to come under consideration after this reassessment. "All of the networks approached this round of negotiations with essentially the same philosophy," he says.

Val Pinchbeck, New York-based NFL's director-broadcasting, indicates the league was very aware of the changing market. "Art Modell [Cleveland Brown's owner and head of the NFL's negotiating committee] and [NFL Commissioner] Pete Rozell went into the negotiations with the best information possible," he says. "The information previously had been that the networks were making money off of their NFL packages." This time, Mr. Pinchbeck says, they entered the negotiations knowing the rights fees' upward spiral already had hit the ceiling.

In signing a three-year, $1.4 billion contract with the three networks and ESPN, the NFL took a 3.3% decrease in rights fees, a figure Mr. Pinchbeck won't confirm but says is "in the ballpark." The networks' contribution to the billion dollar-plus package was down 15%, according to a network source. ESPN came in off the bench just in time to help offset the NFL's losses.

"This time around ABC, CBS and NBC showed no strong interest in the specials package at the required economic levels," Mr. Pinchbeck says. "This opened up the opportunity for other interested parties to come in. We were able to design a package that met their needs and ours."

Bidding for the prime NFL rights—"MNF," nationally televised games, conference championships and the Super Bowl—should remain competitive because 37% of U.S. adults, or 63.2 million viewers, frequently watch professional football, according to New York-based Simmons Market Research Bureau. Baseball, college football, boxing and college and pro basketball, all of which more than 20% of U.S. adults frequently watch, probably would find themselves on the networks despite the latter's new budget considerations.

"You can probably list on two hands the sporting events TV is willing to pay for," says Mr. Dowling. "Most of the time, the networks say, 'Come to us with a package and a sponsor we can develop a relationship with, and then we'll see if we can get you on the air.' Most events buy their way onto the air."

But Mr. Iger maintains that the era of putting high-ticket sporting events on the air just for their cachet is over. "Some events will not be considered because they are unprofitable."

The networks may have trouble altering the game plan they've played with for so long. Carrying and identifying themselves with certain events and sports are how the networks define themselves, something that tends to artificially inflate the price to score the rights.

Although the rights to the 1988 Winter Olympics were bid on in 1984, Mr. Iger admits they should have seen signs of impending softness and curtailed their spending instincts. Instead the network paid $309 million for the rights to the Calgary games—"way above what even the Olympics can bear"—just before the commencement of the 1984 Winter Olympics in Sarajevo, for which they bid a com-

(Continued on Page S-4)

Sports programming still special

Season's highest rated pro *sporting events*

Program	Network	Rating
1. Super Bowl XXI	CBS	45.8
2. World Series, game 7	NBC	38.9
3. World Series, game 6	NBC	30.3
4. World Series, game 5	NBC	29.8
5. NFC Conference Championship	CBS	27.5
6. World Series, game 4	NBC	26.0
7. World Series, game 3	NBC	25.6
8. NFC Playoff (49ers-Giants)	CBS	24.3
9. NFC Playoff (Redskins-Bears)	CBS	22.9
10. NFC Wild Card (Rams-Redskins)	CBS	21.9
11. AFC Playoff (Patriots-Broncos)	NBC	20.4
12. AFC Playoff (Jets-Browns)	NBC	19.9
13. NBA Finals, game 5	CBS	18.9
13. NBA Finals, game 4	CBS	18.9
15. AFC Wild Card (Chiefs-Jets)	NBC	18.3

Source: A.C. Nielsen Co.

Where the boys—among other things—are

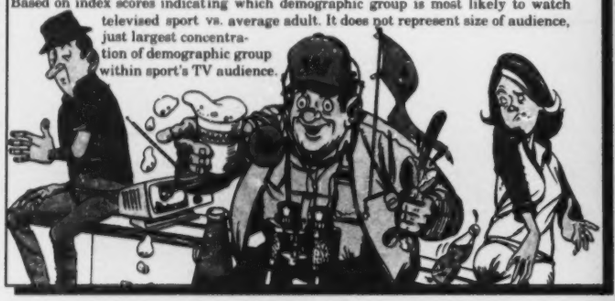
Most likely viewers

Sport	Demographic category	Sport	Demographic category
Drag racing	Men	Golf	White
Pro soccer	18-24 year olds	Pro wrestling	Black
Drag racing	25-34 year olds	Pro soccer	Hispanic
Track & field	35-44 year olds	Tennis	$25,000+ HHI*
Horse racing		Roller derby	$15,000-$24,999*
(harness/trotters)	45-54 year olds	Pro wrestling	less than $15,000*
Golf	55-64 year olds	Tennis	College educated
Golf	Married	Drag racing	High school educated

*Annual household income

Source: Simmons Market Research Bureau.

Based on index scores indicating which demographic group is most likely to watch televised sport vs. average adult. It does not represent size of audience, just largest concentration of demographic group within sport's TV audience.



NFL giving Monday its best shot

New York Giants and Chicago Bears fans will be the first to admit that what goes around comes around. After long years of residing in or near their respective divisions' cellars, the Bears and Giants have ascended to the throne as the undisputed kings of the pigskin. In fact, months before the two teams will square off on the season's first installment of "Monday Night Football," *Inside Sports* ran a cover feature on the Sept. 14 game.

Early publicity of this kind is a windfall for New York-based ABC Sports, which will broadcast "MNF," and the National Football League, which is hoping the networks make money on their football contracts and put rights fee negotiations back on the upward track.

But network and NFL officials will stand right behind Bears and Giants fans in acknowledging the cyclical nature of their fortunes. More than ever, the proposed "MNF" schedule seems designed for the TV ratings game. Fifteen of the 16 scheduled games feature a team that made it to the playoffs last year; 15 games also include at least one team from one of the eight largest U.S. TV markets.

"The top teams just happened to be in major media markets—the Jets, the Giants, the Bears, the Rams, the Raiders," says Val Pinchbeck, director-broadcasting for the New York-based NFL. "It's always been a goal in national games, particularly during prime time, to put together a strong schedule of contenders and major markets."

A spokesman for New York-based ABC Sports says the network is "delighted about the quality of the games scheduled for Monday night." Hopefully, he says, that quality will be reflected in higher ratings and stronger ad schedules. It's difficult to call the "MNF" schedule a success this early in the game. What looks like a sellout game in early April could be a dog by midseason.

Mr. Pinchbeck says despite the abundance of major-market teams on this year's lineup, team performance, not home markets, takes precedence. "We need games of national quality for national telecasts," Mr. Pinchbeck says. "If Pittsburgh and Miami or Tampa Bay and Cincinnati are the top teams, those are the ones people want to see."

He admits to a bit of luck, however, in having contenders in major markets. "If Philadelphia [Eagles] and Detroit [Lions] were doing better, it would be ideal. But these things are cyclical over time, as any New York Giants fan will tell you."

—Ed Fitch

"Monday Night Football" goes big time

	Market ranking	Number of times on "MNF"
N.Y. Giants	1	3
N.Y. Jets	1	3
Los Angeles Rams	2	3
L. A. Raiders	2	2
Chicago Bears	3	3
Wash. Redskins	6	2
N. E. Patriots	8	2
Dallas Cowboys	12	3
Cleveland Browns	22	2
Miami Dolphins	24	2
Seattle Seahawks	25	2
Denver Broncos	26	3
San Francisco 49ers	27	2

Source (market size): U.S. Dept. of Commerce, Bureau of the Census.

"Ten years ago, the networks commanded 92% of all viewers, now the percentage is in the low to mid-70s."

Robert Dowling
Sports Marketing News

There's more to marketing than sports

By Pat McGeehan

While we are enamored of sports programming because of its density of our target audience, it is clearly not a must buy for us," says Mark Reiss, director-corporate media, Adolph Coors Co., Golden, Colo. "It is a desired purchase for us, but it doesn't have elements that are so unique that it actually demands our participation."

To hear that kind of talk from any advertiser is bad news for the broadcast and cable sports networks. But Coors is not the only one. Advertisers of all kinds, including those that rely heavily on adult males, have rewritten the rules of the TV sports market.

"For years and years, sports was an automatic buy if you were targeted to men," says Jim Bell, senior VP-group media director at Grey Advertising, New York.

Pat McGeehan, a former Advertising Age reporter, covered the sporting goods industry and contributed to previous Sports Marketing Special Reports.

There's a new refrain for Coors and others as they find alternatives to reach adult males

"It no longer is, not even for cars and beer," he says.

Advertisers were willing to pay top dollar for sports because it was considered the most efficient way to reach adult males. Many advertisers didn't see another option.

"What happened was the advertisers began grousing about these huge commitments that they were forced to make by the traditional networks in order to participate," says David Martin, exec VP, Stroh Media Services, Detroit. The networks demanded that advertisers buy a certain number of spots in an event, sometimes requiring them to invest in other, non-sports programs.

Then the networks' sports programming ratings dropped. The pivotal point came in 1984 when the College Football Association argued successfully for the right to cut its own rights deals, breaking up the networks' monopoly. "So there was a ton of college football properties out there; fragmentation occurred," Mr. Martin says.

A proprietary network property suddenly diversified into syndication, regional packages and three-network packages. "It divided up the numbers," he says, "and advertisers said, 'Wait a minute. I've got a tremendous amount of money devoted to

(Continued on Page S-6)

CATCH THE MEN YOU WANT WITH NETS, HOOKS AND TRAPS.

Let's face it, the upscale men you're hunting are a different kind of animal. They earn more, spend more and do more. And when it comes to TV, they want more. More sports. So more often than not they're eluding the broadcast networks and being snared by ESPN.®

Night after night, ESPN stops upscale men in their tracks with an endless lineup of live, prime-time excitement. From NHL hockey to CFA college football. From college basketball to golf to tennis to boxing. This year, for the first time, they'll even be watching us for NFL Sunday Night Football.*

And when they're not busy watching, these men are out spending. In fact, they buy 22% more life insurance, 35% more telecommunications equipment and take 35% more business trips than the national average.*

Without ESPN, you're underdelivering this very attractive audience. But you can catch them effectively—for a much lower CPM than the networks—by placing just 10% of your sports budget with us. The results could change the way you spend your ad dollars from now on.

After all, if you're still trying to capture upscale men with the same old network buys, you just might need to change your bait.

ESPN THE TOTAL SPORTS NETWORK®

© 1987 ESPN, Inc. *Nielsen, June '86

New York (212) 661-6040, Detroit (313) 874-1818, Chicago (312) 938-4200, Los Angeles (213) 205-8900

Ho-hums

(Continued from Page S-2)

paratively minor $91.5 million.

NBC was keeping pace, however, offering $304 million, he says. "We had always been an Olympics network and we wanted to go into Sarajevo with the rights to Calgary."

If the same negotiations were being held now, Mr. Iger says, the Games' profit potential would have been the deciding factor. "We'll be looking for sports that have no economic risk because the risk already is covered, or those that offer a guaranteed profit."

The result will be a reassessment of all sports programming. This has opened up the possibility for other eventa to hit the big time, which means making it onto network TV. "We're much more open to new ideas, particularly for corporate-sponsored events," he says, in which sponsors usually commit to a sizable ad schedule, minimizing the network's risk.

"There are a lot of new opportunities in network programming," says Holly Turner, president of Auchincloss & Turner, the sports marketing arm of San Francisco-based Women's Sports Foundation. "There are gaps in their schedules that need to be filled. They are willing to listen to ideas."

The onus is on the program producers, however. "The nets aren't coming to us and saying, 'Give us a program,'" she says. "It depends on those packaging the programming to do something creative and innovative."

Producers should look to play into the trend of network interest in corporate-backed, low-risk programming. "It really helps when you bring in an advertiser they hadn't had before."

ABC's "Wide World of Sports" picked up the WSF's "The Challenge of the Champions" tennis match when WSF signed on Ocean Spray Cranberries as a sponsor. "We brought Ocean Spray to ABC for the first time," Ms. Turner says. "We look to make a marriage between the event, the production, the advertiser, the network."

Now if only the NCAA could play their championship game at the Oscars ceremony with Chevy Chase and Goldie Hawn calling the play-by-play . . . .

Seoul lament; wrong place, wrong time

By Lori Kesler

In January 1984, ABC agreed to pay a record $309 million for U.S. rights to broadcast the 1988 Winter Games from Calgary. That was the highest price a network ever had bid for an Olympics, more than triple the $91.5 million ABC bid for the Winter Games in Sarajevo, Yugoslavia, and well above the $225 million Los Angeles Summer Games' price tag.

It's understandable, then, that the Seoul Olympic Organizing Committee (SLOOC) expected a huge windfall when it started bargaining in mid-1985 for the 1988 Summer Games. Knowing the Seoul Games would generate nearly twice as much programming as Calgary, SLOOC officials reportedly wanted $1 billion.

But they didn't get it. A lot of things had changed between January 1984 and October 1985, when the SLOOC closed its deal with NBC.

Sarajevo had drawn lower ratings than expected, making TV and ad executives wary despite Los Angeles' success. And some thought Seoul's distant location would create severe time-delay problems.

"We still think it's a problem," says an ABC official. "We felt Calgary was the more viable of the two opportunities."

Seoul's distant location currently is the least of its problems. Because of civil unrest in South Korea, there was speculation at press time that the Olympic Games might be moved to Los Angeles or Moscow, both of which have existing facilities.

■ *Difficult rights talks, civil unrest portend trouble for country that once wanted $1 billion*

The SLOOC experienced another bit of bad timing. The negotiations took place at "the worst possible time for the SLOOC" because CBS was busy fighting Ted Turner and ABC was being taken over by Capital Cities/ABC, says Monica de Hellerman, president of New York-based Sport Summit.

Ironically, the success of the L.A. Games hurt the SLOOC's bargaining power, says Barry Frank, senior group VP, International Management Group, a New York-based sports marketing company. He says shortly after the 1984 Summer Games, the market "went to hell, and it's my theory that L.A. tore it apart."

"Too much money was taken out of the marketplace in a 17-day period," he says. "Suddenly, there was nothing left to invest in the last quarter of '84 and '85."

In the end, the Koreans settled for just $300 million in guaranteed rights fees. They'll also get a percentage of NBC's gross revenues at a certain point above $600 million, but that arrangement likely won't yield any benefits. Current projections call for NBC to take in $600 million on the Olympics; the network says it has sold $350 million in advertising so far.

An NBC official says none of the advertisers have expressed anxiety over the political situation in South Korea. The network, which lost $34 million when the U.S. boycotted the Moscow Games in 1980, is insured for the loss of rights fees and preparation expenses should a problem occur.

ABC admits it will lose millions on the Winter Olympics next year but says it's not giving up on the Games.

"They've been profitable for us in the past and we're confident they'll be profitable in the future," says Larre Barrett, VP-Olympic sales, New York-based ABC Sports.

Since ABC bought the rights to Calgary, a softening market has forced the nets to take a

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Nets' efforts

(Continued from Page S-10)

that the Olympics and election year campaign spots create a surge in network ad sales every fourth year, and 1988 should be no exception if the Olympics generate the $865 million to $965 million predicted.

But that surge in network revenues may not be as big as it appears. Mr. Kostyra estimates the Olympics will add slightly less than 5% to TV's $9 billion market.

Insiders say the rest of the Olympic millions likely would be siphoned from other TV advertising, particularly sports. "It's got to happen," says one TV source. "Some companies have a separate fund for the Olympics, but many will take it right out of their existing budgets."

While flat ad spending and other factors may take a toll, many advertisers will support the Olympics to tie into an event that nourishes patriotism and honors excellence.

And they like the Olympics' TV audience, which splits about evenly between male and female and skews heavily toward the upper-income, harder-to-reach viewer.

"From a sports standpoint, nothing surpasses the Olympics," says Mr. Barrett. "Nothing else delivers the quality and quantity of audience over a period of time."

Mr. Kostyra agrees—to a point. "If Americans win big and win early, the audience will come to the TV set and watch,"

Our audience buys more sof

30% of all U.S. TV households watch WWF programming every month. That's a lot of thirsty people. They represent more consumers in the prime 12-34 age group than any soft drink can claim.

More good news: Our audience is evenly distributed over A, B and C counties. Household income figures accurately mirror the total U.S. TV audience. And here's the kicker:

We give advertisers more men 18-49 than the average network sports program. And we do it for

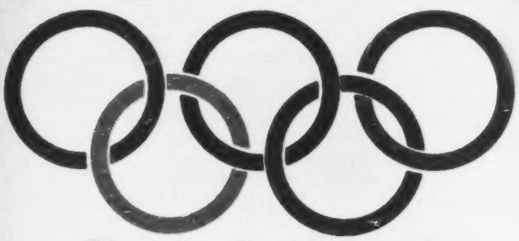
harder line as demonstrated by their negotiations with the National Football League. "You're going to see that same kind of posture for the 1992 Olympics," he says. "Everyone's interested in them, but we'll all be casting a cautious fiscal eye on the rights negotiations."

And this time, the networks will make their bids only after they've assessed 1988. They learned from ABC's experience: The network closed the Calgary deal a month before technical problems and snowstorms poked gaping holes in its coverage at Sarajevo.

Most of 1992's Winter Games in the French Alps and Summer Games in Barcelona, Spain, will be broadcast on a time-delay basis, cutting their value in the U.S., Mr. Barrett says.

Bert Zeldin, New York-based NBC's VP-Olympic sales and marketing, agrees. "There's no way American networks are going to pay as much for taped coverage from Europe," he says.

After 1992, the Olympics will be staggered at two-year intervals, with the next winter competition set for 1994, followed by the Summer Games in 1996. Most observers applaud the move, saying the Games will attract more advertising—and higher TV fees—if they are held in separate years.



The price of gold tops out

	Network	Rights fees
1988 Summer Games	NBC	$300 million
1988 Winter Games	ABC	$309 million
1984 Summer Games	ABC	$225 million
1984 Winter Games	ABC	$91.5 million
1980 Summer Games	NBC	$87 million
1980 Winter Games	ABC	$15.5 million

Source: ADVERTISING AGE

Olympics starting lineups

At press time, several major advertisers have signed on with New York-based networks NBC-TV and ABC-TV, including Allied Aftermarket, Anheuser-Busch Cos., Coca-Cola Co., Eastman Kodak Co., Federal Express Corp., Gator Aid, Johnson & Johnson, K mart Corp., McDonald's Corp., Miller Brewing Co. and Visa USA.

NBC also has signed American Gas Association, General Motors Corp., Hyundai Motor America and Isuzu Motors for the Summer Games.

ABC has American Airlines, American Motors Corp., Blue Cross & Blue Shield Associations, Chrysler Corp., Ford Motor Co., E&J Gallo Winery, Merrill Lynch & Co., IBM Corp. and Stanley Tool lined up for Calgary.

he says. "But if Americans aren't winning, the viewers will just turn it off."

Mr. Zeldin says people will tune in to see U.S. and Eastern Bloc athletes square off in the Summer Games for the first time in 12 years. "The Americans won't grab as much gold as they did in L.A.," he says, "but in many instances, that's not important."

Although Mr. Kostyra is confident the Olympics will generate a lot of interest, "advertisers do have concerns. For example, what happens if there are political problems [in the host country] or game delays or transmission difficulties?" Both networks already have covered events at their respective 1988 Olympic sites to reduce the chances for technical foul-ups during the Games.

But even if the transmissions come through loud and clear, advertisers are taking a now familiar stance.

"We just don't know how much the Olympics are going to deliver. Advertisers have gotten burned in the past with Sarajevo and Moscow. They're not exactly negative," he says, "just cautious."

Excellent Demographics...Dynamic Visuals

Yacht Racing

- USA and International.
- Windsurfers to Maxi's and 12's.
- New events and campaigns including radical technology Formula 40's.
- Television production opportunities.
- Top personalities.

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about one-third the cost. So to add some sparkle to your sponsorship mix, call The World Wrestling Federation at our sales office: 212-593-2228.

Everyone you want is watching us.

WORLD WRESTLING FEDERATION®

Ad pages in farm publications for 6 months, 1987-86

Second-quarter and year-to-date figures for U.S. and Canadian publications reporting to Advertising Age

	Pages			
	April-June 1987	April-June 1986	Jan.-June 1987	Jan.-June 1986
— Canadian —				
Country Guide:				
Eastern Edition	126.9	135.6	270.0	255.6
National Edition	202.8	226.8	440.6	448.6
Western Edition	133.5	178.3	277.4	318.4
Le Bulletin des:				
Agriculteurs	—	—	—	—
Total Group	463.2	540.7	988.0	1,022.6
% change		-14.3%		-3.4%
— Dairy & livestock —				
Beef Today	48.4	30.9	94.7	61.2
Beef Magazine A.	114.4	101.8	240.9	271.5
Beefweek	56.6	66.4	158.5	200.6
The Cattleman	211.0	269.6	451.4	544.0
Dairy	60.8	74.8	143.7	159.8
Dairy Today	78.8	57.9	135.4	107.9
Dairy Herd Management	47.0	35.9	88.6	83.9
Drovers Journal (21X) A.	87.5	132.5	256.4	332.5
Feedlot Management	—	—	—	—
Florida Cattleman	136.1	176.2	301.1	373.7
Hoards Dairyman (21X) A.	121.3	124.9	258.7	297.9
Hogs Today	41.2	32.5	96.1	79.6
Hog Farm Management	38.7	34.6	99.7	67.8
National Hog Farmer	128.9	145.5	319.9	356.0
Pork '87	79.5	85.1	231.4	235.3
The Hog Producer	15.4	18.5	40.2	43.3
S. Beef	—	—	—	—
Southern Beef Producer (8X)	—	—	—	—
Sunbelt Dairyman (6X)	—	—	—	—
Western Livestock Reporter	87.4	98.8	210.2	233.2
Total Group	1,353.1	1,486.0	3,126.9	3,448.2
% change		-8.9%		-9.3%
— Fruit & vegetable —				
American Fruit Grower	123.4	136.9	292.2	292.2
American Vegetable Grower	150.3	146.4	311.4	301.2
Citrus & Vegetable	129.7	138.0	289.4	290.5
Hay & Forage Grower	17.7	—	59.7	—
The Citrus Industry	—	—	—	—
The Grower	114.9	92.5	229.9	168.1
Total Group	536.1	513.8	1,182.6	1,052.0
% change		+ 4.3%		+ 12.4%

	Pages			
	April-June 1987	April-June 1986	Jan.-June 1987	Jan.-June 1986
— General farm publications —				
American Agriculturalist	65.0	65.0	143.0	154.0
California Farmer (21X) A.	122.0	144.0	270.0	323.0
Colorado Rancher & Farmer	54.1	71.5	125.9	176.8
Farm Futures	81.3	98.6	271.1	267.2
Farm Industry News (10X)	76.8	77.9	294.6	296.3
Farm Journal (14X)	135.9	118.4	415.3	384.7
Farmer-Stockman Unit:				
Oklahoma Farmer-Stockman (12X)	59.8	53.3	110.0	102.6
Texas Farmer-Stockman (12X)	51.4	48.9	115.8	100.7
Florida Grower & Rancher	59.8	84.3	138.0	174.0
Harvest Publishing Unit:				
Kansas Farmer (16X)	85.4	96.0	241.4	294.7
Michigan Farmer (16X)	85.3	92.8	237.0	271.4
Missouri Ruralist (16X)	84.1	107.7	264.2	349.6
Ohio Farmer (16X)	103.1	108.9	312.6	336.8
Pennsylvania Farmer (16X)	72.1	68.1	236.8	235.9
High Plains Journal:				
Eastern Kansas (52X)	438.9	467.8	910.5	979.7
Colorado	456.2	479.6	933.1	1,001.0
Nebraska	439.9	451.0	909.5	952.4
Oklahoma-Texas	456.0	463.9	931.4	969.3
Western Kansas	504.0	523.4	1,014.9	1,086.4
Irrigation Age (10X) A.	21.3	23.2	46.3	57.6
Kentucky Farmer	49.5	70.5	149.7	173.2
Lancaster Farming (52X)	1,724.1	1,644.9	3,653.7	3,520.8
Midwest Unit:				
The Farmer (24X)	—	—	—	—
Nebraska Farmer (23X)	164.4	177.9	474.0	566.7
Prairie Farmer (21X) A.	140.1	163.3	411.6	506.0
Indiana Edition (21X)	140.2	162.4	405.6	486.1
Wallace's Farmer (21X) A.	109.4	137.0	337.0	460.9
Wisconsin Agriculturist (21X)	73.0	103.3	225.5	317.3
Pecan South (6X)	12.3	23.8	33.6	45.7
Progressive Farmer A.	155.1	150.3	352.7	408.1
Publications:				
Coastal Plains Farmer	20.7	29.2	48.6	80.2
Flue Cured Tobacco Farmer	33.7	24.2	83.2	76.7
Peanut Farmer (8X)	51.4	42.5	92.8	87.8
Successful Farming Now A.	121.5	111.9	374.9	390.0
Tennessee Farmer	34.3	41.4	77.8	92.2
Top Producer	39.9	48.6	131.3	109.4

	Pages			
	April-June 1987	April-June 1986	Jan.-June 1987	Jan.-June 1986
Western Unit Farm Magazines:				
Colorado Rancher & Farmer (14X)	—	—	—	—
Western Farmer-Stockman Mags:				
Ariz. Farmer-Stockman (12X)	38.8	56.2	81.7	123.3
Idaho Farmer-Stockman (20X)	77.5	106.5	208.3	287.4
Mont. Farmer-Stockman (20X)	150.7	157.8	318.7	392.2
Ore. Farmer-Stockman (20X)	60.6	78.6	155.6	218.1
Utah Farmer-Stockman (20X)	55.3	66.6	142.1	166.6
Wash. Farmer-Stockman (20X)	73.3	90.1	173.7	237.1
Total Group	6,778.2	7,131.2	15,853.5	17,259.8
% change		-5.0%		-8.1%
— Poultry —				
Broiler Industry	133.0	143.2	300.0	326.8
Poultry Digest	69.1	67.8	138.5	126.6
Poultry Tribune	67.2	58.0	116.4	115.5
Poultry & Egg News	—	—	—	—
Poultry Times	—	—	—	—
Northeast/Midwest	—	—	—	—
Pacific Edition	—	—	—	—
Southeast Edition	—	—	—	—
Southwest Edition	—	—	—	—
Poultry & Egg Marketing	—	—	—	—
Total Group	269.3	269.0	554.9	568.9
% change		+ 0.1%		-2.5%

(X) Represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

Workshop spells out 'how to' of print ads

New York—Discovering how to write effective, sales-producing copy and learning how to boost the communication power of print ads will be the focus of several sessions at the Advertising Age Creative Workshop, scheduled for Aug. 23 to 26 at the New York Hilton.

Priscilla Waring, VP, Gallup & Robinson, will present a comparison of high and low-performing ads in a wide range of product and service categories and will demonstrate which techniques work best in today's competitive environment.

In her session, entitled "In the Eye of the Beholder," Ms. Waring will concentrate on how to use high-impact visual and illustrative elements to capture readers' attention and deliver the company's message.

Another presentation, called "The A, B & C of Effective Print," will be given by Anthony Antin, former director of creative services for *Reader's Digest*.

Mr. Antin will examine the standards by which print advertising can be judged.

Steve Hayden, exec VP-senior creative director, BBDO Worldwide, will look at the changing role of print advertising in "Define Print and How to Do It."

Mr. Hayden will discuss ways in which an agency can improve its print capabilities and will demonstrate the rewards of successes and the cost for failures in print.

Another examination of the power of print will be given by a panel of executives from some of today's leading small-to-midsize agencies. John Connors Jr., president of Hill, Holliday, Connors, Cosmopulos, will moderate the panel. Panel members will be Thomas Monahan, president-creative director, Leonard Monahan Saabye; Andy Berlin, principal, Goodby, Berlin & Silverstein; and Lee Lynch, chairman, Carmichael-Lynch.

For more information, contact Advertising Age Education, 220 E. 42nd St., New York 10017; or call 1-800-233-3435. In New York state, call (212) 210-0296.#

Connor backs video items

Wausau, Wis.—Connor Toy Corp. plans to spend $1 million on a merchandising effort for Videosmarts and ComputerSmarts during the summer and early fall.

Interactive video displays were placed in more than 2,000 retail outlets, said Jan Allan Nowak, Connor's VP-marketing communications.

He said 15 toy and retail chains will participate.

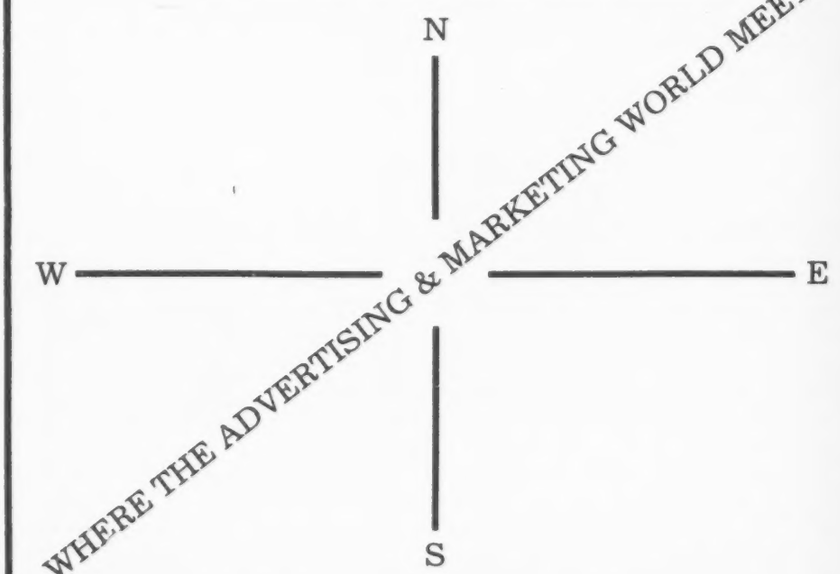
Each display will be equipped with a TV monitor, self-wind videocassette and a demonstration tape on Videosmarts, an electronic VCR-based learning system, and the more advanced ComputerSmarts.

Both products are attached to VCRs, but the latter also can be used as a portable computer for children ages 6 to 10.

ComputerSmarts will hit retail shelves in August.

Connor's other major line is Gymboree Corp., Burlingame, Calif., the internationally franchised exercise program for children (AA, July 6).#

THE ADVERTISING AGE CREATIVE WORKSHOP
August 23-26 at The New York Hilton



800 Participants · 43 Countries · 45 Speakers

Direct your inquires to:

1-800-233-3435 or 212-210-0296

INTERNATIONAL AGENCY/CLIENT REPORT

How to read the charts

ADVERTISING AGE asked the 28 agencies surveyed for this year's report to list accounts that were worth at least $3 million and that were served in at least three countries as of Dec. 31, 1986.

The charts are not a complete breakdown of every agency's offices and clients. Some countries were not included because of lack of space, and some accounts were not listed because information about them came in after deadline. Additional business is listed in the "Notes to Charts" that follow the agency summaries.#

N W Ayer

Clients:	Americas										Europe															Asia,Pacific							
	USA	Argentina	Brazil	Canada	Chile	Mexico	Peru	Uruguay			Austria	Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	U.K.			Australia	Hong Kong	Japan	Korea*	Malaysia	New Zealand	Singapore	Thailand
Avon	•																																	
Bahamas	•													•	•		•								•					•			•	•
Bristol Myers															•							•			•									
Burger King																					•								•		•			
Cariplo	•											•		•	•										•									
Copper Dev. Assn.														•	•		•								•									
Deere & Co.	•	•						•			•	•		•	•		•		•	•	•													
Ecolab			•	•				•				•					•								•			•						
General Motors	•											•		•	•			•							•				•					
Gillette	•													•				•	•	•	•		•		•									
Iberia	•						•				•			•	•			•			•			•						•				
McGregor Navire											•			•			•		•	•	•													
Nordica	•										•			•	•			•							•					•				
Playmobil Toys												•		•				•																
Puma/All Weather Sports												•		•				•							•									
Ricoh											•	•		•	•	•	•	•		•	•		•	•	•									
Rothmans																									•			•		•				
SE Banken														•								•			•									
ST DuPont																													•		•		•	•
Tri Wall														•	•			•																
Unichema														•	•										•									
USTTA	•			•		•								•	•			•							•				•		•			
Vredestein Tires												•		•	•			•							•									

*Non-equity affiliation. Source: N W Ayer

N W Ayer

N W Ayer, New York, had non-U.S. gross income of $33.4 million in 1986, a 24.6% increase over 1985. Non-U.S. billings were up 31.4% to $229.3 million. Worldwide gross income reached $125.5 million, of which 26.6% came from international business. Worldwide billings totaled $901.3 million, with international contributing 25.4%.

Ayer owns majority or maximum-allowable stock in 12 agencies and has non-equity affiliations with 23 others.

In 1986, Ayer bought majority equity in the TAPSA agency, based in Madrid. Connaghan & May Ayer in Australia bought Baker Robson Marygold in Melbourne and merged the CMA and BRM agencies. The new agency is now known as Baker Robson Marygold Ayer.

Major international business won in 1986 included Avon Products, Continental Airlines, Burger King Corp. (Hong Kong, Spain); Renault (Italy); Henkel (France); Ford Motor Co., BMW (Malaysia); Samsonite Corp., S.T. Du Pont Co. (Hong Kong); General Motors Corp. (U.K.); Subaru, Courvoisier (Australia); Bacardi Imports, Franklin Mint (Spain); Gillette Co., Ricoh (pan-European).

The agency lost the Smirnoff account in France, Visa in Singapore and Clairol Appliances in the U.K.

Key international executives include: Louis Hagopian, chairman-ceo; Jerry Siano, vice-chairman and chairman, Ayer, New York; Tom Maxey, president-international; Ted Regan, exec VP-international creative director; Peter Elder, senior VP-managing director, Europe/Middle East; David Dodd, senior VP-managing director, Asia/Pacific/Latin America; and James Haag, senior VP-international business development.#

Ted Bates Worldwide

Clients:	Americas										Europe																	Asia,Pacific							
	USA	Argentina	Brazil	Canada	Chile	Colombia	Ecuador	Mexico	Peru	Venezuela	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	Turkey	U.K.	South Africa	Middle East	Australia	Japan	Hong Kong	Korea*	New Zealand	Singapore	Taiwan	Thailand
Air New Zealand																												•		•		•	•		
Avis	•																			•	•														
Bang & Olufsen													•							•		•													
Benckiser												•	•			•	•	•	•		•			•	•										
BMW							•									•											•								
British Petroleum																	•			•						•									
Brio Scanditoy														•						•		•													
BAT				•								•					•				•				•			•							
Caltex	•																																•		
Am. Cyanamid			•			•															•					•									•
De Beers																														•			•	•	•
DHL			•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•		•	•	•	•	•	
Diners Club																•	•															•			
Electrolux												•										•													
Estee Lauder	•											•			•						•								•	•					
Hong Kong Bank																											•			•			•		
Honig														•					•								•								
S.C. Johnson								•									•									•									•
Lego													•								•														

Ted Bates Worldwide

Ted Bates Worldwide, New York, part of Saatchi & Saatchi's network, had non-U.S. gross income of $203.4 million in 1986, up almost 14% from 1985. Non-U.S. billings rose nearly 14% to almost $1.4 billion.

Worldwide gross income was $486 million in 1986, with international contributing 41.8% of that figure. World billings were $3.2 billion, with international also accounting for 41.8%.

Bates' network consists of 104 offices in 46 countries.

A breakdown of equity holdings and non-equity affiliations was not available at press time.

Business gained in 1986: German Tourist Organization, Pirolli, Fyn Tours (Denmark); Mars M&Ms, Balisto, Beecham, Williams shaving gel (France); Mars M&Ms, IDA Irish Development, Milupa (Germany); Effem Pet Foods, Fortress Ltd., Air New Zealand (Hong Kong); Guaber, Greenpeace (Italy); Mars, Balisto, Whitehall

(Continued on Page 52)

Ted Bates Worldwide

Clients:	Americas										Europe															South Africa	Middle East	Asia,Pacific								
	USA	Argentina	Brazil	Canada	Chile	Colombia	Ecuador	Mexico	Peru	Venezuela	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	Turkey	U.K.			Australia	Japan	Hong Kong	Korea*	New Zealand	Singapore	Taiwan	Thailand
Mars	●	●	●	●							●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Matchbox											●				●	●		●			●		●		●										
3M									●																	●	●								
Nicholas												●			●	●			●		●		●			●	●								
Nissan				●	●																					●		●							
Olivetti											●	●	●			●	●		●	●	●	●	●												
Panasonic	●												●							●								●							
SAS											●		●							●		●													
Schering-Plough				●		●					●								●			●									●				
Seico					●		●										●	●	●						●	●	●	●			●				
Shell						●																	●							●		●			
Shelleys Chem.																												●		●	●		●		
Simmons	●			●				●		●																		●							
Tambrands																								●				●				●	●		●
Thomas Cook																										●	●		●	●					
Tuborg												●	●								●														
Union Carbide				●						●							●											●			●		●		●
Warner Lambert				●				●		●		●		●			●				●	●				●						●		●	
Xerox	●						●																			●							●		

*Non-equity affiliation. Source: Ted Bates Worldwide

BBDO Worldwide

Clients:	Americas										Europe																	Africa	Middle East	Asia,Pacific							
	USA	Brazil	Canada	Chile	Peru	Colombia	Mexico	Puerto Rico	Guatemala	Venezuela	Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Finland	Norway	Spain	Sweden	Switzerland	U.K.	Greece	Portugal			Australia	Japan	Hong Kong	New Zealand	Singapore	Korea*	Taiwan	Indonesia
Alfred Dunhill	●										●						●						●						●	●			●	●	
Apple Computer	●		●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●		●		●			●	●	●	●	●		●	
Bayer					●	●	●			●					●		●						●	●											●
Campbell Soup	●							●				●																●		●	●				
Chesebrough-Ponds	●										●																		●						
Delta Airlines	●		●					●							●								●						●						
DuPont	●	●																					●												
Frito Lay/PFI	●	●					●		●											●	●							●					●		
Gillette	●	●				●	●					●	●	●	●	●	●			●	●	●	●	●		●	●	●							●
Hasbro	●						●	●								●															●				
Henkel											●	●		●	●	●	●			●															
Johnson & Johnson						●				●		●					●									●				●				
KPI/Gulf												●	●			●	●				●		●												
Mexx	●		●									●		●			●					●	●	●											
Nestle			●									●		●	●		●			●		●							●						
Pepsico	●				●	●			●						●		●						●	●					●			●			
Philips												●			●							●	●	●			●	●				●	●		
Polaroid	●		●																										●						
Rothmans															●		●												●	●					
S.C. Johnson																				●				●		●					●	●			
Scott Paper	●						●	●				●		●																					
Smithkline	●		●												●						●		●												
Ucar											●	●		●	●	●				●															
Unilever	●	●	●					●									●								●										
Visa	●			●		●			●																		●		●		●	●	●		●	
Vittel	●											●		●											●										
Worldwide Church of God	●		●																				●	●			●		●	●	●	●			
Wrigley	●		●											●	●	●			●				●												

*Non-equity affiliation. Source: BBDO Worldwide

Bozell, Jacobs, Kenyon & Eckhardt

Clients:	Americas										Europe															Middle East		Asia,Pacific							
	USA	Canada	Jamaica	Mexico	Puerto Rico	Trinidad					Belgium	France	Germany	Italy	Norway	Spain	Sweden	Switzerland	U.K.									Australia	Japan	Hong Kong	Sri Lanka	New Zealand				
American Airlines	●			●																																
Bulgari	●											●						●																		
Chrysler	●			●	●								●													●										
Eastman Chemical	●	●										●				●			●																	
Holiday Inn	●											●	●	●		●			●																	
Merrill Lynch	●	●			●								●						●									●	●	●						
Nestle			●			●																									●					

(Continued from Page 50)

(the Netherlands); Budget and Avis automobile rentals, Bang & Olufsen (Norway); DHL, Robert Bosch (Portugal).

Accounts lost included Trykkeri (Denmark); Olivetti personal computer, Henninger Bier (Germany); Colgate-Palmolive dental cream (Hong Kong); Barbieri, Aperol (Italy); Gouda's Glorie, Haagtechno Panasonic (Netherlands).

Other lost accounts: Statoil, Philips (Norway); Shulton PineSol, Iqua Balance (Venezuela).

Top international executives include: Donald M. Zuckert, chairman-ceo-president, Ted Bates Worldwide; Lawrence Light, exec VP-president, international; and Bruce McLaren, exec VP-president-ceo, Europe.#

BBDO Worldwide

BBDO Worldwide, New York, had non-U.S. gross income of $138.1 million in 1986, up 10% from 1985. Non-U.S. billings rose 13% over 1985 to $1.2 billion.

Worldwide gross income reached $445.1 million in 1986, with international making up 31% of the total. Worldwide billings were $3.3 billion, with international business accounting for 36.8% of that total.

The network has 85 agencies in 45 countries outside the U.S., and holds equity in 75. BBDO is part of the Omnicom group with DDB Needham.

In 1986, BBDO gained additional business from clients including Alberto-Culver Co., Apple Computer, Frito-Lay, Gillette Co., Pepsi-Cola Co., Polaroid Corp. and Visa International. The agency reported no foreign accounts lost.

Top international executives: Norm Campbell, chairman-ceo; Willi Schalk, president-ceo; Phil Dusenberry, vice chairman-chief creative officer; Tom Clark, vice chairman; Lew Pringle, chairman, BBDO, Europe; Eduardo Vargas, chairman, BBDO, Latin America; Geoff Wild, chairman, BBDO, Asia Pacific; Andrew Donchak, director-worldwide account services; and Shipley Munson, director-worldwide agency services.#

Bozell, Jacobs, Kenyon & Eckhardt

Bozell, Jacobs, Kenyon & Eckhardt, New York, had non-U.S. gross income of $18.5 million in 1986, a 2% increase over the previous year.

Non-U.S. billings rose 4% to $125 million in 1986.

Worldwide gross income was $175.6 million in 1986, 10.5% of which was international business. Worldwide billings were $1.25 billion, with international accounting for a 10% share.

BJK&E has 51 overseas offices in 38 countries and owns majority or maximum-allowable stock in 20, minority interest in 10 and has non-equity affiliations with 21.

BJK&E's management is arranging a buyback of the agency from its owner, Lorimar Telepictures Corp.

New accounts added in 1986 included Gruppo Prime, Gruppo Editoriale Fabri, Toro Assicurazioni (Italy); Texas Instruments (France, Germany, Spain); Revlon, Merrill Lynch (Germany, Canada); and Spanish National Tourism (Germany). Accounts lost included Club Mediterranee (France, Italy) and Helena Rubinstein (Italy, Germany, Mexico).

Top international executives: Murray Smith, president, international; Peter Handley, senior VP-area director/Europe; Michael Anderson, senior VP-area director/Asia-Pacific; Shawki Safieddine, senior VP-area director/Middle East; Roy McKechnie, senior VP-area director/Latin America-Caribbean; Linda Falone, VP-international communications.#

Bozell, Jacobs, Kenyon & Eckhardt

Clients:	Americas: USA	Canada	Jamaica	Mexico	Puerto Rico	Trindad	Europe: Belgium	France	Germany	Italy	Norway	Spain	Sweden	Switzerland	U.K.	Middle East	Asia,Pacific: Australia	Japan	Hong Kong	Sri Lanka	New Zealand
Revlon	•	•		•	•			•	•	•	•		•		•		•	•	•		•
Texas Instruments	•	•					•	•	•	•		•		•							

Source: Bozell, Jacobs, Kenyon & Eckhardt

Leo Burnett Co.

Clients:	Americas: USA	Canada	Argentina	Chile	Colombia	Guatemala	Mexico	Panama	Puerto Rico	Venezuela	Europe: Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Spain	Switzerland	Turkey	U.K.	Middle East: Egypt	Lebanon	Asia,Pacific: Australia	New Zealand	Hong Kong	Japan	Philippines	Singapore	Taiwan	Thailand
Bayer/Miles			•		•		•		•	•				•								•									
Beatrice	•	•																								•					
Beecham								•		•																•					
Cathay Pacific		•									•		•	•		•					•			•	•	•	•	•	•	•	•
First Brands	•												•					•				•				•		•	•		
Heinz/Star-Kist	•	•								•			•														•				
Hewlett-Packard	•																							•	•	•			•	•	
Kellogg	•	•			•	•	•	•	•	•		•	•	•		•		•			•			•		•	•			•	•
Kraft	•	•								•				•		•		•			•			•	•						
Mars	•							•	•																						
McDonald's	•		•					•	•			•									•							•			
Philip Morris	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•		•	•	•	•	•	•
Pillsbury/Green Giant	•	•							•		•		•					•			•										
Procter & Gamble	•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•			•		•	•	•	•	•	
Pepsico		•	•	•			•	•				•	•			•	•	•			•			•	•	•	•	•	•	•	•
United Airlines	•						•														•			•	•	•		•	•	•	•
Warner Lambert					•		•			•												•									•

Source: Leo Burnett Co.

DFS Dorland Worldwide

Clients:	Americas: USA	Argentina*	Brazil*	Canada*	Chile*	Mexico*	Colombia*	Puerto Rico*	Venezuela*	Europe: Denmark*	Finland*	Italy	Netherlands	Norway*	Sweden	Switzerland*	U.K.	Asia,Pacific
Caterpillar										•	•	•	•	•	•	•	•	
CPC	•	•						•	•									
Duracell		•			•							•					•	
Fiskars											•			•	•			
Hewlett Packard	•		•									•						
London Rubber Co.												•	•				•	
Mexican Tourism	•											•					•	
Mouliner				•		•			•									
Pan Am					•	•			•		•							
Pedro Domecq							•		•	•								
Sara Lee	•				•	•		•										
Sheraton															•		•	
Shulton/Am. Cyanamid	•	•															•	
Toyota	•			•														
Wrangler	•	•			•		•											
Yoplait/Sodima		•			•		•											

*Non-equity affiliation. Source: DFS Dorland Worldwide.

DMB&B

Clients:	Americas: USA	Argentina	Canada	Mexico	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Greece	Ireland	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.	Asia,Pacific: Australia	Japan	Hong Kong	Indonesia	New Zealand	Singapore	Thailand
Allied Lyons							•							•					•							
Am. Cyanamid	•									•			•													
Am. Home Products	•			•					•				•						•		•	•				
Anheuser-Busch	•		•																			•				
BASF					•		•			•	•															
Barclays Bank Int'l	•		•				•			•	•								•	•		•				
Bayer A.G.	•		•		•	•				•			•	•					•		•		•	•		
Beatrice			•	•																•							
Boots						•										•			•					•		
Bongrain						•			•				•													
Bristol-Myers	•		•																	•	•			•		

Leo Burnett Co.

Leo Burnett Co., Chicago, had non-U.S. gross income of $104.2 million in 1986, an increase of 15.7% from 1985. Non-U.S. billings rose nearly 17% to $700.2 million last year.

Gross income was $292.3 million in 1986, with more than 35% coming from international accounts.

Worldwide billings were $2 billion, with international representing 34% of the total.

Burnett's non-U.S. network consists of 45 offices in 34 countries. It owns majority or maximum-allowable stock in 42 agencies, minority in three and has a non-equity affiliation with five.

Major accounts gained by the agency in 1986 included PepsiCo (in 23 countries) and First Brands (France, Spain, Egypt, Hong Kong, Philippines, Singapore).

Accounts lost last year included Seven-Up Co. (in 23 countries) and Union Carbide Corp. (Canada, Colombia, Netherlands, Egypt, Hong Kong, Philippines).

Top international executives include: Henry Feeley, chairman-ceo, international; Michael Conrad, president-chief creative director; regional managing directors Albert Winninghoff (Europe/Middle East), Tony Houghton (Canada), Bruce Bullpitt (Australia/New Zealand), Kerry Rubie (Asia) and Sergio Suarez-Solis (Latin America).#

DFS Dorland Worldwide

DFS Dorland Worldwide, New York, was formed in April 1986, when Dancer Fitzgerald Sample merged with Dorland Advertising, a U.K. subsidiary of Saatchi & Saatchi. The agency last month was merged by Saatchi with Saatchi & Saatchi Compton Worldwide.

The agency had non-U.S. gross income of $3.6 million in 1986, a 38.4% increase over comparable figures for 1985. Non-U.S. billings were $24.6 million, up 41.3% from 1985.

Worldwide gross income was $119.6 million, of which 3% was international. Worldwide billings were $926 million, with international business accounting for 2.7% of the total.

The network has 28 agencies with 41 offices in 26 countries. DFS Dorland owns majority or maximum-allowable stock in six agencies, a minority interest in three and has non-equity affiliations with 19.

Major international accounts won in 1986 included Pan American World Airways (Chile, Mexico, Venezuela, U.K.) and Wrangler-V.F. Corp. (Argentina, Chile, Colombia). Accounts lost last year included Distillers (France, Spain, U.K.), Fax beer (Denmark, Germany, Italy, Sweden) and Wendy's International (Canada, Australia, Japan).

Top international executives: Stuart Upson, chairman; William Vickery, director-international; Robert Eagan, senior VP-management supervisor; Michael Bungey, director-Europe.#

DMB&B

D'Arcy Masius Benton & Bowles, New York, had non-U.S. gross income of $144.4 million in 1986, an 8.1% increase from 1985. Non-U.S. billings rose 6.9% to $959.1 million.

Worldwide gross income reached $336.3 million last year, and international business contributed about 43% of the total.

World billings were up 1.3% to close to $2.3 billion, with 42% coming from international.

As of first quarter 1987, foreign agencies included 51 offices in 28 countries, with a majority interest in 49 and minority in two.

DMB&B has a non-equity affiliation with 14 other foreign agencies. In 1986 it still was experiencing shakeout of accounts as a result of the merger of D'Arcy MacManus Masius and Benton

(Continued on Page 55)

DMB&B

Clients:	Americas: USA	Argentina	Canada	Mexico	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Greece	Ireland	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.	Asia,Pacific: Australia	Japan	Hong Kong	Indonesia	New Zealand	Singapore	Thailand
Ciba-Geigy	●							●		●												●				
Citicorp		●											●						●							
Combe	●							●					●													
Coopers & Lybrand	●													●										●		
Digital Equipment					●			●	●	●			●	●	●	●			●							
Dow Chemical	●		●													●			●		●	●				
Fiat						●	●			●			●			●	●	●								
FTD/Interflors	●		●				●			●					●				●	●	●					
General Foods	●												●			●			●							
General Motors	●			●															●	●						
Glaxo																			●		●	●				
Guinness/Distillers				●		●								●				●	●	●						
Heinz	●		●						●																	
Hoechst										●			●			●			●		●					
Hoffman La Roche	●									●			●						●		●	●				●
Hoover						●		●	●				●					●	●							
Imperial Chemical	●									●						●				●	●					
S.C. Johnson	●												●						●							●
Kimberly-Clark							●										●	●	●							
Lego										●				●												
Lotus									●	●			●	●					●							
Mars	●		●		●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●					
E. Merck										●			●			●			●							
Mobil						●														●				●		
NCR	●								●																	
Nobel Industries					●	●	●	●	●	●			●	●	●	●	●	●								
Pernod	●		●			●	●		●	●				●				●	●	●	●	●				
Pfizer	●									●									●		●					
Procter & Gamble	●		●	●		●			●	●				●	●	●	●		●		●					
Rhone-Poulenc		●								●						●			●							
Richardson-Vicks	●			●									●	●		●			●	●				●	●	●
Ricoh									●								●	●								
Royal Canadian Mint			●			●														●	●				●	
G.D. Searle				●						●						●					●					
Schering-Plough	●		●							●			●						●			●			●	

Source: DMB&B

DDB Needham Worldwide

Clients:	Americas: USA	Canada	Mexico	Europe: Austria	Belgium	France	Germany	Italy	Netherlands	Portugal	Spain	Sweden	Switzerland	U.K.	Middle East*	Asia,Pacific: Australia	Japan	Hong Kong	Malaysia	New Zealand	Singapore	Taiwan	Thailand
American Airlines						●	●						●	●			●						
Audi	●	●			●	●		●		●	●										●		
BAT							●				●								●				
Benckiser						●	●				●												
Blendax				●	●		●		●														
Boots									●					●		●		●	●		●	●	●
Bristol-Myers	●							●			●		●	●			●					●	
Chanel	●	●									●					●	●						
China Airlines	●								●								●	●			●		
Colombia Coffee Growers	●	●									●												
Delsey Luggage					●	●	●	●	●				●	●									
Harlequin		●									●						●						
Hasbro	●				●	●					●			●									
Heinz	●															●	●						
IBM											●				●	●	●						
S.C. Johnson					●	●			●	●	●			●		●	●	●					
Knorr									●	●	●		●										
McDonald's	●						●				●		●			●		●		●	●	●	●
Memorex	●	●					●							●									
Michelin	●	●														●							
Mitsubishi	●															●	●	●					●
Mobil	●		●															●					
NEC	●													●		●							
Porsche		●			●				●														
Quaker		●			●	●																	
Reckitt & Colman						●					●			●									
Sara Lee																●		●			●		
Seagram	●				●	●	●		●	●			●	●			●			●			

& Bowles in 1985. More than 100 foreign accounts were added in 1986 while about 70 were lost.

The agency's top international executives include: John S. Bowen, chairman-ceo; George J. Simko, president-diversified communications; Peter T.W. Redsell, president-international; Craig D. Brown, exec VP-chief financial officer; Bernard Kanner, exec VP-international.#

DDB Needham Worldwide

DDB Needham Worldwide had non-U.S. gross income of $125 million in 1986, and non-U.S. billings of $830.9 million. Worldwide gross income was $375 million in 1986, of which 33% came from international business.

Worldwide billings reached nearly $2.6 billion, and international accounts made up 32% of that total.

The agency operates in 40 cities in 22 countries. It owns a majority or maximum-allowable interest in 63 agencies and minority in 29. It has a non-equity affiliation with one.

Omnicom Group's DDB Needham Worldwide was created with the merger of Doyle Dane Bernbach and Needham Harper Worldwide, both New York. The merger was completed in November 1986 and resulted in major changes in the operation's domestic and international businesses. Overall, the new agency increased its international accounts in 1986; gains included Mobil Oil, S.C. Johnson Co., Toys "R" Us and Xerox in Hong Kong.

Top international executives: Keith Reinhard, chairman-ceo; John Bernbach, president-chief operating officer; John Bradstock, president-international division; and Barbara Wolfson, VP-international service group.#

DYR Worldwide

DYR Worldwide, New York, a 50-50 joint venture between Dentsu, Tokyo and Young & Rubicam, New York (the world's largest and second-largest ad agencies, respectively), had non-U.S. gross income of $31.2 million in 1986, up 50.7% over 1985. Non-U.S. billings were $215.9 million, up 50.5% over the previous year.

Worldwide gross income was $50.7 million, with international business representing 61.5%. Worldwide billings were $347.1 million, 62.2% of which were from outside the U.S.

The network has offices in seven countries outside Japan and the U.S.

In 1986, Canon USA threatened to move its $60 million 35mm camera account from DYR because Y&R had gained rival Eastman Kodak Co.'s 35mm account. Although both Dentsu and Y&R contend DYR is an independent network, Y&R sold its shares in DYR's $95 million New York office to Dentsu-owned DCA, which now handles Canon. Also last year, DYR opened an office in China. Accounts gained include Holiday Inn in China and Unisys (Sperry/Burroughs) in China, Hong Kong and Japan.

Top international executives: Minoro Kamata, chairman (Tokyo); Tim Pollak, president-ceo (New York); Sinzo Uneno, exec VP-area director, Southeast Asia/Australia; Peggy Healy, senior VP-business affairs manager.

Eurocom Group

Eurocom Group, Paris, had total, non-French gross income of $41.4 million in 1986, down 13% from 1985.

Worldwide gross income was $216.4 million, 19% of which was outside France.

In 1985, worldwide gross income was $129.1 million, 37% of which was outside France.

Eurocom's foreign shops include 15 in nine countries in the HCM network. Eurocom has a 51% interest in HCM, with Young & Rubicam holding the

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DDB Needham Worldwide

Clients:	Americas: USA	Canada	Mexico	Europe: Austria	Belgium	France	Germany	Italy	Netherlands	Portugal	Spain	Sweden	Switzerland	U.K.	Middle East*	Asia,Pacific: Australia	Japan	Hong Kong	Malaysia	New Zealand	Singapore	Taiwan	Thailand
Spanish Tourist Off.				•		•					•		•										
Thai Airways												•		•		•	•						
Volkswagen	•	•	•		•	•	•	•	•	•	•			•				•			•		
Wrigley	•													•		•				•			

*Non-equity affiliation. Source: DDB Needham Worldwide

DYR Worldwide

Clients:	Americas: USA	Europe: Germany	Asia,Pacific: Hong Kong	Japan	Malaysia	Singapore	Thailand
Adidas			•		•	•	
Colgate-Palmolive			•	•	•		•
Hong Kong Tourism	•		•	•	•	•	•

Source: Advertising Age

Eurocom Group

Clients:	Americas: USA	Brazil	Canada	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.	Africa	Middle East	Asia,Pacific: Australia	Hong Kong	Japan
BNP								•						•								
Biotherm	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•
Freetime								•			•											
Hollywood Chewing-Gum					•			•		•			•	•		•			•			
Lee Cooper					•			•	•	•						•	•					
Lesieur		•													•					•		
L'Oreal	•			•	•	•		•	•	•	•		•	•		•	•		•			
Renault Trucks				•	•			•	•	•	•		•	•			•		•			
Ricils Cemey					•			•		•			•									
Strafor					•			•	•	•				•		•	•					
Vanderbilt	•				•			•		•	•								•			

Source: Eurocom

Foote, Cone & Belding

Clients:	Americas: USA	Canada	Brazil	Colombia	Costa Rica	Dominican Rep.	Ecuador	Mexico	Puerto Rico	Venezuela	Europe: Austria	Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Turkey	U.K.	U.A.E.	South Africa	Asia,Pacific: Australia	Hong Kong	Japan	Malaysia	New Zealand	Philippines	Singapore	Thailand
Airbus Industrie								•									•							•										
Beiersdorf				•	•									•	•			•		•	•													
Bermuda Tourism	•	•																						•										
British Caledonian												•			•		•	•			•			•	•				•	•				
Cadbury-Schweppes	•								•		•		•	•	•				•	•	•			•		•								
California Raisin	•	•										•			•				•			•		•										
Ciba-Geigy	•																•															•		
Citicorp	•						•											•		•				•		•								
Clorox	•								•														•											
Colgate-Palmolive	•	•	•	•	•	•	•	•	•	•			•	•	•	•	•		•	•	•	•	•	•	•	•	•	•		•	•	•	•	•
Data General	•	•						•		•	•	•	•	•	•		•	•			•	•		•			•	•	•		•			
Gillette							•	•				•	•	•	•		•				•			•		•								
Grand Metropolitan	•	•							•	•														•		•								
Hiram Walker			•							•		•		•	•		•	•		•	•			•		•	•							•
Kimberly Clark	•	•	•		•					•		•		•				•																
Kiwi Brands	•																																	
Kraft	•																•							•								•		
Mazda	•	•							•			•						•																
National Westminster Bank																		•			•													
Nestle	•							•		•				•		•				•				•					•					
Newsweek	•																							•		•								
Pepsico	•	•						•	•						•									•										
RJR/Nabisco	•				•				•															•	•				•					
Royal Bank of Canada	•	•	•							•														•								•		
S.C. Johnson	•	•			•							•	•	•			•		•	•	•	•												
Schering-Plough			•	•			•						•		•									•										
Shulton																	•				•			•		•						•		
Sunkist Growers	•	•										•																						

(Continued from Page 55)

remaining 49%.

Through its Univas partnership, Eurocom holds equity in agencies in five countries and has partnerships in eight countries. With Belier, Eurocom has a 20% equity in CDP International in four countries. Havas, which owns 45% of Eurocom, is being privatized, though the government will maintain a "golden share" that will prevent hostile takeovers.

Top international executives: Bernard Brochand, president, and Claude Douce, VP.#

Foote, Cone & Belding

Foote, Cone & Belding Communications, Chicago, had non-U.S. gross income of $80.6 million in 1986, up 14.4% from 1985. Non-U.S. billings also rose 14.4%, topping the $537 million mark in 1986.

Worldwide gross income was $323 million in 1986, with international making up 25% of the total. Worldwide billings reached $2.2 billion, and there, too, international business held a 25% share. In 1985, FCB's non-U.S. gross income equalled 24.8% share of total.

FCB owns a majority or maximum-allowable interest in 46 agencies, has a minority interest in 17 and has non-equity affiliation with seven agencies outside the U.S. In 1986, FCB completed the integration of the NCK Organization. The agency closed offices in Berlin, Rome and Singapore because of insufficient volume and added offices in Thailand, Malaysia and Turkey. FCB merged with three foreign agencies in Mexico, Venezuela and Australia, and in Canada bought an agency and a public relations company.

FCB picked up 28 new accounts in 11 countries in 1986. Accounts lost included Pelforth (France); ICI Dulux (Germany); Renault (Italy); Kraft Inc., Gordon's gin, ICI Dulux (U.K.); Kraft and Kentucky Colonel (Canada).

Top international executives: Norman W. Brown, chairman-ceo; Abbott C. Jones, president-chief operating officer; Stanley Katz, vice chairman; W.R. Wirth Jr., exec VP-corporate resources; Craig R. Wiggins, president-ceo, FCB/Continental Europe; Len Sugarman, vice chairman-creative officer, FCB/London; Antonio Beja, chairman, FCB/Latin America-Pacific-Africa, and chairman, international committee of the board; Jose M. Cubas, president, FCB/Latin America; and Kevin Dutton, chairman, FCB/Australia-New Zealand.#

GGK

GGK, an agency group headquartered in Basel, Switzerland, had non-U.S. income of $40.3 million in 1986, 81.7% of total gross income of $49.3 million. The network consists of 16 agencies in 10 countries.

Major international accounts won in 1986 include Beiersdorf (Brazil, Netherlands, Spain). The agency lost the United Technologies account, which it had represented in the U.S., France, Germany and the U.K.

Top international executives: Peter Erzberger, director-international executive board, and Karl Gerstner, president.#

Grey Advertising

Grey Advertising, New York, had non-U.S. gross income of $105.5 million in 1986, a jump of 38.6% from the previous year. Non-U.S. billings rose at the same rate to $703.7 million.

Worldwide gross income was $309.1 million, of which 34.1% was international business.

Worldwide billings were just more than $2 billion, showing a 21% increase; international accounted for about 34% of the total.

The network consists of 66 agencies in 30 countries.

Grey gained Mars business in Aus-

Foote, Cone & Belding

Clients:	Americas											Europe																				Asia,Pacific								
	USA	Canada	Brazil	Colombia	Costa Rica	Dominican Rep.	Ecuador	Mexico	Puerto Rico	Venezuela		Austria	Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Turkey	U.K.		U.A.E.	South Africa		Australia	Hong Kong	Japan	Malaysia	New Zealand	Philippines	Singapore	Thailand	
Wrigley																	●			●			●																
Zenith	●	●													●																								

Source: Foote, Cone & Belding

GGK

Clients:	Americas											Europe																				Asia,Pacific								
	USA	Brazil										Austria	France	Germany	Italy	Netherlands	Spain	Switzerland	U.K.																					
Austrian Tourist Board													●		●		●	●																					
Beiersdorf		●														●	●																						
Henkel													●	●	●	●	●																						
IBM												●	●	●	●	●		●	●																					
IWC												●	●	●		●	●	●																						
Jaegermeister												●		●	●		●	●																						
Lois Jeans	●													●					●																					
Porsche Design												●	●		●			●																						
Swissair		●										●		●	●	●	●	●	●																					

Source: GGK

Grey Advertising

Clients:	Americas											Europe																				South Africa		Asia,Pacific								
	USA	Argentina	Canada	Chile	Peru	Uruguay	Venezuela	Mexico				Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.																		
Avis			●											●							●																			
BankAmerica	●			●		●	●	●				●		●	●	●	●			●	●	●	●																
BAT															●	●	●			●			●																	
Bayer			●									●	●			●		●	●	●			●																
Beecham	●		●	●			●	●					●	●	●	●			●	●	●	●	●																
Block Drug Co.	●		●					●				●	●	●	●	●	●	●		●	●		●																
Boehringer Ingelheim	●		●				●																																
Bristol Myers	●															●																							
BSN												●	●		●																								
Canon	●		●												●				●				●																
Carter Wallace								●					●																										
Clairol	●											●																											
Dunkin' Donuts																																							
Electrolux	●													●							●																	
General Foods	●		●	●	●										●								●																
Henkel												●				●							●																
Hertz												●				●							●																
InterContinental Hotels														●		●	●						●																
Johnson & Johnson	●					●																																	
Kenner Parker	●													●		●	●	●	●				●																
Le Clip																●	●				●		●																
Mars												●				●	●						●																
Melitta												●	●	●	●	●		●			●	●	●																
Mitsubishi	●																																						
Nike												●				●	●				●		●																
Northwest Orient Airlines														●		●		●	●		●		●																
Pioneer												●		●		●	●		●	●		●	●																
Playtex	●		●	●				●					●		●	●	●			●		●	●																
Procter & Gamble	●		●	●	●		●	●				●	●	●	●	●	●			●	●	●	●																
Remington	●		●													●						●	●																
Rothmans																							●																
Saudia Airlines																		●					●																
Seagrams			●	●													●																						
Shell		●												●																									
3M	●														●	●	●			●			●																
Timex	●		●																●				●																
U.S. Mint	●											●				●		●			●		●																
Uniroyal Goodrich		●	●												●		●				●		●																
Warner Bros.	●		●													●	●				●		●																
Werner & Mertz														●		●	●		●				●																
Wrigley																																							

Source: Grey Advertising

tria and France; Nike business in Belgium, France and the U.K.; Hertz in Germany, South Africa and the U.K.

Grey also gained the U.S. Mint account in Germany, Hong Kong and Japan.

Accounts lost included Martini & Rossi in Argentina, Citroen in Belgium and Northwest Orient Airlines in Belgium and Taiwan.

Top international executives: Edward Meyer, chairman-president; Norman Vale, managing director-international; and area directors O. John Shannon, Europe; Frank Clarke, Americas; and Bruce McDonald, Pacific.#

Hakuhodo

Hakuhodo, Tokyo, had gross income in 1986 of $309.6 million on billings of $2.27 billion. The agency declined to reveal the percentage of income and billings derived from outside Japan.

In 1985, Hakuhodo had non-Japanese gross income of $6.6 million—3.3% of its total.

It has majority or maximum-allowable interest in six agencies outside Japan and has non-equity relationships with seven other agencies.

Major international accounts added in 1986 are Kirin beer in Hong Kong and Toyota in London. It lost the TDK account, which it served in Japan, Australia and Germany.

Top international executives: Michitaka Kondo, chairman-ceo; Ritsuo Isobe, president; and Tadakatsu Ishikawa, executive manager-corporate public relations.#

HCM

HCM, New York, a joint venture between Paris-based Eurocom (51%) and New York-based Young & Rubicam (49%), had non-U.S. gross income of $81.8 million in 1986, a 15.2% gain over the previous year. Non-U.S. billings rose to $545.4 million, also a 15.2% increase.

Worldwide gross income was $106 million, of which 79% was generated outside the U.S. Worldwide billings hit $723 million, and international business accounted for a 77.6% share of that business. HCM operates 31 offices in 10 countries, including the U.S., with a regional network of 12 shops in France. It owns a majority interest in all its agencies.

Accounts gained in 1986 included Bisquit cognac (France, Germany); Berlitz School, National Lottery, Larousse, Paribas Bank, Hewlett-Packard Co., KIS, CGE, Champion (France); Materne (Belgium); Deinhard, Sonnen & Basserman, Swiss Credit Bank, (Switzerland); Bongrain (Germany); Sony, Reckitt & Colman, Sunbeam (Switzerland); Hanorah, Essilor, Lovable, Pan American World Airways (Italy); Henkel, BDF, Nivea, CPC, Tempo, MIA, (Spain); Prince cigarettes (Netherlands); and Orangina, Pommery champagne (pan-European).

Accounts lost included SNCF-national railroad (France); Spies, Hecker & Co. (Germany); Allied Bakeries, Software Publishing (U.K.); and Lotto (Netherlands).

Top international executives: Robert Schmetterer, ceo-worldwide; Alain de Pouzilhac, ceo-Europe; Annie Prost, senior VP-director international accounts; and Alain Rousset, senior VP-chief financial officer.#

Lowe International

Lowe International, London, is a division of Lowe Howard-Spink & Bell, which had worldwide gross income of $111.3 million in 1986, of which $91.3 million, or 82%, was outside the U.K.

Lowe International consists of 16 offices in 10 countries.

In 1986, Lowe gained Parker Pen business in the U.S. and France. It lost the Rothmans account in the U.K. but still has it in Australia and Bel-

(Continued on Page 58)

Hakuhodo Inc.

Clients:	Americas: USA*	Argentina	Brazil	Canada	Chile	Peru	Uruguay	Europe: Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.*	Asia,Pacific: Australia*	China	Hong Kong*	Japan	Malaysia	New Zealand	Singapore	Thailand
Ajinomoto			•																•				•	•			•
Bridgestone																							•			•	
Canon	•											•		•							•	•	•	•		•	
Citizen	•		•									•							•		•	•	•	•		•	
Japan Air Lines																			•				•	•			
Jusco																						•	•	•			•
KAO																							•	•		•	•
Kirin																						•	•			•	
Konishiroku	•																					•	•				
Matsushita																							•			•	•
NEC	•										•	•							•	•		•	•			•	
Nissin			•																				•	•		•	
Toshiba	•											•								•			•	•			
Toyota			•																•				•				

*Non-equity affiliation. Source: Hakuhodo Inc.

HCM

Clients:	Americas: USA	Europe: Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.	Asia,Pacific
BSN	•		•		•	•	•			•			•	
Chanel														
Credit Suisse	•	•	•	•		•	•	•	•	•	•	•	•	
Damart					•		•	•		•				
Dow Chemical	•	•	•	•	•	•	•	•	•	•	•	•	•	
Du Pont					•								•	
Henkel					•		•			•				
L'Oreal			•		•		•	•						
3M			•		•					•				
Pernod Ricard	•		•		•	•	•			•	•		•	
Peugeot	•		•		•	•	•	•		•	•	•	•	
Suchard					•					•			•	
Tourisme Israel					•	•	•	•		•		•		
Woolmark		•				•						•		

Source: HCM

Lowe International

Clients:	Americas: USA	Canada	Europe: Austria	Belgium	France	Germany	Italy	Netherlands	U.K.	Asia,Pacific: Australia
Coca-Cola	•			•		•		•		
Electrolux/Zanussi		•			•		•			
General Motors	•	•	•	•	•	•	•		•	
Henkel		•	•	•	•	•		•		
IDV/Heublein	•	•					•	•		•
Parker Pens	•			•	•	•		•	•	
Unilever	•			•					•	

Source: Lowe International

Mojo MDA

Clients:	Americas: USA	Asia,Pacific: Australia	New Zealand	Singapore
Australian Tourist Commission	•	•	•	•
Qantas	•	•	•	•

Source: Mojo MDA

McCann-Erickson

Clients:	Americas: USA	Canada	Argentina	Brazil	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.	Kenya	South Africa	Asia,Pacific: Australia	China	Hong Kong	Japan	Malaysia	Philippines	Singapore	Thailand
American Express	•	•			•	•						•			•			•						•	•						•				

(Continued from Page 57)

gium.

The agency's top international executives include: Frank Lowe, chairman; Les Delano, vice chairman, New York; and Keith Jacobs, international vice chairman.#

McCann-Erickson

McCann-Erickson Worldwide, New York, had total gross income outside the U.S. amounting to $280.9 million in 1986, a gain of 14.8% over the company's non-U.S. gross income in 1985. The agency's total billings outside the U.S. in 1986 exceeded $1.87 billion, a 14.8% increase over 1985.

Worldwide gross income hit $428 million in 1986, with international making up 65.6% of the total. Worldwide billings registered $2.85 billion, with international also accounting for 65.6%.

McCann owns majority or maximum-allowable stock in 119 foreign shops and has non-equity affiliations with 22.

The company's international client list changed substantially in 1986, but overall results made for a solid net gain in non-U.S. business.

Gains included American Express Gold Card (Austria, Denmark, France, Italy) and Bayer Aspirin (Austria, Germany, Italy, Netherlands, Spain, Brazil).

Top international executives: Bob James, chairman-ceo; Jerry McNamara, president-ceo; Barry Day, vice chairman; Gianni Cottardo and Jerry Shively, exec VPs-Europe; Michael Ferrier, exec VP-Europe/Africa; Jens Olesen, exec VP-Latin America; and Max Cusnir, exec VP-Asia/Pacific.#

Mojo MDA Group

Mojo MDA Group, Paddington, New South Wales, Australia, was formed in July 1986 with the merger of Mojo Australia and Monahan Dayman Adams.

In December, the group made its first move into the U.S. with the purchase of San Francisco-based Allen & Dorward.

The group had non-Australian gross income of $21.4 million in 1986, just more than half of its worldwide gross income of $42.4 million. It had non-Australian billings of $86.9 million in 1986, 31% of its worldwide billings of $282.8 million.

Mojo MDA's international network consists of 19 offices in four countries. The group also has non-equity affiliations with four agencies. The group is scheduled to open offices in the U.K. and New Zealand by Aug. 1.

A major account won since the merger is Swan Breweries in the U.S., which the agency already served in Australia.

Principal international executives include Brian Monahan, chairman; Malcolm Spry, group managing director; Don Morris, managing director; and Wayne Kingston, head of the London office.#

Ogilvy & Mather

Ogilvy & Mather Worldwide, part of the Ogilvy Group, New York, had non-U.S. gross income of $209.9 million in 1986, up about 32% from 1985. Non-U.S. billings were $1.49 billion, an increase of 31%.

Worldwide gross income was $459.6 million, of which 46% was international. Worldwide billings were $3.15 million, with international making up slightly more than 47% of that total.

The agency has 249 offices in 47 countries, including the U.S. It owns majority or maximum-allowable stock in 190 offices, a minority stake in 47 agencies and has non-equity affiliations with 12 agencies. In 1986, O&M Worldwide purchased Promotional Campaigns, a British sales-promotion company. The agency also purchased a minority interest in Reklam Moran, a Turkish ad agency, and entered into a non-equity association with Mahir, the major advertising agency in Hungary.

Key accounts gained in 1986 in-

McCann-Erickson

Clients:	Americas										Europe															Africa		Asia,Pacific								
	USA	Canada	Argentina	Brazil	Colombia	Ecuador	Mexico	Peru	Uruguay	Venezuela	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.	Kenya	South Africa	Australia	China	Hong Kong	Japan	Malaysia	Philippines	Singapore	Thailand
AHP	●			●	●	●	●	●								●											●						●		●
Bayer/Miles	●		●	●	●	●	●			●	●	●			●	●		●	●		●	●			●	●					●	●	●	●
Beatrice/Hunt Wesson		●		●	●		●	●		●																				●				
Black & Decker	●		●	●			●			●	●	●	●	●	●	●		●	●	●	●	●	●	●	●			●			●		●	
Carnation							●			●	●						●	●													●	●	●	●	●
Casio				●	●	●		●	●	●								●												●	●		●		
Chesebrough-Ponds	●	●	●		●		●	●		●					●	●		●				●			●	●	●	●		●	●	●	●	●	●
Coca-Cola	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CPC												●						●	●																
Del Monte	●	●					●			●	●	●	●	●	●			●	●	●		●	●		●	●				●	●	●		●	
Dow Chemical			●			●																													
Exxon/Esso	●		●		●	●			●		●	●	●	●	●	●		●	●	●	●	●		●	●	●				●	●	●	●		
General Motors	●		●	●		●	●		●	●	●	●	●	●	●	●		●	●	●	●	●	●	●		●		●				●	●	●	
Gillette	●			●	●	●	●	●	●	●			●		●	●		●				●		●	●				●	●	●	●	●	●	●
Goodyear			●	●	●		●	●		●	●	●	●		●	●	●	●			●	●	●	●	●		●	●		●	●	●	●	●	●
Henkel	●			●			●				●	●			●	●	●	●	●			●			●										
Heublein	●																														●				
Intergold	●			●												●	●	●			●	●			●					●	●				
Johnson & Johnson	●	●	●			●	●	●		●					●			●		●	●					●	●	●	●		●		●	●	
Levi Strauss												●			●	●		●	●			●		●				●	●	●	●	●	●	●	●
L'Oreal	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●	●
Lockheed	●			●			●														●				●				●		●				
Lufthansa	●	●	●	●	●	●	●	●		●						●										●					●				
Martini & Rossi	●	●	●	●	●				●		●	●	●		●	●		●	●		●	●		●	●			●				●			●
RJR Nabisco	●	●				●							●			●		●			●	●	●		●			●	●	●	●		●	●	
Nestle	●	●		●		●	●	●	●	●	●	●				●	●	●			●	●		●	●	●		●		●	●		●	●	●
Quaker				●	●																							●				●			
Reckitt & Colman																		●									●	●			●				
R.J. Reynolds	●		●	●		●	●		●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●		●	
Richardson-Vicks				●						●																●					●		●		
Texas Instruments	●	●	●	●			●			●		●	●	●	●	●		●	●	●	●			●						●	●		●		
Unilever	●	●		●	●		●				●	●	●	●		●		●			●	●		●	●	●					●	●	●		
Union Carbide				●								●														●							●		

Source: McCann-Erickson

Ogilvy & Mather

Clients:	Americas										Europe																Africa		Asia,Pacific								
	USA	Argentina	Brazil	Canada	Chile	Venezuela	Uruguay*	Ecuador*	Mexico	Paraguay*	Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.	Finland	Greece	Ireland	Kenya	South Africa	Australia	Japan	Hong Kong	Singapore	Thailand	China	Philippines	India
AGA	●										●				●			●		●	●	●	●												
Alfred Benzon												●	●				●	●		●			●	●											
American Express	●	●	●	●	●	●		●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●		●	●	●	●	●	●
BAT Industries	●	●			●	●				●		●			●		●	●			●				●	●	●			●	●		●		
Bayer																●									●								●		
Beecham	●		●	●		●		●	●					●	●				●		●	●			●		●	●		●			●	●
BMW																												●		●	●				
Boeing									●				●		●		●					●					●	●	●	●			●	●	●
British Tourist Authority	●	●		●							●	●	●	●	●	●	●	●	●	●		●	●				●	●		●	●				
California Prune Board															●	●		●	●	●		●	●												
Chesebrough-Ponds	●	●		●		●		●	●						●			●							●			●		●	●	●		●	●
Compaq	●													●	●	●	●					●						●								
Duracell	●		●	●							●				●															●	●				
General Foods	●	●	●	●		●				●	●		●	●	●	●				●					●					●		●	●		●
Guinness	●											●		●	●							●			●	●		●	●	●	●	●			
Johnson & Johnson				●				●																				●				●			●
Kimberly-Clark	●			●					●			●		●		●	●		●			●								●	●	●		●	
Korean Air Lines	●										●			●							●							●		●	●	●		●	
Mattel	●			●		●		●	●		●	●		●	●	●		●				●		●			●	●		●	●	●			●
Mercedes-Benz		●	●				●				●			●	●											●							●		●
Nestle					●																●				●		●	●			●				
Northern Feather														●	●	●			●		●		●					●							
Nutrasweet	●			●		●			●					●	●	●			●		●	●	●	●	●			●							
Parker Pen			●				●									●									●		●		●	●	●	●	●	●	
Pepsico																					●					●					●	●		●	
Philips		●	●				●	●	●	●		●	●		●	●	●	●	●	●		●	●					●		●	●	●			●
Polaroid		●	●		●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			●		●	●	●	●	●	
Rank Xerox								●					●		●	●	●	●				●	●			●		●							
Seagram	●	●	●	●		●	●	●	●		●	●	●	●	●	●			●		●	●			●		●	●		●			●		
Shell	●	●	●	●	●	●			●		●	●			●		●	●	●	●	●	●	●	●		●	●	●			●	●		●	

cluded American Express Co. (Germany, Philippines); BAT Industries (Switzerland); Beecham, Dow Chemical Co. (Ecuador); Boeing (Australia, China, Germany, Philippines); California Prune Board (Finland, Germany, Italy, Norway, Spain, Sweden, U.K.).

Foreign accounts lost included BAT Industries (Brazil); Boeing (Sweden); Parker Pen (17 countries); and PepsiCo (Norway, Sweden).

The list Ogilvy and Mathers top international executives includes: Bill Phillips, chairman-ceo, Ogilvy Group; Ken Roman, chairman, O&M Worldwide; Alex Brody, president-international; Norman Berry, chairman-ceo, O&M, New York, and creative head, O&M Worldwide; Chuck Walsh, chief financial officer, O&M Worldwide.#

Publicis International

Publicis International, Paris, had non-French gross income in 1986 of $47.5 million, 65.3% of total gross income of $72.7 million. Non-French billings were $324 million, 68.6% of the total of $472.3 million.

Publicis owns majority or maximum-allowable stock in 21 shops and has non-equity affiliations with 15.

In 1986, the agency gained the international account of Woolmark (Belgium, Netherlands) and lost the international accounts of Europcar and Waterman pens and most of Henkel, except in Austria.

The list of Publicis' key international officers includes: Marcel Bleustein-Blanchet, chairman, Publicis Group; Claude Marcus, chairman, Publicis International; and Marcel Levy, chairman, Publicis Conseil.#

Roux, Seguela, Cayzac & Goudard

Roux, Seguela, Cayzac & Goudard, Paris, had non-French gross income of $27.6 million in 1986, 47.6% over its 1985 total. Non-French billings were $183.7 million, up 37.3% from the previous year. The agency's total worldwide gross income was $80.3 million last year on billings of $552.2 million. RSC&G owns majority stock in 18 agencies.

International accounts gained in the last year include Pernod-Ricard (France, Italy, U.K.) and Tempo Sanys (Germany). Accounts lost: Marlboro Leisurewear and Sheraton Hotels.

The list of key international executives includes: Bernard Roux, president; Jacques Seguela, VP; Alain Cayzac, president RSC&G-Paris; Jean-Michel Goudard, president, RSC&G International.#

Saatchi & Saatchi Compton Worldwide

Saatchi & Saatchi Compton Worldwide, London, had non-U.S. gross income of $295.9 million in 1986, a 9.1% increase over 1985. Non-U.S. billings rose 7.8% to $1.94 billion in 1986. Worldwide gross income was $490.5 million, with non-U.S. gross income making up 60.3% of the total. Worldwide billings grew to $4.43 billion in 1986, with non-U.S. billings 43.8%.

The network includes 60 agencies, in which Saatchi holds equity in 32 and no equity in 28.

Last month, Saatchi & Saatchi PLC merged Saatchi & Saatchi Compton Worldwide and DFS Dorland Worldwide into Saatchi & Saatchi DFS Compton.

Accounts gained on an international basis in '86 include American Brands, Beecham Group, Bongrain Gerard, Commonwealth of Puerto Rico, Racal, Sterling and Tonka Corp. The agency

(Continued on Page 60)

Ogilvy & Mather

Clients:	Americas: USA	Argentina	Brazil	Canada	Chile	Venezuela	Uruguay*	Ecuador*	Mexico	Paraguay*	Europe: Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.	Finland	Greece	Ireland	Africa: Kenya	South Africa	Asia,Pacific: Australia	Japan	Hong Kong	Singapore	Thailand	China	Philippines	India
TWA												•		•	•	•			•		•			•						•					
Unilever	•	•	•	•	•			•	•		•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•
Warner Lambert							•																								•	•			
Westpac																												•	•	•	•		•		
ZF Corp.	•													•	•	•		•	•	•	•									•			•		

*Non-equity affiliation. Source: Ogilvy & Mather

Publicis International

Clients:	Americas: USA	Europe: Austria	Belgium	France	Germany	Italy	Netherlands	Portugal	Spain	Sweden	Switzerland	U.K.	Asia,Pacific
Air France				•	•					•			
Boursin			•	•	•		•				•	•	
Dim	•		•	•	•	•	•	•	•	•	•	•	
Europ Assistance			•	•					•				
French Gov't Tourism	•			•	•								
L'Oreal	•	•	•	•	•	•	•	•	•	•	•	•	
Nestle		•	•	•	•		•				•	•	
Philips				•			•	•		•	•	•	
Renault		•	•	•	•		•	•			•	•	
Woolmark			•	•			•	•					

Source: Publicis International

Roux Seguela Cayzac & Goudard

Clients:	Americas: French Caribbean	Europe: Austria	Belgium	France	Germany	Italy	Netherlands	Spain	Sweden	Switzerland	U.K.	Africa	Middle East	Asia,Pacific
Citroen	•	•	•	•	•	•	•	•	•	•	•		•	
Club Mediterranee		•	•	•	•	•				•	•			
Jacobs Suchard				•	•					•				
La Redoute	•			•								•		
Pernod Ricard				•		•					•			
Tempo Sanys	•			•	•							•		

Source: Roux, Seguela, Cayzac & Goudard

Saatchi & Saatchi Compton Worldwide

Clients:	Americas: USA	Brazil*	Canada	Chile*	Peru*	Puerto Rico	Venezuela*	Caribbean	Mexico*	Europe: Austria	Belgium*	Denmark*	Finland*	France	Germany	Greece	Italy	Netherlands	Norway	Spain	Sweden*	Switzerland	U.K.	Africa	Middle East	Asia,Pacific: Australia	Japan	Hong Kong	Korea*	New Zealand	Philippines	Singapore	Thailand*
Allied Lyons	•	•				•		•		•				•	•	•		•					•	•										
American Brands											•				•	•				•			•			•				•				
American Home Products	•							•			•			•									•											
Avis		•												•			•					•										•		
Beecham		•						•						•		•	•								•	•		•	•					
Bongrain Gerard														•	•					•		•												
British Airways	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•		•	•	•	•	•	•	•		•		•	•	•	•	•
British Petroleum	•																						•			•	•		•					
BSA Gervais-Danone										•	•			•	•		•			•			•											
Cadbury-Schweppes							•	•								•		•					•	•										
Citicorp											•						•						•									•		
Comm. of Puerto Rico	•		•			•			•						•					•														
Du Pont	•														•							•	•							•				
Fuji		•						•																		•	•		•	•				
Gillette														•			•					•	•		•									
IT&T	•					•																	•		•									
Johnson & Johnson	•		•			•			•					•	•	•				•					•		•				•			
Le Sieur														•	•					•					•									
Malaysian Tourist Bd.	•														•								•				•		•				•	•
Mitsubishi						•											•						•								•	•		
Pepsico					•	•	•	•												•	•			•	•			•		•				
Pfizer				•																									•		•	•		
Philips										•					•		•	•			•	•												
Portugese Tourist Bd.														•	•		•	•		•			•											

(Continued from Page 59)

lost McDonald's Corp., Mattel Inc. and Rowntree-Mackintosh (U.K.).

Top international executives: O. Milton Gossett, chairman-ceo; Jeremy Sinclair and Alban Lloyd, joint chairmen, Saatchi & Saatchi Compton International; Roy Warman and Terry Bannister, joint chairmen, S&SC International; and Ed Wax, president.#

Scali, McCabe, Sloves

Scali, McCabe, Sloves, New York (part of the Ogilvy Group), had non-U.S. gross income of $15.1 million in 1986, up 11.8% from 1985. Non-U.S. billings increased 11.4% to $101.1 million. The agency's worldwide gross income reached $77.5 million in 1986, with international accounting for 19.5% of the total. Worldwide billings were $556.6 million, with international accounting for 18.1%.

Scali owns majority or maximum-allowable interest in seven agencies and minority interest in three. In February 1986, Scali purchased a minority interest in Audour Soum, a French agency.

Key international accounts won in 1986 include Ralston Purina Co., Famsa/Daimler Benz, Seguros America, Moulinex (Mexico); London Commodity Exchange, Northern Foods, Orbis, Schwarzkopf, Smith & Nephew, British Telecom (U.K.); Champion, N.A. Decorative, Ralston (Burger Crunch), LaBatt Brewing (Guinness), Lipton (soup, fruit), Cadbury fudge (Canada); *Time*, Pacific Pet Foods, Michigan Bayley (Australia); and Bosch, Loewe, Siemens, Wella (Germany).

Losses included Alberto-Culver Co., (Mexico); Arthur Andersen, Radio Marketing Bureau, Savacenter, Watney (U.K.); Sara Lee Corp. (Canada); Met Transit, State Transit (Australia); and Vitra (Germany).

The top international executive for Scali, McCabe, Sloves is Martin Sloves, chairman-ceo.#

SSC&B:Lintas Worldwide

SSC&B:Lintas Worldwide, based in London, had 1986 non-U.S. gross income of $168 million, an increase of 18.9% over 1985. Non-U.S. billings rose to $1.2 billion, up almost 20%.

Worldwide gross income was $237 million in 1986, with international contributing 70.8%. Worldwide billings rose to $1.6 billion, with international business 72% of the total.

SSC&B:Lintas, part of the Interpublic Group of Cos., owns majority or maximum-allowable stock in 50 agencies, minority interest in four and has a non-equity affiliation with 15.

More than 90 overseas accounts were added in various countries in 1986, while about 30 were lost.

Top international executives: William Weithas, worldwide chairman-ceo; Kenneth Robbins, chairman-ceo, international; and Spencer Plavoukos, chairman-ceo, U.S.#

TBWA

TBWA Advertising, New York, had non-U.S. gross income of $50 million in 1986, an increase of 37% over 1985.

Non-U.S. billings increased more than 43%, to $348.8 million. This was attributed both to internal growth and international currency gains.

Worldwide gross income registered $65.7 million in 1986, with non-U.S. business accounting for 76% of total income. During the same period, worldwide billings rose to $453.3 million, with international contributing nearly 77%.

TBWA owns majority or maximum-allowable stock in 12 shops in nine countries, and has non-equity affiliations with seven.

International accounts gained in 1986 included Henkel (Spain); Ralston Purina Co. (U.K.); and Air Plus credit

(Continued on Page 61)

Saatchi & Saatchi Compton Worldwide

Clients:	Americas									Europe												Africa	Middle East	Asia,Pacific						
	USA	Brazil*	Canada	Chile*	Peru*	Puerto Rico	Venezuela*	Caribbean	Mexico*	Austria	Belgium*	Denmark*	Finland*	France	Germany	Greece	Italy	Netherlands	Norway	Spain	Sweden*	Switzerland	U.K.			Australia	Japan	Hong Kong	Korea*	New Zealand	Philippines	Singapore	Thailand*
Procter & Gamble	•	•	•		•	•		•		•	•		•	•	•	•	•	•		•	•	•	•	•	•			•			•	•	
Racal			•																				•										
Ralston Purina					•			•								•										•			•				
Reckitt & Colman	•																						•	•	•	•							
RJR Nabisco			•			•		•						•	•		•	•	•			•	•	•	•			•	•				
Sandoz	•									•					•			•				•						•					
Schering-Plough	•	•					•		•					•																			
Sterling	•		•					•																					•				
Tonka			•																				•			•			•				

*Non-equity affiliation. Source: Saatchi & Saatchi Compton

Scali, McCabe, Sloves

Clients:	Americas			Europe		Asia,Pacific	
	USA	Canada	Mexico	U.K.		Australia	
Chase Manhattan	•	•		•			
Hertz	•	•	•				
Ralston Purina	•	•	•			•	
Volvo	•	•		•			

Source: Scali, McCabe, Sloves

SSC&B:Lintas Worldwide

Clients:	Americas						Europe																South Africa	Other	Asia,Pacific						
	USA	Argentina	Brazil	Canada	Chile	Mexico	Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.				Australia	Hong Kong	India	Japan	Philippines	Singapore	Taiwan	Thailand
Alfa Romeo							•	•			•	•			•				•	•											
Arthur de Moss	•		•																		•										
BAT						•				•															•						
Bata					•																					•					
Bahlsen							•				•	•															•				
Bausch & Lomb			•					•							•			•													
Bayer		•					•					•			•												•				
British Meat								•			•			•	•			•		•							•				
Canon															•																
C.C. Friesland																							•			•	•				
Chefaro			•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•			•	•					•	•
Citicorp	•		•	•		•							•					•							•	•	•		•	•	•
Citizen	•																	•			•					•	•					
Computer Management Group											•				•						•										
Coca-Cola	•			•		•										•							•	•	•						•
Corning											•			•													•				
Curver								•				•			•																
Dandy Chewing Gum									•								•		•												
Ford/Motorcraft							•	•	•		•	•		•	•		•	•		•	•										
Guinness												•						•			•			•				•			
Heineken								•										•						•							
Honda	•							•																							
ICI																									•						•
Japan Air Lines																										•			•	•	•
Johnson & Johnson	•		•				•				•	•	•	•				•	•	•	•			•			•	•			•
Lego	•																			•											•
3M					•																						•				
Michelin				•											•														•		
Minolta																	•						•								
Molnlycke											•	•									•										
NEC				•	•	•		•	•		•				•				•		•										
Nestle	•			•		•		•			•	•								•	•				•	•					
Novo Enzymes	•		•						•			•		•		•				•	•		•				•				
Noxell	•			•							•				•						•					•					
Numarco								•					•	•	•			•													
N.Y. State Commerce Dept.	•															•						•					•				
Philippine Airlines																												•			
Philips		•	•			•	•	•	•	•	•	•		•	•				•		•				•	•		•		•	
Quaker																										•		•			
RCA-Columbia	•							•				•	•		•	•			•		•					•		•			
Reckitt & Colman			•	•																				•			•	•			

card (pan-European). Accounts lost included Monsanto (U.K.) and Lego (Denmark, U.K.).

TBWA's top international executives include: William Tragos, president-ceo; Claude Bonnange, co-founder, marketing research; Uli Wiesendanger, co-founder, creative; Paolo Ajroldi, co-founder, account management; Richard Costello, president-ceo, U.S.; Martin Denny, chairman, U.K.; David Lake, international financial director; and managers Mike Camesasca (Germany, Switzerland), Alberto Levy (Italy), Jean-Francois Minne (France) and Roland van Kralingen (Netherlands).#

J. Walter Thompson Co.

J. Walter Thompson, New York, had non-U.S. gross income of $211.3 million in 1986, a 14.8% increase over 1985. Non-U.S. billings rose 12.1% to $1.4 billion. Worldwide gross income was $471 million in 1986, with international business making up nearly 45% of that. World billings were $3.14 billion, with international again contributing 45%. JWT's international network includes 130 agencies in 40 countries.

Major accounts gained in 1986 included Levi Strauss & Co. jeans, Mattel Inc., PepsiCo, Philips (Europe); Bacardi Imports, Beiersdorf, Exxon, IBM Corp. (Latin America); Eastman Kodak Co., Metro Group, Nabisco, Philips, Pepsi Slice, Philipinas Shell (Asia/Pacific); Carling O'Keefe, Schenley Canada (Canada). Accounts lost included Burger King Corp., CPC, Ford Motor Co., Nestle, Warner-Lambert Co. (Europe); Champion, Topper (Latin America); Pure Foods (Asia/Pacific).

Top international executives: Don Johnston, chairman-ceo; Ronald S. Burns, president, Canada; Michael Cooper-Evans, president, Europe; Leonel M. Pavao, president, Latin America; Donald F. Thompson, president, Asia/Pacific.#

WCRS Group

Wight Collins Rutherford Scott Group, London, had non-U.S. gross income in 1986 of $26.6 million—30.9% of its total gross income of $86.2 million.

The group had non-U.S. billings of $151.8 million, 23% of the total $660.3 million.

WCRS owns majority or maximum-allowable stock in 15 agencies.

WCRS Group, which includes WCRS & Partners, London, experienced rapid international growth in 1986, with the purchase of Della Femina, Travisano & Partners and HBM/Creamer in the U.S.

In February of this year, WCRS bought The Ball Partnership in the Asia/Pacific region from Ogilvy & Mather.

The agency gained the Sheraton hotels account on an international basis in 1986.

It reported no losses.

The agency's principal international executives include: Robin Wight, chairman; Peter Scott, chief executive; Tim Breene, deputy chief executive; and Michael Ball, chairman-ceo, The Ball Partnership.#

Young & Rubicam

Young & Rubicam, New York, had non-U.S. gross income of $270.3 million in 1986, a 38% increase from $195.4 million in 1985. Non-U.S. billings also increased 38% to $1.8 billion. Worldwide gross income was $628.4 million, of which 43% was international business. Worldwide billings hit nearly $4.2 billion, with international billings accounting for 43%.

The network consists of 33 agencies in 27 countries. Y&R owns majority or maximum-allowable interest in 27 agencies, minority interest in four and has non-equity affiliations with

(Continued on Page 62)

SSC&B:Lintas Worldwide

Clients:	Americas: USA	Argentina	Brazil	Canada	Chile	Mexico	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.	South Africa	Other	Asia,Pacific: Australia	Hong Kong	India	Japan	Philippines	Singapore	Taiwan	Thailand
Remy Martin								●	●			●		●							●								●		●
R.J. Reynolds																									●	●	●				
Rowntree Mackintosh							●	●	●	●	●	●	●	●	●	●	●	●	●	●					●				●		●
SEB Tefal							●	●	●		●			●	●																
Schering Plough												●					●	●													
Sony									●																	●					
Speedy Muffler	●			●					●																						
Sterling Drug	●	●	●	●	●	●		●	●	●							●	●	●		●	●		●			●	●	●	●	●
Tetrapak		●																●			●										
Timberland	●	●							●		●	●					●		●		●										
Toyota									●								●				●		●	●							
Unilever	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Wander																	●					●	●					●	●		●

Source: SSC&B:Lintas Worldwide

TBWA

Clients:	Americas: USA	Europe: Austria	Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	U.K.	Asia,Pacific
AEG		●				●						●		●		
Air Plus		●	●	●	●	●		●	●	●		●	●	●	●	
Barilla			●		●	●								●	●	
Beiersdorf		●			●	●										
BSN Gervais Danone	●		●		●	●								●		
Bull Computers		●	●	●	●	●			●					●		
CPC International						●		●	●							
Dunlop		●			●	●										
Evian	●													●	●	
Grand Marnier	●					●			●							
Grand Met-IDV	●					●			●						●	
Henkel		●	●		●	●		●	●			●				
Monsanto	●				●	●										
Philip Morris			●		●	●			●							
Ralston Purina	●				●	●		●				●			●	
Samsonite		●	●	●	●	●		●	●	●		●	●	●	●	
SEAT Automobiles		●	●	●	●	●	●	●	●	●	●	●	●	●	●	

Source: TBWA

J. Walter Thompson Co.

Clients:	Americas: USA	Argentina	Brazil	Canada	Chile	Peru	Uruguay	Mexico	Puerto Rico	Venezuela	Europe: Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Spain	Sweden	Switzerland	UK	Portugal	Greece	Turkey	South Africa	Asia,Pacific: Australia	Japan	Hong Kong	New Zealand	Singapore	Thailand	Philippines	Malaysia
Allied Breweries	●			●													●	●			●									●			
Bacardi			●					●				●	●		●		●	●			●	●	●				●						
Beatrice Foods	●	●							●					●												●							
Beecham					●												●				●												
Benetton	●			●				●			●	●	●		●	●	●	●	●	●	●		●		●	●	●						
Burger King	●			●						●										●	●					●				●			●
Chesebrough-Ponds			●		●	●				●																							
Commodore												●		●		●			●	●													
DeBeers			●	●				●				●	●	●	●	●	●	●	●	●	●				●	●	●						
Eli Lilly	●			●	●											●																	
Emery	●			●								●			●	●			●	●	●					●		●					
Ford	●	●	●	●	●			●	●	●	●	●	●	●		●	●	●	●	●			●	●		●						
Garrett (Signal)	●	●												●	●																		
Gerber	●							●	●														●		●			●					
Hyatt	●			●				●																		●	●		●				
IBM		●		●	●	●	●																	●		●	●		●	●	●	●	●
Jacobs Suchard				●							●	●		●	●					●													
S.C. Johnson	●	●	●		●		●	●	●	●	●				●	●													●	●	●	●	
Kellogg	●	●	●	●	●			●		●	●	●		●	●		●			●	●		●	●	●		●	●		●	●		●
Kodak	●	●	●		●	●	●	●	●	●	●		●			●	●	●	●		●	●	●	●		●	●	●	●	●	●	●	●
Kraft	●			●				●	●	●		●	●		●	●		●	●		●				●	●		●	●		●	●	●
Lufthansa																												●		●	●	●	●
Malaysia Airlines	●													●	●		●			●	●					●		●				●	●
Mattel		●			●			●	●			●		●	●	●		●		●	●	●											
McDonnell-Douglas	●	●	●	●	●		●	●		●	●	●		●	●	●	●	●	●	●	●		●			●		●		●			●

(Continued from Page 61)

two.

Major international business gained in 1986 included Ford Motor Co. (Germany); Eastman Kodak Co. (Canada, U.K.); Toys "R" Us, British Gas, Legal & General Ltd. (U.K.); Colgate toothpaste, Standa (Italy); and Canada Dry (Canada).

No international accounts were lost in 1986.

Top international executives: Alexander Kroll, chairman; Peter Georgescu, president, Y&R Advertising; John McGarry, exec VP-chairman worldwide client services; Joseph DeDeo, president, Y&R Europe; Nelson Demello, senior VP, area director, Latin America; James McCoubrey, exec VP-area director, Canada/Australia/Africa; Alan Sheldon, exec VP; and Neils Menko, senior VP-director, advertising headquarters.#

Notes to charts

Ted Bates Worldwide also handles global accounts in **Indonesia** (De Beers, Schering-Plough, Tambrands); **Malaysia** (Avis, De Beers, DHL, Electrolux, Lego, Mars, Shelleys Chemical, Tambrands, Thomas Cook, Xerox); and **Nigeria** (DHL, S.C. Johnson).

BBDO also handles global accounts in **Argentina** (Apple Computer); Costa Rica (PepsiCo); **El Salvador** (PepsiCo); **Honduras** (PepsiCo); **India** (Nestle); **Malaysia** (Nestle); and **Uruguay** (Nestle).

Leo Burnett Co. also handles global accounts in **Brazil** (Bayer/-Miles, Philip Morris); **Dominican Republic** (Kellogg, Philip Morris, PepsiCo); and **Malaysia** (Cathay Pacific, McDonald's, PepsiCo, Procter & Gamble). Additionally, Burnett handles General Motors business (Germany, U.K., U.S.).

Foote, Cone & Belding also handles global accounts in **Argentina** (Beiersdorf); **Guatemala** (Beiersdorf, Colgate-Palmolive, RJR/Nabisco); **Jamaica** (Colgate-Palmolive, Hiram Walker); and **Trinidad** (Beiersdorf, Colgate-Palmolive, Nestle, PepsiCo).

Grey Advertising also handles global accounts in **New Zealand** (Block Drug Co., Remington).

McCann-Erickson Worldwide also handles global accounts in **Barbados** (AHP, Chesebrough-Pond's, Coca-Cola, Dow Chemical, Exxon/Esso, General Motors, Gillette, Goodyear, Johnson & Johnson, L'Oreal, Martini & Rossi, Richardson-Vicks); **Chile** (Black & Decker, Carnation, Casio, Coca-Cola, Dow Chemical, Exxon/Esso, General Motors, Gillette, Goodyear, Heublein, L'Oreal, Martini & Rossi, Nestle, R.J. Reynolds); **Costa Rica** (American Express, AHP, Bayer/-Miles, Black & Decker, Casio, Chesebrough-Pond's, Coca-Cola, CPC, Dow Chemical, Exxon/Esso, Gillette, Goodyear, Johnson & Johnson, L'Oreal, Lufthansa, Nestle, Quaker, Union Carbide); **Dominican Republic** (Bayer/Miles, Carnation, Chesebrough-Pond's, Coca-Cola, Exxon/Esso, General Motors, Nestle); **El Salvador** (AHP, Bayer/Miles, Chesebrough-Pond's, Coca-Cola, Exxon/Esso, General Motors, Gillette, Heublein, Johnson & Johnson, L'Oreal, Lufthansa, Nestle); **Guatemala** (AHP, Bayer/-Miles, Chesebrough-Pond's, Coca-Cola, Exxon/Esso, Gillette, Goodyear, Johnson & Johnson, L'Oreal, Nestle, Union Carbide); **Honduras** (AHP, Bayer/Miles, Beatrice/Hunt Wesson, Chesebrough-Pond's, Coca-Cola, Exxon/Esso, Gillette, Johnson & Johnson, Nestle, Union Carbide); **Jamaica** (Coca-Cola, Exxon/Esso, Gillette, Goodyear, Henkel, Heub-

J. Walter Thompson Co.

Clients:	Americas									Europe													South Africa	Asia,Pacific						
	USA	Argentina	Brazil	Canada	Chile	Peru	Uruguay	Mexico	Puerto Rico	Venezuela	Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Spain	Sweden	Switzerland	UK	Portugal	Greece	Turkey		Australia	Japan	Hong Kong	New Zealand	Singapore	Thailand	Philippines	Malaysia
Monroe	●														●	●					●											
Nabisco Brands	●	●	●	●		●	●	●		●																		●		●		
Northern Telecom	●			●																									●			
Nestle	●	●	●		●	●		●	●			●			●		●	●			●	●		●				●		●		●
Oscar Mayer	●									●								●														
Pepsico	●	●	●	●	●		●					●			●	●		●				●	●				●	●			●	
Philips			●		●	●				●		●					●				●	●	●			●		●				
Quaker Oats	●							●		●											●	●				●						
RHM														●	●						●											
R.J. Reynolds			●	●		●		●	●			●		●	●		●	●		●			●	●				●	●				●
Reckitt & Colman			●						●													●			●							
Rolex	●	●	●	●			●	●		●	●	●	●	●	●	●	●	●	●		●	●				●	●	●			●	
Scott Paper Co.	●	●		●														●			●	●				●				●	●		●
Unilever	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●
Warner Lambert	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●		●		●	●	●				●	●

Source: J. Walter Thompson Co.

WCRS Group

Clients:	Americas	Europe												Africa	Middle East	Asia,Pacific					
	USA	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Portugal	Sweden	Switzerland	U.K.				Australia	Hong Kong	Malaysia	Singapore	Thailand	
Laura Ashley	●			●	●		●					●									
British American Tobacco																	●	●	●		
Remy Martin																	●	●	●		
Seagram																●		●	●	●	
Sheraton	●	●	●	●	●	●		●	●	●	●	●			●	●					

Source: WCRS Group

Young & Rubicam

Clients:	Americas									Europe														Africa	Asia,Pacific						
	USA	Argentina	Brazil	Canada	Chile	Mexico	Peru	Puerto Rico	Uruguay	Austria	Belgium	Denmark	France	Germany	Italy	Netherlands	Norway	Spain	Sweden	Switzerland	U.K.				Australia	Hong Kong	Japan	Malaysia	New Zealand	Singapore	Thailand
Adidas	●	●	●	●	●	●				●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●
Air Canada													●	●						●	●						●			●	
American Home Prods.	●		●	●				●						●	●					●	●						●				
AT&T	●			●									●	●	●												●				
Bosch										●	●	●	●	●	●	●	●	●	●	●											
BSN	●		●			●					●		●		●				●		●						●				
Canada Dry				●	●	●					●																●				
Colgate-Palmolive	●	●	●	●		●		●		●	●	●	●	●	●	●		●	●	●	●			●	●	●	●	●	●	●	●
Du Pont	●	●	●			●					●		●	●	●			●		●	●			●	●	●	●			●	●
Eastman-Kodak	●	●		●				●		●	●	●	●	●		●	●			●	●						●				
Ford	●		●											●										●							
Frito Lay			●	●		●		●																							
General Foods	●		●	●		●		●		●		●	●	●	●	●		●	●	●	●						●				
H.J.Heinz											●		●			●					●			●	●						
Hong Kong Tourist Assn.													●								●				●	●	●	●		●	●
IVECO		●								●		●					●	●	●	●											
Jamaica Tourist Board	●			●																	●										
Johnnie Walker																				●	●									●	
Johnson & Johnson	●	●	●	●	●	●		●		●					●			●						●			●			●	
Kentucky Fried Chicken	●	●		●		●		●													●				●						
Pernod-Ricard	●		●	●								●		●		●				●	●									●	
Royal Canadian Mint				●								●			●												●				
Suchard		●	●							●			●	●				●		●											
Time Inc.	●		●	●									●		●						●					●	●			●	
United Brands										●	●	●		●	●		●		●	●											
Walt Disney	●			●		●		●					●	●							●										
Warner-Lambert	●				●																			●							
Xerox	●									●	●	●	●	●	●	●	●	●	●	●	●										

Source: Young & Rubicam

The 1987 International Agency/Client Report was prepared by Mark Rosati, assistant international editor; Ann Keeton, free-lance writer; Carol Septow, graphics designer; and Ilse Cermak, international copy editor.

Some agencies declined to cooperate in providing certain information for the charts or agency summaries. In such cases, ADVERTISING AGE collected the data from its correspondents and asked those agencies to comment.

New or merged agencies added to the global roster this year: DDB Needham, Mojo MDA and WCRS.#

lein, Johnson & Johnson, L'Oreal, Nestle, Richardson-Vicks); **Panama** (American Express, Bayer/Miles, Beatrice/Hunt Wesson, Black & Decker, Carnation, Chesebrough-Pond's, Coca-Cola, Exxon/Esso, Gillette, Johnson & Johnson, Nestle, Union Carbide); **Puerto Rico** (Black & Decker, Chesebrough-Pond's, Coca-Cola, Del Monte, Exxon/Esso, General Motors, Gillette, Heublein, L'Oreal, Nestle, R.J. Reynolds, Texas Instruments); **Trinidad** (Coca-Cola, CPC, General Motors, Gillette, Goodyear, Heublein, Johnson & Johnson, L'Oreal, Lockheed, Martini & Rossi, RJR Nabisco, Quaker, Richardson-Vicks); **Turkey** (Bayer/Miles, Coca-Cola, Goodyear, Henkel, Nestle, R.J. Reynolds); and **New Zealand** (Black & Decker, Chesebrough-Pond's, Coca-Cola, Gillette, Goodyear, Levi Strauss & Co., Lockheed, Martini & Rossi, Nestle and Reckitt & Colman). Also, the agency's non-equity affiliate in **Indonesia** handles global accounts (Carnation, Coca-Cola, General Motors, Goodyear, L'Oreal, Lockheed and Nestle).

Ogilvy & Mather Worldwide also handles global accounts in **Colombia** (American Express, Chesebrough-Pond's, NutraSweet, Philips, Polaroid, Unilever); **Malaysia** (American Express, Bayer, Beecham, Boeing, General Foods, Guinness, Kimberly-Clark, Korean Air, Mattel, Nestle, Parker Pen, PepsiCo, Philips, Polaroid, Shell, Unilever, Warner-Lambert); **New Zealand** (American Express, Beecham, BMW, British Tourist Authority, Duracell, Guinness, Johnson & Johnson, NutraSweet, Polaroid, Seagram, Shell, Unilever); **Portugal** (Mattel, Philips, Polaroid, Seagram, Shell, Unilever); **Taiwan** (American Express, BAT, Beecham, BMW, Boeing, Duracell, General Foods, Johnson & Johnson, Kimberly-Clark, Korean Air, Mattel, PepsiCo, Philips, Polaroid, Warner-Lambert); and **Turkey** (BAT, Mercedes-Benz, Parker Pen, Philips, Polaroid, Unilever).

In addition, non-equity affiliates handle global accounts in **Korea** (Bayer, Chesebrough-Pond's, Kimberly-Clark, Korean Air, Shell, Unilever) and **Indonesia** (American Express, BAT, Beecham, General Foods, Guinness, Johnson & Johnson, Korean Air, Parker Pen, PepsiCo, Philips, Polaroid, Unilever, Warner-Lambert).

Also, O&M served 11 other clients on a multinational basis under the criteria of this survey—*i.e.*, in at least three countries and worth at least $3 million. These clients could not be included on the chart because information about them was provided after deadline.

Saatchi & Saatchi Compton Worldwide also handles global accounts in **India** (Allied Lyons, Fuji); **Malaysia** (British Airways, Procter & Gamble, Malaysian Tourist Board); and **Taiwan** (Beecham, Citicorp, PepsiCo).

For space purposes, Saatchi & Saatchi listed only those clients that it served in five or more countries. The agency says it serves at least 15 other clients on an international basis under the criteria of this survey.

SSC&B:Lintas Worldwide also handles global accounts in **Indonesia** (Citicorp, Heineken, ICI, Quaker, Schering-Plough, Sterling Drug, Unilever, Wander); **Malaysia** (BAT, C.C. Friesland, Citicorp, ICI, Johnson & Johnson, Quaker, Sterling Drug, Unilever, Wander); **New Zealand** (Bata, Citicorp, Coca-Cola, NEC, Philips, RCA-Columbia, Sterling Drug, Unilever); and **Pakistan** (BAT, Bayer, ICI, Philips, Unilever).

Agency/client Summary

Clients:	N W Ayer	Ted Bates Worldwide	BBDO International	Bozell, Jacobs, Kenyon & Eckhardt	Leo Burnett Co.	DDB Needham	DFS Dorland Worldwide	DMB&B	DYR	Eurocom Group	Foote, Cone & Belding	GGK	Grey Advertising	Hakuhodo Inc.	HCM	Lowe International	McCann-Erickson Worldwide	Mojo MDA Group	Ogilvy & Mather Worldwide	Publicis International	Roux, Seguela, Cayzac & Goudard	Saatchi & Saatchi Compton Worldwide	Scali, McCabe & Sloves	SSC&B:Lintas	TBWA Advertising	J. Walter Thompson Co.	WCRS Group	Young & Rubicam
American Brands																						•						
American Cyanamid		•					•	•			•																	
American Express																	•		•									
American Home Products								•									•					•						•
BAT		•				•							•						•					•				
Bayer/Miles			•		•			•					•				•		•					•			•	
Beatrice Cos.					•			•									•									•		
Beecham					•								•						•			•						
Beiersdorf											•	•													•			
BMW		•																	•									
Bristol-Myers	•					•		•					•									•						
BSN Gervais-Danone													•		•							•						•
Chesebrough-Pond's			•														•		•							•		
Ciba-Geigy								•			•																	
Citibank																												
Citicorp								•			•											•		•				
Coca-Cola Co.																	•							•				
Colgate-Palmolive Co.									•		•																	•
CPC International							•										•								•			
Dow Chemical Co.								•							•		•											
Du Pont	•		•												•							•						•
Duracell							•												•									
Eastman Kodak Co.																												•
Electrolux		•											•			•												
Frito-Lay			•																									•
General Foods								•					•						•									•
General Motors	•				•			•								•	•											
Gillette Co.	•		•								•						•					•						
Guinness								•											•					•				
H.J. Heinz					•	•		•																				•
Henkel AG			•									•	•		•	•	•								•			
Hewlett Packard					•		•																					
Heublein												•				•	•											
IBM						•																				•		
Jacobs Suchard															•						•					•		•
Johnson & Johnson			•										•				•		•			•		•				•
S.C. Johnson & Son		•	•			•		•			•															•		
Kimberly-Clark								•			•								•									
Kraft					•						•																	
Mars		•			•			•					•															
Philip Morris Inc.					•																					•		
3M		•											•		•									•				
Polaroid																												
RJR/Nabisco											•						•					•				•		
Nestle Foods			•	•							•						•		•	•				•		•		
L'Oreal										•					•		•			•								
Parker Pen																•			•									
PepsiCo			•		•						•								•			•				•		
N.V. Philips			•																•	•		•		•		•		
Procter & Gamble					•			•					•									•						
Qantas																												
Quaker Oats Co.						•											•							•		•		
Reckitt & Colman						•											•					•				•		
Remy Martin																								•			•	
Richardson-Vicks								•									•											
Rothmans	•		•										•															
Rowntree-Mackintosh																								•				
Seagram						•							•						•									
Shell		•											•						•									
Unilever			•													•	•		•					•		•		
Union Carbide		•															•											
Warner-Lambert Co.		•			•														•							•		•
Xerox		•																	•									•

Source: Compiled by Advertising Age. Does not include all clients listed in individual agency charts.

Questions linger after mergers

By STEWART ALTER

Events of the past 18 months, culminating in London-based WPP Group's recent agreement to purchase JWT Group, point to a very obvious conclusion: internationalization has restructured the advertising agency business with fury and speed.

For those who still doubt, consider the following two lists.

One is of agencies that, primarily reflecting a need to expand their international capabilities, have felt the need to sell or merge.

Most are private agencies that were unable to accomplish the expansion with their own resources, including Needham Harper Worldwide (now Omnicom Group's DDB Needham Worldwide); Dancer Fitzgerald Sample and Backer & Spielvogel (both owned by Saatchi & Saatchi); Leber Katz Partners (now a part of Foote, Cone & Belding); HBM/Creamer (purchased by WCRS Group); Bozell & Jacobs (sold to Lorimar Telepictures Corp., merged with Kenyon & Eckhardt and now being spun off again); and Benton & Bowles (merged with D'Arcy MacManus Masius).

Public agencies such as BBDO and Doyle Dane Bernbach also saw the need for more resources in place.

The second list reflects the internationalization of agencies from another perspective: ownership.

The declining U.S. dollar and the enthusiasm of the London Stock Exchange for the value of British ad agencies have made many U.S. agencies attractive buys.

Besides WPP Group's purchase of JWT, there is Saatchi's acquisition of DFS, Backer & Spielvogel and Ted Bates Worldwide; WCRS' purchases of Della Femina, Travisano & Partners and HBM/Creamer; and Boase Massimi Pollitt's buy of Ammirati & Puris.

Also, the entry of Mojo MDA of Australia and Roux, Seguela, Cayzac & Goudard of France into the U.S. market indicate that the British won't be the only influences.

NEWS ANALYSIS

While it may be growing sophistication in looking at world markets that explains the massive restructuring in the agency business, the impact so far appears to be more on how agencies think about strategy for themselves than for their clients.

Strategy clearly came to the ad agency business in a big way in April and May 1986, when Saatchi & Saatchi Co. fulfilled its long-publicized plan of becoming the largest agency holding company in the world, with its huge cash purchase of Ted Bates Worldwide, and when three sterling agency names—BBDO, DDB and Needham—joined in an unprecedented three-way merger to form Omnicom.

The mergers at first generated excitement, stemming not just from the names or size of the agencies involved. There was a sense that a major statement had been made. Agencies could take their fate into their own hands and not be totally at the mercy of a lower-paying client world.

But a year later, it all seems fuzzier; the acquisitions appear to be more about financial than marketing leverage.

The big risk in the new buy-and-sell environment is that while agencies can be acquired as companies, they really operate more like brand businesses. Therefore, consistency of image and quality of product, which are built by corporate culture, seem essential to the agency "brand promise" as a problem-solver. This is what keeps existing clients and attracts new ones.

Agencies can't be faulted for thinking of their own business; certainly, JWT's failure to is one of the reasons it became so vulnerable. But the critical issue is whether any of the individual operating agencies involved has achieved any greater competitive advantage.

The internationalization of the agency business, to be effective, still must show that it is but a means to a greater end: namely, giving clients greater leverage across worldwide consumer markets.

For coupled with agencies' internationalization is the realization that successful global marketing is not just extending the same program everywhere but doing the same spadework everywhere.

Even the success of Coca-Cola Co.—often cited as the model in global advertising—with one message everywhere is "deceptive," according to Barry Day, vice chairman of Coca-Cola agency McCann-Erickson Worldwide.

Speaking at the recent Third World Advertising Congress-Beijing '87, Mr. Day offered some words of caution.

The "complexity of advertising in the real global world as opposed to the theoretical world of the textbooks" requires taking "into account the genuine differences of nuance, the genuine variations of cultural behavior before you create the pattern of advertising concepts—variations that may even indicate you can't do it," Mr. Day said.#

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

While Lt. Col. North actually hasn't endorsed Dry Idea, one agency exec suggested he'd rank high for the underarms deal. (Art by Gem Studio, New York.)

Ollie's follies could be ad hit

By LENORE SKENAZY

He's cool in front of a camera. He's engaging. Human. And his name recognition soars right off the charts.

Patriot or scoundrel, Ollie North has proved one thing for certain: He's got "E.P."—Endorser Potential.

Advertising Age asked several agencies to determine what Lt. Col. North would be best at endorsing. Many agency executives believe he could have quite a future in advertising.

"Despite the fact that I'm an ex-Marine myself, I think that Lt. Col. North would be an excellent spokesman for the Oscar Mayer bologna account," wrote Tom McElligott, executive creative director of Minneapolis' Fallon McElligott. "He seems to be a real expert on the stuff."

Since the public seems to love and forgive Oliver North, "I think he could endorse Chryslers," said Sean Fitzpatrick, exec VP-director of creative services at Campbell-Ewald, Warren, Mich., and creator of Chevrolet's

(Continued on Page 55)

Quaker wins legal bout in cereal wars

By BETH AUSTIN

Quaker Oats Co. has won the first legal battle in what is shaping up as this summer's major marketing war.

At stake is Quaker's 68% share of the $500 million hot cereal market, threatened by General Mills' new Total Oatmeal.

In the latest skirmish, Minneapolis-based General Mills admitted in a federal consent decree that its use of a partial Quaker logo—the "Quaker Man"—on a package of its new hot oatmeal without full identification of the Quaker company name violated trademark law.

Quaker Oats Co.'s Quaker Man.

On another front, Chicago-based Quaker is launching a salvo at General Mills' marketing strategy, based on claims that Total Oatmeal, going on shelves this month, has "more nutrition than any hot cereal" (AA, June 29).

In the consent decree, filed simultaneously with a Quaker lawsuit in U.S. District Court in Chicago last week, General Mills agreed to use the complete logo and name in future comparisons, coupled with a disclaimer stating that Total Oatmeal is not a Quaker product.

In return, Quaker agreed to pose no legal challenge to distribution of 350,000 cases of Total Oatmeal already packaged and ready for shipment this month, provided that General Mills adds the notation "Registered trademark and product of The Quaker Oats Co." to 50,000 cases of product.

"The settlement of the dispute with Quaker is not disrupting our plans to keep on schedule with our Total Oatmeal introduction," a General Mills spokesman said.

Still under dispute are the basic claims that Total Oatmeal provides far more nutrition than Quaker's hot cereals. Unlike unfortified Quaker Oats, the Total line is sprayed with a mixture of vitamins and minerals that gives the product 100% of the required daily allowance of 10 vitamins and minerals.

In response, Quaker is boosting the vitamin fortification in one flavor in its seven-flavor Instant Quaker Oatmeal line.

All of the Instant Quaker Oatmeal flavors are vitamin-fortified, to about 25% of the RDA, but the Apple Raisin Walnut flavor will be super-fortified to equal or exceed Total Oatmeal.

The new super-fortified flavor, to be shipped this month, will require little effort on Quaker's part—but it defuses the product superiority claim at the heart of General Mills' $24 million Total Oatmeal introduction, handled by Saatchi & Saatchi DFS Compton, New York.

General Mills says it is waiting to see the new Quaker product on the shelves before it reconsiders its marketing strategy. Quaker is responding to the Total Oatmeal threat with a $45.6 million campaign by Jordan, Manning, Case, Taylor & McGrath, New York, which includes a 76% boost in TV spending over the next year (AA, July 13).#

Is Sorrell looking to buy more?

WPP on the move

By PAT SLOAN and LAUREL WENTZ

New York—WPP Group, which became the new owner of JWT Group last week, may be taking its first step toward raising new capital in the U.S., according to analysts in the U.K. financial community.

The funds could be used to finance future U.S. acquisitions or pay off some of the debt WPP took on when it acquired JWT.

Also last week:

- Saatchi & Saatchi Co. sold its 7% stake in WPP Group July 17 on the London Stock Exchange in response to heavy pressure from Saatchi client Procter & Gamble Co. and from WPP, concerned because JWT is a Unilever agency in 25 countries.

Sources said P&G was so concerned about the Saatchi shareholding in WPP that P&G Chairman-CEO John Smale made a personal call to Anthony Simmonds-Gooding, chairman of the Saatchi & Saatchi Communications division that controls Saatchi's ad agency holdings, to express his concern.

A Unilever spokesman in London said July 17, "Clearly, we're not unhappy with this development. It is acceptable."

Sources said the pressure on Saatchi from P&G became too great to withstand.

Previously, Interpublic Group

(Continued on Page 53)

- Backer & Spielvogel, Ted Bates Worldwide finally merge. Page 52.
- DYR and HCM combine to form HDM. Page 52.
- Goodyear may stick with JWT, but others may leave. Page 53.

Last Minute News

Burger King reviews soft drinks

Miami—Burger King is reviewing its soft-drink allegiance. President Charles Olcott is expected to decide Aug. 1 whether to dump Pepsi-Cola USA when its contract ends next year and jump to Coca-Cola USA. Industry sources put BK's retail soft-drink sales over the next five years at more than $3 billion. PepsiCo's ownership of three major restaurant chains—which caused Wendy's to drop Pepsi last year—is being taken into consideration, a BK spokeswoman said. Separately, sources say BK's final decision on an agency for its $200 million account has been pushed back one month to October. The planned list of eight semifinalists so far includes New York agencies BBDO Worldwide; D'Arcy Masius Benton & Bowles; Jordan, Case, Taylor & McGrath; and Saatchi & Saatchi DFS Compton, as well as incumbent J. Walter Thompson USA *(see related story on this page).*

Lowe Marschalk wins Xerox work

Stamford, Conn.—Xerox Corp. last week assigned an estimated $15 million in advertising for its national marketing division to Lowe Marschalk, New York. The account previously was at Ted Bates Advertising, now part of the newly merged Backer Spielvogel Bates

(Continued on Page 8)

Highlights

Seagram seeks ad discount 4

Joseph E. Seagram & Sons, the world's second-largest liquor marketer, wants newspapers to give distilled spirits the same special discounted national advertising rate extended to package goods. Under the Package Goods Rate Plan, national ad rates for food, drug, toiletries, household products and cosmetics marketers are being cut 30% during an 18-month test at 258 daily newspapers. The plan was conceived as a way to attract advertisers who don't use the medium heavily, and Seagram wants a slice of it.

Audi plots campaign drive 12

Audi of America is using dozens of owner testimonials in a new campaign to revive its image, damaged by publicity about possible problems with automatic transmissions. Audi pulled its national advertising in February to reformulate strategy and allow a cooling off from negative publicity about alleged problems of sudden acceleration in model 5000 sedans with automatic transmissions. The carmaker also has rebuilt sales by offering owners of 1984 through '86 5000S models rebates of $5,000 on the purchase of new 5000 models. The program, which ended June 30, produced Audi's second-highest sales month ever, 7,915 cars during June.

Sales sour for fruit teas 25

Fruit teas, introduced with heavy ad spending last year, are turning out to be lemons. Faced with a slow-growing iced tea market and continuing erosion of the convenience tea market by other soft drinks, three major package-goods rivals—Nestle Foods Corp., General Foods Corp. and Thomas J. Lipton Inc.—brought out fruit-flavor powdered iced tea mixes last year. But despite an estimated $24 million in ad spending for the three brands in their first year, fruit teas account for only 10% to 12% of the $400 million iced tea market. Lipton projected fruit teas would take at least 20% of iced tea sales.

Gourmet foods a la America 46

Gourmet foods, once associated with imported delicacies, are becoming Americanized. The 31,000 people attending last week's 33rd annual International Fancy Food & Confection Show in New York found an increasing number of American salad dressings, snacks and desserts interspersed among the Belgian chocolates, French pastry and Italian wines.

Aim campaign under fire 51

Comparative ads for Lever Bros.' Extra Strength Aim anti-cavity toothpaste, under fire from Procter & Gamble Co. and Colgate-Palmolive Co, were criticized by the National Advertising Division of the Council of Better Business Bureaus. The Lever spots, which pitted Extra Strength Aim against Crest and Colgate, were challenged by both companies.

Diamandis buying, or selling? 54

Offering key employees a piece of the action is a major part of Peter Diamandis' plan to run CBS Magazines after he buys it from CBS Inc. But insiders speculate he also may sell some of the sluggish CBS titles after the sale goes through.

INTERNATIONAL

Billions watch Tour de France 24

The prestigious monthlong Tour de France bicycle race through France is turning into a global sporting—and marketing—event. The race is being broadcast in 75 countries via 140 TV feeds. In the U.S., CBS holds the TV rights and will cover the finale July 26 on "CBS Sports Sunday."

Gold Lions at Cannes 34-36

Advertising Age presents frames of 27 of the 33 Gold Lion awards won in Cannes last month, with a description of the commercial and creative credits.

OTHER NEWS

J. Walter Thompson USA has borrowed an idea from sister agency Lord, Geller, Federico, Einstein in the continuing battle to revive sales of Miller High Life beer. At least three "Hill Street Blues" alumni are appearing in three new 30-second TV spots for High Life, in a campaign similar to IBM Corp.'s use of M*A*S*H characters. Page 12.

Procter & Gamble Co. is pushing its agencies to take more creative risks with print advertising. While P&G is not retreating from its traditional insistence that ads focus on product benefits, its agencies say they are being "encouraged" to develop more dramatic creative executions that hold readers' attention and invite their involvement. Page 21.

Xerox Corp. this week launches an estimated $20 million international corporate ad campaign that for the first time adopts an integrated approach to a range of products. The effort is themed "We document the world," and was created by Ted Bates Advertising, New York. Page 49.

Cahners Publishing Co.'s purchase of *Variety* could help push the largely business-to-business magazine publisher further into consumer markets. Newton, Mass.-based Cahners last week agreed to acquire both the daily and weekly editions of *Variety*, the 82-year-old entertainment business newspaper, for an estimated $40 million to $60 million. Closing is expected by mid-August. Cahners officials say they will use *Variety* as the nucleus of a new entertainment division. Page 53.

SPECIAL REPORT

***Newspapers**—Afraid of becoming irrelevant to readers and dispensable to advertisers, the industry is promoting change more aggressively than ever before. Splashy graphics, flexible printing schedules, minority hiring and rate cuts for national advertisers are headlining their attempts. Starts after Page 28.*

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Personal care gets activity from Colgate

By PAT SLOAN

New York—Colgate-Palmolive Co. will undertake its first major personal-care initiative in several years when it introduces Lornay, a a product for sensitive skin, in January.

Also, industry sources said the company's Colgate Venture Co. subsidiary will introduce in September New Again, a blood-stain remover that will be sold in the feminine hygiene department of mass-market stores. The subsidiary is concentrating on entrepreneurial/-specialty niche marketing and also plans an expansion of its Maniac teen fragrances into a collection of personal-care products for teen-agers.

> *"Though these products aren't now significant in size, they are all meaningful in direction."*
>
> **—Analyst Jay Freedman**

"Though these products aren't now significant in size, they are all meaningful in direction," said Jay Freedman, analyst with Kidder Peabody.

Lornay is an example of "one of the ways Colgate has come up with to penetrate the personal-care market," he said. "Four years ago they tried to do that with shampoos, but obviously they didn't succeed, since the products aren't now in distribution."

Sources also said Colgate plans to build Lornay into a global brand.

Although Colgate won't comment on Lornay, sources close to the company said it is being developed by consultant Richard Barrie, a former president of Faberge, which was founded by his father, George Barrie.

Lornay's agency is HDM, formerly HCM, here. Mr. Barrie left Faberge after it was sold to McGregor Corp.

Palmolive Laboratories, a division of Colgate Venture Co., reportedly is working on its own skincare product and 15 other products. But New Again, which will be marketed by Palmolive Laboratories, is its first national effort.

New Again has been assigned to Kornhauser & Calene, making it the shop's first Colgate assignment. Stuart Gellis, national sales manager, said national print advertising will be used for the introduction. However, K&C also is testing radio for the brand.

Mr. Gellis said the product was tested in hospitals. And though it works on many stains and any type of blood stain, it is being positioned specifically to remove menstrual blood.

"Colgate Venture Co. is specializing in niche positioning," Mr. Gellis said. "We don't want to be sold in the detergent and spot-remover section of the store. Stores like it because it won't splinter the category. It represents all plus dollars."

Mr. Gellis would not comment on Maniac or other Colgate Venture Co. projects. However, retail sources said Maniac no longer is being tested in upstate New York. Instead, they indicated, the teen fragrance line is being expanded into other grooming products and will be put into a mid-Atlantic test.

If it fares well in test, it will be introduced nationally during fall 1988. DePalma & Hogan handles.

Colgate Venture Co. also continues to test Cleaning Dimensions stores in Austin, Texas; Feliners cat box liners; and Teledisc Music.

Sources said the new businesses, when introduced nationally, are expected to range in size from $10 million to $90 million.#

Security Pacific taps Hal Riney

Los Angeles—Security Pacific National Bank appointed Hal Riney & Partners, San Francisco, to handle its $10 million retail banking account, sources say. The account was handled in-house. D'Arcy Masius Benton & Bowles, Ketchum Advertising and J. Walter Thompson USA, all Los Angeles, also competed.

DDB Needham Worldwide's media buys in August, but the first major new creative work will not break until next summer.

West Coast News

Sea World of California, San Diego, hired D'Arcy Masius Benton & Bowles, Los Angeles, to handle its $4 million account, after a review involving DYR, Los Angeles; N W Ayer, Irvine; Franklin & Associates, San Diego; and Salvati Montgomery Sakoda, Santa Ana. The account change follows the decision of Sea World's parent, Harcourt Brace Jovanovich, to transfer the advertising responsibilities for its several aquatic theme parks to local agencies. VP-Marketing Ron Yeakley said DMB&B will begin handling Sea World of California's Western division is in contact with several southern California agencies specializing in hispanic marketing concerning a possible acquisition, informed sources say. In addition, the agency is expected this week to sign its buyout deal with Rancho Cordova-based Girvin, Conrad & Girvin.

Union Tribune Publishing, San Diego, named Franklin & Associates its agency on the $850,000 *San Diego Union-Tribune* account, after a review involving 22 local agencies. WFC, San Diego, which closed, is the former agency.#

Special Report

Ted Carr

Stretching to deliver readers' needs

By Belinda Hulin-Salkin

Affordable, accessible and essential, the daily newspaper for decades was America's mass medium. But today, battered by other media and changing demographics, the newspaper is in danger of wearing down to a Sunday-morning option.

With sophisticated graphics, target marketing and advertiser incentives, the industry is trying to regain its preeminence. Although some newspaper executives wonder whether it's too little too late, no one is sounding the death knell yet.

Two-thirds of all American adults still read a newspaper every weekday; 86% read a paper at least once a week. Newspapers are purchased regularly in 74% of all U.S. households, reports the Reston, Va.-based American Newspaper Publishers Association.

Newspaper readers come in all shapes, sizes, income brackets, education levels, age groups and ethnic backgrounds. They live in cities, suburbs, towns, resorts and rural areas. By all demographic standards, the newspaper is a solid mass-market medium.

But, says Bill Baker, group VP-news for Miami-based Knight-Ridder, "These days it takes so much effort and so much money just to keep circulation about even. It's an enormous selling job. And in spite of it, overall circulation and household penetration have been going down."

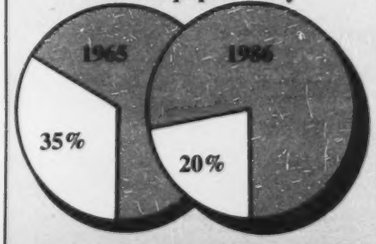
The circulation decline hasn't been dra-

(Continued on Page S-2)

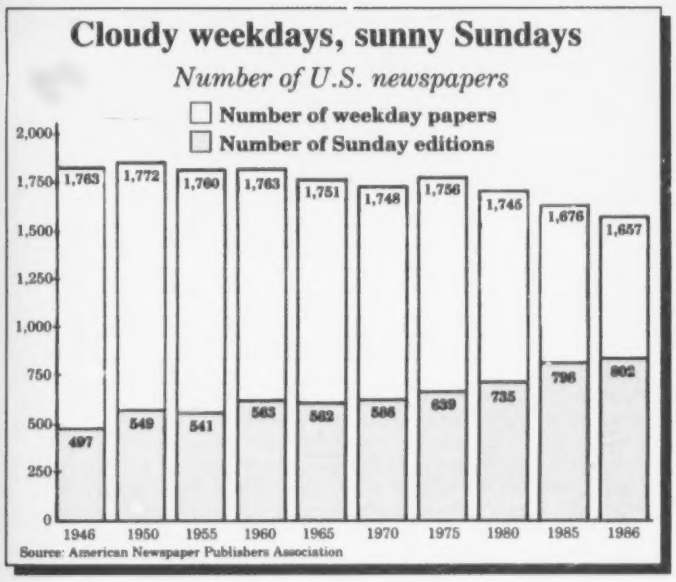
Belinda Hulin-Salkin is a frequent contributor to Special Report who writes regularly about media topics.

Unless otherwise noted, all circulation figures used in this Special Report are weekday averages for the six months ended March 31, as published in Audit Bureau of Circulations' FAS-FAX report.

Number of Americans reading two newspapers daily



Source: Newspaper Advertising Bureau



Delivering readers' needs

(Continued from Page S-1)

matic. According to the American Society of Newspaper Editors, overall daily newspaper circulation dropped 0.4% last year to 62.5 million. That loss follows a 1985 decline of 0.5%. Household penetration has slipped 10% during the last decade, a situation attributed to the increasing number of single-person households in the U.S.

Since 1965, total morning and evening circulation has hovered between 60 million and 63 million. Publishing executives blame the mid-'70s energy crisis and rising newsprint costs for initiating a circulation slump. But 10 years later there's been no real recovery, despite a larger group of potential subscribers.

Industry observers say many factors have contributed to dailies' lackluster performance. Competition from broadcast and cable TV and radio has intensified. Magazines continue to vie for reader attention. In large urban markets, observers say many newspapers don't address the concerns of poor or ethnic populations—and in some areas, illiteracy is the real concern.

Lifestyle changes also have had an impact: According to recent studies, many former newspaper subscribers say they don't have time to read a paper every day.

"We got into trouble because we didn't pay as much attention to the product as we should have and we didn't pay as much attention to service as we should have," says Reg Murphy, president and publisher of Times Mirror Co.'s *Baltimore Sun*.

Mr. Murphy, who also chairs the Readership & Retention Committee of the Newspaper Advertising Bureau's Future of Advertising project, says publishers need to learn more about what readers want from a newspaper. In addition, he says newspapers should be delivered at the readers' convenience, even if that means altering press schedules.

> ***"More people have white-collar jobs, and get off at 5, 5:30 or later. They have more time to read in the morning."***
>
> **Stuart Tolley**
> **NAB**

"It's taken newspaper editors and publishers a while to understand that they aren't the readers' first source of news," he says. "On breaking stories, radio will always get the information out first. Meanwhile, not enough attention has been paid to the wide variety of interests that people bring to newspapers.

"Think of each special interest as a 10% block of the paper: sports, comics, news, business, features . . . each of these is worth 10%. If a person is interested in only one 10% block of the paper, you have an occasional reader. With two 10% blocks, you get a regular reader. And with three blocks, you've got a subscriber.

"For years the industry ignored those special-interest segments. Instead we thought, 'There is a ninth-grade graduate out there that needs to be told certain things,' " he says.

Burl Osborne, president and editor of A.H. Belo Corp.'s *The Dallas Morning News*, agrees that more attention must be paid to reader interests and needs. "Sometimes we all behave like pamphleteers," he says. "We put out newspapers that we think are good and we don't bother to see what the reader thinks of it."

Mr. Osborne recently wrote a manual called "Readers: How to gain and retain them," under the auspices of the Future of Advertising project. Without giving a prescription for individual publishers, the book raises questions concerning

(Continued on Page S-4)

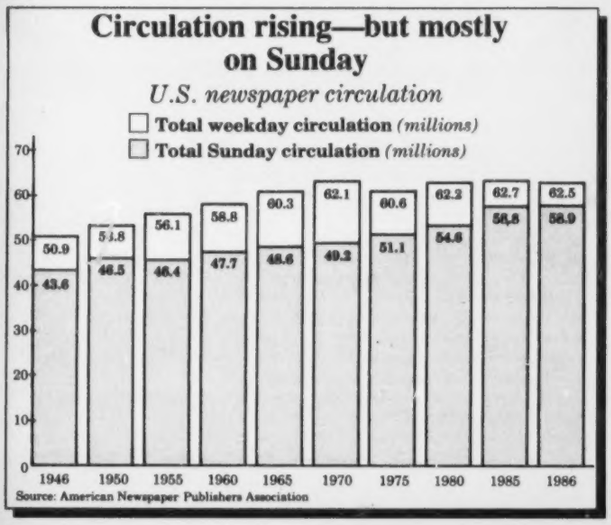
Six million Michiganders have one thing in common. They don't read the Detroit papers.

If you think you can cover all of Michigan by buying only the Detroit papers, you've underestimated us. We're Booth, 8 great daily newspapers. And, we reach a most valuable segment of those six million Michiganders. Valuable in size and significant in buying power. It's called Booth, Michigan and it's America's 10th largest metro market. The 9th largest market of households with an income of over $25,000 a year. You can reach this important market–a market whose mobility is distinctly upward–by calling Booth Newspapers at (313) 540-5600.

You get 8 newspapers at a 15% discount with just one call. One order. One bill. Represented nationally by Newhouse Newspapers.

newspapers booth

Ann Arbor News · Bay City Times · Flint Journal · Grand Rapids Press · Jackson Citizen Patriot · Kalamazoo Gazette · Muskegon Chronicle · Saginaw News



Delivering readers' needs

(Continued from Page S-2)

readership, the marketplace, newspaper pricing, distribution, promotion and the product itself. Throughout, Mr. Osborne argues that the best way to improve newspaper circulation and penetration is to improve quality—as perceived by readers.

"We want people to feel they have to read the paper—to feel intellectually naked if they don't read it," he says.

Building a franchise with readers in certain high-interest areas such as sports or business might be one way to hold readers, Mr. Osborne suggests. Other executives say improved design and top-flight staffing can be a draw. However, Mr. Osborne warns that such changes—expensive and slow to show results—should be considered an investment in the future.

In their zeal to sign up new subscribers, newspaper publishers in recent years have increased use of all kinds of ad campaigns, promotions and incentives. The ASNE new-subscriber study tends to support what many observers have been saying all along: Gimmicks and high-pressure selling don't build a loyal circulation.

"It's like a farmer who grabs a fresh cow plot and throws it against a barn door . . . some of it sticks and some of it doesn't," says John Morton, a newspaper analyst for Lynch, Jones & Ryan, Washington. "Promotions and contests tend to attract marginal readers, people who weren't attracted by the newspaper itself. Eventually, they move on."

Dorothea Coccoll Palshow, VP-circulation of *The Wall Street Journal*, agrees. "We don't inflate our cover price so we can offer low-price subscriptions and we don't sell the product with clock radios," she says. "By avoiding incentives, we get individuals to make a commitment to the product. We want quality circulation growth."

The New York-based Dow Jones & Co. property is up 2% in circulation this year, to slightly more than 2 million, and the paper expects to benefit from the aging of the baby boom, given the average *Journal* reader's age of 43. The paper supplements its "Daily diary of the American dream" TV spots, via Fallon McElligott, Minneapolis, with targeted direct-mail pieces. The direct-mail campaign offers no free trials, no discounts.

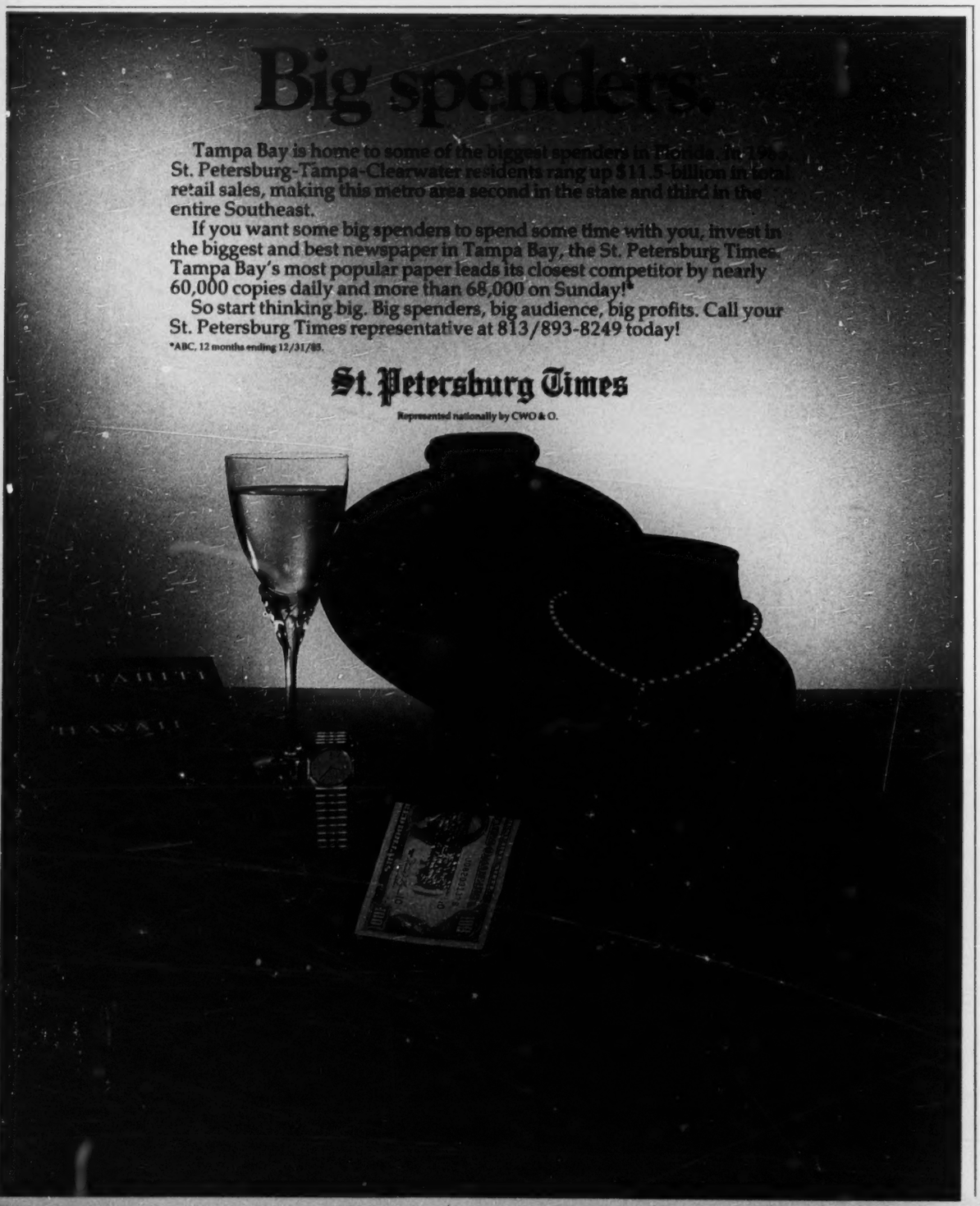
Other publishers argue that the few subscribers retained through promotions make the effort worthwhile. "The people who drop out weren't worth getting. But that's simply the process you go through to expand your audience," says David Els, circulation manager for *The Christian Science Monitor*, Boston. "Thirty percent of our promotion subscribers will stick with the program. We got them because we provided an incentive for them to try a copy."

Mr. Els says publishers ultimately will have to fight the circulation battle by finding new ways to reach readers and capture their attention. In the past year, the *Monitor* has boosted its circulation from 156,700 to 186,200. Mr. Els largely attributes the increase to direct-mail promotions; he says the paper sent out some 4 million pieces of mail last year. Promotions have included half-price sales and one-month free subscriptions; earlier this year, the *Monitor* tested a clock premium.

Like *The Wall Street Journal*, *The Christian Science Monitor* is a secondary read for most households, making it a particularly tough sell. The number of Americans who say they read two papers a day has dropped from 35% in 1965 to an estimated 20% today, according to NAB. In some cases, the switch from two papers to one hasn't been voluntary. Two-newspaper cities are a vanishing breed. In 1980, there were 1,745 newspapers in the U.S.; last year the number had dropped to 1,657.

Although evening newspapers still comprise the lion's share of that total, there's been a definite trend toward morning papers.

(Continued on Page S-6)


Big spenders.
Tampa Bay is home to some of the biggest spenders in Florida. In '86, St. Petersburg-Tampa-Clearwater residents rang up $11.5-billion in total retail sales, making this metro area second in the state and third in the entire Southeast.
If you want some big spenders to spend some time with you, invest in the biggest and best newspaper in Tampa Bay, the St. Petersburg Times. Tampa Bay's most popular paper leads its closest competitor by nearly 60,000 copies daily and more than 68,000 on Sunday!*
So start thinking big. Big spenders, big audience, big profits. Call your St. Petersburg Times representative at 813/893-8249 today!
*ABC, 12 months ending 12/31/86.
St. Petersburg Times
Represented nationally by CWO & O.

Homework pays off in future readers

It's a newspaper publisher's dream: A 5-year-old kindergarten student runs into the house after a hard day at the playground. He kicks off his shoes, grabs a cookie and demands, "Where's my newspaper?"

To ensure future growth, daily newspaper executives are trying to build a franchise with future subscribers. Anyone who stands taller than an upright front page is fair game.

"If we can acquaint students with the value of a newspaper at an early age, then there's a much better chance that they'll be readers when they grow up," says Betty Sullivan, assistant director of the Reston, Va.-based American Newspaper Publishers Association Foundation. To that end, the foundation sponsors the Newspaper in Education program in cooperation with local dailies. NIE works through schools to encourage the use of newspapers as a classroom teaching aid.

NIE specialists say aspects of a newspaper can be applied to virtually every subject at every grade level. Comics can help kindergarten students identify words, percentage-off ads offer math lessons, and news stories are raw materials for current events, civics, geography and history lessons.

■ *Education programs prove a valuable lesson for daily newspaper executives*

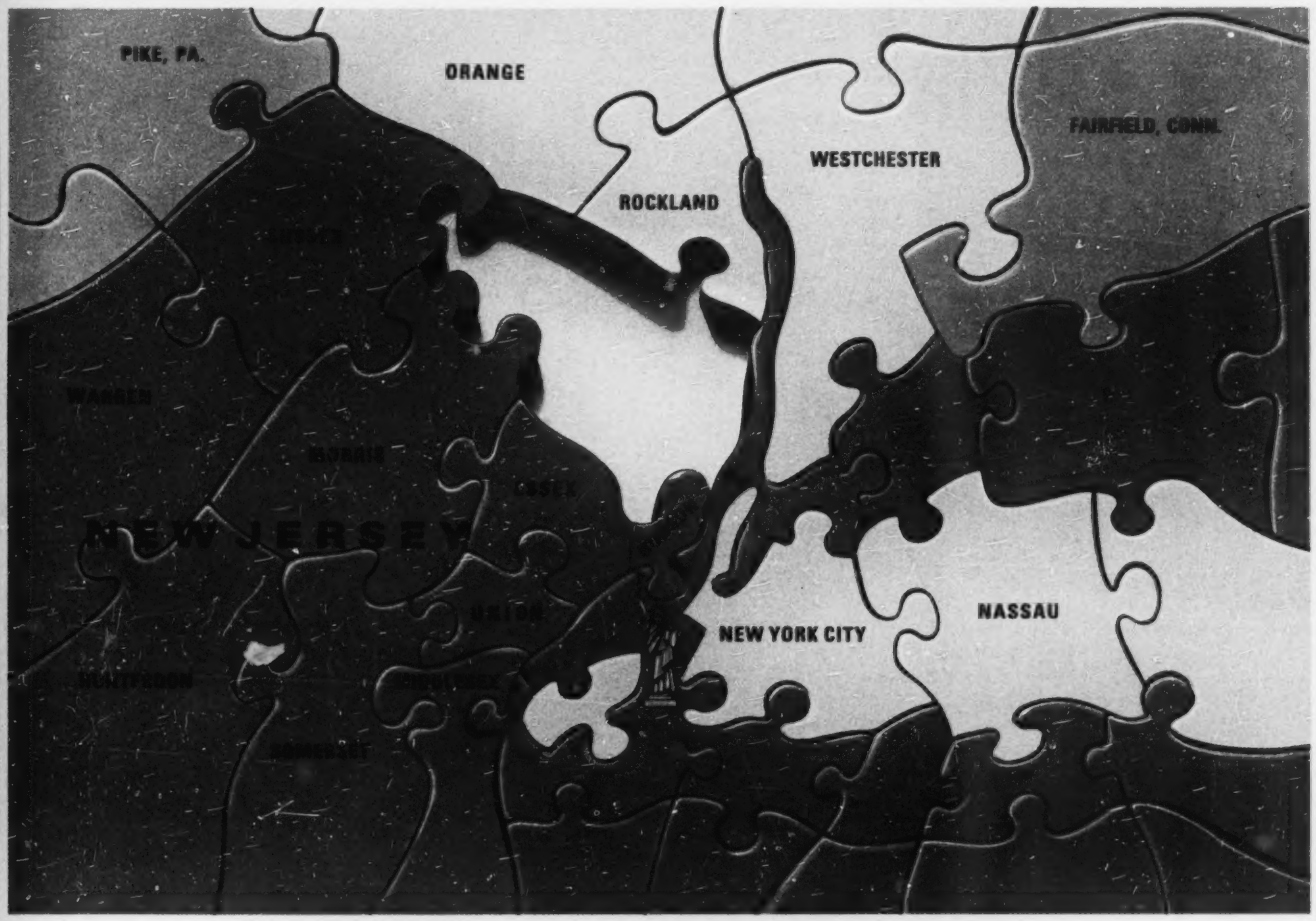
More than 700 newspapers across the country sponsor NIE programs, an increase of nearly 30% over the last three years. Individual programs range from bulk-circulation discounts to teacher-training programs backed by a full staff of NIE representatives.

Although most publishers consider their NIE efforts a community service, a 1985-86 ANPAF survey shows 83% of participating papers believe the program cultivates newspaper readership.

"It's the attitudes of teachers and parents that determine a student's attitude toward newspapers," says Patricia Houk, manager of education services for Long Island, N.Y.-based *Newsday*. "Children who come from families where newspapers are read in the home tend to be more likely to read the paper themselves. But the habit can also be learned at school."

Ms. Houk and *Newsday's* nine-person education services staff support NIE programs in about 1,200 New York area schools. The paper's specialists conduct teacher workshops and provide teaching aids for participating schools. Newspapers are provided to students at half

(Continued on Page S-8)



Is there a missing piece in your media plan?

Trying to put together a media plan for the New York ADI can be a puzzling experience if you're missing a vital piece of the market. Only one newspaper lets you complete your media picture by adding the $20.7 billion in northern New Jersey purchasing power wielded by Bergen/Passaic residents: The Record, New Jersey's largest evening newspaper.

The Record reaches more adults in the Bergen/Passaic market than any other newspaper, and assembles the readers with the greatest spending power. In fact, with The Record you have access to a market whose population of 1,293,400 places Bergen/Passaic 33rd in the nation and is comparable to such markets as San Jose and New Orleans.

With the second highest personal employment income in America, Record readers can afford to indulge in expensive vacations, new cars, financial services, and all of life's luxuries.

And indulge they do. Last year, for example, the average household in the Bergen/Passaic market spent $1,583 in apparel and accessory stores alone, placing it first among the top 50 markets in the entire nation. With a whopping $10.1 billion in total retail sales, this impressive market is 29th among the 317 markets across America.

Sixty-five percent of The Record's affluent audience cannot be reached regularly by any other newspaper. The Record's unique blend of award-winning journalism, full-color graphics and powerful demographics gives advertisers the one forum that fits the life style of Bergen/Passaic residents perfectly. The Record. In the Bergen/Passaic market, it's the one sure way to get a piece of the action.

The Record
We cover your world. All of it.
150 River Street, Hackensack, N.J. 07601
Call John E. Kimball, Director of Advertising at (201) 646-4262.

Sources: © S&MM Survey of Buying Power, 1986 The Scarborough Report, 1986 Simmons-Scarborough National Newspaper Audience Ratings Study, 1985
National Representatives: Sawyer-Ferguson-Walker Co.

Readers

(Continued from Page S-4)

In 1980, there were 387 morning and 1,388 afternoon papers in the U.S. Last year, 499 papers were delivered in the morning, 1,188 in the afternoon. Since 1985, 17 papers have moved to morning distribution, and 32 have dropped from the afternoon roster.

Aside from afternoon papers that have folded, those that switched to a morning schedule may be responding to American lifestyle trends.

"There's been a change in the structure of the American work force," says Stuart Tolley, NAB VP-director of research. "When more people had blue-collar jobs, an afternoon paper was appropriate. People went to work very early and came home early. Now more people have white-collar jobs, they don't start work until 9 and get off at 5, 5:30 or later. They have more time to read in the morning."

Readers and advertisers tend to favor morning papers; despite the large number of afternoon papers, morning circulation topped 37.4 million in 1986, while total afternoon circulation was 25 million, according to ANPA.

The one bright spot in recent newspaper circulation history has been the growth of Sunday newspapers. Since 1980, 67 papers have added Sunday editions, boosting circulation from 54.6 million to the current 58.9 million. Sunday circulation has increased 100,000 in the last year.

According to Simmons' 1987 National Study of Local Newspaper Ratings, 72% of the total adult population of markets studied read a Sunday paper, as compared to 67% for weekday papers. "Sunday papers cover a broader range of interests," says Kay Schultz, major market research director for New York-based Simmons Market Research Bureau. "And of course, on Sundays people just have more time to read."

It all comes back to that familiar refrain: Fighting for a slot on the consumer's sched-

(Continued on Page S-8)

Homework pays off

(Continued from Page S-6)

price. To get students more involved with the paper, *Newsday* occasionally sponsors special events, such as a mock election during the last New York governor's race. Students had to register to vote and cast their ballots. After election day, *Newsday* ran an article giving the results of the student ballot.

The New York Times, New York Daily News and *USA Today* also conduct NIE programs in the New York metropolitan area. "It's competition for us, but it's great for the students," Ms. Houk says.

A recent New York Board of Regents decision gave all NIE programs a boost: Now state textbook funds can be used to purchase newspapers for New York classrooms.

Edward De Roche, dean of the University of San Diego school of education, says that showing teachers how to integrate newspapers into regular classroom studies is essential to the success of NIE programs.

"We think using the newspaper is one way to bring some relevance to the classroom," he says. "The programs help youngsters realize that if they're going to be knowledgeable citizens, they're going to have to read a daily newspaper."

"There's also a transfer effect," he says. "Students who use the paper in school tend to read the paper as adults."

According to a Simmons Market Research Bureau study of the teen market, 62% of all teen-agers read a daily paper. However, other industry studies show that most adults don't begin to subscribe to a paper until age 27. The numbers suggest that between their teen years and their late 20s, most young adults read dailies sporadically.

College students do read campus publications. One Simmons study shows that 51.8% of all students read their school paper, and several magazines have had success with campus editions.

Since 1947 *The Wall Street Journal* has tried to establish an on-campus presence with its own Newspaper-In-Education program. According to Brian Moody, Educational Service bureau manager for *WSJ* parent Dow Jones & Co., about 7,500 institutions currently participate.

"We provide students with a tool to supplement their textbook education with real-life applications," Mr. Moody says. "Textbooks are dated and they take years to produce. We can add relevance to an economics lesson."

The *WSJ* program targets business professors who might use the paper in their classes. It provides discounted student subscriptions as well as special guides to teach students how to use the paper.

According to Mr. Moody, the median age of student subscribers is 23; 40% are female and most are in their junior or senior year of college. And 16% of *WSJ* college subscribers become regular subscribers later.

—Belinda Hulin-Salkin

Readers

(Continued from Page S-6)

ule. According to a 1986 Simmons study, the average adult reads three newspapers a week, down slightly from 1985. In contrast, TV viewing has risen from 22.9 hours a week in 1985 to 24.3 hours a week last year.

In addition to devoting time to other media, consumers have a full agenda of personal activities. The "newspapers stacking up unread" syndrome has driven many subscribers to switch to the occasional newsstand purchase. Publishers hope to fight that trend or find ways to measure and qualify regular newsstand readers.

"The first thing we have to do is concede that it's true . . . many people don't have time to read a newspaper every day. They're not lying," Mr. Murphy says. "We ought to stop trying to make them feel guilty about not getting through the paper every day.

"Then we need to make the paper more compelling, so people will feel that the time they do spend with the paper makes getting it worthwhile."

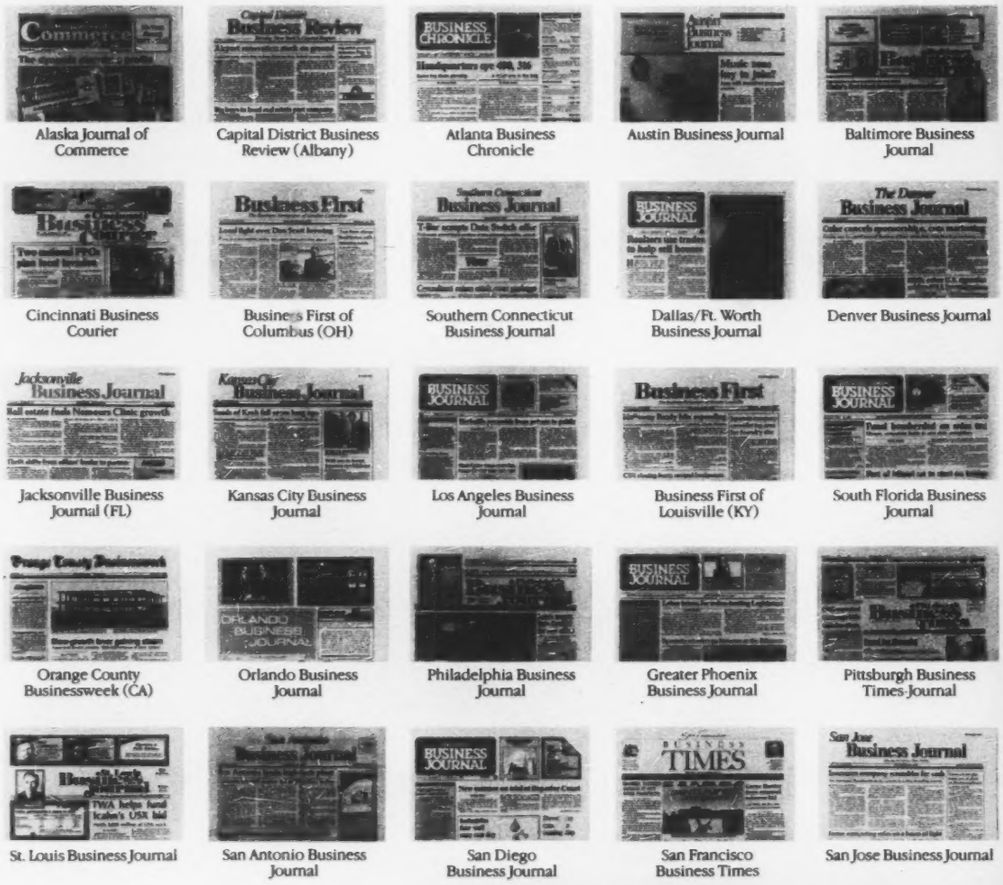
Publishers fight high dropout rate

Newspaper editors' concern about a quality product's importance in maintaining circulation may be a moot point. Although 90% of the respondents to a 1987 study rated their newspapers "good" or "excellent," those people were *former* subscribers.

The study, titled "Love us and leave us: new subscribers one year later," was conducted by the Readership & Research Committee of the American Society of Newspaper Editors. It tracked 1,745 new subscribers to nine daily papers in small, medium and large markets.

According to Bill Baker, group VP-news for Miami-based Knight-Ridder and chairman of the committee, researchers hope that analyzing attitudes among new subscribers can improve circulation retention.

"There's a lot of churn in



TRIED

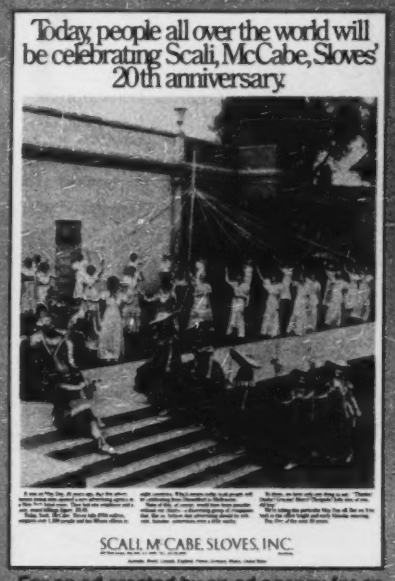
Nobody wants to gamble media dollars on new publications that are untested and unsure. That's why THE NETWORK of City Business Journals is a clear and certain media choice. Because although the name is new, its performance is tried and true. And its effectiveness for reaching corporate decision makers, in their own local business environment, is second to none.

THE NETWORK is comprised of 50 well-established, well-read weekly tabloids that focus on local business news—American City Business Journals, which now includes the former Scripps Howard Business Journals, plus other quality affiliated publications.

In all, THE NETWORK covers

Regional Sales Offices: Atlanta 404-984-8955 Boston 617-542-6913 Chicago 312-337-3981 Dallas 214-702-9597

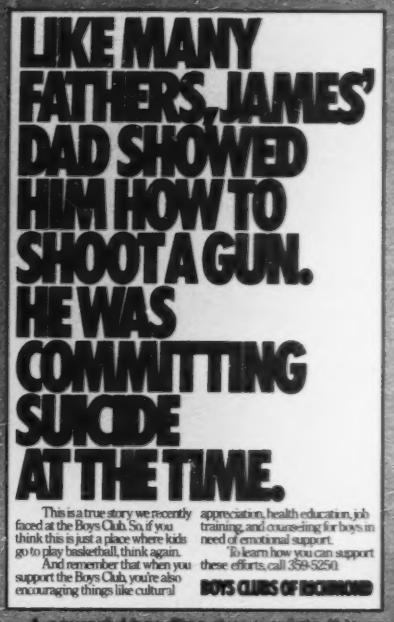
BEST OF PRESS



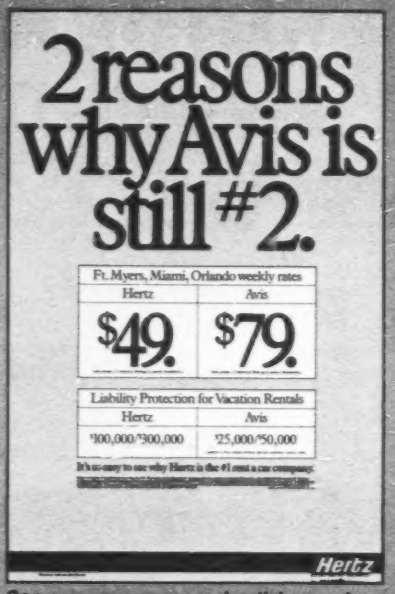
For an ad created by an ad agency for an ad agency, this one, proclaiming New York-based Scali, McCabe, Sloves' 20th anniversary last May 1, is pretty good. Creative director: Sam Scali; copywriter: Larry Cadman; art director: Earl Cavanah; photo: stock.

QUICK! OFF THE TOP OF YOUR HEAD. WHICH BATTERY STARTS THE MOST CARS AT INDY?
It's the same battery that has started more winners at Indy 500 over the past two decades than any other. And every Daytona 500 winner since 1978. The same powerful Sears DieHard* battery that has earned the trust of more people like you than any other
Things move for you when you're at Sears
replacement battery.
SEARS

A combination of an interesting graphic and a headline that complements it makes this ad work for Sears, Roebuck & Co.'s DieHard batteries, via Ogilvy & Mather, Chicago. Creative directors: Bill Waits, Tony De Gregorio; copywriter: Bill Waits; art director: John Gottschalk; photographer: Jim Hall of Lamb & Hall.

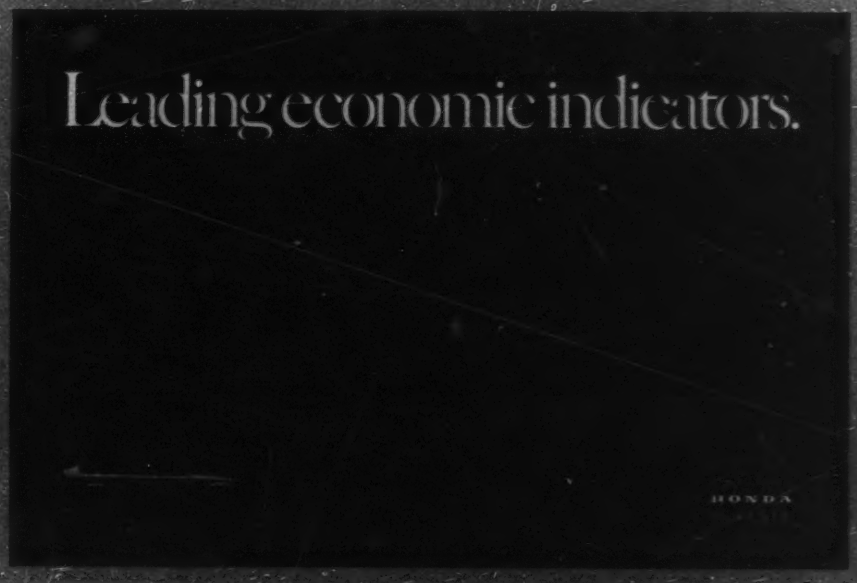

LIKE MANY FATHERS, JAMES' DAD SHOWED HIM HOW TO SHOOT A GUN. HE WAS COMMITTING SUICIDE AT THE TIME.
This is a true story we recently faced at the Boys Club. So, if you think this is just a place where kids go to play basketball, think again.
And remember that when you support the Boys Club, you're also encouraging things like cultural appreciation, health education, job training, and counseling for boys in need of emotional support.
To learn how you can support these efforts, call 358-5250.
BOYS CLUBS OF RICHMOND

A powerful headline drew us into the public service ad for the Boys Clubs of Richmond, from the Martin Agency, Richmond, Va. Creative director: Barbara Ford; art director: Wayne Gibson; copywriter: Andy Ellis.



Some say newspaper advertising works best when it's short and to the point. The headline here, from Scali, McCabe, Sloves, New York, will catch the eye of just about anyone who's heard the famous Avis slogan, and the copy is quickly and easily absorbed. Creative director: Sam Scali; copywriter: Jamie Shevell; art director: Carl Stewart.

Best of Press selections are made by a committee of three: Hank Simons, VP-creative director of the Newspaper Advertising Bureau; James Dunaway, VP-information at the bureau; and William F. Gloede, Advertising Age's newspaper industry reporter. National System Inc., St. Louis, provides tearsheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review. Submissions should be sent to Mr. Gloede in AA's New York bureau.



Time was when you'd have to be crazy to try to run a color ad like this in a newspaper. But in 1987, in *USA Today*, it can make you feel like you're behind the wheel of a new Honda Civic CRX HF. Rubin Postaer & Associates, Los Angeles, topped the illustration with a good headline and strengthened it with short, informative copy. Creative director: Larry Postaer; copywriter: Carole Larson; art director: Jason Wong; photographer: Jay Ahrends.

Ad spending rises 8.3%

NEW YORK—April advertiser spending in major-market newspapers in 16 categories rose 8.3% from April 1986 to $312.6 million, according to the ADVERTISING AGE Flash Report of Newspaper Advertising Investments.

Although all but four categories showed increases, the magnitude of the declines in those four categories dampened what would have been a strong month.

The overall increase was led by three major categories: food stores, up 27.8% to $37.6 million; general-merchandise stores, up 14.6% to $47.1 million; and new passenger cars, up 47.9% to $27 million.

The big gains were partially offset by drops in spending by department stores, down 1.8% to $90 million, and cigarette marketers, down 69.9% to slightly more than $2 million.

Among other categories showing gains were amusements, up 2.7% to $29.6 million; computer stores and supplies, up 5.7% to $4.6 million; radio-TV-phonographs-records, up 3% to $18.8 million; cameras, photo supplies and services, up 91.3% to $470,582; computers, equipment and services, up 7.8% to $3.8 million; public service utilities and communications, up 9.6% to $6.6 million; publishing and media, up 24.3% to $14.2 million; airlines, up 1.3% to $14.7 million; and banks and trust companies, up 20.6% to $12.4 million.

Other declining categories included alcoholic beverages, down 25.7% to $1.5 million; and stock, bond and investment houses, down 7.7% to $2.2 million. The Flash Report, prepared by Media Records here, is based on SAU inch measurements in 27 daily and 23 Sunday newspapers in 15 top markets.#

FLASH REPORT: Newspaper advertising investment for April

April 1987	DOLLARS		CHANGE	
CATEGORIES	1987	1986	ACTUAL $ G OR L	% G OR L
Amusements	$29,617,611	$28,829,917	+787,694	+2.7
Computer stores & supplies	4,592,632	4,344,191	+248,441	+5.7
Department stores	90,031,263	91,643,295	−1,612,032	−1.8
Food stores	37,998,970	29,488,793	+8,201,177	+27.8
Radio, tv, phonographs, records	18,799,207	18,046,937	+752,270	+4.0
General merchandise stores	47,154,778	41,137,068	+6,017,710	+14.6
Alcoholic beverages	1,511,405	2,032,843	−521,438	−25.7
Cameras, photo supplies & services	470,582	21,475	+449,107	+91.3
Computers, equipment & services	3,873,754	3,592,992	+280,762	+7.8
Public service utilities & communications	6,615,832	6,034,475	+581,357	+9.6
Publishing & media	14,242,441	11,458,775	+2,783,663	+24.3
Cigarettes	2,030,861	6,740,919	−4,710,038	−69.9
Airlines	14,732,488	14,545,522	+186,966	+1.3
Passenger cars-new	25,997,089	18,251,821	+8,745,168	+47.9
Banks & trust companies	12,424,494	10,308,365	+2,116,129	+20.6
Stock, bond & investment houses	2,243,964	2,432,400	−188,446	−7.7

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 39 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

JULY

— Art & antiques —

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Art & Antiques (10X)	—	—	389.5	318.8
Art News (10X)	—	—	676.4	593.0
Southwest Art	73.1	65.7	598.0	493.0
Total Group	**73.1**	**65.7**	**1,663.9**	**1,404.9**
% change		11.3%		18.4%

— Auto/cycle/rec. vehicles —

Autoweek (52X)	142.3	127.2	1,039.7	995.5
Car & Driver	103.3	88.6	667.8	644.7
Car Collector & Car Classics	14.0	16.5	118.6	107.5
Car Craft	92.9	74.6	608.9	512.5
Circle Track	83.6	67.7	536.8	439.9
Cycle	41.1	34.6	364.4	360.3
Cycle World	46.0	32.3	400.6	385.8
Dirt Rider	33.3	33.6	251.7	307.7
Dune Buggies & Hot VWs	81.3	91.8	534.3	612.1
Family Motor Coaching	187.8	164.1	1,110.2	1,062.2
4 Wheel & Off-Road	104.0	96.6	611.7	606.0
Four Wheeler	83.0	82.0	600.0	586.0
Hot Rod	75.9	59.2	540.9	440.7
Motorcyclist	75.4	48.1	379.8	381.0
Motor Trend	68.9	58.2	573.7	470.6
Motorhome	79.6	90.8	587.4	667.5
Rider	38.5	51.9	323.9	400.5
Road & Track	95.7	94.0	733.1	707.7
3 Wheeling	52.3	57.6	298.1	288.1
Trailblazer	48.3	31.5	324.6	262.0
Trailer Life	106.1	107.0	734.1	833.6
Total Group	**1,653.3**	**1,500.9**	**11,340.4**	**11,071.8**
% change		10.2%		2.4%

— Boating & yachting —

Boating	126.3	101.5	1,107.0	1,016.3
Chesapeake Bay	41.3	36.3	313.1	260.1
Cruising World	116.0	124.6	810.0	878.4
Lakeland Boating (11X)	60.2	59.5	519.6	490.5
Motor Boating & Sailing	130.7	131.8	1,199.3	1,286.5
Sail	74.2	84.8	765.3	791.9
Small Boat Journal(6X)	—	—	183.4	166.8
Trailer Boats(11X)	41.3	32.9	430.8	329.4
Western Boatman(6X)	32.8	30.0	155.3	162.8
Yachting	116.9	113.0	996.0	1,002.0
Total Group	**739.7**	**714.4**	**6,479.8**	**6,384.6**
% change		3.5%		1.5%

— Canadian —

L'Actualite	49.8	51.8	544.2	572.1
Chatelaine:				
English Edition A.	55.7	70.4	521.0	650.0
French Edition	48.4	46.0	480.1	551.3
City & Country Home(10X)	—	—	283.8	269.9
Equinox	28.0	32.2	145.1	147.2
Flare A.	36.1	35.3	505.1	478.3
Harrowsmith-Canada (6X)	33.0	28.8	168.0	155.0
Macleans (52X) A.	52.4	66.6	723.2	853.6
Moneywise	27.9	25.8	226.2	254.6
Reader's Digest:				
Canadian-English A.	26.4	46.6	390.2	546.5
Canadian-French A.	17.0	59.8	291.0	476.7
Toronto Life	57.7	57.5	609.9	584.0
Vancouver	51.8	69.1	435.3	500.5
Total Group	**484.2**	**589.9**	**5,323.2**	**6,039.7**
% change		-17.9%		-11.9%

— Civic/fraternal —

American Legion	29.2	22.6	221.5	168.3
Elks (10X)	—	—	121.8	112.1
Kiwanis	—	—	107.1	107.5
Lion (10X)	—	—	49.2	30.0
Rotarian	12.1	11.7	102.5	100.5
V.F.W. (11X)	—	—	193.5	163.9
Total Group	**41.3**	**34.3**	**795.6**	**682.3**
% change		20.4%		16.6%

— Comics —

DC Comics	4.5	5.0	42.0	36.0
Marvel Comics Group	9.0	8.0	62.0	51.0
Total Group	**13.5**	**13.0**	**104.0**	**87.0**
% change		3.8%		19.5%

— General —

American Health (10X)	84.4	74.7	443.2	364.0
American West (6X)	30.2	42.0	147.5	168.8
The Atlantic A.	28.2	17.8	234.2	250.7
Bon Appetit A.	63.0	61.7	552.9	549.7
Changing Times	42.4	42.8	439.9	335.5
Connoisseur	33.2	28.0	481.4	466.1
Consumers Digest (6X)	11.7	19.5	87.0	108.5
Ebony	81.8	77.5	634.5	655.6
Food & Wine	51.3	35.1	375.9	307.0
Games (6X)	—	—	58.8	151.5
Golden Years	34.0	25.0	458.4	163.8
Gourmet	75.9	62.0	664.6	615.6
Harper's A.	24.1	17.5	207.9	159.9
Harrowsmith (6X)	40.3	30.8	185.7	153.1
Let's Live	43.0	49.0	321.0	339.0
Life	39.0	49.6	307.1	383.0
Modern Maturity (6X)	45.9	43.8	142.7	129.4
Money	93.3	97.7	863.7	858.5
Money Maker	—	—	12.2	—
Mother Earth News (4X)	—	—	34.2	30.5
Mother Earth News (6X)	—	—	163.6	158.8
National Geographic	15.7	20.3	138.7	157.8
National Geographic Traveler (4X)	—	—	86.0	78.5
Natural History	29.2	36.5	233.4	284.2
Prevention	59.7	54.9	439.5	430.3
Psychology Today	25.2	26.6	212.6	192.4
Reader's Digest A.	79.1	70.4	660.6	676.9
Rx Being Well (6X)	21.0	18.5	91.0	74.5
Saturday Evening Post (9X)	41.3	38.7	210.7	189.3
Smithsonian	66.8	72.4	546.0	542.7
Sylvia Porter's Personal Finance (10X)	41.2	37.2	302.1	248.7
Town & Country	85.5	55.0	768.3	761.6
Travel-Holiday	22.1	26.6	297.2	297.3
Travel & Leisure	83.5	62.1	667.7	730.8
Vanity Fair	46.1	21.1	363.3	274.5
Writer's Digest	20.3	19.1	192.5	174.5
Yankee	51.7	56.3	520.6	485.0
Total Group	**1,516.8**	**1,390.1**	**12,546.4**	**11,948.1**
% change		9.1%		5.0%

— Home —

Americana (6X)	11.7	17.2	80.9	111.4
Architectural Digest A.	74.4	63.1	824.1	834.2
Better Homes & Gardens	86.2	74.5	746.2	763.5
Colonial Homes (6X)	53.1	46.8	253.4	250.2
Columbus Monthly-Homes (4X)	34.6	29.4	86.9	81.7
Country Home (6X)	51.3	34.7	200.6	175.8
Country Living	62.4	60.8	579.7	490.0
Dallas/Ft. Worth Home & Garden	57.8	71.2	411.7	550.0
Family Handyman (10X) A.	48.8	50.7	351.5	388.4
Flower & Garden (6X)	—	—	139.1	130.0
Home	43.1	37.1	351.1	333.0
Home Mechanics	43.2	41.3	398.8	427.5
The Homeowner (10X)	31.3	25.1	210.9	187.8
Horticulture	30.3	32.0	272.9	278.0
House Beautiful	50.2	39.4	477.3	504.3
House & Garden	72.6	52.0	635.9	626.8
Houston Home & Garden	56.2	70.0	489.2	529.8
Metropolitan Home	40.5	32.2	438.2	401.7
1,001 Home Ideas	39.4	30.1	345.2	269.8
Phoenix Home/Garden	60.3	60.3	494.4	467.3
Practical Homeowner	45.8	55.0	282.1	317.7
Rodale's Organic Gardening	27.3	50.4	366.0	445.2
San Diego Home/Garden	64.5	70.5	478.1	487.3
South Florida Home/Garden	27.4	25.2	204.5	211.0
Southern Accents (6X)	69.1	59.9	357.9	377.9
Southern Living	98.7	99.8	839.6	993.2
Sunset Magazine A.	100.4	117.0	848.7	993.1
Workbench (6X)	34.8	31.5	180.7	191.3
Total Group	**1,415.2**	**1,377.0**	**11,345.5**	**11,817.8**
% change		2.8%		-4.0%

— In-flight & other passenger —

Alaska Airlines	51.5	65.3	381.6	404.7
America West Airlines	50.2	30.0	312.0	137.8
American Way (24X)	94.0	75.0	675.1	644.0
Brighton Inflight Group:				
Braniff	20.2	14.2	101.2	76.8
Continental	39.2	32.5	297.9	217.6
Hawaiian Air (6X)	26.7	—	57.6	—
East/West Network:				
Eastern Review	49.3	71.3	481.7	739.6
Northwest	45.3	48.7	306.8	326.3
PSA Magazine	82.0	80.2	552.3	619.0
Pan Am Clipper	34.2	39.3	285.6	324.7
Spirit	59.0	83.8	407.7	694.8
TWA Ambassador	45.3	—	334.1	—
Vis 'A Vis	47.8	66.2	392.8	684.2
Halsey Publications:				
Air Cal	32.9	51.2	400.6	347.0
Delta Sky	78.3	61.5	544.0	523.8
US Air	53.5	41.3	323.5	307.0
Piedmont Airlines' Pace	71.7	50.6	590.0	557.4
Spirit of Aloha (6X)	29.4	29.1	215.4	197.6
Total Group	**910.5**	**840.0**	**6,660.0**	**6,802.3**
% change		8.4%		-2.1%

— Men's —

Esquire A.	46.0	41.3	579.2	663.0
Firehouse Magazine	27.5	23.0	292.3	293.9
Gentlemen's Quarterly A.	69.3	86.6	875.0	945.6
M Magazine	61.3	24.6	446.3	344.9
Penthouse A.	41.2	34.7	288.6	251.1
Playboy A.	48.6	62.6	363.5	449.4
Salute (8X)	21.8	24.0	122.9	67.2
Total Group	**315.6**	**296.8**	**2,967.7**	**3,015.1**
% change		6.3%		-1.6%

— Metropolitan —

Aloha (6X)	42.4	28.3	129.4	114.0
Atlanta	47.0	39.4	393.4	363.3
Baltimore	70.6	67.0	487.8	499.0
Boston	147.8	144.2	1,045.9	1,023.7
California	40.0	38.9	392.9	431.5
Chicago	75.1	126.8	716.5	857.6
Chicago's North Shore	77.8	70.8	565.2	536.0
Cincinnati	76.4	403.0	53.0	405.2
Cleveland	69.6	73.5	481.6	503.1
Coast (39X)	273.7	300.0	1,174.2	1,408.2
Columbus Monthly	82.7	78.1	462.6	461.0
Connecticut	56.4	73.2	653.0	635.2
D/Magazine, Dallas/Ft. Worth	80.5	104.5	754.4	854.3
Denver	38.1	36.0	240.3	248.6
Detroit Monthly	63.2	38.3	495.3	519.0
Grand Rapids	59.5	53.8	270.2	262.3
Gulf Shore Life (10X)	—	—	568.8	496.0
Honolulu	54.5	53.7	389.6	395.9
Madison	53.0	52.0	454.0	446.0
Memphis	62.0	68.0	517.0	494.0
Metropolitan Detroit	49.2	84.2	454.7	530.4
Miami/South Florida	37.0	43.9	372.7	501.5
Mid Atlantic Country	28.8	32.1	249.3	280.5
Milwaukee	59.0	56.5	400.1	450.9
Minneapolis/St. Paul	82.5	77.0	707.6	634.4
Nashville	35.0	73.0	281.0	282.0
New England Monthly	35.0	39.8	309.1	260.2
New Jersey Monthly	79.8	65.2	596.9	532.1
Ohio	35.0	43.8	389.1	394.0
Oregon (6X)	—	—	149.0	—
Orlando	101.0	98.8	693.5	653.7
Palm Beach Life	20.6	22.5	465.1	444.3
Palm Springs Life	39.3	42.0	716.5	709.4
Philadelphia	180.8	119.4	997.5	864.6
Phoenix	41.7	59.4	455.5	622.8
Pittsburgh	41.2	43.4	465.5	438.9
St. Louis	55.8	66.3	367.7	320.1
San Diego	123.3	116.0	936.5	939.2
San Francisco Focus	63.5	63.7	618.2	615.6
Texas Monthly	75.6	85.7	650.1	866.2
Twin Cities	44.1	42.6	431.7	351.5
The Virginian (6X)	62.0	58.0	236.6	233.0
Washington (7X)	59.5	83.0	240.5	311.0
The Washingtonian	103.6	121.6	989.9	1,006.3
Total Group	**2,923.6**	**3,387.3**	**22,419.1**	**23,196.1**
% change		-13.7%		-3.3%

— Movie/romance/radio/tv —

Macfadden's Women's Group:				
Modern Romances	19.6	22.2	160.4	146.2
Secrets	19.6	22.2	160.4	146.2
True Confessions	19.6	22.2	160.4	146.2
True Experience	19.6	22.2	160.4	146.2
True Love	19.6	22.2	160.4	146.2
True Romance	19.6	22.2	160.4	146.2
Sterling Women's Group:				
Daytime TV	24.5	26.5	172.6	178.0
Modern Screen (6X)	—	—	43.5	47.5
Movie Mirror (6X)	—	—	14.5	17.5
Soap Opera Stars (6X)	—	—	47.5	49.6
TV Movie Screen (6X)	—	—	21.9	25.9
TV Picture Life (6X)	3.0	—	11.3	10.6
Total Group	**144.9**	**159.7**	**1,273.5**	**1,206.0**
% change		-9.3%		5.6%

— Music/entertainment —

Audio	57.7	68.3	533.7	511.7
Dance Magazine	37.5	30.7	328.3	268.7
Playbill	40.0	37.2	304.1	299.3
Spin	30.4	31.5	191.7	205.6
Stereo Review	57.5	69.5	528.3	488.2
Video Magazine	52.0	74.5	469.3	523.0
Total Group	**275.0**	**311.7**	**2,355.4**	**2,296.5**
% change		-11.8%		2.6%

— National Sunday magazines —

Parade (52X)	38.0	36.4	328.6	364.3
Total Group	**38.0**	**36.4**	**328.6**	**364.3**
% change		4.4%		-9.8%

— Outdoor & sport —

Alaska	26.7	36.7	249.4	303.4
The American Handgunner (6X)	53.0	42.0	174.0	142.0
American Hunter	15.7	12.2	117.2	120.4
American Rifleman	15.2	18.8	155.9	157.7
Backpacker (6X)	29.7	33.3	122.1	119.3
Bass Master (10X) A.	—	—	434.4	353.8
Bicycling (9X)	79.8	66.2	619.3	526.9
Ducks Unlimited (6X)	30.0	30.0	101.6	109.7
Field & Stream	73.5	62.7	592.4	624.0
Fins & Feathers A.	47.8	27.2	258.7	274.1
Fishing World	20.0	11.6	169.4	178.0
Flying	47.3	44.7	313.5	262.6
Golf Digest	63.4	73.3	793.6	750.0
Golf Magazine	49.7	45.2	600.0	565.5
Gun Dog (6X)	32.2	30.3	123.9	118.5
Guns	32.0	31.0	184.0	214.0
Guns & Ammo	43.1	40.3	301.4	324.3
In-Fisherman (6X)	54.5	61.5	316.5	271.5
Muscle & Fitness	123.6	115.4	846.3	763.7
Outdoor Life	74.3	56.4	564.0	549.4
Outside Magazine	49.0	53.6	366.6	347.0
Petersen's Hunting	44.9	43.0	309.6	289.0
Rudner's World (13X)	28.0	20.6	256.9	215.4
Southern Outdoors Saltwater (8X)	30.6	—	202.7	—
Salt Water Sportsman	110.3	53.7	821.1	716.1
Sierra (6X)	31.5	39.5	150.9	165.9
Shooting Times	25.4	25.3	227.4	247.0
Ski (8X) A.	36.4	40.1	252.2	249.2
Skiing (7X) A.	—	—	203.3	170.6
Skin Diver	123.3	97.3	761.6	667.1
Southern Outdoors (9X)	36.5	31.9	292.2	224.4
Sport	46.3	32.5	273.4	269.5
Sports Afield	46.2	56.6	618.4	516.6
Tennis	90.2	83.2	527.6	527.4
Waterski (8X)	64.3	52.0	331.3	265.3
Western Outdoors (10X)	—	—	280.3	301.7
Wildfowl (6X)	—	—	30.2	29.4
Wing & Shot	13.4	—	46.9	—
World Tennis	37.1	27.0	218.8	215.7
Total Group	**1,724.9**	**1,496.1**	**13,209.0**	**12,145.9**
% change		15.3%		8.8%

A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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JULY

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Photography —				
American Photographer	45.5	45.3	250.7	261.8
Petersen's Photographic	24.1	25.4	191.8	178.0
Popular Photography	84.0	68.5	498.3	457.9
Total Group	**153.6**	**139.2**	**940.8**	**897.7**
% change		10.3%		4.8%
— Religious —				
Charisma	46.9	43.3	350.6	380.9
Christian Herald (11X)	28.2	26.3	195.9	194.4
Christianity Today (18X)	21.8	31.0	306.7	305.0
Ministries Today (6X)	—	—	122.4	177.9
Our Sunday Visitor (52X)	8.3	9.2	90.7	74.5
Today's Christian Woman (6X)	27.0	14.5	142.5	110.5
Total Group	**132.3**	**124.3**	**1,208.8**	**1,243.2**
% change		6.4%		-2.8%
— Science/electronic/mechanic —				
Discover	35.9	35.0	312.3	216.8
Family Computing	30.5	33.5	298.7	288.7
Omni	54.9	50.9	404.8	388.2
Personal Computing	163.7	99.6	1,046.1	792.3
Popular Mechanics	83.1	140.5	632.3	689.1
Popular Science	56.4	49.9	491.2	489.9
Scientific American	32.5	24.2	295.8	229.3
Spectrum	52.5	57.8	446.8	585.4
Total Group	**509.4**	**491.4**	**3,927.8**	**3,679.6**
% change		3.7%		6.7%
— Woman/fashion/service —				
Bride's Magazine (6X) A.	—	—	1,268.9	1,099.8
Cosmopolitan A.	119.5	140.7	1,328.0	1,368.9
Essence	72.6	64.4	533.2	548.2
Family Circle (17X) A.	78.6	84.4	812.3	957.7
Glamour	99.4	101.1	1,187.1	1,152.5
Good Housekeeping A.	114.3	130.7	943.0	1,117.0
Harper's Bazaar	53.8	63.1	782.5	799.4
Health	49.9	37.3	337.4	282.9
Ladies' Home Journal	85.6	76.1	679.0	758.0
Mademoiselle	68.0	73.7	930.2	808.8
McCall's	81.2	71.2	632.7	623.1
Military Lifestyle	50.1	57.6	323.6	320.6
Modern Bride (6X)	—	—	1,066.0	927.0
Ms.	107.7	36.5	321.9	274.9
New Woman	55.9	66.7	552.5	493.6
Parents Magazine A.	89.7	93.8	702.8	625.0
Redbook	77.0	74.8	656.9	639.5
Self	62.6	72.0	661.9	640.9
Seventeen	80.2	64.6	763.2	695.7
Shape	67.2	67.9	494.7	495.7
Soap Opera Digest (26X)	15.2	16.2	113.1	105.1
Teen Magazine	46.7	38.6	371.5	327.1
True Story A.	42.0	46.7	324.7	318.0
Vogue	130.2	105.2	1,558.5	1,515.6
W Magazine	130.5	50.3	775.4	655.9
Woman (9X)	36.0	—	170.0	78.5
Weight Watchers	36.0	30.7	227.9	233.1
Woman's Day (16X) A.	96.7	135.0	874.6	908.7
Women's Sports & Fitness	18.0	22.3	159.8	144.8
Workbasket	—	—	190.4	208.7
Working Mother	64.6	49.7	527.6	447.2
Working Woman	66.0	75.6	650.6	696.0
Total Group	**2,095.0**	**1,946.8**	**20,921.6**	**20,267.9**
% change		7.6%		3.2%
— Youth —				
Boys' Life	13.5	11.2	107.6	105.8
Campus Life (10X)	37.9	21.1	231.1	228.6
Total Group	**51.4**	**32.3**	**338.7**	**334.4**
% change		59.1%		1.3%

JUNE

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Business/national —				
Barron's	251.5	212.6	1,282.0	1,164.0
Black Enterprise	227.7	224.1	485.9	530.2
Business Week (52X) A.	430.6	346.1	2,126.6	1,881.0
Business Month	37.5	64.4	216.8	289.5
Financial World (26X)	73.3	54.0	391.5	300.6
Forbes (26X)	318.4	357.9	1,552.4	1,610.1
Fortune (26X)	271.5	245.1	1,371.3	1,293.3
Frequent Flyer	66.7	54.7	341.4	351.8
Futures	49.4	42.4	297.0	254.0
Inc. Magazine A.	112.6	114.0	549.6	545.1
Income Opportunities	71.9	59.3	411.9	320.2
Industry Week (25X) A.	94.5	94.5	463.7	549.7
Nation's Business (12X) A.	33.9	41.3	178.1	215.6
Savvy	30.5	33.4	210.3	195.—
Venture	64.4	78.6	384.4	416.5
Total Group	**2,134.4**	**2,022.3**	**10,262.9**	**9,917.1**
% change		5.5%		3.5%
— Business/regional —				
Advantage-Nashville's Bus. Mo.	57.0	62.0	331.0	351.0
Arizona Bus. Gazette (52X)	48.5	37.1	216.6	193.4
Baltimore Bus. Journal	98.7	88.7	515.9	424.6
Boston Bus. Journal (52X)	155.6	137.2	837.3	838.2
Business Atlanta	102.7	110.6	378.7	391.9
Business First of Buffalo	54.4	64.9	355.1	364.0
Business First of Columbus	135.2	87.1	620.5	487.5
Business Journal-Milwaukee	153.4	99.3	717.9	610.2
Business Journal-Sacramento	68.2	59.6	362.0	259.4
Business North Carolina	62.5	42.0	263.6	238.6
Capital Dist. Bus. Review (52X)	104.8	—	399.8	—
Cincinnati Business Courier	137.8	87.0	511.8	379.8
Corporate Report Kansas City	26.1	31.1	136.1	186.2
Corporate Report Minnesota	89.0	66.0	446.0	461.0
Crain's Chicago Bus. (52X)	156.0	204.0	873.0	1,002.0
Crain's Cleveland Bus. (52X)	69.6	70.3	358.1	357.8
Crain's Detroit Bus. (52X)	82.9	74.1	445.4	365.1
Crain's New York Bus. (52X)	59.4	48.1	220.7	215.3
Florida Trend (13X)	61.1	58.6	493.7	498.8
Georgia Trend	49.2	43.7	404.5	307.5
Grand Rapids Bus. Journal	45.7	41.9	259.1	201.8
Hawaii Business	52.2	44.7	261.5	266.7
Indianapolis Bus. Journal (52X)	139.3	166.1	802.7	866.7
Intercorp-Connecticut (26X)	78.0	91.0	490.5	590.0
Kansas City Bus. Journal	86.0	145.4	734.3	588.9
Los Angeles Bus. Journal(55X)	428.3	248.2	124.5	46.5
Manhattan Inc.	76.0	72.1	448.4	412.3
New England Bus. (20X) A.	103.8	—	410.8	488.5
Pacific Bus. News (52X)	132.2	149.0	681.7	697.8
Philadelphia Bus. Journal (52X)	176.8	129.9	834.5	673.2
Pittsburgh Bus. Times (52X)	117.6	115.5	712.0	594.8
Providence Business News	91.5	37.9	424.7	73.2
Regardie's/Washington	134.1	123.7	841.6	736.6
San Diego Bus. Journal (52X)	33.0	44.0	198.0	184.0
St. Louis Bus. Journal (52X)	134.4	163.3	760.1	833.4
Texas Business	33.6	84.9	188.8	351.2
Warfields Monthly Baltimore	65.2	43.0	398.2	178.8
Total Group	**3,698.6**	**3,172.1**	**17,459.0**	**15,716.7**
% change		16.6%		11.1%
— National Sunday magazines —				
Parade (52X)	40.4	59.4	200.6	327.9
USA Weekend (52X)	31.3	45.2	238.8	313.2
Total Group	**71.7**	**104.6**	**529.4**	**641.1**
% change		-31.5%		-17.4%
— Newspaper Sunday magazines —				
Boston Globe	184.7	157.5	1,113.5	1,104.3
Chicago Tribune	99.6	94.3	644.7	546.0
Cleveland Plain Dealer	50.7	52.9	363.0	291.1
Columbus Dispatch	39.9	35.9	233.7	243.4
Detroit News	74.0	72.0	435.0	456.0
L.A. Times	52.7	53.7	362.7	444.7
Louisville Courier-Journal	37.0	49.0	404.0	316.0
Miami Herald	29.5	56.1	238.6	270.7
New York Times Magazine	204.8	302.0	1,919.6	1,882.6
Philadelphia Inquirer	71.0	66.0	412.0	407.0
Seattle Times	54.0	43.0	340.0	319.0
St. Louis Post Dispatch	64.3	54.0	429.3	332.7
Toledo Blade Magazine	38.2	28.3	254.1	259.7
Washington Post	121.3	93.7	815.1	738.1
Total Group	**1,121.7**	**1,158.4**	**7,965.3**	**7,611.3**
% change		-3.2%		4.7%
— Weeklies/bi-weeklies —				
The Advocate (26X)	150.8	126.7	813.4	795.0
Army Times Military Group:				
Air Force Times (52X)	169.2	199.8	1,031.4	1,103.5
Army Times (52X)	469.6	191.0	948.2	999.9
Navy Times (52X)	182.3	203.4	994.8	1,073.7
Capper's (26X)	15.6	16.8	188.7	166.7
Commonweal (22X)	3.5	3.1	57.1	43.4
Golf World (43X)	124.8	110.2	627.5	580.5
Grit (52X) A.	21.8	23.0	174.8	147.6
National Journal (50X)	59.8	59.0	400.5	365.6
National Review (25X)	30.1	16.8	184.6	182.6
New Republic (48X)	58.0	44.8	238.1	217.0
New York Magazine (50X)	325.8	345.6	1,498.1	1,531.3
New Yorker	168.8	193.8	1,140.2	1,180.0
Newsweek (52X) A.	266.1	232.0	1,256.1	1,197.5
People (52X)	267.6	365.1	1,659.2	1,789.3
Rolling Stone (25X)	155.1	101.7	738.1	603.4
Sporting News (52X)	51.1	44.3	302.2	311.8
Sports Illustrated (52X) A.	229.6	242.6	1,290.9	1,362.1
Time (52X) A.	200.6	225.5	1,185.4	1,252.8
Travelhost (52X) C.	3,004.0	3,457.0	17,755.0	18,352.0
TV Guide (52X) A.	184.8	182.6	1,784.2	1,800.5
TV Update (52X) C.	2,679.0	2,634.0	14,014.0	13,639.0
Us Magazine (26X)	51.0	68.0	280.6	242.9
U.S. News & World Report (52X) A.	126.4	153.7	746.2	775.3
Total Group	**8,995.5**	**9,240.3**	**49,309.3**	**49,713.2**
% change		-2.6%		-0.8%
— Foreign —				
Business Week Int'l (52X)	156.6	147.2	672.1	751.8
De Armas Publications:				
Geomundo:				
Central America	12.0	5.0	38.0	22.0
Chile	10.0	7.0	32.0	24.0
Colombia	18.5	11.5	73.5	46.8
Ecuador	10.0	4.0	35.0	17.0
Mexico	9.5	11.0	45.0	36.5
Peru	10.0	4.0	31.0	16.0
Puerto Rico	8.0	1.0	34.0	10.0
U.S.	5.0	8.0	23.7	29.0
Venezuela	18.5	11.0	85.0	61.0
Hombre De Mundo:				
Centrcl America	9.0	4.0	32.0	35.0
Chile	8.0	6.0	32.0	36.0
Colombia	20.5	12.5	59.8	87.2
Ecuador	7.0	6.0	31.0	30.0
Mexico	18.5	19.5	57.0	90.0
Peru	6.0	2.0	22.0	21.0
Puerto Rico	13.0	6.0	36.0	31.0
U.S.	10.7	18.5	71.3	68.0
Venezuela	34.5	23.5	98.0	111.0
Ideas Para Su Hogar:				
Colombia	15.0	14.5	58.5	58.7
Ecuador	5.0	4.0	16.0	12.0
Mexico	7.0	12.0	39.7	31.3
Peru	5.0	5.5	26.0	17.5
U.S.	4.5	4.0	25.2	20.0
Venezuela	11.0	14.5	38.0	58.7
Mecanica Popular:				
Argentina	5.3	2.7	42.2	16.0
Central America	11.0	8.8	54.3	53.7
Chile	6.7	5.0	26.0	28.3
Colombia	15.7	13.8	106.5	89.0
Mexico	15.3	12.2	100.5	55.8
Peru	12.5	9.8	67.3	56.7
Puerto Rico	10.2	5.8	45.3	39.7
U.S.	6.5	7.5	31.3	36.5
Venezuela	12.7	13.5	89.0	61.3
Vanidades Continental:				
Central America	18.3	13.7	85.7	77.2
Chile	8.7	4.3	25.0	22.0
Colombia	88.8	84.2	345.5	324.2
Ecuador	22.8	11.0	104.2	92.2
Mexico	84.3	80.0	412.7	365.7
Peru	16.8	17.5	88.2	57.2
Puerto Rico	28.8	15.0	201.2	166.0
U.S.	41.5	37.7	302.5	242.7
Venezuela	37.2	27.8	210.2	174.7
Hearst International Publications:				
Buenhogar:				
Central America	1.0	3.0	4.0	7.0
Chile	1.0	2.0	7.0	8.0
Colombia	41.3	34.7	152.5	162.4
Ecuador	17.0	14.0	56.0	61.0
Mexico	30.3	29.5	163.5	161.8
Peru	14.0	12.5	55.5	36.5
Puerto Rico	4.0	11.0	19.8	51.5
U.S.	20.0	19.2	128.5	119.7
Venezuela	24.7	15.0	122.7	101.7
Cosmopolitan en Espanol:				
Central America	8.0	6.0	34.0	20.0
Ecuador	3.0	—	12.0	—
Peru	—	—	1.0	—
Puerto Rico	11.8	7.5	80.7	599.0
U.S.(Spanish language)	24.0	30.5	152.0	149.0
Venezuela	14.3	13.0	88.2	68.0
Cosmopolitan Foreign Editions:				
Australia	61.7	59.3	366.4	346.7
Brazil	54.7	57.1	376.9	348.4
China	33.0	33.5	274.5	227.7
France	154.5	130.3	690.9	542.2
Germany	146.3	133.5	735.8	656.0
Great Britain	126.0	136.0	558.0	605.5
Greece	50.0	50.0	245.0	255.0
Holland	91.0	114.0	411.0	414.0
Italy	72.0	65.0	471.8	432.8
Japan	58.8	47.9	280.6	305.6
South Africa	51.0	65.0	400.0	417.0
Good Housekeeping Foreign Editions:				
Australia	38.3	41.0	172.8	172.6
Great Britain	146.1	127.6	747.0	732.6
International Management:				
English	42.2	47.2	179.3	263.8
Middle East	—	—	27.6	46.3
Johnston International:				
Alam Athjarat	35.0	45.1	155.5	217.1
Far East Business	44.8	71.2	160.1	220.5
Modern Africa (6X)	17.3	24.0	35.5	53.1
Latin America Finance (6X)	—	—	49.4	53.4
Newsweek International A.				
Atlantic (52X)	92.3	118.2	440.3	494.7
Latin America (52X)	28.8	44.4	146.2	184.8
Asia (52X)	56.7	81.7	297.8	342.1
Progreso (9X)	4.3	15.0	25.9	42.2
Reader's Digest:				
Arabic	5.0	8.5	56.0	32.5
Asian	234.5	262.0	1,075.0	1,269.0
Australian	46.0	47.3	298.5	349.2
Belgian-Flemish	84.5	108.8	328.0	458.1
Belgian-French	66.5	64.3	223.0	266.6
British	47.4	65.2	268.6	274.0
Chinese B.	132.0	157.0	562.6	630.5
Danish	29.5	57.5	185.8	203.8
Dutch	50.3	57.5	243.6	217.1
Finnish	69.5	83.0	311.0	306.8
French	36.3	15.8	162.0	96.9
German	64.2	54.7	453.3	388.3
Iberian	1.0	1.5	2.0	6.5
Indian-English	79.0	67.5	447.0	421.5
Indian-Hindi	9.5	4.0	88.5	47.5
Italian	90.5	55.0	306.0	214.0
Korean	30.8	34.3	191.6	141.2
Latin American:				
Argentina	9.0	15.0	62.5	66.5
Brazil	—	2.0	—	16.0
Central American	1.0	12.0	22.0	39.0
Chile	5.5	24.0	55.5	70.5
Colombia	30.5	41.5	132.5	109.5
Ecuador	—	9.0	15.0	36.0
Mexico	75.6	92.0	349.1	322.2
Peru	2.0	11.0	20.0	42.0
Puerto Rico	2.0	6.0	18.0	25.5
U.P.B.	1.0	7.0	19.5	34.0
U.S. Spanish	7.0	8.5	48.5	99.0
Venezuela	2.5	6.0	23.0	33.5
New Zealand	52.5	54.0	272.0	300.5
Norwegian	12.5	11.5	95.8	48.5
Portugal	45.5	54.0	226.5	250.0
South African	116.5	89.5	427.0	420.5
Swedish	8.0	17.0	42.0	88.5
Swiss-French	20.0	33.0	129.5	144.3
Swiss-German	33.0	41.0	177.0	187.0
Time International:				
Time-Asia	62.1	90.5	280.5	420.8
Time-Atlantic	104.2	112.5	479.9	570.9
Time-Canada	139.6	172.0	892.0	1,089.7
Time-Latin America	40.2	54.5	172.9	268.—
Vitao (52X)	88.7	106.9	584.0	77[illegible]
Vision/Latin America (24X) A.	37.3	34.7	132.8	127
Total Group	**4,467.8**	**4,686.4**	**22,256.3**	**23,[illegible]0.0**
% change		-4.7%		-5.5%

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Home video ads get hot

By WAYNE WALLEY

LOS ANGELES—The home video industry will explode as one of the hottest ad categories during the fourth quarter, when advertising and promotional spending will top $100 million.

Big players such as Walt Disney Home Video, Paramount Home Video and RCA/Columbia Pictures Home Video are doubling and tripling ad budgets and slashing retail prices as they anticipate industrywide sales this year will double to 30 million cassettes. Smaller companies, such as Embassy Home Entertainment, are following suit.

Virtually every major competitor in the fast-growing $5 billion videocassette market waged a major ad battle in the fourth quarter last year (AA, Aug. 18, 1986), but this year's war is likely to dwarf previous efforts.

Most companies have budgeted $2 million to $18 million for the fourth quarter alone, compared with 1986 annual ad budgets of $1 million to $6 million.

Holiday gift-giving has made the fourth quarter the most crucial for sales.

Marketers of theatrical videocassettes typically split their budgets evenly between advertising and promotion.

Home video marketers in the past have concentrated on point-of-purchase materials and ads in trade or video buff magazines. Few, if any, companies spent more than $1 million for advertising and promotion in 1984 or 1985.

With videocassette recorder household penetration up—the Electronic Industries Association predicts more than 50% of all U.S. households will have a VCR by the end of the year—home video companies believe it makes sense to increase spending on TV, radio and print campaigns, as well as in-store promotions.

Burbank, Calif.-based Walt Disney Home Video, for example, will give the release of "Lady & the Tramp" the type of support

(Continued on Page 71)

Disney has big ad plans for its upcoming video release of "Lady & the Tramp."

Illustration by David Krainik

Collision course

Stakes high in people-meter war

By JACK HONOMICHL

Imagine two powerful research trains racing toward each other on the same track. Each is hauling boxcar-loads of never-before-available data about how Americans relate to TV programming.

In fact, those two trains—AGB Research PLC and Nielsen Media Research—will collide on Sept. 1, and that collision will rattle big-time advertisers, their agencies and the media research community for years to come.

So far, reactions are confused. Few people know the full story, which has dribbled out in bits and pieces over three years. Skeptics who have an immunity to false-start announcements from the electronic media research industry have taken an "I'll worry about it when it actually happens" attitude.

Well, it's time to start worrying.

One train, the "AGB Innovation," is owned by the fourth-largest research organization in the world and the leader in TV audience measure-

(Continued on Page 68)

Saatchi ups ante in West

By JON LAFAYETTE

Saatchi & Saatchi Co. is about to increase its clout on the West Coast.

It will create one of the West Coast's biggest ad agencies when it merges Cochrane Chase, Livingston & Co., the largest shop in Orange County, Calif., with Backer Spielvogel Bates Worldwide's office in Huntington Beach.

The new shop's billings will exceed $200 million, sources said.

Also, BSBW soon could be winning a major new global assignment. Industry sources say Philip Morris Cos., a Backer & Spielvogel client in the U.S., is considering giving BSBW a tobacco assignment involving about 20 countries. BSBW's U.S. arm is called Backer Spielvogel Bates.

Newport Beach-based Cochrane Chase, Livingston was founded in 1966 and acquired in June 1984 by what was then Saatchi & Saatchi Compton. The agency reported billings of $78.5 million last year. It has the Southern California Chevrolet Dealers account, which would appear to be a conflict with B&S' Hyundai business.

Michael Roche, senior VP-general manager of BSBW's Huntington Beach office, is expected to be put in charge of the combined operation. Sources said Cochrane Chase, chairman of CCL, plans to retire within a year.

BSBW was formed two weeks ago through a merger of Saatchi-owned B&S and Ted Bates Worldwide.

After its agency consolidations, Saatchi & Saatchi is getting ready to flex its organizational muscle.

Anthony Simonds-Gooding, chairman of Saatchi & Saatchi's Communications Division, last week met with securities analysts and described the way the company's vast holdings are now organized.

Mr. Simonds-Gooding said

(Continued on Page 67)

Last Minute News

ANA sues over Florida ad tax

NEW YORK—The Association of National Advertisers, as expected, filed suit last week against Florida's 5% sales tax on advertising. The suit, filed in state court in Tallahassee, charges the tax violates the free speech, due process and commerce clauses of the U.S. Constitution and the free speech guarantee of Florida's constitution *(see related story on Page 3)*. "The law truly is a counterproductive piece of legislation and extremely detrimental to the state of Florida and its citizens," said ANA President DeWitt F. Helm Jr. A Wharton Econometric Study has predicted the state will lose $2 billion in revenue and 46,000 jobs by July 1, 1989, two years after the tax took effect.

Four finalists vie for Arby's

ATLANTA—Finalists for Arby's $10 million-to-$12 million account are Ammirati & Puris, New York; W.B. Doner & Co., Baltimore; Levine, Huntley, Schmidt & Beaver, New York; and Hal Riney & Partners, San Francisco. Backer Spielvogel Bates Worldwide, New York,

(Continued on Page 8)

Highlights

Raisin' sales in the U.K. 4
The singing, dancing Claymation raisins are crossing the Atlantic in their first international campaign, breaking in the U.K. next week. "Late Night," the original U.S. raisin spot, has been adapted to include a box of Sun-Maid raisins.

Buick eyes bigger budget 12
The Buick Regal, the first car to come out of General Motors Corp.'s $5 billion GM-10 program, will get the bulk of Buick's media weight in the 1988 model year. Buick spent about $90 million on advertising for '87 models and hopes for an increase for the '88 lines.

New image for American Greetings 28
American Greetings Corp. has a new image it hopes will increase awareness for its product and keep people from going to rival Hallmark Card stores. The campaign stresses the convenience of its retailers just as Hallmark unveils several new product lines aimed at luring card buyers into its own stores.

Shampoo spending faces brush-up 48
Ad spending for shampoos and conditioners is expected to bounce back this year but still won't approach 1984's high of $205 million as companies continue to favor promotional marketing at the expense of measured media.

Canon to revolutionize 'work processor' 52
Canon USA is about to create a whole new market segment in office automation by crossing a personal computer with an electronic typewriter. Canon categorizes the new product, called the Canon Cat, as a "work processor."

Simple recipe nets cheese account 62
DDB Needham Worldwide's strategy for picking up its first dairy business, a $22 million cheese account, came from a lesson in Advertising 101: make the message simple, make it often. The national dairy board was wooed by the shop's simple "Don't forget the cheese" campaign.

Toshiba bows to U.S. 63
Toshiba Corp. apologized to the American public last week in a page ad that ran in several major newspapers. The ad said "Toshiba Corp. extends its deepest regrets to the American people," and expressed the "shock and anger" company officials shared with the U.S. over the illegal sale of high technology to the Soviet Union by Toshiba Machine Co.

Hamburglar on prowl at Sears 64
Sears, Roebuck & Co. is putting some "character" into its multimedia campaign promoting the arrival of the McKids clothing line in its stores. Several McDonaldland characters, such as the Hamburglar, are featured in the TV spot.

INTERNATIONAL

Kremlin showing a new face 44
It would have seemed impossible just three years ago, but today the Kremlin—long a Cold War symbol—is giving its traditional gray visage a new look. However, unlike Western political leaders who might rely on advertising and PR experts to project a new image, Mikhail Gorbachev is relying on a select group of top government leaders, as well as his wife, Raisa.

Coke returns to Persian Gulf 61
Coca-Cola Co. is following Ford Motor Co. and Colgate-Palmolive Co. back into the Persian Gulf after an absence of nearly 20 years. The U.S. marketers were among those ousted by the Arab boycott against companies doing business with Israel, a boycott that has been relaxed unofficially.

OTHER NEWS

Hyundai Electronics America picked D'Arcy Masius Benton & Bowles to introduce the first Hyundai brand personal computer in the U.S. this fall. DMB&B, San Francisco, will handle what is expected to be a $5 million account for the rest of this year and as much as a $15 million account next year. The shop was a late entry to the review. Page 6.

It's been a quiet summer on the new-brand front in the cigarette business as major marketers concentrate on bolstering share of existing brands and fighting off-price competition. Loews Corp.'s Lorillard is looking to better its competitive position by extending its Newport brand while trying to breathe life into its True brand. Lorillard last week began testing Newport Stripes in two markets. Page 48.

Advertising and media representatives hope their appearances before the tax-writing committees of Congress cultivated enough opposition to changing the deductibility of advertising to overcome a handful of legislators who favor the idea. Page 49.

The TV movie marquee will shrink considerably this fall. Movies, which occupied as many as five nights a week in the 1986-87 prime-time TV season, will figure in ratings battles on just three nights this season. Page 53.

SPECIAL REPORT

***Direct Marketing**—Many industry experts regard non-profit marketing as the leader in the industry's evolution. Accounting for about 21% of third-class mail in 1985, non-profit appeals are produced by state-of-the-art technology. Special Report takes a look at the fund-raising campaigns and techniques used by charitable and political organizations and institutions of higher education. Starts after Page 28.*

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BJK&E plan includes stock sale to clients

By JON LAFAYETTE

NEW YORK—In an unusual move, Bozell, Jacobs, Kenyon & Eckhardt may sell minority equity interest in the agency to its clients.

Charles Peebler, ceo of BJK&E, said that under his agency's unique proposed management buyback from parent Lorimar Telepictures Corp., some clients could invest in the agency and their investments might include equity participation.

Although the buyback deal has not been completed, Mr. Peebler stressed that the agency's management is in a position to arrange the purchase of a majority stake in the agency.

In many leveraged buyouts, management is given a small equity stake while an investment company arranges financing and purchases a controlling interest.

Merrill Lynch & Co., a BJK&E client, is representing agency management in the deal. The broker is considered to be one client that most likely will invest in the agency, though the company's policy is not to comment on deals before they are completed.

Other clients that may be considering an investment in BJK&E are Chrysler Corp. and AMR Corp., parent of American Airlines.

Lorimar Telepictures last month announced plans to restructure by selling some of its TV stations and was considering selling its ad agencies.

The price tag for BJK&E could reach $100 million. Lorimar paid $21 million for Kenyon & Eckhardt in August 1983 and $41 million for Bozell & Jacobs in 1986.

Another $10 million of Lorimar's money went to acquire or increase BJK&E's equity in agencies in Germany, Italy, the U.K., the Netherlands, Belgium, Australia, Hong Kong and Singapore.

In addition to BJK&E, Lorimar owns Poppe Tyson, a business-to-business shop.

Mr. Peebler said he expects Poppe Tyson to be included in the package his management group will buy from Lorimar.

London-based WCRS Group last week reportedly contacted Lorimar and presented itself as a potential buyer for BJK&E.

Mr. Peebler, who said WCRS executives have not contacted him, added he understands three or four companies approached Lorimar about BJK&E.

Donald Creamer, chairman of WCRS North America, said his company is not interested in making an offer for BJK&E.#

Jerry's Cannes vote angers S. Africa shops

By DES KILALEA

JOHANNESBURG—Jerry Della Femina, chairman of Della Femina, Travisano & Partners, has the South African ad community steaming over his behavior as jury president at the recent International Advertising Awards Film Festival in Cannes.

South African agencies are demanding refunds of their $5,000 in costs after the controversial U.S. adman said he automatically gave their entries no points during the judging.

Mr. Della Femina told ADVERTISING AGE, "When the work of Hunt Lascaris TBWA, Lindsay Smithers-FCB, McCann Group , J. Walter Thompson and Young & Rubicam came up, I automatically gave every commercial a zero score even before it was shown. Just prejudiced, I guess" (AA, June 29).

The comment drew cries of outrage here.

"These actions of the jury president were nothing short of unfair," said Reg Lascaris, managing director of Hunt Lascaris. "Just as all Germans were not Nazis, all South Africans are not racists.

"Most advertising agencies are equal-opportunity employers. If that's the treatment we get, it's going to be very hard for the people who are trying to promote change.

"The entrants expect impartiality from the judging panel. If we were to be discriminated against, we should have been informed before our money was accepted."

While there has been unconfirmed talk that one agency is thinking about legal action, each shop is demanding its money back for registration fees and for delegates who attended.

"We enter to give our creative people international experience, but we are not going to throw 10,000 rand [$5,000] away if we are not judged fairly," said Tim Bester, chairman at McCann.

Mr. Della Femina, reached by telephone last week, said, "I chose to hurt them. Abstaining would mean I did not feel strongly one way or the other." He said he voted against all the spots without knowing the agencies' hiring practices. But he added, "I will personally apologize and pay back [entrance fees] to any agency whose commercial I judged that can prove it has a black board member."#

Julie Skur Hill in Chicago contributed to this story.

See West Coast News P. 67

ADWATCH

Coca-Cola recall rebounds

By SCOTT HUME

June was a month for surprising comebacks in advertising awareness as Coca-Cola regained the No. 1 spot and Burger King Corp. returned to the top 10 after a year's absence.

Coca-Cola's reclamation of the title as the month's best-recalled advertising is an especially sweet victory because it dislodged rival Pepsi-Cola from the position it had held during the two previous months.

Helping put Coca-Cola back in the top spot was an especially strong vote from men. Last month, men represented 59% of those respondents who said Coca-Cola's advertising was the first that came to mind from all they had seen, heard or read in the previous 30 days. In May, Coca-Cola's recall score had been slightly skewed to women (48% male, 52% female).

Coca-Cola last month also did better with consumers ages 35 to 44, a group that in the past has been more likely to recall Pepsi's ads first. In June, Coca-Cola advertising received more first mentions from this age group than did any other advertiser.

Surprisingly, Pepsi did very well when the 1,000 adults polled were asked specifically to name the first soft-drink advertising that came to mind. To that question, 39.2% of respondents named Pepsi, 28.1% named Coca-Cola. Diet Coke ranked third with 2.8% of first mentions.

Pepsi's score in the soft-drink category was 2.9 percentage points better than its 36.3% share of first mentions in May. Coca-Cola's June share was 2.8 points below its 30.9% in May.

Burger King managed to increase its recall score on both the unaided (top 10) and category-specific questions. BK's "The best food for fast times" slogan finally may be catching on, which is good news for embattled J. Walter Thompson USA, New York, as it tries to retain the account.

In addition to making the list of the 10 best-recalled ad campaigns for the first time in a year, BK's advertising made up some lost ground in the fast-food category. Oh, sure, McDonald's Corp. retained the No. 1 spot when 41.1% of respondents said that was the first fast-food advertising that came to their minds. But BK's 14.1% share of first mentions was a 4.2 percentage point improvement over its 9.9% share in May. Wendy's International was third last month with 9.9%.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the previous 30 days.

Consumers are queried on the first ad they recall overall, as well as in a variety of product areas. During June, 1,000 consumers were polled by telephone.

AdWatch Survey of Commercial Awareness Top 10 in June

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? *Source: SRI Research Center Inc., Lincoln, Neb.*

Rank 6/87	Rank 5/87	Advertiser	Agency
1	2	Coca-Cola	McCann-Erickson
2	1	Pepsi-Cola	BBDO Worldwide
3	6	Budweiser/Bud Lite	D'Arcy Masius Benton & Bowles/DDB Needham
4	3	Miller/Miller Lite	J. Walter Thompson/Backer & Spielvogel
5	8	McDonald's	Leo Burnett
6	4	California Raisins	Foote, Cone & Belding
7	9	Bartles & Jaymes	Hal Riney & Partners
8	—	Burger King	J. Walter Thompson
9	7	Chevrolet	Campbell-Ewald
10	—	Pampers	D'Arcy Masius Benton & Bowles

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers are attributable to more than sample variation.

Also making a comeback last month was Apple Computer. Although it didn't make the top 10 in unaided recall, it did regain the top spot in specific computer-advertising awareness. IBM Corp. had been No. 1 for the two previous months largely on the strength of heavy media spending for its new personal business computer.

But last month, Apple, which lately has renewed multimedia advertising for its Macintosh line, saw its share of first mentions rise 5.6 points to 27.2%, easily outdistancing IBM's 23.6% share and third-ranking Radio Shack's 1.6%.

Apple received a significant amount of specific recall for several of its lines. Advertising for the Macintosh line came to mind first for 3.1% of the sample, for example, and its Apple IIC and IIE models also were specifically named.

IBM's advertising continues to get higher recall than any other from respondents in the highest income bracket ($60,000 or more).

In other significant changes in the June survey:

- Awareness of Ralston Purina Co.'s Purina **pet foods** increased 3.5 points last month to 10% of first mentions, good enough for the top spot. Alpo Pet Foods was second with 9.2% and Kal Kan Foods was third with 6.5%.
- Goodyear Tire & Rubber Co.'s awareness score rose 4.2 points to 22.8% as it held on to the top spot in the **tire** category. It stayed ahead of No. 2 Michelin Tire Corp., which also improved its showing. Recall of its advertising rose 2.7 points to 17.4% of first mentions. Firestone Tire & Rubber Co. was third with a 5.9% share.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

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New Products/Brand Leveraging Consultants

Raisins dance in U.K. to promote Sun-Maid

By LAUREL WENTZ

LONDON—The singing, dancing Claymation raisins, created by Foote, Cone & Belding for the California Raisin Advisory Board, are crossing the Atlantic in their first international campaign, breaking in the U.K. next week.

"Late Show," the original U.S. raisin commercial featuring the finger-snapping conga line of hip raisins in sunglasses and sneakers, has been adapted to include a box of Sun-Maid raisins.

Parent Sun-Diamond Growers of California is adapting the generic raisin campaign because Sun-Maid is the only California raisin sold in the U.K. Sun-Maid, with a 15% market share, also is the largest single raisin brand in the U.K., where 47% of raisin sales are from own-label supermarket brands.

Michael K. Cassidy, Pleasanton, Calif.-based director of sales-international of Sun Diamond Growers of California, said the company worried briefly about using Marvin Gaye's version of "I Heard It Through the Grapevine" in the U.K.

The same music has been used recently for an enormously popular Levis 501 jeans spot by Bartle Bogle Hegarty and then for a Carling Black Label beer spot by WCRS Mathews Marcantonio. The beer commercial was a parody of the Levis spot.

The $1.6 million raisin campaign will run on U.K. television in August and September, then return in a second burst in November and December.

Sun-Diamond is looking at other export markets to break the raisin ads. But initial tests in Germany, where advertising rarely is humorous, "bombed," Mr. Cassidy said.

Company executives said Germany still might be considered and that pan-European satellite TV channels, such as Rupert Murdoch's Sky Channel, could be used to reach Sun-Maid's big Scandinavian market, where advertising still is banned on most domestic channels.

The second U.S. spot, called "Lunch Box," in which a construction worker's lunch box is transformed into a Las Vegas-style entertainment venue for crooning raisins, will not be used in the U.K. because a Sun-Maid package shot cannot be inserted easily, said Frank R. Morgan, director of international marketing for Sun-Diamond.

In the U.K., Sun-Diamond will tackle prunes next with a free sample pack attached to Sun-Maid raisin drums this fall. The promotion is backed by an $800,000 ad campaign by FCB.

The company also is launching Diamond walnuts in the U.K. with an $800,000 poster and radio campaign by FCB this summer.#

U.S. NewsWatch

Marketing news from regional centers across the country

Samuel Adams maker sails new brand

BOSTON—Boston Beer Co. will introduce by mid-September a beer lighter in flavor and color than its flagship brand, Samuel Adams beer. The new beer tentatively will be called Boston Lightship. Gearon, Hoffman Goranson is Boston Beer's ad agency; Jackson Newton & Co. handles public relations supporting the launch.

DALLAS—**Partners National Health Plans** is testing a campaign for its preferred provider organizations in four markets. Mintz & Hoke, Farmington, Conn., handles; the Richards Group is Partners' agency of record. Separately, Mintz & Hoke was named to handle the $4 million account of Partners Health Plan of Southern New England, Farmington, which begins service in Connecticut in September.

TULSA, OKLA.—**Mazzio's Corp.** touts its pizza as a premium alternative in a new multimedia campaign, themed "Mazzio's means more." Gardner Advertising, St. Louis, handles.

DETROIT—**Associated Importers**, a Hiram Walker Inc. division, is running a $3 million-plus TV, radio and print campaign for Swan Premium

(Continued on Page 50)

American wins its wings

Delta takes second in AA poll

By Robert Goldsborough

The word "favorite" gets thrown around a lot in airline advertising, but judging from the results of a new poll of frequent-flying readers of ADVERTISING AGE, only two U.S. carriers—American Airlines and Delta Air Lines—appear to have a claim to the word.

These two were the overwhelming choices of our respondents, based on replies to a coupon that ran twice in May editions of AA and asked readers to name their three favorite airlines, as well as their least-favorite carrier. American, the clear winner, was listed as favorite on more than 30% of the votes cast, while Delta was selected on nearly a quarter of them. Combined, the two were listed first on 55% of the responses.

In all, AA received 301 replies, 65% more than were counted in a similar poll in 1985.

This year's comments contain a high degree of overall dissatisfaction with domestic carriers—an attitude that also has been reflected in the record number of complaints the federal government has received this year about flight delays, cancellations, overbookings, lost or damaged baggage and generally poor service.

Fort Worth-based American, second to Delta in a photo-finish in the 1985 poll, blew by its Atlanta rival this year, scoring a total of 430 points (three for a first-place mention, two for second, one for third) to Delta's 377. United Airlines finished a distant third, as it did two years ago. (It should be noted that the poll was conducted before the recent mishaps that have plagued Delta.)

As in 1985, Miami-based Eastern Air Lines stands as the least-favorite carrier, getting that dubious mention on 22% of the ballots (as compared with 27% in 1985).

This time around, travelers spread their dissatisfaction more widely than in '85, voting thumbs-down to Continental Airlines (14.6%), Northwest Airlines (12.3%), United (7.3%) and Trans World Airlines (5.6%).

In all, 41 carriers received mentions from respondents, representing 34 states, D.C., the U.K., the Netherlands and two Canadian provinces.

These readers said they take an average of 39.3 flights per year (28.5% said they take 50 or more flights annually, 22% fly 25 to 50 times, and 49.5% fly less than 25 times).

These primarily business travelers were asked to base their ratings on convenience of schedules, ease of ticketing, on-time performance, overbooking, baggage handling, cleanliness of equipment, attitudes of personnel, safety procedures, onboard services (food, drink, reading materials), seating configurations and frequent-flier programs.

American emerged as the clear winner in large measure because of its perceived strength in three areas: overall service, on-time performance and its frequent flier "AA Advantage." The American frequent-flier program was mentioned far more often than that of any other carrier.

If one word could best describe runner-up Delta's image in the eyes of our survey participants, it would be "friendly." Fully two-thirds of those picking Delta as their favorite airline singled out the warmth of its personnel, with "courteous," "caring," "polite" and "pleasant" appearing frequently. "Delta employees seem to love their job" is how one Californian responded.

The nice things said about these two airlines is basically the good news in the AA survey. Now for the bad.

Frequent-fliers in the advertising business are just plain angry with air travel in general. In the open-ended portion of the ballots where write-in comments were encouraged, the great majority were of a negative nature (10 respondents refused to pick any airline as "favorite," preferring to accentuate the negative, and one termed the phrase "favorite airline" an "oxymoron"—a figure of speech of seemingly self-contradictory content).

Almost all of the voters listed more than one reason for their dissatisfaction with specific airlines or with the industry in general. Leading the parade of complaints was lateness and/or flight delays, which appeared on 32% of all the returns, with employee attitudes second at 25% (and more than one-third of these used the word "rude" to characterize airline personnel).

Other areas of dissatisfaction were overall poor service (22%), dirty equipment (9%), cancellations (7%) and food (6%). Interestingly, three traditional airline bugaboos—overbooking, lost or damaged luggage and safety—were barely mentioned as concerns by our readers.

Most readers treated this survey as strictly a rating of airline "brands," with little mention made of conglomerates that own more than one carrier.

Responses were divided into ADVERTISING AGE'S four geographic regions, but there was little variation in popularity from region to region, with American and Delta making strong showings throughout. Even Winston-Salem, N.C.-based Piedmont Airlines, the regional carrier with the strongest support, scored almost equally in the South, East and Midwest.

On a popularity/unpopularity scale, American's first-place mentions outpulled its "least-favorite" ones by more than 14 to 1. Delta had a similar ratio, while Piedmont had roughly a 7-to-1 positive showing.

American was only slightly ahead of Delta in popularity among those who fly 50 times or more per year, and the two were tied in the 25-to-50 flight category.

It was in the less-than-25 flights slot that American piled up its substantial margin with AA readers. On the downside, Eastern was the least-favorite carrier in both the East and South, while Continental got the most negative mentions from the West. Northwest Airlines had the most negative mentions in the Midwest. Eastern also was least favorite in all three categories of flying frequency.

Although most readers limited their comments to the space on the ballots, a few wrote addendums chronicling specific grievances.

The most extensive of these was a two-page letter from an account executive in the Los Angeles office of a major advertising agency. Noting that he flies about 100,000 miles a year on 75 flights, he went into great detail on his preferences and unhappinesses, ending with a comment that many other air travelers probably would echo:

"I really wish Amtrak were larger and faster!"

Favorite U.S. airlines

	Total points	1985 rank
1. American Airlines (102)	430	2
2. Delta Airlines (74)	377	1
3. United Airlines (35)	210	3
4. Piedmont Airlines (22)	112	4
5. Trans World Airlines (8)	53	5
6. Northwest Airlines (4)	38	*
7. Eastern Air Lines (4)	36	*
8. USAir (5)	35	*
9. Continental Airlines (6)	32	*
10. Midway Airlines (4)	24	6

Next five in order: Pan Am, AirCal, Midwest Express Airlines, Alaska Airlines, PSA.

Number of first place votes in parenthesis
*Did not finish among leaders in 1985 poll

Least favorite U.S. airlines

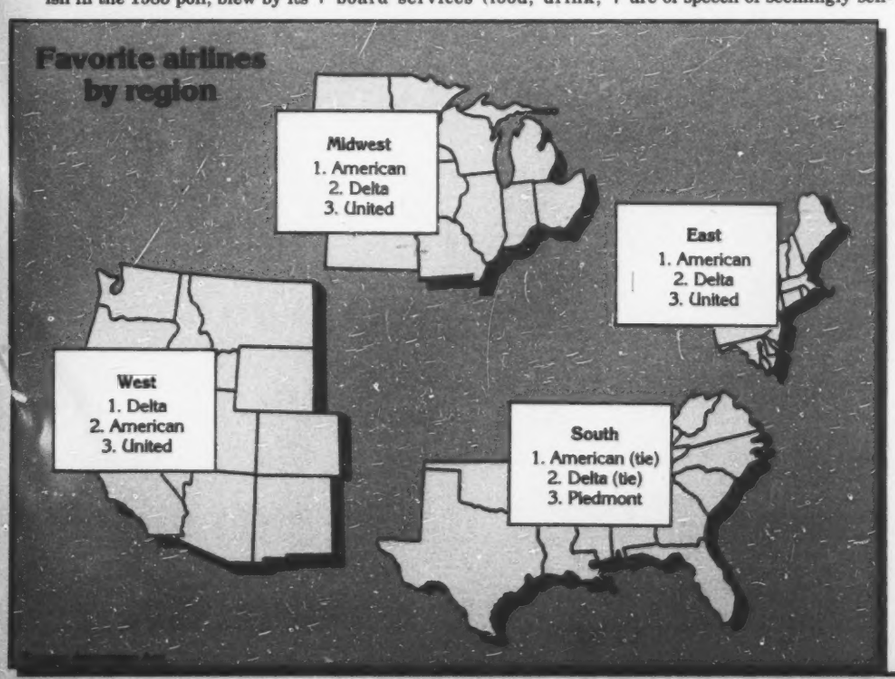
	Votes	1985 rank
1. Eastern Air Lines	68	1
2. Continental Airlines	44	*
3. Northwest Airlines	38	7
4. United Airlines	22	2
5. Trans World Airlines	17	6
6. USAir	13	3

*Did not finish among leaders in 1985 poll

Source: Advertising Age readers' poll. Note: Advertising Age asked readers to list their favorite and least-favorite airlines. The results in the "best" category were derived by awarding three points for each first-place vote, two points for second, one point for third.

Michael A. Marcotte

American Airlines was primarily cited for strength in overall service, on-time performance and its frequent-flier program.



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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Campbell vs. Lipton

Dry-soup war brewing

By JUDANN DAGNOLI

Competition will soon come to a boil in the $475 million dry-soup segment as Campbell Soup Co. cooks up trouble for Lipton Cup-A-Soup.

With its September introduction of new Campbell's Cup, an instant, single-serve soup mix, the Camden, N.J.-based marketer throws its second product entry at Thomas J. Lipton Inc.'s overwhelming lead in the segment.

Although the leader in the total $1.7 billion soup market, with a 65% share via its canned lines, Campbell has a negligible share of the dry segment.

Campbell will not disclose its marketing or advertising budget for the new five-variety Campbell's Cup, but the company is expected to spend heavily to make inroads against Lipton's 90% share of the dry segment.

In 1985, when Campbell introduced Campbell's Quality Soup & Recipe Mix, its first major bid against Englewood Cliffs, N.J.-based Lipton, Campbell spent $20 million for advertising in what was hailed as the most aggressive soup introduction in its history (AA, July 15, 1985).

Advertising for Campbell's Cup breaks September 9, via Backer Spielvogel Bates Worldwide, New York. TV, print and couponing will be used.

Campbell has been working to upset Lipton's dry-segment leadership at least since 1979, when it first began testing a similar soup—also called Campbell's Cup—in Albany, N.Y. That product was packaged in individual-serve plastic containers packed four to a box, and prepared by adding boiling water to a cup. The test was discontinued in the early 1980's.

Campbell's second foray into dry soups was the Quality Soup & Recipe Mix six years later. That mix is multiple-serve, packed in envelopes and prepared on a stove rather than pouring boiling water in a cup.

Initially marketed as Comin' Home soups in test, the name was changed for the national rollout.

However, the Quality Soup & Recipe Mix line sales "have not been as great as we had hoped," a Campbell spokesman said.

While the market for condensed soups has been growing only 2% a year, dry soups now account for 27.5% of the total soup category, more than double the 13.3% share the category held 10 years ago.

In trying to increase sales in the relatively stagnant canned segment, Campbell has been augmenting its extensive line with value-added soups such as its Creamy Natural and Home Style soup lines.

Campbell's measured media spending in

(Continued on Page 58)

Campbell is introducing a new line of hispanic foods. Page 58.

Last Minute News

P&G introduces kids toothpaste

CINCINNATI—Procter & Gamble Co. is introducing Crest Super Cool for Kids mint-flavored toothpaste. D'Arcy Masius Benton & Bowles, New York, handles. P&G has also expanded its test of Bounce Staingard fabric softener to Seattle from Kansas City, Mo., and expanded distribution of Cheer Power Pouches from Atlanta to Denver. DMB&B handles Bounce; Leo Burnett USA, Chicago, handles Cheer.

Pizza Hut dumps Rich Hall campaign

WICHITA, KAN.—Pizza Hut executives confirmed that Chiat/Day, Los Angeles, has developed new creative work that scraps spokesman Rich Hall, but continued to deny that the agency's hold on the $25 million national account is shaky *(see earlier story, Page 3)*.

Galoob toy account up for grabs

NEW YORK—Berenter, Greenhouse & Webster resigned its $8 million-to-$9 million Lewis Galoob Toys account, citing creative differences. Galoob, based in San Francisco, last year assigned some

(Continued on Page 8)

Chiat/Day confident of win

Nissan in neutral

By JENNIFER PENDLETON

A decision on the Nissan automotive account review remained unresolved July 31, but finalist Chiat/Day appeared confident it will succeed William Esty Co. on the $150 million account.

Chiat/Day Chairman Jay Chiat and President Lee Clow led the agency's presentation team July 30 in Los Angeles. Tatham-Laird & Kudner, Chicago, pitched July 29.

Los Angeles-based Chiat/Day has been increasing its staff in anticipation of the win.

A decision may be made today.

Nissan's agency search, conducted by the Canter, Achenbaum, Associates consultancy, apparently did not go smoothly.

After Ogilvy & Mather, one of the finalists selected by the Canter team, withdrew from the competition, there were reports it did so because the huge account would only return an 8% commission.

Efforts to confirm the report were unsuccessful as Carson City, Calif.-based Nissan; New York-based Canter, Achenbaum and others connected with the review either did not return phone calls or refused to comment.

Other sources said Ogilvy's departure embarrassed and upset Nissan, and that the company ordered Canter, Achenbaum back to the calculator to work out a satisfactory compensation formula.

One report claimed the new formula was closer to 13.5%; another source said the new formula involved a guaranteed profit.

Originally, sources close to the review said, the Nissan compensation formula worked out—depending

(Continued on Page 56)

Grocer 'fee' hampers new-product launches

By LAURIE FREEMAN and JANET MEYERS

The Utah ice cream maker had visions of a hot market in California, but his dreams melted when two 30-store chains demanded $20,000 each to put his frozen novelties in their freezers.

The president of the ice cream company refused to pay these "slotting allowances."

"As a small manufacturer, I can't compete with the giants like General Foods who can pay these large slotting allowances," said the company president, who asked not to be named for fear other California retailers might demand even higher slotting allowances.

Slotting allowances, also known in the grocery industry as stocking allowances, introductory allowances or street money, are the admission fee demanded of many marketers—large and small—who want to squeeze their products onto crowded supermarket shelves.

Requiring payment for shelf space is another sign of the growing power retailers are gaining over manufacturers.

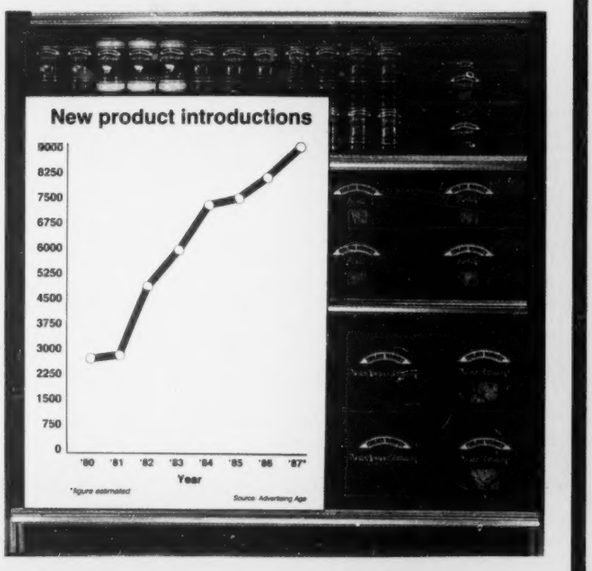
The money, which primarily comes out of a marketer's trade promotion funds, could represent as much as one-third or even one-half of the $19 billion expected to be spent on trade promotion this year, industry observers report.

Trade promotion expenditures have more than tripled from the $6 billion spent in 1980. Donnelley Marketing's 1986 survey of promotional practices showed that trade promotion increased from 34% the total marketing expense (also including consumer promotions and media advertising) in 1978 to 37% last year.

Manufacturers complain they are not given enough time on the shelves to recoup these slotting costs. The Utah ice cream executive, for example, said the payment wouldn't be so bad if retailers kept his products in the freezer more than three to six months, which appears to be the average for the industry these days.

Retailers say the fee covers entering new-product information into computers; finding space in the warehouse; redesigning store shelves; and notifying individual stores about the latest new product of entry. And the retailers say they want to turn their buying

(Continued on Page 60)



Highlights

Diaper introductions cover market 4

Procter & Gamble Co. will be marketing two new versions of Pampers disposable diapers besides the Luvs Deluxe that made its debut in late June. P&G's only major competitor in the $3 billion category, Kimberly-Clark Corp., is said to be readying a new Huggies version for national distribution by yearend. Five years ago, the two marketers offered single versions of their diaper brands. After line upgradings and extensions, with multimillion advertising and promotional campaigns, things aren't over.

Barton moves to stop Corona rumor 6

Barton Brands last week publicly and nationally addressed a false rumor that its beer, Corona Extra, imported from Mexico, is contaminated with urine after attempts to quash the whispering campaign on a market-by-market basis failed to halt its spread. If last week's extensive news coverage of Barton's predicament doesn't kill the rumor, the company, which spent only $1 million on advertising for Corona last year, may buy ads to make its case.

Langer touches pregnant market 22

Baby boomers may be having fewer children, but that hasn't stopped a spate of marketers from introducing skincare products for pregnant women. This month, a Kentucky pharmaceutical company will attempt to succeed where others have failed. Langer Laboratories is rolling national Touch of Life, a line of skincare products for pregnant women. The company hopes to capture some of the $580 million women spend on personal body-care products during and after pregnancy.

Regionals arm against national invasions 24

"Regional" strategies are gaining favor with some of the nation's biggest national marketers, and independent regional companies are refining their tactics to meet the threat. Strong regional companies have devised marketing strategies with the thought of defending their turf against the likes of Pizza Hut, General Foods Corp. and Frito-Lay. The regionals are counting on homespun brand preferences and established distribution networks to keep the Goliaths at bay.

Pantera's bites into Pizza Inn 27

The pizza war escalated last week when feisty Pantera's Corp. took over Dallas-based Pizza Inn, the nation's fourth-largest pizza chain. Industry sources believe the smaller chain's aggressive marketing strategy will put the ailing Pizza Inn back on track. Pantera's anticipates returning the 700-unit Pizza Inn to profitability within 90 days. Pantera's acquisition could produce even greater competition in Pizza Inn's markets.

INTERNATIONAL

Brazilian marketers bare lingerie ads 42

Americans who might be taken aback by the sight of live models in TV brassiere commercials would find Brazilian spots an eye-opening experience. The use of real-life models and erotic fantasies is working wonders for Hope underwear in Brazil. A spot now running on prime-time TV, part of a $1 million campaign that includes print ads featuring nude models, has helped bring Hope's bra sales to 180,000 a month in the four months since the line was launched.

West slow to accept Japan's style 42

Japan's distinctive style of advertising—emphasizing emotion rather than facts—is gaining influence in the West, agency executives in Tokyo agree. But many do not believe Dentsu's Grand Prix win this year at the International Advertising Awards Film Festival at Cannes, by itself, is a sign that Japanese advertising has "arrived" in the West.

OTHER NEWS

A year ago, Riunite wine marketer Banfi Vintners was plagued by wine coolers, a weakened American dollar and imported wine-tainting scandals. The result was plunging Riunite sales. But now Banfi is rebounding. Analysts attribute the turnaround to a new line of Banfi products, fruit-flavored Riunite. Page 12.

The U.S. is heading for the kind of oil crisis that drove up energy prices in 1973 and 1979, said Chrysler Corp. Chairman Lee Iacocca. Although the first crises rocked the domestic auto industry, allowing importers of fuel-efficient cars to gain big chunks of the U.S. market, he said the U.S.' Big 3 carmakers are better prepared for another crisis. Page 27.

British Airways has not decided whether to maintain the identity of British Caledonian Airways if British Airway's planned takeover of its smaller rival gains U.K. government approval. Early indications are that the carrier's identity will survive. That would be good news for BCal agency Winius-Brandon, which handles BCal's $11 million U.S. account. Page 30.

The September issues of the major fashion titles always are thick with ads, as they signal the start of the fall retailing and advertising seasons. But this year issues will be especially weighty. *Vogue*, traditionally the largest of the bunch, will carry 618 ad pages out of a total 832 pages, both records. Page 61.

SPECIAL REPORT

Financial Services Marketing—*As the lines between financial services providers continue to blur, products and services are becoming more homogeneous. To cut through the clutter and counter the competition, marketers are refining campaign strategies, boosting ad dollars and meeting the money game's challenges head on. Starts after Page 32.*

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ABC stations sub football in prime time

By BRIAN MORAN

NEW YORK—Six top ABC-TV stations will broadcast National Football League Sunday night games this fall in a move that will boost the stations' fortunes but hamper the struggling network.

Last week, WABC-TV here acquired the broadcast rights to the opening game of the NFL's cable TV package on ESPN, a Nov. 8 matchup between the Giants and the New England Patriots.

Cable net ESPN is 80% owned by Capital Cities/ABC.

In early July, ABC's WLS-TV, Chicago, picked up the TV rights for the Dec. 6 game between the Bears and the Minnesota Vikings.

The other markets where ABC's Sunday night schedule will be preempted in favor of football are Boston, Denver, Miami and San Diego.

Other over-the-air clearances for the ESPN package include NBC affiliates in Dallas and Minneapolis; CBS affiliate WUSA-TV in Washington; Fox Broadcasting affiliate KTTV in Los Angeles and independent stations in San Francisco and Seattle.

As part of its three-year, $153 million deal to carry NFL games on cable TV, ESPN had to sell over-the-air TV rights in participating teams' markets. As of last week, ESPN had deals for broadcast coverage in 12 of 13 markets involved.

Capital Cities/ABC's decision to allow its own stations to pre-empt the network is significant on several fronts.

It is virtually unheard of for a network to be pre-empted by company-owned or affiliated stations. It is especially noteworthy when it occurs on a critical night like Sunday during the fall when the network is trying to build its schedule.

However, the NFL situation is clearly an unusual case. The advertising market for football has exploded (AA, July 27) and Capital Cities/ABC may now be regretting its decision to cut back on its network TV NFL schedule.

ABC's "Monday Night Football" dropped "Special Edition" games on Thursday, Friday and Sunday nights for 1987 and retained 16 "MNF" games, plus four preseason telecasts. Cap Cities/ABC in essence shifted its non-Monday "specials" to ESPN for 1987.

Also, by pre-empting the network in its own markets on an important night, Capital Cities/ABC is saying the station group is more important than the network.

The impact on ABC's network Sunday schedule is likely to be negative. Most ad agency excecutives expect ABC's Sunday schedule to finish a distant third to NBC and CBS.

Except for 7 p.m. to 8 p.m. (ET), when "The Disney Sunday Movie" runs, ABC has completely rebuilt Sunday night. Two new shows—"The Dolly Show" and "Buck Rogers"— will run from 9:00 p.m. to 10:00 p.m. "Spenser: For Hire" has been shifted opposite CBS' powerful "Murder, She Wrote." The ABC series probably is looking at its last season.

While the ABC network will suffer, the move is a boon for ESPN and its advertisers.

When ESPN signed its landmark NFL deal last March (AA, March 23), there was much speculation about where—or even if—ESPN would be able to sell broadcast rights.

There was a perception ESPN would get unattractive games and that the strongest stations in many markets would be loath to pre-empt their Sunday evening lineups.

Further, the NFL ad market was extremely weak last year and many industry observers said there would not be enough ad money—local or

(Continued on Page 58)

N W Ayer, Rubin dropped

Northrop adds DDB to finalists

LOS ANGELES—Northrop Corp. added late-entrant DDB Needham Worldwide, here and New York, to the list of finalists for its $5 million account.

Others competing include: Backer Spielvogel Bates Worldwide, Huntington Beach and New York, and Ketchum Advertising.

Dropped from the review: N W Ayer, here and New York, and Rubin Postaer & Associates. A decision is expected at the end of August. Lord, Geller, Federico, Einstein, New York, is the previous agency.

Klein/Richardson partner Glenn Richardson, 43, will leave the Los Angeles-based agency at an unspecified time later this year. The exec VP-client services director of the Beverly Hills-based agency wouldn't discuss future plans. President-Creative Director Niel Klein, 48, said the agency will continue under the K/[illegible] name.

Ken Kaess, 33, DDB Needham, Los Angeles, senior VP-management supervisor on the Cigna Corp. business, left the agency for the new post of VP-development of children's programming, New World Pictures. Bruce Miller, 34, also a senior VP-management supervisor at DDB, will assume Mr. Kaess' responsibilities.

West Coast News

Avery Label Business Systems Division, Azusa, Calif., awarded its estimated $400,000 account to Robert McKim & Co., Los Angeles, last week from Cochrane Chase, Livingston & Co., Newport Beach.#

Corona fights bad-beer rumors

By SCOTT HUME

CHICAGO—Barton Brands never has spent heavily on advertising for its Corona Extra imported beer because it hasn't been necessary.

That may have changed.

Barton last week publicly and nationally addressed a false rumor that Corona, imported from Mexico, is contaminated with urine, after attempts to quash the whispering campaign on a market-by-market basis failed to halt its spread.

If last week's extensive news coverage of Barton's predicament doesn't kill the rumor, the company, which spent only $1 million on advertising for Corona last year, may buy ads to make its case. No such advertising was planned at press time, but a spokesman said Barton has considered buying space to run reprints of favorable news stories.

The rumor first circulated two months ago in Reno, Nev., allegedly by Luce & Son, a beer distributor there that handles leading import Heineken.

Barton filed a $3 million federal suit against the distributor in Reno. It was settled out of court with Luce & Son making a public declaration that Corona was not contaminated.

But the rumor—and the damage to sales it caused—still spreads, partly fueled by news reports.

When the Gannett Co.'s *Reno Gazette* reported the settlement of the suit, other papers in the Gannett chain picked up the story.

Barton last week began a nationwide public relations effort to confront and defuse the whispering campaign. It provided video PR releases to TV stations, which included footage of Barton VP-General Manager Michael Mazzoni denying the rumor, and footage of the Corona brewery in Mexico City.

"We didn't want to go public at first, for fear that it would only spread the rumor to areas where it hadn't hit," said Steve Dubin, account executive at Barton's PR agency, Ruder Finn & Rotman. "And I think we were wise in holding off as long as we did. But by last week the rumor had become rampant enough that we decided it was wise to meet it head-on."

Like Procter & Gamble Co.'s rumored connection with satanism, said to have been confirmed on "Phil Donahue," Corona's supposed "problem" was being falsely reported to have been featured on CBS-TV's "60 Minutes."

Corona sales have been hurt, especially in Western states, although Mr. Dubin would not confirm reports of up to 80% dropoffs in some markets.

The contamination rumor catches Corona in the midst of one of the beverage industry's most remarkable growth patterns. From U.S. sales of 5 million 2.25-gallon cases in 1985, Corona jumped 170% to 13.5 million cases last year, making it the No. 2 import behind Van Munching & Co.'s Heineken, which grew 3.5% last year to 35.7 million cases.

But while Van Munching spent $7 million last year on advertising for Heineken through SSC&B:Lintas, New York, with more than half of that spent on TV, Barton barely spent $1 million on print ads and radio spots for Corona, via HDM Dawson Johns & Black.#

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Eatery ad hits gossip

KANKAKEE, ILL.—Fear of acquired immune deficiency syndrome in a mid-size Illinois town prompted a restaurant to air a radio spot that attempts to squelch a rumor one of its employees might have the disease.

The 60-second spot, which is scheduled to run on three stations through Aug. 8, features two women talking about going to eat at Leo's Restaurant.

"Haven't you heard the rumor?" asks one women. The other women responds by saying the rumor isn't true and that the restaurant still has great food.

The commercial ends with the two agreeing to eat at Leo's. AIDS is never mentioned.

Leo Girard, owner of Leo's, said he wrote the commercial after realizing that the rumor was affecting business.

"Enough people are aware of it that business has been down," he said.

"We felt it was the most direct approach without creating fear that was already in the community," said Lou Anne Lenzie, copywriter for WKAN-AM, one of the three stations running the spot. The other stations are WLRT-FM and WBUS-FM.

"Leo's was virtually empty at lunch last week," Ms. Lenzie said.#

CORRECTIONS & CLARIFICATIONS

- Columbia Pictures, not MCA Inc., hired McCann-Erickson, Los Angeles, to handle its estimated $40 million account (AA, July 27, P. 71).
- In the Sports Marketing Special Report (AA, July 13), P. S-1, the weighted metered market ratings for the Academy Awards and NCAA championship game from 9 p.m. to 10 p.m. (ET) were a 29 rating, 43 share and 18 rating, 26 share, respectively. The Oscars drew nearly twice the audience based on weighted metered market averages.

Also, in the chart on P. S-2 the AFC playoff game between the Patriots and Broncos pulled a 24.6 rating, according to NBC. Omitted from the chart were the AFC championship game, with a rating of 28.4, and World Series games 1 and 2, with ratings of 25.5 and 24.2, respectively.#

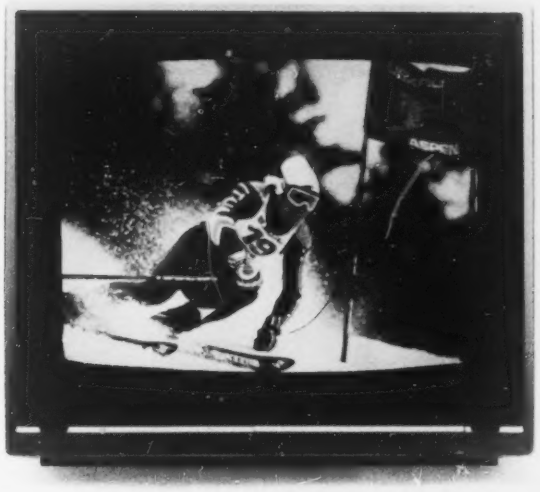

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Image courtesy: The Photo Store

DIRECT MARKETING

Spiegel, Sears try new ideas

By LAURIE FREEMAN

CHICAGO—Spiegel Inc. and Sears, Roebuck & Co., hot for new avenues of revenue, are introducing innovations in their catalogs.

Spiegel is enlisting paid advertising while Sears is launching "Changes Volume II," a new contemporary women's catalog.

Oak Brook-based Spiegel last week began mailing two specialty catalogs—"Perspective" and "American Hits"—with three paid ad pages featuring toiletries, cars and exercise equipment (AA, July 27).

Catalog ad sales aren't new, but as more big-name merchandisers such as Spiegel begin tapping the market, advertisers are expected to show more interest.

The 52-page "Perspective" book, a "high-fashion" catalog, is being sent to more than 1 million upscale women, who will see ads for Jones New York fashions, L'Oreal Visuelle makeup and Lubriderm lotion. "American Hits," aimed at a "young leisure lifestyle," includes ads for Avis, Bally Lifecycles and Chevrolet's Beretta.

CAS Ltd., New York, is handling ad sales for Spiegel and for Bergdorf Goodman, Bloomingdale's and Camping World.

A CAS official said these companies are eager to attract the additional revenue source.

Spiegel charges $26,950 for a color page in "Perspectives" and $23,100 for a color page ad in "American Hits."

Meanwhile, Sears this month begins mailing "Changes Volume II," a women's contemporary sportswear catalog, to both Sears credit-card customers and noncustomers nationwide.

Sears, which is making efforts to become more of a specialty retailer, is hoping to build on the "Changes" catalog series to help upgrade its image and expand its customer base.

"Changes" was tested last spring in Chicago, Miami and Orlando, Fla. The catalog's appearance and merchandise is similar to Spiegel's specialty books.

"The fashion-conscious shopper represents a significant market in today's retailing environment," said Tom Royal, Sears national catalog manager. "With so many women working, there's no longer time for shopping as there once was. Yet the need for contemporary looks at affordable prices still exists, and 'Changes' is one of the avenues we're taking to custom-fit a product assortment to a current lifestyle," he said.

Chicago-based Spiegel joins a growing list of catalog marketers turning to paid advertising as a way to boost revenues.

The merchandise featured in the "Changes" catalog series is picked and named after a European company.

The European-designed apparel featured in the specialty catalog is not available in Sears stores or in the standard catalog.

If consumer response warrants, the best-selling "Changes" garments could be offered through the general Sears catalog, Mr. Royal said.

The "Changes" catalogs complement Sears' general catalogs by offering international styling "at very competitive prices for the more contemporary segment of the fashion-buying market," Mr. Royal said.#

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MARKETING BY MAIL

Winning ads don't always sell

By JOHN FRANCIS TIGHE

Ted Kikoler is a phenomenon among art directors. He doesn't believe in awards.

Which reminds me of something Steve Brown, the man direct marketers love to hate (he's a principal of Carter & Van Peel, Abernathy & Closther *et al.*) sent to me recently. It was a note from the late Paul Bringe, a direct-mail copywriter of considerable achievement:

"If you have ever entered your advertising, art work or direct mail in a contest and emerged a winner, you know how nice it feels to walk off with the honors. You should know, too, that the nice feeling is likely to be your only reward.

"Don't try to equate winning a contest with sales results. A contest prize in a creative field means that a number of judges—your peers, usually—liked your work. It does not necessarily mean that more bakers will buy your shortening or more plumbers will buy your hardware. Your hard-nosed customers won't automatically be impressed with the things that impressed your judges.

"If contest winning is important, then consider your market to be contest judges and plan to sell them," Mr. Bringe wrote. ". . . And be prepared, too, for highly successful promotions the contest judges pass up. With direct mail we don't really need a panel of judges. The marketplace is prosecutor, judge and jury, all in one."

Back to Mr. Kikoler, a Canadian art director specializing in direct mail. He dislikes awards and contests; his top priority is to *get people to read the copy!*

Obviously someone worth your respectful attention, which is why, in my next column, I will quote some of his proven graphic techniques to boost response.#

Mr. Tighe is a direct-marketing copywriter and consultant based in New York. He heads the Tighe Team.

United trims promotion unit

ELK GROVE VILLAGE, ILL.—Companywide cutbacks at United Airlines have dealt their latest blow to the promotion department, where employees and local-market promotional activity have been sharply reduced.

The 14-member department, previously reporting to VP-Advertising John Ruhaak, now is supervised by VP-Sales Development Chris Bowers, who will oversee a "significantly reduced" staff in his new post, a spokesman said. Mr. Bowers previously was VP-market management.

In another move, the advertising department under Mr. Ruhaak will now report directly to Exec VP John Zeeman, while three marketing VPs —including Mr. Bowers—will continue to report to Senior VP-Marketing James Goodwin.

Mr. Zeeman, 50, said to be a leading internal candidate for United's president-ceo post, couldn't be reached for comment.

The spokesman said "significant reductions" in the promotion department represent "more a streamlining of operations," adding United will now "concentrate on larger promotions and higher visibility activities, not a lot of smaller promotions." He declined to specify the number of departmental jobs cut.

The cuts follow parent Allegis Corp.'s plan to sell its Hertz Corp., Hilton International and Westin Hotel units (AA, June 15).# —*G.L.*

Senior reporter Gary Levin in Chicago coordinates AA's *direct-marketing page.*

Grocery shopping in Orange County.

While Orange County is the nation's 17th largest market, it ranks 13th in total grocery store expenditures.
(S&MM Survey of Buying Power Data Service)

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Top direct-marketing shops

U.S. billings for eight of the top 10 direct-response agencies increased in 1986 as advertisers accelerated their use of general advertising budgets for direct-marketing efforts. Agencies reporting primary billings from direct-response work are ranked by 1986 billings based on fee and commission income only unless otherwise noted. Source: Direct Marketing Association

Agency	1986	1985
Wunderman, Ricotta & Kline	$224.5	$175.7
Ogilvy & Mather	207.4	172.0
Direct Marketing Group Inc.*	138.7	101.6
MARCOA DR Group	110.0	101.0
Grey Direct International	94.0	81.8
Kobs & Brady Advertising	81.0	70.3
Chapman Stone & Adler	80.4	80.9
Rapp & Collins Direct Response Group	80.1	83.5
FCB Direct	78.4	60.6
Krupp/TaylorUSA*	64.8	50.4

*Agency included internal production revenues in total billings.

Special Report

John Figlar

Supermarket concept taking shape

By Denise Frenner

Besides being one of the catchier phrases to have taken hold in the 1980s, the "financial services supermarket" concept is getting closer to becoming a reality. A quick trip down the aisles of providers' offerings, with most of the necessary financial products situated under one roof, reveals why.

Brokerage houses, for example, offer checking accounts and money-market funds. Insurance companies market mutual funds, individual retirement accounts and some policies as investment vehicles paying competitive dividends. Banks offer individual retirement accounts and discount brokerage services, and hope further deregulation will allow them to handle insurance and securities underwriting.

If Congress responds to bankers' pleas to revamp the 1933 Glass-Steagall Act, which separates commercial and investment banking, the barriers between financial services institutions will further chip away. Competition will intensify, creating a greater need for providers to market and differentiate their products.

They're already expending considerable effort along those lines: Ad spending for the industry is booming. In 1986, financial services spending rose 21.9% to $1.73 billion, according to statistics from the New York-based Leading National Advertisers—which tracks dollars for network, spot and cable TV, network radio, magazines, newspaper supplements and outdoor advertising—and the Newspaper Advertising Bureau, New York.

Besides meeting the fiercely competitive marketplace head on, financial institutions are meeting challenges posed by regulation, deregulation and tax reform.

As the money game heats up, experts predict that the future holds more products and services, mergers and shakeouts aplenty, and increasing global competition.

Financial services & products
(1986 LNA ad spending)

Product	1986 spending	'86-'85 % chng
Banks	176.8	(2.5)
Brokers	110.6	21.8
Insurance	397.5	31.0
Investments & collections	23.6	875.2
Mutual & money funds	37.3	152.8
Savings & Loans	52.0	53.1
Credit cards, travl'rs chks	195.3	31.7

Note: Dollars in millions.
Source: Leading National Advertisers, including network, spot and cable TV, network radio, magazines, newspaper supplements and outdoor. Does not include newspaper, direct mail or spot radio expenditures.

Banks play trump cards in credit fight

By Patricia Winters

In the 1970s Citibank, New York, came up with a great idea to increase its credit-card business. The nation's biggest bank launched a massive, national direct-marketing campaign to sell its Citibank Visa and MasterCard to consumers across the country.

Citibank was one of the first to go after the national market, and it enjoyed incredible growth. But hundreds of other banks joined in the battle years ago. And now, as anyone with a mailbox can attest, financial institutions coast-to-coast are battling it out for credit-card customers.

The problem: The market is saturated with plastic. The average American adult holds seven credit cards, amounting to some 802 million pieces of plastic, according to *The Nilson Report*, a Los Angeles industry newsletter. And most people aren't eager for a new card.

"That's as many people [in the market] as there are going to be," says Spencer Nilson, publisher of *The Nilson Report*.

■ *Citibank and others offer gifts and lower interest rates to build cardholder base*

But that doesn't mean Americans' penchant for easy credit has died. Indeed, while the number of cardholders is stagnant, charge card volume is growing. In 1986, bank credit cards, such as Visa and MasterCard, represented $143 billion in charge-card volume, up more than 10% from 1985, estimates Mr. Nilson. The result, he says, is that financial institutions "are all fighting for the same customer."

Clearly, it is a battle among the big boys. Smaller banks are trying to get a piece of the action, but predictably it's the biggest issuers of credit cards that are gobbling up the market. Mr. Nilson says 37% of all bank cards in the U.S. were issued by 10 banks, and that consolidation is growing.

"The nature of the competition has changed," says Dan Brigham, spokesman for San Mateo, Cal.-based Visa International, the industry leader in dollar volume and cards issued. "Years ago, the idea was to get the cards out there, but now it's to get a consumer to use your card and to use it more often."

The economics are simple. A bank makes money on credit cards through the interest it charges and on the annual fee. Hence, a bank's goal is to win more cardholders and entice them to charge more on its card. To achieve that goal, banks are doing everything from giving away free gifts to lowering interest rates to creating identities with special groups.

Among its many credit-card programs, Citibank recently launched "Citibank Free Gifts," a promotion in which customers can select items from one of seven levels based on their card usage. At the end of a six-month period, customers whose credit-card purchases total $750, for example, can select a gift from Level One. Charges totaling $1,500 entitle cardholders to select from Level Two. Gifts include a Sony Walkman, a two-day Hertz car rental certificate and a Canon 35mm camera.

Several banks, including Citibank, waive annual fees for customers who have an account or some other product with the institution. This month, Chicago-based First Chicago began a fee-saver program in which cardholders charging more than $2,400 annually automatically get their fee waived.

Others are offering variable rates. Marine Midland Bank, New York, charges a variable rate on its Visa and MasterCard set at 9% above the rate of its three-month certificate of deposit. First Chicago offers a variable rate set at 9.4% above the prime rate on its Mileage Plus First card, an affinity card tied to United Airlines. And First Fidelity, Newark, N.J. offers a rate that decreases slightly the more the customer owes.

A few are even dropping their fixed interest rates slightly, though analysts say the biggest banks will continue to charge rates that average 17% to 18%, particularly now that interest rates are inching upward again.

Still, in February, Chase Manhattan Bank, New York, reduced the rate on its 4.8 million accounts to 17.5% from 19.8%. Some smaller banks post rates in the 11% range. American Express Co., meanwhile, is marketing its new revolving credit card, the Optima Card, with an initial interest rate of 13.5%.

With heightened interest in credit cards on Capitol Hill—at press time, a battle over disclosure laws and interest rates is ongoing—some analysts believe Optima could set off a rate war. But Mr. Nilson says rate slashing won't ever be a universal response to increased competition.

"It's not like selling dresses, where you have a 50%-off sale one day and then end the sale the next day," he says. "You can't do that in the credit-card industry. It would take six months or more to bring a [fixed] rate back up. And that's very expensive."

Some banks even offer personalized credit cards with pastoral scenes of mountains and beaches, similar to those offered on checks. "We call these things bells and whistles," says Anita Hersh, senior VP and partner at Lister Butler, a New York consultancy specializing in financial services. "If packaged well, these promotions can be used to differentiate one bank card from another."

Most of these efforts are marketed via direct mail. But traditional advertising is coming into the picture for the newest and biggest wave in credit-card promotions—affinity marketing, whereby a bank ties its credit card to a promotional offer from another industry.

The most popular alliances right now are with the travel industry. Banks give charge-card customers discount points based on their charge volume toward frequent-flier programs, hotel visits and rental cars. In addition, the cards usually have lower interest rates and automatic bonus points. Some also have higher annual fees. These promotional tie-ins are actually an outgrowth of affinity marketing among nonprofit groups. For years, banks have offered cards with attractive benefits to such groups as labor unions, social clubs and alumni associations. Chase Lincoln First, Rochester, N.Y., offers gold Visa cards to members of the Sierra Club. The interest rate is lower than Chase's regular rate, and the club receives a percentage of the dollar volume charged by its members.

In June, Visa reported its card is involved in 350 affinity marketing programs, representing 15 million cardholders. MasterCard in May said its card is linked to 335 groups, representing 6 million cardholders. Among those who have linked up are Citibank and American Airlines; First Chi-

(Continued on Page S-12)

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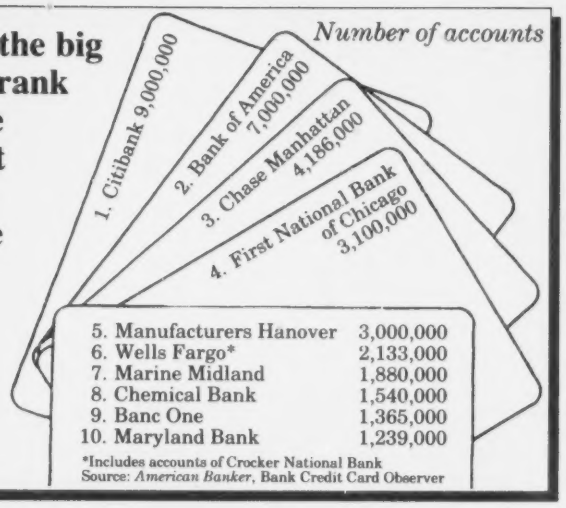
How the big boys rank in the credit card battle


Number of accounts
1. Citibank 9,000,000
2. Bank of America 7,000,000
3. Chase Manhattan 4,186,000
4. First National Bank of Chicago 3,100,000

5.	Manufacturers Hanover	3,000,000
6.	Wells Fargo*	2,133,000
7.	Marine Midland	1,880,000
8.	Chemical Bank	1,540,000
9.	Banc One	1,365,000
10.	Maryland Bank	1,239,000

*Includes accounts of Crocker National Bank
Source: *American Banker*, Bank Credit Card Observer

Trump cards

(Continued from Page S-10)
cago and United Airlines, Westin Hotels and Resorts and Hertz Rent A Car; and Marine Midland Bank and Continental Airlines Corp.

Banks issue special cards for most of these programs. First Chicago, for example, has a Mileage Plus First card for its program with United Airlines. MPF is backed by print, radio and a direct mail effort via Haddon Advertising, Chicago.

MasterCard, meanwhile, has developed its own affinity marketing program called Master Plan For Travel. It offers travel awards from American Airlines, Sheraton Hotels and National Car Rental. Its program doesn't require a special card and is backed by print ads created by former agency William Esty Co., New York.

Banks are fond of affinity programs because they generate new customers and increase card usage. But many industry observers wonder when this market, too, will be saturated. "That's the big question mark around affinity marketing," says Ms. Hersh. "I see saturation coming, and I see it coming fast."

American Express, New York, has a similar opinion. While AmEx has been offering similar travel-related promotions for years, the company says it hasn't and won't step up its promotional activity in response to affinity bank cards. Edwin Cooperman, president of AmEx Travel Related Services U.S. Consumer Card Group says, "Consumers are beginning to see all of these promotions as alike; to some degree it's to our benefit."

But not everyone feels that way. Says Mr. Nilson: "It's a marketing effort and you use it while it works. Banks can't just sit back and hope someone will use their cards." AA

As rules change so do IRA marketing plans

By Nancy Zeldis

Advertising for individual retirement accounts may not have hit the level observers were expecting during the 1987, pre-tax reform selling season. But big banks, brokerage houses and insurance companies plan to put a modest shine to IRA marketing in the months ahead.

Promotional spending will go toward a revised, more sophisticated strategy for the $300-billion nationwide market, now that an estimated 30% of the IRA/Keogh-buying public, ineligible for upfront deductions due to tax reform, may slip away. "Retirement income protection" will replace "tax shelter" as the buzzwords of 1988.

With or without deductibility, however, IRAs appear to be a prime choice among consumers as a means of saving for retirement. In one recent survey, New York-based Citibank, the nation's largest holder of IRA deposits, found that 60% of those ineligible to deduct their IRAs said they will continue making contributions.

"This past season we sold the 'last chance' IRA," says J. Scott Rasbach, manager-product development for Institutional Pension Consultants, New Brunswick, N.J., a bank and brokerage consultancy. "Now we've discovered that bankers who cried, 'the gravy train is ending,' aren't necessarily right. There's definitely a market if you sell the IRA as a retirement income plan."

Most institutions indicate their 1988 IRA ad campaigns and budgets aren't yet finalized. Some say they're going primarily after market share of existing accounts over soliciting new ones. And direct mail, many say, will be the preferred marketing tool.

In December, First National Bank of Chicago will launch a direct-mail campaign informing existing customers of the bank's IRA investment vehicles. "Our strategy will be to provide a wider IRA product line, including CDs, mutual funds, stocks, and precious metals," says Product Manager John Tomick.

Sources at New York-based Equitable Life Assurance say the company's November IRA marketing push is definitely going towards direct response. A spokesman for New York-based Dean Witter Reynolds, which increased its IRA investments 22% between March 1986 and March 1987, says the company will market IRAs via direct mail and telemarketing during tax season.

"Direct response tends to be a more efficient way of generating business from existing customers, especially with IRAs," says Richard Baxt, VP, Citibank's Tax Shelter Center, New York. Indeed, IRA holders say the techniques that best attract their attention are brochures and letters, according to Market Facts Inc., a Chicago-based research company.

Mutual funds' growth as an IRA investment vehicle continues to outpace that of others, reports Market Facts. But giants like Citibank aren't discouraged. They have created links with the stock-and-bond markets. This year, Citibank put together four different investment portfolios for its Portfolio IRA: equity, balanced, income and short term. "If you expect to do well," says Mr. Baxt, "you have to have a complete selection of options." AA

Nancy Zeldis is ADVERTISING AGE's Fairfield County, Conn. correspondent.

Meeting a taxing problem

By Denise Frenner

While H&R Block hasn't come up with specifics on how the new tax law will be worked into its traditional first-quarter media blitz, tax reform and the confusion surrounding it is the strategy behind this month's efforts for Block's Tax Training Schools.

"We're emphasizing that this is a good time to get tax training; things are so drastically changed that people need to go back to school," says Steven Dickey, marketing director at Kansas City, Mo.-based Block, the nation's largest income-tax preparation service.

The national campaign—consisting of one, 30-second direct-response TV spot airing in 20 metropolitan markets, direct-response newspaper ads appearing in virtually all markets, and direct mail—breaks Aug. 10. The two-week TV campaign was created by Kansas City, Mo.-based Bernstein-Rein; the four-week newspaper campaign and the direct mailing were handled in-house.

Mr. Dickey won't disclose the campaign's budget. But he says that for the TV and newspaper segments, the company isn't planning any increases over its standard 4%-7% annual hike of the past three years, because of tax reform.

Anticipating a higher response rate this year, the company has budgeted a larger-than-average increase for direct-mail expenditures. Block also has created a new direct-mail piece: an all-inclusive self-mailer, a departure from previous years' multiple-piece mailings.

"Last year, we mailed out 600,000 direct-mail pieces. This year, I'd suspect at least a 10% increase in response to our newspaper ads, TV spots and other promotional efforts, and that might be understating it," says Mr. Dickey. The company also foresees an increase over last year's 90,000 tax school students, and will be promoting employment with H&R Block during and after the 13-week course, which runs annually from September through December.

"We also are working with prior seasonal employees to get more of them to return," says Mr. Dickey. During the last tax season, Block employed about 40,000 tax preparers nationwide, according to Thomas Bloch, president-tax operations division. Mr. Bloch says the company currently is trying to assess next year's needs.

Block hasn't determined its traditional tax-season campaign's message, but Mr. Dickey says the primary strategy will center on tax reform. He's not sure if this campaign will stress confusion, as did one of last year's five TV spots. Critics have charged that the commercial unnecessarily pushed the panic button.

H&R Block is "cautiously optimistic" that the tax bill will help business, he says, "but we know [it has] pluses and minuses for tax preparers." AA

Associate editor Denise Frenner coordinated this report on Financial Services Marketing.

Coming

Next week ADVERTISING AGE's Special Report will focus on **Automotive Marketing.**

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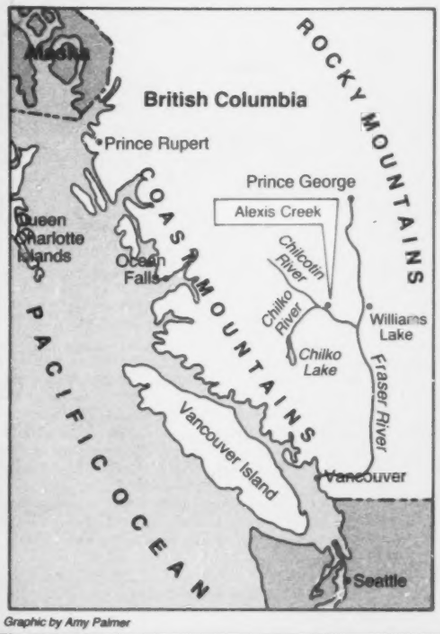


Graphic by Amy Palmer

Tragedy's toll

Five admen perish in Canadian rapids

By SCOTT HUME

Eleven men journeyed to the Chilko River in British Columbia to share one another's company and celebrate their love for life; only six returned.

Killed when their raft overturned in the river's turbulence Aug. 1 were Robert V. Goldstein, VP-advertising, Procter & Gamble Co., Cincinnati; Richard O'Reilly, of Greenwich, Conn., who headed the ad industry's campaign against drug abuse; Stuart Sharpe and Gene Yovetich, both senior VPs and directors of account management at DDB Needham Worldwide, Chicago; and James Fasules, a retired DDB Needham executive.

The purity of their expectations when they left their homes on Wednesday, July 29, for the five-day excursion renders the five men's deaths all the more tragic.

"It was a chance for friends to get together, to trade stories, to fish, to float and most of all to have fun," said DDB Needham's Chicago's

(Continued on Page 57)

More coverage on Pages 54 and 56. Editorial on Page 16.

Chilko River: a long way away to die

By JAMES BRADY

To get to the Chilko River where they died, you leave La Guardia at 7 a.m. and three planes later it is 6 in the evening Pacific Daylight Time and you are still traveling and still 75 or 80 miles from Chilko. This is a long way to go to write a story; it is a long way away to die.

But 11 celebrated and influential men had traveled this way a few days earlier on a rafting holiday. The Chilko

(Continued on Page 55)

Florida ad boycott support slips

By BETH AUSTIN

The advertising boycott of Florida is showing signs of decay, with Kimberly-Clark Corp. and Rust-Oleum Corp. heading back into the market and Beatrice Hunt-Wesson denying it ever left.

Many national advertisers blacked out network commercials, canceled print ads or pulled spot TV to protest the state's 5% sales tax on advertising, which took effect July 1.

Daniel Jaffe, senior VP, Association of National Advertisers, Washington, said he does not believe the companies' returns to the Florida ad market mean opposition to the tax is weakening.

"We have seen no diminishment in opposition," said Mr. Jaffe, whose organization has filed a suit charging the tax is unconstitutional. "Our members have been very much involved in urging us forward on the lawsuit, in a commitment to go all the way to the Supreme Court. . . . It would be very misleading to say, 'OK, the fight's over, Florida won.' I don't see any sign of that. I think a lot of companies are going to—very quietly, without press releases—make economic decisions about their advertising. Florida's in for a very rocky economic time."

Procter & Gamble Co., Cincinnati, which has the nation's biggest ad budget, remains committed to its decision to pull ads from Florida, as do a number of leading advertisers.

The list of companies holding firm in their decision to stop advertising in the state is shortening, however.

Earlier, Johnson & Johnson decided to stop blacking out its national TV commercials and to resume spot TV buys for its products (AA, July 27). New Brunswick, N.J.-based J&J, ranked 20th in U.S. ad spending last year, said it was unwilling to maintain its ad absence from the state because the tax now faces lengthy legal battles.

Following J&J's lead, Irving, Texas-based K-C will resume advertising in Florida Aug. 31, even though the company still opposes the ad tax. Director of Corporate Communications Tina Barry said the decision also was based on the company's belief that the issue will not be resolved quickly.

K-C canceled spot TV support for Huggies disposable diapers July 1 and ordered the TV networks to black out national commercials shortly thereafter.

Ms. Barry declined to discuss what impact nearly two months without TV advertising made on sales of Huggies' in Florida.

Beatrice Hunt-Wesson, following up on a statement made by parent Beatrice Cos., Chicago (AA, Aug. 3), denied it ever blacked out national advertising in Florida.

A spokesman for the Fullerton, Calif.-based unit said it never intended to pull its

(Continued on Page 59)

Nissan drives ad hub West

By JENNIFER PENDLETON

LOS ANGELES—Nissan Motor Corp. USA's decision to hire Chiat/Day here to handle its $150 million advertising account marks the return of one of the country's largest advertisers to the West Coast creative community. It also is indicative of the region's growth as an important advertising center.

In the largest single account switch ever, Nissan chose the agency noted for some of the most creative campaigns of recent years over Chicago's Tatham-Laird & Kudner.

Nissan made the announcement Aug. 3, after securing approval from Tetsuo Arakawa, exec VP in charge of North American operations, based in Japan.

C/D replaces New York-based William Esty Co., which handled the business for more than 10 years.

Speculative creative work presented in C/D's pitch will be the basis of Nissan's 1988 campaign, expected to start in October. Joe Opre, director and general manager of advertising and sales promotion, refused to share details of the campaign, but acknowledged the slogan, "We've got a way to move you," is one theme under

(Continued on Page 59)

Photo by Robert Holmgren

Jay Chiat believes his agency's creative reputation, and its marketing skills, helped win Nissan.

Last Minute News

HHCC gets Hyatt, joins Arby's review

CHICAGO—Hill, Holliday, Connors, Cosmopulos, Boston and New York, has won Hyatt Hotels' $16 million account. J. Walter Thompson USA previously handled. Also, HHCC has been added to Atlanta-based Arby's review of its $10 million-to-$12 million account *(see related story on Page 50)*. The agency's first work for the Hyatt chain, including a return to TV advertising for the first time since 1984, will break in October. HHCC beat out Fallon McElligott, Minneapolis; Ogilvy & Mather and Tatham-Laird & Kudner, both Chicago; and Young & Rubicam, Chicago and New York. The agency joins the Arby's review because Hal Riney & Partners, San Francisco, withdrew. Also in that review are Ammirati & Puris and Levine, Huntley, Schmidt & Beaver, both New York, and W.B. Doner & Co., Baltimore.

Fallon, W&K tail Porsche

RENO, NEV.—Porsche Cars of North America is in contact with Fallon McElligott, Minneapolis; Wieden & Kennedy, Portland, Ore.; and other agencies for its estimated $14 million account. Finalists will be named within two to three weeks. Tatham-Laird & Kudner, Chicago, and Jordan, Case, Taylor & McGrath, New York, also are likely contenders. Porsche will split with Chiat/Day, Los Angeles, Oct. 7, fol-

(Continued on Page 8)

Highlights

Navy's BBDO pick calms ad waters 4

The U.S. Navy's choice of BBDO Worldwide to handle its $12.6 million account closed a year of upheaval among four of the six major military advertisers and their agencies. More than $130 million in billings changed hands before BBDO won a five-year, fixed-fee contract with the Navy.

Marsteller dies at age 73 6

William Marsteller, who died last week at the age of 73, left an indelible mark on the communications business. The 73-year-old founder of Marsteller Inc., who retired in 1979 after selling his company to Young & Rubicam, was an early proponent of the integrated approach to advertising, public relations, research and promotion. He died in his Palm Beach, Fla., home after a brief illness.

Lever adds grease to margarine war 12

Lever Bros. has bought its way to the top of the $1.6 billion margarine category with aggressive acquisitions and hefty advertising, putting an end to Kraft's decades of dominance. But Kraft, facing the possible dethroning of Parkay as the top-selling brand, has shored up its position with its acquisition of Anderson Clayton Foods, marketer of Chiffon.

Cahners testing Beijing 22

Cahners Publishing Co.'s plans for a special magazine edition at an April trade show in Beijing may lead to more overseas ventures for the British-owned company. Following successful expansion into Europe, Asia and South America by McGraw-Hill, CW Communications and others, Cahners will enter the Chinese market next spring with a special edition of its U.S.-based *Electronic Business*

'La Bamba' making waves 41

"La Bamba," originally touted as a "summer sleeper" at the box office, is likely to increase Hollywood's interest in the hispanic market. In the largest effort of its type aimed at the hispanic movie audience, Columbia Pictures spent more than $250,000 for Spanish-language advertising and released 77 Spanish-language dubbed or subtitled prints of its recently released "La Bamba" across the country.

Arby's beefs up sales 50

Sales and profits are sizzling at Arby's at a time when the fast-food industry is fizzling. This year, Arby's, the nation's No. 13 fast-food chain in terms of sales, says comparable store sales will increase 5%, contrasting the industry average growth of about 1% to 2%.

INTERNATIONAL

Publishing acquisitions getting tougher 23

American-style unfriendly takeover battles for leading publishers are emerging in Europe, raising questions about the future of several major publishing groups in the U.K., the Netherlands and West Germany.

McDonald's considers a U.K. salad line 36

McDonald's Corp. may expand its prepackaged salad line to the U.K. following successful introductions in France and West Germany. A decision on this is expected within the next two months.

Australian TV channels changing hands 36

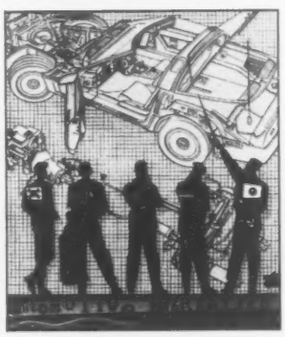
A takeover move early this year by Rupert Murdoch has touched off a series of deals that soon may create three defined TV networks in Australia. Media analysts in ad agencies and brokerage companies believe national networking likely will emerge within the next few months.

OTHER NEWS

It's hard to miss her as she races by, plastered on the side of a Chicago city bus: a pig dressed as the infamous Vanna White under the headline "Squeal of Fortune." Her puzzle partially spells "Wisconsin State Fair, Aug. 6-16" and is one of several humorous ads created by the fair's ad agency, William Eisner & Associates, Milwaukee. Page 34.

A public hearing for the proposed joint operating agreement between the *Detroit Free Press* and *The Detroit News* began last week, 16 months after the two unprofitable newspapers agreed to combine their business operations to end losses caused by intense competition. In opening statements, a lawyer for the group challenging the JOA said the newspapers have sacrificed profitability in an "irrational" and "maniacal" battle for dominance. But the newspapers' lawyer said survival and pursuit of dominance are synonymous in the competitive Detroit market. Page 53.

SPECIAL REPORT



***Automotive Marketing**—The seemingly unending war between U.S. and foreign automakers has reached a truce—temporarily. The peace is based in the growing internationalization of automotive production and marketing, and the increasingly hostile economic environment confronting Japanese importers. Joint ventures and the influx of imports marketed by domestic automakers have opened up new channels of cooperation. And as U.S. producers pick up production tips, Japanese importers are being schooled in U.S. merchandising and marketing strategies as they move inventories. However, angry signals are on the horizon, and analysts speculate the delicate peace will be shattered by an impending price war. Starts after Page 29.*

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AGB exec jumps ship to Nielsen

By VERNE GAY

NEW YORK—AGB Television Research President Joseph Philport abruptly resigned last week to join archrival A.C. Nielsen Co., a symbolic and tactical setback for the British company trying to establish a beachhead in U.S. national TV research.

The switch was particularly surprising because the companies have been engaged in a long-standing feud here and in the U.K.

The companies, engaged in a showdown struggle to establish a successful research business based on people meters, have had mixed success to date.

CBS-TV and ABC-TV have canceled Nielsen because of concerns over the company's conversion to people meters this fall, while AGB has signed only CBS for its people-meter service.

Most industry experts say it is critical to the success of either service to sign up all three.

Mr. Philport's timing also raised questions because AGB's people-meter service is less than three weeks away from start-up. He was the driving force behind AGB's efforts to sell the service to ad agencies, the Big 3 networks, cable networks and syndicators.

People meters are hand-held devices that will replace Nielsen's diary meter-based system of recording viewer demographics.

The resignation "was absolutely a surprise," said Michael Poehner, who joined AGB in June as ceo and took over as president last week. "It will hurt us in the short term."

In a phone interview from his home here, Mr. Philport disputed the idea that his timing posed a problem for AGB and a coup for Nielsen.

"For me, the timing made sense," he said. "I was at AGB from the period of conception to the development of the service. . . . AGB does have a good management team in place, so the initial reaction [of the industry] exceeds the reality. My timing was something I had to consider and there really *wasn't* any good time."

Mr. Philport was named senior VP-director of market development at Nielsen. At AGB he was replaced by Mr. Poehner, 40, who joined the company in June after a 17-year career at IBM, leaving as director-Mid-range Systems, IBM Information Group.

The former AGB exec said he would not be in direct competition with AGB but would concentrate on new-product development for Nielsen.

Mr. Philport's position appeared to become tenuous when Mr. Poehner joined AGB. Mr. Poehner was made head of operations and charged with building AGB's data communications network to clients. Mr. Philport was involved in sales only.

Then, in July, Mr. Philport hired Barry Kaplan, a former Ted Bates Advertising research executive, to handle sales and marketing.

Mr. Philport's resignation raised questions about AGB's future because agency and TV sources say only one service—either Nielsen or AGB—may survive the battle.

The TV networks are resisting the "coexistence" of AGB and Nielsen because of the added cost and because it would complicate program planning and sales strategies.#

JWT bid falls short

Cruiseship line hires Goodby

SAN FRANCISCO—American Hawaii Cruises, a cruise line operator based here, appointed Goodby, Berlin & Silverstein to replace Keye/-Donna/Pearlstein, Los Angeles, on what it claims is a $3 million-to-$4 million account.

GB&S won the account over late entrant J. Walter Thompson USA, San Francisco, in the finals of a review involving several shops here.

West Coast News

Richard Russo, 35, senior VP-associate creative director, Della Femina, Travisano & Partners, New York, this week transfers to the agency's Los Angeles office as senior VP-creative director. Mr. Russo succeeds Jim Weller, who has taken a senior creative position with Hal Riney & Partners. Mr. Weller will be based in Los Angeles, where the Riney agency intends to open a branch office.

California has hired Gene Stone, 35, consulting editor of *Los Angeles Times Magazine*, as its editor in chief. Mr. Stone succeeds Harold Hayes, who left the Los Angeles-based monthly early in the year. Mr. Stone, who starts next month, was a senior editor at *Esquire* from 1982 to 1984. He also was a West Coast editor for Simon & Schuster.

DDB Needham Worldwide, Los Angeles, promoted Jeri Moore, senior VP-director of research and planning, to director of account services and planning, a new post. Observers say Ms. Moore is a leading contender to become agency president. President Alan O. Pando is slated to succeed Montgomery McKinney as chairman.

Robert Kuperman, previously exec VP-exec creative director there, had been in line for the top spot at the DDB Needham office before he left for Chiat/Day (AA, July 27).#

Special Report

Mitch O'Connell

International truce only temporary

By Beth Bogart

Pull in the Stars & Stripes, haul down the Rising Sun, unfurl the white flag—but don't hoist it too high.

The battle between U.S. and Japanese automakers has reached a temporary truce, largely because of the rapid devaluation of the dollar against the yen and increased joint ventures. But those factors have set the stage for a new battle—a price war—by the 1990s.

The dramatically improved position of the domestic auto industry—resulting in better labor relations, lower costs and higher quality—helped bring about the armistice. "The automotive industry has witnessed a substantial reduction of tensions bilaterally," says John Mathieson, director-international policy center at SRI International, Arlington, Va.

The rhetoric coming from domestic manufacturers and Capitol Hill suggests that protectionist sentiment has peaked. Although Congress probably will pass a trade bill this fall—the Senate and House already passed versions—the final legislation probably will soften the more extreme provisions. A likely target is the Gephardt amendment, which mandates retaliation against nations that run big trading surpluses with the U.S.

The final bill is likely to focus on export promotion as opposed to import containment, Mr. Mathieson says. "We're working on a bill that the president can sign," says Senate Finance Committee staffer Bob Maddox; President Reagan has promised to veto any bill that violates his free-trade philosophy.

Recent reports showing that the nation's trade deficit appears to have peaked also are contributing to the diminished interest in pu-

(Continued on page S-2)

Beth Bogart is a New York-based free-lance writer specializing in political affairs and Capitol Hill coverage.

The import drive

Market share, U.S. registrations

	1986	1985
General Motors	41.5%	42.8%
Imports	28.2	25.9
Ford Motor	18.2	18.9
Chrysler	11.5	11.2
AMC	.7	1.2

Note: Totals may not equal 100% because of rounding.
Source: R.L. Polk & Co.

'87 sales a junkyard? Analysts ease off

By Gene Ely

It's been a bum year for car sales so far. But now there's at least one consolation: The panic talk apparently is over.

Analysts, after fitfully scaling down their estimates through spring, are unified in pegging 1987 sales at around 10.2 million cars, about 9.7% down from 1986's record-breaking 11.3 million cars, according to Bala Cynwyd, Pa.-based Wharton Econometrics. Sales in 1988 are expected to match 1987's.

Despite domestic manufacturers having 1.9 million unsold cars at the end of June, up 2.3% from a year ago, and a 75-day inventory vs. a 63-day supply last year, some analysts now are arguing that 1987 isn't such a bad year after all. Often overlooked in the car sales tally, says Maryann Keller, VP, automotive analyst, Furman Selz Mager Dietz & Birney, New York, are light trucks bought for use as passenger vehicles. Light trucks continue to sell well, up 2.8% over 1986, which was up almost 5% over the previous year.

Because buying trucks as passenger vehicles represents an expensive, essentially discretionary purchase, consumer optimism may be at far higher levels than nay-sayers suggest. "People who have money are still spending money, and many are buying trucks," says Ms. Keller.

But the long-term outlook, at least for domestic automakers, remains grim. Even with Japanese car sales in the U.S. slowing, analysts are predicting continuing market share losses for domestic producers as a group.

Gene Ely is a Hackensack, N.J.-based free-lance writer.

■ *Though light-truck gains remain a bright spot, long-term domestic outlook is dimmer*

Total imports will reach 3.24 million this year, up from 3.05 million in 1986, predicts Thomas O'Grady, president, Integrated Automobile Resources in Wayne, Pa. Japanese import sales will slide to 2.1 million units, some 200,000 cars under their allotment, from 2.37 million in 1986.

Ronald Glantz, an industry analyst with San Francisco-based Montgomery Securities, predicts imports will command a 31% U.S. market share in 1988, up from 29.8% this year, and will reach 38% by 1990. The number of so-called immigrants—cars built in the U.S. by foreign producers—will leap as a slew of new plants come on-line, leading Mr. Glantz to predict that by 1990 imports and immigrants combined will reach 43%.

Of the Big 3, General Motors Corp. will lose the most, he says, sliding from a 41% market share last year, to 37.5% this year to 30% by 1990. Chrysler Corp. will gain slightly next year, while Ford Motor Co. will slip, Mr. Glantz says.

While praising Ford and Chrysler, he slams GM for high costs, indecision and lack of vision. "GM hasn't established what it wants to be," he says. "People at the top are not really as product-oriented as they should be."

The company suffers from too much second-guessing, says Mr. O'Grady. "They may need the sort of monstrous hemorrhaging or shakeup that Ford and Chrysler went through. They just don't seem hungry enough."

The first signs of bleeding are most apparent at the bottom line. GM's profits will decline 24.3% in 1987, Mr. Glantz predicts, while Ford and Chrysler will be up 38.4% and 13%, respectively. The combined profits of the Big 3 and American Motors Corp. will be up 10.2%, he says.

As widely reported, 1987 car sales initially were hurt by the loss of sales tax deductions. Prodded by much-touted incentives, consumers flooded showrooms last fall, effectively borrowing car sales from 1987.

Sales in December were running at a 9.6 million annual rate; in January they dropped to a 5.1 million rate. "A lot of people underestimated how big that buy-in-advance effect was," says Edward Sullivan, director-automotive services at Wharton Econometrics, which

(Continued on Page S-4)

Truce only temporary

(Continued from Page S-1)

nitive measures.

Not only has protectionist passion eased on Capitol Hill, but concern has shifted from the automotive industry to more embattled industries, such as electronics and capital machinery. Even General Motors Corp. has modified its traditional anti-protectionist stance to support President Reagan's retaliatory tariffs on Japanese semiconductors.

"There's a feeling that the American automotive industry has recovered, as well as that other sectors are witnessing more blatant protectionism in Japan," Mr. Mathieson says.

Lee Iacocca, Chrysler's chairman, indicates that protectionist sentiment would rise again in Congress if foreign nameplates garner 35% of the U.S. market. In fact, domestic producers still are pushing legislation that would blockade Japanese inroads; Chrysler suppliers were urged to lobby for the Gephardt amendment.

The issue has become muddied now that the Japanese are manufacturing more cars in America. These facilities still rely heavily on Japanese parts—currently an estimated 70%—but they are not subject to import quotas because the autos are assembled in the U.S.

The so-called voluntary quota, which limits Japanese imports to 2.3 million cars annually, is not likely to be reached again, says Van Bussman, assistant corporate economist at Highland Park, Mich.-based Chrysler Corp. He expects the Japanese to import no more than 2 million cars this year, and less than 2 million in 1988.

But that doesn't mean they are sacrificing U.S. market share. Japanese car-makers, including both imports and U.S.-assembled cars, increased their share of the U.S. car market from about 25% in 1985 to 29% in 1986, says one analyst. Their 1987 share may climb as high as 32% as many expand or build U.S. plants. By 1990, Japan should be capable of manufacturing some 2 million cars annually in the U.S. Add that to the 2.3 million cars and more than 900,000 trucks they can import, and their U.S. total could hit 5.2 million.

Ford Motor Co. executives recently called for reducing the import quota to less than 2 million to account for the homegrown "imports." Both Ford and Chrysler also suggest that the system should measure and include the value of imported Japanese parts.

Government action on the latter issue currently appears unlikely. "Legislators have an easier time dealing with cars exported by the Japanese than with parts," says Jim Arbury, an aide to Sen. Donald Riegle (D-Mich.). "When it comes to parts, people outside Michigan don't think about it much."

Even in Michigan, domestic producers concede that the strong yen has helped "level the competitive playing field, with U.S. companies more or less competitive with the Japanese in the manufacturing sense," says Mr. Bussman. Ford and GM spokespeople concurred with his assessment. "Chrysler is much less in the position we were in three or four years ago in terms of needing government action."

Chrysler also is embarking on a joint venture with Mitsubishi Motors Corp. along the same lines as New United Motor Manufacturing Inc., a GM-Toyota Motor Corp. joint venture, further reducing the acrimony. "When you're really struggling for your very survival, it's hard to be on buddy-buddy terms with the person who could wipe you out," Mr. Bussman says. "But when it appears you're in a fairly secure economic position, it's easier to do joint ventures and be more relaxed about your competition."

But while Detroit's protectionist passions may have cooled, "there is no doubt that the Japanese are extremely concerned about a revival of protectionist sentiment in the U.S.," says Edward Sullivan, director-automotive services at Wharton Econometrics, Bala Cynwyd, Pa. "If political tensions increase protectionist sentiment, the Japanese can shift their supply to the U.S. market via these plants, which currently are only operating at about 85% capacity."

Japanese automakers' growing U.S. manufacturing capacity is expected to create unprecedented competition among car makers by 1990, as supply outstrips demand. At that point, major price wars are likely, say several analysts, and the primary battles will be waged in sticker prices, not in rebates and discount financing.

"There's no doubt the market is going to be very price sensitive," says Doug Mahin, group VP-sales at Pennsauken, N.J.-based Subaru of America. One estimate is that the price of compacts currently selling for more than $8,000 could decline by perhaps $1,000.

Although sticker prices have not yet dropped dramatically, import dealers have suffered the first casualties. The additional dealer profit of $700 to $1,000 that many customers used to pay for Japanese cars has "virtually disappeared," says Mr. Sullivan. He predicts that the yen will continue to appreciate, to about 135 yen to the dollar by 1990, adding further pressure to the price war.

The primary front will be in the area of the small car market, particularly with increased competition from low-cost mod-

(Continued on Page S-4)

Chrysler Corp. print ads point up the price hike differences.

The leaders of the pack

Domestics

	1986 unit sales	% change 1985-86
1. Chevrolet Celebrity	408,946	12.5%
2. Ford Escort/EXP	402,181	-4.4
3. Chevrolet Cavalier	357,093	-17.2
4. Oldsmobile Cutlass Ciera	329,930	-1.1
5. Ford Tempo	265,382	-5.6
6. Ford Taurus	263,450	6395.3
7. Olds 88	261,260	38.9
8. Buick Century	240,747	2.7
9. Cadillac	235,206	25.3
10. Chevrolet	226,132	-8.0

Imports

	1986 unit sales	% change 1985-86
1. Honda Civic/CRX	212,791	2.3%
2. Nissan Sentra	158,890	-11.4
3. Toyota Corolla	152,137	-9.6
4. Toyota Camry	151,767	18.4
5. Honda Accord	112,767	-7.9
6. Nissan Maxima	112,756	13.8
7. Toyota Celica	106,731	32.6
8. Chevrolet Spectrum	99,380	85.4
9. Volkswagen Jetta	93,610	13.1
10. Chrysler/Mitsubishi Colt	93,343	22.5

Source: *Automotive News*

Ford revs its engines, other domestics stall

% of total U.S. car market, January-June

	1987	1986
General Motors	37.6%	43.5%
Ford	20.3	18.0
Chrysler	10.7	11.2
Honda	6.6	5.4
Nissan	5.4	4.7
Toyota	5.1	4.9
Other imports	4.9	9.6
Hyundai	2.5	.9
Volkswagen	1.9	2.1
Mazda	1.8	1.8
Subaru	1.5	1.6
Volvo	1.2	1.1
AMC	.4	.7

Source: *The Wall Street Journal*

'87 sales

(Continued from Page S-2)
estimates that 400,000 vehicles were sold as a direct result of changes in sales tax deductions.

Less noted, though, were two other tax reform-created dampers: elimination of capital gains and investment credits. May is traditionally the beginning of the spring buying season, with down payments funded by tax returns. This May fewer filers received returns, "all but eliminating that spring buying season," says Mr. O'Grady.

Viewing the remainder of 1987, analysts see one possible glitch: a probable mid-September auto workers strike to protest the outside purchasing of auto parts led by Chrysler.

As a result automakers will drop consumer incentives in mid-August to build inventories in the event of a walkout, reimposing them with a vengeance after the issue is settled.

A more remote threat is the possibility of a recession. Most economists see 1989-90 as the next slump, coinciding with the next presidency, historically a time of recession.

But Lawrence Chimerine, Wharton Econometric's president, says there's a one-in-three chance of a recession in the next 12 months if already debt-laden consumers retrench and if U.S. trade suffers. "If it wasn't for the U.S.' better trade performance," he says, "we'd be in a recession already."

In assessing the 1987 downturn, analysts distribute blame on a number of factors. One factor behind the domestics' dilemma is a continuing image problem concerning quality. Despite recent gains, especially by Chrysler and Ford, consumers have long memories. As Ford was hurt in the mid-'60s by quality problems that occurred five years earlier, Mr. Glantz says, GM is now taking a beating for its poor quality cars of the early '80s.

Price increases are cited as another factor. Domestic automakers hiked wholesale prices an average 6.6%, or $700, following Japanese import price hikes of $1,300 last year.

Mr. Glantz says lesser hikes would have been matched quickly by the Japanese and the domestics would have made less without increasing market share.

Another factor no one disputes is the morass of incentives. They don't create new sales but delay them, analysts say. Consumers now figure discounts into their purchase plans, no longer rushing out to grab the first deal.

"Incentives are good for clean-ups," Ms. Keller says. "The dealer who is stacked up can get rid of cars. But they don't boost demand over an extended period."

Incentives also have been used to swing market share, she says. "The trouble is, in this market where everyone is struggling for market share, it becomes a tit-for-tat situation, and they cancel each other out."

The incentive problem has been elevated by the offers' increasing complexity. Rather than last year's straightforward discounts or low-interest deals, incentives now are so hinged with contingencies, say analysts, that consumers are confused.

"[Consumers] have to look at an incentive and immediately see the advantage," Ms. Keller says. "It's hard for people to believe they're getting a real deal."

Incentive apathy has hit within the ranks as well, Mr. Sullivan says. A recent Wharton study found auto salespeople often didn't know which of their cars carried incentives, and that those models that did were given them because "they are dogs."

Incentives have to become more value-added to change not only the "dog" car imagery but to stop the market share swap syndrome. Value-added incentives can't be copied by the competition because they are too specifically tailored to a product, says Joe Flanagan, president of Chicago-based Impact, Foote Cone & Belding's sales promotion subsidiary.

> ***"People who have money are still spending money."***
>
> **Maryann Keller**
> **automotive analyst**

The success of the straight rebate/low-interest financing incentives is perhaps the primary factor in this year's sales slowdown.

Last year's incentive-induced record sales simply were the finale of a four-year stellar performance. Citing the huge numbers of recent car purchases, analysts say that pent-up demand has simply been fulfilled.

"People have bought, year to date—if you include lightweight trucks—60 million vehicles for personal transportation over the last 4½ years. That's an all-time record for any period," Ms. Keller says.

In the process, they have accumulated a huge debt. "In the past several years, a larger portion of consumer spending has been funded by borrowing than ever before," says Mr. Chimerine. "Consumers are borrowed up and spent out."

In addition car loans are being paid off in four and five years, rather than two or three as was more common previously. "Consumers are simply going to be out of the market longer," Ms. Keller says. "They've got a relatively new vehicle in the driveway, and they are not going to buy again until they pay up on the old one."

Mr. Sullivan isn't so sure demand has declined greatly. He's predicting full-year sales of 10.2 million, with the remainder of the year experiencing an annualized rate of 10.5 million or 10.6 million, about what analysts were predicting for the full year back in January before all the panic talk. Overall, his figures suggest consumers are both willing and able to buy.

In March some 66% of those polled by the University of Michigan said they felt now was a good time to buy a new car. And while this is down from 73% a year earlier, it is still a healthy figure. Moreover, interest rates are about even with those in '86, running at an annualized rate of 9.4%, against 9% for 1986 and 9.5% for 1985.

Mr. Sullivan admits that debt is at an all-time high but also says no one knows the absolute debt threshold. Although credit-card spending is rising, he says, "that doesn't mean I can't take out more loans. Presumably, I have more cash in the bank, so it's just trading one asset for another.

"The consumer debt burden hasn't been pushed to the threshold yet. There's still room for it to grow," Mr. Sullivan says. "We're saying it has hindered auto sales a little bit; it hasn't caused an outright retrenchment.

"You can't say it's been a bad year," he says. "You just can't say it's been as good as last year." AA

93% of our readers own at least 1 car, with 1 in 5 preferring standard or luxury models.

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Truce

(Continued from Page S-2)
els imported from Brazil, Korea, Yugoslavia and other countries. Chevrolet recently introduced a version of its Isuzu-built Spectrum at a price of $6,495, $917 less than the previous base price.

Japanese automakers' most common response to the dollar-yen relationship has been to raise prices, however. In June Mitsubishi raised the retail price of its passenger cars an average of $227. Last month American Isuzu Motors raised its car prices an average of 1.5% and its truck prices 3.7%, and Hyundai Motor Co. upped the cost of its 1988 Excel an average of 3% or $225.

Chrysler jumped on the opportunity to point out Japan's current pricing problems in a spread ad that trumpeted the "good news" that Japanese manufacturers have increased their prices by 20% over the past two years while American cars' stickers have only gone up 8%. The "better news," according to the ad, was that Chrysler's prices went up 4.3% compared with Ford's 8.3% and GM's 8.7%.

Some observers scoff at the domestics' self-congratulatory response to a worldwide economic situation that has given them a price advantages. They could have made even more impressive sales gains had they not increased their prices even 4% or 8%, they say.

"For the last five or six years, the U.S. automakers have been saying with a single voice, 'Give us a level playing field' so we can compete with the relative labor costs that favored the Japanese," says George Levy, editor, Detroit-based *AutoWeek*, a sister publication of ADVERTISING AGE. "Now that the level playing field has been handed to them, they haven't taken advantage of it; all they've done is continue to raise their prices." AA

Captives break importers' bonds

By Janice Steinberg

It sounds like the start of an automotive tall tale: "Hey, did you hear the one about the car designed in Japan, built in Mexico and sold by a U.S. company?" The Japanese-Mexican-U.S. hybrid is no joke, however. Designed and engineered by Hiroshima-based Mazda Motor Corp., produced at Ford Motor Co.'s plant in Hermosillo, Mexico and introduced this March in the U.S. by Ford's Lincoln-Mercury division, the Mercury Tracer is one of the latest signs of the growing globalization of the automotive industry.

After initially staggering under the import barrage, Ford, General Motors Corp. and Chrysler Corp. have joined forces with many of their foreign competitors. The resulting captive imports and joint ventures accounted for 6.1% of the Big 3's 1986 U.S. auto sales, and 4.3% of all 1986 car sales in the U.S. J. David Power III, president, J.D. Power & Associates, a Westlake Village, Calif.-based automotive research company, projects they will account for 8% of the 1991 U.S. market.

Janice Steinberg is a frequent contributor to Special Report.

Broadly defined as cars produced in another country and imported by a U.S. marketer, which then puts its marque on them, captive imports are the most common of the international arrangements. In 1986 the Big 3 marketed eight captives; so far this year the number is up to 12.

Captive imports are spurred first and foremost by consumer demand, says Tom Mason, Warren, Mich.-based marketing manager for Chevrolet passenger cars. "We will go anywhere in the world to satisfy the American automotive public at a Chevrolet dealership. If a segment of the public prefers Japanese-built automobiles, we will sell them those kinds of cars."

Captive imports also help fill niches—particularly for inexpensive, entry-level cars—without waiting three-to-five years for products to be developed, Mr. Mason says.

Although GM's Pontiac division has the most recent addition—a Korean-built $5,995 LeMans was introduced this June—Chevrolet leads the other GM divisions in captive importing. Since summer 1985 Chevrolet has sold the Suzuki Motor Co.-made Sprint and the Isuzu Motors Ltd.-produced Spectrum at base prices of less than $8,000. The Chevrolet Tracker, an upscale version of the Suzuki Samurai, will be introduced in fall 1988.

Like Chrysler and Ford, which both own pieces of foreign manufacturers, GM holds 5.3% of Suzuki, 38% of Isuzu and 50% of LeMans manufacturer Daewoo Motor Co.

And then there's NUMMI. New United Motor Manufacturing Inc. in Fremont, Calif., is a 50-50 partnership between GM and Toyota. It pairs Japanese management and American workers to produce 600 Chevy Novas and 650 Toyota Corolla FXs and Toyota Corolla FX16s daily, says Michael Damer, NUMMI community relations spokesman.

Company research shows that NUMMI's first offering, the 1986 Nova, was GM's No. 1 model in terms of overall product satisfaction, he says. Bill Fuller, media relations manager at Torrance, Calif.-based Toyota Motor Sales, USA, says the operation proves that cars built in the U.S. can achieve the same quality standards that have come to be associated with Japanese production.

The proof of that notion can be found in Nova's 1986 sales of 170,507 units, up from June to December 1985's figure of 35,594. GM is encouraged to the point that it is embarking on a second joint venture, opening an Ontario-based plant with Suzuki in November 1988.

Chrysler has not ignored NUMMI's success, launching Diamond-Star Motors in Bloomington, Ill., a joint venture with Mitsubishi Motors Corp. The first product, a two-door sports coupe, will be released in 1989, says Robin Skiles, Diamond-Star PR manager. In 1990, Diamond-Star will introduce a four-door compact sedan. Chrysler and Mitsubishi will split all production 50-50.

Diamond-Star is the latest chapter in a long relationship between the two automakers. Chrysler, which owns 24% of the Japanese company, brought in Mitsubishi products as the first captive imports in 1971. Its Mitsubishi line now includes the Chrysler Conquest, Dodge and Plymouth Colts, and Dodge and Plymouth Colt/Vistas. They accounted for more than 11% of Chrysler's January to May 1987 auto sales, the largest share of sales commanded by captives among the Big 3.

Chrysler also leads the Big 3 in total imports. Chrysler imported 219,000 vehicles in 1986, including the Mitsubishi-made Dodge Ram 50 and Raider trucks as well as passenger cars, making it the fifth largest importer behind Toyota, Nissan, Honda and Mazda. Chrysler also is developing a luxury sports coupe to be introduced next year in conjunction with Maserati, of which Chrysler owns 15%.

Ford has been the slowest of the Big 3 to get involved in imports. In 1986 the Lincoln-Mercury division sold only the Mercury Merkur XR4Ti, which accounted for less than 1% of its U.S. car sales. This year the company added the Merkur Scorpio and the Tracer to its Mercury line, and introduced the Ford Festiva, which is designed by Ford, engineered by Mazda and built by Seoul-based Kia Motors Corp. Ford owns 25% and 10% of each company, respectively.

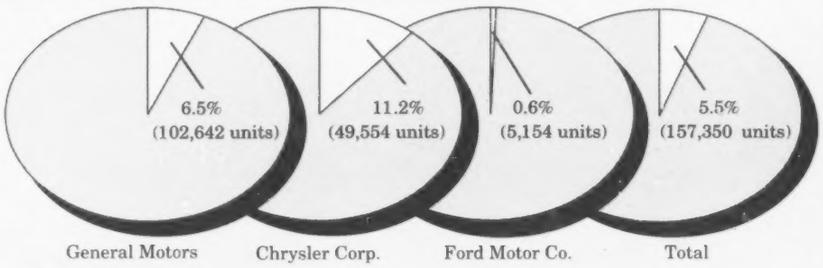
Ford takes a different approach with its Mercury imports. Merkurs are built by Ford of Germany; although designed by Mazda, the Tracer is manufactured at a Ford-owned plant in Mexico.

"They're pure Ford," says L.R. Windecker, manager-public affairs, Dearborn, Mich.-based Ford research and analysis. "We don't buy anything built by somebody else."

(Continued on Page S-16)

A captive audience

Captive imports and joint ventures as % of January-May 1987 sales



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Big bang

(Continued from Page S-8)

non-GM franchises, helped develop Saturn's distribution plan and franchise agreement. Although the 16 have not been guaranteed a Saturn franchise, late this summer they will select the first dealers, to be announced early next year.

Dealers will be selected based on their commitment to customer satisfaction and will be monitored constantly. Any dealer may be selected to carry Saturn, but Mr. Hudler says more than 75% probably will be GM dealers.

After passing a selection process that involves two questionnaires and a visit from a Saturn inspection team, dealer candidates will be invited to company headquarters. They will sit down with corporate personnel and develop a dealer-specific marketing plan. If both parties agree on the plan, an agreement will be finalized.

Dealers also will serve on a high-level strategic planning team, and will be consulted on proposed changes in the franchise agreement. The approach hardly seems revolutionary, but Frank McCarthy, exec VP of McLean, Va.-based National Automobile Dealers Association, says it is. "For years, we've been asking manufacturers to involve dealers in decision-making. Dealers meet customers every day and getting their comments would be very valuable."

But the plethora of entry level cars has forced Saturn to re-think the product. The Saturn of 1990 is expected to be sportier, more upscale and higher priced than originally planned.

In addition, the entire Saturn project has been a victim of GM's corporate-wide cost-cutting. The initial production run was scaled down from 500,000 cars annually to 200,000.

And Saturn is no sure-fire thing. With GM's profitability sliding, Chairman Roger Smith has said he doesn't know if Saturn will work. Whether GM's clean sheet approach to auto production is written in red or black ink will not be determined for two years.

NDI shoots down tradition in true Western style

In a concrete building nestled into the San Diego hillside, East meets West. The East, represented by the building's design and its owners—Nissan Motor Co.—runs head-on into Western thought, complete with its history of industrial design and disdain for tradition.

Welcome to Nissan Design International, an institution founded in 1980 to take the best of both worlds.

When Takashi Ishihara—then president, now Nissan chairman—offered Gerald Hirshberg a job as NDI's director-design, Mr. Ishihara told him Americans were both unpredictable and disrespectful of tradition. "In Japan, we're orderly, predictable, rational. We are honor-bound to tradition. We change at reasonable, predictable speeds. We can deliver quality, efficiency, excellence, and you can deliver this audacious energy," Mr. Ishihara said.

Mr. Hirshberg does not seem to have missed a delivery. "Innovation is thumbing your nose at tradition," he says. "It's saying, 'Hey, I can do it better. I can throw out your way.' It's in a way connected to a destructive impulse. Kids know you have to knock down blocks so you can build them up again. The Japanese don't like to knock down blocks."

Working with a small team of designers, engineers and industrial sculptors, Mr. Hirshberg, formerly a designer at General Motor's Pontiac and Buick divisions, delivered dramatic redesigns of the company's light truck and Pulsar. NDI also designed the four-wheel-drive Pathfinder and restyled the 300ZX.

The truck, dubbed the Hardbody, was NDI's first product. It departs from the light-truck norm by emphasizing the cabin rather than the hood or the truck bed, and featuring "sophisticated rather than typically crude truck forms," Mr. Hirshberg says.

Introduced in January 1986, the Hardbody won design awards, but its sales proved disappointing. "We hoped to sell an average of 20,000 units a month," says Sheldon Payne, corporate product development manager at Nissan's U.S. headquarters in Carson, Calif. Instead monthly sales averaged 18,659 units from its introduction in January 1986 to May 1986. Hardbody sales were down to an average 14,750 per month from January to May 1987.

Mr. Payne attributes the slow sales to price factors. "Our cheapest truck is $6,999, Mazda's is $6,799, and Mitsubishi's is $6,499, which means a lot in a very price-sensitive market. Here we are with a fine product that is well-engineered and well-designed, and consumers are trying to get the cheapest thing they can.

"The problem wasn't the styling," he says. "We're very happy with the design."

Nissan's Hardbody won plaudits for design, but not sales.

Nissan's happiness with NDI extends to the Pathfinder, which was named "4x4 of the Year" by *4 Wheel & Off-Road* and by *Four Wheeler*. But of all NDI products, the redesigned

Break bonds

(Continued from Page S-12)

Mazda will take over Ford's Flat Rock, Mich., plant to produce both Mazdas and a small Ford specialty car that will complement the Mustang, Mr. Windecker says. Ford also is talking to Nissan Motor Co. about developing a new vehicle.

"The clear distinctions—this is a Ford or this is a Chevy or this is an import—just aren't so clear anymore," says Charles Brady, VP, analyst at New York-based Oppenheimer & Co.

Captive imports, he says, soon may be replaced by global component manufacturing and vehicle production. "The captive imports were a function of a macroeconomic setting where it was much cheaper to produce subcompacts outside the U.S. It is becoming as cheap or cheaper to produce those vehicles here."

Toyota is opening wholly owned factories in Georgetown, Ky., and Cambridge, Ont. It joins Honda and Nissan, which already produce cars in the U.S. Fuji-Isuzu also is planning a U.S.-based operation.

"I think you will see sourcing not only from Asia but from other parts of the world," Mr. Mason says. "I know this company [Chevrolet] is committed to the majority of its production base being in the U.S."

Japanese automakers probably would welcome a shift. They entered the agreements to gain volume customers and distribution channels, and then saw voluntary export restrictions prevent them from marketing the bulk of their exports. For example, Chrysler controls 72% of Mitsubishi's U.S. exports; only 28% go to Mitsubishi Motors of America.

No one expects a weakening of the alliances between the Big 3 and foreign automakers, however. While the value of the yen is making Japan a costly producer, areas including Korea, Taiwan and Latin America may fill any gap.

Regardless of what happens to captive imports, they say the joint venture is here for the long haul. "The best way to accommodate technology changes is through joint ventures," says Mr. Power. "The cost of inve ing in a new product is such that joint ventures make a lot of sense."

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Harley-Davidson trades restrictions for profits

By Beth Bogart

Harley-Davidson Motor Co. revved back into profitability after four years of federally mandated protections from its Japanese competitors. It ended its rough ride back from the edge of bankruptcy with a dramatic request: that the government withdraw the tariffs a year before they were to expire.

Harley's request to the U.S. International Trade Commission to terminate tariffs on large Japanese motorcycles was "largely a philosophical gesture," says Kathleen Lawler-Demitros, director-marketing services for the Milwaukee-based company. "We thought it was important for the public to understand that *existing* legislation can be very effective in allowing American industries to regain competitiveness. We didn't ask for special help or new legislation; we just asked the government to implement existing provisions."

Some trade experts predict Harley's experiences could influence future Congressional trade debates, including those on a pending trade bill. "It certainly shows that in some cases temporary protectionism can help," says one congressional aide. "But it probably won't do much for the auto industry because there's a sense that they've had a temporary reprieve as well—the voluntary quota of 2.3 million cars.

"And Detroit is doing well," he says, "so why are they asking for a continuation? They should realize what a good PR move Harley made and follow suit."

That move currently does not seem likely. Although 1986 was Dearborn, Mich.-based Ford Motor Co.'s most profitable year, in January Harold Poling, Ford's president, called for stiffer restraints on Japanese imports.

The Harley example may not be viewed as being relevant for saving an entire industry, however. In 1903, when Harley started, 150 other American companies manufactured motorcycles. The company now represents the entire U.S. motorcycle industry and occupies only one niche in the market, selling high-powered cycles to serious bikers.

The Reagan Administration imposed the special tariffs in 1983, when Harley's share of the 700cc or larger motorcycle market had dropped to 12.5% from 21.2% in 1978, and the company was facing bankruptcy. The tariffs followed a sliding scale—adding 45% to the cost of comparably sized Japanese imports the first year and declining to 10% by April 1, 1988—to give Harley time to implement planned manufacturing improvements.

Harley introduced such practices as just-in-time manufacturing, in which parts are made only when needed, and statistical process control of operations, which minimizes production errors. The company downshifted the percentage of defective bikes from about 50% to less than 2%. "There has been strong employee involvement to shore up quality," Ms. Lawler-Demitros says.

Harley also took a close look at marketing, deciding to build on its "greatest strength, our closeness to our customers," she says. Harley was the first manufacturer to endorse demonstration rides, something all of its competitors now do; was the first to start a motorcycle club, which now has 73,000 members; and emphasizes that "dealers, management and all levels of employees" are motorcycle riders, Ms. Lawler-Demitros says.

By 1986, the company had met its goal so successfully that Harley had recaptured 19.4% of the market share and posted its first profit in five years. In March Harley asked that the tariffs be lifted.

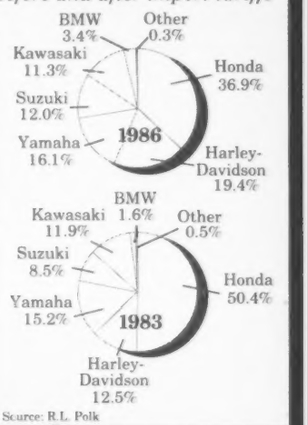
Also by March, the international economic situation had changed dramatically. The dollar had fallen more than 50% against the yen in the last 18 months, keeping Japanese manufacturers from reducing prices with or without tariffs.

Harley's competitors reacted in much the same way to the tariff as did Japanese carmakers to the "voluntary" quotas. Honda Motor Co. and Kawasaki Motors Corp. established U.S. motorcycle assembly facilities, which are exempt from import restraints.

Harley's request, in the end, was largely symbolic. "The tangible benefits of asking the ITC to terminate tariff aid were fairly inconsequential," says Ms. Lawler-Demitros. "We wanted to acknowledge all the people who helped us put them in place." AA

Harley hogs business

Share of market, 700cc or larger engines before and after import tariffs



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May 1987 vs. May 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	101 650	——	105 535	——
Beacon Journal (S)	84 622	——	66 736	——
Grand Total	186 272	——	172 271	——

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	167 663	——	177 171	——
Call (S)	104 789	——	80 572	——
Grand Total	272 452	——	257 743	——

NOTE: Part run figures not available.

ASBURY PARK, NJ

Press (E)	202 041	38 568	198 689	26 142
Press (S)	208 960	26 008	147 168	18 431
Grand Total	411 001	64 576	345 857	44 573

ATLANTA, GA

Constitution (M)	174 530	86 809	193 163	74 074
Journal (E)	176 957	98 692	193 001	70 406
Journal & Constitution (S)	154 697	81 222	136 697	58 614
Journal & Constitution (Sat)	61 299	——	53 808	——
Grand Total	567 483	266 723	576 669	203 094

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

Sun (M)	141 854	8 852	135 653	1 094
Sun (E)	112 930	8 845	99 708	990
Sun (S)	196 050	69 825	141 270	42 501
Grand Total	450 834	87 522	376 631	44 585

BERGEN COUNTY, NJ

Record (E)	164 119	24 514	172 322	23 477
Record (S)	193 756	58 161	137 705	44 311
Grand Total	357 875	82 675	311 027	67 788

BOSTON, MA

Herald (M)	92 658	——	68 979	——
Herald (S)	76 043	64 668	17 839	36 863
Globe (M)	158 577	72 567	158 849	14 450
Globe (S)	240 532	62 824	177 639	34 255
Grand Total	519 810	140 059	423 306	85 568

BUFFALO, NY

News (AD)	118 037	23 330	128 393	21 603
News (S)	91 080	39 567	72 414	19 520
Grand Total	209 117	62 897	200 807	41 123

CAMDEN, NJ

Courier-Post (E)	137 074	22 203	139 006	23 708
Courier-Post (S)	76 390	13 640	59 372	8 929
Grand Total	213 464	35 843	198 378	32 637

CHARLOTTE, NC

Observer (M)	124 745	——	138 669	——
Observer (S)	87 921	——	76 419	——
Grand Total	212 666	——	215 108	——

NOTE: Part run figures not available.

CHICAGO, IL

*Tribune (M)	138 810	266 813	131 046	263 358
*Tribune (S)	133 572	106 605	119 066	113 920
Sun-Times (M)	148 618	84 734	148 031	94 392
Sun-Times (S)	11 034	64 643	64 163	27 882
Grand Total	431 234	522 795	462 306	499 552

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 4/27/87 to 5/24/87.

CINCINNATI, OH

Enquirer (M)	157 959	8 121	182 277	8 133
Enquirer (S)	151 694	32 611	132 742	12 594
Post (E)	77 247	25 448	83 192	20 286
Grand Total	386 900	45 586	398 211	39 013

CLEVELAND, OH

Plain Dealer (M)	144 001	34 158	161 001	46 628
Plain Dealer (S)	142 975	9 851	109 899	8 610
Grand Total	286 976	44 009	270 900	55 238

DALLAS, TX

News (M)	283 555	7 880	321 061	10 421
News (S)	196 718	20 516	169 420	10 757
Times Herald (AD)	229 724	17 070	243 382	31 405
Times Herald (S)	136 585	19 866	121 412	27 422
Grand Total	846 582	65 532	855 278	80 410

DENVER, CO

Rocky Mt. News (M)	297 512	5 867	297 861	1 098
Rocky Mt. News (S)	118 275	817	98 197	800
Post (M)	204 767	24 580	203 250	8 031
Post (S)	153 512	2 322	126 913	——
Grand Total	774 068	31 586	726 221	9 929

DETROIT, MI

Free Press (M)	98 100	53 922	110 694	45 877
Free Press (S)	54 209	47 973	48 132	34 705
News (AD)	158 263	49 544	175 951	51 012
News (S)	110 184	34 195	90 808	38 137
Grand Total	420 756	185 634	425 585	169 731

ESCONDIDO, CA

Times-Advocate (E)	101 128	2 873	99 827	526
Times-Advocate (S)	50 209	——	47 908	——
Grand Total	151 337	2 873	147 735	526

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	133 496	——	101 023	——
Sun-Sentinel (M)	262 262	——	296 119	——
Grand Total	395 758	——	397 142	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	80 462	——	81 136	——
Journal Gazette (S)	74 817	——	69 332	——
News Sentinel (E)	85 293	——	89 588	——
Grand Total	240 572	——	240 056	——

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	89 440	7 290	90 327	1 065
Time (S)	81 296	6 361	62 674	——
Advocate (E)	112 393	23 781	112 402	20 414
Advocate (S)	81 988	6 775	61 400	——
Grand Total	365 117	44 207	326 803	21 479

HARTFORD, CT

Courant (M)	157 766	44 435	164 363	40 722
Courant (S)	107 064	196 364	84 294	131 392
Grand Total	264 830	240 799	248 657	172 114

HONOLULU, HI

Advertiser (M)	132 163	——	134 605	——
Star Bulletin (E)	118 306	——	123 419	——
Star Bulletin & Advertiser (S)	101 270	——	74 588	——
Grand Total	351 739	——	332 612	——

HOUSTON, TX

Chronicle (AD)	220 760	39 575	257 580	37 110
Chronicle (S)	145 153	44 706	114 926	28 749
Post (M)	146 431	33 692	175 783	27 685
Post (S)	85 638	24 376	75 669	29 982
Grand Total	597 984	142 349	623 956	123 726

LONG BEACH, CA

Press Telegram (M)	111 546	49 001	117 383	48 492
Press Telegram (S)	65 709	10 546	57 229	561
Grand Total	177 255	59 547	174 612	49 053

LONG ISLAND, NY

Newsday (E)	118 708	143 390	168 970	118 981
Newsday (S)	108 623	156 866	102 178	96 165
Grand Total	227 331	300 256	271 148	215 146

LOS ANGELES, CA

Times (M)	301 157	103 868	326 086	285 987
Times (S)	197 568	112 139	162 364	94 869
Herald Examiner (M)	87 879	9 360	81 706	7 567
Herald Examiner (S)	20 514	10 241	16 395	9 489
Grand Total	587 118	435 608	566 551	397 912

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	196 667	30 458	216 815	34 973
News (S)	101 593	1 941	88 542	712
Grand Total	298 260	32 399	305 357	35 685

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	229 740	——	224 591	——
Grand Total	229 740	——	224 591	——

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	151 626	88 584	145 275	116 388
Commercial Appeal (S)	107 283	12 592	97 402	6 416
Grand Total	258 909	101 176	242 677	122 804

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	151 898	——	166 683	——
Herald (S)	107 746	——	83 450	——
News (E)	58 705	——	62 726	——
Grand Total	318 349	——	312 859	——

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	120 208	24 922	125 892	28 136
Star & Tribune (S)	167 389	5 285	138 170	4 394
Star & Tribune (Sat)	33 001	——	31 347	——
Grand Total	320 598	30 207	295 409	32 530

*NASHVILLE, TN

Banner (E)	104 252	——	116 047	——
Tennessean (M)	105 985	——	119 774	——
Tennessean (S)	118 506	——	90 942	——
Grand Total	328 743	——	326 763	——

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	89 098	5 708	101 829	2 654
Home News (S)	97 082	18 945	75 222	7 138
Grand Total	186 180	24 653	177 051	9 792

NEW YORK, NY

Times (M)	184 158	17 985	187 080	17 147
Times (S)	238 378	147 060	188 900	101 796
News (M)	67 064	94 498	67 235	108 927
News (S)	52 765	106 021	37 724	83 872
Post (AD)	71 042	967	66 452	807
Grand Total	613 407	366 531	547 391	312 549

NEWARK, NJ

Star Ledger (M)	232 380	5 389	235 966	6 563
Star Ledger (S)	252 143	45 036	180 070	28 720
Grand Total	484 523	50 425	416 036	35 283

OAKLAND, CA

Tribune (M)	93 106	67 357	86 842	80 516
Tribune (S)	45 746	56 088	37 725	38 914
Grand Total	138 852	123 445	124 567	119 430

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	100 989	5 273	94 219	4 134
Blade-Tribune (S)	51 756	970	51 603	——
Grand Total	152 745	6 243	145 822	4 134

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	322 023	91 031	335 953	98 961
Register (S)	163 709	——	121 807	10 503
Grand Total	485 732	91 031	457 760	109 464

PHILADELPHIA, PA

Inquirer (M)	161 730	28 734	176 102	47 111
Inquirer (S)	159 949	97 813	120 720	57 399
News (E)	86 415	1 898	97 118	5 045
Grand Total	408 094	128 445	393 940	109 555

*PHOENIX, AZ

Arizona Republic (M)	236 070	13 590	248 982	13 101
Arizona Republic (S)	146 749	——	152 759	——
Gazette (E)	225 467	13 844	240 146	13 199
Grand Total	608 286	27 434	641 887	26 300

NOTE: Figures supplied by publisher to Media Records.

*PROVIDENCE, RI

Journal (M)	95 222	85 935	92 864	85 003
Journal (S)	107 548	72 970	111 236	45 877
Grand Total	202 770	158 905	204 100	130 080

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	117 731	37 727	126 268	38 990
Post Dispatch (S)	163 770	692	119 220	519
Grand Total	281 501	38 419	245 488	39 509

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	101 850	——	105 743	——
Pioneer Press Dispatch (S)	138 987	——	105 558	——
Grand Total	240 837	——	211 301	——

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	114 828	38 359	137 330	33 147
Express-News (S)	96 510	39 783	73 883	40 646
Express-News (Sat)	42 616	——	45 837	——
Light (AD)	127 934	24 979	133 152	30 108
Light (S)	110 891	8 906	87 592	12 472
Light (Sat)	30 660	2 688	38 627	——
Grand Total	523 439	114 715	516 421	116 373

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	218 628	38 446	231 140	30 744
Union (S)	153 232	——	123 366	——
Tribune (E)	221 796	38 419	231 163	28 287
Grand Total	593 656	76 865	585 669	59 031

SAN FRANCISCO, CA

Chronicle (M)	133 598	60 101	145 390	69 728
Examiner (E)	129 268	58 878	——	——
Examiner & Chronicle (S)	95 407	39 997	77 094	41 545
Grand Total	358 273	158 976	222 484	111 273

NOTE: 1986 Examiner Evening figures not available.

SAN JOSE, CA

Mercury News (AD)	297 679	17 271	307 028	26 688
Mercury News (S)	176 237	233	145 987	——
Grand Total	473 916	17 504	453 015	26 688

*STATE COLLEGE, PA

Centre Times (E)	84 658	2 168	96 691	1 626
Centre Times (S)	46 502	539	34 855	771
Grand Total	131 160	2 707	131 546	2 397

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	114 210	——	128 205	——
Blade (S)	123 231	——	96 535	——
Grand Total	237 441	——	224 740	——

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	292 202	52 602	291 980	47 212
Post (S)	190 616	63 035	149 647	46 093
Grand Total	482 818	115 637	441 627	93 305

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	70 188	466	69 252	893
Fairfax Journal (M)	81 473	1 204	79 618	1 269
Grand Total	151 661	1 670	148 870	2 162

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only.

WESTCHESTER/ROCKLAND, NY

Reporter Dispatch (E)	97 079	22 695	99 632	13 836
Reporter Dispatch (S)	101 683	39 151	92 351	20 981
Grand Total	198 762	61 846	191 983	34 819

WICHITA, KS

Eagle-Beacon (M)	121 914	——	132 157	——
Eagle-Beacon (S)	91 838	——	74 029	——
Grand Total	213 752	——	206 186	——

NOTE: Part run figures not available.

Source: Media Records

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REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA-NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

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August 17, 1987

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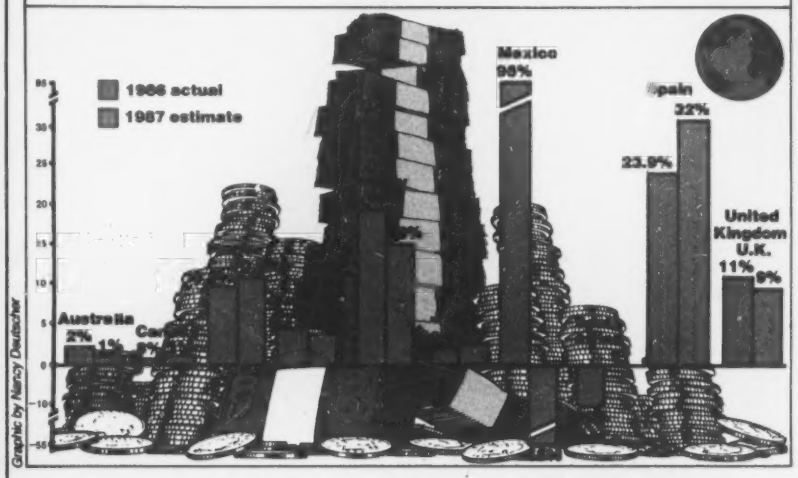
Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Worldwide ad spending growth

Global survey shows 1987 real ad spending growth higher than last year in Spain and France, and higher than previous estimates in major markets. Source: ADVERTISING AGE.



Beating U.S.

Foreign ad spending registers hefty gains

By JULIE SKUR HILL

International ad spending growth is outpacing the U.S. and will continue to do so for many years, industry sources say.

Traditionally, non-U.S. ad spending growth lagged behind the U.S., and agencies maintained many unprofitable foreign offices to serve clients—not to make money.

But the profit picture is changing. Publicly held U.S.-based agencies and advertisers continue to report stronger growth outside the U.S. than domestically.

Some forecasters predict that ad spending growth outside the U.S. this year will be twice the U.S. rate. That is translating into big U.S. profits because of the weak U.S. dollar compared with other currencies. But the dollar's weakness is only part of the reason for the bright international picture.

Economic improvements in South

(Continued on Page 46)

Ex-Bates team targets Ogilvy

By JON LAFAYETTE

NEW YORK—John Hoyne, former head of Ted Bates Worldwide's international unit, told ADVERTISING AGE he owns 80,000 shares of Ogilvy Group stock and may buy more.

Those shares represent less than 1% of the company, and are worth about $2.6 million.

Sources close to Mr. Hoyne and a group of ex-Bates executives who also are accumulating Ogilvy shares indicated that a formal takeover bid likely will start next month. But the group offered no official timetable.

Mr. Hoyne, reached in the Caribbean last week, called his investment a "minor position" and added that Ogilvy "is a good company. I hope it will do better."

The Ogilvy developments came last week as Chicago-based Foote, Cone & Belding Communications also resurfaced as the subject of a takeover rumor.

Both agencies have vowed to fight any takeover attempt.

In a memo Aug. 13 to the agency staff, Ogilvy Chairman William Phillips said management had heard the takeover rumors but "we have not been approached.

"Naturally, we will resist this with all available means," Mr. Phillips said in the memo. "We have already taken a number of steps to protect our clients, our shareholders and you."

He said, "As one of the strongest and best-regarded worldwide agency groups, we are confident that we will remain independent."

Rumors surfaced last month that Ogilvy management was considering its own plan to take the company private. Such a management buyout could be pursued as an alternative to a takeover led by outsiders.

One observer noted that James Robinson, chairman of American Express Co., one of Ogilvy's most important clients, likely would have a major voice in what happens to the agency. AmEx owns the investment banker Shearson Lehman Brothers.

Industry observers said it would take a bid of at least $50 a share, or more than $700 million, to take over the company.

Ogilvy Group consists of Ogilvy & Mather; Scali, McCabe, Sloves; Cole & Weber; and research, PR, promotion and direct-marketing subsidiaries.

The Bates group is expected to work with investment bankers from Lazard Freres, which advised the group on its unsuccessful bid for JWT Group and offered to put up capital.

Mr. Hoyne began leading a group of former executives of Bates, including ex-Chairman Robert Jacoby, in accumulating Ogilvy shares on the open market shortly after the group's bid to acquire JWT was rejected, according to one member of the group.

British-based WPP Group eventually acquired JWT.

Before the JWT takeover, an unsolicited offer for an ad agency had been unthinkable, but now the spirit on Madison Avenue is that any publicly held agency is vulnerable.

The Bates group's plan, said a source close to the situation, is to continue acquiring Ogilvy stock and bid for the agency holding company. If the bid is successful,

(Continued on Page 47)

• **Saatchi merger on West Coast falls through. Page 2.**

• **JWT looks strong in the Burger King review. Page 3.**

• **How Esty team managed to keep Jeep. Page 4.**

Last Minute News

Ogilvy stock gains 6 points

NEW YORK—Amid takeover rumors, Ogilvy Group stock closed the week at $43 a share, up 6 points for the week. On Aug. 14, the stock rose 4 points. O&M client Kimberly-Clark said the rumored takeover attempt *(see story above)* "is a matter of great concern to us because of our great respect for Ogilvy & Mather's management." Polaroid, Ford, Campbell Soup Co. and AT&T generally expressed support for O&M's current management and said they would examine any changes closely.

JWT gets more Tenneco work

LINCOLNSHIRE, ILL.-Tenneco Automotive named J. Walter Thompson Co. as worldwide agency, adding an estimated $28 million in billings to the $20 million the agency already handles. J. Walter Thompson USA's Detroit office, which already handles Walker Manufacturing, Monroe Auto Equipment and Brake Pro for Tenneco Inc., takes over as agency of record for all North American retail, adding Speedy Muffler King and regional muffler chain Car-X Service, formerly handled by SSC&B:-Lintas Worldwide, New York. JWT subsidiary Enterprise Advertising Associates, Toronto, will coordinate in Can-

(Continued on Page 8)

American to address flight safety

By JENNIFER LAWRENCE

DALLAS—American Airlines will become the first carrier to target consumer concerns about flight safety in a network TV campaign starting in two weeks.

The Fort Worth, Texas-based airline, the nation's third largest, also becomes the first airline to base a network campaign on airline performance problems that have plagued the industry since last spring. Earlier, on-time performance problems have been addressed in print ads only.

American's willingness to address flight safety is significant. In the past, airlines tacitly agreed to steer away from safety claims.

Long considered an innovator in the industry, American intends to maximize its established quality image by get-

(Continued on Page 44)

Wisconsin eyes tax on advertising

By STEVEN W. COLFORD

Following Florida's lead, a special commission appointed by Wisconsin's governor is considering an expansion of the state's 5% sales tax to include advertising and other services.

The extent to which such a tax would affect national advertising appearing in the state—the most controversial feature of Florida's ad tax—is unclear.

The 23-member commission, appointed Feb. 9 by freshman Republican Gov. Tommy Thompson, is due to make its final report to the governor Sept. 1.

The report is expected to endorse a sales tax on professional services, said Steve Loucks, director of government relations for Wisconsin Manufacturers & Commerce.

The governor has taken no position on expanding the sales tax, said News Secretary Jim Soyer.

Mr. Loucks, however, said he believes Gov. Thompson would veto such tax-expanding legislation.

State Rep. David Clarenbach, a Democrat, two weeks ago introduced a bill that would extend the sales tax to most professional services, including advertising.

An aide to Rep. Clarenbach said the legislation has been introduced and defeated in past years. The aide said the same thing could happen this year, largely because the bill is part of a broad economic relief package designed mainly to benefit farmers and the poor.

However, the aide and Mr. Loucks both said the idea of taxing advertising and other services is gaining bipartisan legislative support. Mr. Loucks said Republican Sen. Joseph Leean is expected to

(Continued on Page 44)

Labatt push set for U.S.

Brewer targets Molson

By PATRICIA WINTERS

Labatt Brewing Co., fresh from trouncing Molson Breweries in a Canadian marketing battle, is carrying the skirmish south.

Labatt Importers, the Darien, Conn.-based subsidiary of the Canadian brewing giant, has repositioned its Labatt's beer line in the U.S., changed the packaging and rolled out a new light beer—Labatt's Blue Light—to replace Labatt's Light.

The new Labatt's line is supported by a $10 million advertising and promotion budget, up more than 100% since 1985, said Warren Field, Labatt's marketing manager.

Labatt also is expanding Schooner Canadian beer along the East Coast, from New England test markets, and holds the licensing rights to import Moussy, the No. 1 imported non-alcoholic brew in the U.S., and Quenchette, the No. 1 imported wine cooler in the U.S.

Moussy previously was marketed by White Rock Products Co., White Stone, N.Y.; Quenchette, by Locon Inc., Norwood, Mass.

The Marketing Continuum, Dallas, handles Quenchette; Geers Gross Advertising, New York, handles Moussy.

The U.S. push is part of an overall expansion effort by Labatt to boost sales and profits (AA, Nov. 24). After a neck-and-neck battle with Molson in Canada, Labatt has secured the beer lead there with an estimated 41% market share. Molson has an estimated 34%.

"There are about 22 million people in Canada, and the [beer] market is flat," Labatt's Mr. Field said.

There are about 220 million people in the U.S., he added, and imports are growing rapidly. "It doesn't take long to figure out where the potential is to grow."

Beer is not the only field in which Labatt is expanding in the U.S. In the past two years, its London, Ontario-based parent, John Labatt Ltd., has increased U.S. sales by 400% to about $960 million, mainly through an acquisitions binge.

Since 1985, Labatt has purchased Johanna Farms Inc. and Tuscan Farms, dairies that supply yogurt and other products, and food companies such as Chef Francisco and Pasquale Foods. Labatt Ltd.'s total sales were $3.2 billion for the year ending April 30, up 18.8% from '86.

Labatt Importers' mission is to topple in the U.S. its Canadian competitors, Molson, imported by Martlet Importing Co., North Hills, N.Y., and Moosehead, imported by All Brand Importers, Avon, Conn.

With 4.6 million cases, Labatt's is this country's sixth-largest imported beer, following No. 5-ranked Moosehead, with 6 million cases, according to the newsletter *Beer Marketer's Insights*.

Molson is the U.S. market leader in the Canadian segment and the

Labatt Importers has repositioned its Labatt's beer line in the U.S.

No. 3 import brand overall, at 13.6 million cases, behind Heineken and Corona Extra.

To prepare for its U.S. onslaught, Labatt has developed a national distribution network, from a few regions comprising primarily Canadian border states; started a marketing department to create national programs; and doubled its sales force.

Labatt also consolidated operations to Darien from Buffalo, N.Y., and switched advertising agencies, to Hill, Holliday, Connors, Cosmopulos, Boston, from Tracy-Locke, Dallas.

HHCC's mission is to reposition the Labatt's line to an upscale, image beer from a price beer, targeting the typical imported beer drinker: men aged 21 to 35. As a result, Labatt is running a spot TV, print and radio campaign around the theme of Labatt's Canadian nickname, Blue.

Labatt faces a tough road. Although the Canadian import market is expanding again—up 10% in the first five months of '87, according to *Beer Marketer's Insights*—leader Molson is attacking the market aggressively.

Two months ago, Martlet broke its first national TV campaign for Molson, spending an estimated $8 million, via Saatchi & Saatchi DFS Compton, New York.

And, like all the other import marketers, Labatt also must battle the phenomenal growth of Barton Brands' Corona Extra. Corona last year unseated Molson as the U.S.' No. 2 imported beer overall, as sales grew 170% to 13.5 million cases, according to *Impact*, an industry newsletter.#

Saatchi's Calif. merger plan off

By JENNIFER PENDLETON

The planned merger of southern California's Saatchi & Saatchi Co. units—Cochrane Chase, Livingston & Co. and Backer Spielvogel Bates (AA, July 27)—is off.

"It looked interesting going in, but there were a number of standing account conflicts," said Michael Roche, general manager of BSB's Huntington Beach office. Those included BSB's Hyundai Motor America and Avis accounts and Newport Beach-based CCL's Southern California Chevrolet Dealers Association and Dollar Rent A Car Systems accounts.

"When we looked at our future, both with existing clients and new business, it didn't seem like the right thing to do," Mr. Roche said.

"When we looked at the numbers on the merger, it just didn't make sense," added BSB Chairman Carl Spielvogel.

CCL Chairman Cochrane Chase refused to elaborate on the reasons behind the reversal.

Earlier, Saatchi sources said Mr. Roche would head the western operation and that Mr. Chase would retire within a year. Mr. Chase said last week he has no plans to retire.

It doesn't appear that client pressure figured into the decision. "We were in favor of it," said Jack Collins, Hyundai director of marketing. "We felt it would be better for our business in terms of building up the agency, internal development and the nature of assignments for personnel."

Chevrolet association and Dollar Rent A Car sources said they weren't involved in the decision.

The combination would have created an agency with billings of about $120 million.#

West Coast News

Highlights

Carmakers' ad strategy in reverse 6
The new, sweeping incentive programs offered by U.S. automakers have partially boomeranged. Archrival import car dealers are reporting increased showroom traffic and sales as a result of the 1.9% annual percentage rate financing and rebates offered by General Motors Corp., Ford Motor Co. and Chrysler Corp.

Faberge probes new products 33
While Faberge Inc. shells out $700 million to acquire upscale cosmetics company Elizabeth Arden Inc., its mass-market beauty division, Faberge USA, is planning five major new-product introductions. At the same time, Arden likely will review agencies and raise ad spending.

Colgate scrubs up soap market 42
Colgate-Palmolive Co. is buying a leadership position in the liquid-soap market with its proposed acquisition of Minnetonka Corp.'s Softsoap brand and related product lines.

Goldstein honored at memorial 45
Robert V. Goldstein, Procter & Gamble Co. VP-advertising, was remembered by family, friends and colleagues as a "man for all seasons" during a memorial service Aug. 13 at Adath Israel Synagogue in Amberley Village, Ohio.

INTERNATIONAL

Dow's Ziploc bags debut in Brazil 30
Dow Chemical Co. stepped up activities appealing to the Brazilian consumer and began marketing Ziploc food bags in Brazil after a successful test in May. The company also markets the bags in Panama and the Caribbean and plans to expand throughout Latin America by the year 2000.

OTHER NEWS

Several more cigarette marketers have agreed to stop using the word "free" in advertising their 25-pack cigarettes, in light of long-running discussions with the National Advertising Division of the Council of Better Business Bureaus. Page 12.

Black & Decker Corp. in October will advertise its power tools, in part using money it saved by ending its rebate programs. At the National Hardware Show in Chicago last week, B&D introduced 35 power-tool products ranging from cordless screwdrivers and glue guns to weed trimmers and electric lawn mowers. Page 37.

Donald Kummerfeld already has set up a list of priorities for his new job as president-ceo of the Magazine Publishers Association, effective Sept. 1. Mr. Kummerfeld wants to make sure the MPA does the best possible job in representing the industry's interests. Page 42.

S.C. Johnson & Son's first campaign for Check-Up anti-plaque toothpaste advances the brand's light approach to the fight against gum disease, shunning the more clinical positionings being used by competitors. The estimated $6 million campaign, breaking today, is the first from Johnson. Page 42.

REGULAR FEATURES

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ADVERTISING PAGES IN AUGUST CONSUMER PUBLICATIONS 39

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Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

AUGUST

— Art & antiques —

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
Art & Antiques (10X)	—	—	389.5	318.8
Art News (10X)	—	—	676.4	593.0
Southwest Art	76.5	65.2	674.5	558.2
Total Group	**76.5**	**65.2**	**1,740.4**	**1,470.0**
% change		**17.4%**		**18.4%**

— Auto/cycle/rec. vehicles —

Autoweek(52X)	155.6	127.9	1,195.3	1,123.4
Car Collector & Car Classics	18.1	18.8	137.4	126.3
Car Craft	86.0	82.7	695.0	595.2
Circle Track	71.0	60.3	607.8	500.2
Dirt Rider	34.0	29.8	285.7	337.4
Dune Buggies & Hot VWs	78.7	89.8	613.0	701.9
Family Motor Coaching	144.4	128.3	1,254.6	1,190.5
4 Wheel & Off-Road	94.9	87.4	706.6	693.4
Four Wheeler	91.0	88.0	691.0	674.0
Hot Rod	65.0	60.1	605.9	501.5
Motorcyclist	38.9	33.5	418.8	414.5
Motor Trend	63.0	48.6	636.6	519.2
Motorhome	96.4	93.4	683.8	760.9
Rider	36.3	33.0	360.2	433.5
3 Wheeling	44.2	48.9	342.3	461.7
Trailblazer	45.5	38.6	370.1	300.6
Trailer Life	103.5	98.6	837.6	932.2
Total Group	**1,266.5**	**1,167.7**	**10,441.7**	**10,266.3**
% change		**8.5%**		**1.7%**

— Boating & yachting —

Chesapeake Bay	41.0	38.3	354.1	298.4
Cruising World	89.0	92.3	899.0	970.6
Lakeland Boating (11X)	68.5	67.5	588.1	558.0
Motor Boating & Sailing	120.2	117.9	1,319.5	1,404.4
Sail	107.4	113.0	872.7	904.9
Small Boat Journal(6X)	—	—	228.3	213.0
Trailer Boats(11X)	36.8	29.6	467.6	359.0
Western Boatman(6X)	—	—	155.3	162.8
Total Group	**462.9**	**458.6**	**4,884.6**	**4,871.1**
% change		**1.0%**		**0.3%**

— Canadian —

L'Actualite	30.7	38.7	574.9	610.8
Chatelaine:				
English Edition A.	43.8	54.2	564.8	704.2
French Edition	39.0	40.7	519.1	600.0
City & Country Home(10X)	34.0	—	317.8	269.9
Equinox	—	—	145.1	147.2
Flare A.	59.2	49.3	564.3	527.6
Harrowsmith-Canada (6X)	—	—	168.2	155.2
Macleans (52X) A.	75.5	80.1	793.8	933.7
Moneywise	30.7	12.8	256.9	267.4
Reader's Digest:				
Canadian-English A.	46.7	42.2	436.9	588.7
Canadian-French A.	33.5	35.0	325.3	485.9
Toronto Life	69.3	60.5	679.2	644.5
Vancouver	54.7	59.5	490.0	560.0
Total Group	**517.1**	**481.0**	**5,836.3**	**6,495.1**
% change		**7.5%**		**-10.1%**

— Civic/fraternal —

American Legion	28.1	22.5	249.6	190.8
Elks (10X)	16.0	15.7	137.8	127.8
Kiwanis	15.4	18.7	122.5	126.2
Lion (10X)	7.3	10.6	56.5	40.6
Rotarian	11.7	13.0	114.2	113.5
V.F.W. (11X)	24.5	26.5	218.0	190.4
Total Group	**103.0**	**107.0**	**898.6**	**789.3**
% change		**-3.7%**		**13.8%**

— Comics —

DC Comics	8.0	3.0	50.0	39.0
Marvel Comics Group	9.5	10.0	71.5	61.0
Total Group	**17.5**	**13.0**	**121.5**	**100.0**
% change		**34.6%**		**21.5%**

— General —

American Health(10X)	—	—	443.2	364.0
American Heritage (8X)	27.3	13.0	140.4	68.5
Arizona Trend	15.3	—	252.8	—
American West (6X)	—	—	147.5	168.8
The Atlantic A.	18.8	23.4	252.9	274.1
Bon Appetit A.	72.2	52.4	625.1	602.1
Changing Times	43.7	36.3	483.6	371.8
Connoisseur	43.8	19.0	525.2	485.1
Consumers Digest (6X)	—	—	87.0	108.5
Ebony	90.2	90.5	724.7	746.1
Fifty Plus	30.6	27.2	303.0	274.8
Food & Wine	46.1	36.1	422.0	343.1
Games (6X)	17.5	20.9	76.3	172.3
Golden Years	31.2	23.5	489.6	187.3
Gourmet	67.2	52.0	731.8	667.6
Harper's A.	24.5	22.2	232.4	182.1
Harrowsmith (6X)	—	—	185.7	153.1
Let's Live	37.0	49.0	358.0	388.0
Life	28.3	34.0	335.1	417.0
Modern Maturity (6X)	—	—	142.7	129.4
Money	77.4	70.1	941.1	928.6
Money Maker	9.7	—	21.8	—
Moneyworth (4X)	—	—	34.2	30.5
Mother Jones (9X)	20.0	40.1	102.6	118.8
National Geographic	14.8	15.9	153.5	173.7
National Geographic Traveler(4X)	—	—	86.0	78.5
Natural History	24.6	28.7	258.0	312.9
Prevention	56.1	45.5	495.6	475.8
Psychology Today	22.7	29.6	235.3	222.0
Reader's Digest A.	55.3	73.1	715.9	750.0
Rx Being Well (6X)	—	—	91.0	74.5
Saturday Evening Post (9X)	—	—	210.7	189.3
Signature	29.2	47.2	438.1	529.6
Smithsonian	67.1	47.4	613.1	590.1
Sylvia Porter's Personal Finance (10X)	—	—	302.1	248.7
Town & Country	112.9	101.1	881.2	862.8
Travel-Holiday	26.9	27.0	324.1	321.3
Travel & Leisure	45.3	45.8	713.0	777.6
Vanity Fair	74.4	35.1	437.8	309.6
Writer's Digest	27.4	21.8	219.9	196.3
Yankee	58.2	52.1	578.8	537.2
Total Group	**1,315.8**	**1,179.9**	**14,813.0**	**13,831.4**
% change		**11.5%**		**7.1%**

— Home —

Americana(6X)	—	—	80.9	111.4
Better Homes & Gardens	83.4	75.1	828.9	838.6
Colonial Homes (6X)	—	—	253.4	250.2
Columbus Monthly-Homes (4X)	—	—	86.9	81.7
Country Home (6X)	—	—	200.6	175.8
Country Living	75.3	55.9	854.9	545.8
Dallas/Ft. Worth Home & Garden	55.8	72.0	467.4	622.0
Family Handyman (10X) A.	—	—	351.5	388.4
Flower & Garden (6X)	33.3	26.4	172.4	156.4
Home	36.0	32.2	390.1	365.2
Home Mechanics	47.5	37.4	445.7	464.9
The Homeowner (10X)	—	—	210.9	187.8
Horticulture	23.5	26.8	296.4	297.5
House Beautiful	56.7	54.8	534.0	559.1
House & Garden	54.5	61.3	690.4	688.1
Houston Home & Garden	76.6	76.7	565.8	606.5
Metropolis	52.2	35.7	361.0	205.2
Metropolitan Home	46.6	38.3	544.3	440.0
1,001 Home Ideas	39.2	29.8	384.4	299.6
Phoenix Home/Garden	59.5	58.3	553.6	525.6
Practical Homeowner	—	—	282.1	317.7
Rodale's Organic Gardening	27.5	35.3	393.5	480.5
San Diego Home/Garden	49.0	53.5	527.1	540.8
South Florida Home/Garden	29.9	27.8	234.4	238.8
Southern Accents (6X)	—	—	357.9	377.9
Southern Living	80.9	89.8	920.5	1,083.0
Sunset Magazine A.	92.8	90.1	941.5	1,083.2
Workbench (6X)	—	—	180.7	191.3
Total Group	**1,020.1**	**977.2**	**11,911.1**	**12,123.1**
% change		**4.4%**		**-1.7%**

— In-flight & other passenger —

Aboard Group (7)(6X)	—	—	105.6	103.9
Alaska Airlines	53.6	57.5	435.2	462.3
America West Airlines	53.2	29.8	365.2	167.6
American Way (24X)	101.9	78.1	777.0	722.2
Brighton Inflight Group:				
Braniff	17.3	9.3	118.5	86.1
Continental	50.4	30.8	348.3	248.4
Hawaiian Air (6X)	—	—	57.6	—
East/West Network:				
Eastern Review	53.3	57.5	535.0	752.6
Northwest	47.2	32.6	354.0	322.5
PSA Magazine	84.7	77.8	637.0	624.3
Pan Am Clipper	35.2	32.5	320.8	491.3
Spirit	53.2	68.5	460.9	703.7
TWA Ambassador	45.0	—	379.1	—
Vis 'A Vis	53.0	64.3	445.8	704.7
Halsey Publications:				
Delta Sky	69.2	55.0	613.2	578.8
US Air	52.3	37.5	375.8	344.5
Piedmont Airlines' Pace	105.2	88.2	695.2	645.7
Spirit of Aloha (6X)	29.4	29.1	244.9	226.7
Total Group	**904.0**	**748.5**	**7,269.0**	**7,185.2**
% change		**20.8%**		**1.2%**

— Men's —

Esquire A.	59.5	42.5	638.7	704.3
Firehouse Magazine	52.3	26.5	344.6	315.0
Gentlemen's Quarterly A.	141.5	115.0	1,016.5	1,060.5
M Magazine	69.7	50.3	516.0	395.2
Penthouse A.	31.8	29.1	320.4	280.2
Playboy A.	47.6	42.3	411.1	491.7
Salute (8X)	—	—	122.9	67.2
Total Group	**402.4**	**305.6**	**3,370.2**	**3,314.1**
% change		**31.7%**		**1.7%**

— Metropolitan —

Aloha(6X)	—	—	130.0	114.0
Atlanta	50.8	44.4	444.2	407.7
Baltimore	57.4	79.1	545.1	581.9
Boston	173.5	156.2	1,219.4	1,179.9
California	69.1	60.0	462.1	491.6
Chicago	75.8	95.0	792.3	952.6
Chicago's North Shore	94.3	96.9	652.7	627.7
Cincinnati	81.8	53.1	484.8	458.3
Cleveland	62.9	50.6	544.4	553.7
Coast (39X)	343.5	366.4	1,517.7	1,774.6
Columbus Monthly	68.7	67.3	531.3	528.3
Connecticut	112.3	111.4	765.3	747.1
D/Magazine, Dallas/Ft. Worth	82.8	99.1	837.2	953.4
Denver	31.3	35.0	271.7	283.6
Detroit Monthly	50.5	48.3	545.8	567.3
Grand Rapids	33.0	36.3	303.2	298.6
Gulfshore Life (10X)	65.0	60.0	633.8	556.0
Honolulu	101.0	84.4	490.6	480.3
Madison	61.5	61.0	515.5	507.0
Memphis	142.0	112.0	659.0	606.0
Metropolitan Detroit	49.0	45.8	503.7	576.4
Miami/South Florida	38.9	39.3	411.6	540.9
Mid Atlantic Country	32.0	38.3	281.3	318.8
Minneapolis/St. Paul	90.7	111.5	798.3	745.9
Nashville	65.0	26.0	346.0	308.0
New Jersey Monthly	106.0	85.7	702.9	617.8
New Mexico	45.1	34.8	242.5	211.0
Ohio	48.9	56.5	438.0	450.5
Oregon (6X)	40.0	—	189.0	—
Orlando	84.3	100.3	777.8	754.0
Palm Beach Life	35.5	25.6	500.6	469.9
Palm Springs Life	33.7	40.3	750.2	749.7
Philadelphia	124.0	127.4	1,121.5	992.0
Phoenix	78.9	128.7	534.4	751.5
Pittsburgh	63.8	64.3	529.3	503.2
St. Louis	61.3	37.8	429.0	357.9
San Diego	155.7	144.9	1,092.2	1,084.1
San Francisco Focus	110.5	89.1	728.8	704.7
Texas Monthly	82.9	88.9	733.0	955.0
Twin Cities	55.5	48.0	487.2	392.5
The Virginian (6X)	—	—	62.0	58.0
Washington (7X)	59.5	83.0	240.5	311.0
The Washingtonian	145.3	143.3	1,135.2	1,149.6
Total Group	**3,363.7**	**3,276.1**	**25,380.9**	**25,678.7**
% change		**2.7%**		**-1.2%**

— Movie/romance/radio/tv —

Macfadden's Women's Group:				
Modern Romances	26.1	23.6	186.5	169.8
Secrets	26.1	23.6	186.5	169.8
True Confessions	26.1	23.6	186.5	169.8
True Experience	26.1	23.6	186.5	169.8
True Love	26.1	23.6	186.5	169.8
True Romance	26.1	23.6	186.5	169.8
Sterling Women's Group:				
Daytime TV	24.8	25.9	197.4	203.9
Modern Screen (6X)	14.5	16.2	58.0	63.7
Movie Mirror (6X)	0.0	1.0	14.5	18.5
Soap Opera Stars (6X)	16.8	16.2	64.3	62.8
TV Movie Screen (6X)	8.3	8.6	30.2	34.5
TV Picture Life (6X)	7.0	3.6	18.3	14.2
Total Group	**228.1**	**213.1**	**1,501.6**	**1,416.1**
% change		**7.0%**		**6.0%**

— Music/entertainment —

Dance Magazine	39.1	36.5	367.4	305.2
Playbill	44.4	37.0	348.6	336.3
Spin	30.8	30.4	222.4	236.0
Video Magazine	56.0	68.0	525.3	590.0
Total Group	**170.3**	**171.9**	**1,463.8**	**1,467.4**
% change		**-0.9%**		**-0.2%**

— National Sunday magazines —

Parade (52X)	47.0	49.5	375.5	413.8
Total Group	**47.0**	**49.5**	**375.5**	**413.8**
% change		**-5.1%**		**-9.3%**

— Outdoor & sport —

Alaska	29.8	42.9	279.2	346.3
The American Handgunner (6X)	—	—	174.0	142.0
American Hunter	28.1	19.6	145.2	140.0
American Rifleman	25.0	32.8	180.9	190.6
Backpacker (6X)	—	—	122.1	119.3
Bass Master (10X) A.	36.1	—	470.5	353.8
Bicycling (9X)	71.3	56.4	690.6	583.3
Ducks Unlimited (6X)	—	—	101.6	109.7
Fins & Feathers A.	60.3	—	277.2	274.1
Fishing World (6X)	—	—	169.4	178.0
Florida Sportsman	95.2	85.4	1,011.9	916.5
Golf Digest	77.6	76.3	871.2	826.2
Golf Magazine	58.7	42.8	658.7	608.3
Gun Dog (6X)	—	—	123.9	118.5
Guns	43.0	34.0	227.0	248.0
Guns & Ammo	45.8	52.3	347.2	376.6
In-Fisherman (6X)	38.0	31.7	421.0	369.7
Muscle & Fitness	128.0	108.0	974.3	871.7
Outdoor Life	60.1	45.6	624.1	595.0
Outside Magazine	46.2	35.9	412.8	382.9
Petersen's Hunting	57.5	55.5	366.8	344.6
Runner's World (13X)	35.2	31.9	292.1	247.3
Southern Outdoors Saltwater (8X)	22.4	—	225.1	—
Salt Water Sportsman	58.8	53.6	879.9	769.7
Sierra (6X)	—	—	150.9	165.9
Shooting Times	33.3	38.9	260.7	285.9
Ski (8X) A.	—	—	252.2	249.2
Skiing (7X) A.	—	—	203.3	193.1
Skin Diver	100.9	86.2	861.7	753.4
Southern Outdoors (9X)	—	—	292.2	224.4
Sport	47.8	41.5	321.3	311.0
Sports Afield	41.4	44.9	659.8	561.5
Tennis	49.7	52.3	577.3	579.7
Waterski (8X)	63.0	38.5	394.0	303.8
Western Outdoors (10X)	35.6	40.4	315.9	342.1
Wildfowl (3X)	22.5	21.8	52.7	51.2
Wing & Shot	—	—	46.9	—
World Tennis	31.6	28.3	250.4	244.0
Total Group	**1,443.0**	**1,197.5**	**14,686.0**	**13,377.2**
% change		**20.5%**		**9.8%**

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads.

All figures represented in this chart are supplied by the magazines. ADVERTISING AGE makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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AUGUST

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Photography —				
Petersen's Photographic	18.9	18.3	210.7	196.3
Total Group	**18.9**	**18.3**	**210.7**	**196.3**
% change		3.3%		7.3%
— Religious —				
Charisma	43.0	42.5	393.6	423.4
Christian Herald (11X)	—	—	195.9	194.4
Christianity Today (18X)	11.2	17.5	317.9	322.5
Ministries Today (6X)	—	—	157.0	177.8
Our Sunday Visitor (52X)	9.6	9.3	100.3	83.7
Today's Christian Woman (6X)	—	—	142.5	110.5
Total Group	**63.8**	**69.3**	**1,307.2**	**1,312.4**
% change		-8.0%		-0.4%
— Science/electronic/mechanic —				
Discover	—	—	—	—
Family Computing	28.2	34.9	325.9	323.6
Omni	41.8	41.5	446.6	429.7
Personal Computing	149.4	109.7	1,200.4	945.3
Popular Mechanics	53.8	65.9	685.8	755.0
Popular Science	47.2	52.9	538.4	542.8
Scientific American	29.5	23.2	325.7	252.5
Spectrum	58.3	63.5	505.1	648.9
Total Group	**408.2**	**391.6**	**4,027.9**	**3,897.7**
% change		4.3%		3.3%
— Woman/fashion/service —				
Bride's Magazine (6X) A.	560.1	447.3	1,825.2	1,544.1
Cosmopolitan A.	196.4	158.5	1,524.3	1,527.4
Essence	70.1	86.0	603.3	634.1
Family Circle (17X) A.	166.3	152.4	978.6	1,110.1
Glamour	195.7	175.0	1,382.8	1,327.5
Good Housekeeping A.	109.0	116.3	1,051.9	1,233.3
Harper's Bazaar	107.1	115.4	889.6	914.7
Health	44.6	35.5	382.0	318.5
Ladies' Home Journal	85.9	93.4	764.9	851.4
Mademoiselle	161.6	136.3	1,091.8	945.1
McCall's	75.1	74.3	707.8	697.4
Military Lifestyle	50.1	57.6	323.6	320.6
Modern Bride (6X)	478.5	422.0	1,544.5	1,349.0
New Woman	73.6	60.7	627.5	554.3
Parents Magazine A.	119.9	94.0	822.6	719.0
Redbook	71.0	64.2	727.9	703.7
Sawy	25.8	21.0	236.1	216.4
Self	89.3	64.0	751.2	704.9
Seventeen	250.1	238.5	1,013.3	934.2
Shape	64.5	65.0	559.2	560.7
Soap Opera Digest (26X)	17.3	16.8	130.3	122.3
'Teen Magazine	84.6	81.0	456.2	408.2
True Story A.	47.8	48.8	372.5	366.8
Vogue	253.9	229.4	1,812.4	1,745.0
W Magazine	171.5	161.9	946.9	817.8
Woman (9X)	36.0	28.5	206.0	107.0
Weight Watchers	27.8	25.7	255.7	258.8
Workbasket	24.3	27.3	214.7	236.0
Working Mother	90.4	74.7	618.0	521.9
Working Woman	69.1	75.4	719.7	771.4
Total Group	**3,817.3**	**3,446.6**	**23,540.5**	**22,521.3**
% change		10.8%		4.5%
— Youth —				
Boys' Life	14.1	12.7	121.6	118.4
Campus Life (10X)	—	—	231.1	228.6
Total Group	**14.1**	**12.7**	**352.7**	**347.0**
% change		11.1%		1.6%

JULY

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Business/national —				
Barron's	147.7	126.4	1,431.9	1,288.0
Black Enterprise	45.4	44.0	531.4	574.3
Business Week (52X) A.	257.3	214.3	2,383.9	2,094.5
Business Month	20.0	23.2	216.8	289.5
Financial World (26X)	42.6	48.6	434.1	349.2
Forbes (26X)	386.7	185.9	1,939.1	1,796.0
Fortune (26X)	124.8	139.9	1,496.6	1,433.2
Frequent Flyer	57.9	56.7	399.3	408.5
Futures	38.5	42.1	335.5	296.1
Inc. Magazine A.	58.0	67.1	607.5	612.1
Income Opportunities	90.7	75.9	502.6	396.1
Industry Week (25X) A.	50.7	57.5	514.4	607.2
Nation's Business (12X) A.	35.2	33.4	213.3	249.0
Venture	59.9	72.4	444.3	488.9
Total Group	**1,415.4**	**1,187.3**	**11,450.7**	**10,882.5**
% change		19.2%		5.2%
— Business/regional —				
Advantage-Nashville's Bus.Mo.	57.0	61.0	388.0	412.0
Arizona Bus. Gazette (52X)	30.6	23.3	249.1	221.2
Boston Bus. Journal (52X)	109.8	102.1	897.3	940.3
Business Atlanta	55.3	63.1	434.0	455.0
Business First of Buffalo	48.6	53.0	403.7	417.0
Business First of Columbus	91.7	74.5	712.2	463.1
Business Journal-Milwaukee	113.6	99.7	831.5	709.9
Business Journal-Sacramento	60.1	32.5	422.1	291.9
Business North Carolina	39.2	37.5	302.8	276.1
Capital Dist. Bus. Review (52X)	77.3	—	544.2	—
Cincinnati Business Courier	103.0	71.5	742.0	530.1
Corporate Report Kansas City	28.7	25.1	164.8	211.4
Corporate Report Minnesota	74.0	63.0	520.0	524.0
Crain's Chicago Bus. (52X)	125.0	130.0	998.0	1,132.0
Crain's Cleveland Bus. (52X)	41.3	51.1	399.3	408.9
Crain's Detroit Bus. (52X)	62.9	47.1	508.3	412.2
Crain's New York Bus. (52X)	28.7	23.6	249.4	238.9
Florida Trend (13X)	62.3	72.6	556.0	571.3
Georgia Trend	75.4	63.1	479.9	370.6
Grand Rapids Bus. Journal	39.4	37.0	298.5	238.8
Hawaii Business	40.7	41.7	302.2	308.4
Indianapolis Bus. Journal (52X)	138.8	144.0	941.5	1,010.7
Intercorp-Connecticut (26X)	55.0	86.0	545.5	676.0
Kansas City Bus. Journal	94.6	102.1	839.4	979.7
Los Angeles Bus. Journal(55X)	44.1	33.1	472.5	281.3
Manhattan Inc.	44.3	46.7	492.7	459.0
New England Bus. (20X) A.	42.3	41.5	453.2	547.4
Pacific Bus. News (52X)	116.6	121.1	798.3	818.9
Philadelphia Bus. Journal (52X)	113.2	105.6	947.7	778.8
Pittsburgh Bus. Times (52X)	107.1	93.2	819.1	688.0
Providence Business News	56.2	29.0	480.9	95.2
Regardie's/Washington	108.0	81.0	949.0	817.0
South Florida Bus. Journal	84.5	70.0	693.5	757.3
St. Louis Bus. Journal (52X)	114.3	122.4	874.4	955.8
Texas Business	32.9	58.1	221.7	409.3
Warfields Monthly Baltimore	53.3	31.0	451.5	209.8
Total Group	**2,569.6**	**2,337.1**	**20,383.9**	**18,617.4**
% change		9.9%		9.5%
— National Sunday magazines —				
Parade (52X)	38.0	36.4	328.6	364.3
USA Weekend (52X)	29.3	37.4	268.1	350.6
Total Group	**67.3**	**73.8**	**596.7**	**714.9**
% change		-8.8%		-16.5%
— Newspaper Sunday magazines —				
Boston Globe	135.3	123.1	1,248.8	1,227.4
Chicago Tribune	66.3	47.6	710.9	600.6
Cleveland Plain Dealer	33.3	22.3	396.3	313.4
Columbus Dispatch	13.5	24.9	247.2	268.3
Detroit News	44.0	57.0	479.0	513.0
L.A. Times	43.4	42.4	541.0	497.5
Louisville Courier-Journal	35.0	30.0	334.0	324.0
Miami Herald	20.0	29.5	258.6	300.2
New York Times Magazine	117.3	112.8	2,036.9	1,995.4
Philadelphia Inquirer	36.0	34.0	448.0	441.0
Seattle Times	36.0	33.0	376.0	352.0
St. Louis Post Dispatch	52.0	27.7	481.4	360.4
Toledo Blade Magazine	22.5	25.6	276.6	285.3
Washington Post	61.3	57.3	876.4	795.4
Total Group	**715.9**	**667.2**	**8,711.2**	**8,273.8**
% change		7.3%		5.3%
— Weeklies/bi-weeklies —				
The Advocate(26X)	123.2	111.0	936.6	906.0
Army Times Military Group:				
Air Force Times (52X)	153.1	165.7	1,184.5	1,269.2
Army Times (52X)	154.2	154.5	1,102.4	1,151.4
Navy Times (52X)	166.8	174.3	1,161.6	1,248.0
The Blood-Horse (52X)	285.5	423.5	2,436.7	2,528.2
Capper's (26X)	15.2	15.6	203.9	182.3
Commonweal (22X)	2.5	2.2	59.6	45.6
Grit (52X) A.	18.3	17.8	193.1	165.4
National Journal (50X)	48.0	36.7	448.5	402.2
National Review (25X)	36.2	28.4	220.9	211.1
New Republic (48X)	26.4	23.3	264.5	240.3
New York Magazine (50X)	104.7	102.4	1,602.8	1,633.7
New Yorker	109.1	119.7	1,249.3	1,299.7
Newsweek (52X) A.	121.3	131.1	1,377.7	1,328.6
People (52X)	208.5	235.9	1,867.7	2,025.1
Rolling Stone (25X)	137.7	132.6	875.8	736.6
Sporting News (52X)	46.8	36.1	349.1	347.9
Sports Illustrated (52X) A.	150.0	151.8	1,441.0	1,513.9
Time (52X) A.	131.7	119.5	1,316.4	1,381.3
Travelhost (52X) C.	3,581.0	3,560.0	21,336.0	21,912.0
TV Guide (52X) A.	202.8	182.2	1,987.0	1,982.8
TV Update (52X) C.	2,180.0	2,111.0	16,194.0	15,750.0
Us Magazine (26X)	41.8	35.3	322.4	278.2
U.S. News & World Report (52X) A.	93.1	94.6	838.9	869.9
Total Group	**8,137.9**	**8,165.1**	**58,970.4**	**59,411.7**
% change		-0.3%		-0.7%
— Foreign —				
Business Week Int'l (52X)	110.7	136.9	782.9	888.2
De Armas Publications:				
Geomundo:				
Central America	3.0	4.0	41.0	26.0
Chile	2.0	5.0	34.0	29.0
Colombia	14.0	8.0	87.5	54.8
Ecuador	3.0	3.0	38.0	20.0
Mexico	16.5	22.7	61.5	79.2
Peru	6.0	2.0	37.0	18.0
Puerto Rico	5.0	11.5	39.0	21.5
U.S.	5.0	5.0	28.7	34.0
Venezuela	41.5	32.5	126.5	93.5
Hombre De Mundo:				
Central America	6.0	3.0	38.0	38.0
Chile	5.0	3.0	37.0	39.0
Colombia	17.5	8.0	77.3	95.2
Ecuador	5.0	5.0	34.0	35.0
Mexico	15.5	12.0	72.5	102.0
Peru	4.0	2.0	26.0	23.0
Puerto Rico	6.0	2.0	42.0	33.0
U.S.	21.5	6.0	92.8	74.0
Venezuela	22.5	20.0	42.0	33.0
Ideas Para Su Hogar:				
Colombia	7.7	9.2	66.2	67.8
Ecuador	1.5	2.0	17.5	14.0
Mexico	12.0	11.7	51.7	43.0
Peru	4.0	4.0	30.0	21.5
U.S.	3.0	3.0	28.5	23.0
Venezuela	11.0	5.0	49.0	63.7
Mecanica Popular:				
Argentina	2.0	2.3	44.0	22.8
Central America	5.8	7.2	60.2	60.8
Chile	2.7	3.7	28.7	22.8
Colombia	17.2	13.7	123.7	102.7
Mexico	19.3	11.8	119.8	67.7
Peru	10.2	8.2	77.5	64.8
Puerto Rico	6.8	5.7	52.2	45.3
U.S.	5.2	6.5	36.5	43.0
Venezuela	11.8	13.7	100.8	75.0
Vanidades Continental:				
Central America	8.3	25.2	94.0	102.3
Chile	2.7	4.5	27.7	26.5
Colombia	55.0	116.0	400.5	440.2
Ecuador	9.3	30.3	113.5	122.5
Mexico	69.5	122.8	482.2	488.5
Peru	11.8	24.7	100.0	81.8
Puerto Rico	21.5	61.8	222.7	227.8
U.S.	42.3	46.7	344.8	289.3
Venezuela	42.3	56.7	252.5	231.5
Hearst International Publications:				
Buenhogar:				
Central America	—	1.0	4.0	8.0
Chile	—	1.0	7.0	9.0
Colombia	29.5	37.7	182.0	199.8
Ecuador	10.0	12.0	66.0	73.0
Mexico	34.2	37.8	197.7	199.7
Peru	8.0	5.0	63.5	41.5
Puerto Rico	1.5	11.5	21.3	63.0
U.S.	18.0	22.7	146.5	142.3
Venezuela	25.0	24.0	147.7	125.7
Cosmopolitan en Espanol:				
Central America	4.0	4.3	38.0	24.3
Colombia	37.8	22.7	107.8	84.3
Ecuador	4.0	—	16.0	—
Mexico	88.2	59.0	279.0	263.3
Peru	1.0	—	2.0	—
Puerto Rico	18.0	9.8	98.7	69.0
U.S.(Spanish language)	32.7	24.7	184.7	173.7
Venezuela	29.5	16.3	117.7	84.3
Cosmopolitan Foreign Editions:				
Australia	57.7	60.7	424.1	407.4
Brazil	50.3	56.8	427.2	405.2
China	25.2	32.9	299.7	260.6
France	65.8	74.0	756.8	616.2
Germany	89.0	74.3	824.8	730.4
Great Britain	613.0	111.0	677.0	716.5
Greece	39.0	32.0	285.0	287.0
Holland	27.0	35.0	438.0	449.0
Italy	55.0	7.3	526.9	460.2
Japan	56.3	48.9	337.0	354.5
South Africa	55.0	67.0	455.0	484.0
Good Housekeeping Foreign Editions:				
Australia	38.3	39.2	211.1	211.8
Great Britain	123.6	110.9	870.1	843.6
International Management:				
English	—	—	—	—
Middle East	—	—	—	—
Johnston International:				
Alam Attijarat	14.0	16.2	169.5	233.2
Far East Business	20.2	20.7	180.3	241.2
Modern Africa (6X)	13.7	25.1	49.1	78.3
Latin America Finance (6X)	17.1	19.3	66.5	72.1
Newsweek International A:				
Atlantic (52X)	33.1	43.0	473.4	537.7
Latin America (52X)	13.3	22.3	159.5	207.1
Asia (52X)	34.5	42.4	332.5	384.5
Progreso (9X)	—	—	25.9	42.2
Reader's Digest:				
Arabic	3.0	7.0	59.0	39.5
Asian	107.0	162.5	1,182.0	1,431.5
Australian	31.5	55.5	330.0	404.7
Belgian-Flemish	11.5	28.0	339.5	486.1
Belgian-French	7.0	15.0	230.0	281.6
British	46.6	46.6	315.2	320.9
Chinese B.	67.5	76.8	630.1	707.3
Danish	10.5	9.0	196.3	212.8
Dutch	20.0	26.0	263.6	243.1
Finnish	24.0	16.0	335.0	332.8
French	10.2	5.8	172.2	102.7
German	44.3	38.0	497.6	426.3
Iberian	—	2.0	2.0	8.5
Indian-English	50.5	55.5	497.5	477.0
Indian-Hindi	5.0	8.5	93.5	56.0
Italian	23.5	15.5	329.5	229.5
Korean	35.0	23.3	226.6	164.5
Latin American:				
Argentina	9.0	16.5	71.5	83.0
Brazil	—	2.0	—	18.0
Central American	4.0	6.0	26.0	45.0
Chile	13.5	8.0	69.0	78.5
Colombia	25.0	32.5	157.5	142.0
Ecuador	2.0	5.0	17.0	41.0
Mexico	44.8	46.0	393.9	368.2
Peru	5.0	5.0	25.0	47.0
Puerto Rico	3.0	6.0	21.0	31.5
U.P.B.	2.0	5.0	21.5	39.0
U.S. Spanish	5.5	12.5	54.0	11.5
Venezuela	3.0	8.5	26.0	42.0
New Zealand	53.5	59.3	325.5	359.8
Norwegian	7.0	5.0	102.8	53.5
Portugal	33.5	29.5	260.0	279.5
South African	56.0	65.5	483.0	486.0
Swedish	3.0	11.0	45.0	99.5
Swiss-French	22.0	6.0	151.5	150.3
Swiss-German	32.0	11.0	209.0	198.0
Time International:				
Time-Asia	38.6	48.1	319.1	468.5
Time-Atlantic	49.5	52.7	530.1	623.9
Time-Canada	75.0	81.3	967.0	1,170.8
Time-Latin America	22.9	25.4	195.8	306.2
Visao (52X)	113.7	139.9	697.7	912.2
Vision/Latin America (24X) A.	25.3	23.7	158.1	172.3
Total Group	**3,618.9**	**3,418.8**	**25,357.2**	**26,200.0**
% change		5.9%		-3.2%

AdWhirl

Even as **Ed McCabe**, president of New York-based **Scali, McCabe, Sloves**, was dropping out to "follow his dreams," the adman in him was singing a promotional tune. Writing in the July issue of **Esquire** of his participation in the grueling 8,000-mile Paris-to-Dakar auto race, McCabe notes that on the hood of his custom, Jeep-like Mercedes was former client **Frank Perdue's** message: "Perdue fresh young chicken." On the sides were the names of "all the people who had helped us," with the word "Thanks" in red paint, and the Nikon name "splashed across the back." Unfortunately, McCabe and photographer **Carolyn Jones**, his girlfriend and co-pilot in the race, failed to become the first Americans to drive a car across the finish line. They ran out of gas in Niger, somewhere between Arlit and Arbre Thierry Sabine. McCabe also showed up in another magazine, the July 6 issue of **The New Yorker**, in an "Annals of Advertising" piece on Scali, McCabe, Sloves' work for **Perdue Farms.**

What does Wall Street think of **Alan Greenspan**, the new chairman of the Federal Reserve Board? That was a question reporters had at **Merrill Lynch's** annual media luncheon, after Greenspan's appointment. Asked his opinion during an informal question-and-answer period, **William Schreyer**, Merrill Lynch's president, noted in jest that Greenspan already has one advantage: "I'm told he doesn't hold a Ph.D. I understand he has an M.A., and for an economist that's pretty good. It might be a plus."

More often than any other programmer, **Brandon Tartikoff**, NBC Entertainment's president, refers to series' popularity in Port Washington, N.Y.-based **Marketing Evaluations'** TvQ likability ratings. Lately, he's been calling "Rags to Riches" NBC's next slow-growth hit, because, he believes, its Nielsen ratings eventually should catch up to its strong TvQ performance (No. 6 among all series).

For **Bill Reed**, the Lexington, Ky., entrepreneur who has been marketing Kentucky bluegrass seeds in small bags labeled "grass," the famed Long Island garbage barge's search for a dump site would have been no problem. If he had his way, Reed says, he would have packaged the barge's contents in small bags and then sold them to the public. "Some serious product festoonery would surely work here," he believes.

Cannon
Bronson

NBC
Tartikoff

Peter Gerald, New York-based voice-over talent heard on TV and/or radio commercials for such accounts as Zayre Corp., Glenbrook Labs' Panadol, B. Altman's stores, Mobil Chemical Co.'s Cinch Sack and Menley & James' Contac caplets, recalled recently in this, the 25th anniversary year of the James Bond movies, that he nearly got the chance to portray secret agent 007—on radio. In the mid-1960s, he said, producer **Lee Bowman, Colgate-Palmolive** via **Ted Bates Co.**, New York, asked him to play that role on a planned series of Bond radio dramas—until Colgate decided to drop out.

Katie Ford Balazs, VP-creative director of New York-based Ford Models, has a new business, a PR and advertising shop for fashion, beauty and leisure-time marketers. Called **Beh-Balazs**, it's a partnership with **Pat Beh**, who just set up an in-house ad agency for Karl Lagerfeld Womenswear. Among B-B's assignments to date are editorial projects for fashion magazines and product work from Clairol and The Surf Club.

Numerous film sequels are on their way to theaters, but **Cannon Group**, Los Angeles, seems gripped by sequel fever more than most. It released "Superman IV" last month, slated **Chuck Norris'** "Braddock: Missing in Action III" for fall and **Charles Bronson's** "Death Wish IV" for January, with "Spitfire: Delta Force II" also in the works. **Columbia Pictures**, meanwhile, plans "Karate Kid III" for 1988 and "Ghostbusters II," date uncertain.

Kelly Hu, better known as Miss Teen USA 1987 (one of **Procter & Gamble's** three TV pageants), has landed one-shot acting roles on **CBS'** "Magnum, P.I." and **ABC's** "Growing Pains" this fall.

Singer/songwriter **Terry Cashman**, best known as the late **Jim Croce's** songwriter and record producer and as the singer/composer of "Talkin' Baseball," now is executive producer of "Sport Baseball Video Magazine," a series of home video specials. A longtime baseball trivia buff, Cashman, prior to his music career, was a pitcher in the Detroit Tigers farm system.

For **Joan Collins**, her new lingerie commercials are a case of art imitating life. Come October, when the 15-second TV spots begin airing nationally, Collins will be seen purring into the camera, "Despite all the rumors, romance still lives." But don't jump to the conclusion that the "Dynasty" star is alluding to her own messy divorce from Peter Holm. "I wrote the line before we knew she was involved in the whole thing," said Bert Miller, president, Jason, Jared & Miller, agency for the Joan Collins Lingerie Collection from Sanmark-Stardust here.#

Written by Pat Sloan and Stuart J. Elliott from AA bureau reports.

Foreign spending beats U.S.

(Continued from Page 1)

Africa and Mexico have resulted in bigger ad spending gains.

Also, new private TV channels are giving a boost to a few European countries' ad spending this year.

In France, where this trend is furthest along, ad spending will be up 10.8%. In Spain, which entered the European Economic Community last year, ad spending is likely to increase 32% this year, compared with projections just eight months ago of 8.5% growth.

That also compares with expected real ad spending growth in the U.S between 3% and 5% this year, industry experts said.

Western European ad spending growth will outpace the U.S. for many years, said John Eger, president of Worldwide Media Group, a New York-based consultancy.

"We expect double-digit [real] growth until the 21st century in the top 10 countries in Western Europe," he said. "But the U.S. may never see double digits again. It's too developed."

Philip Geier, chairman at Interpublic Group of Cos., New York, said, "After inflation, in real terms, you definitely will not see double-digit growth in the U.S. Western Europe will continue to grow at a much faster rate."

Clay Timon, worldwide advertising director at Colgate-Palmolive Co., said, "Expected GNP [gross national product] is greater in Europe than in the U.S. over the next couple of years. Looking at that alone, you can expect European spending to be better than U.S."

Robert Coen, senior VP-director of forecasting at McCann-Erickson Worldwide, predicts a 16% increase in overseas ad spending during 1987, up from an earlier forecast of 13%. Mr. Coen said 1986 ad spending outside the U.S. increased 26% (AA, Feb. 23).

U.S. spending is expected to grow 7.5% this year, without inflation factored out, compared with 7.8% last year, Mr. Coen said.

In 1988, Mr. Coen expects 9.5% growth inside the U.S. and 10% outside the country.

An AA survey of international markets turned up a mixed, but generally bright, picture:

EUROPE

The single biggest reason for growth in European ad spending is the increase in commercial TV time due to new private channels. "This market is really waking up now," said Fernando Antolin, media director of Spain's leading advertiser, El Corte Ingles, a department store.

> *"We expect double-digit growth until the 21st century in the top 10 countries in Western Europe."*
>
> **—John Eger**
> **Worldwide Media Group**

Along with increased TV spot time, Spain's triple set of elections in June added 7% to 8% to the year's total spending.

Last year's entry into the EEC prompted several new-product launches by U.S. and European companies, said Alfredo Garcia Valdez, president of McCann-Erickson Group Spain, Madrid.

Italy will see 15% spending growth this year, slightly higher than previously expected but down from an 18% increase last year.

"Italy has very good, very solid increases, in part because of growing TV time," said Norman Vale, senior VP and managing director of Grey International, New York.

"The state is spending, which is very new," said Gianni Cottardo, chairman of the Association of Full-Service Advertising Agencies, Milan. "The state has large campaigns going or planned for promotion of wine, railways and AIDS information."

Although France's spending estimate for 1987 has increased only slightly from earlier estimates, the 10.8% growth is considered very healthy. In 1986, ad spending grew 9.5%.

Increased TV time and campaigns for the privatization of nearly 10 government-owned companies have fostered spending.

"Corporate advertising is growing in France when compared with 1986, as well as financial advertising, due to the new interest of the French in the stock exchange and the growing number of companies on the second market," said Pierre Roth, manager of Delta Marketing Research, Paris.

In the U.K., where spending grew 11% last year, a 6% increase was expected earlier.

But the re-election of Prime Minister Margaret Thatcher has provided stability for the British economy, ad executives said, and now, 9% growth is foreseen.

West Germany, where previously 0.7% growth was expected this year, now looks forward to 3% growth.

"Germany is picking up economically," said Willi Schalk, BBDO Worldwide's president-chief operating officer.

After years of stagnation, "the big soapers here—Henkel, Procter & Gamble and Lever Bros.—have been extremely active with new-product introductions, particularly with all the new liquid detergents," a West German advertiser said.

SOUTH AFRICA, LATIN AMERICA

Earlier this year, South African ad spending was predicted to fall by 6%, but the latest estimates show spending will remain at the same level as last year. "For the first time in three years [spending] volumes look like they are being maintained," said Dick Reed, managing director of Media Shop, a Johannesburg media-buying company.

This is due in part to the increase in South African TV channels to six from three in three years.

As companies like General Motors Corp. and IBM Corp. pull out, the repositioning statements of the new companies, along with corporate responsibility statements, have created a spending boomlet.

In Mexico, inflation was expected to hit 150% in 1987, meaning a 75% drop in real ad spending. But inflation has slowed to about 130%, so the drop will be only 55%, partly because of the government's lifting of price controls and other anti-inflationary moves.

"The economy is stabilizing and a bit of confidence is coming back," said Bill Peniche, president of J. Walter Thompson de Mexico, Mexico City.

ASIA/PACIFIC, CANADA

The low growth rates earlier predicted in Japan, Australia and Canada still ring true.

Japan, still stinging from the strong yen, now has expectations ranging from 2% to 4.5% growth this year. Earlier, 2.1% was expected.

"Although traditional manufacturing sectors are relatively less active, this is more than made up by spurt in new industries and services," said Satoshi Watanabe, executive director of the Japan Advertising Federation, Tokyo.

A soft economy in Australia permitted spending to grow only 2% there last year. Although the first six months of 1987 saw a drop of 1%, a 1% increase is expected by yearend.

"Australia's bicentennary spending for 1988 should help oil the wheels of industry, and the government's announced tax cuts should put more disposable dollars in the retail sector," said Gawen Rudder, group marketing director at Mojo MDA, Sydney.

Like Australia, Canada expects 1% ad growth. Canadian spending grew 0.8% in 1986.

"I don't see any great action up there," Grey's Mr. Vale said.

"A lot of ad spending is going into new media opportunities and new areas outside the conventional media," said John Foss, president of the Association of Canadian Advertisers, Toronto.

The government's proposal to ban tobacco ads in newspapers by Jan. 1, 1988, and in magazines and outdoor media by Jan. 1, 1989, would hurt the ad scene further.#

Correspondents from AA international bureaus also contributed to this report.

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Gillette slashes rollouts

Moves to fight takeover

By LISA E. PHILLIPS

Gillette Co., fighting a takeover by Revlon Group, is curtailing its new-product introductions for the rest of 1987 and possibly some planned for 1988.

"They need the cash flow, and they want to boost earnings" to keep shareholders happy with management, said Andrew Shore, analyst at Shearson Lehman Bros., New York.

Top executives at Gillette have devoted much of their time to coping with the several takeover attempts by Revlon's chairman, Ronald Perelman, a company source said.

The third and latest such attempt came last week, when Mr. Perelman offered $47 a share, or $5.4 billion, for the Boston-based razor and toiletries marketer.

One of the new products shelved for now reportedly is an innovative home permanent. Called H-12, it is said to be the first odorless solution that colors hair as it sets curl.

H-12 was scheduled to roll out this summer, accompanied by "a huge media blitz featuring a famous personality," Mr. Shore said.

While H-12 was to enter the $150 million home permanent market, it also would have been sold through beauty salons—a new distribution channel for Gillette.

Analysts estimated its introduction would have cost the company $10 million to $30 million, depending on the ad budget and other introductory marketing costs.

The company anticipated first-year sales of $10 million to $15 million for H-12, Mr. Shore said.

Another product introduction directly affected by Mr. Perelman's repeated takeover attempts is a ceramic-blade shaving system.

Originally scheduled for rollout this year, introduction has been pushed back twice—first to 1988 and then to 1989, said Lynne Hyman, analyst at E.F. Hutton & Co.

The blades are being developed in a joint venture with a Japanese company, Mr. Shore said. Ceramic blades reportedly are superior to conventional tungsten razor blades because they stay sharp longer and give a closer shave.

However, ceramic blades would be much more expensive than tungsten blades and would require heavy advertising and marketing expenditures to get consumers to switch from cheaper disposable razors. Disposables account for more than 50% of the

(Continued on Page 51)

Hoyne hits snag

Wall St. puts Ogilvy in play

By JON LAFAYETTE and LAUREL WENTZ

The Ogilvy Group is "in play," Wall Street analysts say, but former Ted Bates Worldwide executive John Hoyne may not be the one to buy it.

Many securities analysts believe there is a good chance the group, which includes Ogilvy & Mather and Scali, McCabe, Sloves, either will be taken over, recapitalized or taken private in a leveraged buyout.

"Ogilvy is definitely in play," said Greg Ostroff, a Goldman Sachs analyst.

Andrew Wallach, who follows agency stocks for Drexel Burnham Lambert, estimated there is a 35% chance that such a move will happen in the next 12 months.

He said in a competitive situation, the takeover price for Ogilvy would be about $57 a share, or $800 million. Mr. Wallach also speculated that management can afford a leveraged buyout of the company at $54 a share.

J. Hoyne

Ogilvy's stock price did not rise sharply last week, indicating the market may doubt a bid is forthcoming.

Earlier this month, Mr. Hoyne, formerly head of Bates' international unit, said he had purchased 80,000 Ogilvy Group shares and may buy more (AA, Aug. 17).

But last week his takeover strategy hit a roadblock in London. Sources familiar with his

(Continued on Page 50)

'Here to stay'

Gannett's 'USA Today' 5 years old

By WILLIAM F. GLOEDE

ROSSLYN, VA.—In the lobby of Gannett Co.'s steel-and-glass headquarters there's a bronze sculpture of a man sitting on a bench reading a newspaper.

Back in 1982, Gannett erected this monument to its new national daily newspaper, *USA Today*, almost before the ink on the paper's first edition had dried.

It was an overt expression of optimism, of Chairman Allen Neuharth's conviction that *USA Today* would succeed. And, as the paper reaches its fifth birthday next month, it looks as if it has.

USA Today officially was declared a success at a news conference in June, when John Curley, Gannett's president-ceo and *USA Today's* first editor, proclaimed it made its first-ever profit that month—$1,093,956. *USA Today*, he said, is "here to stay."

There were times during the previous five years

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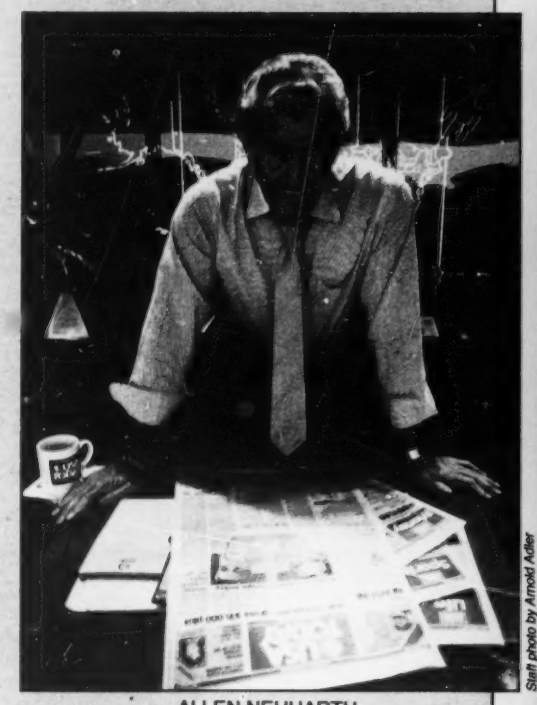


Staff photo by Arnold Adler

ALLEN NEUHARTH

Prince with a paper crown

By WILLIAM F. GLOEDE

Allen Neuharth is the kind of guy novelists create.

Without benefit of an Ivy League education, wealthy friends or powerful relatives, this South Dakota farmer's son has built one of the nation's largest media conglomerates from a relatively modest string of monopoly-market newspapers.

Along the way, the chairman of Gannett Co. has grown rich on Gannett stock, appreciating some 2,200% since 1967 if splits are factored in. Gannett has recorded 79 consecutive quarters of earnings increases, maintaining the momentum despite five years of heavy operating losses at *USA Today*, its national daily newspaper.

Now that his brainchild is beginning to break even, Mr. Neuharth, who gave up his ceo title at Gannett in 1985, has been traveling across the land with the *USA Today* BusCapade, to take the country's collective pulse.

Mr. Neuharth, who when talking about himself is given to understatement, says, "It has been pretty gratifying to see that there's hardly anyplace in the country where *USA Today* is not recognized."

The man who changed America's reading habits was born in Eureka, S.D., in 1924. He graduated cum laude from the University of South Dakota

(Continued on Page 53)

Last Minute News

Gravy Train switches to Bayer, Bess

CHICAGO—Quaker Oats has assigned the Gaines Gravy Train dog food account to Bayer, Bess, Vanderwarker & Flynn here from Chiat/Day, New York. Spending was $7 million in 1986, but the budget is expected to increase to at least $12 million under Quaker's ownership. Quaker acquired Gaines through its purchase of Anderson, Clayton. C/D retains other Gaines brands. Separately, Quaker is reorganizing its U.S. & Canadian Grocery Products unit following the resignation of Hedric E. "Pete" Rhodes, 43, exec VP, U.S. Foods. He is succeeded by James R. Tindall, 41, cereals division president. Quaker will go from two to three operational groups and add a support-services group.

Arby's serves creative work to Doner

ATLANTA—Arby's awarded the creative assignment for its $9 million-to-$12 million account to W.B. Doner & Co., Baltimore. Doner's

(Continued on Page 8)

Workshop kicks off

By BETH AUSTIN

NEW YORK—Consumer-product marketers must encourage innovation and take financial risks, but marketing efforts still must bring profits to the bottom line, says William D. Smithburg, chairman-ceo of Quaker Oats Co.

Mr. Smithburg is the keynote speaker at today's session of the 30th annual ADVERTISING AGE Creative Workshop at the New York Hilton.

This year's Creative Workshop, which opened Aug. 23, is expected to draw 900 people from 43 countries, including the first-ever contingent from the People's Republic of China.

In his address, Mr. Smithburg calls Chicago-based Quaker "a marketing-driven company. We firmly believe that the best way we can deliver value for our shareholders is by building strong, profitable brand franchises.

"Advertising obviously plays a big role in that process. In fact, our advertising and merchandising budget keeps growing from a little below 15% of sales five years ago to almost 22% of sales now.

"In our largest business—U.S. and Canadian grocery products—our A&M [advertising and marketing] spending rose 35% in fiscal 1987 to a record $663 million."

Although some people in the financial community may view the trend toward increased marketing spending merely as one more rising expense, Mr. Smithburg says, "A&M spending is what drives the strong increase in value we've been delivering to our shareholders for the last decade.

"So the shareholders should be glad we're making those investments in brand strength, because brand strength is closely tied to our profitability."

Mr. Smithburg outlines four steps to marketing success: market research; development of innovative, superior products; aggressive marketing strategies; and bottom-line profitability.

That last item is a key to a successful brand, he says. Although Quaker is more than willing to spend ad dollars on its products, that expense must justify itself within a reasonable amount of time.

"All too often, we have been in situations where financial success was assumed to go hand in hand with the name recognition produced by an aggressive marketing strategy," Mr. Smithburg says. "But buying market share for its own sake can often fail to deliver the necessary financial success.

"Another accepted philosophy is that of 'building a business,' a philosophy by which you could miss your financial targets year after year with promises of good returns somewhere in the distant future.

"But often there's no light at the end of that tunnel.

"In today's business environment, we can only invest for a relatively short period of time in products that do not translate into improved value for

(Continued on Page 51)

P&G taps pair to take place of Goldstein

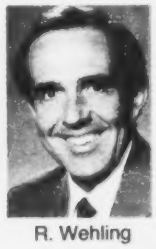
By LAURIE FREEMAN

As Procter & Gamble Co 's VP-advertising, the late Robert V. Goldstein liked to have his agencies' executives call him—day or night—to discuss whatever issue was on their minds.

"Bob encouraged us to call him. . . . Even if he didn't like what he was going to hear, he wanted us to call," one top agency executive said.

The "open-door" policy Mr. Goldstein promoted, and that P&G's agencies have come to expect, probably will not change under the dual advertising-management stewardship of L. Ross Love and Robert Wehling, named by P&G last week as Mr. Goldstein's successors.

L. Love


R. Wehling

Mr. Goldstein died Aug. 1 in a rafting accident on the Chilko River in British Columbia (AA, Aug. 10, *et seq.*).

Mr. Love, 41, was named general advertising manager, and Mr. Wehling, 48, was named general marketing services manager, a new post. Both were associate managers in the general advertising department.

General advertising managers traditionally move up to the post of VP-advertising at P&G.

Mr. Love, the highest-ranking black executive at Cincinnati-based P&G, has been with the company since 1968. A noted tennis ace who agency sources said "played to win," he will assume the principal duties of dealing with ad agencies and related industry-association activities, the company said.

Mr. Wehling, an avid reader and moviegoer, is responsible for P&G's media and programming services, and will add sales promotion and marketing services to his duties. The 27-year P&G veteran is a competitive marathon runner "who managed to finish the New York marathon the year [1984] an enormous number of runners dropped out because of the heat," a company source noted.

Both previously reported to Mr. Goldstein; they now will report to P&G Senior VP W. Wallace Abbott.

By naming two advertising managers, P&G is tacitly acknowledging that the role of VP-advertising has expanded beyond the reach of one person, agency executives said.

Messrs. Love and Wehling will oversee a U.S. advertising budget estimated by ADVERTISING AGE to be $1.4 billion. Also, they will operate in an advertising environment that has changed dramatically since Mr. Goldstein was named general advertising manager in 1979. He was elected VP-advertising that same year.

In recent years, P&G has had to cope with a media landscape far different from the years when network TV dominated consumers' viewing habits, and also with the age of agency megamergers.

P&G has reworked its internal structure, evolving from the strict brand-management system it created to one that has taken on many aspects of team management

(Continued on Page 51)

Highlights

Curtain goes up on box office boom 4

Two years ago people predicted the end was near for theaters; now the box office is busy and competition for audiences is intensifying. Some industry observers claim the dramatic turnaround is due to more sophisticated marketing techniques, creative promotional stunts and new theaters. But those in the business say one factor stands out: the product.

Movement among travel magazines 26

Rivals are meeting the challenge of *Conde Nast's Traveler* as it gets ready to enter the competitive travel-magazine market. The first issue of Conde Nast Publications' new monthly began arriving in subscribers' mailboxes last week; other titles in the field are making their moves as the new magazine appears.

ITT continues ad blitz 48

ITT Corp. will start the second phase of its $9.5 million "It is ITT" campaign in mid-September. By now, of course, many people know "It is ITT," thanks to the company's June multimedia blitz. The campaign represents the first time ITT has concentrated its TV buying solely on Sunday shows, as well as the largest print campaign the company has ever introduced.

INTERNATIONAL

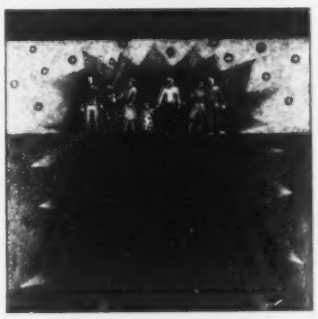
Pepsi mending fences in Philippines 33

Pepsi-Cola is trying to recover in the Philippines after business suffered from allegations of bottler corruption associated with the ousted Marcos regime. The company now faces the challenge of restoring financial and public integrity to its operation as well as regaining market share.

OTHER NEWS

Major consumer magazines generally had good news to report for the first half of 1987, according to the Audit Bureau of Circulations' latest FAS-FAX report. Page 6.

SPECIAL REPORT



***Test-Marketing**—Test-marketers are relying on information generated by new technology to help reduce the risk of new-product flops. Some companies are using the comprehensive data in research and development. They hope test results will help push products on the retail level. Starts after Page 28.*

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ABP MPA RED TAG ABC AAPA

Calif. group seeks agency

Recycling effort

SACRAMENTO, CALIF.—California Glass Recycling Corp., an organization of glass manufacturers, is contacting 17 California agencies about a one-year, $1 million-to-$4 million project to encourage Californians to recycle glass containers.

Prompting the effort is a new state law that requires beverage distributors to contribute to a state recycling fund 1¢ for every aluminum, glass or plastic container put on the market. After two years, that fee will double or triple for industries that haven't shown a 65% recycling rate.

Sources said agencies contacted by CGRC include Chiat/Day, Ketchum Advertising, Sokol & Berman and Solem/Loeb & Associates, all San Francisco, and Phillips-Ramsey, San Diego.

California Prune Board, San Francisco, expecting a large crop this year, boosted its 1987-88 marketing budget by 37% to $6.5 million. The commodity board for the first time will supplement its national print advertising with a series of 10-second TV spots running in nine Eastern and Southern markets. Hal Riney & Partners handles.

Charles Demoney, 47, has joined MGM Grand Air, Los Angeles, as president-chief operating officer. Mr. Demoney previously held the same title at Denver-based commuter service Pioneer Airlines. He succeeds Timothy Collins, 39, who remains as a consultant to the start-up luxury carrier. MGM Grand, which last week began a $1.5 million TV campaign for its "Grand Class" service, will start flying Sept. 8. Admarketing handles.

West Coast News

Natural Nectar Products, Culver City, Calif., is introducing Fi-Bar, a granola-bar-style fiber snack, in supermarkets in California and Colorado. The initial regional rollout will be backed by a $2.5 million radio and print campaign starting in late September. Klein/-Richardson, Los Angeles, handles.

Making scents

Liz Taylor, Tiffany to drench fragrance market this fall

By PAT SLOAN

NEW YORK—There will be a strong scent in the air this fall when Elizabeth Taylor, Tiffany & Co. and a host of competitors introduce new fragrances.

But whether the scents bring the sweet smell of success or the sour odor of failure will be determined by the consumer, who lately hasn't been too kind to the fragrance industry.

In 1986, unit sales of women's fragrances dropped 3%, according to industry consultancy Allan Mottus & Associates. So far, 1987 has not produced a great rebound.

"Overall, I don't see that much change," said Nancy Hall, an analyst with Smith Barney. "But that doesn't mean there won't be opportunities for individual successes. If the trends were really that bad, there'd be no reason for successes like Calvin Klein's Obsession."

Larry Wechsler, president, Revlon Group's U.S. beauty company, predicted success for many marketers this season.

"The industry in general has been soft, but it's now beginning to show a little more energy," Mr. Wechsler said.

Behind those signs of renewed life in the $3 billion category are lower inventories at retail, which free

(Continued on Page 52)

Graphic by Amy Palmer

Papers to offer new discounts

By PATRICIA WINTERS

In yet another effort to win national package-goods advertising, a consortium of 17 newspapers, including *The Boston Globe* and *The Los Angeles Times*, is offering a streamlined group-discount ad rate.

New York-based Million Market Times Mirror Marketing (MMTM) has developed an 18-month test plan that offers a group buy of its 17 newspapers with a commissionable discount of 29% off the national ad rate.

MMTM executives said they want to eliminate "advertiser confusion" about the Package Goods Rate Plan, an earlier industrywide plan offering a discount rate to national package-goods advertisers (AA Dec. 15, *et seq.*).

Some 258 newspapers have adopted some form of the Package Goods Rate Plan, but the discounts vary and each paper has its own requirements for getting the discount. Some regional package-goods companies have used the various rates, but no national package-goods companies are known yet to have made major buys since the program began last June.

"It's difficult for advertisers and agencies to get a handle on the whole issue," said G. Kingsley Anthony, MMTM president, commenting on the Package Goods Rate Plan. His company's new plan, he added, "is an effort to offer uniformity among our own papers."

One reason for fragmented discounts is that an industrywide unified rate could be construed as rate fixing. MMTM noted that its program offers a 17-newspaper group discount of 29% for a 13-time buy, but the discounts by each paper vary if purchased independently.

For example, *The Los Angeles Times* offers a discount of about

(Continued on Page 51)

Nestle claims 'breakthrough'

Coffee battle boils

By JUDANN DAGNOLI

The instant coffee wars are percolating again as Nestle Foods Corp. rolls out Taster's Choice Colombian Select, a freeze-dried 100% Colombian coffee it claims fills a totally new niche in the $4.8 billion coffee market.

The brand is being touted as a "breakthrough," providing the "full, rich flavor" of 100% Colombian coffee "with only half the caffeine."

But, since industry observers point out that all instant coffees are partially decaffeinated in the manufacturing process, Colombian Select's point of difference apparently is that it is advertising that fact.

Instant Colombian coffee is already offered by market leader General Foods Corp., with Yuban; Tetley Inc. with Brown Gold; and Nestle with its acquired MJB, a West Coast brand.

None are advertised as being partially decaffeinated.

The ad campaign for Taster's Choice Colombian Select starts next month, via HBM/Creamer, Pittsburgh. Although campaign details and spending figures are not available, a Nestle spokeswoman said TV and print support are planned.

White Plains, N.Y.-based Nestle, the No. 2 coffee marketer, last year spent $12 million in measured media for Taster's Choice regular and decaffeinated, Leading National Advertisers reported.

Premium-price Colombian coffee seems to be gaining ground with U.S. coffee marketers, who have been put in a profit squeeze by depressed coffee prices at retail.

Procter & Gamble Co., Cincinnati, No. 3 in the market with an overall 17.9% share, is planning to market a

(Continued on Page 50)

World News Roundup

LONDON—SMH, the Swiss holding company for Swatch and other watch brands, will centralize its $100 million worldwide media-buying account with Publicis International, Paris, and Michael Jarvis & Partners, a U.K. international media buyer, sources say. Media buying previously was handled by local agencies, which will continue to handle creative work.

DUESSELDORF—Pepsi-Cola awarded Team/BBDO its $4 million account after J. Walter Thompson Co., Frankfurt, resigned. Team/BBDO also handles the $600,000 Pepsi Light account.

LONDON—General Foods assigned Ogilvy & Mather its $2 million Master Blend ground coffee account, previously with D'Arcy Masius Benton & Bowles.

ZURICH—The Jean Frey Group, Switzerland's No. 3 periodicals publisher, was sold in a surprise move to industrialist Werner K. Rey for $130 million. Frey had been negotiating for several months with Ringier AG, publisher of the largest Swiss daily (AA, Aug. 10).

SYDNEY—Frank Lowy's Northern Star Holdings bought media baron Kerry Stokes' two Seven stations and one Ten station. Mr. Lowy now

(Continued on Page 33)

Coast-conscious: Agencies work hard, but their styles differ

By JENNIFER PENDLETON

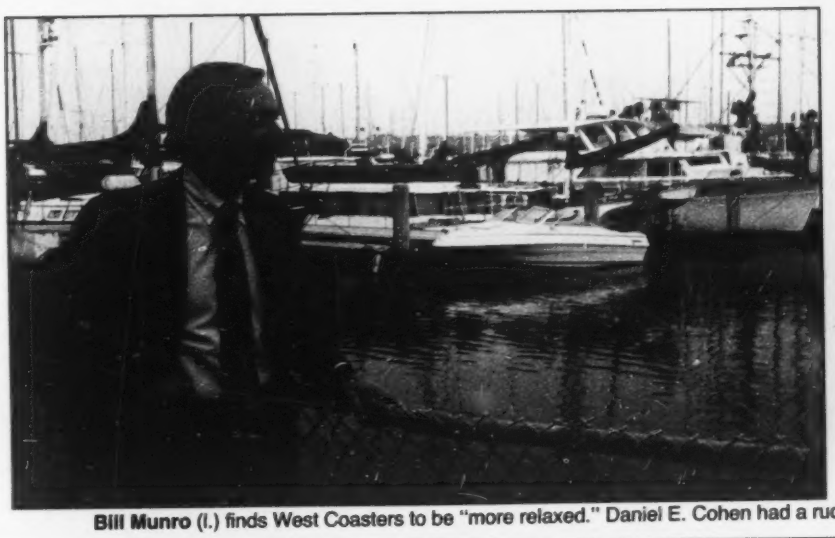
LOS ANGELES—East vs. West. Black and White. The agency business on the West and East Coasts in some ways is as different as Vanna White and Geraldine Ferraro.

"Here, when an agency competitor lands a new account, we make a habit of sending champagne," says Gerald McGee, exec VP-managing director at Ogilvy & Mather. "In New York, you'd send them a subway ticket and hope they got mugged."

But don't let the esprit de corps among western shops fool you. West Coast agencies are a lot closer than their New York counterparts, but that doesn't mean they don't compete. While agency chiefs all know one another and serve—cordially—on local industry committees, competition among them takes on "Conan the Barbarian" dimensions, Mr. McGee says. "They're a bunch of smiling sharks."

Senior-level West Coast agency executives who worked in New York earlier in their careers almost all say the same thing: The strug-

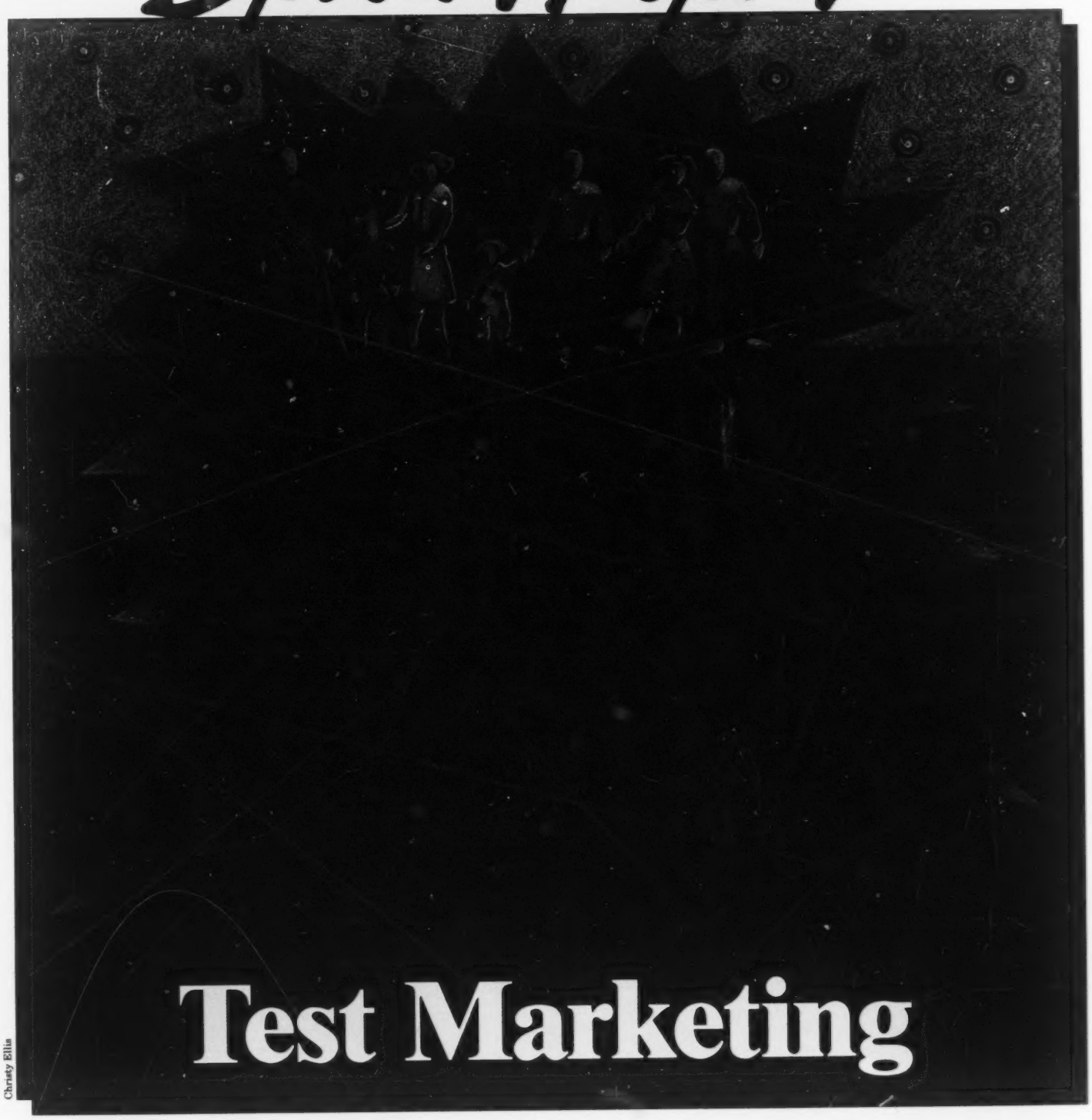
(Continued on Page 54)



Staff photo by Arnold Adler

Bill Munro (l.) finds West Coasters to be "more relaxed." Daniel E. Cohen had a rude awakening when he returned East.

Special Report



Christy Ellis

Test Marketing

New technologies restrict the risk

Once restricted to use by large companies in the high-velocity package-goods business, test marketing has opened sophisticated methodologies and facilities to most all types of marketers.

Non-package-goods companies now embrace the concept of risk reduction through test marketing, and many of these companies are using concepts and methods proven in the package-goods industry to test market their own products and services. Today, test marketing is often used as a vital tool for product development.

In 1987, Chicago-based Market Facts Inc. surveyed 140 market-research directors for large consumer-driven companies and got a 60% response.

The findings include:

- 51% of respondents said that, within the past year, they had used some test-market programs; 54% said they had conducted simulated (i.e., laboratory) market tests.
- 23% said that simulated test marketing had accounted for the greatest proportion of outside custom-research expenditures in the past year.

Comparing this year's results with comparable studies Market Facts conducted in 1978 and 1983 shows that acceptance of the "new technologies" and methodologies is an ongoing process.

For example, there is a growing interest and experimentation in capturing data in test panels via the use of small hand-held scanner devices that rely on consumers to record UPC codes on a meal-per-meal basis. This relatively new method of utilizing electronic data collection to increase coverage and accuracy is now being explored by several research organizations.

Experimenting with new technologies in test marketing probably will continue into the future as marketers strive to minimize the risk associated with marketing expenditures.

Testing the techniques

Technique	Percent used	Expenditure growth
Test market labs	76%	38%
Phone tracking studies	69	4
Controlled store testing	47	7
Scanner panel, no split cable	47	9
Split cable scanner panels	44	24
Traditional test marketing	31	9
Purchase diary panels, no UPC	20	—

Source: Market Facts

Testing juices up Slice's performance

By Jennifer Lawrence

From initial test marketing results in 1984, PepsiCo knew its juice-added Slice would be on the cutting edge of a new soft drink segment.

In three years, Slice has catapulted to the No. 6 soft drink trademark, posted $1 billion in annual sales and added three regular and diet flavors.

Much of Slice's meteoric success was because the Purchase, N.Y.-based company acted quickly on early test findings so the product could make its way to market before competitors capitalized on the juice-added concept.

The method Pepsi-Cola, PepsiCo's Somers, N.Y.-based division, used to test and roll out Slice illustrates the company's thirst for a successful lemon-lime soft drink. In the process, Pepsi-Cola created the juice-added segment that now represents about 5% of the $39 billion soft drink market, according to industry figures.

"Pepsi wanted to have a significant lemon-lime product," says Roger Adams, Pepsi USA director-marketing. "We felt that being a later entrant into the segment we needed a point of difference."

That point of difference was juice.

Pepsi's consumer research in the early 1980s indicated that consumers were looking for added value in products. Soft drinks had been busy removing caffeine and calories but had not introduced a "value-added" beverage. Pepsi chose to add value by adding juice—a popular marketing twist overseas.

■ Finding that value-added difference with other lemon-lime brands held key

Pepsi research also showed that consumers did not realize that lemon-lime soft drinks, while fruit-based, lacked real fruit juice—an important point to stress in Slice's advertising.

Even though Pepsi had a lemon-lime product, Teem, it was not seen as a strong competitor to Philip Morris Cos.' dominant 7UP and Coca-Cola's Sprite. Teem, weak in food-store sales, was far from a household name. To reposition the product would have been an uphill battle, Mr. Adams says.

Through focus-group research, Pepsi found a high degree of interest in a juice-added lemon-lime soft drink. Lemon-lime Slice development spanned 18 months, coming to a head in 1984.

Lemon-lime Slice, in both regular and diet versions, was put into test in June 1984 in Phoenix and Tulsa, Okla., Milwaukee and most of Wisconsin. Test marketing was handled in-house.

While in test, the lemon-lime soft drink category represented 12.7% of total market share, a distant second to the cola category. In Milwaukee, the lemon-line category was highly developed—a market condition that would truly test Slice's appeal. "We wanted to see how this thing would fly," says Mr. Adams.

Tulsa represented an "average" lemon-lime market while Phoenix was "below average" according to Pepsi. "The three markets had to be large enough to be meaningful but manageable," explains Mr. Adams. "We also wanted a good mix of lemon-lime development," he adds.

In all three markets, Slice was supported by a multimedia ad campaign via J. Walter Thompson USA, New York. The introductory "We got the Juice" tagline still is used in Slice ads, emphasizing Slice's "point of difference."

From the start, Slice was positioned against 7UP and Sprite. That approach still is used, although Pepsi has backed away to some degree from hard-hitting comparisons, according to Mr. Adams.

It was important to go head to head against 7UP and Sprite initially, because consumers were not aware those products did not contain juice, says Mr. Adams. Ad copy and the visuals emphasized Slice's fruit content.

Test results confirmed Pepsi's earlier findings that it was "easy to find acceptors, trial was good, there were non-triers and few negative signs."

After three months, early figures in Milwaukee, Phoenix and Tulsa came in from between 3.5% to 4.5% of the total soft drink market. Even the 3.5% share exceeded expectations, says Mr. Adams.

Besides besting share expectations, Slice also attracted consumers to its diet version—a development that Pepsi had not anticipated.

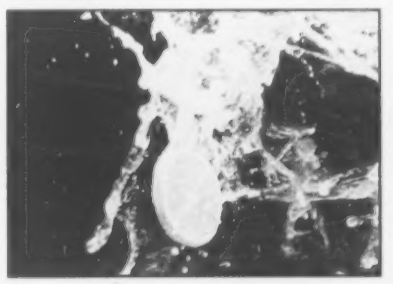
"The juice benefit in Diet Slice was strong," says Mr. Adams. "Typically diet versions represent about 25% to 35% of parent brand's sales. In Slice, we saw it was 50% for regular and 50% for diet.

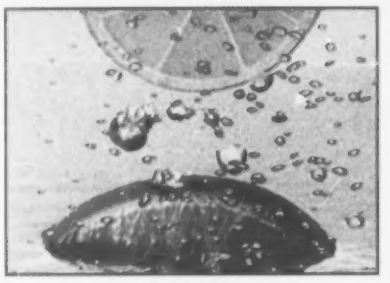
"We never would have gotten [that information] out of earlier market research."

After seeing the success of Diet Slice in test markets, Pepsi began advertising Diet

(Continued on Page S-4)

Commercials for Mandarin Orange Slice played up the juice benefit in the effort to tap the third-largest soft drink segment.





Diet Mandarin Orange Slice was expected to succeed because the juice benefit in Diet Slice was strong.

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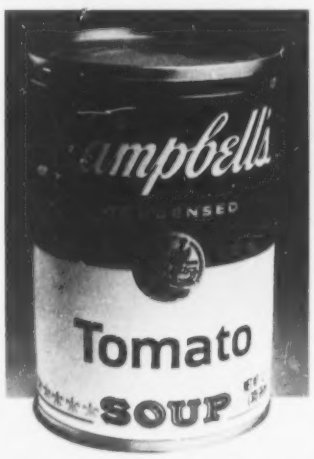

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Testing juices up Slice

(Continued from Page S-2)

Slice in separate TV spots in May 1985. Initial ads had included only a tag for the diet version.

Based on Slice's reception in its three test markets, Pepsi decided to expand into about another 15% of the country in fourth quarter 1984, bringing total distribution to 20%.

Most of the late 1984 expansion was concentrated on the West Coast—a highly developed lemon-lime market area offering a rigorous test for the fledgling product.

"We wanted to make sure Slice could stand up in that environment," says Mr. Adams. "Slice did very well so the decision came easily to continue rollout."

In January 1985, Slice began a gradual national rollout; by June it had reached its maximum distribution of 80% of the country. Bottler conflicts in the remaining 20% prevent Slice from achieving 100% market coverage.

But even before Slice reached maximum distribution, Pepsi knew it was onto something big. "We felt we had stirred up a category and achieved a large share in a short amount of time," Mr. Adams says. "We had to look around and see where our competition would come from.

"Since non-cola users are variety seekers and tend to be less loyal than cola users, we turned to Slice line extensions. We didn't know what competitors would do but we didn't want to wait. We had started a great new segment and we wanted to own its leadership."

In late 1984—only six months after Slice entered test markets—Pepsi began developing Mandarin Orange Slice to tap the third-largest soft drink segment, after colas and lemon-lime, according to Pepsi.

Pepsi was willing to commit development funds to ensure that an orange soft drink product would be ready, says Mr. Adams, who adds that the orange flavor was logical because of its "strong relationship to juice."

Diet and regular versions of Orange Mandarin Slice began testing in November 1985—the off-season for orange soft drinks.

This time Pepsi chose two well-developed orange soft drink markets: Hartford, Conn., and Phoenix. Pepsi wanted to determine if Mandarin Orange Slice moved more quickly in an established Slice market like Phoenix and whether it would take more time to develop the trademark in a new market like Hartford.

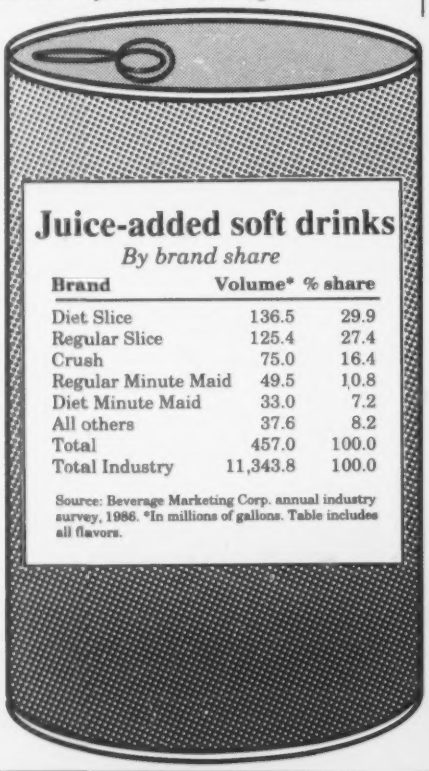
To the company's surprise, Slice's orange-flavor extension performed equally well in both markets.

Pepsi decided—based on results from its two test markets—to pursue Mandarin Orange Slice sales through a quick roll-out in the orange segment's off-season.

Spots for regular Slice recruited Cardinal shortstop Ozzie Smith. PepsiCo hopes the brand will reach a 4% share by yearend.

Rolled out gradually, beginning in January 1986, Mandarin Orange Slice achieved maximum distribution by July 1986. Slice and Mandarin Orange Slice are both available in 80% of the U.S., but not in all the same markets.

Part of the reason Pepsi pushed ahead with the rollout was Coca-Cola Co.'s simultaneous test of its Minute Maid juice-added orange soft drink.



Juice-added soft drinks

By brand share

Brand	Volume*	% share
Diet Slice	136.5	29.9
Regular Slice	125.4	27.4
Crush	75.0	16.4
Regular Minute Maid	49.5	10.8
Diet Minute Maid	33.0	7.2
All others	37.6	8.2
Total	457.0	100.0
Total Industry	11,343.8	100.0

Source: Beverage Marketing Corp. annual industry survey, 1986. *In millions of gallons. Table includes all flavors.

"Minute Maid was in test and it was clear to us that other orange competitors would do the same," Mr. Adams says.

"We had to weigh the benefits of doing extended testing vs. the risks of delay. In this case, we had a window of opportunity."

The aggressive strategy paid off. Mandarin Orange Slice now is the leading orange soft drink, according to Pepsi.

> ***"It was not a calculated decision to develop an apple or cherry cola soft drink. But it was a specific process for orange."***
>
> **Roger Adams, Pepsi USA**

Preliminary analysis does indicate that Mandarin Orange Slice has gained leadership position in the orange segment, according to Beverage Marketing Corp., N.Y., whose figures show the product could be approaching a 1.5% share of market.

While Mandarin Orange Slice was under development in 1985, Pepsi began looking at more flavor ideas in what Mr. Adams calls an "evolutionary process."

"We were looking for potential ideas and when we hit on something, we do more active development.

"It was not a calculated decision to develop an apple or cherry cola soft drink. But it was a specific process for orange," he says.

Pepsi however saw potential for an apple Slice and a cherry cola Slice. The company announced the new flavors to bottlers in February 1986 and gradually rolled Apple Slice and Cherry Cola Slice without prior testing.

"We made the decision to provide flavor variety," says Mr. Adams. "We wanted a broad-based trademark. We didn't put Apple Slice or Cherry Cola Slice in test because of the uncertain state of the competition."

Distribution of Slice's apple and cherry cola flavors began in May 1986 and rapidly expanded to 50% of the country. Now, like Slice and Mandarin Orange Slice, they are available in 80% of the country—though geographic areas do not necessarily overlap.

Slice's two newest flavors are doing "reasonably well," says Mr. Adams, adding that they provide variety and introduce new users to the Slice franchise.

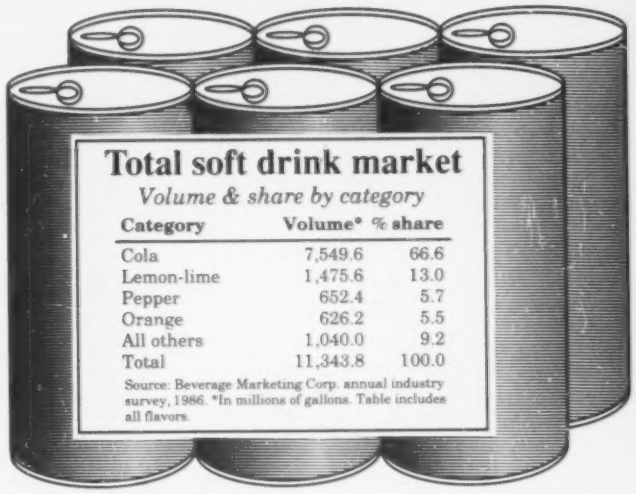
Pepsi has kept up a heavy ad schedule for its Slice flavor extensions, promoting them individually in TV, radio and print. Lemon-lime Slice spots also are tagged with the announcement of the new flavors. Pepsi also uses split 30-second commercials to advertise more than one flavor. Last year Pepsi spent about $32 million in measured media on its Slice line, via JWT, according to Leading National Advertisers.

While beverage analysts agree that Slice has been an overwhelming success, they point out that the apple and cherry cola flavors have led to a degree of cannibalization.

At the end of 1986, the total Slice line held a 2.5% share of the total soft drink market, according to John Maxwell, beverage analyst at Furman Selz Mager Dietz & Birney, New York. He believes Slice could reach a 4% share by yearend. Pepsi plans for Slice to achieve a 10% market share but the company declined to reveal its goal deadline.

Industry analysts say Pepsi's goal is a long way off. Nevertheless, they credit Pepsi for creating a whole new soft drink segment.

Manny Goldman, beverage analyst at San Francisco-based Montgomery Securities notes, "Slice has established a very substantial place in the sun. Pepsi has established a new soft drink brand and that, by the way, is not that easy to do." AA



Total soft drink market

Volume & share by category

Category	Volume*	% share
Cola	7,549.6	66.6
Lemon-lime	1,475.6	13.0
Pepper	652.4	5.7
Orange	626.2	5.5
All others	1,040.0	9.2
Total	11,343.8	100.0

Source: Beverage Marketing Corp. annual industry survey, 1986. *In millions of gallons. Table includes all flavors.

CAN YOU SPOT THE 3 THINGS WRONG WITH THIS ANIMATIC FRAME?

There are three reasons why this animatic may not be representive of the finished commercial and, therefore, may not provide a fair test of the commercial idea.

These three reasons, and others, are covered in Westgate's new, **free** booklet, "PRODUCING REPRESENTATIVE ANIMATIC COMMERCIALS".

The helpful guidelines suggested in this booklet are based upon Westgate's experience in testing several thousand animatic and finished commercials. Over 40 color frames taken from actual animatic commercials make this a useful guide for creating animatics that are truly representative of finished commercials.

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AdWhirl

When adman **Don Potter** proposed, he wanted to give his beloved a sign of his affection. So the president of **Potter & Mack**, a Toluca Lake, Calif.-based agency, commissioned a 48-foot outdoor board with his marriage proposal on it. The board was mounted across from Fromin's Restaurant & Deli in Encino, where Potter's beloved, **Sue Mendelsohn**, is co-owner. Copy on the all-type board read: "Sue—Like bagels and lox, we belong together. So, marry me, already! Love, Don." "Sue said, 'If you ever propose to me, it had better be creative, Mr. Adman,' " Potter said. The creative approach paid off. Sue said yes.

Bijan, the exclusive and sometimes controversial clothier whose client list has included everyone from **Prince Charles** to **Warren Beatty**, evidently takes the maxim "The show must go on" quite literally. Recently, he was flying to Washington with his wife, model **Tracy Hayakawa**, to appear on **Larry King's** show when heavy rain prevented his private plane from landing. Bijan turned back to New York so he could hook up to King from a studio there. But when he got to New York the passengers weren't allowed to disembark. With airtime approaching, Hayakawa convinced the pilot to drop a ladder from which she and Bijan climbed down and then made a mad dash through the rain to a waiting car that got him to the studio on time. Ironically, it was heavy rain that also forced a last-minute change of plans in the couple's California wedding reception two months ago. Bijan had a garden reception all ready to go but then came a downpour that required the party plans be totally changed only five hours before the guests were due.

Get ready for another deluge of U.S. media coverage on **Pope John Paul II**, pegged to his U.S. visit in September. **NBC News** already has slated a news special for Aug. 25 prime time, and the Spanish-language **Univision** and **Telemundo Group** are among the TV networks planning extensive coverage of the nine-market tour. And, as happened on his U.S. trip in the late 1970s, there'll be a multitude of merchants hawking (unauthorized) papal souvenirs (AA, Aug. 10)—a phenomenon *Newsweek* labeled "a bonanza in bad taste."

When the feature-length cartoon "G.I. Joe: The Movie"

Johnson

Keillor

Levine

debuts Aug. 25 in home video, via **Celebrity Home Entertainment**, Woodland Hills, Calif., actors **Don Johnson** and **Burgess Meredith** will be among the name stars lending their voices to the characters. The feature had been planned for theatrical release this fall, but **Noel Bloom**, Celebrity Home chairman, said that thanks to the videocassette boom, the direct-to-VCR strategy should deliver an audience "as great as or greater than" would be attainable in theaters.

Though **Paul Hogan** has enticed Americans to travel Down Under, the Australian Tourist Commission has nixed using him in Japan, where it will concentrate instead on travel agents and promotions. It seems studies by psychologists and marketing experts suggested Hogan's style wouldn't fly in Japan. "There are a whole stack of danger signals that start flashing as soon as you think about putting Hogan on the air in Japan," says **Don Morris**, managing director of **Mojo MDA**, the tourist commission's Sydney-based agency. "The Japanese have an overt sense of humor. They like stark contrasts. Hogan's gentle lampooning has no role in a hierarchical society like Japan. Subtle or laconic humor just doesn't work." That argument's supported by the success pattern of " 'Crocodile' Dundee," Hogan's first feature film. The film's success in most parts of the world hasn't been duplicated in Japan. In any event, Australia needn't worry about its own popularity with the Japanese: the number of tourists from Japan is growing by 25% annually.

Burt Manning may want to keep the cash he's getting for returning to **J. Walter Thompson Co.** under his mattress. He's filed a lawsuit against financial manager **David Cogan**, claiming Cogan induced him to invest $549,000 in five tax-shelter limited partnerships from 1981 to 1983. In legal papers filed in U.S. District Court in New York, Manning claims that little of his principal has been recovered, he's received no tax benefits and various management and accounting companies in which Cogan is involved received undisclosed commission for selling those partnerships to Manning while they were supposed to be representing Manning's interests. Cogan was unavailable for comment but is said to have clients involved in show business and sports. He also represented several members of senior management at what was **Ted Bates Advertising**, some of whom were not surprised by Manning's complaint. But **Don Zuckert**, now president of **Backer Spielvogel Bates**, said Cogan "did represent me. He represented me to my satisfaction. My tax returns were always accepted without penalty."

Garrison Keillor, who shared his mythical Lake Wobegone with the world via radio and books, offers guidance and advice on personal letter writing in the latest installment of **International Paper Co.'s** "Power of the printed word" campaign. The ad, via **Ogilvy & Mather**, New York, is starting to appear this month in young-adult-oriented publications and college-level magazines.#

Written by Pat Sloan and Stuart J. Elliott from AA bureau reports.

Former A-B exec joins rival Miller

By SCOTT HUME

Joseph Martino, who resigned under a cloud from Anheuser-Busch earlier this year, has joined rival Miller Brewing Co.

Mr. Martino, 34, who had held

Joseph Martino, VP-planning for Miller Brewing Co.

the post of VP-sales at A-B, joined Miller in Milwaukee last week with the title VP-planning. His responsibilities will include strategic planning and competitive analysis.

He will report directly to Miller Brewing President-CEO William Howell.

The move puts Mr. Martino, who held several prominent sales and marketing posts during his eight years at brewing industry leader A-B, in a top post at the second-ranked brewery.

A spokesman for Miller said that "under the conditions surrounding Mr. Martino's departure [from A-B], the standard 'no compete' clause was not applicable."

Mr. Martino was one of three executives who resigned from St. Louis-based A-B in March amid what company officials called "an internal investigation into allegations of improper conduct by certain employees and suppliers" (AA, March 23). Dennis Long, president of A-B's brewery unit, later resigned as well (AA, March 30).

That investigation focused on allegations that A-B executives had received kickbacks or gifts from Hanley Worldwide, a St. Louis sales-promotion agency that had done extensive work with A-B. Hanley declared bankruptcy and closed in December 1985.

Mr. Martino repeatedly denied any wrongdoing and never has been charged with any illegal activity.

A graduate of Brown University and the Wharton School of Business, Mr. Martino joined A-B in 1979 after three years in brand management at the Betty Crocker division of General Mills, Minneapolis.

Beginning as product manager for the Michelob brand, he subsequently held the positions of senior product manager, senior executive assistant to Mr. Long and director of field sales.

In 1983, at age 31, he was named VP-sales, making him the youngest person to be named a VP in A-B's history.#

Fragrances

(Continued from Page 3)

buyers to order more fragrances, plus the excitement generated by some upper-crust women's fragrance introductions in select stores.

New men's scents for the mass market and some bold fragrance efforts by specialty stores also are creating optimism in the industry.

Tiffany will introduce its namesake fragrance next month, and the specialty store has big plans for the scent. Tiffany and its agency, McCaffrey & McCall, secured the rights to George Gershwin's "Rhapsody in Blue" from the Gershwin family and will use that as the theme of the print campaign that will support the launch.

It may launch a broadcast effort next year as well.

The fragrance will be introduced here in September with a "Rhapsody in Blue" concert followed by a dinner.

Until next year, the fragrance will be sold only through Tiffany stores. However, department stores already are asking for it.

In the mass-market segment, American Cyanamid Co.'s Shulton Group, Wayne, N.J., after watching Cosmair's Chaps and Coty's Stetson erode its Old Spice brand's market share, this fall is spinning off Night Spice.

Night Spice is positioned as a more romantic and slightly more expensive men's line.

Scali, McCabe, Sloves, New York, is handling the estimated $5 million in advertising for Night Spice. Ads are built around traditional boy-meets-girl romance themes.

Old Spice, which has been on the market for 50 years, is down to an 8.5% dollar share in drugstores so far this year from 11.2% in 1984.

Coty, though, has its own new brand set for the $1.1 billion men's segment. Coty will play to traditional/family values with Iron, a fragrance meant to suggest inner strength, integrity and dependability more than physical strength.

Ketchum/Hicks & Greist handles the $4 million-plus Iron account.

Besides Night Spice and Iron, the mass market this fall also will see introductions from Charles of the Ritz Group and Colonia at retail, and Avon Products through its door-to-door sales force.

Ritz is bringing out X'ia X'iang women's fragrance (AA, March 9), and Colonia, Orange, Conn., will introduce Dallas for men.

Avon, now marketing a knock-off of Old Spice called Brisk Spice, is rounding out its women's fragrance collection with Breathless, a romantic fragrance.

> *"Every year in department stores, there are one or two brands that are hot. . . . But those sales mean lost sales for someone else."*
>
> **—Colonia's John Mann**

For Avon, which will increase ad spending 15% for Christmas, the challenge was to create a sensuously positioned fragrance to fill a gap in the company's all-American product line without offending consumers or sales personnel, Avon Group VP-Marketing Phil Crosland said.

N W Ayer walked that fine line by creating a TV commercial where romantic tension builds between a married couple staying at a hotel.

Avon is not the only fragrance company showing caution in how it approaches the subject of sex these days.

"With all the concern about AIDS, many companies are being extra careful in how they treat sex in advertising," said one fragrance marketer who asked not to be identified.

Still, that doesn't mean sex is dead in the fragrance industry. While no company has equaled the sexual mathematics applied to Calvin Klein's advertising for Obsession, created in-house, others have tried their own offbeat ads, including one from Suzanne De Lyon Inc., Houston, whose Animale scent is depicted by a woman painted like a denizen of the jungle.

The advertising is being handled in-house.

One of this year's most talked-about fragrances is Passion. The fragrance, by Elizabeth Taylor for Parfums International, is handled by Ogilvy & Mather, the former agency for Animale. Ad spending will reach $10 million for the rest of this year and $15 million in 1988.

Passion promises to be one of this year's most successful new fragrances.

When the fragrance bowed at Macy's earlier this month, sales ran second only to Giorgio in its first week.

By the second week, Passion climbed into the No. 1 spot, lending some credence to Parfums International VP-General Manager Michael Horowitz' projection of $30 million in sales by the end of December.

To help the fragrance get there, Ms. Taylor will do everything from having tea with consumers who buy $200 special-edition bottles of her fragrance to quoting Shakespeare and Dryden in TV commercials.

In one 15-second spot, she quotes from Shakespeare's "Julius Caesar": "Passion, I see, is catching!" She adds at the close her own line, "I sure hope so."

Fendi, an upscale fragrance by Elizabeth Arden Inc., is another success story.

Introduced earlier this year, the fragrance is the leading seller at Bloomingdale's and is being introduced into additional select stores.

But the success of Passion and Fendi no doubt will come at the expense of other fragrances.

"Every year in department stores, there are one or two brands that are hot," said John Mann, Colonia VP-marketing services. "They make a lot of noise, and you read a great deal about their staggering sales. But those sales mean lost sales for someone else."#

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NEWSPAPER

August 31, 1987

Creative Workshop
Coverage begins on Page 3

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Colgate slam-dunks P&G

Rolls national with new 'throw-in' laundry product

By LAURIE FREEMAN

Colgate-Palmolive Co., expecting to beat Procter & Gamble to the punch, is rushing an all-in-one "pouch" laundry product into national distribution.

P&G has been test-marketing a similar product under its Tide brand.

Colgate in October will introduce Fab 1 Shot, single-use packets that contain laundry detergent, fabric softener and an antistatic element, industry sources said. These sources believe the soapers' new convenience delivery package is the next hot battleground in the $3.25 billion market.

Colgate's packets are described as 4 inch-by-5 inch "fabric squares similar to a rosin bag used by baseball pitchers." The product apparently was not market-tested.

Although Fab 1 Shot's ad budget is not known, New York-based Colgate is expected to back the entry with a heavy ad blitz. It spent $30 million on its last big introduction: Palmolive Automatic, a liquid detergent for automatic dishwashers.

P&G's Tide Multi-Action Sheets, which combine detergent, whitener and fabric softener in one "quilted sheet," have been testing in the Quad Cities area of Iowa and Illinois, with ad support from Saatchi & Saatchi DFS Compton, New York (AA, June 30, 1986, *et seq.*).

Cincinnati-based P&G and Oakland, Calif.-based Clorox Co. also are testing "throw-in" pouches with detergent alone.

Sources said a TV campaign from FCB/Leber Katz Partners will show people tossing Fab 1 Shot packets into washing machines, with the action accompanied by the Harlem Globetrotters basketball team's theme song, "Sweet Georgia Brown."

Extensive print support also is planned.

Neither Colgate nor its agency would comment on the plans by press time.

In apparently beating P&G national, Colgate is hoping the move will pay off as well as it did for Palmolive Automatic.

The company, which aggressively has been seeking out new product niches, was the first to go national with a liquid detergent for automatic dishwashers. Within six months, Palmolive Automatic had locked up an estimated 18% to 20% share of what industry analysts say is the fastest-growing segment of that $500 million category.

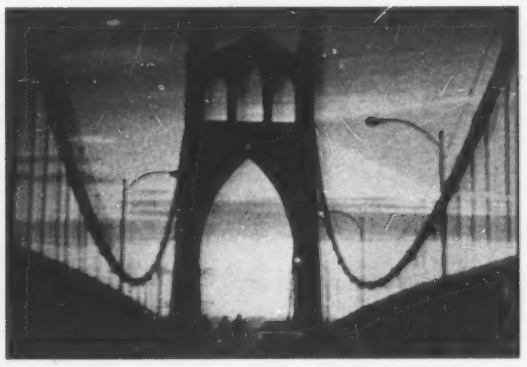
Colgate did not test-market Palmolive Automatic, handled by Young & Rubicam, before its national rollout.

"Colgate figures they'd rather be first than careful," said Jay Freedman, household products analyst with Kidder, Peabody & Co.

"This [pouch] is a new type of technology that other big companies have been testing to see if it's viable," he added. "Colgate decided to take the chance that it is."

Industry sources said P&G may be getting close to a national launch of Cheer Power Pouches, containing concentrated Cheer detergent. The product is testing in Atlanta and Denver. Leo Burnett USA, Chicago, handles.

Clorox has been testing Act, a concentrated laundry detergent in "action-paks," in several markets since 1985. DDB Needham Worldwide, Chicago, handles Act.#



Highway Regalia

General Motors Corp.'s Buick division will introduce its 1988 Regal with a campaign breaking in late September. A product and image-oriented commercial sings the praises of driving Regal on scenic American highways. The spot focuses on Regal's all-new appearance and exclusive features. McCann-Erickson, Troy, Mich., created the campaign *(see story on Page 52)*.

Dusenberry to lead Kemp ad campaign

By STEVEN W. COLFORD

WASHINGTON—BBDO Chairman-Chief Creative Officer Phil Dusenberry, a major adviser on President Reagan's 1984 ad team, will quarterback the advertising of presidential contender Rep. Jack Kemp (R., N.Y.), a key source says.

Although Mr. Dusenberry refused to confirm or deny the report, the source said the noted adman, who was part of an advisory committee on President Reagan's "Tuesday Team," will be in charge of Rep. Kemp's media efforts.

The Tuesday Team, and the slick advertising it produced, received much of the credit for President Reagan's huge margin of victory. It consisted of such advertising heavyweights as San Francisco-based Hal Riney and Jim Travis, formerly of Della Femina, Travisano & Partners and now head of Hal Riney & Partners' New York office.

Mr. Dusenberry apparently will not be paid for his ser-

(Continued on Page 48)

Last Minute News

Burnett to start hispanic unit

CHICAGO—Leo Burnett Co. in September will start a hispanic marketing division, primarily at the urging of client Procter & Gamble, Cincinnati. President-CEO Rick Fizdale said the agency hasn't yet decided on a name, but Estrella—"star" in Spanish—and Leo Burnett Hispanic have been discussed. The unit will be integrated with Burnett's general agency. Burnett will not "aggressively go after" its clients' minority business now at other agencies, Mr. Fizdale said, but may displace Noble & Asociados, Los Angeles, which handles hispanic marketing for P&G's Pepto-Bismol.

Raisins to perform for Del Monte

SAN FRANCISCO—Del Monte USA is using the California Raisin Advisory Board's rockin' raisins to promote Del Monte Fruit Snacks and Del Monte seedless raisins. The company is offering consumers a plastic version of the raisins, perched on a plastic sandwich, in a custom-made

(Continued on Page 8)

Della Femina vs. S. Africa, Page 18

Research may get costlier

Nielsen buys key rival IRI

By GARY LEVIN

Dun & Bradstreet Corp.'s purchase of Information Resources Inc. not only increases its dominance of the research industry but raises the likelihood of higher prices for services of a merged IRI and A.C. Nielsen Co.

Last week's acquisition agreement, a stock-swap transaction valued at $572 million, boosts D&B's total research-business investment to more than $2 billion, including its $1.3 billion purchase of Nielsen itself in 1984.

In addition to eliminating a fast-growing competitor, the deal strengthens Nielsen's weakest link—"single-source" purchase data measurement—by adding BehaviorScan and InfoScan, Chicago-based IRI's most successful services.

"It looks to me like the giant has taken care of the problem," said the president of one major ad agency.

Antitrust issues raised from the pending combination

(Continued on Page 48)

CBS 'consolidates' account at Backer

By VERNE GAY
and JON LAFAYETTE

NEW YORK—After a prolonged, sometimes agonized search, CBS finally settled on Backer Spielvogel Bates as its new ad agency. But there's no guarantee the choice will put a lid on the turmoil within CBS' promotional ranks.

While the new account has all the earmarks of "prestige" business for newly merged BSB, there are dangers in dealing with what has been and what may continue to be a fractious client organization.

CBS said BSB is getting a consolidated advertising and promotion account—for entertainment, news and sports programming. CBS/Broadcast Group President Gene Jankowski's statement said the selection of a single shop follows consolidation of the network's ad and promotion staff.

However, BSB will report to both Bruce Weiner, VP-advertising and promotion for the CBS Television Network (which includes the news and sports division), and Jerry Goldberg, VP-advertising and promotion of CBS Entertainment (prime-time programming).

Mr. Weiner is based here; Mr. Goldberg is in Los Angeles. BSB said it would service CBS from here and from its Huntington Beach, Calif., office.

CBS previously split its account between Jacobs-Gerber and Ogilvy & Mather in Los Angeles, and DDB Needham Worldwide in New York.

It is the West Coast/East Coast split of responsibilities that has created some of the past turmoil within CBS. Bud Grant, president of CBS Entertainment, has insisted on handling entertainment promotion from the West Coast.

Network President Tom Leahy, along with other top CBS executives, reportedly wanted to consolidate all areas of advertising in one department, presumably based on the East Coast.

Mr. Weiner was just named to succeed Network VP-Advertising Doug Clemensen, a 3½-year CBS veteran who three weeks ago quit in frustration after only eight months on the job, apparently in a dispute over the "total responsibility" question (AA, Aug. 17). Mr. Weiner was VP-print advertising and affiliate promotion.

Sources said Mr. Clemensen expected to run the "consolidated" ad program but that Mr. Grant successfully kept entertainment promotion under his direct supervision.

"There needed to be a delineation of what I was responsible for," Mr. Clemensen said after his resignation. "That was not forthcoming from the company."

He said it was unclear who was responsible for

(Continued on Page 49)

Highlights

Purina fights to stay top dog 12

Ralston Purina Co. is putting Quaker Oats Co. on notice that it will fight to keep its No. 1 spot in the $3.4 billion dog-food market. Purina is doubling product introductions and reformulations as well as breaking innovative ads, including a bacon-scented "scratch 'n sniff" newspaper insert for Butcher's Blend dry dog food. Purina is responding to Quaker's acquisition of Anderson, Clayton & Co. and its Gaines dog-food line, as well as Quaker's heavy ad support for new products.

BBDO wins Pizza Hut business 47

PepsiCo strengthened its bonds with Omnicom Group last week when Pizza Hut awarded its $25 million national account to BBDO Worldwide. BBDO, principal agency for Pepsi-Cola USA, picks up both the creative assignment and media buying.

C/D big enough for Drexel Burnham 51

The insider trading scandals that rocked Drexel Burnham Lambert changed the industry's advertising environment and threatened Chiat/Day's hold on the account. Drexel stayed with C/D, credited with the now-famous "I thought I was too small for Drexel Burnham Lambert" line. In his speech to the ADVERTISING AGE Creative Workshop, Drexel Senior VP-Director of Marketing Richard Capalbo gave the agency high marks for its creative approach to countering bad publicity.

INTERNATIONAL

Crush opens Brazilian doors for P&G 34

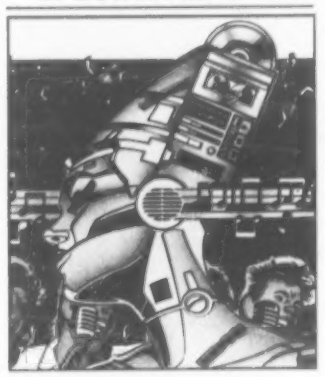
Procter & Gamble Co. aims to return Orange Crush to its previous popularity in Brazil and make its mark in one of the few Latin American countries where other P&G products are not sold. Crush is considered a P&G trailblazer in Brazil.

OTHER NEWS

When A&W Brands acquires Vernors brand soft drink next month, the regional company finally will have the resources to pursue national distribution. Page 27.

Adolph Coors Co. has invited GSD&M, its hispanic-marketing agency, to vie for its $40 million Coors brand account. Page 46.

SPECIAL REPORT



Radio—New Age music has ... at several stations wafting ... charts. But listeners may be too tuned out to receive commercial messages. Starts after Page 24.

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Fla. voters face ad blitz on tax issue

By STEVEN W. COLFORD

Florida Gov. Bob Martinez' call for a referendum on the state's ad tax offers advertisers the chance to duel with the governor on their own turf: the media.

Gov. Martinez has asked the Legislature to approve a referendum on the entire 5% service tax, including the ad tax. He is planning an all-out media assault supporting the tax.

The tax is unique because it hits not only advertising in Florida media but national advertising that reaches into the state. The tax expansion took effect July 1, and has been challenged in several separate lawsuits on grounds it unconstitutionally restricts interstate commerce and freedom of speech.

Still uncertain is whether the Legislature will go along with Gov. Martinez' referendum call. Democratic legislative leaders are reluctant to support a Republican governor on a tax issue that could have political fallout.

To get the referendum on the March 8 ballot, three-fourths of the members of each house of the Legislature would have to endorse the idea at a special session that will be called Sept. 14 to discuss medical costs.

Last week, influential House Speaker John Mills (D., Gainesville) reiterated his opposition to a referendum.

If there is a referendum and voters endorse the tax, the ad industry will have to bank on either legislative or court-ordered changes.

If voters reject the tax, the state's constitution, which already prohibits a personal income tax, will be amended to prohibit a sales tax on services. In that event, Gov. Martinez likely would say he bowed to the will of the people.

With such an enviable scenario looming, industry spokesmen already are talking up prospects for an ad battle that could occupy Florida TV, radio and print until the anticipated referendum.

"We've heard that the governor intends to support his call for a public referendum with an all-out media campaign to retain the tax," said American Advertising Federation Senior VP Wally Snyder. "We haven't formulated any specific plans of our own yet . . . but we'll certainly want to get across to the voters of Florida the negatives of the tax and the pluses of repealing it, and the ways for us to respond certainly would include radio and TV and grass-roots lobbying."

By calling for a referendum, Gov. Martinez tacitly made two concessions:

- That the political and economic heat fomented by the tax on advertising and other professional services has grown intolerable for him and his legislative supporters facing re-election fights next fall.
- That his best chance to save the tax and his bruised political reputation is by winning public support with an ad campaign that would be countered by an ad industry campaign.

Susan Traylor, Gov. Martinez' press secretary, said the governor opted for a referendum to overcome "misinformation" about the tax spread by broadcasters and other anti-tax forces.

To counter that misinformation campaign, she said, Gov. Martinez plans a "media campaign just like any other political campaign," aimed at convincing the public to endorse the tax.

Public polls in Florida repeatedly have shown the tax is opposed by at least 60% of the state's population.

Ms. Traylor wouldn't comment on what kind of budget Gov. Martinez planned for his campaign, but ad industry lobbyist Robert Levy of Robert M. Levy & Associates, Miami, said the governor wants at least $2.5 million for his media assault. No state funds would be involved.

Ms. Traylor said it was unlikely the governor would use an ad agency but instead would rely on

(Continued on Page 48)

Frisco agencies compete

Seagram searching

SAN MATEO, CALIF.—Seagram Classics Wine Co., a newly formed spinoff of Joseph E. Seagram & Sons, is evaluating DDB Needham Worldwide, Grey Advertising and Sokol & Berman, all San Francisco, for its estimated $3 million-to-$4 million premium wine account.

Larsen Colby Koralek, Los Angeles, which was recently purchased by Seagram's New York agency, Levine, Huntley, Schmidt & Beaver, is working on projects and still may be a contender.

Camp Beverly Hills, a Beverly Hills, Calif.-based fashion marketer, may re-assign its $1 million-to-$2 million corporate image account or take it in-house, sources say. Incumbent Scali, McCabe, Sloves, Los Angeles, is presenting new creative work this week in hopes of keeping the business it won a year ago.

Carolco Pictures, a new Los Angeles-based motion picture production company, has selected Saatchi & Saatchi DFS, Torrance, Calif., as its agency after a review of several local shops, sources said. The agency will develop creative direction and strategy only, with an annual budget of about $500,000.

West Coast News

Southern California Rapid Transit District, Los Angeles' mass transit authority, is expected to hire Kollewe & O'Sullivan to replace Gumpertz/Bentley/Fried as its agency for the rest of the year, sources said. G/B/F resigned the estimated $600,000 account. RTD will conduct a formal review in Octo-

"How many of these albums would have been sold if instead of 12 different tracks, it had consisted of the same song rearranged 12 different ways?"

Larry Light president-ceo Ted Bates International

Staff photo by Arnie Alder

Larry Light spins ad 'album' concept

By FRED DANZIG

CREATIVE

NEW YORK—Bruce Springsteen's "Born in the USA" and other rock album megahits illustrate a vitally important approach to creative advertising, says Larry Light, president-ceo, Ted Bates International.

In an elaborately mounted presentation last week at the ADVERTISING AGE Creative Workshop here, Mr. Light urged his audience to "think of an advertising campaign as if it were an advertising *album*."

The 30th annual Creative Workshop attracted more than 800 advertising professionals from the U.S. and 43 other countries to the New York Hilton.

Referring to albums by Mr. Springsteen and others, he asked, "How many of these albums would have been sold if instead [of 12 different tracks] it had consisted of the same song re-arranged 12 different ways? Yet many advertising campaigns consist of the same single merely rearranged several different ways. That's not an album. That's boring."

Among Mr. Light's list of "fabulous advertising

(Continued on Page 50)

Chevy ad plans take local road

By CLEVELAND HORTON

General Motors Corp.'s Chevrolet division will boost regional ad spending by 25% to an estimated $62.5 million in the 1988 model year, or about 20% of Chevy's total annual ad budget.

In a trend many major national advertisers are adopting, Chevrolet is increasing the customized ad messages it carries to its six designated regional marketing areas. Each advertising schedule will be tailored to regional tastes and lifestyles.

At the same time, Warren, Mich.-based Chevrolet is sticking with its 1987 "Heartbeat of America" theme. It will use that theme to back its so-called "core models."

Apart from the GM division's belief that the "Heartbeat" theme has been effective with many age groups, Chevrolet wants its ads to be consistent in a rapidly changing —and confusing—automotive marketplace.

Chevrolet has a 60% unaided awareness by young consumers and 45% overall awareness, thanks to "Heartbeat," said Dannielle Colliver, advertising manager for Chevrolet passenger cars.

The national campaign will concentrate on Chevrolet's core products—its light-truck line and the Caprice, Cavalier, Celebrity and Corsica/Beretta, all models with more than 200,000 unit sales, said Tom Staudt, general marketing manager.

The company's six regional zones will advertise the other cars, including the Suzuki-built Sprint and Isuzu-built Spectrum.

"We can't expect to [promote all the models] on a national basis," Mr. Staudt said.

Chevrolet's agency, Campbell-Ewald Co., screened two of the new "Heartbeat" spots last week at ADVERTISING AGE's Creative Workshop in New York. The new commercials had been shown only to Chevrolet employees and dealers.

In one 60-second spot updating a 1987 execution, Chevrolet adapts the "Heartbeat" song to jazz, gospel and other musical interpretations as scenes of Americana flash across the screen. In another, a narrator delivers information about Chevrolet's automotive and technological achievements.

Campbell-Ewald Creative Director Sean Fitzpatrick said more informational formats will be used.

Chevrolet's Ms. Colliver said ad spending for 1988 will be up but declined to say by how much. It is estimated that Chevrolet's advertising budget hit $320 million this model year.

"There will be fewer commercials

(Continued on Page 47)

World News Roundup

LONDON—An AIDS information campaign targeting drug abusers will break in September. The U.K. government sponsored the $6 million campaign, with the slogan "Don't inject AIDS." TBWA handles.

CHICAGO—NutraSweet Co. is launching a $5 million pan-European TV and print campaign to introduce the sugar substitute. The campaign, via Ogilvy & Mather here, will run for two to three years.

ZURICH—Swiss Air Transport and Lufthansa German Airlines are the first companies confirming an interest in buying Allegis Corp.'s Hilton International. Sale price could reach $2 billion.

AUCKLAND—Tele-Vid TV3 got approval as New Zealand's first privately owned national TV station. The 2½-year, $6 million legal battle for a license was opposed by two media groups, one backed by Rupert Murdoch. TV3, formed by broadcasters and journalists, will start broadcasting in 1989, with an estimated $50 million in ad revenues in the first year.

SYDNEY—Christopher Skase's Qintex Group plans to merge its Hal Roach Studios with Robert Halmi Inc., New York. Qintex will hold 51%

(Continued on Page 34)

Catalogs hit newsstands

By GARY LEVIN

The nation's shelf-space wars are moving beyond package goods and crowded supermarkets, as major catalog marketers expand into retail distribution nationally.

Single-copy sales aren't likely to generate huge additional revenues for the catalogs, but could force many smaller magazines off newsstands in the broadening battle for lucrative retail display space.

In a joint venture, Catalog Retail Corp., Ridgefield, Conn., and Curtis Circulation Co., New York, on Sept. 15 will start distributing 6 million copies of more than 200 catalogs to 7,600 newsstands nationwide.

The program is an expansion of a yearlong test at 1,000 Waldenbooks stores, in which CRC set up kiosks to sell 48 separate catalogs.

Unlike that effort, which sold 100,000 copies a month, this time the catalogs will be placed strategically on newsstand racks, alongside appropriate magazines.

For example, a Sharper Image or Sporting Edge catalog could be slotted next to *Esquire*, with Avon Fashions next to *Woman's Day*.

"Catalogs in separate displays

(Continued on Page 52)

Catalog sales will move from kiosks to magazine racks.

Awareness up for Bartles, BK

By SCOTT HUME

The July adWatch ad awareness survey results provide some good news for Pillsbury Co.'s Burger King Corp. unit and E&J Gallo Winery's Bartles & Jaymes wine cooler.

Both products are caught up in tough, competitive marketing battles in their categories.

Although ad awareness doesn't necessarily translate into sales gains, consumer recall of advertising for both Burger King and Bartles & Jaymes, as measured by adWatch, nearly has doubled in the past few months.

Bartles & Jaymes' advertising once again placed among the top 10 in unaided recall last month, though it slipped from the No. 7 to the No. 9 spot.

The news was better when the 1,000 survey respondents were asked specifically to recall the first wine advertising that came to mind. Bartles & Jaymes' share of first mentions increased to 16.2% from

(Continued on Page 47)

AdWatch survey of advertising awareness Top 10 in May

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? *Source:* SRI Research Center Inc., Lincoln, Neb.

Rank		Advertiser	Agency
7/87	6/87		
1	2	Pepsi-Cola	BBDO Worldwide
2	1	Coca-Cola	McCann-Erickson
3	4	Miller/Miller Lite	J. Walter Thompson USA/ Backer & Spielvogel Bates
4	3	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
5	5	McDonald's	Leo Burnett USA
6	—	Ford	J. Walter Thompson USA
7	9	Chevrolet	Campbell-Ewald Co.
8	—	Chrysler	Bozell, Jacobs, Kenyon & Eckhardt
9	7	Bartles & Jaymes	Hal Riney & Partners
10	8	Burger King	J. Walter Thompson USA

Why ads aren't making it on videos

By WAYNE WALLEY

LAS VEGAS, NEV.—Negotiations are under way to make "Platoon" the next major theatrical home video to include a commercial.

But odds are it will never happen because numerous stumbling blocks are preventing the home video industry from becoming a viable advertising medium.

New York-based HBO Video, which won rights to distribute this fall Oliver Stone's haunting Vietnam war experience, is continuing last-minute negotiations for sponsorship with an unnamed major marketer.

The idea is for the marketer to produce a special spot as a tribute to war veterans to tag onto the beginning of the cassette, said Eric Kessler, HBO Video's VP-marketing of new release feature films.

But with "Platoon" due in video stores by Oct. 14, Mr. Kessler doubts a deal will be struck in time. "The key issue here is timing. Manufacturers in general are writing ad plans now for next year, and when you come to them four weeks before and need a substantial commitment fast, it can't be done," he said.

Most observers believed Pepsi-Cola Co.'s Diet Pepsi spot on cassettes of Paramount Home Video's "Top Gun" earlier this year would open the floodgates for commercials on videos.

But virtually every major distributor of movie cassettes—CBS/Fox Home Video, Walt Disney Home Video, HBO Video, MCA Home Video, MGM/UA Home Video, Paramount Home Video, RCA/Columbia Pictures Home Video, Vestron Video and Warner Bros. Home Video—reports failed negotiations with potential advertisers.

"It's not for lack of effort or lack of interest," said Craig Relyea, director of advertising, MCA Home Video, Universal City, Calif. "We've been close, but it just hasn't been the right movie for the sponsor.

"But as more sponsors like Pepsi get more comfortable with video as a vehicle, the advertising will follow. It's inevitable."

Some say the real reason advertisers have yet to strike deals with home video companies is the lack of a way to measure the impact of a spot on video.

"Advertisers need a number of impressions or a rating to understand what they are getting," said David McKenzie, a producer for Hollywood-based Associated Television International. "But video isn't the same as buying spot TV. This is just like TV syndication was 20 years ago."

Still, most people in the video industry agree that ads on cassettes will be the wave of the future.

Most video companies have approached or been approached by advertisers from most categories.

One video company said a pharmaceutical company asked to place an ad for a suppository on one movie. "How could we market it? It just wouldn't work," a source said.

Others attending the Video Software Dealers Association meeting here earlier this month said the barrier to ads on videos is a fear of a backlash from consumers seeking commercial-free programs.

"Both the advertisers and the studios need to be and are being sensitive to the consumer. It's a delicate issue. How do you present a 'commercial' to people clearly attracted to feature films on videocassette because of the ability to see a movie full length?" said Vallery Kountze, VP-marketing, Republic Home Video, Los Angeles.

"We are not looking to put commercials on cassettes just to put commercials on cassettes," said Eric Doctorow, VP-sales and marketing, Paramount Home Video, Hollywood. "Our Diet Pepsi/'Top Gun' experience sets up an expectation for future promotions. We have set the gold standard."

Paramount did discuss ads and tie-ins with several companies including Pepsi-Cola for the upcoming video releases of " 'Crocodile' Dundee" and "Star Trek IV," but Mr. Doctorow said the timing and creative could not be worked out.

Although Paramount has no strict guidelines for advertiser involvement, Mr. Doctorow said a proposal must meet three criteria: the commercial has to offer the consumer a direct benefit, be it reduced price or added premium; it has to be respectful of and tie in with the movie; and the advertiser has to create a promotional campaign to help Paramount market the title in addition to a piggyback marketing effort.

Walt Disney Home Video, Burbank, is looking for multilevel involvement with an advertiser beyond the placement of a commercial.

"We think it's a very good idea if it includes a big promotion," said Carole Black, VP-worldwide marketing. "But we would only do it for our Touchstone titles. Our consumer research shows that parents of children would prefer commercials not be on [our Disney titles] at this point."

Even producers and distributors of specialized travel, exercise and how-to videos want to be careful of alienating customers.

"You have to keep credibility," said Laura McKenzie, a travel reporter who hosts a series of one-hour videos called "Travel Tips."#

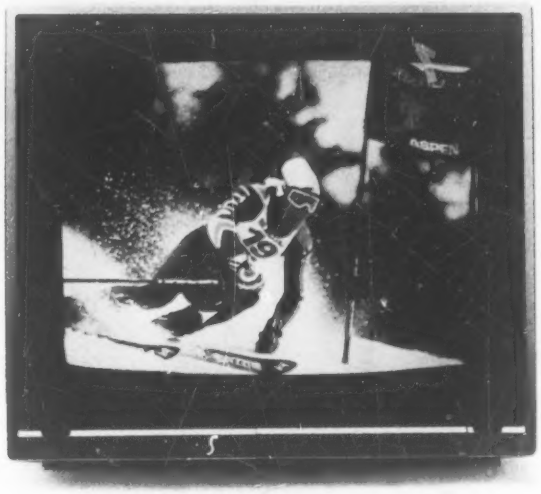
CORRECTIONS & CLARIFICATIONS

- Due to a transmission error, Dow Jones & Co.'s 1987 second-quarter net income was reported incorrectly (AA, Aug. 17, P. 44). The increase was 17% to $49.1 million, from $41.9 million a year earlier.
- The following are corrections for ADVERTISING AGE's 100 Leading Media Companies special issue on June 29:

Landmark Communications: The *Richmond Times-Dispatch* was erroneously listed as part of Landmark Communications. In its place should have been the morning *Virginian-Pilot* and the evening *Ledger-Star*.

Dow Jones & Co.: DowPhones should have been included in media operations and DowAlert, Dow Jones Cable News (videotex) and *South China Morning Post* omitted. Newsprint mills should not have been identified with DJ's publisher, Richard D. Irwin Inc.

Macromedia: Robert Sapanara is the correct spelling of the president of Macromedia's *News Tribune* subsidiary.#



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FreezeFrame produces sharp, instant color prints and color or black and white 35mm slides from virtually any video source. And it delivers a finished picture that is far superior in quality and resolution to direct screen photography or thermal video image recorders.

System includes Video Image Recorder, control console, and print film camera/adapter. 35mm camera adapter optional.

FreezeFrame can be used in broadcast, production and advertising to proof, edit, storyboard, or reference.

It can also be used to pull a print off a just-breaking news story.

The FreezeFrame system includes a Video Image Recorder, control console, and print film camera/adapter. And the system connects easily to video cameras, professional VCR's, laser disc players and computer graphics systems.

New FreezeFrame from Polaroid. It's fast, easy and at $1,899* very affordable.

To find out how FreezeFrame can help you, call toll-free 800-343-5000 8 a.m. to 8 p.m. Eastern Time.

Or fill out and return the coupon. We'll give you the full picture and show you just how easy it can be to capture the moment on FreezeFrame.

For more information, mail this coupon to Polaroid Corporation, Dept. 678, P.O. Box 5011, Clifton, NJ 07015.
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Title _____
Company/Institution _____
_____
Address _____
City _____ State _____ Zip _____
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Application _____

Polaroid

© 1987 Polaroid Corporation "Polaroid" ® "FreezeFrame." ™ *Suggested base list price.

Image courtesy: The Photo Store

Special Report

Soft touch a new age for medium

By Janice Steinberg

Whether they love it or hate it, everybody in radio is talking about the Wave. The Wave—a no-talk format that blends light jazz, soft rock and New Age music—premiered on former Los Angeles rocker KMET-FM (now KTWV-FM) on Valentine's Day.

The station's ratings rose from a 1.9 share in the January, February, March Arbitron book to a 2.5 in the April, May, June book, which alone could make station managers around the country stock up on Andreas Vollenweider albums. What's even more compelling is that KTWV came in fifth in the 80-station Los Angeles Area of Dominant Influence among the 25-to-54 demographic it was designed to reach by Frank Cody, station program director, and Leech Inc., a Los Angeles-based research company.

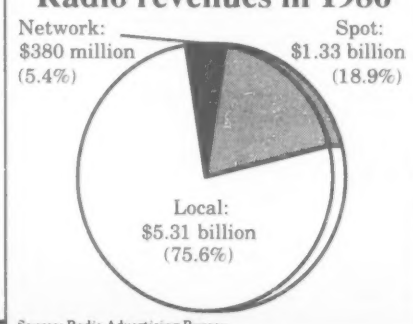
Specifically, the Wave was caught by—drum roll, or maybe harp arpeggio—the baby boomers. "Over the last couple of years and for the next, I'd say, 12 to 18 months, the significant majority of radio stations will chase what we at Joint Communications call the 'big generation,'" says John Parikhal, ceo of the Toronto-based media consultancy. "You're going to see a tremendous fragmentation and experimentation in formats to reach them."

Lee Abrams, director of Atlanta-based radio consultancy Burkhart/Abrams/Douglas/Elliot & Associates, created a soft jazz/New Age format introduced by KLRS-FM in Santa Cruz, Calif., in March; and by Chicago's WNUA-FM (formerly WRXR-FM) earlier this month. Mr. Abrams' format is more purely New Age than the Wave, which plays a lot of soft rock. Aptly named WBMW-FM in Washington, and KTOU-FM in Salt Lake City also have New

(Continued on Page S-2)

San Diego-based freelancer Janice Steinberg is a frequent contributor to Special Report.

Radio revenues in 1986



Source: Radio Advertising Bureau

Syndication boosts stations on a budget

By Hortense Leon

There used to be seven on-air people, alone, at WNDE-AM, Indianapolis. Now the Taft Broadcasting Co.-owned oldies stations has only two employees.

On Feb. 7, 1987 the station switched from live, local broadcasting to 24-hour syndication provided by Transtar Radio Network, which broadcasts live from Los Angeles.

"What this means," says Ed Sanders, WNDE's general manager, "is that now we have at our disposal better disc jockeys, more music to choose from and better sound quality for less money. Today, it is difficult for an AM station to survive on its own. A large operation like Transtar can better afford to pay on-air staff and do costly research."

Transtar, Colorado Springs, Colo., claims about 600 affiliates. Its only direct competitor is Satellite Music Network, Dallas, which claims to have 800 affiliates. Both provide 24-hour programming daily, which could replace all of a station's programming needs. With this kind of arrangement all a broadcaster needs is a satellite dish and a sales staff. The station remains, but much of the operating costs disappear.

"While a station in Chicago may be able to hire a disc jockey for $100,000 a year or more, stations in small towns, which are only billing $300,000 a year, are hard-pressed to hire a disc jockey for even $250 a week," says Jim Wood, VP-programming for Cleveland-based Malrite Broadcasting Corp—owner of 13 radio stations and six TV stations.

Danny Flamberg, senior VP-communications at the Radio Advertising Bureau, New York, says, "For $1,500 a month, a small station can fire all of its disc jockeys and program staff and hire a kid making minimum wage to punch up the local commercials and save on all the operations costs."

Marianne Bellinger, director-public relations for Satellite Music Network, a 6-year-old company with 1986 gross revenues of $15.6 million, puts it this way: "Advertising sales in local markets are tough right now. By becoming an affiliate, station managers can cut out programming costs and devote all their time to local sales and promotion."

SMN, which has seven formats, charges its affiliates $1,150 per month but less than half actually pay the fee. "Because we want our network represented from an advertising standpoint in the top 75 markets, for a good broadcast operation, we waive fees in medium and larger markets," says John S. Tylor, SMN's chairman.

SMN "retains" only two minutes per hour out of a maximum 14½ minutes that can be devoted to commercials. For most of Transtar's five formats, the company retains two minutes out of 12—including Format 41, Adult Contemporary, Country, AM Only and The Oldies Channel. Transtar's fee of $1,000 per month is waived in larger markets.

Local stations probably can afford to give up two minutes of their advertising time, which is less than what more established networks ask. At the same time, the local stations have trouble selling all their inventory.

"The local media have suffered because local businesses have died. The small shoe store can't compete with Fayva or Kinney, so it goes out of business. The large companies don't depend on local ads," Mr. Flamberg says.

But even if local advertising is soft, it far outdistances the network dollars. In 1986, radio's ad revenues totaled $7.02 billion, of which network advertising accounted for only $380 million, while spot radio spending totaled $1.33 billion and local advertising accounted for $5.31 billion, according to the Radio Advertising Bureau in New York.

What is considered a network, rather than a syndicator, which generally sells individual programs, is a tricky question. A standby definition is that a company is a network if it broadcasts programs simultaneously. But even this definition falls apart in the face of technology, which allows a station to tape satellite programming and play it later.

Janice Burenga, VP-creative services for New York-based United Stations, says that in 1981, when the company was founded, it battled with the trade papers over its right to be called a network. The company's rationale was that its affiliates, like the major networks, broadcast programs soon after they are transmitted, for example, over a weekend, if not exactly on Saturday night at 8 p.m.

Disc jockeys from Transtar Radio Network's broadcasting center in Los Angeles feed programming to about 600 affiliates.

Ms. Burenga also defends the company's right to be called a 24-hour network such as Transtar on the basis of the company's hourly news reports. Clearly though, the programs are not continuous in the same way as Transtar. United Stations sells individual programs more than it provides continuous coverage.

Most networks also have syndication arms. Mr. Flamberg says the difference between a network and a syndicator is how they are rated. "Networks are rated by RADAR as a whole, whereas a syndicator is rated in each market by Arbitron."

Bruce B. Cheen, media analyst at Paul Kagan Associates, Carmel, Calif., says, "The term network is an old word. Generally though, the syndicator supplies content and programming, but no schedule."

Mr. Cheen estimates that there are 67 radio syndicators and 25 networks. But it depends on who is doing the counting. Bob Lobdell, president/executive director of the Radio Network Association, New York, says there are 30 networks.

Another participant is Westwood One. Westwood, which dominates 15% of the market and is about to acquire NBC Radio Network—increasing its share to 30% of the market—was born as a syndicator over a decade ago. It became a network in 1985 when it bought the Mutual Broadcasting System.

But, from the advertiser's standpoint, it may not matter if the station is syndicated or is part of a network. At least the difference may not be very great. Mr. Lobdell says that it matters because an advertiser who buys 10 spots on network is more likely to hit the same listener 10 times, thus driving home the message more efficiently. With a syndicated program, there might be only two spots on each station that carries the program. Five people instead of one are more likely to hear the message.

The advertiser does not care whether his message is broadcast on a syndicated program or a network, Mr. Flamberg says. However, he does point out that a syndicated special, for example, one on a health issue, might be a hospitable environment for a commercial for athlete's foot powder.

From the standpoint of the station, Mr. Flamberg believes that syndicated shows are hard to sell. "Who cares about a show on health issues?" he asks. "If, on the other hand, you are selling a Madonna retrospective, which will run simultaneously with a Madonna tour, people might listen. But in general, the market for syndication has gotten terribly oversaturated recently." AA

Hortense Leon is a Miami-based freelance writer.

A new age for radio

(Continued from Page S-1)

Age formats.

"It looks like the whole thing's going to explode," Mr. Abrams says. In spite of the likely short-term growth of New Age, many analysts caution the format's appeal is limited.

"I think it can be successful in sophisticated markets—Los Angeles, Washington, New York, Boston, Atlanta, Seattle, San Francisco," says Jim Duncan, a Kalamazoo, Mich.-based consultant who publishes "American Radio." "But it's not going to sweep the country, it's not going to acquire a 10% share of listening nationally."

One station in every market may make it with a New Age format, Mr. Parikhal says. Stations that aren't the first in their market to go New Age face the question of how to increase their share of the 25-to-54 age group. Probably the most successful answer has been adult contemporary, says Jhan Hiber, VP-research at Cleveland-based Malrite Communications.

"There are a couple reasons for that," he says. "First, although we have our fringe elements here in America, we're largely a mainstream, organized society, and that's very much a mainstream white-bread kind of format.

"Second, there are two or three categories of adult contemporary," Mr. Hiber says. He differentiates between foreground adult contemporary formats, those with prominent personalities, and "the laid-back AC stations—the ones whose main claim to fame is, all we do is play music, we don't talk."

Mr. Duncan includes oldies formats—Top 40 hits from the '60s and '70s—under the AC umbrella, and says the growth in oldies is the reason AC went from a 15.8 share nationally in fall 1985 to 18.2 last year.

He says oldies album cuts also are revitalizing album-oriented rock. "That format has been growing steadily for the past four years."

"We were the first ones to do classic hits/classic rock 'n' roll back in September 1985 for WZLX in Boston," says Gary Guthrie, president of Edinborough Rand, a Scottsdale, Ariz.-based consultancy. "They went from 19th in the 25-to-44 demo to second in five or six months."

The reason oldies formats are so hot goes straight to the aging baby boom demographic, says Mr. Parikhal. "To a generation that's going through midlife, it's very attractive to look back to the songs they grew up with and use them as markers for the next journey forward."

More listeners also will turn to talk radio, he says. "You're going to see talk radio exploding as people try to explore themselves." Traditionally aimed at older listeners, talk will evolve into a format more relevant to people in their 30s and 40s, he says.

Jazz also is experiencing a rebirth as the baby boom ages. Few stations offer an all-jazz format, but soft jazz is a mainstay of the New Age formats.

On July 1, WHN-AM in New York traded in its call letters, crated up its country records, and debuted as all-sports WFAN. The station's primary target audience is 25-to-34-year-old males, says John Chanin, WFAN VP-programming and operations. Secondarily, they'd like the 25-to-54-year-old demographic. Recently purchased by Indianapolis-based Emmis Broadcasting, WFAN fulfills a long-held wish of Jeff Smulyen, Emmis president, and Steve Crane, senior VP, to make an all-sports format work on AM, he says.

A long list of factors made them decide the format could succeed in New York, he says. "The number of professional franchises in New York City—two baseball, two football, two basketball, three hockey teams, the site of U.S. Open Tennis, the host for two major golf tournaments a year . . . And the male demographic in this area, plus the fact it's a three-shift town, which means you've got potential listeners around the clock, in what has always been hailed as the most ardent sports fan town in the country." WFAN is also the flagship station for the Mets baseball team.

It's still too early to estimate the all-sports station's ratings, but Brian Beglane, promotion director, says audience response has been "tremendous—the phone lines are constantly lit up, 24 hours a day." He says although they lost a few advertisers with the format shift, they have signed 35 new advertisers.

Of course, some radio programmers don't worship at the shrine of the baby boom.

They see their task as not to attract baby boom listeners, but to convince advertisers that life exists before 25 and after 54.

Ted Dorf, VP, general manager of Beautiful Music WGAY-FM, Silver Spring, Md., chairs the 35-to-64 Committee, an association of radio stations, networks, reps and syndicators who banded together five years ago to promote the older demographic to advertisers.

Among the facts he uses to make his case: "People over 54 have the most discretionary income in this country. They're the people who are able to take the trips, who are able to buy the fine clothes, have the second homes. They're the people the financial community wants to talk to."

Nevertheless, Mr. Dorf says, advertisers have been slow to

(Continued on Page S-6)

WFMT rolls over Beethoven

By Eileen Norris

Perhaps composer Ludwig van Beethoven *would* roll over if he knew how far his beloved classical music has come. In less than one year, Chicago radio station WFMT-FM has sold its Beethoven Satellite Network to 70 stations around the country, mostly noncommercial.

Radio stations can take the 11-hour BSN live via satellite—which the majority do—from 10 p.m. until 9 a.m. (ET) or tape it and air it later. Either way, the new service, which costs $3,000 to $12,000 a year, depending on market size, provides stations a way to take advantage of WFMT's expansive 40,000-record library.

Commercial stations using BSN are given five minutes per hour to sell local advertising. Noncommercial stations plug in their individual underwriters and run house spots. WFMT, however, does not sell national ads for BSN.

The network is the brainchild of WFMT President Raymond Nordstrand, who saw a need for the satellite service after witnessing several classical music stations go out of business and some switch to other, more profitable, formats. He says stations had the desire to offer the specialized format but couldn't afford the announcer or lacked the necessary musical inventory.

Chicago freelancer Eileen Norris is a frequent contributor to Special Report.

Edgar Weinstock does his imitation of Beethoven for WFMT-FM's network.

To make it more appealing, WFMT says it not only will help a station get classical music on the air, it also will help find a way to pay for it.

The station need only look to banks to help radio stations find underwriters to finance the BSN. For years, Chicago's Talman Federal Savings & Loan has been WFMT's chief commercial sponsor. WFMT figured plenty of other financial institutions would be willing to share a similar kind of setup with radio stations that wanted to subscribe to BSN.

That logic rang true with Chicago-based U.S. League of Savings and its affiliated company, Advertising Division Inc., which currently is working with WFMT to find financial institutions that might be interested in underwriting the BSN. A non-commercial station at Ball State University, WBST-FM in Muncie, Ind., has worked out an agreement with Mutual Federal Savings in Muncie to sponsor the network. WCQS-FM, a public radio station in Asheville, N.C., found a financial backer in Asheville Federal Savings. These are two of six stations now underwritten by banks.

To make the network more appealing to stations, WFMT also offers to customize BSN so that, "once it hits their air, it's their product," says David Levin, BSN director-development.

The network's announcers will tape call letters and promos for BSN members if they want the network to have a local flavor. Mr. Levin says BSN's affiliate stations even get letters addressed to the announcer because listeners think they work for the local station. If a radio station wants BSN to sound like the national product it really is, the affiliate can use spots that identify it as being from Chicago.

So far, this new business venture has proven to be on the mark, although Mr. Levin won't be really satisfied with its progress until demand prompts the station to offer it 24 hours a day.

Still, for BSN, getting an audience of 30 million in one year isn't bad.

New Age a tough ad spot

New Age radio has been ridiculed as "audio Valium."" Rock critics have howled that the music is so insipid, prolonged listening may produce rigor mortis. But radio executives say consumers—particularly in the 25-to-54-year-old group—are tuning in to New Age stations.

Or are they?

Some analysts are concerned that New Age yields listeners whose passive relationship to radio may limit the effectiveness of commercials.

"The Wave, [Los Angeles' KTWV] is a classic example of a station where people barely know what's on. There are no disc jockeys, there's nothing to establish loyalty to the station—so it just kind of sits there," says John Parikhal, ceo of Joint Communications Corp., a Toronto-based media consultant.

"There's a good chance that people can hear your spot five times and not hear what's being said."

"How do I produce or write a commercial that breaks through the person's subconscious, when the station they're listening to is one they have to some extent tuned out?" says Jhan Hiber, VP-research at Cleveland-based Malrite Communications Group. "There's going to be a concern on the part of advertisers; it may do OK in [the ratings], but does it do the advertiser any good in moving product and making an impression?"

KTWV, the wonder child of the 80-station Los Angeles market, has been a lightning rod for criticism and questions.

Howard Bloom, KTWV VP-general manager, says "When commercials come on, they're highlighted. There isn't any question that it's a commercial, so people listen to it more clearly."

Advertisers and agencies are responsible for creating commercials that will work in the [New Age] format, says Lee Abrams, director of Atlanta-based Burkhart/Abrams/Douglas/Elliot & Associates, who helped launch New Age stations WNUA-FM, Chicago, and KLRS-FM, Santa Cruz, Calif.

"They can't be too much like Crazy Eddie's, but they can't be too relaxed either," Mr. Abrams says. "We've done a lot of tapes where we test different musical mixes to see what [types of] ads are retained.

"There's a certain production style where the spots do get retained by listeners and others where they just go right by."

"I'm going to get on my soapbox here," says Jim Duncan, publisher of "American Radio," Kalamazoo, Mich. "Advertising people with the smarts are going to be able to handle [creating effective ads for New Age stations]. If they put their most competent, creative people toward making excellent radio commercials, there's no reason why they can't handle that problem."

—Janice Steinberg

Radio HIT LIST

Top 10 spot radio advertisers

1.	Anheuser-Busch Cos.	$50.4
2.	General Motors Corp.	$35.2
3.	Miller Brewing Co.	$28.7
4.	PepsiCo	$22.3
5.	Sears, Roebuck & Co.	$21.9
6.	Delta Air Lines	$21.7
7.	Chrysler Corp.	$21.1
8.	Southland Corp.	$20.0
9.	Van Munching & Co.	$18.7
10.	Pillsbury Co.	$18.2

Source: Radio Advertising Bureau and Radio Expenditure Reports. Note: Dollars reflect 1986 spending and are in millions.

Largest category increase in spot radio

1.	Optical and photo	167.7%
2.	Confectioners	146.9%
3.	Gasoline and oil	99.3%
4.	Building, hardware	84.6%
5.	Drug products	66.0%
6.	Publishing and media	59.4%
7.	Healthcare industries	54.0%
8.	Home furnishings	11.4%

Source: Radio Advertising Bureau. Note: Figures represent increases in media spending from first quarter 1986 to first quarter 1987.

Top 10 network radio advertisers

1.	Sears Roebuck & Co.	$47.7
2.	Warner-Lambert Co.	$22.7
3.	AT&T Co.	$22.6
4.	General Motors Corp.	$22.2
5.	Anheuser-Busch Cos.	$16.5
6.	Bayer AG	$16.2
7.	Greyhound Corp.	$15.5
8.	Ford Motor Co.	$14.9
9.	Procter & Gamble Co.	$13.9
10.	Schering-Plough	$11.4

Source: Radio Advertising Bureau and Broadcast Advertisers Reports. Note: Dollars reflect 1986 spending and are in millions.

Top 10 agencies in radio billings

1.	Bozell, Jacobs, K&E	$148.5
2.	D'Arcy Masius B&B	$104.7
3.	Foote, Cone & Belding	$100.2
4.	J. Walter Thompson	$93.7
5.	Ross Roy Inc.	$65.0
6.	BBDO Worldwide	$63.3
7.	Ted Bates Worldwide	$54.5
8.	Ogilvy & Mather	$54.0
9.	Grey Advertising	$48.0
10.	DFS Dorland	$47.8

Note: Dollars reflect 1986 billings as reported in AA's U.S. Advertising Agency Profiles, March 26, 1987 and are in millions.

Allen sings the praises of radio

Whether he's engaged in inspired wordplay with his sidekick, Mark Simone, or trading silly songs with guest Mel Brooks, Steve Allen guffaws frequently on his live radio show on New York's WNEW-AM.

Mr. Allen, who started in radio in the 1940s, took over WNEW's 10 a.m.-to-2 p.m. weekday slot in January. The comedian/author/composer/musician says he is having a ball.

"To draw an analogy," Mr. Allen says, "on almost every Monday night Woody Allen performs at a little New York club, a restaurant called Michael's Pub.

"He simply plays Dixieland clarinet with a little Dixieland group. You might say that doing this WNEW show is my Michael's Pub."

Steve Allen's 1940s radio show took an unexpected turn toward comedy the night Doris Day didn't make her scheduled appearance.

The improvisational ability and zaniness of Steve Allen makes him great for radio.

Mr. Allen improvised hilariously for 25 minutes; fast-paced, ad-libbed humor is the cornerstone of his current program.

Mr. Allen's and Mr. Simone's banter has covered such subjects as why undershirts don't hold up the way they did 20 years ago and why bathing produces the "prune wrinkle response" on fingers only part of the time.

Westwood One, Culver City, Calif., now is developing plans to make the show available nationwide.

Despite his on-air zaniness, Mr. Allen also has a well-known serious side that emerges as he talks about the role of radio in American life and the current state of the medium.

"I strong disapprove of [shock radio]. Our society is getting depraved and disorganized enough, and that to me is simply worsening that trend, and not helping or countering it," he says.

He believes that radio's innate strengths are enough to guarantee its viability in a TV-dominated culture.

"Intimacy is a key word. There's something about just hearing a voice, whether or not you know what the fellow whose voice it is looks like, that makes people get closer to radio."

—Janice Steinberg

A new age for radio

(Continued from Page S-2)
buy the beautiful music, talk and middle-of-the-road stations that do well with older listeners.

On the other side of the baby boom contemporary hit radio, radio's hottest format a few years ago, may be heading for trouble as boomers move out of the format's primary 12-to-34-year-old demographic.

"The CHR stations that do a 1987 version of 1963 radio—bells and whistles and wacky promotions—are going to do great," says Mr. Abrams. However, he sees the format appealing mainly to teens and to "a type of 18 to 34-year-old who's not very musically sophisticated . . ."

Other industry observers say CHR is doing fine. "Malrite has some CHR stations that do very well—No. 1 in New York, No. 1 in Cleveland," says Mr. Hiber.

He coined the term "churban" to describe a CHR and black/urban hybrid, such as KPWR in Los Angeles, that attract a multi-ethnic audience and have soared in the ratings.

Z-Rock is a new youth-oriented syndicated format that debuted on WZRC-FM in Chicago last September. Bill Scott, operations manager at Dallas-based Satellite Music Network, says it designed the hard rock/heavy metal format to hit the 12-to-24 demographic, but the five stations carrying it—in Chicago, Cleveland, Dallas, Columbus, Ohio, and Grand Rapids, Mich.—have shown unexpected strength with 25-to-34-year-old listeners as well.

"Hard rock is picking up tons of teens, because it's dance music. It's easy to get into, it's new, it's something teens can call their own," says Mr. Parikhal. "I think hard rock is going to be a format that's got some potential if people can find ways to sell the young audience it attracts." In addition to Z network, KNAC-FM in Long Beach, Calif., has a similar format.

Some areas of radio clearly are in trouble. Country has lost ground. "If you could take the Mason-Dixon line and extend it across the country—a musical Mason-Dixon Line—in the Southern tier of states country has good longevity," Mr. Hiber says. "In markets above that line, I think it's going to be a much harder go."

Over the past several years, AM stations have come up with a number of unsuccessful formats to win back the 70% of the audience that listens to FM—game shows in San Francisco, an all-traffic station in L.A. But talk is the one format that has consistently worked—31% of all AM listening is devoted to news and talk stations, Mr. Duncan says.

In spite of these trouble areas, analysts say the radio industry is in excellent health. Revenues rose to $7.03 billion in 1986, up from $6.56 billion in 1985. According to Mr. Duncan, the value of FM stations has increased 30% to 35% in the last two or three years.

Mr. Abrams sees signs of financial health and also in radio's spirit. "A couple years ago I thought it was sort of sick, everything was getting over-researched and it was turning real boring. Now research is important, but so is being out to lunch a little bit. I see a lot of show biz values coming back, which I think is real healthy," he says.

Assistant editor Kevin Brown coordinated this report on Radio.

Coming

Next week ADVERTISING AGE's Special Report will take a week hiatus. The Sept. 14 report will focus on **Magazines.**

THE ONLY RADIO NETWORKS WHERE ADVERTISERS COME ~~FIRST~~ SECOND.

United Stations Radio Networks work BEST for advertisers because we work FIRST for radio.

United Stations is a team of seasoned radio pros, dedicated to giving affiliates the kind of customized news and sportscasts and the type of music programming they need most. When you give radio stations what they need, they'll use it.

In radio programmer polls, United Stations consistently is the network of choice for the best music programming for America's most popular radio formats. News directors, too, sing the praises of United Stations when it comes to our news and sports coverage.

Nobody is more tuned-in to local radio than United Stations. We spend an enormous amount of time and money creating quality radio programming. And it pays off. It pays off for local radio and it pays off for the network advertiser.

Sure, our advertisers come second.

If We Didn't Work for Radio We Couldn't Work for Advertisers!

UNITED STATIONS RADIO NETWORKS

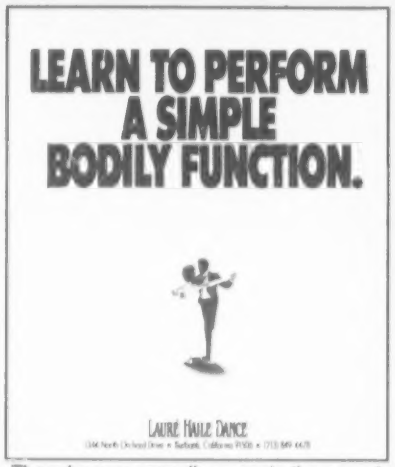
New York Washington, D.C. Chicago Detroit Dallas Los Angeles London

BEST OF PRESS

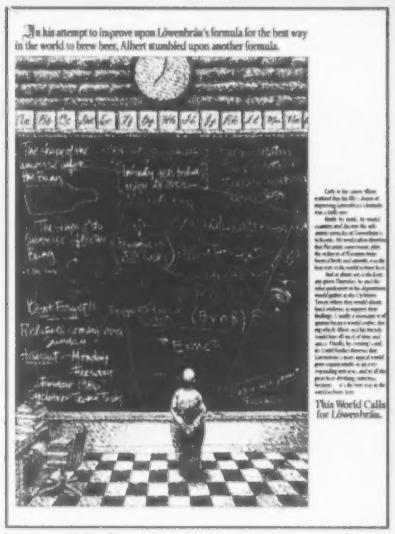
You Can Send Your Garbage on a Cruise...
Or You Can Send It to One of Our Flagships
1-800-248-8808
Wheelabrator Technologies Inc.

This ad for the Wheelabrator Environmental Systems unit of Wheelabrator Technologies capitalized on an ongoing news story to advertise what is not exactly your top-of-mind kind of service. The ad was conceived and written by John Sullivan, president-ceo of Wheelabrator Environmental Systems, Hampton, N.H. Art direction was provided by Kevin Stickney, Wheelabrator's director-communications.

This ad from Chiat/Day, New York, for Ricoh Corp. copiers, makes good use of a combination of an attention-grabbing headline and a dominant graphic to make its point, then it uses graphic breaks that make the long copy more visually appealing and readable. Creative director: Bill Hamilton; art director: Leslie Sweet; copywriter: Nat Whitten.



Though some may disagree, in the age of AIDS and other sexually transmitted diseases the words "bodily function" are enough to catch a prospect's eye. In this ad for Laure Haile Dance in Burbank, Calif., Hoffman York & Compton, Milwaukee, uses a play on those words in a dominant headline and a relatively small graphic to draw the reader into the ad. Creative directors: Tom Jordan, Reed Allen; art director: Mark Drewek; copywriter: West Hranchak.



In a world of me-too, look-alike beer advertising, this ad for Miller Brewing Co.'s Lowenbrau, via J. Walter Thompson USA, Chicago, really stands out—especially if one appreciates a tongue-in-cheek approach to consumer product advertising. Creative director: Tom Hall; art director: Tim Murphy; copywriters: Tom DeCerchio, Bart Darress; illustrator: Fred Hillaird.

Best of Press selections are made by: Hank Simons, VP-creative director of the Newspaper Advertising Bureau; James Dunaway, VP-information at the bureau; and Advertising Age. National System Inc., St. Louis, provides tearsheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review. Submissions should be sent to AA's New York bureau.

The Airline That's Been Rated Highest In Service Without Even Having First Class, Introduces First Class.
First Class. As Little As $20 Over Coach.
PIEDMONT

McKinney & Silver, Raleigh, N.C., used a good mix of color, large space and graphic placement amid type to introduce first-class service for client Piedmont Airlines. Creative director: Michael Winslow; art director: Anne Oakley; copywriter: Marty Kaufman; photographer: Terry Heffernan.

Ad spending tops $342M

New York—Advertiser investments during May in major-market daily newspapers in 16 major categories surged 9.5% from May 1986 to $342.7 million, the Advertising Age Flash Report indicates.

The overall gain was due in part to an extra Sunday this year, making a total of five, vs. four in May '86.

Leading the gainers was the new-car category, which grew 51.5% to $28.8 million. Other big gainers included general-merchandise stores, up 17% to $55.4 million; publishing and media, up 23% to $18.5 million; banks and trust companies, up 42.2% to $11.4 million; food stores, up 8.9% to $34.1 million; and computer stores and supplies, up 45.1% to $6 million.

Among other categories posting gains were amusements, up 3% to $32.2 million; department stores, up 3.7% to $103.2 million; and radio-TV-phonographs-records dealers, up 9% to $21.2 million.

Categories showing losses from May '86 were airlines, down 7% to $17.3 million; public service utilities and communications, down 29.7% to $5.3 million; alcoholic beverages, down 14.3% to $2.9 million; computers, equipment and services, down 25.8% to $2.4 million; cigarettes, down 51.3% to $1.5 million; stock, bond and investment houses, down 26.5% to $1.7 million; and camera., photo supplies and services retailers, down 4.1% to $827,752. The Flash Report is based on linage measurements by Media Records here in 29 daily and 22 Sunday newspapers in 15 major markets.#

FLASH REPORT: Newspaper advertising investment for May

May 1987		IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR		1987	1986	ACTUAL $ G OR L	% G OR L
Amusements	1987		$32,182,805	$31,257,084	+925,721	+3.0
	1986					
Computer stores & supplies	1987		6,057,892	4,174,711	+1,883,181	+45.1
	1986					
Department stores	1987		103,174,473	99,537,342	+3,637,131	+3.7
	1986					
Food stores	1987		34,119,043	31,341,995	+2,777,048	+8.9
	1986					
Radio, tv, phonographs, records	1987		21,243,957	19,487,007	+1,756,950	+9.0
	1986					
General merchandise stores	1987		55,436,258	47,372,012	+8,064,246	+17.0
	1986					
Alcoholic beverages	1987		2,916,110	3,404,588	488,478	-14.3
	1986					
Cameras, photo supplies & services	1987		827,752	862,810	-35,058	-4.1
	1986					
Computers, equipment & services	1987		2,432,147	3,275,635	-843,488	-25.8
	1986					
Public service utilities & communications	1987		5,268,037	7,489,103	2,221,066	-29.7
	1986					
Publishing & media	1987		18,476,909	15,027,717	+3,449,192	+23.0
	1986					
Cigarettes	1987		1,499,184	3,079,553	1,580,369	-51.3
	1986					
Airlines	1987		17,267,060	18,571,192	1,304,132	-7.0
	1986					
Passenger cars-new	1987		28,844,606	19,043,978	+9,800,628	+51.5
	1986					
Banks & trust companies	1987		11,452,819	8,051,196	+3,401,623	+42.2
	1986					
Stock, bond & investment houses	1987		1,669,225	2,272,380	603,155	-26.5
	1986					

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

Pizza Hut wants BBDO to use tough approach

By SCOTT HUME

PepsiCo further strengthened its bonds with Omnicom Group last week when Pizza Hut awarded its $25 million national account to BBDO Worldwide, New York.

BBDO, principal agency for Somers, N.Y.-based Pepsi-Cola USA, picks up both the creative assignment (from Chiat/Day, Los Angeles) and media buying (from DeWitt Media, New York).

Wichita, Kan.-based Pizza Hut's regional co-op agencies will continue to augment national work with local-market creative.

The assignment marks a further consolidation of PepsiCo business at Omnicom agencies.

Tracy-Locke, Dallas, handles the $50 million Taco Bell account and, along with DDB Needham Worldwide, Chicago, much of the Frito-Lay snacks business. Those two shops also are part of Omnicom.

Kentucky Fried Chicken Corp., Louisville, Ky., which PepsiCo acquired last year, remains its largest piece of U.S. business outside the Omnicom fold. Young & Rubicam, New York, holds that $75 million account, and the world's largest chicken chain says it has no plans to make a change.

KFC last week launched a $40 million campaign via Y&R for its 1-ounce Chicken Littles sandwiches (AA, May 11, *et seq.*).

BBDO's mandate will be to create tougher, harder-sell advertising than the "Pizza Hut People" and "On the road with Pizza Hut" campaigns that C/D provided.

A Pizza Hut spokesman said BBDO was chosen because of its "superior creative abilities as well as its understanding of how best to leverage our size in the marketplace."

Industry observers translate that to mean that though Pizza Hut is the nation's largest pizza chain—with sales of about $2.5 billion in 1986—its market position has been undercut by delivery chains such as Domino's Pizza and price-cutting specialists like Little Caesar Enterprises.

Pizza Hut franchisees have made known their desire for advertising that clearly defines and sells the "brand" in a toughening market.

For its part, BBDO has made no secret of its interest in gaining a major restaurant account since it lost Burger King Corp. to J. Walter Thompson USA, New York, in 1976. BBDO was one of the five finalists for Pizza Hut's account in 1984 when C/D succeeded Foote, Cone & Belding, Chicago (AA, May 7, 1984).

Although included among the eight first-round contenders in BK's current review of what is now a $200 million account, BBDO was not among the three finalists named earlier this month (AA, Aug. 17).

BBDO's only competitor for Pizza Hut this time around was Saatchi & Saatchi DFS Compton, New York, which was hoping to rebound from its loss of the $50 million Wendy's International account (AA, Nov. 3).

The swiftness of the change—coming less than three weeks after C/D's official "resignation" of the account Aug. 8—appeared to confirm reports that Pizza Hut was holding something other than the "informal talks" with New York agencies it confirmed were under way last month (AA, Aug. 3).#

BK, Bartles recall up

(Continued from Page 3)

14.8% in June. Considering that Bartles & Jaymes' recall share was only 5.1% in March and 8.8% in April, its July score is impressive.

The Bartles & Jaymes brand faces a tough challenger in Jos. E. Seagram & Sons' Seagram's wine coolers, which became the top seller in some markets. That has raised questions about how long Gallo will continue to use the Hal Riney & Partners-created "Frank Bartles" and "Ed Jaymes" characters and campaign for the product.

Gallo this spring launched new creative executions to introduce a Premium Red extension of Bartles & Jaymes. The steady rise in the product's share of first mentions since then suggests that there's still some vitality and memorability left in Frank and Ed.

In second place behind Bartles & Jaymes in the wine category was advertising for Gallo's wines. San Francisco-based Riney also created that advertising. It received 12.5% of first mentions in July's survey, up 3.6 percentage points from June's 8.9% share.

Advertising for Banfi Vintners' Riunite placed third last month with an 8.9% share, followed by Seagram's at 3.2% and Brown-Forman Co.'s California Cooler at 1.4%.

BK's "Best food for fast times" campaign, recently augmented by new commercials supporting the national introduction of Burger Bundles, went from No. 8 in June to the bottom of July's top 10 list. But when respondents were asked specifically which fast-food advertising came to mind first, BK did quite well.

Last month, BK came to mind first for 19.5% of the sample, up 5.4 percentage points from June and nearly double the 5.9% share it received in May. It was BK's highest score since February 1986, when it garnered a 23% share.

J. Walter Thompson USA, New York, creator of the "fast times" positioning, is one of three agencies (with N W Ayer and D'Arcy Masius Benton & Bowles) preparing final presentations for the review of that $200 million account.

McDonald's Corp.'s share of first mentions was 40% in the July survey, twice that of second-place finisher Burger King but still Big Mac's lowest share since February 1986.

Wendy's International was third last month with a 10.2% share, Hardee's Food Systems was fourth with 4.4% and Taco Bell moved into the category's top 5 on the strength of its Steak Fajita campaign with 1.6%.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all seen, heard or read in the previous 30 days.

Consumers are queried on the first ad they recall overall, yielding the top 10 list, as well as in a variety of product areas. During July, 1,000 adults were polled by telephone.

Those changes in advertising that are deemed statistically significant by adWatch researchers are attributable to more than sample variation.

In other significant changes in the July survey:

- Ford Motor Co. widened its lead over General Motors Corp.'s Chevrolet in the **cars & trucks** category with a 3.4-point increase to 22.5% of first mentions. Chevy came to mind first for 13.7% of the sample, down 2.5 points from its 16.2% share in the June survey.

Toyota Motor Sales USA held the third spot with a 7.9% share.

- Apple Computer has bounced back after getting a scare earlier this year from IBM Corp. in the **computer** category. IBM had vaulted into the No. 1 spot in April after launching its campaign studded with former "M*A*S*H" cast members, and while IBM's recall score remains higher than it traditionally had been before that campaign broke, Apple took only two months to reclaim the top spot.

Last month, Apple's advertising came to mind first for 28.4% of the sample, while IBM was named by 21.3%, down 2.3 points from its 23.6% share in June. Radio Shack ads were named first by 1.6%.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

Chevrolet plans

(Continued from Page 3)

in 1988, so we will spend less on production and more on actual time," she said. TV and print spending will rise, she said.

Promotion will be decreased because the company is not introducing any new-car brands for 1988, only new models of existing brands, she said.

In 1987, Chevrolet ran a big promotion with Procter & Gamble Co. to introduce the full-size pickup truck and the Corsica/Beretta.

Keys for these models were placed in packages of seven P&G products. Today, the Corsica/Beretta accounts for 20% of all Chevrolet sales.

Mr. Staudt said the promo drew 2.5 million people to Chevy showrooms. He attributed one-third of the name recognition for the new models to promotion.

Chevrolet projects total industry sales of 10.3 million cars and 4.7 million trucks in the 1988 model year, General Manager Robert D. Burger said. That will be a 2% drop from 1987's 15.4 million cars and trucks sold, boosted primarily by end-of-the-year clearance sales.

Chevy, responsible for more than 40% of GM's total sales, expects to sell 1.7 million cars and 1.25 million trucks in the 1988 model year.#

Pat Sloan in New York contributed to this story.

For the Record

REVLON GROUP, New York, took its estimated $6 million Charles of the Ritz fragrance account in-house from Rosenfeld, Sirowitz, Humphrey & Strauss. Brands include Carrington, Enjoli, Forever Krystle and Jean Nate. The move was made for consolidation and cost-savings purposes. Revlon completed its acquisition of Ritz from Yves Saint Laurent International this month. RSH&S retains the Bain de Soleil suncare line, which Revlon sold to Procter & Gamble Co.'s Richardson-Vicks division. Spending is about $4 million.

HYUNDAI MOTORS AMERICA, Garden Grove, Calif., named **Backer Spielvogel Bates**, New York, to handle its $12 million central U.S. dealer advertising association account. The newly formed group (AA, July 27) starts a Midwest rollout Oct. 1 in Chicago, Cincinnati, Minneapolis and St. Louis that by next year will make the car a national brand. BSB, which handles Hyundai's national account and its Eastern, Western and Southern dealer groups, will expand its Chicago field office to service the Midwest account.

MAGAZINE ADVERTISING RESULTS rose in July compared with a year earlier, reports Publishers Information Bureau, New York. Ad pages gained 6.4% to 9,312, while revenues climbed 7.9% to $320.6 million. For the year to date, ad pages are up 1% to 83,792, while revenues have increased 3.2% to $2.88 billion.

BLACK ENTERTAINMENT TELEVISION, Washington, next week breaks a $1 million radio campaign to promote the cable channel's fall 1987 schedule and prod more cable operators into offering BET. The campaign, created in-house, is the first in BET's seven-year history.

CAPITAL CITIES/ABC'S Fairchild Publications, New York, acquired *Financial Services Times*, a monthly, from M&S Communications, Newton, Mass. Fairchild will merge the title into *FP Week*, which it planned to launch in October. The new magazine will debut as an every-other-weekly entitled *Financial Services Week*. Fairchild Senior VP Stephen Stoneburn, 44, will be publisher.

VALVOLINE OIL CO., Lexington, Ky., on Sept. 7 begins national TV and print advertising and a rebate promotion for its motor oil. Country singer Willie Nelson performs "On the Road Again" and provides voice-over for one of the TV spots. Bozell, Jacobs, Kenyon & Eckhardt, Atlanta, handles the estimated $20 million account.

PRODUCT MOVERS, New York, one of the largest U.S. printers and distributors of free standing inserts, on Sept. 27 will include an editorial against the Florida ad tax in 3 million FSIs scheduled to run in 14 Florida newspapers. The editorial will urge consumers to write to Gov. Bob Martinez to protest the tax. Product Movers already canceled its TV spots in Florida markets.

SHANDWICK PLC, London, will acquire Casey Communications Management, a Southfield, Mich., public relations company with 1986 revenues of $3.1 million. Earlier this month, Shandwick bought three public relations or publications management companies in Rockville, Md., and Los Angeles.

OGILVY & MATHER, New York, will open a Dearborn, Mich., office in October with about 10 staffers. O&M last month won the $20 million Ford Parts & Service Division account. O&M U.S. Chairman Graham Phillips said servicing Ford is the primary goal, "but down the road we hope to expand this new office into a full-service agency."

GILLETTE CO., Boston, breaks a TV campaign Sept. 14 for its new Soft & Dri Wide Oval Solid antiperspirant deodorant. The 30 and 15-second spots, via BBDO Worldwide, New York, will run on daytime, syndication and cable TV. Separately, Gillette last week reached an agreement to sell its Paris-based S.T. Du Pont specialty pen and lighter company to Dickson Concepts Ltd., a subsidiary of Dickson Too Holding Co., Hong Kong, marketer of luxury goods. Dupont had 1986 sales of about $50 million.

ANHEUSER-BUSCH, St. Louis, added an execution in its "Night belongs to Michelob" campaign with music by the Robert Cray Band, which joins Phil Collins, Genesis, Roger Daltrey and Wang Chung on the list of pop groups now represented in the year-old campaign. DDB Needham Worldwide, Chicago, handles.

ABC, New York, last week began scheduling preseason series debuts. "Growing Pains," usually seen on Tuesdays, will open with a one-hour version at 8 p.m. (ET) Friday, Sept. 18, leading into the return of "Max Headroom" at 9 p.m. "Once a Hero" will open with a 90-minute episode at 8 p.m. Sept. 19. In "premiere week," ABC will preview "Full House" Sept. 22 behind "Who's the Boss?" and "I Married Dora" at 9:30 p.m. behind "Pains" on its regular night. The newcomers go to their regular Friday berths on Sept. 25—vs. CBS' two-hour "Dallas" *(see related story on Page 45.)*.

ACCOUNT ACTIVITY: **Blue Cross & Blue Shield Association**, Chicago, to **Hal Riney & Partners** from HDM Dawson Johns & Black for its $10 million national account. . . . **Robert Bosch Corp.**, Broadview, Ill., to **BBDM**, Chicago, and **J. Walter Thompson USA**, Detroit, from Ogilvy & Mather, Chicago, for its $6 million-to-$8 million account. BBDM gets the Blaupunkt car-stereo business, while JWT picks up the corporate and automotive accessories accounts. Spending will be split about evenly. . . . **Service Corp. International**, Houston, the nation's leading funeral services company, to **Penny & Speier** to handle advertising for six of its funeral division's eight regions. The $2 million account had been split among local agencies. Moss & Co., New York, still handles the other two regions and the $6 million-plus account for Guardian Plan, Service Corp.'s pre-arranged funeral division. . . . **Daisy Manufacturing Co.**, Rogers, Ark., to **Doe-Anderson**, Louisville, Ky., from Ackerman, Hood & McQueen, Oklahoma City, for its $1 million airgun, ammunition and accessories account.

WORTH NOTING: **Robert Stempel**, 53, to president-chief operating officer, General Motors Corp., Detroit, from exec VP. He succeeds **F. James McDonald**, 64, who retires today. . . . **Robert Holmes a'Court**, one of Australia's media barons, has almost doubled his stake to 3.2% in John Fairfax Ltd., Australia's second-largest publishing company. . . . **Dallas-Fort Worth Home & Garden** has ceased publication after nine years. Its parent, City Home Publishing, Houston, will continue publishing *Houston Home & Garden*.

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September 14, 1987

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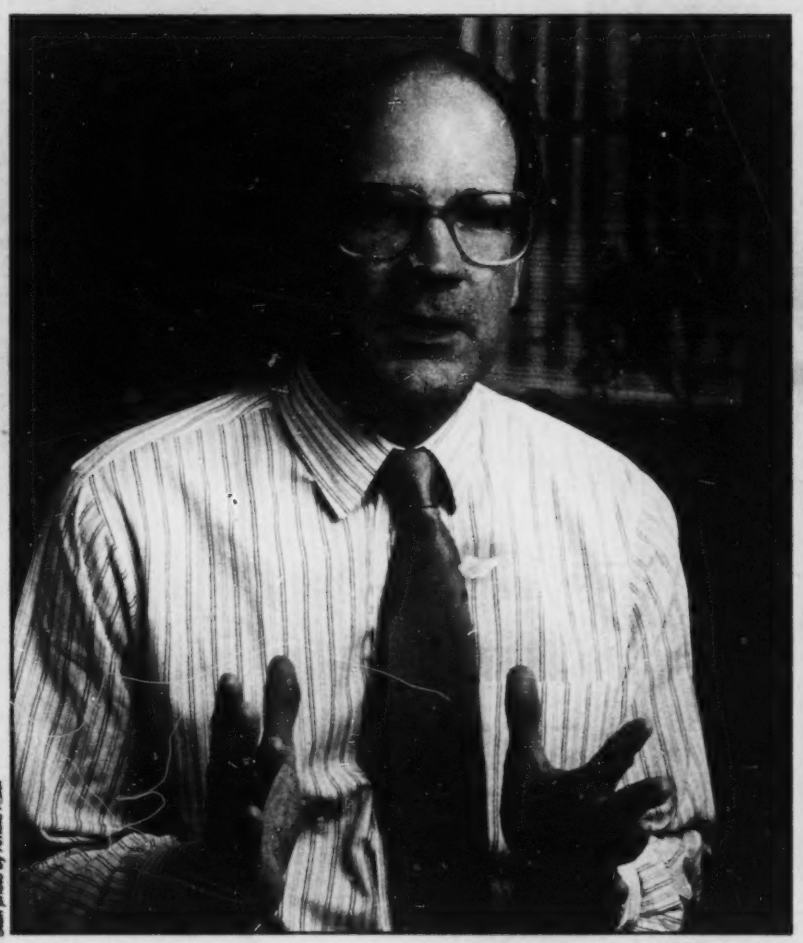
Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.



Staff photo by Arnold Adler

After a year as NBC president, "deal maker" Robert Wright has big plans for the network.

Wright eyes NBC entry in ratings, cable

By VERNE GAY

NEW YORK—One year ago, the newly installed president of NBC, Robert Wright, declared he would bring no new agenda to the network.

Instead, he said, he would take time to "learn the business."

Today, the 44-year-old Mr. Wright has finished his homework and now has big plans for the company that owns the top-rated television network.

If successful, he could radically change the face of NBC and the network TV business.

In an interview conducted on the eve of his network's new season, Mr. Wright discussed his ideas about the current and future course of network television. Although he acknowledged that some of his plans could be held up by resistance from the industry or Washington legislators, there is little doubt that, if successful, NBC could be headed for some major changes.

Some of Mr. Wright's ideas include:

- Forming a new TV ratings service, which would compete with A.C. Nielsen Co. and AGB Television Research. Mr. Wright said that if Nielsen does not correct methodological errors in its new people-meter system, NBC would form a cooperative research company. "We would be prepared to do that [when] we concluded we didn't have a viable system" from Nielsen, he said. NBC subscribes solely to Nielsen's ratings service.
- Creating a cable TV network. Mr. Wright said such a channel, which could use the resources of NBC Entertainment, is "possible" but not likely in the near future. "Lots of people would like to see an NBC channel on cable, but we have to be realistic," he said. "The costs are enormous, and I'm not sure the [cable] industry is ready for that."
- Making new financial arrangements with Hollywood producers in which NBC would partially underwrite new TV shows in exchange for home video and, possibly, syndication rights. The Federal Communications Commission's financial interest and syndication rules forbid such an arrangement, but Mr. Wright said, "There are an awful lot of people in Hollywood

(Continued on Page 114)

WCRS buys Belier

French aim: U.S. stake

By CLAIRE WILSON and JON LAFAYETTE

PARIS—French ad agencies may be using fast-moving British ad groups as a springboard into the U.S. market.

London-based WCRS Group last week acquired 49% of France's Groupe Belier, forming a partnership that not only gives WCRS its first major presence in continental Europe but allows the French shop to participate in WCRS' international network.

Eurocom, which owns Belier, gets a 20% stake in WCRS' ad businesses, which include Della Femina, Travisano & Partners, New York, and HBM/Creamer, Boston.

London's Lowe International, meanwhile, last week bought a majority interest in Paris agency Gaudin & Lichtenberg, forming a new agency called Lowe Lichtenberg

(Continued on Page 112)

Last Minute News

Benckiser to clean up with BJK&E

GREENWICH, CONN.—Benckiser Consumer Products USA named Bozell, Jacobs, Kenyon & Eckhardt, New York, as agency for its $16 million-to-$20 million account. Benckiser, a unit of the West German Benckiser Group, plans to make its first big consumer-products push here with brands recently acquired from EcoLab, St. Paul, Minn., including Electrasol dishwasher detergent, Jet Dry dishwasher rinse agent, ScrubFree bath cleaner and Lime Away bathroom/kitchen cleaner.

Fallon clicks with Timex watches

WATERBURY, CONN.—Timex moved its $10 million account to Fallon McElligott, Minneapolis. Grey Advertising, New York, resigned the business earlier this year.

NFL strike wouldn't stop CBS

NEW YORK—CBS plans to broadcast National Football League games even if the players go ahead with their strike Sept. 22. "If games are played by the NFL, we will telecast them," a CBS spokesman said last week. ABC and

(Continued on Page 8)

Pepsi to use Jackson in 4-part spot

By PATRICIA WINTERS

Pepsi-Cola Co. intends to break new creative ground in its Michael Jackson commercials with a four-part commercial that shows the superstar in daredevil stunts.

Somers, N.Y.-based Pepsi declined to comment on the details but revealed over the weekend that the much-publicized campaign features four individual 60-second spots, all considered part of a single commercial. Mr. Jackson also will appear in a separate second commercial that Pepsi did not discuss.

For his part in the commercials, Mr. Jackson receives more than $10 million.

The four-part series, created by BBDO Worldwide, New York, and directed by Joe Pytka, will show Mr. Jack-

(Continued on Page 112)

Who are the best and brightest? P. 38

M&M's in U.K., P. 90

Highlights

Jackson in black and white 4
The Rev. Jesse Jackson's long-shot bid for the Democratic presidential nomination may rely more on paid advertising this time around than in 1984. Although the Rev. Jackson is assured of much free media coverage, in part because of his high political profile, the feeling among some observers is that that coverage could turn into a liability.

Corona makes Heineken sweat 12
Heineken, still the nation's No. 1 imported beer, is being humbled by Corona Extra, the once-innocuous little beer from Mexico. Corona has been choking sales of the Dutch import in several major markets.

AHP's buy good medicine 32
American Home Products Corp.'s pending acquisition of VLI Corp. could mean a bonanza for the marketer of drugs, food and household products. Observers believe VLI's successful line of contraceptives will be marketed under AHP's Whitehall Laboratories unit.

Squeezing the o.j. category 36
Coca-Cola Foods is testing Minute Maid Squeeze-Fresh, a frozen juice concentrate in a squeeze bottle, as a convenience alternative to chilled juice for smaller families. It joins a small but growing list of Minute Maid single-serve products in test or rollout stages.

At least the rent's cheap 84
New Jersey agencies are saying "New Jersey and you—perfect together," to a growing number of disenchanted, disenfranchised New York City ad executives. Fallout from New York agency mergers and the gradual improvement of the Garden State's image are sending a steady flow of talent across the Hudson River, to the delight of New Jersey shops.

Worth a thousand words 88
To call Michael Lebron's ads "graphic" is superfluous. What else could you say about a campaign that includes a child's depiction of a slain pregnant woman? But that's the sort of work that has won the artist notoriety and readers' attentions.

God bless you 109
Colleen Todd's book, "Christian Wives," has given her a national reputation as a Christian writer, but she doesn't care much for that reputation. The cheerfully secular agency executive said she emerged unscathed from her brushes with televangelism: "Every interview started with a prayer and ended with a prayer. I'd leave and get in the elevator and say 'f---' 20 times just to get my feet back on the ground."

P&G adds fire to fat 111
Procter & Gamble Co. is showing its confidence in the marketability of olestra, a revolutionary fat substitute awaiting government approval, by tapping a rising executive to head an olestra division. The Cincinnati-based company's decision to create a new division with its own staff for a product not expected to win government clearance for more than a year was called "unusual" by an industry analyst, who said P&G "must feel certain" the FDA will approve it.

INTERNATIONAL

Playboy Bunny finds home in India 92
The Playboy Bunny is moving into India with a new line of sports clothes produced by Fashionsport India and Playboy Enterprises. Next month the two companies will introduce lines of Playboy men's shirts, casual pants and jeans and Playmate women's sportswear and shoes.

OTHER NEWS

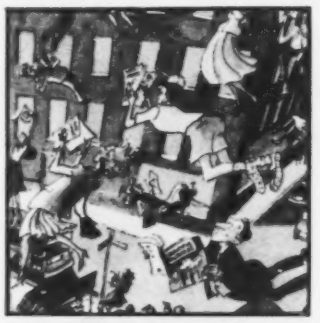
Carl Karcher Enterprises' Carl's Jr. fast-food chain will introduce Country Fried Steak systemwide next month, the third new product since its extremely successful "back to basics" strategy began nearly two years ago. Page 24.

Harley-Davidson cigarettes have rolled into Terre Haute, Ind. Lorillard began test-marketing the new brand in the Indiana city. Page 32.

Congress is weighing proposals to end sales-tax exemptions for mail-order catalogs and home-shopping shows. Page 37.

HOW TO CALL US:

Library	(312) 649-5329
News department (domestic)	(312) 649-5316
News department (international)	(212) 210-0177
Special Reports	(312) 280-3139
Back Issues	(313) 446-1609
Crain Books (ordered through Nat'l Textbook)	(312) 679-5500 (in IL) (1-800) 323-4900 (out of IL)
Circulation customer service	(313) 446-0494
Classified Ads	(312) 649-5239
Ad Sales:	
New York	(212) 210-0205
Chicago	(312) 649-5309
Los Angeles	(213) 651-3710
Public Relations	(212) 210-0209



SPECIAL REPORT

***Magazines**—History may regard the 1980s as a* belle epoche *for the industry: Despite sluggish ad sales and circulation, 362 new titles appeared in 1986. Publishers are creating beautiful editorial environments with heavier paper stocks, lush photography and sophisticated graphics. Starts after Page 60.*

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Y&R divides N.Y. unit in 3

By JON LAFAYETTE

NEW YORK—Young & Rubicam has split its office here into three separate groups, each with its own account management, creative, media research and administrative staffs.

Agency officials said the move was made to improve the shop's creative product. Billings have grown from $600 million to more than $1 billion since early last year.

Y&R named as group general managers John Glorieux, 40, who had been director of client services; George Guimaraes, 42, who had been in charge of new business; and Jane Brite, 43, a group director.

John Ferrell, 43, who has been creative director for Y&R's flagship office since 1984, will report to Mr. Guimaraes, whose accounts include Colgate-Palmolive Co. and Ford Motor Co.'s Lincoln-Mercury division.

Louis DiJoseph, 59, will be creative director of Mr. Glorieux's group, which handles the U.S. Army, Kentucky Fried Chicken Corp. and Dr Pepper Co.

Cary Lemkowitz, 39, will be creative director in Ms. Brite's group, which includes Johnson & Johnson, RJR Nabisco and Pillsbury Co.

The group general managers will report to Arthur Klein, 50, who has been promoted to president-ceo of Y&R New York from managing director. John McGarry, 47, who had been president, becomes chairman of Y&R here and continues as chairman of client service worldwide.

"As we grow larger, we must continue to grow swifter and smarter," said Y&R Chairman Alexander Kroll. "Thus we will make ourselves smaller, where smaller is better. But we will not abdicate the advantages of size—media clout, marketing resources, depth of talent—where bigger is better."

Mr. Klein added that the new structure allows the agency to promote deserving people and give them management responsibilities. The new structure will be evaluated by Mr. Klein and the three group heads, who will review the agency's work for signs of improvement.

Since mid-1986, Y&R's New York office has received new assignments from several major companies.#

Chart-topper for Pop Secret

By BETH AUSTIN

General Mills' Betty Crocker Pop Secret, a close second in the hot microwave popcorn market, hopes to dance into first place with the tune "La Bamba," one of the summer's top pop hits.

Minneapolis-based General Mills, gunning for Beatrice Cos.' Orville Redenbacher brand's top spot in the $300 million segment, is launching an ad campaign featuring the song, a 1950s hit revived by the movie of the same name.

A new TV spot for Pop Secret begins airing on the Big 3 networks today. It features popcorn kernels wearing sunglasses and reclining on lawn chairs in the sun. The real corn kernels, which have animated arms and legs, move to the music until they pop.

The commercial, created by Campbell-Mithun, aired for the first time Sept. 11 during MTV: Music Television's Annual Music Video Awards program.

The combination of real kernels and sunglasses and animated limbs was created by Broadcast Arts, New York, a company that also has done ani-

(Continued on Page 112)

Republicans desert Martinez

Ad tax may die

By STEVEN W. COLFORD

The push to repeal Florida's tax on advertising gained political momentum last week as state GOP leaders began deserting Republican Gov. Bob Martinez and the $1 billion tax hike he pushed through the Legislature last April.

Although industry lobbyists were unwilling to predict outright repeal of the 5% sales tax on services like advertising, they were openly encouraged by the fact that Gov. Martinez' support on the issue is dwindling rapidly.

The tax expansion will be discussed when legislators convene Sept. 21 for a special session.

In rapid-fire succession last week, the head of the state Republican Party and three of his predecessors publicly endorsed repeal of the tax on advertising and other professional services.

Shortly after, the Republican leader of the Florida House and a leading GOP senator issued a similar call for repeal of the tax.

Statewide polls show the tax expansion is opposed by up to 80% of the voters.

The frantic scrambling by Florida Republicans to put many political miles between themselves and the biggest tax increase in state history convinced industry lobbyists that expansion of the tax will be repealed or revised during next week's three-day legislative session. What revisions the 160 legislators will make is now more the topic of discussion than whether they will make any changes at all.

"There's a real window of opportunity here," said Association of National Advertisers Senior VP Dan Jaffe.

And Charles Ranson, the usually cautious Tallahassee lobbyist hired by the ad industry's State Advertis-

(Continued on Page 112)

Newspaper Advertising SAU Inches in the MRCS

June 1987 vs. June 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	63 282	——	87 306	——
Beacon Journal (S)	55 943	——	85 484	——
Grand Total	119 225	——	172 790	——

NOTE: Part run figures not available.

ALLENTOWN, PA

Call (M)	172 544		152 781	——
Call (S)	82 610		93 652	——
Grand Total	255 154		246 433	

NOTE: Part run figures not available.

ASBURY PARK, NJ

Press (E)	198 720	27 287	184 516	19 607
Press (S)	155 546	19 905	171 894	17 450
Grand Total	354 266	46 192	356 410	37 057

ATLANTA, GA

Constitution (M)	166 748	42 772	177 427	52 976
Journal (E)	165 958	42 681	174 979	53 432
Journal & Constitution (S)	176 504	56 512	153 427	73 112
Journal & Constitution (Sat)	49 546		42 667	——
Grand Total	498 806	241 965	548 340	179 520

NOTE: Constitution Morning and Journal Evening published five days a week only.

BALTIMORE, MD

Sun (M)	116 074	6 416	122 592	6 775
Sun (E)	94 168	6 413	100 001	3 775
Sun (S)	127 181	17 046	114 690	44 313
Grand Total	344 423	50 075	337 395	51 863

BERGEN COUNTY, NJ

Record (M)	153 233	25 475	159 990	15 353
Record (E)	150 520	41 478	167 421	50 608
Grand Total	303 753	66 953	327 411	65 961

BOSTON, MA

Herald (M)	67 580		66 432	175
Herald (S)	23 775	46 466	22 544	45 543
Globe (M)	155 671	12 917	137 080	11 062
Globe (S)	200 539	44 669	179 979	32 213
Grand Total	447 565	104 052	406 035	88 993

BUFFALO, NY

News (AD)	104 641	9 492	108 472	20 611
News (S)	64 695	27 014	83 474	26 104
Grand Total	174 736	53 706	192 329	46 835

CAMDEN, NJ

Courier Post (E)	128 357	20 480	101 275	17 284
Courier Post (S)	82 557	10 430	84 438	13 272
Grand Total	210 914	33 910	185 523	30 556

CHARLOTTE, NC

Observer (M)	121 673		121 917	
Observer (S)	69 388		87 098	
Grand Total	191 061		209 015	

NOTE: Part run figures not available.

CHICAGO, IL

Tribune (M)	155 549	326 001	154 731	414 566
*Tribune (S)	128 131	104 467	157 468	113 487
Sun-Times (M)	134 887	81 955	133 134	86 941
Sun-Times (S)	51 845	53 268	64 188	43 489
Grand Total	470 414	566 392	509 491	662 483

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 6.25 A7 to 6.28 A7.

CINCINNATI, OH

Enquirer (M)	123 892	4 648	133 614	4 568
Enquirer (S)	125 796	8 795	158 089	10 979
Post (E)	91 572	21 098	70 458	15 073
Grand Total	341 260	34 541	362 275	30 620

CLEVELAND, OH

Plain Dealer (M)	130 668	31 029	130 035	39 128
Plain Dealer (S)	109 514	4 542	124 538	14 428
Grand Total	240 402	36 311	254 573	53 556

DALLAS, TX

News (M)	263 339	6 292	269 356	9 958
News (S)	153 544	9 391	148 308	14 621
Times Herald (AD)	203 795	30 498	205 788	27 257
Times Herald (S)	112 007	13 923	136 646	20 000
Grand Total	732 715	60 014	809 798	71 830

DENVER, CO

Rocky Mt. News (M)	276 302	1 776	259 197	294
Rocky Mt. News (S)	94 344	——	117 991	707
Post (M)	197 744	24 448	182 146	7 523
Post (S)	117 904	1 440	136 461	2 283
Grand Total	685 994	27 664	695 795	10 807

DETROIT, MI

Free Press (M)	100 526	49 698	97 557	46 509
Free Press (S)	45 866	33 506	55 390	31 706
News (AD)	159 275	44 213	176 363	39 452
News (S)	91 419	24 100	118 318	40 754
Grand Total	397 086	151 517	447 628	158 421

ESCONDIDO, CA

Times Advocate (E)	105 857	3 539	92 633	3 251
Times Advocate (S)	45 987	——	49 557	87
Grand Total	151 844	3 539	142 190	3 338

FORT LAUDERDALE, FL

News & Sun Sentinel (S)	103 792	——	119 949	——
Sun Sentinel (M)	253 828	——	253 210	——
Grand Total	357 620	——	373 159	——

NOTE: Part run figures not available. Morning figures include the Saturday Edition.

FORT WAYNE, IN

Journal Gazette (M)	77 231		75 959	——
Journal Gazette (S)	62 155		81 012	——
News Sentinel (E)	88 203		83 798	——
Grand Total	227 589		240 769	

NOTE: Part run figures not available.

GREENWICH/STAMFORD, CT

Time (E)	82 604	6 137	82 928	519
Time (S)	63 443	3 410	76 580	207
Advocate (E)	106 841	14 612	98 365	13 367
Advocate (S)	61 951	4 721	75 718	941
Grand Total	314 839	28 880	333 591	15 034

HARTFORD, CT

Courant (M)	155 047	37 453	143 009	29 447
Courant (S)	90 619	142 553	105 945	171 644
Grand Total	245 666	180 006	248 954	200 091

HONOLULU, HI

Advertiser (M)	121 771		111 720	——
Star Bulletin (E)	117 069		104 312	——
Star Bulletin & Advertiser (S)	82 888		95 734	——
Grand Total	321 724		311 766	

HOUSTON, TX

Chronicle (AD)	213 924	32 734	221 833	30 169
Chronicle (S)	117 504	29 930	149 674	32 074
Post (M)	143 112	40 862	149 954	21 120
Post (S)	74 322	26 184	85 167	29 965
Grand Total	548 862	129 710	606 828	113 328

LONG BEACH, CA

Press Telegram (M)	110 616	53 590	107 616	48 079
Press Telegram (S)	63 947	1 482	67 895	732
Grand Total	174 463	55 072	175 511	48 811

LONG ISLAND, NY

Newsday (E)	109 828	134 985	140 300	103 390
Newsday (S)	81 812	124 677	118 161	121 249
Grand Total	191 640	259 662	258 461	224 639

LOS ANGELES, CA

Times (M)	301 007	286 307	297 051	254 601
Times (S)	168 761	90 117	210 945	112 564
Herald Examiner (M)	60 375	8 660	61 706	9 725
Herald Examiner (S)	15 429	7 986	17 943	10 977
Grand Total	545 572	393 070	587 145	387 867

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	185 281	31 045	203 626	27 546
News (S)	85 580	2 502	109 016	2 162
Grand Total	270 861	33 547	312 642	29 708

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	212 812	——	228 751	——
Grand Total	212 812	——	228 751	——

NOTE: Figures supplied by publisher to Media Records.

*MEMPHIS, TN

Commercial Appeal (M)	129 207	74 688	116 718	83 206
Commercial Appeal (S)	90 504	14 176	101 106	11 917
Grand Total	219 711	88 864	217 824	95 123

NOTE: Figures supplied by publisher to Media Records.

MIAMI, FL

Herald (M)	149 941	——	150 853	——
Herald (S)	71 026	——	104 900	——
News (E)	55 570	——	61 254	——
Grand Total	276 537	——	317 007	——

NOTE: Part run figures not available.

MINNEAPOLIS, MN

Star & Tribune (AD)	113 233	21 340	109 467	21 234
Star & Tribune (S)	129 475	7 255	161 342	5 853
Star & Tribune (Sat)	28 858	——	24 034	——
Grand Total	271 566	28 595	294 843	27 097

*NASHVILLE, TN

Banner (E)	98 012	——	100 138	——
Tennessean (M)	98 700	——	100 339	——
Tennessean (S)	94 550	——	104 113	——
Grand Total	291 262	——	304 590	——

NOTE: Figures supplied by publisher to Media Records.

NEW BRUNSWICK, NJ

Home News (E)	91 836	——	92 262	711
Home News (S)	77 475	11 035	85 861	7 794
Grand Total	169 311	11 035	178 123	8 505

NEW YORK, NY

Times (M)	185 329	17 628	168 351	15 944
Times (S)	179 398	114 029	238 926	124 512
News (M)	63 956	86 665	61 540	93 239
News (S)	41 123	75 241	45 631	95 785
Post (AD)	75 958	1 571	64 695	1 525
Grand Total	546 364	295 134	579 143	331 005

NEWARK, NJ

Star Ledger (M)	216 982	6 668	208 086	5 675
Star Ledger (S)	207 273	29 185	225 490	33 830
Grand Total	424 255	35 853	433 576	39 505

OAKLAND, CA

Tribune (M)	82 100	80 455	88 799	71 278
Tribune (S)	37 515	40 336	47 060	42 689
Grand Total	119 615	120 791	135 859	113 967

OCEANSIDE, CA
SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	106 008	5 277	94 193	3 821
Blade-Tribune (S)	47 727	——	54 421	——
Grand Total	153 735	5 277	148 614	3 821

NOTE: Blade-Tribune Evening published five days a week only.

ORANGE COUNTY, CA

Register (AD)	309 343	94 328	314 997	82 547
Register (S)	136 150	——	155 198	10 850
Grand Total	445 493	94 328	470 195	93 397

PHILADELPHIA, PA

Inquirer (M)	150 463	34 048	151 042	40 856
Inquirer (S)	130 414	65 326	150 301	53 487
News (E)	82 879	1 389	81 347	5 800
Grand Total	363 756	100 763	382 690	100 143

*PHOENIX, AZ

Arizona Republic (M)	276 162	11 231	300 810	9 676
Arizona Republic (S)	180 196	——	177 351	——
Gazette (E)	264 177	11 442	289 860	9 762
Grand Total	720 535	22 673	713 251	19 378

NOTE: Figures supplied by publisher to Media Records.

*PROVIDENCE, RI

Journal (M)	110 429	82 898	93 550	72 884
Journal (S)	131 339	82 880	126 724	55 977
Grand Total	241 768	165 778	224 274	128 861

NOTE: Figures supplied by publisher to Media Records.

*ST. LOUIS, MO

Post Dispatch (M)	102 140	34 968	112 463	32 404
Post Dispatch (S)	120 903	——	137 683	——
Grand Total	223 043	34 968	250 146	32 404

NOTE: Figures supplied by publisher to Media Records.

ST. PAUL, MN

Pioneer Press Dispatch (AD)	91 109	——	90 621	——
Pioneer Press Dispatch (S)	103 281	——	104 323	——
Grand Total	194 390	——	194 944	——

NOTE: Part run figures not available.

SAN ANTONIO, TX

Express-News (AD)	109 905	35 054	111 236	33 752
Express-News (S)	78 999	25 975	89 466	41 431
Express-News (Sat)	32 364	——	40 311	——
Light (AD)	120 981	20 558	125 740	17 032
Light (S)	87 328	3 707	106 742	8 115
Light (Sat)	25 537	1 566	28 517	1 792
Grand Total	455 115	86 860	502 012	102 122

NOTE: Express-News All Day and Light All Day published five days a week only.

SAN DIEGO, CA

Union (M)	213 629	42 309	217 680	20 408
Union (S)	126 215	747	149 770	——
Tribune (E)	220 227	41 864	224 171	21 368
Grand Total	560 071	84 920	591 821	41 776

SAN FRANCISCO, CA

Chronicle (M)	131 257	68 177	135 052	88 704
Examiner (E)	128 010	67 146	——	——
Examiner & Chronicle (S)	79 111	30 090	94 082	47 795
Grand Total	338 378	165 413	229 134	128 409

NOTE: 1986 Examiner Evening figures not available.

SAN JOSE, CA

Mercury News (AD)	286 893	19 540	285 577	24 466
Mercury News (S)	140 264	233	176 770	——
Grand Total	427 157	19 773	462 347	24 466

*STATE COLLEGE, PA

Centre Times (E)	79 611	5 150	75 479	2 168
Centre Times (S)	33 717	242	37 312	576
Grand Total	113 328	5 392	112 791	2 744

NOTE: Figures supplied by publisher to Media Records.

*TOLEDO, OH

Blade (E)	105 246		107 202	——
Blade (S)	100 462		110 164	——
Grand Total	205 708		217 366	——

NOTE: Figures supplied by publisher to Media Records.

WASHINGTON, DC

Post (M)	266 797	38 889	257 152	28 572
Post (S)	143 628	45 825	174 107	48 331
Grand Total	410 425	84 714	431 259	76 903

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	58 051	869	59 722	714
Fairfax Journal (M)	72 486	881	68 491	959
Grand Total	130 537	1 750	128 213	1 673

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only.

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	93 634	15 611	83 639	11 990
Reporter Dispatch (S)	79 767	30 107	102 718	24 545
Grand Total	173 001	46 718	186 357	36 535

WICHITA, KS

Eagle Beacon (M)	103 940		103 228	——
Eagle Beacon (S)	81 364		89 151	——
Grand Total	185 304		192 379	——

NOTE: Part run figures not available.

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service. Total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

SAU* is the registered trademark of the American Newspaper Publishers Association

Special Report

Ted Cart

Style, looks enthrall publishers

By Belinda Hulin-Salkin

History may remember the 1980s as a kind of *belle epoche* for magazine publishing. In spite of intense competition, sluggish ad sales and frequent fallout, new titles hit newsstands at an astonishing rate—362 last year.

In addition, publishers are investing more money than ever into existing titles. Individual magazines have become bigger and brighter. Heavier paper stocks, lush photography and sophisticated graphics are tools to create beautiful, eye-catching editorial environments that entice both readers and advertisers.

Belinda Hulin-Salkin is a frequent contributor to Special Report who writes regularly about media topics.

Unless otherwise noted, all circulation figures in this Special Report represent total paid circulation averages for the six months ended June 30, as reported in Audit Bureau of Circulations' FAS-FAX.

Singularly sensational

Largest increases in single-copy sales

	single-copy sales	% gain from 6/86
Vanity Fair	135,954	69.3
WWF Magazine	161,407	56.1
Elle	434,154	51.4
Prevention	204,091	41.6
Soap Opera Digest	645,980	38.3
YM	126,075	36.7
Satellite Orbit	180,118	29.8
Southern Living	185,379	22.0
Sun	435,002	20.8
Golf Digest	126,949	15.8

Source: Audit Bureau of Circulations' FAS-FAX report for the six months ended June 30. List includes only those magazines with circulations greater than 200,000 and newsstand sales greater than 100,000; it does not include magazine groups or combined buys.

Editors and publishers offer mixed opinions on what those changes mean for editorial quality and how they reflect readers' desires.

John Mack Carter, editor in chief of *Good Housekeeping* and director-magazine development for Hearst Magazines, New York, believes recent industry transactions indirectly have benefited the look of many magazines.

"There's an old adage, 'You never know what a thing is worth until you sell it.' Well, a lot of magazines have been bought and sold in recent years at prices that surprised people," he says. "I think it has begun to dawn on publishers that they have a dear product and it's worth putting money into it.

"Now publishers are investing in their franchise with readers, putting money into the product rather than merchandising. I think that's the single biggest trend of the last year."

(Continued on Page S-2)

Looks, style enthrall

(Continued from Page S-1)

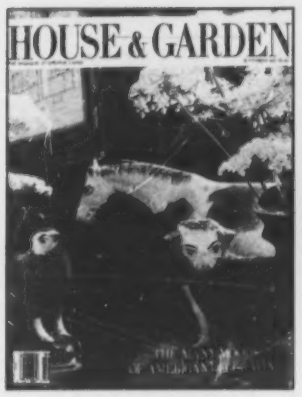
Some observers say Conde Nast Publications' January 1983 revamp of *House & Garden* initiated the age of upgraded, more opulent magazines. However, Peter Diamandis, president of CBS Magazines, New York, dates the trend toward heavier paper stocks, better inks and glossier photography to studies done in the early 1980s.

"Somewhere along the way, people learned that no matter how bad times get, the rich always spend money," he quips. "So a huge spate of magazines came out targeted to the affluent market. An upscale magazine has to look the part . . . That's where the movement toward 'lush' magazines came from."

Mr. Diamandis says the current drive to improve magazine aesthetics and readability is widespread, but he's quick to note that the "*House & Garden* treatment" isn't appropriate for many audiences.

"At *Woman's Day*, we're running shorter stories with more spot art and a simplified typeface, but if we made it look slick, we'd kill it. This is a practical magazine. Women have to be able to identify with it."

Several of the CBS special-interest magazines—*Car & Driver*, *Stereo Review* and *Yachting*—appeal either to an upwardly mobile or downright affluent audience. With them, particularly *Yachting*, CBS is using more color, photo spreads and fashion photography techniques to create the proper editorial ambiance.



Some observers say Conde Nast's revamp of House & Garden began a trend to "beautiful" magazines that has affected even such titles as Time.

Readers' seeming willingness to spend time reading about hobbies and less interest in lengthy news and public affairs coverage doesn't surprise Mr. Diamandis.

"I think society has been wracked by a lot of bad news: crime, AIDS, terrorists. People are tired of all that; they want some beauty in their lives," he says. "We've been issued-out."

But some observers believe that magazine style has triumphed over substance—that editorial content has declined in quantity and quality just as presentation has improved. Tailored to fit the modern reader's harried lifestyle, magazines today appear to favor how-to and service pieces, offering fewer lengthy articles and less in-depth, issue-oriented reporting.

"Across the board in magazines, the word is not getting the same position it once had," Mr. Carter says. "Most of us try to do at least one major piece an issue, but the in-depth piece that goes on and on . . . that's becoming rare."

Mr. Carter says most magazines have fallen into the "*USA Today* syndrome," favoring bite-sized nuggets of information. Using this philosophy, "big" stories are likely to be broken up with four-color graphics, sidebar boxes and separate commentary.

Editors say this trend is reader-driven—journalism's fast food for people who don't have time to sit and read one long story. Less charitable sources blame the reading habits and short attention span of the TV generation, perceived as more interested in impressions than information.

"I think this trend says bad things about the literacy level of the U.S.," Mr. Carter says. "But when it's done well, [the tidbit approach] has done good things for a lot of magazines."

Marshall Loeb, managing editor of Time Inc.'s *Fortune*, New York, says, "In this day where the perceived wisdom is that readers want McNuggets of information, I think there's a great yearning for the in-depth article that puts together all the elements of an event or issue."

Mr. Loeb cites a *Fortune* cover on the Rockefellers and one on software entrepreneur Bill Gates—two of the longest articles ever to appear in the magazine. "By reader survey, both those stories were among our most intensely read," he says.

"We're dealing with a highly intelligent American population that demands knowledge. The most important thing is to present them with solid, in-depth reporting," he says.

"Now, obviously, we try to physically present that information in such a way that it attracts readers to the story. We use provocative headlines, attractive photography, and

(Continued on Page S-6)

ARE YOU TRYING TO REACH MILLIONS OF AMERICAN MEN IN A FOREIGN TONGUE?

You're talking to them in English. But they don't want to be talked to in English. They appreciate advertisers who communicate with them in their primary language. Español.

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We're the largest publisher of Hispanic magazines today. Not just in the United States, but throughout the Spanish speaking world. Our readers are used to seeing your ads in their countries of origin. Shouldn't they be seeing them in the U.S. as well?

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Isn't it time you introduced yourself? Damaso Santana (South and West) or Arnaldo Jimenez (North), can show you how cost-efficient it can be to communicate with this dynamic market on a national, regional or local basis. Just give them a call at (305) 871-6400 (Miami) or (212) 687-8760 (New York). Executive Offices: 6355 N.W. 36th Street, Miami, FL 33166.

If you want to reach America's Hispanic males, you'll find that they're talking your language.

SPANAMERICA℠
The DeArmas Hispanic Magazine Network.

Looks, style enthrall

(Continued from Page S-2)

whenever it's appropriate, we put individuals on the cover to whom our readers can relate."

Mr. Loeb and other editors say good pacing and attention-getting stories—not word-count limits—sell magazines today. Patricia Ryan, new managing editor of New York-based Time Inc.'s *Life* and former managing editor of *People*, says people often confuse the content of a magazine with its cover lines. "If you took the cover off of *People* and read it . . . it's not a quick read," she says.

"It has a fast pace, and there are a number of short departments that you can get in and out of in a few minutes. But when I left *People*, the word count had moved up to 30,000 a week."

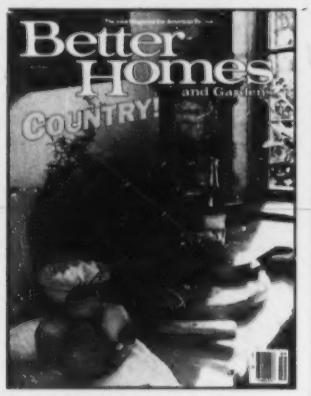
Ms. Ryan adds that *People* has run a number of serious stories on such topics as rape, AIDS, the homeless and teen suicide that received good reader response, even if consumers initially bought the magazine for the celebrity cover.

"If you did a *People* commercial that said, 'I'm going to tell you about rape and the homeless,' you'd look foolish and you wouldn't sell many magazines," Ms. Ryan says. "[Readers] come to you for the lighter reasons . . . that's what makes them put their dollars down at the cash register. But that doesn't mean they don't read the other stories."

At *Life*, Ms. Ryan plans to give readers more words, not fewer. "The old *Life* was keepable because it had text," she says.

A number of traditional service magazines and new do-it-yourself books have instituted editorial changes geared toward making their products "user friendly." These overhauls often involve a greater emphasis on illustrations, but editors say these pictures must do more than just break up the page.

"At *Better Homes & Gardens*, we've changed our layout in hopes of making editorial material more easily read and used by readers," says Doris Eby, VP-editorial director for Meredith Magazine Group, Des Moines, Iowa. "Sometimes that means using fewer big pictures and more small illustrations to communicate clearly and quickly."



For Better Homes & Gardens, art makes information easier to use.

Some editors and publishers pooh-pooh the notion that magazines must bend and sway to accommodate reader trends. "We don't put out a magazine that tries to pander to what the reader wants," says Henry Muller, *Time* managing editor. "We think readers have a compact with the editor—a bond of trust. Readers want an editor's judgment."

Nevertheless, *Time* has added and subtracted special departments to cover timely topics. In the last 10 years, sections on computers, health and fitness, food and ethics have been added. The 1970s energy department has been retired.

According to *Time* Publisher Robert Miller, the magazine's appearance also has changed in recent years to accommodate more four-color layouts, more pictures and many more charts and graphics.

Advertisers generally give the new upgraded magazines good reviews, and in some cases have designed special campaigns for a better fit. Although demographics are still a top consideration, advertisers and media buyers say they've considered more than numbers when buying space.

"There truly is a ruboff," says Walter Staab, president of SFM Media Corp., New York. "If you've got an attractive, evocative ad, an attractive editorial environment certainly helps it along. If the environment isn't right, it detracts from what you're trying to accomplish."

Mr. Staab believes readers and advertisers ultimately pay for a magazine's posh look, but that isn't necessarily a problem. "We're not putting all our eggs in the cost-efficiency basket," he says. "We're much more willing to trade cost efficiency for some of the other benefits of association with a quality magazine. Editorial environment, credibility and the feeling a magazine evokes . . . are all important."

Sheldon Wardwell, advertising manager for Ford Motor Co.'s Lincoln-Mercury division, agrees. "We look for the right demographics," he says. "But editorial is important. Good paper quality, the look and credibility of a magazine could give it an edge over a competitor. We would exclude a magazine for poor editorial content."

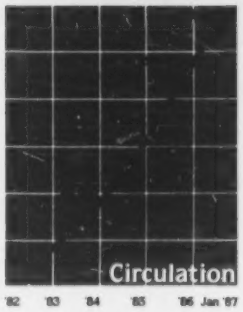
Upcoming titles will continue the trend toward beautiful magazines, says industry scholar Samir Husni. "Most of the new magazines coming out are edited for the eye rather than the brain," says Mr. Husni, head of the service journalism program at the University of Mississippi, Oxford.

Mr. Husni says magazines have entered the "age of skimming. Eighty percent of the information given comes from the story titles, the subheadings, the captions and the pictures."

WOULD YOU PAY $1,350 FOR A MAGAZINE?

Online Today readers already have—and they're looking for ways to spend more.

Before the average *Online Today* readers even saw their first issue, they had already spent approximately $1,350* (and often more) on their computer system and peripherals. That figure includes a subscription to CompuServe, the largest (and still growing) online information service in the country. As a CompuServe subscriber, our spender receives *Online Today*, the monthly magazine with features devoted exclusively to computers and communications.



These high-tech trendsetters are also looking for the newest and the best in electronics, stereos, cameras, cars and computer accessories. And isn't that the kind of people you want your ad to reach?

An ever-growing audience.

An ad that appears in one issue of *Online Today* is seen by more than a quarter of a million computer-owning readers. And because CompuServe adds approximately 8,000 subscribers each month, an ad that runs for a year gets seen by even more new readers.

High-tech, high income.

According to CompuServe's March 1986 Subscriber Study of *Online Today* readers:

- **average household income is $48,000**
- **54% are college graduates or above**
- **76% are males 25-55**
- **81% are professionals, managers, executives or proprietors**
- **6 hours a week are spent reading magazines**
- **15 hours a week are spent using computers**
- **100% are computer owners; 60% use them for both business and personal needs**

Reach the big spenders without spending the big bucks.

A buy in *Online Today* is extremely cost-effective. It's an excellent value based on such a select audience.

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Mid-Atlantic Nelson & Ross Assoc., Inc., Hastings-on-Hudson, NY (914) 478-0491
Southeast Fox Assoc. Inc., Atlanta, GA (404) 252-0968
Southwest Hajar Associates, Dallas, TX. (214) 888-1169
Midwest The Kingwill Company, Chicago, IL (312) 675-5755
West The Faust Co., Torrance, CA (213) 373-9604
Northeast Hajar Associates, Inc., Norwood, MA (617) 769-8950
Northwest Fox Assoc., San Francisco, CA (415) 989-5804

ONLINE TODAY

Printed Monthly / Online Daily
Published by CompuServe Incorporated, an H&R Block Company

*Average price paid by CompuServe subscribers for computer, modem, communications software and subscription kit.

BPA

U.S. car makers weak on image

SAN FRANCISCO—U.S. automakers suffer from image problems, particularly with young people, according to a national study.

The study, conducted by Landor Associates here, claims U.S. cars have weak and often unfocused images. American cars were seen as bland, less prestigious than their European competitors and less reliable than their Japanese counterparts.

Based on interviews with 1,000 people last July, the study compared the images of 24 leading car brands. It focused on the appeal of the cars' logos and badges.

The study said that marketing similar models under different divisions confused would-be customers, especially those under age 35. For example, many of those surveyed were able to identify the symbols for Ford, Chrysler and Chevrolet. But fewer than half of those interviewed could identify the symbols of Pontiac, Buick or Mercury. Older people were less confused by the strategy. Nearly three-quarters of the sample could link related divisions, such as Cougar/Mercury/Ford.

The domestics also had weak image ratings, according to the Landor study. Collectively, Detroit carmakers scored slightly higher than average in the "practical" category but significantly lower in the "sporty," "fun" and "innovative" categories.

Landor's conclusions: U.S. automakers project weak images to both high-end buyers seeking prestige, luxury, reliability and innovations, and to the low-end buyer in search of economy, practicality and fun. "The American consumer no longer has a clear image of what American cars stand for," said John Diefenbach, president-ceo.#

Cigars' slide continues

By JOHN C. MAXWELL

The cigar industry last year remained caught in the downward momentum that has persisted for more than 20 years.

In units, the large-cigars category fell 5.5%, cigarillos were down 2.9% and little cigars were down 20.3%.

Overall the market was down 9.0%. As has been true in the past, the only area of growth was the premium group, 50¢ or more each.

The industry continues to consolidate. Consolidated Cigar Corp., Secaucus, N.J., purchased the American Cigar brands last summer, and Jno. H. Swisher & Son, Jacksonville, Fla., bought Universal Cigar in December, having already purchased Corral Wodiska in October 1985.

RJR Nabisco, Winston-Salem, N.C., has announced its intention to get out of the cigar business.

It may arrive at a point where there will be only three or four companies left in the cigar business.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Cigar market shares

Source: John C. Maxwell

Brand	1984 Units	1984 %	1985 Units	1985 %	1986 Units	1986 %
Large cigars (sales in millions of units)						
John H. Swisher & Sons						
King Edward	740	21.6	640	20.6	650	21.9
Corral Wodiska y Co.	—	—	—	—	33	1.1
Optimo	60	1.8	57	1.8	57	1.9
Others	160	4.7	170	5.4	186	6.3
Total	900	26.3	810	26.0	926	31.2
Consolidated Cigar**						
Muriel	288	8.4	270	8.7	250	8.4
Dutch Masters	256	7.5	232	7.5	215	7.2
El Producto	158	4.6	137	4.4	120	4.1
Backwoods	41	1.2	38	1.2	30	1.0
Others	86	2.5	75	2.4	60	2.0
Total	829	24.2	752	24.2	675	22.7
General Cigar						
White Owl	176	5.1	165	5.3	150	5.1
Robert Burns	119	3.5	115	3.7	99	3.3
Tijuana Smalls	58	1.7	53	1.7	51	1.7
William Penn	101	2.9	82	2.6	75	2.5
Garcia y Vega	110	3.2	118	3.8	125	4.2
Others	47	1.4	40	1.3	38	1.3
Total	611	17.8	573	18.4	538	18.1
American Cigar**						
Roi-Tan	50	1.5	38	1.2	26	0.9
Antonio y Cleopatra	148	4.3	138	4.4	131	4.4
La Corona	35	1.0	40	1.3	35	1.2
Casa Silva	11	0.3	4	0.1	3	0.1
Others	1	—	5	0.2	5	0.1
Total	245	7.1	225	7.2	200	6.7
Havatampa						
Havatampa	186	5.4	191	6.1	198	6.7
Phillies	166	4.8	160	5.1	157	5.3
Total	352	10.3	351	11.3	355	12.0
Lorillard						
Erik Filter Natural	62	1.8	58	1.9	51	1.7
Erik Filter Menthol	30	0.9	28	0.9	25	0.8
Erik Filter Cherry	18	0.5	17	0.6	14	0.5
Total	110	3.2	103	3.4	90	3.0
U.S. Tobacco						
House of Windsor	73	2.1	73	2.3	70	2.4
M&N Cigar Mfrs.						
Cuesta-Ray	23	0.7	23	0.7	21	1.1
Rigoletto	36	1.1	35	1.1	33	0.7
Total	59	1.7	58	1.9	54	1.8
Others	154	4.5	75	2.4	63	2.1
Grand total	3,427	100.0	3,110	100.0	2,971	100.0
Little cigars (sales in millions of units)						
Reynolds						
Winchester	575.0	46.4	454.0	37.1	398.0	40.8
Consolidated Cigar**						
Dutch Treats	556.0	44.8	565.0	46.1	484.0	49.6
Lorillard						
Omega Natural 85s	11.3	0.9	10.5	0.9	8.1	0.8
Omega Natural 100s	34.1	2.8	33.3	2.7	29.3	3.0
Cherry 100s	4.0	0.3	3.3	0.3	2.7	0.3
Menthol 100s	3.1	0.3	2.9	0.2	2.2	0.2
Total Omega	52.5	4.2	50.0	4.1	42.3	4.3
Between the Acts (90mm)	37.9	3.1	36.0	2.9	30.7	3.1
Madison (80mm)	24.4	2.0	22.5	1.8	19.1	2.0
Total	114.8	9.3	108.5	8.9	92.1	9.4
American Cigar**						
Roi-Tan (85mm, 100mm-F)	7.0	0.6	4.0	0.3	2.0	0.2
Antonio y Cleopatra (100mm-F)	10.0	0.8	6.0	0.5	3.0	0.3
Total	17.0	1.4	10.0	0.8	5.0	0.5
Grand total	1,240	100.0	1,225	100.0	976.0	100.0

**Consolidated Cigar acquired American Cigar in 1986.

Dunkin' Donuts gains popularity

Brazil does doughnuts

By JULIA MICHAELS

SAO PAULO—Dunkin' Donuts is on a roll in Brazil.

After a slow start, the treats have been repositioned to meet Brazilian tastes, and the local stores expect to make an operating profit for the first time since opening here in 1983.

The turnaround partly is due to changes made since Arbi SA Comercio e Empreendimentos bought out the U.S. company's 50% share of the Brazilian operation in 1985. The locally owned operation now operates under license from Dunkin' Donuts Inc., Randolph, Mass.

The food outlet has not been advertised in the traditional sense, but one key to success has been specially developed shopping mall kiosks as low-cost, high-traffic points of sale. In Brazil, the kiosks have been vital in educating consumers about doughnuts.

Michael Brull, local partner-director, adapted the original stores to make filled, yeast-raised doughnuts similar to the Brazilian *sonho*, instead of the cake-type preferred in the U.S.

Yeast doughnuts take three hours to produce; cake doughnuts take 30 minutes.

Dunkin' Donuts installs an on-site kitchen for cake doughnuts at each U.S. outlet. In Brazil, Mr. Brull set up a central kitchen, from which partly or fully finished doughnuts are transported to the outlets.

Four stores and five kiosks operate here. There are plans to open two more stores by yearend.

"American names are attention-getters," Mr. Brull said. But the varieties of many Dunkin' Donuts menu items were misunderstood here. For example, "macaroon" on the original menu boards often was interpreted as macaroni.

Cinnamon rolls, Boston cremes and French crullers meant little to Brazilians, Mr. Brull said.

The chain eventually translated some of the English-language names and printed a paper placemat explaining items such as brownies, cookies and muffins.

Press Bureau, a local agency, created the placemats and handles Dunkin' Donuts' very small ad account here.

Mr. Brull estimates Sao Paulo could support 20 stores plus 20 kiosks. It will take him about four more years to set them up, he said.

Locals have approached Mr. Brull, wanting to take the Dunkin' Donuts name beyond Sao Paulo. "In less than a year we'll be talking about other cities," he said.#

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Merck prepares to advertise new anti-cholesterol drug

RAHWAY, N.J.—Merck & Co. is readying a campaign for its Mevacor cholesterol-reducing drug, following approval of the drug by the Food & Drug Administration.

The campaign kicks off late this month in 30 medical journals (AA, Sept. 7). Gross Townsend Frank Hoffman, New York, handles.

Mevacor is the trade name for the drug lovastatin, which has anticipated first-year sales of $1 billion.#

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NEWSPAPER

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Fla. governor caves in

Calls ad tax 'a mistake'

By STEVEN W. COLFORD and JO BETH McDANIEL

An embarrassed Florida Legislature is expected today to start repeal of the controversial tax on advertising that its patron, Gov. Bob Martinez, concedes was a major disaster for Florida, for business and for his own political future.

The Legislature's anticipated erasure of the unprecedented 5% tax on national and local advertising got a major boost Sept. 18 when Gov. Martinez acknowledged publicly the tax was a "mistake" and should be buried effective Jan. 1.

Barely an hour after Gov. Martinez hoisted the white flag, leaders of the Florida House and Senate indicated they will consider eliminating the tax on advertising and services that was to raise $750 million in its first year, but only if a substitute revenue-raiser can be agreed on.

Although the Legislature had been expected to consider repealing the tax even before the governor's endorsement, the turnabout by Gov. Martinez was expected to sway fence-sitters.

It is doubtful that the Legislature will be able to agree on changes to the existing law, or implement an entirely new tax law, during this week's three-day special session. Legislative leaders indicated another special session next week is likely.

Pressure on Florida's governor and lawmakers to change or repeal the tax, which took effect July 1, had mounted steadily since April, when it became clear that the Legislature was caving in to the governor's pleas for passage. It intensified as major advertisers announced plans to eliminate Florida from their advertising programs.

Although a Martinez spokesman denied the governor's change of mind was influenced by the advertising industry's financial pressure on Florida, that opinion was disputed by others, including Glenn Robertson, the state's director of policy and finance.

Mr. Robertson said the estimated $200 million in canceled advertising and convention business in Florida "had a big economic impact that really hurt us."

Also, anti-tax ads "definitely swayed public opinion," he said. The "ads did exactly what they were intended to do. Hostility toward the tax increased since February from 54% to 79% . . . during the period of advertising."

The Florida Association of Broadcasters and other local groups mounted local ad campaigns denouncing the tax.

Sen. John Vogt, a Democrat and president of the state Senate, whose support was

(Continued on Page 86)

Energizer's Jacko says he's gonna surprise ya. Terrify is more like it.

Jacko gives jumpin' jolt to Energizer's campaign

By BOB GARFIELD

AD REVIEW

Oy, this is so complicated.

For the past two weeks an Australian football star/pop celebrity named Jacko, who looks like the mutant sibling of either Brian Bosworth or Max Headroom or both, has been yelling at us about Energizer batteries by Eveready, which used to be a Union Carbide company and now is part of Ralston Purina Co.

Jacko, who is 28 but looks 58, explodes on the screen doing a sort of Australian rap song, while slamming through doors and physically toppling competing brand batteries and generally looking bizarre.

"What's the longest lasting battery you can buy?" he shouts. "I'm gonna surprise ya. New Energizer."

He had done much the same thing in Australia, where he was already famous for recording novelty songs and videos, which opportunity he seized by playing Australian Rules Football, which combines the best of rugby and nuclear fission and can be seen on ESPN any day

(Continued on Page 87)

Hoyne, Jacoby sell off some Ogilvy shares

By JON LAFAYETTE

NEW YORK—The likelihood of an Ogilvy Group takeover diminished last week as two ex-Ted Bates Worldwide executives revealed they had sold off some of their shares in the group.

John Hoyne, the former head of Bates' international unit, said he sold a portion of the 80,000 shares—less than 1% of the company—that he purchased earlier this year. Mr. Hoyne helped put Ogilvy stock "in play" last month (AA, Aug. 17).

Former Bates Chairman Robert Jacoby also revealed last week that he sold all his 30,000 shares in Ogilvy Group in late August, not long after takeover rumors drove up the stock's price by $9 per share from late June.

Both Mr. Jacoby and Mr. Hoyne were linked together in the attempted takeover move against Ogilvy in August, when the shares were accumulated and Ogilvy was approached. Neither ex-agency executive works for an advertising agency now.

Mr. Jacoby bought his shares in late June or early July for about $33 each and sold them in late August for about $42 each, thereby netting a quick $270,000 profit. He said he sold the shares

(Continued on Page 87)

Last Minute News

GSD&M wins Coors creative

GOLDEN, COLO.—Adolph Coors Co. has moved creative for its flagship Coors beer to GSD&M, Austin, Texas, from Foote, Cone & Belding, Chicago. FCB retains media-buying for the brand—which billed about $40 million in measured media in 1986—and creative and media for Coors Light, Herman Joseph's, Herman Joseph's Light and Killian's Irish Ale. GSD&M, which has handled Coors' hispanic marketing since 1983, immediately will start filming new Coors TV spots, using Mark Harmon. The commercials will break this fall.

ABC signs with Nielsen

NEW YORK—ABC-TV renewed its contract with A.C. Nielsen Co. Sept. 18 after going almost a week without a ratings service, sources said. ABC was the last of the Big 3 networks to renew its Nielsen contract. ABC said the contract was unique because it includes provi-

(Continued on Page 8)

Minnelli touts Lauder, P. 4 | Mercury stops pop, P. 68 | Fast-food ads rising, P. 84

Highlights

Liza with two Z's 4

Come November, two intense rivals, Estee Lauder Inc. and Revlon Group, will find themselves in the odd position of sharing the same endorser—Liza Minnelli. She will appear in a 30-second TV spot for a new men's fragrance by Lauder, called Metropolis. Through November and into December, Revlon still will be using Ms. Minnelli in its "Most unforgettable women" campaign. Revlon executives were unaware of Ms. Minnelli's Lauder deal until only hours before Lauder's announcement.

Ford revs new ads 6

Ford's 1988 ad campaign lauds the automaker's recent successes under an umbrella theme that positions Ford as "the one car company that's winning the world over." The theme is designed to celebrate Ford's market gains in the U.S., including its new position as the top-selling brand.

Add water and watch it grow 24

The $1.7 million bottled water category is brimming with competition as soft-drink, beer and spirits marketers pour into the fastest-growing segment of the beverage business. Fueling the highly regionalized water business' growth in part is the entry of marketing-minded companies such as PepsiCo and Anheuser-Busch Cos. The category's appeal for such competitors prompted Perrier Group to protect its No. 1 position by acquiring Arrowhead Drinking Water Co. from Beatrice Cos. for an estimated $500 million.

Gordon giggles at Brits 26

Gordon's gin is targeting a younger crowd with a new campaign that pokes fun at its British heritage. Magazine advertising uses puns to identify Gordon's with England. One ad shows Stonehenge under a moonlit sky and the headline "England. Known for its famous rock groups." Another shows a silhouette of Sherlock Holmes under the headline "England. Known for its stately homes." The campaign is the first Gordon's advertising from Schenley, which bought the rights to produce Gordon's in the U.S. when it acquired Renfield Importers.

Political roundtable 30

What are the media and marketing issues facing political experts as they prepare for the 1988 campaigns? ADVERTISING AGE gathered five top political consultants for a roundtable discussion in Washington.

GE brings better things to life 56

After years of selling to the masses, General Electric Co. wants to bring good things to the lives of the select few who earn more than $100,000 a year and live in homes valued at $400,000 and up. The appliance-market leader is about to introduce an integrated line of built-in appliances for the custom kitchen market; the new Monogram line is GE's first foray into upscale niche marketing. It also represents a departure in terms of advertising: The line will be advertised in magazines only, with a $4 million campaign. That's minuscule compared with GE's TV budget, for which network spending alone totaled $51.4 million in 1986.

INTERNATIONAL

U.S. candy producers expand in Canada 53

Mars Inc. and Hershey Chocolate Co., the two biggest candy producers in the U.S., are boosting their presence in the $750 million Canadian candy market. The expansion is taking place through acquisition and increased ad spending despite two consecutive years of 14% sales declines.

OTHER NEWS

Sony Corp. of America's newest consumer electronics line is made for kids. My First Sony is aimed at children ages 4 to 11, a group that appears to be an untapped niche in the market. A three-month, $3 million introductory ad campaign starts in October and uses the theme "After years of giving people smaller electronics, Sony now makes electronics for smaller people." Page 12.

The Ladbroke Group, buying the Hilton International Co. hotel chain from Allegis Corp., will extend the Hilton name to new markets and to a lower-price chain of inns. The deal also gives Ladbroke a foothold in the U.S. through Hilton International's five Vista hotels. Page 34.

William Esty Co. is bolstering its management in Southfield, Mich., and will open a new office in Canada to handle its Chrysler Corp. business, which could grow to about $140 million. Page 36.

Postal Instant Press is trying to assert its leadership in the $5 billion quick-printing industry with a new campaign appealing to corporate customers. Three humorous 15-second network TV spots, directed by Rob Lieberman, break today. Page 30.

The New York Times Magazine Group this winter will launch a new skiing magazine that promises to throw snow on the traditional way ski magazines are published and marketed. Page 80.

SPECIAL REPORT

***Healthcare marketing**—After experimenting with advertising, HMOs and wonder drugs, healthcare marketing is moving into a conservative era, emphasizing cost-containment, quality care and specialized services. Starts after Page 46.*

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Seagram gets discount rate from Gannett

By PATRICK REILLY

In a major breakthrough for liquor marketers, Gannett Co. and its 89 daily newspapers will offer Jos. E. Seagram & Sons the same special discounted national ad rate they now extend to package-goods companies.

Although some major-market newspapers already have said they will accept national liquor ads at the discounted rate, Gannett's decision marks a new willingness among newspaper groups to include a category generally excluded from the medium's Package Goods Rate Plan (AA, Dec. 15, *et seq.*).

"It's a sign we are making progress," said Bernie Stolbof, VP-media for House of Seagram, the U.S. marketing arm for New York-based Seagram's distilled spirits. "What we've been seeking is parity between the local and national rates. We expect more papers will have offers after Gannett."

Under the plan, national ad rates for food, drugs, toiletries, household products and cosmetics companies are being cut by about 30%. However, the rate still is an average 25% higher than comparable local rates.

The plan is an 18-month test designed to boost the newspaper industry's share of national advertising.

Like the industrywide plan, the Gannett discount is based on frequency and size of the ads.

The newspaper industry is not united on the discount rate issue. When the rate plan was proposed in June by the Newspaper Advertising Sales Association, 258 daily newspapers—or 52% of all U.S. circulation—agreed to offer the discounts.

But several major papers, such as *The Washington Post*, haven't agreed to participate.

"In general, publishers will be conservative and hold back because for some the discount plan is a concession," an industry source said. "But it's a matter of looking into the future and asking, 'How can we get more national advertising?' It's a step forward."

Traditionally, national advertisers have paid up to 60% more for news-

(Continued on Page 87)

Critics blast 'Captain Power'

Rules mulled for kiddie TV

By STEVEN W. COLFORD

WASHINGTON—A new "interactive" children's TV show, linked to Mattel Inc., was attacked last week at a House hearing that opened a new drive to re-regulate TV programming aimed at kids.

The drive seeks to restore federal rules that until 1984 limited the number of commercial minutes per hour of children's TV programming and imposed other restrictions. Legislation to revive the rules was filed last week by six Democrats on the House telecommunications subcommittee.

The new interactive program, "Captain Power & the Soldiers of Fortune," which debuted Sept. 19, came under fire by subcommitee Chairman Edward Markey (D., Mass.) and Action for Children's Television President Peggy Charren because it interacts directly with the toy on which it's based.

Hailed as breakthrough programming (AA, Feb. 16), "Captain Power" viewers can participate in its futuristic live action adventures if they buy Hawthorne, Calif.-based Mattel's battery-powered XG7 "power jet." The toy can be fired at the TV screen for five minutes during the program with the show "firing back."

The power jet retails for $30 to $40 and is one of several toys available for purchase in conjunction with the program.

While Mattel insists that the toy and program can be enjoyed independently of each other, the two are essentially being advertised within the same commercial, themed "The

(Continued on Page 86)

Egg commission reviews agencies

UPLAND, CALIF.—The California Egg Commission, seeking a more hard-sell approach in its advertising, is putting its $4 million account in review.

Ketchum Advertising, San Francisco, the commission's agency of three years, will be included in the competition, said CEC President Robert Pierre.

California Department of Conservation's recycling division on Oct. 1 will start a $1 million TV,

West Coast News

radio and outdoor campaign advising citizens of a new recycling law. "Turn up the volume, California," is the theme, created by Double Vision Productions, Sacramento. #

Special Report

Healthcare Marketing

Troy Thomas

Balancing act tough in ailing market

By Julie Liesse Erickson

After nearly a decade of experimenting with miracle cures, the healthcare marketing industry is prescribing familiar remedies.

Advertising has not proved a panacea for the financial and competitive challenges resulting from industry reorganization. Neither have other wonder drugs such as health maintenance organizations, urgent care centers, outpatient surgery, home healthcare, hospital diversification, chain insurance ventures or "branded" healthcare—all of which generally have left many healthcare practitioners poorer and disillusioned.

In response, healthcare marketing is moving into a conservative era that emphasizes providing quality care and building bridges with physicians—who again are perceived as hospital gatekeepers.

"The top issue in healthcare advertising is quality, and how to express it," says Arthur Sturm, president of Chicago-based Sturm Communications Group, an ad agency specializing in healthcare clients.

In a just-released study of 1,600 healthcare executives and opinion leaders, 91% agree that by 1995, the industry will have defined and accepted standards for quality treatment. The study, conducted by accounting firm Arthur Andersen & Co. in conjunction with the American College of Healthcare Executives, concludes that to maintain market share, healthcare facilities must establish data-gathering systems to monitor quality—and then report the results in advertising to consumers and employers.

"A lot of consumers and employers are looking for tangibles in the quality area," Mr. Sturm says. "But how do you express quality in your advertising, without quoting mortality rates?"

That tactic has caused cries of outrage from

(Continued on Page S-2)

Hospital spending escalates

	1987	% change from '86
Avg. hospital ad budget (millions)	$146,100	43.0
Total industry marketing and advertising (millions)	$1,180	7.2
Total industry advertising (millions)	$726	45.2

Source: SRI Gallup Hospital Market Research

Balancing act tough

(Continued from Page S-1)
healthcare professionals in New York and other markets. Even seemingly innocuous ad claims—such as a Milwaukee hospital billing itself as "the best and brightest"—still raise eyebrows.

"I think consumers make their assessment of a facility's quality based on three factors: the degree of technical sophistication or specialization; the caliber of the medical staff, and the quality of the experience for both doctor and patient," Mr. Sturm says.

But as consumers become more sophisticated about healthcare, they'll seek out more concrete information when comparing hospitals, HMOs and doctors, says Daniel Beckham, president of Arlington Heights, Ill.-based HealthMarket, a healthcare marketing consultancy.

The development of "Consumer Reports"-style ratings of healthcare facilities will increase; already in some states, including Minnesota and Pennsylvania, private concerns are selling this kind of information to employers.

"To a large degree, healthcare has operated under a veil of secrecy," Mr. Beckham says. "It's an old tradition to not talk about your patients, let alone other doctors."

Addressing the quality question, however, may be advertising's last operation for a healthcare industry bent on keeping up with the latest technologies. "Very few hospitals have the resources to have the ultimate healthcare center and still have dollars to drive demand," Mr. Sturm says.

"The big question for the future of healthcare advertising is how facilities are going to allocate their resources."

"What we're seeing this year is a much more conservative approach to healthcare marketing in general," says Karen York, president of Los Angeles-based York Alpern, an Omnicom Group ad agency specializing in healthcare marketing.

"The newest trend is a move toward everything old," says Mr. Beckham. "There's been a lot of experimentation over the past five years. It's been good for the industry because it learned a lesson; but it's too bad all the money and resources were wasted."

Advertising is a prime scapegoat. "I think in the majority of cases, hospitals haven't seen a return on their advertising investment," Mr. Beckham says. "I see a resulting real downturn in spending—maybe not on a total industry figure, but on a per-hospital basis."

Not everyone is willing to make that blanket statement. Estimates from SRI Gallup Hospital Market Research, Chicago, show ad dollars for hospitals and hospital chains increasing to $726 million in 1987, up 45.2% from last year. That means advertising will consume 61.5% of hospital marketing dollars, which SRI Gallup predicts will increase 7.2% to $1.18 billion, this year.

The U.S. Department of Commerce pegs healthcare as a $455 billion industry, accounting for about 10.9% of the 1986 U.S. gross national product.

SRI Gallup also reports that 91% of the nation's nearly 7,000 hospitals advertised in 1986, up from 64% in 1985. By 1990, the company predicts, hospital advertising will represent a $1 billion business.

Much of the increase is coming from the South, where SRI Gallup expects hospitals to boost ad spending to an average of $122,500 this year, up 75% from 1986. Southern hospitals are playing catch-up with their counterparts in other parts of the country; in the North Central states' more advanced healthcare market, SRI Gallup actually projects a decrease in average ad spending, to $114,800 this year. The average ad budget is pegged at $227,700 in the West and $94,000 in the Northeast.

"The increase in advertising expenditures will continue," says Steven R. Steiber, SRI Gallup senior VP-research and development. "Although there's been a lot of press for the naysayers, hospitals still have to take their message to the marketplace, particularly in a more crowded marketplace."

Besides the costs, individual hospitals are controlling the impact of advertising. "The chains have been under the greatest pressure to get their act together and offer marketing programs which individual hospitals can use," Ms. York says. "But corporate marketing has not been very successful. The chains can package programs with terrific creative, but it's still up to the hospital-level marketing personnel to implement—and there is a dearth of hospital-level marketing managers," she says.

Because of their inability to offer consumers broad-based, standardized healthcare, "The chains are focusing on specializing," Mr. Sturm says.

"Advertising has never received consistent support [from the chains]. I'm not sure they know what to do to leverage their market share."

When individual hospitals do choose to advertise, top executives more frequently are involved in the decision making. "The key to the future of hospital marketing is the involvement at the hospital ceo level," Ms. York says. "That represents a critical change for the industry. Ad agencies too often work with the marketing department just as paper suppliers work with the purchasing department—as mere vendors."

But although more marketing professionals are breaking into healthcare, less than 1% of U.S. healthcare ceo's are estimated to have marketing experience, says Stephen W. Brown, professor and executive director of the First Interstate Center for Services Marketing at Arizona State University, Tempe.

Healthcare marketing executives are rethinking advertising's role. In a 1986 SRI Gallup study of 250 U.S. hospital marketers, 23% said the primary goal of increased ad expenditures is increasing patient volume. In a similar 1984 study, by contrast, 36% of the respondents listed public relations as marketing's principal responsibility. This bottom-line mentality leads industry experts, including Mr. Steiber, to predict an increase in advertising impact research.

"Remember that marketing still accounts for less than 1% of the average hospital's revenues," he says. "That's not much money to spend on advertising, and most of it has gone to creative development; until now, hospitals haven't had the money to measure anything but top-of-mind awareness."

The messages researchers are tracking have changed substantially from even a year ago. "Image marketing is a thing of the past," Ms. York says. "Product or service-line marketing, which replaced that, is even more effective."

The emphasis on products and services has helped healthcare marketing executives sidestep the question of defining their ultimate consumer: the doctor who admits patients into hospitals; the consumer who frequently chooses between hospitals and urgent care centers; or the employer who, by selecting from available insurance and HMO plans, helps direct where employees will be treated. Specific services, such as women's health or children's psychiatric programs, have clearly defined targets.

Specialization has led to the development of new forms of delivery systems, Ms. York says. "Most center around a trend toward contract management: hospitals buying services rather than developing their own. Many are asking whether they can be the supermarkets of healthcare services."

"You'll be seeing more joint ventures between hospitals and physician groups in setting up urgent care centers, cardiology programs, ambulatory care centers and other specialized facilities," says Mr. Brown, author of two books on physician marketing.

While doctors use entrepreneurial ventures like these to regain leverage in the industry, HMOs may become a less powerful component of the healthcare delivery system.

Minneapolis, often considered a bellwether for the U.S. healthcare industry, shows signs that doctors, employers and consumers are becoming

(Continued on Page S-4)

LOOKING FOR A NEW JOB IN HEALTHCARE MARKETING OR ADVERTISING?

What better place to find the most recent career opportunities in this fast-growing field, than in Ad Age's Recruitment Marketplace.

To find a listing of these career opportunities, look for the "Healthcare Marketing/Advertising Careers" banner on page 79 in this week's Recruitment Marketplace.

Advertising Age
The Recruitment Marketplace

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HealthWeek:
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Quality, cost controls meet in middle

By Diane Stafford

A commonly prescribed antibiotic used to prevent infections in cardiovascular surgery patients at Minneapolis' Abbott Northwestern Hospital was costing each patient about $155 a day, or nearly $600 per patient for the prescribed period.

The hospital's annual bill for this drug was $900,000—a price once paid without question.

However, with some tough cost-cutting goals from hospital administrators and a three-year study completed in 1986, a newer antibiotic is now costing patients just $62 a day, which means an annual $600,000 savings for Abbott Northwestern.

Diane Stafford is Advertising Age correspondent in Kansas City, Mo.

Charles Peterson, the director of clinical pharmacy responsible for the study, determined the newer antibiotic could be substituted for the commonly prescribed one with no change in the quality of care.

In the multi-billion-dollar healthcare industry, $600,000 doesn't sound like much. But it's an example of the don't-overlook-anything attitude gripping a field trying to hold down healthcare costs without sacrificing the quality of care.

"Doctors often prescribe medication without knowledge of the cost," says Mr. Peterson. "In this study we monitored one drug therapy to make sure we were using the most cost-effective medication. We weren't."

Healthcare providers and consumers are learning to apply Mr. Peterson's lesson to all medical relationships: "Good communication, that's

Cheaper but similar drugs, good communications define times of managed healthcare

the key," Mr. Peterson says. "In our case, we got the clinical pharmacists working with the physicians to prescribe more cost-effective therapies."

Skyrocketing insurance and healthcare costs, coupled with more stringent payout standards by Medicare and Medicaid, have sent consumers, businesses, insurance companies and care providers scrambling to hold the bottom line.

"We have entered the era of managed healthcare," says Leonard Brauner, manager of healthcare consulting at the Kansas City, Mo. office of Laventhol & Horwath, an accounting firm. "Employers and insurance companies are creating financial incentives to encourage consumers to look at less expensive options. And the impact on the care provider is an emphasis on productivity."

The first round of cost-cutting at hospitals—primarily labor force reductions—was easy because "there was so much fat before," Mr. Brauner says. Now, hospital administrators are learning to apply cost-benefit analysis to each department or service, he says.

Departments showing the most cost-effective profit potential are the ones that frequently get the hospital's marketing emphasis.

At Sherman Hospital in Elgin, Ill., a back-injury screening program is meeting both cost-effective and open-communication goals.

In the last year, marketing costs of about $4,000 covered two direct mailings—a total of 3,000 pieces—newsletters and personal visits to ceos and benefits managers. Maggie Springer & Associates, Appleton, Wis., a healthcare marketing agency, handled development and marketing.

At a cost of $42 a session, the hospital's occupational health specialists are working with certain businesses to examine their employees' backs in 45-minute screenings that include evaluation of posture, general strength, weight, flexibility, overall fitness and previous back injuries.

"Forty-two dollars may sound like some out-of-pocket expense that employers might not want to pay," says Connie O'Neill, business relations manager at Sherman, "but compare that to a back X-ray that's probably $65 at the minimum and $150 for different angles.

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Balancing act

(Continued from Page S-2)
disenchanted with HMOs.

Figures from Steve Hillestad, VP-marketing for Minneapolis' Abbott Northwestern Hospital and its holding company, Lifespan Inc., show HMO enrollment in the Minneapolis area has grown steadily in the past five years—HMOs and preferred-provider organizations control 40% to 45% of the market—but has leveled off during the last 18 months.

So far, Mr. Hillestad says, "It's a myth that people are rushing to disenroll from HMOs and going back to fee-for-service arrangements; if anything, they're switching to another prepaid plan. There's been a lot of public press about HMO woes. We believe it may lead to HMO disenrollment, but we won't know until . . . January."

In response to perceived low payment from HMOs, physicians in the Twin Cities have discussed the possibility of unionizing. However, most industry executives don't believe doctors have the interest or need to organize.

"As more of the U.S. population gains experience with care under an HMO, you'll see more disenrollment," Mr. Beckham says.

"HMOs are a fine solution for many people, but not for all," Ms. York says. There's a problem at the decision-maker level; promised cost savings haven't been realized."

"Patients are just beginning to realize they have a choice in healthcare," Mr. Hillestad says. "Once everyone realizes this, service delivery will have to be very high." AA

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SEPTEMBER

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & antiques —				
Art & Antiques (10X)	119.8	67.8	509.3	386.6
Art News (10X)	95.0	80.9	771.4	673.9
Southwest Art	80.3	79.5	754.8	637.7
Total Group	295.2	228.2	2,035.5	1,698.2
% change		29.4%		19.9%
— Auto/cycle/rec. vehicles —				
ATV Sports	45.1	60.5	387.4	522.2
Autoweek (52X)	132.4	149.1	1,327.7	1,272.5
Car & Driver	86.6	71.4	844.5	786.1
Car Collector & Car Classics	17.7	14.5	155.1	140.8
Car Craft	84.0	81.2	778.9	676.3
Circle Track	89.6	61.6	697.4	561.8
Cycle	27.5	27.9	432.7	411.9
Cycle World	38.7	19.4	478.1	431.4
Dirt Rider	27.4	26.3	313.1	363.7
Dune Buggies & Hot VWs	77.0	85.8	690.0	791.7
Family Motor Coaching	148.8	129.3	1,403.4	1,319.8
4 Wheel & Off-Road	93.3	92.4	799.9	785.8
Four Wheeler	81.0	77.0	772.0	751.0
Hot Rod	77.5	56.9	683.3	557.6
Motorcyclist	29.8	24.3	448.7	437.7
Motor Trend	57.5	50.0	694.1	569.2
Motorhome	86.8	83.0	770.6	843.9
Rider	27.7	28.1	387.8	461.6
Road & Track	90.0	81.4	918.7	873.3
Trailblazer	51.5	41.6	421.6	342.2
Trailer Life	110.8	93.0	948.4	1,025.2
Total Group	1,480.6	1,354.7	14,353.5	13,925.7
% change		9.3%		3.1%
— Boating & yachting —				
Bowling	154.3	143.5	1,372.9	1,250.1
Chesapeake Bay	51.9	41.0	406.0	339.4
Cruising World	116.5	115.8	1,015.5	1,086.5
Lakeland Boating (11X)	69.5	71.2	657.6	629.2
Motor Boating & Sailing	159.7	159.3	1,479.2	1,563.6
Sail	108.5	113.0	981.2	1,017.9
Small Boat Journal(6X)	—	—	228.3	213.0
Trailer Boats(11X)	32.9	36.0	500.5	395.0
Western Boatman(6X)	30.8	32.5	186.1	195.3
Yachting	141.7	121.2	1,273.1	1,250.2
Total Group	865.8	833.5	8,100.4	7,940.2
% change		3.9%		2.0%
— Canadian —				
L'Actualite	79.2	88.0	654.1	698.8
Chatelaine:				
English Edition A.	98.3	108.8	663.2	813.0
French Edition	83.5	94.1	602.6	694.1
City & Country Home(10X)	73.0	64.0	381.8	333.9
Equinox	47.1	41.3	192.3	188.5
Flare A.	177.6	179.0	741.9	706.6
Harrowsmith-Canada (6X)	56.4	40.0	225.8	195.2
Macleans (52X) A.	127.2	105.8	927.6	1,039.5
Moneywise	35.7	35.2	275.2	302.6
Reader's Digest:				
Canadian-English A.	58.6	83.0	495.5	671.7
Canadian-French A.	47.0	68.0	372.3	553.9
Toronto Life	118.0	96.7	797.2	741.2
Vancouver	93.9	94.2	583.9	654.2
Total Group	1,095.6	1,098.1	6,913.4	7,593.2
% change		-0.2%		-9.0%
— Civic/fraternal —				
American Legion	54.3	20.6	304.0	211.4
Elks (10X)	19.8	19.3	157.6	147.1
Kiwanis	20.8	17.5	143.3	143.7
Lion (10X)	7.3	7.0	63.8	47.6
Rotarian	12.6	18.0	126.8	131.5
V.F.W. (11X)	33.8	25.7	251.8	216.1
Total Group	148.6	108.1	1,047.3	897.4
% change		37.5%		16.7%
— Comics —				
Archie Comics Group	7.0	7.5	56.0	35.0
DC Comics	8.0	8.0	58.0	47.0
Marvel Comics Group	9.0	9.0	80.5	70.0
Total Group	24.0	24.5	194.5	152.0
% change		-2.0%		28.0%
— General —				
American Health (10X)	57.8	74.2	501.0	438.2
American Heritage (7X)	47.2	16.6	188.8	85.1
American West (6X)	36.0	30.8	183.5	197.2
The Atlantic A.	46.4	37.2	299.3	311.3
Bon Appetit A.	69.4	69.7	694.5	671.8
Changing Times	60.9	57.3	544.5	429.1
Conde Nast's Traveler	74.5	—	74.5	—
Connoisseur	88.0	74.4	610.9	559.5
Consumers Digest (6X)	26.3	26.3	113.3	134.8
Ebony	88.1	87.2	812.8	833.3
Fifty Plus	40.1	44.1	343.1	355.7
Food & Wine	60.5	54.7	482.4	397.8
Games (6X)	—	—	76.3	172.3
Golden Years	40.1	30.5	529.7	217.8
Gourmet	100.7	93.8	832.4	761.4
Harper's A.	34.4	22.7	266.5	204.8
Harrowsmith (6X)	57.3	41.9	243.0	199.3
Life's Live	41.0	46.0	399.0	434.0
Life	43.8	45.6	406.4	456.3
Mature Outlook	44.9	46.0	240.9	225.3
Modern Maturity (6X)	35.0	41.0	177.7	170.4
Money	118.6	105.1	1,059.7	1,033.7
Money Maker	—	—	21.8	—
Moneyworth (4X)	—	—	34.2	30.5
Mother Earth News (6X)	56.4	57.4	263.4	259.3
Mother Jones (9X)	—	—	102.6	118.8
National Geographic	19.3	19.4	172.8	193.1
National Geographic Traveler(4X)	31.0	27.7	117.0	106.2
Natural History	34.7	43.2	292.7	356.0
Prevention	62.6	66.7	558.2	542.5
Psychology Today	23.9	32.3	259.3	254.3
Reader's Digest A.	54.4	65.4	770.3	815.4
Rx Being Well (6X)	34.0	26.0	125.0	100.5
Saturday Evening Post (9X)	37.5	37.9	248.2	227.2
Smithsonian	96.6	92.9	709.6	683.2
Sylvia Porter's Personal Finance (10X)	43.8	45.5	346.0	294.2
Town & Country	190.9	175.9	1,072.1	1,038.7
Travel-Holiday	47.7	48.5	466.8	380.0
Travel & Leisure	107.5	92.7	820.5	870.2
Vanity Fair	126.4	62.2	564.2	371.8
Writer's Digest	33.0	26.5	252.9	222.8
Total Group	2,210.5	1,965.1	16,277.6	15,153.5
% change		12.5%		7.4%
— Home —				
Americana (6X)	26.8	25.0	107.7	136.4
Architectural Digest A.	129.5	118.2	1,047.1	1,016.7
Better Homes & Gardens	109.3	93.5	939.1	932.1
Columbus Monthly-Homes (4X)	—	—	86.9	81.7
Country Home (6X)	77.2	60.5	277.8	236.3
Country Living	104.5	88.3	759.4	634.1
Family Handyman (10X) A.	60.7	45.4	412.2	433.7
Flower & Garden (6X)	—	—	172.4	156.4
Home	78.6	59.4	468.7	424.6
Home Mechanics	55.4	53.3	501.8	518.2
The Homeowner (10X)	43.8	33.4	254.7	221.2
Horticulture	31.6	32.7	328.0	330.2
House Beautiful	84.4	67.1	618.3	626.2
House & Garden	104.8	104.9	795.2	793.0
Houston Home & Garden	58.7	56.1	624.5	663.3
Metropolis	60.9	42.9	422.0	248.0
Metropolitan Home	69.2	65.0	553.9	505.0
1,001 Home Ideas	46.4	69.9	430.8	369.5
Phoenix Home/Garden	74.3	65.7	628.0	591.3
Practical Homeowner	51.8	57.3	333.9	375.0
Rodale's Organic Gardening	54.0	43.8	447.5	524.3
San Diego Home/Garden	59.1	63.7	587.2	604.5
South Florida Home/Garden	25.4	40.8	259.8	279.6
Southern Accents (6X)	142.2	113.3	500.1	491.2
Southern Living	122.6	133.6	1,043.1	1,216.6
Sunset Magazine A.	127.3	118.2	1,068.8	1,201.4
Workbench (6X)	46.9	45.3	227.6	236.6
Total Group	1,845.5	1,697.1	13,896.5	13,847.0
% change		8.7%		0.4%
— In-flight & other passenger —				
Alaska Airlines	52.6	64.2	487.8	526.5
America West Airlines	71.0	47.2	436.2	214.8
American Way (24X)	148.2	110.2	925.1	832.4
Brighton Inflight Group:				
Continental	49.3	30.4	397.6	278.8
Hawaiian Air (6X)	25.4	—	83.0	—
East/West Network:				
Eastern Review	61.5	93.5	596.5	890.6
Northwest	61.0	45.8	415.0	404.7
PSA Magazine	103.8	99.3	740.8	796.1
Pan Am Clipper	49.0	44.3	369.8	401.5
Spirit	67.8	105.0	528.7	868.3
TWA Ambassador	57.5	—	436.6	—
Vis 'A Vis	63.2	99.1	509.0	847.6
Halsey Publications:				
Delta Sky	94.3	80.5	707.5	659.3
US Air	65.0	55.5	440.8	400.0
Piedmont Airlines' Pace	93.6	102.5	788.8	748.1
Spirit of Aloha (6X)	33.1	24.4	278.0	251.1
Total Group	1,096.3	1,001.9	8,141.2	8,119.6
% change		9.4%		0.3%
— Men's —				
Esquire A.	150.5	140.7	789.1	844.5
Firehouse Magazine	59.7	52.8	404.3	367.8
Gentlemen's Quarterly A.	305.1	285.4	1,321.6	1,346.0
Muscle & Fitness	134.3	113.7	1,108.6	985.4
Penthouse A.	43.6	49.5	364.0	329.7
Playboy A.	55.8	44.8	466.9	536.5
Salute (8X)	27.6	24.0	150.5	91.0
Total Group	776.6	710.8	4,605.0	4,500.8
% change		9.3%		2.3%
— Metropolitan —				
Aloha (6X)	21.5	34.2	151.4	148.2
Atlanta	75.7	57.5	519.9	465.2
Baltimore	88.3	85.3	633.4	667.1
Boston	205.1	165.6	1,424.5	1,345.5
California	58.2	53.0	520.2	597.1
Chicago	124.9	188.1	917.1	1,140.7
Chicago's North Shore	93.5	94.7	746.2	722.4
Cincinnati	47.5	532.8	61.1	519.5
Cleveland	65.2	63.5	609.6	617.1
Coast (39X)	235.2	259.7	1,753.4	2,034.3
Columbus Monthly	100.1	85.5	631.3	613.8
Connecticut	100.2	86.2	865.5	833.4
D/Magazine, Dallas/Ft. Worth	116.9	114.5	954.1	1,067.9
Denver	50.5	32.0	322.2	315.6
Detroit Monthly	141.0	82.1	686.8	649.3
Grand Rapids	84.0	387.2	58.0	356.6
Gulfshore Life (10X)	—	—	633.8	556.0
Honolulu	60.1	56.9	550.7	537.2
Madison	65.0	78.0	580.5	573.0
Memphis	68.0	54.0	727.0	660.0
Metropolitan Detroit	52.3	72.2	556.0	649.0
Miami/South Florida	62.6	43.3	474.2	584.1
Mid Atlantic Country	39.7	45.6	321.0	364.4
Milwaukee	61.2	65.0	526.6	584.4
Minneapolis/St. Paul	94.1	107.0	892.4	858.9
Nashville	50.0	27.0	396.0	335.0
New England Monthly	47.5	47.2	393.2	332.7
New Jersey Monthly	104.0	87.5	806.9	705.3
New Mexico	33.0	24.4	285.9	235.4
Ohio	97.7	114.2	535.7	564.7
Oregon (6X)	—	—	189.0	—
Orlando	91.0	94.5	848.5	872.3
Palm Beach Life	22.7	26.9	523.3	496.9
Palm Springs Life	275.7	260.0	1,025.9	1,010.2
Philadelphia	179.9	161.5	1,301.3	1,153.5
Phoenix	61.3	69.7	595.7	821.2
Pittsburgh	70.5	73.6	599.8	576.8
St. Louis	59.1	63.5	488.1	421.1
San Diego	120.1	122.3	1,212.3	1,206.4
San Francisco Focus	95.6	93.2	825.3	797.9
Texas Monthly	88.2	103.6	821.2	1,058.6
Twin Cities	106.8	80.5	594.0	480.5
The Virginian (6X)	63.0	58.0	298.6	294.5
Washington (7X)	59.5	61.0	300.0	372.0
The Washingtonian	165.3	169.3	1,300.8	1,318.9
Total Group	3,901.5	4,581.5	29,458.3	30,514.5
% change		-14.8%		-3.5%
— Movie/romance/radio/tv —				
Macfadden's Women's Group:				
Modern Romances	26.5	20.6	213.0	190.3
Secrets	26.5	20.6	213.0	190.3
True Confessions	26.5	20.6	213.0	190.3
True Experience	26.5	20.6	213.0	190.3
True Love	26.5	20.6	212.9	190.3
True Romance	26.5	20.6	213.0	190.3
Sterling Women's Group:				
Daytime TV	24.5	25.8	221.9	229.7
Modern Screen (6X)	—	—	58.0	63.7
Movie Mirror (6X)	—	—	14.5	18.5
Soap Opera Stars (6X)	—	—	64.3	62.8
TV Movie Screen (6X)	—	—	30.2	34.5
TV Picture Life (6X)	7.0	—	25.3	14.2
Total Group	190.4	149.3	1,692.0	1,565.4
% change		27.6%		8.1%
— Music/entertainment —				
Audio	87.7	78.6	682.1	655.6
Dance Magazine	49.0	45.3	416.5	350.5
Playbill	43.3	47.0	391.9	383.3
Spin	26.7	24.1	249.1	260.4
Stereo Review	65.6	66.6	643.8	627.9
Video Magazine	86.0	81.0	611.0	671.0
Total Group	358.3	342.6	2,994.4	2,948.7
% change		4.6%		1.6%
— National Sunday magazines —				
Parade (52X)	70.7	52.7	446.2	466.8
Total Group	70.7	52.7	446.2	466.8
% change		34.2%		-4.4%
— Outdoor & sport —				
Alaska	28.5	28.7	307.7	374.9
The American Handgunner (6X)	47.0	51.0	229.0	173.0
American Hunter	52.3	37.6	197.5	177.6
American Rifleman	36.2	32.5	217.2	223.1
Backpacker (6X)	23.3	21.1	145.4	140.4
Bass Master (10X) A.	40.1	29.3	510.6	411.4
Bicycling (9X)	64.5	56.0	755.1	639.3
Ducks Unlimited (6X)	75.3	56.0	176.9	166.0
Field & Stream	122.1	134.0	772.4	805.9
Fishing World (6X)	20.8	15.2	190.2	193.3
Florida Sportsman	79.4	67.8	1,091.3	983.3
Flying	70.7	51.8	433.0	360.5
Golf Digest	71.4	64.6	942.8	890.9
Golf Magazine	42.4	27.5	701.1	635.8
Gun Dog (6X)	59.3	56.8	183.2	175.3
Guns	41.0	29.0	285.0	277.0
Guns & Ammo	58.6	68.4	405.8	445.0
In-Fisherman (6X)	—	—	421.0	369.7
Outdoor Life	105.2	97.3	729.3	692.3
Outside Magazine	46.8	41.4	459.6	424.3
Petersen's Hunting	81.5	94.7	448.4	439.2
Runner's World (13X)	31.0	24.5	323.1	271.8
Salt Water Sportsman	80.8	54.2	960.7	798.3
Sierra (6X)	44.5	47.5	195.4	213.4
Shooting Times	68.1	43.3	328.8	329.1
Ski (8X) A.	202.8	156.0	455.1	405.2
Skiing (7X) A.	190.0	204.0	393.3	374.6
Skin Diver	95.2	86.2	956.7	839.6
Southern Outdoors (9X)	71.6	35.9	363.8	295.2
Southern Outdoors Saltwater(8X)	—	—	225.1	—
Sport	39.0	38.7	360.6	349.7
Sports Afield	79.6	81.3	739.4	642.8
Tennis	108.9	101.5	686.2	681.2
Waterski (8X)	51.3	43.3	445.3	347.2
Western Outdoors (10X)	31.3	34.0	315.9	376.1

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

(Continued on Page 82)

(Continued from Page 81)

SEPTEMBER

	Current month 1987	1986	Year-to-date 1987	1986
Wildfowl (6X)	—	—	52.7	51.2
Wing & Shot	28.0	10.0	74.9	10.0
World Tennis	63.8	35.9	314.2	279.9
Total Group	**2,352.3**	**2,057.0**	**16,793.6**	**15,263.2**
% change		**14.4%**		**10.0%**

— Photography —

American Photographer	37.9	41.5	324.7	342.6
Petersen's Photographic	28.0	24.6	238.7	220.9
Popular Photography	80.6	62.0	665.0	581.5
Total Group	**146.5**	**128.1**	**1,228.3**	**1,145.0**
% change		**14.4%**		**7.3%**

— Religious —

Charisma	51.6	42.5	445.2	465.9
Christian Herald (11X)	24.5	27.3	220.4	221.7
Christianity Today (18X)	75.2	56.2	393.0	378.7
Ministries Today (6X)	—	—	157.0	177.8
Moody Monthly	34.8	42.5	303.6	319.9
Our Sunday Visitor (52X)	17.4	9.3	117.7	93.0
Today's Christian Woman (6X)	47.7	34.8	190.2	145.3
Total Group	**251.2**	**212.6**	**1,827.1**	**1,802.3**
% change		**18.2%**		**1.4%**

— Science/electronic /mechanic —

Discover	44.7	41.9	387.5	279.9
Family Computing	35.8	44.4	361.7	368.0
Omni	48.1	54.5	494.7	484.2
Personal Computing	179.1	116.3	1,379.9	1,063.6
Popular Mechanics	59.1	71.7	744.9	826.7
Popular Science	70.5	63.0	608.9	605.8
Scientific American	24.3	26.9	349.6	279.3
Spectrum	75.2	97.7	580.3	746.6
Total Group	**536.7**	**516.4**	**4,907.4**	**4,654.1**
% change		**3.9%**		**5.4%**

— Woman/fashion/service —

Bride's Magazine (6X) A.	—	—	1,825.2	1,544.1
Cosmopolitan A.	233.7	255.6	1,758.1	1,782.9
Essence	93.7	88.3	697.0	722.4
Family Circle (17X) A.	112.1	126.8	1,090.8	1,236.9
Glamour	281.6	271.5	1,664.4	1,598.9
Good Housekeeping A.	158.4	168.0	1,210.4	1,401.3
Harper's Bazaar	287.1	335.6	1,176.7	1,250.4
Health	39.0	41.8	421.0	367.3
Ladies' Home Journal	111.1	110.8	876.0	962.1
Mademoiselle	244.2	226.4	1,336.0	1,171.5
McCall's	94.2	108.0	800.3	805.4
Military Lifestyle	67.7	66.0	391.3	386.6
Modern Bride (6X)	478.5	422.0	1,544.5	1,349.0
Ms.	59.7	37.8	381.5	342.7
New Woman	88.0	92.4	715.5	646.7
Parents Magazine A.	124.0	93.7	946.7	812.7
Redbook	149.5	101.6	877.4	805.3
Savvy	46.2	40.7	310.5	283.4
Self	136.6	109.5	887.8	814.3
Seventeen	141.4	128.0	1,154.7	1,062.2
Shape	96.9	94.8	656.1	655.6
Teen Magazine	79.9	69.7	536.0	477.9
True Story A.	45.2	48.7	417.7	415.5
Vogue	620.2	544.7	2,432.6	2,289.7
W Magazine	169.7	209.5	1,117.8	1,027.2
Woman (9X)	—	26.0	206.0	133.0
Weight Watchers	34.8	42.0	290.6	300.8
Woman's Day (16X) A.	116.5	113.0	1,076.8	1,127.7
Workbasket	32.1	34.8	246.8	270.8
Working Mother	80.9	89.7	698.9	611.6
Working Woman	109.1	117.7	828.7	876.1
Total Group	**4,332.0**	**4,215.0**	**28,573.6**	**27,532.1**
% change		**2.8%**		**3.8%**

— Youth —

Boys' Life	30.0	31.6	151.6	149.8
Campus Life (10X)	49.0	44.3	280.1	272.9
Total Group	**79.0**	**75.9**	**431.7**	**422.7**
% change		**4.1%**		**2.1%**

AUGUST

	Current month 1987	1986	Year-to-date 1987	1986

— Business/national —

Barron's	191.6	133.6	1,623.5	1,421.6
Black Enterprise	49.0	38.5	580.4	612.8
Business Week (52X) A.	232.2	189.9	2,615.1	2,284.4
Business Month	17.6	29.4	204.9	342.1
Financial World (26X)	46.2	35.2	480.2	384.4
Forbes (26X)	133.5	159.7	2,072.6	1,955.7
Fortune (26X)	256.0	195.0	1,153.3	1,628.2
Frequent Flyer	47.0	58.0	446.3	466.6
Futures	41.5	42.8	377.0	358.0
Inc. Magazine A.	57.6	49.5	664.0	661.6
Income Opportunities	—	—	502.6	396.1
Industry Week (25X) A.	97.6	79.3	612.0	686.5
Nation's Business (12X) A.	20.2	26.5	233.5	275.5
Venture	50.8	56.3	494.1	545.2
Total Group	**1,240.8**	**1,093.7**	**12,059.5**	**12,018.5**
% change		**13.4%**		**0.3%**

— Business/regional —

Advantage-Nashville's Bus. Mo.	56.0	59.0	444.0	471.0
Arizona Bus. Gazette (52X)	28.9	27.5	254.9	248.7
Baltimore Bus. Journal	77.8	55.8	667.4	524.3
Boston Bus. Journal (52X)	100.1	101.5	1,047.7	1,041.8
Business Atlantic	59.8	62.7	493.8	517.7
Business First of Columbus	98.4	83.1	810.6	645.1
Business Journal-Milwaukee	159.0	104.9	990.0	813.0
Business Journal-Sacramento	84.0	48.8	506.1	340.7
Business North Carolina	48.5	59.0	351.3	335.1
Capital Dist. Bus. Review (52X)	68.7	—	639.2	—
Cincinnati Business Courier	107.6	48.7	849.5	578.8
Corporate Report Kansas City	14.1	—	178.7	211.4
Corporate Report Minnesota	58.0	69.0	578.0	593.0
Crain's Chicago Bus. (52X)	145.4	139.4	1,143.4	1,270.5
Crain's Cleveland Bus. (52X)	73.5	65.0	472.7	474.0
Crain's Detroit Bus. (52X)	89.7	63.5	598.0	475.7
Crain's New York Bus. (52X)	31.2	22.2	280.7	261.1
Florida Trend (13X)	53.3	57.9	609.3	629.2
Georgia Trend	41.1	42.0	521.0	412.6
Grand Rapids Bus. Journal	66.5	33.7	365.0	272.5
Hawaii Business	79.4	76.5	381.6	384.9
Houston Bus. Journal (52X)	85.8	82.8	520.0	673.0
Indianapolis Bus. Journal (52X)	147.5	158.8	1,089.0	1,169.5
Los Angeles Bus. Journal(55X)	95.8	33.1	568.2	314.4
Manhattan Inc.	53.5	50.8	546.2	509.8
New England Bus. (20X) A.	44.8	73.0	498.0	620.4
New Orleans City Business	81.6	58.3	444.3	485.5
Pacific Bus. News (52X)	136.2	116.6	934.5	935.5
Philadelphia Bus. Journal (52X)	92.3	93.3	1,040.5	872.2
Pittsburgh Bus. Times (52X)	115.0	117.7	934.0	805.7
Providence Business News	67.5	33.0	548.4	128.2
Regardie's/Washington	136.0	163.0	1,085.0	980.0
San Diego Bus. Journal (52X)	27.5	31.1	254.2	245.0
South Florida Bus. Journal	75.6	76.0	769.2	833.3
St. Louis Bus. Journal (52X)	127.9	119.2	1,002.3	1,084.9
Texas Business	48.1	62.6	269.8	471.9
Warfields Monthly Baltimore	51.1	32.7	502.6	242.5
Total Group	**2,927.1**	**2,522.1**	**23,188.9**	**20,872.7**
% change		**6.1%**		**11.1%**

— National Sunday magazines —

Parade (52X)	70.7	52.7	446.2	466.8
USA Weekend (52X)	37.3	49.2	305.4	399.9
Total Group	**108.0**	**101.9**	**751.6**	**866.7**
% change		**6.0%**		**-13.3%**

— Newspaper Sunday magazines —

Boston Globe	179.6	179.0	1,428.4	1,407.1
Chicago Tribune	91.2	63.7	802.2	675.2
Cleveland Plain Dealer	62.8	65.5	459.1	378.9
Columbus Dispatch	44.9	29.8	292.1	352.4
Detroit News	79.0	90.0	558.0	603.0
L.A. Times	46.0	47.9	451.7	545.4
Louisville Courier-Journal	36.0	63.0	470.0	397.0
New York Times Magazine	374.9	322.5	2,411.8	2,317.9
Philadelphia Inquirer	59.0	71.0	508.0	513.0
Seattle Times	66.0	84.0	442.0	436.0
St. Louis Post Dispatch	92.6	73.9	573.9	434.4
Toledo Blade Magazine	38.6	86.4	315.2	371.7
Washington Post	82.2	104.1	958.6	899.5
Total Group	**1,252.9**	**1,280.8**	**9,671.1**	**9,331.5**
% change		**-2.2%**		**3.6%**

— Weeklies/bi-weeklies —

The Advocate (9X)	119.5	105.7	1,056.1	1,011.6
Army Times Military Group:				
Air Force Times (52X)	154.8	149.7	1,277.4	1,369.9
Army Times (52X)	152.0	140.0	1,254.4	1,294.4
Navy Times (52X)	178.2	154.6	1,401.5	1,451.6
The Blood-Horse (52X)	388.9	568.1	2,825.7	3,096.3
Capper's (26X)	15.2	24.9	219.1	207.2
Commonweal (22X)	2.8	3.0	62.4	48.6
Golf World (43X)	90.6	81.6	822.2	742.2
Grit (52X) A.	21.2	22.8	214.3	188.2
National Journal (50X)	43.0	31.3	491.5	433.5
National Review (25X)	23.2	30.0	244.1	237.0
New Republic (48X)	27.9	22.2	292.4	263.6
New York Magazine (50X)	199.5	199.7	1,802.3	1,833.4
New Yorker	131.1	158.7	1,380.4	1,458.4
Newsweek (52X) A.	159.8	105.5	1,488.4	1,434.1
People (52X)	268.0	208.3	2,135.6	2,233.5
Rolling Stone (25X)	155.0	85.6	1,030.8	821.5
Sporting News (52X)	52.1	59.3	401.2	407.1
Sports Illustrated (52X) A.	201.4	132.0	1,642.4	1,645.9
Time (52X) A.	132.4	120.6	1,487.1	1,501.9
Travelhost (52X) C.	3,698.0	3,625.0	25,034.0	25,537.0
TV Guide (52X) A.	217.7	171.6	2,204.7	2,154.3
TV Update (52X) C.	2,660.0	2,095.0	18,854.0	17,845.0
Us Magazine (26X)	38.9	36.3	361.3	314.5
U.S. News & World Report (52X) A.	116.7	79.3	955.6	949.2
Total Group	**9,247.9**	**8,410.7**	**68,938.9**	**68,480.1**
% change		**10.0%**		**0.7%**

— Foreign —

Business Week Int'l (52X)	68.3	61.0	851.2	949.2
De Armas Publications:				
Geomundo:				
Central America	2.0	3.0	43.0	29.0
Chile	—	4.0	34.0	33.0
Colombia	8.0	6.0	95.5	60.8
Ecuador	2.0	4.0	40.0	24.0
Mexico	4.0	5.0	65.5	64.2
Peru	1.0	3.0	38.0	21.0
Puerto Rico	1.0	1.0	40.0	22.5
U.S.	4.0	4.0	32.7	38.0
Venezuela	9.5	6.0	135.0	99.5
Hombre De Mundo:				
Central America	3.0	1.0	41.0	39.0
Chile	2.0	2.0	39.0	41.0
Colombia	10.5	10.0	87.8	105.2
Ecuador	2.0	1.0	36.0	36.0
Mexico	3.5	10.5	74.0	112.5
Peru	—	1.0	26.0	24.0
Puerto Rico	2.0	1.0	44.0	34.0
U.S.	11.0	5.0	103.8	79.0
Venezuela	12.5	14.5	133.0	145.5
Ideas Para Su Hogar:				
Colombia	9.0	9.2	75.2	77.0
Ecuador	2.5	2.0	18.0	16.0
Mexico	12.8	6.7	64.0	49.7
Peru	3.0	1.0	35.5	25.5
Puerto Rico	—	0.2	—	0.2
U.S.	4.0	2.0	32.5	25.0
Venezuela	13.5	9.0	62.5	72.7
Mecanica Popular:				
Argentina	6.7	9.2	59.8	32.0
Central America	8.2	7.3	68.3	68.2
Chile	4.0	3.0	32.7	35.0
Colombia	18.7	14.3	142.3	117.0
Mexico	21.7	16.5	141.7	84.2
Peru	14.3	13.8	103.8	85.7
Puerto Rico	6.7	6.8	58.8	52.2
U.S.	4.3	5.0	33.8	48.0
Venezuela	10.7	10.5	111.5	85.5
Vanidades Continental:				
Central America	10.5	9.7	104.5	112.0
Chile	2.7	1.7	30.3	28.2
Colombia	64.3	91.3	464.8	531.5
Ecuador	15.5	13.7	129.0	136.2
Mexico	66.0	75.0	542.2	563.5
Peru	16.8	10.8	137.8	119.2
Puerto Rico	27.3	23.2	250.0	251.0
U.S.	31.5	39.0	367.8	328.3
Venezuela	33.8	31.5	285.3	263.0
Hearst International:				
Buenhogar:				
Central America	1.0	1.0	5.0	9.0
Chile	—	1.0	7.0	10.0
Colombia	51.5	37.3	233.5	237.2
Ecuador	14.0	13.0	79.0	86.0
Mexico	37.2	32.3	228.2	232.0
Peru	15.0	11.0	98.5	61.5
Puerto Rico	6.5	10.5	27.8	73.5
U.S.	10.5	13.0	157.0	155.3
Venezuela	25.0	23.3	172.7	149.0
Cosmopolitan en Espanol:				
Central America	2.2	5.0	40.2	29.3
Colombia	21.7	15.2	129.5	99.5
Ecuador	1.0	—	17.0	—
Mexico	29.7	37.3	295.2	300.7
Peru	—	—	2.0	—
Puerto Rico	8.2	10.5	106.8	79.5
U.S.(Spanish language)	14.3	18.8	199.0	192.5
Venezuela	16.8	18.0	134.5	102.3
Cosmopolitan Foreign Editions:				
Australia	69.6	72.0	493.7	479.4
Brazil	50.3	61.1	477.4	466.3
China	28.0	59.4	327.7	320.0
France	34.8	40.3	791.6	656.5
Germany	76.3	68.7	901.1	799.0
Great Britain	112.0	98.0	783.0	814.5
Greece	25.0	23.0	310.0	310.0
Holland	27.0	33.0	465.0	482.0
Italy	31.0	19.3	557.8	479.4
Japan	40.8	35.3	377.8	389.7
South Africa	81.0	87.0	536.0	571.0
Good Housekeeping Foreign:				
Australia	47.8	46.0	258.9	257.8
Great Britain	108.0	96.3	978.1	939.8
International Management:				
English	29.0	31.0	208.3	294.8
Middle East	7.8	37.5	48.9	97.0
Johnston International:				
Alam Attijarat	14.5	25.5	183.9	258.7
Far East Business	27.2	47.0	207.4	288.4
Modern Africa (6X)	13.3	25.1	48.8	78.3
Latin America Finance (6X)	26.2	20.4	93.1	92.5
Newsweek International A.:				
Atlantic (52X)	40.0	35.3	503.4	573.1
Latin America (52X)	21.2	17.5	180.7	224.6
Asia (52X)	42.5	32.3	374.8	416.8
Progreso (9X)	5.6	8.3	31.5	50.5
Reader's Digest:				
Arabic	7.0	8.0	66.0	47.5
Asian	46.0	210.5	1,228.0	1,642.0
Australian	37.0	41.3	367.0	446.0
Belgian-Flemish	9.5	27.0	349.0	513.1
Belgian-French	6.5	21.0	236.5	302.6
British	44.4	33.7	359.5	354.5
Chinese B.	58.3	80.8	688.4	788.0
Danish	10.5	12.8	206.8	225.6
Dutch	3.5	27.5	267.1	270.6
Finnish	27.0	39.0	362.0	371.8
French	12.0	3.5	184.2	106.2
German	46.0	35.7	543.6	461.9
Iberian	—	1.0	2.0	9.5
Indian-English	56.0	49.5	553.5	526.5
Indian-Hindi	4.5	9.5	98.0	65.5
Italian	26.0	20.0	355.5	249.5
Korean	41.5	33.0	268.1	197.5
Latin American:				
Argentina	14.0	11.0	85.5	94.0
Brazil	—	—	—	18.0
Central American	5.0	8.0	31.0	53.0
Chile	12.0	7.0	81.0	85.5
Colombia	25.0	20.0	182.5	162.0
Ecuador	3.0	6.0	20.0	47.0
Mexico	65.8	62.6	459.7	430.8
Peru	3.0	8.0	28.0	55.0
Puerto Rico	4.0	5.0	25.0	36.5
U.P.B.	3.0	6.0	24.5	45.0
U.S. Spanish	8.5	25.5	62.5	137.0
Venezuela	3.0	4.0	29.0	46.0
New Zealand	45.0	52.0	370.5	411.8
Norwegian	17.0	4.5	119.8	58.0
Portugal	30.5	27.0	290.5	306.5
South African	59.5	97.0	542.5	583.0
Swedish	5.0	4.0	50.0	103.5
Swiss-French	11.0	13.0	162.5	163.3
Swiss-German	10.0	15.0	219.0	213.0
Time International:				
Time-Asia	47.1	39.8	366.2	508.3
Time-Atlantic	42.6	32.5	572.0	656.4
Time-Canada	83.6	73.9	1,049.6	1,244.6
Time-Latin America	28.1	22.5	223.9	328.7
Visao (52X)	100.3	138.8	798.0	1,051.0
Vision/Latin America (24X) A.	21.3	21.6	179.4	193.9
Total Group	**2,851.4**	**3,180.0**	**28,491.2**	**29,931.6**
% change		**-10.3%**		**-4.8%**

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Advertising Age

Crain's International Newspaper of Marketing

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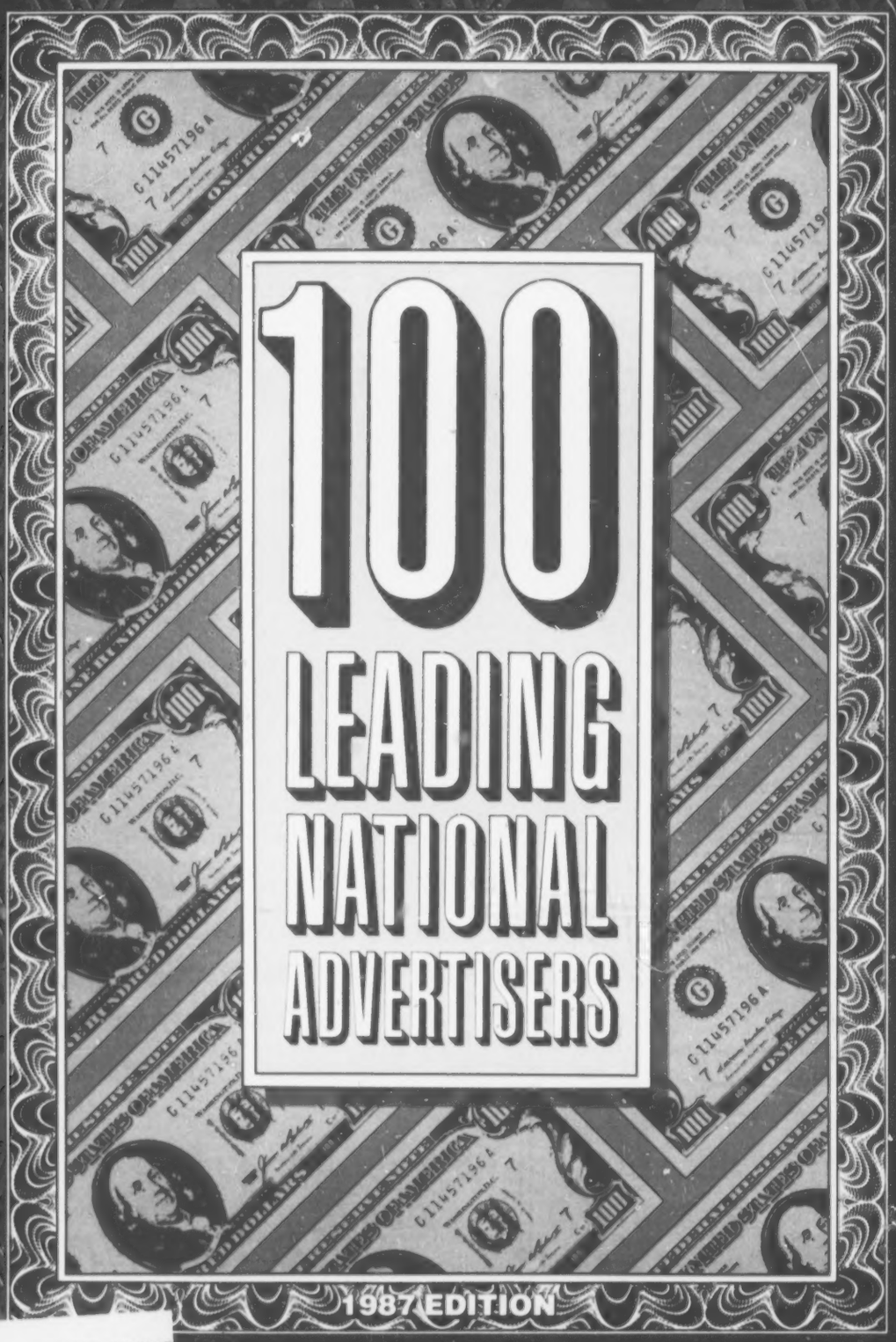

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Advertising Age

Crain's International Newspaper of Marketing

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Ad growth edges up

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By R. CRAIG ENDICOTT

The 100 leading national advertisers increased their U.S. advertising spending only 3.4% to $27.17 billion in 1986 as they continued the struggle in world markets that hit them even harder in 1985 when ad spending grew only 2.7% over the previous year.

Those markets proved inhospitable to the leading advertisers in the aggregate. They forced down net earnings 7.3% to $53.3 billion as sales grew 8.3% to $1.13 trillion, according ADVERTISING AGE's 32nd annual report on the 100 leading national advertisers.

Domestic conditions were only slightly better as the "leaders" operating profits composite grew 0.7% to $33.2 billion on sales of $442.2 billion. (Figures represent only the 54 Leaders that break out U.S. operations.)

The tightening of the ad dollar began at the top of the 100 list. Procter & Gamble Co. retained its No. 1 position even though its ad spending in the U.S. was down 10.3% from 1985, to $1.44 billion. P&G held off No. 2 Philip Morris Cos. at $1.36 billion—an ad budget fattened by the purchase of General Foods Corp. In the 11 advertising media "measured" by various reporting services, however, P&G lost its leading position for the first time in years; Philip Morris Cos., recorded $910 million vs. P&G's $834 million. It was P&G's heavy spending in such "unmeasured" areas as direct marketing, special promotions, couponing, co-op spending and point-of-purchase material, etc., that kept it ahead of the fast closing food, tobacco and beer giant.

In 1986 Betty Crocker got a facelift, the Quaker man, a mod-look, Wrigley reverted to a five-pack at the same per-stick price, and the Army and Air Force clung to old ad themes with new agencies. More style than substance?

P&G dropped 7% to $456.3 million in year-to-year spending on network TV, although it outdistanced Philip Morris, No. 2 in that medium. Network TV accounted for 43% of the 11 media in 1986 for the 100, down 0.4 percentage points from 1985. Philip Morris led all others in magazines, however, spending $230.1 million in the medium. Magazines accounted for 15.9% of the 100's total measured media, down from 16.1% in 1985. RJR Nabisco was a distant second at $135.7 million. PepsiCo surged past P&G to lead spot TV spending with $257 million, as P&G totals fell 17.7% to $233.9 million. Spot TV climbed to 22% of all media used by the Leaders, up from 21.7% in 1985.

Aside from spot TV, the only other media that grabbed a higher percentage of the 100's media spending in 1986 over 1985 were network radio, up from 1.8% to 2.4%, and business publications, up from 1.2% to 1.3%. Sears, Roebuck & Co., ranked No. 3 in total advertising, claimed the top spot in network radio, blowing away the competition with a $47.7 million expenditure, a 129.1% year-to-year increase for the retailer and more than double network radio spending for runner-up Warner-Lambert Co., ranked No. 12 overall.

P&G was one of 38 companies in the top 100 to have reduced ad spending. Among the top 10, the only other advertiser to pare its budget was No. 4, RJR Nabisco, at $935 million, down 6.2% from 1985 largely because of the divestiture of Kentucky Fried Chicken, Heublein Inc., Canada Dry and Sunkist soft drinks.

Rapidly rising national advertising spending among major retailers and the rapidly diversifying regional Bell companies kept the 100 Leaders' chart in flux.

Newcomers this year include No. 75 Bell Atlantic Corp., No. 78 Nynex Corp., No. 97 Pacific Telesis Group and No. 100 BellSouth Corp. Retailers include No. 88 Zale Corp., No. 98 Federated Department Stores, No. 99 May Department Stores, and food retailer No. 82 Kroger Co. E&J Gallo Winery, No. 71, came in on the coattails of heavy wine-cooler spending, and No. 94 Hewlett-Packard Co. spent heavily on a corporate "What if . . ." campaign touting its computer applications technology.

Dropping off the list through the acquisition route were Chesebrough-Ponds, bought by No. 19 Unilever N.V., and Eastern Airlines, purchased by Texas Air Corp. By virtue of the EAL buyout, Texas Air climbed to No. 60 (from No. 192 in the second 100 Leaders list). Only parent companies qualify for listing.

AD AGE will profile the second 100 Leaders in a special report Nov. 23. Included in that report will be Leaders from 1985 that dropped below the $82.8 million cutoff this year—Apple Computer, Canon Inc., Capital Cities/ABC, Cotter & Co., Gulf & Western, George A. Hormel & Co., Matsushita Electric Industrial Co., Mattel Inc., Union Carbide Corp. and Van Munching & Co.

There was a correlation between reduced earnings and reduced advertising, especially among the foreign-based Leaders, whose repatriated dollars declined in value as the year progressed. Beecham Group PLC, No. 55, Nestle S.A., No. 30, and Seagram Co. Ltd., No. 91—each experiencing a slippage in U.S. returns in 1986—all spent less on U.S. advertising, according to AD AGE estimates.

Earnings were conspicuously down

(Continued on Page 2)

100 leading national advertisers

Rank	Company	Ad spending	Rank	Company	Ad spending	Rank	Company	Ad spending
1	Procter & Gamble Co.	$1,435,454	35	American Cyanamid Co.	$248,460	69	Cosmair Inc.	$120,410
2	Philip Morris Cos.	1,364,472	36	Colgate-Palmolive Co.	237,867	70	Dow Chemical Co.	119,508
3	Sears, Roebuck & Co.	1,004,708	37	Sterling Drug	220,727	71	E&J Gallo Winery	116,716
4	RJR Nabisco	935,036	38	Walt Disney Co.	219,138	72	American Motors Corp.	116,222
5	General Motors Corp.	839,000	39	H.J. Heinz Co.	217,413	73	Beecham Group PLC	115,877
6	Ford Motor Co.	648,500	40	Toyota Motor Corp.	208,877	74	GTE Corp.	115,340
7	Anheuser-Busch Cos.	643,522	41	Honda Motor Co. Ltd.	205,082	75	Bell Atlantic Corp.	114,517
8	McDonald's Corp.	592,000	42	Campbell Soup Co.	204,233	76	AMR Corp.	112,882
9	K mart Corp.	590,350	43	Schering-Plough Corp.	203,359	77	E.I. du Pont de Nemours & Co.	112,675
10	PepsiCo Inc.	581,309	44	Time Inc.	190,587	78	Nynex Corp.	112,209
11	General Mills	551,561	45	American Express Co.	190,002	79	Noxell Corp.	112,110
12	Warner-Lambert Co.	548,726	46	CBS Inc.	184,837	80	Hershey Foods Corp.	111,335
13	BCI Holdings	535,852	47	Nissan Motor Co. Ltd.	180,136	81	Wendy's International	110,001
14	Unilever N.V.	517,746	48	Allegis Corp.	171,746	82	Kroger Co.	108,339
15	J.C. Penney Co.	496,241	49	Pfizer Inc.	171,139	83	Delta Air Lines	104,554
16	Pillsbury Co.	494,877	50	Mobil Corp.	167,777	84	Greyhound Corp.	103,396
17	Ralston Purina Co.	478,031	51	IC Industries	165,199	85	US Sprint Communications Co.	102,467
18	American Telephone & Telegraph	439,919	52	Goodyear Tire & Rubber Co.	161,858	86	MCA Inc.	101,671
19	Kraft Inc.	437,952	53	American Brands	158,982	87	B.A.T Industries	100,059
20	Chrysler Corp.	426,000	54	Mazda Motor Corp.	156,846	88	Zale Corp.	99,106
21	Johnson & Johnson	410,672	55	Grand Metropolitan PLC	152,919	89	Brown-Forman Corp.	98,921
22	American Home Products Corp.	395,718	56	Volkswagen AG	152,211	90	Wm. Wrigley Jr. Co.	96,243
23	Kellogg Co.	374,142	57	Revlon Group	149,225	91	Seagram Co. Ltd.	94,932
24	Coca-Cola Co.	370,379	58	Loews Corp.	146,447	92	Xerox Corp.	92,732
25	General Electric Co.	354,250	59	S.C. Johnson & Son	144,617	93	Warner Communications	92,150
26	Bristol-Myers Co.	330,997	60	Texas Air Corp.	132,287	94	Hewlett-Packard Co.	91,984
27	Mars Inc.	312,607	61	Adolph Coors Co.	130,609	95	Clorox Co.	89,923
28	Quaker Oats Co.	309,239	62	Gillette Co.	129,574	96	Monsanto Co.	88,660
29	U.S. Government	306,094	63	Stroh Brewery Co.	128,690	97	Pacific Telesis Group	87,851
30	Nestle SA	305,451	64	ITT Corp.	126,344	98	Federated Department Stores	85,519
31	International Business Machines Corp.	295,498	65	American Dairy Farmers	125,832	99	May Department Stores	84,853
32	Sara Lee Corp.	271,623	66	Bayer AG	125,720	100	BellSouth Corp.	82,743
33	Tandy Corp.	262,161	67	Hasbro Inc.	125,353			
34	Eastman Kodak Co.	255,586	68	CPC International	121,956			

Note: Dollars are in thousands

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146 Revlon Group
146 RJR Nabisco
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149 Schering-Plough Corp.
150 Seagram Co.
150 Sears, Roebuck & Co.
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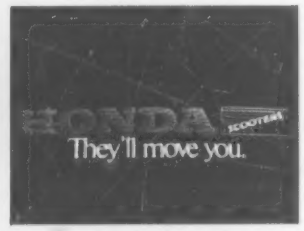
152 Stroh Brewery Co.
153 Tandy Corp.
154 Texas Air Corp.
154 Time inc.
158 Toyota Motor Corp.
159 Unilever N.V.
160 U.S. Government
161 US Sprint Communications
161 Volkswagen AG
163 Warner Communications
164 Warner-Lambert Co.
164 Wendy's International
164 Wm. Wrigley Jr. Co.
165 Xerox Corp.
166 Zale Corp.

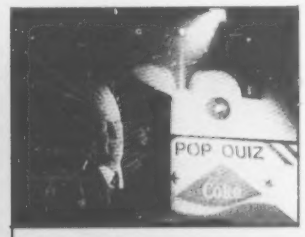
'America' and 'success' oozed from this tableau of a dapper, satisfied Chairman Lee Iacocca posing with Chrysler Corp.'s new Jeep line gained early this year in the buyout of American Motors Corp. Chrysler also reached an agreement to increase its stake in Maserati SpA to 51% over the next eight years, purchased exotic car marketer, Lamborghini, and announced it would re-enter Europe.

"An American legend has come home again. Jeep, and the people of AMC, are now part of Chrysler.
That's good for us. Good for you. And good for America."
We just want to be the first.

If General Motors can match the success of its Chevrolet division's 'Heartbeat of America' campaign, the economic state of the U.S. is sure to improve—if the adage that links GM and USA bears any truth. 'Heartbeat,' a campaign directed at women that mixed rock with quick vignettes, raised Chevy's percent of GM cars sold from 38.9% to 42.4% from June 1986 to June 1987. Agency is Campbell-Ewald, Detroit.

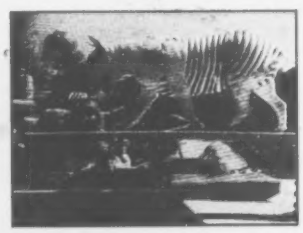


Grainy footage filmed in 8mm gave spots for Honda's Elite 50 model and top-of-the-line Helix motorscooters a documentary feel in a $10 million campaign launched in May 1987. The teen-oriented scooters pulsated Honda's bottom line and gave Honda an 83% share of the U.S. motorscooter market.



Promotional spending and direct response advertising are becoming larger pieces of the nation's total ad pie. Here the two are merged in S.C. Johnson & Son's sponsorship of a national tour by rock band, Night Ranger. Products pushed are Agree, Johnson's teen-age and young-adult positioned haircare line, and Edge shaving gel.

Cccomputer-head Max Headroom lent its talents to New Coke ads and pushed ad recognition to No. 1 among all commercials in 1986 in audience recall, according to Video Storyboard, which estimates Coca-Cola spent about $48.3 million in 1986 for the spots. That comes out to a cost-efficiency of about $12.07 cpm. Max is the creation of Peter Wagg, a former U.K. adman.



Anheuser-Busch's presenter, Spuds MacKenzie, gets the 'ooh's and 'aah's from the young girls in his Bud Light cameo appearance. Spuds, a three-year-old English bull terrier who is dubbed the Original Party Animal, has become a cult pooch among the college crowd—all of which makes A-B wondrously happy as its barrelage keeps flowing while shipments of most other brewers' remains flat.

American Express Co.'s 'Do you know me' campaign may have become tired, but it would be passe for sure with AmEx's current retinue of endorsers for its 'Membership has its privileges' replacement campaign. Among the glitterati is 'Tip' O'Neill, former Speaker of the House, who is finding a lucrative trade in peddling everything from charge plates to Hush Puppies.

Match the faces to the Hush Puppies.
No one in America matches more faces to more shoes with more comfort, style and affordability than Hush Puppies shoes. America's best loved shoes.
To find out where to buy these and over 130 other Hush Puppies shoes, call 1-800-288-0800.

Ad growth edges up

(Continued from Page 1)

among Japanese automakers, although their ad budgets increased across the board. Greater spending probably occurred because the auto market, marked in 1986 by heavily-advertised finance discounts and souped up offerings, requires more persistent ad weight than consumer markets of the other foreign Leaders. The slump in the dollar and a parallel rise in the yen—up 40% against the dollar in 1986—put the squeeze on margins of export-oriented Japanese carmakers.

The companies are trying to shore up their weaknesses in several areas—from the well-publicized construction of U.S. auto plants that will shift production and sales to dollars and permit circumvention of voluntary import restraints, to the introduction of luxury/performance cars that should help restore margins.

In addition, one-time writeoffs from divestitures and corporate restructuring often were the culprits that caused earnings to drop precipitously in the year-to-year period. Genesis of such writeoffs was rooted in several areas. Companies restructured to prevent corporate raiders from gaining voting control of their stock. They bought up their own stock, paid greenmail, or sold off units to pay for such payoffs—all of which showed as negatives on the balance sheet.

Companies ran for cover in 1986 and 1987 when Ronald O. Perelman, chairman of No. 57 Revlon Group, came to town. Two 100 Leaders initiated anti-takeover measures to avoid his clutches. CPC International, No. 68, repurchased 20% of its outstanding common stock following a run-in with Mr. Perelman. Gillette Co., No. 62, thought it had shaken off Mr. Perelman when it bought his 13.9% accumulation of stock. But last month he approached the Gillette board intending to make another offer, and the company promptly put on hold all new product introductions perhaps through 1988 to generate more cash flow and boost earnings.

Restructuring or its many synonymous expressions usually brought reduced advertising and higher earnings, the latter padded with receipts from divestitures. Campbell Soup Co., No. 42, sold off its restaurants and dog food operation to go "back to the basics" of selling soup, fresh and prepared foods and specialty bakery goods. Its advertising dropped an estimated 5.3% while earnings rose 12.8%. CBS Inc. sought to become "more efficient," a road that ultimately became littered with budget cutbacks, staff reductions and a renewed focus on the broadcast and records segments. Its advertising spending grew by a hair, 0.7%, while net income rose meteorically because of selloffs. Colgate-Palmolive Co., No. 36, sold off "non-core businesses" and cut advertising an estimated 4.9% to help earnings grow 62.2%.

The most obvious impact of downsizing and/or restructuring is that in the resulting corporate mix there were fewer products to advertise. RJR Nabisco, for example, spun off units that account for about $120 million in measured media spending. Restructuring even reached into the company's agency lineup and produced sizable agency shifts that often put ad campaigns on hold until new creative could be produced by the new shop.

Economic conditions that led to restructuring on a regional or local basis also will affect advertising in the future—in reduced commissions and a shift of ad responsibility from the corporate suites of the mega-ad centers to local markets.

General Motors Corp., No. 5, clipped commissions to 12.5% in the summer of 1986. GM—whose earnings dropped 26.4% while sales grew only 6.7%—reportedly is headed toward 9%, although that will be compensated by paying fees for collateral work formerly done free.

Nestle S.A., hurt by the declining dollar and collapse of coffee prices, went out looking for economies. Its subsidiary, Carnation Co., found them by slashing two to three percentage points from commissions paid agencies and by cutting its own payroll 10%. Nestle is considering a worldwide agency fee system now that product movement and promotion are gaining on media-generated brand-building advertising. Philip Morris's General Foods this year began looking into ways of cutting agency commissions.

General Foods is experimenting with a new marketing approach that would give regional managers control over a portion of the marketing, promotion and ad budgets traditionally handled by a home office brand manager. It is testing the concept by assigning local campaigns to local agencies rather than agencies of record.

In fact, many of AA's 100 Leaders are gearing their marketing strategies toward maximizing regional and local markets—as a means of responding more quickly to changing consumer needs and tastes. Campbell Soup reorganized its sales force, giving local sales managers more say in developing products, advertising and marketing strategies. J.C. Penney Co., No. 15, sees its future in regionalization of its retail operation. It is moving corporate headquarters to Dallas from New York, and making its merchandise and marketing mix more compatible with regional consumer buying patterns by giving buying responsibilities to local operations.

Seagram Co. Ltd. has replaced the four national spirits companies of its House of Seagram—the U.S. marketing arm for distilled spirits and wine coolers—with a single sales force, one marketing unit and centralized administration. Restructuring is meant to fine-tune Seagram's marketing on the local level where grocers, liquor store chains and large independent stores have grown highly influential in retailing of distilled spirits and wines.

Ironically, advertising agencies probably contributed to the slow growth in advertising out of their push to grow even larger. Consolidation of agencies into corporate holding companies, a la Saatchi & Saatchi PLC and Omnicom Group, led to wholesale account shifts because of agency conflicts. These shifts left accounts in dangling and campaigns on hold. They affected such big spenders as P&G, No. 16 Pillsbury Co., No. 28 Quaker Oats, Nestle, No. 27 Mars Inc., and Colgate-Palmolive.

While 1986 was short on sales and earnings, it wasn't short on products. There were 2,530 basic products introduced in the year by all marketers, up 14.7% from 1985, according to "Gorman's New Product News." One area of heavy growth was analgesics, stimulated by a rush of new ibuprofen-based products as the exclusive marketing rights granted No. 22 American Home Products Corp. and No. 26 Bristol-Myers Co. expired in September 1986.

Looking ahead, there is RJR Nabisco's new smokeless cigarette. And Gillette has ceramic blades on tap, but their introduction may depend on when Gillette can rid itself of Mr. Perelman.

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Ad growth sluggish for 100

Allegis Corp. RANK 48

Elk Grove Township, Ill.

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,196	6,383	44.1
Net income	12	(49)	124.5
U.S. advertising	172	145	18.4
Division sales	**1986**	**1985**	**% chg**
Airline	7,105	5,292	34.3
Hotel	492	504	(2.4)
Hertz	1,600	497	N/A

Allegis Corp., formerly UAL Inc., began 1987 with a new name and a new mission: to cross-sell its travel services through a synergistic plan that provides passengers with easy access to its Hertz Corp. car-rental unit, Hilton International and Westin Hotel chains and the flagship United Airlines, the largest single carrier in the free world.

The grand strategy was orchestrated by Chairman-CEO Richard Ferris, accompanied by a $7 million ad blitz "in celebration of travel." Initial signs proved promising: Airline passengers in Denver, Washington and other cities could check their luggage and pick up tickets while returning cars at the Hertz counter. The brand loyalty paid off in the form of points awarded participants in the company's Mileage Plus frequent-traveler program. And the company cautiously reported positive consumer acceptance of the plan.

But the vagaries of corporate life doomed the Allegis travel supermarket concept before it really had a chance to take off. Shareholders unwilling to pay the price and impatient for short-term gains in an intensely competitive industry grounded Mr. Ferris' plan as well as his career at Allegis. The airline's pilots now are seeking control of the airline, a development that spurred Mr. Ferris' ouster.

In June, Allegis' board of directors voted to sell off all but United Airlines itself, which will become the parent company's new name by yearend. Additionally, the company will sell as much as a 49% stake in Covia Corp., the rechristened parent of its lucrative Apollo computer reservations system.

Prompting the directors' actions were losses at United Airlines and anticipated costs of fully integrating the three units.

In 1986, what was then known as UAL Inc. posted earnings of $11.6 million, compared with a prior year loss of $48.7 million, on operating revenues of nearly $9.2 billion, a 44% gain.

For the first six months of 1987, Allegis Corp. earned $42.8 million, compared with an $84.6 million loss a year earlier, on operating revenues of $5.25 billion, a 22% gain.

Companywide, Allegis spent $303.7 million on worldwide advertising during 1986, a 52% jump from 1985 and more than double the $136.7 million spent in 1984. Much of the increase is attributable to the Hertz acquisition and the Allegis name change, budgeted for 1986, as well as increased promotional spending and marketing activities for United's new Pacific routes.

United Airlines again proved to be the largest drag on corporate profits, and remained by far the largest revenue contributor despite acquisitions in Allegis' other travel segments.

United posted a net loss of $80.6 million in 1986, slightly below its $88.2 million loss of 1985, on operating revenues of $7.1 billion, up 34%. The company termed these results "disappointing," saying they reflected higher operating expenses and the airline's $715.5 million purchase of Pan American World Airways' trans-Pacific routes, which United began serving in February 1986.

Aging equipment and service problems plagued United's early months controlling that service, as did increased marketing competition from chief rival Northwest Airlines, Eagan, Minn.

United accounted for 77% of corporate revenues in 1986, compared with 83% in 1985. The company acquired Hertz Corp. for $587.5 million in August 1985 and Hilton International for $980 million in December 1986 capping a period of little more than a year in which it spent nearly $2.3 billion on acquisitions.

Despite the losses, United remained the dominant single-brand airline. For the first six months of 1987, United commanded a 16.9% share of the domestic airline market, second only to the amalgamated Texas Air Corp., Houston, whose Continental and Eastern Airlines hold a combined 19% market share through earlier consolidations of People Express and New York Air.

In 1986, United had a 16% share of the domestic airline market, substantially improved from 1985, when the airline was plagued for several months by a bitter pilots' strike. The strike, though eventually settled, set the stage for a looming takeover battle as the Air Line Pilots Assn. seeks to make good on its bid to acquire the airline. In August, the pilots lured Piedmont Aviation Chairman-CEO William Howard to become head of United if the bid succeeds. Allegis officials have vowed to fight the overtures.

United's marketing efforts, through longtime agency Leo Burnett USA, Chicago, last year focused on domestic route expansion and on Pacific routes in a separate introductory campaign that began in February 1986. The airline added Washington's Dulles International Airport as a major hub, joining Chicago/O'Hare, Denver and San Francisco as major "feeder" gateways. Dulles provides a new north-south connection along the eastern seaboard.

As part of the Allegis strategy, the company's United Vacations unit stepped up its plan to market weekend and other vacation packages with other travel units. Joint United/Hertz deals in Florida and the West were offered on short notice to solve logistical problems when, for example, the company needed 500 cars moved from Denver to Phoenix. More permanent ways to capitalize on the connection came from Hertz and Westin through travel packages in Asia and elsewhere.

Hertz itself earned $49.2 million in 1986 on operating revenues of nearly $1.6 billion. Prior-year figures were not available, because UAL acquired the company in August 1985 from RCA Corp.

The car-rental and leasing company broadened its service-oriented campaign last year via Scali, McCabe, Sloves, New York, with a new theme: "You don't just rent a car, you rent a company." Supporting that claim were "exclusive" features such as computerized driving directions to unfamiliar areas.

Hertz remains the largest car-rental company, with nearly one-third of airport rentals. Hertz raised its corporate pricing structure in 1986 after several years of profit-draining price wars with Avis, National and Budget. Industrywide profit levels are expected to increase in 1987 as companies earn more from rentals, collision damage coverage and the general increase in domestic vacation travel.

Westin Hotels earned $75.2 million in net earnings, a 199% gain, on revenues of $491.6 million, down 2%. The earnings gain came mainly from the sale of certain hotels, including the Westin Chicago and the Westin St. Francis in San Francisco, to capitalize on a favorable tax structure. The company continues to manage those and other properties.

The leading national advertisers spent $27.17 billion in 1986 in advertising in the U.S. for a 3.4% increase over 1985 levels. Of the total, $14.78 billion was in 11 measured media, with network TV claiming 43% of that. Media spending was 47.5% of all expenditures in those 11 media, down from 48%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	26,900	19,987
Magazines	13,676	9,969
Newsp. supp.	222	174
Bus. pubs.	4,034	150
Network TV	32,265	29,940
Spot TV	23,246	18,577
Network radio	2,184	1,447
Spot radio	11,660	13,386
Outdoor	892	786
Network cable	1,666	1,390
Total measured	116,746	95,807
Unmeasured	55,000	49,193
Total	171,746	145,000

ALLEGIS CORP.
1200 Algonquin Rd.
Elk Grove Village, Ill. 60007
(312) 952-4000

UNITED AIRLINES
Elk Grove Village, Ill.
Marketing Personnel

John R. Zeeman, exec vp-mktg & planning
James Goodwin, sr vp-mktg
John E. Ruhaak, vp-adv
William Speicher, vp-genl sales mgr
Donald C. Moonjian, sr vp-genl mgr, Pacific div
Christopher D. Bowers, vp-sales devel
William F. Alenson, dir-adv
William D. Groundwater, mgr-adv
Richard Veatch, mgr-promos
Tim Coleman, mgr-Mileage Plus

Advertising Agency

Leo Burnett USA—United Airlines—James Thompson, sr vp-acct dir; John Goad, vp-acct super; Mike Arnold, acct super; Jill Baskin, Holly Hackett, Carla Small, Dick Treat (Los Angeles), acct execs.

WESTIN HOTELS & RESORTS
Seattle, Wash.
Marketing Personnel

William Newman, sr vp-mktg
David Evans, vp-group sales
Ulrich Schwartz, vp, area dir-mktg
Ron Olstad, vp, area dir-mktg
Harvey Cannova, mgr-reservations system
Jim Weiss, mgr-travel industry sales
George Chambers, dir-adv & pr
Laura Thompson, adv mgr
Don Welsh, dir promos
Dashiel Wham, pr mgr

Advertising Agencies

HDM, Los Angeles—Westin Hotels corp—David Willoughby, exec vp-genl mgr; William Lyddan, sr vp, dir-client svcs; Susan Pare, vp-mgmt super; Ed Aroyan, acct super.

Ogilvy & Mather, Seattle, Wash.—some Westin Hotels, corp pr and publicity—Jim McFarland, vp-publicity

HERTZ CORP.
New York
Marketing Personnel

Thomas Jans, division vp-mktg
Robert Nuechterlein, staff vp-adv and mktg programs
Joan Bullwinkel, dir-adv and sales promo
Robert Lande, dir-mktg, direct response
Cathy Hoag, adv & sales promo mgr
Lynn Pelletier, adv & sales promo mgr
Sal Cusomato, mktg programs mgr

Advertising Agency

Scali, McCabe, Sloves, New York—Murray Gaylord, exec vp, sr vp-mgmt super; Bo Overlock, acct super; Meg Malone, Michael Perry, Debbie Weintraub, acct execs; Phyllis Milrod, acct coord.

American Brands RANK 53

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,470	7,308	15.9
Net income	365	421	(13.2)
U.S.	**1986**	**1985**	**% chg**
Sales	3,323	3,150	5.5
Operating profits	470	551	(14.7)
Advertising	159	160	(0.8)
Division sales	**1986**	**1985**	**% chg**
Tobacco products	5,169	4,390	17.8
Hardware, security	679	569	19.3
Distilled beverages	246	250	(1.7)
Food products	533	507	5.1
Office products	347	337	3.0
Other	1,487	1,256	18.4

Although sales for American Brands Inc. reached record levels in 1986, many of the American Tobacco Co. products to which much of the company's success is tied continued to lose market share. This decline, continuing into 1987, is likely to have little impact on sales because of new revenues coming in from recent acquisitions—particularly the spirits division of National Distillers & Chemical Corp.

Cash-rich American Brands was thought to be a potential takeover target in mid-1986 as its stock began trading at a brisk pace. Nothing materialized. However, later in the year American Brands made a $2.8 billion bid for Chesebrough-Pond's Inc., which it later withdrew when topped by a $3.1 billion offer from eventual winner, Unilever N.V.

The aggregate market share of the company's domestic brands was only 7.2% in 1986 against 7.5% in 1985. In the first half of 1987, that share decreased even further to 6.7%, according to John Maxwell Jr., analyst at Furman Selz Dietz Mager & Birney, New York,. Sales for domestic tobacco declined by $15.1 million.

While American Tobacco Co. products were losing market share, the company's measured ad expenditures have dropped. In 1986, measured media dollars in the seven media monitored by BAR/LNA was $30.6 million, or 48% of total measured media advertising. Total measured media include four other media—spot radio, newspapers, business press and farm, none of which supply ADVERTISING AGE with brand data. In the case of cigarette marketers, the heaviest medium is traditionally newspapers. In 1985, the BAR/LNA advertising total was $31.7 million, or 58% of total measured media. Declining ad expenditures also have continued into the first half of 1987.

Among its cigarette brands is the new Malibu brand, a lower-priced cigarette first tested in December 1986 and now being introduced nationally, with advertising support heavy at the in-store level. Other major brands—all of which are handled by Laurence, Charles, Free & Lawson, New York—include Carlton, Lucky Strike, Tareyton, Silva Thins and Pall Mall non-filter. D'Arcy Masius Benton & Bowles, New York, handles Pall Mall Red Filter.

Carlton received $22.2 million in measured support for its nine-item line, down 7.5%. Carlton has a 1.9% share of the market, which has stabilized after dropping from 2.1% in 1982, according to Mr. Maxwell. Pall Mall's received only $3.5 million for its Filter King and Light 100s. It bears an 0.6% share of market, which has declined from 1% in 1982. No measured support was monitored in the seven BAR/LNA media for Tareyton, the company's No. 2 brand. It has a market share of 0.9%, a decline from a 1.3% share in 1982. Lucky Strike's gained slightly in market share from 0.4% in 1985 to 0.5% in 1986.

In 1986, American Tobacco began a restructuring operation. It involved a 15-

Guide to corporate boxes

New World Wheels PLC RANK 50

London

($ in millions)

Worldwide	1986	1985	% chg
Sales	10,000	7,000	43.0
Earnings	1,000	700	43.0
U.S.	**1986**	**1985**	**% chg**
Sales	10,000	7,000	43.0
Operating profits	1,000	700	43.0
Advertising	100	70	43.0
Division sales	**1986**	**1985**	**% chg**
Automotive	10,000	7,000	43.0
Motorcycles	1,000	700	43.0
Buses	1,000	700	43.0
Scooters	1,000	700	43.0
Taxis	1,000	700	43.0
Other	1,000	700	43.0

Fictitious New World Wheels PLC is ranked 50th among the 100 Leading National Advertisers picked by AD AGE in this issue and based on total U.S. ad spending in 1986, which is reported in this box under Worldwide or U.S. bold headings.

New World Wheels PLC is based in London, and the exchange rate is indicated in the profile.

NWW reports on a calendar basis like most of the top 100. However, should a company report on a fiscal basis, the years heading column would read 1987 and 1986, if the fiscal data occurs before this issue was published.

The advertising figure is a composite of NWW's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where AD AGE got its data" on Page 14 for an explanation of the tabular breakout.

Division sales for comparable years are for the business segments as defined by NWW. However, should NWW have too many divisions to fit into the box, the editors combined those segments into "other." In this case, NWW segments for its skateboards and roller skates divisions—both providing minor contributions to its strong transportation products divisions—were merged into "other."

month phased closing of the company's 100-year-old production facility in Durham, N.C., and moving to another plant in Reidsville, N.C., about 45 miles away. The company's stemmery in Richmond was closed in the first quarter of 1987. The moves resulted in a $73.4 million restructuring charge in the third quarter of 1986.

In the first half of 1987, American Brands had net income of $238.2 million, up 10% from 1986. Operating income for the first six month was $520 million, up 9%. Net sales were $4.8 billion, up 19%. Tobacco accounted for $2.86 billion or about 60% of the company's net sales.

James B. Beam Distilling Co. finished 1986 with a record fourth quarter, but its operating income declined 13% to $35 million on sales of $254.5 million, up 1.9%. The company claims that it holds 19% of the U.S. bourbon market, compared to 17% for 1985. It spent $2.6 million in 1986 in the BAR/LNA seven media for six products, including Jim Beam Bourbon Whiskey, Jim Beam Schnapps Spritzer and Kamora Imported Coffee Liqueur.

The food segment, which consists of Sunshine Biscuits Inc. and Taylor Food Products Inc., a unit of the James B. Beam subsidiary, posted sales of $532.7 million, up 5%, and operating income of $28.1 million, up 2.6%.

Sunshine, which has 13% share of the cracker market and 7% share of the cookie market, according to D[illegible]mple, analyst at Salomon Broth[illegible] York, spent $1.7 million in mea[illegible]vertising in 1986. Sunshine includes [illegible]o's, Hydrox and Cheez-It among its offerings.

New introductions in 1986 included Cheez-It Low Salt snack crackers and Hydrox Doubles, which contain a second flavor in the center in addition to the regular cream filling. Agency for Sunshine Biscuits is Sherwood & Schneider, New York.

In the competitive cookie market, Sunshine is a distant second to RJR Nabisco, which holds a share of about 40%. Sunshine claims about 8%.

The Andrew Jergens Co., which comprises the personal care products segment of American Brands, had operating income of $10.8 million, up 16%, and sales of $154.1 million, up 4.8%. Jergens spent $7.7 million in measured media in 1986, the same as in 1985, according to BAR/LNA.

The company made several acquisitions in 1986. In July, Forbuoys Ltd., a subsidiary of American Brand's Gallaher Ltd., acquired NSS Newsagents PLC, the U.K.'s largest independent chain of retail newspaper, tobacco, confectionery and stationery outlets, at a cost of about $126 million.

American Brands acquired Bonny Products Inc., a U.S. manufacturer and distributor of kitchen utensils, to supplement the housewares line of the Prestige Group. Pinkerton's Inc., a subsidiary, bought the assets of BASIX Controls Systems Corp., a business specializing in electronic security systems. The total cost of the Bonny Products and Controls Systems acquisitions, along with several smaller businesses, was about $28 million.

At the same time that the company picked up several non-tobacco businesses, it sold American Cigar Co. for $14 million in July 1986.

Acquisitions have continued in 1987. In April, American Brands' James B. Beam Distilling Co. purchased the spirits division of National Distillers & Chemical Corp. for $545 million cash. The division includes several well-recognized brands, such as Old Grand Dad bourbon, DeKuyper Liqueurs, Windsor Supreme Canadian Whisky and Gilbey's Gin.

At presstime, American Brands was completing a purchase of Acco World Products Inc., an office equipment company, to fit with its Swingline Inc. and Wilson Jones Co., which specializes in office products. The price is $602 million.

In late August American Brands announced it was putting up for sale Taylor Food Products, makers of Mr and Mrs "T" Bloody Mary and other cocktail mixes. Taylor Foods, which only brought in $22 million in sales for 1986, suffered lower profits in 1986. The company attributes the decline in sales to a reduced demand for distilled beverages and to introductory costs for Ramlosa Sparkling Mineral Water, which was introduced into the East and West Coast markets.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	10,260	4,050
Magazines	27,434	35,258
Newsp. supp.	3,629	364
Network TV	9,120	8,839
Spot TV	3,714	6,916
Network radio	139	204
Outdoor	8,513	7,709
Network cable	135	100
Total measured	62,942	63,439
Unmeasured	96,040	96,798
Total	158,982	160,237

AMERICAN BRANDS
1700 E. Putnam Ave.
Old Greenwich, Conn. 06870-0811
[203] 698-5000
AMERICAN TOBACCO CO.
Stamford, Conn.
Corporate Personnel

T.C. Hays, president-ceo

Marketing Personnel

W.J. Moore, sr vp-adv
E.J. Gesell, group prod mgr
R.E. Smith, mktg devel mgr
M.J. O'Neill, mktg svcs dir
E.T. Bonnett, sr rsch analyst
M. Holmes, rsch analyst
J.M. Ockers, sr prod mgr, Pall Mall
T.M. Keane, sr prod mgr, Carlton
K.L.P. Noone, prod mgr, Lucky Strike
M.J. Burns, prod mgr, Malibu
J.J. Mellett, media dir
W. Degenhardt, media super
M.P. Rose, media planner
J.E. Vyse, mktg budget analyst
C.H. Mullen, sr vp-sales
D.S. Johnston, exec sales dir

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Pall Mall red filter—William Badger, sr vp-acct dir; Esther Harmon, acct exec.

Laurence, Charles, Free & Lawson, New York—Carlton, Lucky Strike, Tareyton, Silva Thins, Pall Mall non-filter—Albert Magnane, exec vp; Douglass Bomeisler, sr vp; Vickie Siden, sr acct exec; Fran Setzer, asst acct exec.

SUNSHINE BISCUITS
Woodbridge, N.J.
Marketing Personnel

Joseph P. Simrany, vp-mktg
Alexander Nichols, dir-adv & mktg svcs
Alan B. Hiller, mgr-new business & specialty mktg
Gerald Jantzi, dir-mktg, cookies & crackers
William D. Sartain, dir-mktg, U.S. snacks
Linda Barbely, mgr-mktg rsch

Advertising Agency

Sherwood & Schneider, New York—Marvin Schneider, chmn-ceo; Lew Sherwood, president; Carol M. Goggi, mgr-consumer relations & home economics.

FRANKLIN LIFE INSURANCE CO.
Springfield, Ill.
Marketing Personnel

Jack Watson, exec vp-mktg
David Vanselow, vp-comm

SOUTHLAND LIFE INSURANCE CO.
Dallas
Marketing Personnel

Joe W. Hopkins, sr exec vp-mktg officer
Virgil L. Hooper, second vp-dir special mkts

JAMES B. BEAM DISTILLING CO.
Chicago
Marketing Personnel

G. Lane Barnett, vp-dir mktg & adv
Mike Lintner, group prod dir, bourbon & blends
Tim Dorr, group prod dir, cordials & low alcohol prods
Marshall Lynn, group prod dir, Canadian & specialties
Gayle Seinfeld, media mgr

Advertising Agencies

BBDO—DeKuyper cordials, Gilbey gin & vodka, Old Grand Dad bourbon—Jon Firestone, mgmt super.

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Jim Beam bourbon—Lowell Wallace, mgmt super.

HDM/Dawson Johns & Black, Chicago—Fletcher & Oakes, Taylor foods, Ramlosa, Kamora—Andy Taylor, mgmt super.

Laurence, Charles, Free & Lawson—Windsor Canadian, Sauza tequila—Marty Smith, mgmt super.

MASTER LOCK CO
Milwaukee
Marketing Personnel

Peter U. Jung, vp-mktg
Charles Weisbart, mktg mgr

Advertising Agency

Cramer-Krasselt, Milwaukee—consumer trade, intl adv—W. Faude, acct super.

WILSON JONES CO.
Chicago
Marketing Personnel

S.R. Wittrup, dir-mktg devel
M.A. Rosenfeldt, adv mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, Robert Ellis, vps.

ACME VISIBLE RECORDS
Crozet, Va.
Marketing Personnel

David L. Sutton, mktg & sales mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, vp; Larry Wilson, acct rep.

ACUSHNET CO.
New Bedford, Mass.
GOLF DIVISION
Marketing Personnel

Robert S. Dubiel, vp-sales & mktg, asst genl mgr
John W. Hoagland, dir-mktg, golf prods
David E. Overmeyer, dir-intl sales
Theodore S. Ingalls, genl sales mgr
Robert A. Shell, sr mktg mgr-apparel
Gerald M. Bellis, business mgr-clubs, putters, accessories

RUBBER DIVISION
Marketing Personnel

James G. DeMello, vp-mktg
H. Lynn Drury, vp-sales
Roger M. Horning, regional sales mgr
Charles C. Gregory, regional sales mgr
Ernest P. Amaral, mgr-natl accts, construction
Jack W. Wagner, mgr-natl accts, automotive

FOOT-JOY, INC.
Marketing Personnel

Richard A. Nelson, vp-sales & mktg
J. Edward Conathan, vp, prod devel & sourcing
J.T. Nachmann, dir-intl mktg
Francis Allen, dir-sales
Robert Seiler, dir-mktg, athletic prods
Chuck Quinn, mktg dir, golf prods

Advertising Agency

Humphrey Browning-MacDougall/Creamer, Boston—golf div, rubber div, Foot-Joy—John McNamara, acct mgr-golf div, Foot-Joy; Brad Hood, acct mgr, rubber div.

PINKERTON'S
New York
Marketing Personnel

S. Chako, dir-mktg comm

Advertising Agency

James Parry, Inc., New York—James Parry, acct dir.

ANDREW JERGENS CO.
Cincinnati
Marketing Personnel

D. T. Zimmerman, vp-mktg
Richard R. Culpin, vp-sales
Linda D. Cornell, vp-new prod devel

Advertising Agency

Ally & Gargano/MCA Advertising, New York—Jergens lotion, Jergens Aloe & Lanolin lotion, Jergens Vitamin E & Lanolin lotion, Jergens mild soap, Jergens Aloe & Lanolin soap, Jergens liquid soap, Gentle Touch soap, plus a line of toiletries & cosmetics—Richard Sellers, exec vp-group acct dir.

SWINGLINE INC.
New York
Marketing Personnel

David B. Miller, vp-sales & mktg
John Sheridan, dir-sales & mktg, business machines div
Fred Weiss, vp-mktg devel & admin
Jack Shulman, vp-sales, office prod div
Anne Burritt, mktg svcs mgr, office prod div
John Peters, export mgr
Grover Mollineaux, mktg mgr, special prods
Joseph DeLuca, natl sales mgr, consumer prods
Thomas McQueen, natl sales mgr, retail stationery
Anne Beirne, mktg svcs mgr, consumer prod & retail stationery div

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, president, mgmt super; Robert H.D. Ellis, vp.

MCM PRODUCTS
Old Greenwich, Conn.
Corporate Personnel

R.P. Truitt, president-ceo

Marketing Personnel

William S. McLay, vp-sales & mktg
H. Kenneth Hatter, mktg mgr

Advertising Agency

Elisco & Hermann, Pittsburgh, Pa.—Joseph Obuchowski, acct exec.

American Cyanamid Co.

RANK **35**

Wayne, N.J.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,816	3,536	7.9
Net income	203	129	56.9
U.S.	**1986**	**1985**	**% chg**
Sales	2,536	2,489	1.9
Operating profits	151	62	141.8
Advertising	248	266	(6.6)
Division sales	**1986**	**1985**	**% chg**
Medical	1,440	1,167	23.4
Agricultural	873	859	1.7
Chemicals	948	972	(2.4)
Shulton	555	539	2.9

American Cyanamid's Shulton USA Division, its largest advertised segment, which markets personal care, liquid cleaning and insect control products, was joined by two of the other three American Cyanamid segments in recording sales and operating income growth for 1986, turning around a dismal 1985.

Shulton, the only segment to have survived 1985 with growth in both sales and operating income, remains the smallest segment in a company that is placing more emphasis on its medical group through acquisition and product development. Medical is the second most advertised segment, with most of the spending in the segment pulled by Lederle Laboratories for Caltrate 600 calcium tablets, Centrum vitamins and FiberCon laxative.

Shulton reshuffled its product lineup in 1987 by selling its Jacqueline Cochran Inc. division to Sanofi, a Paris-based multinational pharmaceutical, cosmetics and fragrance company. The division marketed L'Air du Temps, La Prairie line cosmetics, Grey Flannel men's fragrance, Niki de Saint Phalle perfume and Pierre Cardin fragrances and colognes. Only the Pierre Cardin line was retained. It was transferred to the Shulton division.

According to K.M. Freeman, VP-marketing for Shulton, the reportedly slow-growth division "didn't fit in with group priorities and long-range goals."

Heavy ad support continued to back the Old Spice line of men's aftershave, cologne, deodorant and antiperspirant. Seven lines account for more than $13.4 million in measured spending in 1986, virtually the same as in 1985.

Old Spice, priced in the lower-middle market, remains the largest men's fragrance brand in the world, with wholesale volume topping $180 million. One major advertising campaign last spring linked Old Spice with the National Football League in a Rookie of the Year voting promotion.

This October, Old Spice will introduce "Night Spice cologne," which, at $10 for two ounces, is just about double the price of Old Spice four-ounce fragrance and is designed to appeal to a younger, more upscale customer. Scali, McCabe, Sloves is developing the $4 million ad campaign.

In a big shakeup early in January 1987, Ted Bates resigned the Cyanamid account to avoid conflicts with Procter & Gamble. Bates is now Backer Spielvogel Bates in the advertising empire of Saatchi & Saatchi PLC, whose S&S DFS Compton unit is a longtime P&G agency. Cyanamid also dropped DFS (Dancer Fitzgerald Sample) from its agency lineup.

Carryover agency Carrafiello Diehl & Associates, which handles Combat insecticide, picked up Lady's Choice antiperspirant handled by DFS, and Pine-Sol handled by Bates. New agency, Scali, McCabe, Sloves gained Old Spice deodorant and antiperspirant from DFS, plus Old Spice aftershave and cologne and Breck from Bates.

In the household products area, Pine-Sol's cleaning formula was improved, a new plastic bottle introduced and the line expanded with a pump spray cleaner. Measured advertising spending for Pine-Sol was up 2% to $9.2 million in 1986, mostly in network TV ($6.8 million), while spot TV was down substantially.

Nonetheless, increased competition, particularly from companies who want to get into the popular "pine scent" business, has kept market share for pine-scented cleaners about even, with Pine-Sol the leader with an approximately 17%-19% share in manufacturer dollar sales. The nearest competitor is thought to be Clorox's Formula 409 with a 10%-12% share. However, in the larger surface cleaning industry, Pine-Sol ranks fourth behind Procter & Gamble's Mr. Clean and its Spic 'n Span, and Sterling Drug's Lysol.

Shulton's Combat insect control systems' market share is an estimated 6% of the household insecticide market, far down the line from S.C. Johnson's Raid, which has an estimated 45%-50% share, and American Home Products Corp.'s Black Flag, with 20%. More recent Combat introductions include a bait product for rodents and aerosol spray for flying and crawling insects. Combat is supported with $3 million in measured spending, up from $2.9 million in 1985.

Earlier this year, the Lederle Laboratories division brought out FiberCon tablet laxative to go up against P&G's Metamucil brand, which has a reported 65% market share. Lederle backed its marketing program, kicked off in March, with some $15 million. P&G spent $5.3 million in measured media in 1986 on Metamucil.

In June 1986 Lederle was asked by the New York attorney general's office to stop promotions that claimed its Stresstabs vitamins can reduce the effects of psychological and physical stress. It also reimbursed the state with $25,000 to cover the cost of investigation, while admitting no wrongdoing.

Lederle's Caltrate 600 line received $6.6 million in measured spending, up 22%, and spending on Centrum vitamins dropped slightly to $6.1 million.

Research facilities are being expanded in an $85 million building program at Lederle Laboratories in Pearl River, N.Y. Under construction are facilities for cardiovascular and central nervous system research. The company also is completing an $8 million facility for the Medical Device Research Division in Danbury, Conn.

Greater emphasis is being placed on the Medical Group through the creation of a Medical Device Division, which comprises Davis & Geck surgical products, medical instruments and equipment, and two 1986 acquisitions, Acufex Microsurgical Inc., a supplier of arthroscopic surgical devices, and Storz Instrument Co., a leader in ophthalmic instruments.

The company says such acquisitions are part of the Medical Group's strategy to broaden its position in specialized medical devices "to capitalize on emerging markets for less invasive and more cost-effective surgery."

Last August, Harry M. Meyer Jr., former director of the U.S. Food & Drug Administration's Center for Drugs and Biologics, was named president of the Medical Research Division.

Difficulties in the farm economy put a crunch on fertilizer sales, which affected growth of only 2% in sales for the agriculture segment. In October, Cyanamid withdrew from the U.S. upgraded phosphates fertilizer market when it leased its phosphate rock processing plants to International Minerals & Chemical Corp. and sold the rights to its rock reserves. Sales in the chemicals segment dropped in 1986, primarily because of the divestiture of its U.S. titanium dioxide business in mid-1985. In 1986, the company purchased approximately 75% of the common stock of Applied Solar Energy Corp., a producer of solar cells, from Chesebrough-Pond's for $37.7 million, in a move to complement Cyanamid's electronic chemicals business.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3	59
Magazines	14,113	10,149
Newsp. supp.	144	1,326
Bus. pubs.	749	439
Farm pubs.	5,376	5,017
Network TV	21,648	28,371
Spot TV	11,682	13,833
Network radio	2,910	523
Spot radio	2,594	2,169
Outdoor	222	194
Network cable	1,543	2,231
Total measured	60,984	65,310
Unmeasured	187,476	200,776
Total	248,460	266,086

AMERICAN CYANAMID CO.
One Cyanamid Plaza
Wayne, N.J. 07470
(201) 831-2000
AGRICULTURAL GROUP
Wayne, N.J.
Marketing Personnel

Thomas J. Raser, comm mgr
Jeffrey A. Winton, adv mgr, crop protection chemicals
Christine B. Cannon, adv-sales promo mgr, animal nutrition & health, VPC ventures
David Butterfield-dir public affairs

Advertising Agencies

H.T. Fenton, Somerville, N.J.—Malathion, Cythion—Harry Fenton, acct mgr; Karna Gondridge, acct super; Andrea Bestul, acct exec.

Miller-Meester, Minneapolis—Scepter, Aastar, Thimet—Paul Durham, acct super, prod publicity, all prods.

Tucker Wayne & Co., Atlanta—Counter, Avenge, Prowl, Cygon, Cyprex, Assert, Andro—L.E. Ver Steegh, sr vp; Mark Kirkpatrick, vp; Lisa Larson, acct exec.

CHEMICALS GROUP
CHEMICAL/INDUSTRIAL PRODUCTS DIVISION
Marketing Personnel

Diane L. Flood, mgr-mktg comm

Advertising Agency

Winchell Marketing, Philadelphia—Harry Blynn, president.

VENTURE CHEMICALS POLYMER PRODUCTS DIVISION

Jayne Kulesz, mgr-mktg comm

Advertising Agency

Winchell Marketing, Philadelphia—Harry Blynn, president.

FIBERS DIVISION
Marketing Personnel
Leigh T. Doxsee, dir-mktg
Jeanne B. Simmons, mgr-mktg comm
Advertising Agency
Baumont-Bennett, New York—Creslan acrylic fibers—W. Korach, vp-acct mgr.

LEDERLE LABORATORIES
Marketing Personnel
K.Michael Forrest, vp-genl mgr, pharmaceutical prods
Elizabeth A. Corsi, dir-mktg, pharmaceuticals
Advertising Agencies
Carrafiello, Diehl & Associates, Hudson, N.Y.—pharmaceuticals—T. Sweeney, acct exec.
Dugan/Farley Communications, Montvale, N.J.—E.J. Farley, exec vp.
Klemtner Advertising, New York—pharmaceuticals—Gabin Scott, exec vp.

CONSUMER PRODUCTS
SHULTON U.S.A. DIVISION
Marketing Personnel
Kenneth M. Freeman, vp-mktg
Sheila A. Hopkins, strategic business unit mgr, fragrances
Andrew Lowry, strategic business unit mgr, household prods
Lawrence B. Koslow, strategic business unit mgr, toiletries
Gary S. Balkema, dir, new prods
James B. Gibbs, dir-adv & promo svcs
Leo J. Lent, dir-mktg svcs
Advertising Agencies
Carrafiello Diehl & Associates, Irvington-on-Hudson, N.Y.—Combat, Surpass—A. Louis Carrafiello, president; Robert Brandt, mgmt super, Len Fiore, acct exec; Marguerite Kennedy, media dir.
Scali, McCabe, Sloves, New York—Old Spice fragrance, Old Spice deodorant, anti-perspirant, Pierre Cardin, Breck, selected prods—Stuart Epstein, exec vp; U. Morant, mgmt super.

LEDERLE INTERNATIONAL
Wayne, N.J.
Marketing Personnel
Kobi M. Sethna, vp-intl mktg
Jane E. Richards, dir-pharmaceutical prods

SHULTON INC.
INTERNATIONAL DIVISION
Wayne, N.J.
Marketing Personnel
Frank L. Laevey, vp-mktg
Jane Akkerman, dir-mktg
James W. Janis, dir-mktg
Otto A. Fohl, dir-business info service

American Dairy Farmers

RANK 65

Rosemont, Ill.

($ in millions)

U.S.	1986	1985	% chg
Sales	N/A	N/A	N/A
Advertising	126	121	4.0
Division sales	**1986**	**1985**	**% chg**
American Dairy	64.4	N/A	N/A
Nat'l Dairy Promo.	60.9	N/A	N/A
C.O.W.	N/A	N/A	N/A

U.S. dairy marketing promotion is in a state of mega flux. While the advertising and promotional money comes from one source—the dairy farmer—the three caretakers of those funds operate under different mandates. While they often operate in concert promoting dairy products, they can speak with a different voice. This has caused change in the way ADVERTISING AGE reports on the year's national dairy advertising in this special issue. What was previously listed as American Dairy Assn. will now be referred to as American Dairy Farmers.

This profile, while merging the ad dollar totals for the players in the U.S. dairy advertising, shows each player as a distinct program. Each has its differences. In the background is a kind of white noise, not quite static, accompanying their stated purposes and competitiveness.

One of the lead players in American dairy promotion is the American Dairy Assn., which in previous years, lent its name to the title of this profile. ADA is the marketing/advertising unit of the United Dairy Industries Assn. The UDIA is an organization of dairy farmers, processors and equipment makers formed to promote the sale of dairy products. The existence of the ADA, established in 1940, is justified in the credo of its parent, the UDIA, which is to sustain support of a single national dairy promotional organization which will merge the talents and resources of existing dairy promotional groups under one board of directors and chief executive officer.

The National Dairy Promotion and Research Board (NDPRB), created by the U.S. Congress in its Dairy & Tobacco Adjustment Act of 1983, began especially in this past year to move out energetically with its own dairy programs. Emphasis is on manufactured dairy products. However, in the coming year NDPRB will back away from advertising milk, leaving that to UDIA, and stressing cheese and butter.

The third group is the West Coast dairymen represented by COW, the acronym for a cooperative promotion program conducted by the dairy commissions of California, Oregon and Washington. COW is attempting to build a regional marketing promotion which its supporters feel they understand better than the national groups and which they feel the national groups have neglected. In practical fact, COW continues to work with the ADA and NDPRB in making media buys and coordinating efforts.

The biggest present unifying factor in dairy marketing promotion is dollars, generated by a contribution of 15 cents per hundredweight of milk produced. This contribution, mandated by the Dairy and Tobacco Adjustment Act of 1983, is broken down into three 5 cent allotments-5 cents can go to the NDPRB for its marketing promotion programs; the other two nickels can go to regional and national organizations, like UDIA and its members, for both national and regional or local promotion. The UDIA states that it represents 95% of U.S. dairy farmers who are producing 86% of milk marketed in the U.S.

How big is the national milk advertising pot? Based on recent dairy herd counts totalling 9.5 million, potential dollars can be calculated by multiplying that figure by the average annual milk production per cow in pounds, or 12,495 lbs. of milk, dividing by 100 (for hundredweight) and multiplying by 15 cents. The result: a potential dairy promotion budget of about $177.4 million. According to the most recent counts and estimates including amounts not directly reported in media monitoring, the 1986 total spent for dairy product marketing promotion was approximately $144.3 million.

Changes made during the past year by these major dairy promotional organizations in their accounting for expenditures have caused discrepancies between the total expenditures they claim for advertising in 1986 and the counts made during the year by media-monitoring organizations such as LNA/BAR.

Using these counts for 11 media, ADVERTISING AGE shows total spending for 1986 as $125.8 million.The UDIA estimates it spends $60.9 million and NDPRB $64.4 million. An annual $19-$20 million budget finances COW promotions. COW's estimated 1986 media spending included $15 million by California, $1-$1.25 million by Oregon and $3.5-$4 million by Washington.

The NDPRB expenditures are essentially for national buys, both network TV and print. In allocating monies from the mandated 15-cents contribution, the board in effect has retained for itself the spending for manufactured products plus marketing of fluid milk to younger consumers.

Major ad programs of the NDPRB in 1986 included $8 million for young adult milk promotion; $6 million for children's milk; $22 million for cheese; $7 million for butter; $16 million for dairy calcium; $5 million for ice cream; $200,000 for non-fat dry milk and $1.5 million for an information program directed at the health professions.

The ADA also made its biggest expenditures in 1986 for network TV, but that was only a little more than a third of its $60.9 million ad budget, or $22 million. Other spending was $16.4 million for spot TV and $8 million for spot radio. In-store displays at the dairy case were a major factor at $7 million. The major part of ADA national advertising reportedly is with adult fluid milk, the REAL seal identity program and some manufactured products.

On the West Coast, COW is only receiving national funds from NDPRB to support adult fluid milk advertising. If COW wants to advertise manufactured

"What do I have to do to get 'local' rates in The Houston Chronicle?"

Just increase your frequency with a Chron-Flight* schedule.

"How does Chron-Flight work?"

Most advertisers space their ads throughout a quarter or entire year. But with Chron-Flight, you can concentrate your ads into flights, going to short-burst, high-impact schedules similar to your broadcast buys.

"And Chron-Flight gets me a 'local' rate?"

You bet. Because you're not only getting a substantial Chron-Flight discount, you're also getting your usual frequency discount. The end result? A cost-per-page that is so rock-bottom, you'll think you're off the rate card.

Now your client will be getting the "local" rates that have been in the news lately.

"But won't more ads—even discounted—cost more?"

Actually, you'll spend less. The Chronicle delivers your target market at a very affordable rate. You'll get the maximum frequency discount by placing 100% of your ads in The Chronicle. So don't split your advertising between different newspapers.

"Wait. Isn't Houston a two-newspaper town?"

Yes, Houston has long been known as a two-paper town—and those top two are the Sunday Chronicle and the daily Chronicle.

Surprised? You shouldn't be. The Chronicle's circulation lead over the Post is overwhelming—more than *95,000 daily and *175,000 Sundays.

So The Chronicle, all by itself, delivers the market to advertisers.

It takes only one daily insertion in The Chronicle to reach as many adults as two in the daily Post.

And check what happens on Sunday: One ad in The Chronicle reaches as many Houston adults as five ads in The Post. Here is the big picture.

Total Adults

	1 ad	2 ads	3 ads	4 ads	5 ads
Daily					
Chronicle	40%	48%	53%	56%	58%
Post	32	40	44	47	49
Sunday					
Chronicle	53	62	66	69	71
Post	38	45	49	51	53

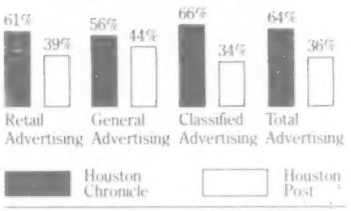
Source: Simmons 1987 National Study of Local Newspaper Ratings, Houston P.M.S.A.

"But which newspaper do advertisers choose?"

The smartest ones are in The Chronicle. They've made us the clear, number one choice in Houston. We lead in every single category of advertising, as you can see here.

So when you bring your national advertising campaign into Houston, use the "local" rate structure of Chron-Flight to make the most of your budget.

Chronicle vs. Post Market Shares



Source: Houston Chronicle internal inch reports, first six months, 1987. Includes full and part run ROP inches. Preprint inches are excluded.

"How can I get a Chron-Flight schedule?"

Just call your Houston Chronicle rep. Get full details on how increased frequency gets you the "local" rate. Today in Houston, Chron-Flight makes your dollar more powerful than ever before.

"Call the Chron-Flight Hot Line at 713-220-7761."

Represented by Sawyer Ferguson Walker

Houston Chronicle

Houston's primary advertising investment

*SOURCE: Calculations computed from the March 31, 1987 Publisher's Statement for the Houston Chronicle and the Houston Post

Media spending by 100 leading advertisers

Rank 1986	Rank 1985	Advertiser	Headquarters	Total spending	'86-'85 % chg	Unmeasured spending	Total measured	Newspaper	Business publication	Spot radio	Farm publications
1	1	Procter & Gamble Co.	Cincinnati	$1,435,454	(10.3)	$601,512	$833,943	$4,030	$3,194	$7,471	0
2	2	Philip Morris Cos.	New York	1,364,472	0.4	454,578	909,894	57,590	2,986	33,226	$267
3	4	Sears, Roebuck & Co.	Chicago	1,004,708	25.6	728,309	276,398	0	741	21,928	0
4	3	RJR Nabisco	Winston-Salem, N.C.	935,036	(6.2)	408,799	526,237	50,347	2,618	9,286	0
5	5	General Motors Corp.	Detroit	839,000	7.7	192,096	646,904	146,430	10,256	35,153	2,263
6	7	Ford Motor Co.	Dearborn, Mich.	648,500	5.5	151,176	497,324	76,136	5,251	17,610	3,014
7	10	Anheuser-Busch Cos.	St. Louis	643,522	22.8	243,095	400,427	11,744	843	50,420	0
8	9	McDonald's Corp.	Oak Brook, Ill.	592,000	7.6	258,192	333,808	0	0	4,654	0
9	8	K mart Corp.	Troy, Mich.	590,350	4.1	507,328	83,022	0	0	3,602	0
10	16	PepsiCo Inc.	Purchase, N.Y.	581,309	4.1	167,260	414,050	8,806	399	22,342	0
11	14	General Mills	Minneapolis	551,561	23.3	246,634	304,927	705	1,109	3,107	0
12	18	Warner-Lambert Co.	Morris Plains, N.J.	548,726	16.9	358,982	189,745	850	3,405	1,826	0
13	6	BCI Holdings	Chicago	535,852	(12.5)	389,081	146,771	3,652	2,717	12,110	0
14	19	Unilever N.V.	London	517,746	5.3	185,308	332,438	2,427	315	4,312	0
15	15	J.C. Penney Co.	New York	496,241	3.6	421,317	74,924	0	3	875	0
16	17	Pillsbury Co.	Minneapolis	494,877	3.7	234,727	260,150	1,346	323	18,178	0
17	12	Ralston Purina Co.	St. Louis	478,031	(8.2)	300,000	178,031	2,512	456	8,013	1,229
18	11	American Telephone & Telegraph	New York	439,919	(15.6)	100,367	339,552	31,106	19,850	8,710	0
19	13	Kraft Inc.	Northbrook, Ill.	437,952	(8.7)	237,360	200,592	2,017	774	7,162	0
20	22	Chrysler Corp.	Highland Park, Mich.	426,000	8.3	108,435	317,565	42,203	1,257	21,071	418
21	20	Johnson & Johnson	New Brunswick, N.J.	410,672	2.4	204,713	205,959	1,339	620	2,634	0
22	21	American Home Products Corp.	New York	395,718	(1.6)	169,367	226,351	87	1,400	543	0
23	25	Kellogg Co.	Battle Creek, Mich.	374,142	2.7	154,053	220,089	193	670	8	0
24	23	Coca-Cola Co.	Atlanta	370,379	(5.9)	148,244	222,135	5,227	668	16,608	0
25	24	General Electric Co.	New York	354,250	(5.1)	190,933	163,317	26,987	13,737	3,737	0
26	26	Bristol-Myers Co.	New York	330,997	(3.9)	155,866	175,131	1,880	295	460	0
27	30	Mars Inc.	McLean, Va.	312,607	13.4	139,735	172,872	507	184	1,255	0
28	36	Quaker Oats Co.	Chicago	309,239	14.8	149,199	160,040	1,671	1,748	3,847	0
29	33	U.S. Government	Washington	306,094	18.2	119,132	186,962	7,798	0	9,725	0
30	28	Nestle SA	Vevey, Switzerland	305,451	(4.3)	143,514	161,936	1,110	1,096	1,537	0
31	27	International Business Machines Corp.	Armonk, N.Y.	295,498	(9.9)	140,980	154,518	16,646	13,307	4,259	0
32	29	Sara Lee Corp.	Chicago	271,623	(5.0)	141,658	129,965	1,881	90	2,078	0
33	41	Tandy Corp.	Ft. Worth, Texas	262,161	40.3	196,900	65,261	0	2,068	1,293	0
34	35	Eastman Kodak Co.	Rochester, N.Y.	255,586	3.4	170,822	84,764	3,265	5,406	624	0
35	31	American Cyanamid Co.	Wayne, N.J.	248,460	(6.6)	187,476	60,984	3	749	2,594	5,376
36	34	Colgate-Palmolive Co.	New York	237,867	(4.9)	150,608	87,259	1,102	117	1,089	0
37	37	Sterling Drug	New York	220,727	(4.8)	103,663	117,064	654	301	851	0
38	63	Walt Disney Co.	Burbank, Calif.	219,138	56.5	150,213	68,925	3,835	1,443	2,537	0
39	32	H.J. Heinz Co.	Pittsburgh	217,413	(17.1)	130,249	87,164	421	1,136	891	0
40	45	Toyota Motor Corp.	Toyota City, Japan	208,877	21.4	27,116	181,761	22,878	932	6,489	189
41	55	Honda Motor Co. Ltd.	Gardena, Cal.	205,082	31.1	55,775	149,307	21,087	224	3,935	419
42	38	Campbell Soup Co.	Camden, N.J.	204,233	(5.3)	80,483	123,750	2,236	1,438	2,375	0
43	48	Schering-Plough Corp.	Madison, N.J.	203,359	18.6	103,337	100,023	141	1,236	1,694	436
44	56	Time Inc.	New York	190,587	21.8	37,111	153,477	13,951	5,564	4,503	0
45	47	American Express Co.	New York	190,002	11.8	55,518	134,484	13,498	1,866	3,067	0
46	39	CBS Inc.	New York	184,837	0.7	73,593	111,244	20,116	1,315	3,390	0
47	49	Nissan Motor Co. Ltd.	Carson, Calif.	180,136	10.8	38,095	142,042	17,627	1,248	10,382	149
48	62	Allegis Corp.	Elk Grove Township, Ill.	171,746	18.4	55,000	116,746	26,900	4,034	11,660	0
49	53	Pfizer Inc.	New York	171,139	8.0	102,600	68,540	225	3,294	0	1,067
50	40	Mobil Corp.	New York	167,777	(14.1)	114,903	52,874	7,912	2,564	9,598	265
51	46	IC Industries	Chicago	165,199	(7.8)	92,822	72,377	2,463	345	441	0
52	58	Goodyear Tire & Rubber Co.	Akron, Ohio	161,858	8.3	111,459	50,399	65	2,310	494	785
53	51	American Brands	New York	158,982	(0.8)	96,040	62,942	10,260	0	0	0
54	85	Mazda Motors Corp.	Hiroshima, Japan	156,846	32.2	37,322	119,524	13,514	1,265	788	0
55	43	Grand Metropolitan PLC	London	152,919	(4.5)	81,171	71,748	3,850	6	320	0
56	67	Volkswagen AG	Wolfsburg, W. Germany	152,211	27.4	27,261	124,950	15,914	208	1,576	0
57	60	Revlon Group	New York	149,225	(16.6)	74,211	75,014	534	219	1,269	0
58	54	Loews Corp.	New York	146,447	(6.7)	69,980	76,467	8,114	197	40	0
59	61	S.C. Johnson & Son	Racine, Wis.	144,617	(1.1)	64,148	80,469	522	208	1,451	0
60	192	Texas Air Corp.	Houston	132,287	106.5	22,711	109,576	63,417	1,142	18,146	0
61	83	Adolph Coors Co.	Golden, Colo.	130,609	24.3	43,508	87,101	1,486	271	7,637	0
62	50	Gillette Co.	Boston	129,574	(19.5)	60,220	69,354	436	186	242	0
63	74	Stroh Brewery Co.	Detroit	128,690	13.9	56,396	72,294	880	128	6,991	0
64	59	ITT Corp.	New York	126,344	(15.2)	84,455	41,890	2,239	6,133	0	0
65	69	American Dairy Farmers	Rosemont, Ill.	125,832	4.0	16,927	108,905	527	1,997	6,243	0
66	78	Bayer AG	Leverkusen, W. Germany	125,720	16.4	49,542	76,178	205	3,264	1,088	5,341
67	73	Hasbro Inc.	Pawtucket, R.I.	125,353	9.0	16,346	109,007	0	51	59	0
68	70	CPC International	Englewood Cliffs, N.J.	121,956	(0.4)	75,217	46,740	857	1,432	2,842	0
69	68	Cosmair Inc.	New York	120,410	(1.4)	40,807	79,603	835	0	381	0
70	82	Dow Chemical Co.	Midland, Mich.	119,508	13.8	29,272	90,236	47	4,314	523	1,388
71	129	E&J Gallo Winery	Modesto, Calif.	116,716	85.8	37,155	79,561	323	0	722	0
72	65	American Motors Corp.	Southfield, Mich.	116,222	(7.5)	29,342	86,880	9,824	284	1,757	0
73	42	Beecham Group PLC	Brentford, Middlesex, U.K.	115,877	(37.9)	49,705	66,172	205	398	36	889
74	57	GTE Corp.	Stamford, Conn.	115,340	8.7	48,218	67,122	18,140	3,907	8,066	0
75	106	Bell Atlantic Corp.	Philadelphia	114,517	63.4	65,376	49,141	6,233	1,510	6,542	0
76	81	AMR Corp.	Dallas	112,882	7.1	30,200	82,682	25,194	1,379	14,390	0
77	75	E.I. du Pont de Nemours & Co.	Wilmington, Del.	112,675	0.4	35,935	76,741	394	9,724	1,572	3,832
78	105	Nynex Corp.	New York	112,209	121.6	59,840	52,369	18,614	415	3,591	0
79	80	Noxell Corp.	Baltimore	112,120	5.0	47,240	64,871	0	144	1,046	0
80	71	Hershey Foods Corp.	Hershey, Pa.	111,355	(7.4)	46,325	65,010	67	175	947	0
81	72	Wendy's International	Dublin, Ohio	110,001	(4.3)	26,300	83,701	0	0	391	0
82	104	Kroger Co.	Cincinnati	108,339	54.4	60,226	48,113	0	0	3,178	0
83	88	Delta Air Lines	Atlanta	104,554	5.0	31,498	73,056	22,309	949	21,708	0
84	84	Greyhound Corp.	Phoenix	103,396	0.7	47,078	56,317	5,196	168	3,661	0
85	-	US Sprint Communications Co.	Shawnee Mission, Kan.	102,467	88.0	33,500	68,967	44	495	0	0
86	86	MCA Inc.	Universal City, Calif.	101,671	(0.0)	40,903	60,768	1,581	19	4,127	0
87	44	B.A.T Industries PLC	Louisville, Ky.	100,059	(42.0)	44,682	55,377	5,139	0	2,611	0
88	120	Zale Corp.	Irving, Texas	99,106	51.8	63,737	35,369	0	0	6,260	0
89	87	Brown-Forman Corp.	London	98,921	4.9	35,899	63,022	5,469	0	2,647	0
90	96	Wm. Wrigley Jr. Co.	Chicago	96,243	18.0	8,060	88,183	0	34	462	0
91	76	Seagram Co. Ltd.	Toronto	94,932	(13.3)	23,893	71,038	6,417	603	519	0
92	64	Xerox Corp.	Stamford, Conn.	92,732	(28.1)	49,317	43,415	5,904	3,996	229	0
93	66	Warner Communications	New York	92,150	(22.7)	58,024	34,126	3,150	0	1,812	0
94	117	Hewlett-Packard Co.	Palo Alto, Calif.	91,684	37.9	59,314	32,370	158	8,036	56	0
95	79	Clorox Co.	Oakland, Calif.	89,923	(15.9)	22,863	67,061	423	1,165	150	0
96	90	Monsanto Co.	St. Louis	88,660	2.8	30,098	58,563	380	2,639	1,428	5,501
97	134	Pacific Telesis Group	San Francisco	87,851	41.5	42,454	45,397	8,896	48	1,472	0
98	111	Federated Department Stores	Cincinnati	85,519	23.2	46,814	38,706	0	0	2,909	0
99	141	May Department Stores	St. Louis	84,853	24.1	34,746	50,107	9,858	0	848	0
100	102	BellSouth Corp.	Atlanta	82,743	17.2	40,256	42,487	6,370	64	11,376	0

Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Expenditure Reports and farm publications from Agricultural Marketing Information Services (AGRICOM), except U.S. Government, from agencies of the federal government (see profile). See *Where Ad Age got its data*, Page 14. Note: Dollars are in thousands.

Media spending by 100 leading advertisers

Rank 1986	Rank 1985	Advertiser	Headquarters	Total spending	Magazine	Newspaper supplement	Network TV	Spot TV	Network radio	Outdoor	Cable TV networks
1	1	Procter & Gamble Co.	Cincinnati	$1,435,454	$86,506	$640	$456,324	$233,932	$13,879	$293	$27,673
2	2	Philip Morris Cos.	New York	1,364,472	230,130	17,307	342,444	134,725	7,750	61,283	22,186
3	4	Sears, Roebuck & Co.	Chicago	1,004,708	42,934	3,247	127,804	29,226	47,658	309	2,552
4	3	RJR Nabisco	Winston-Salem, N.C.	935,036	135,657	36,930	155,715	38,455	3,954	82,820	10,455
5	5	General Motors Corp.	Detroit	839,000	129,409	8,268	233,786	49,192	22,212	2,731	7,203
6	7	Ford Motor Co.	Dearborn, Mich.	648,500	125,071	3,853	188,815	55,821	14,871	2,134	4,748
7	10	Anheuser-Busch Cos.	St. Louis	643,522	18,335	910	177,496	97,999	16,529	6,664	19,487
8	9	McDonald's Corp.	Oak Brook, Ill.	592,000	609	0	193,002	128,180	0	5,544	1,820
9	8	K mart Corp.	Troy, Mich.	590,350	20,462	1,103	26,333	24,211	6,526	138	648
10	16	PepsiCo Inc.	Purchase, N.Y.	581,309	1,082	65	115,128	257,033	874	3,213	5,107
11	14	General Mills	Minneapolis	551,561	23,306	454	130,140	127,253	2,967	348	15,538
12	18	Warner-Lambert Co.	Morris Plains, N.J.	548,726	14,499	977	103,969	38,725	22,707	1	3,686
13	6	BCI Holdings	Chicago	535,852	15,682	563	58,710	47,798	4,361	229	950
14	19	Unilever N.V.	London	517,746	49,816	466	202,371	60,808	6,607	104	5,212
15	15	J.C. Penney Co.	New York	496,241	8,487	906	46,867	14,929	1,218	22	1,616
16	17	Pillsbury Co.	Minneapolis	494,877	7,011	134	105,052	125,218	0	1,340	1,549
17	12	Ralston Purina Co.	St. Louis	478,031	24,653	329	97,572	33,532	5,944	547	3,245
18	11	American Telephone & Telegraph	New York	439,919	74,015	3,751	135,162	41,124	22,552	91	3,191
19	13	Kraft Inc.	Northbrook, Ill.	437,952	33,823	2,083	88,446	61,803	2,637	73	1,775
20	22	Chrysler Corp.	Highland Park, Mich.	426,000	78,906	6,108	96,451	63,551	1,548	1,849	4,205
21	20	Johnson & Johnson	New Brunswick, N.J.	410,672	22,471	44	164,322	7,731	1,376	130	5,292
22	21	American Home Products Corp.	New York	395,718	14,802	239	186,428	13,634	2,397	0	6,821
23	25	Kellogg Co.	Battle Creek, Mich.	374,142	1,058	0	166,261	48,804	0	22	3,072
24	23	Coca-Cola Co.	Atlanta	370,379	5,712	161	99,381	82,993	2,222	3,166	5,997
25	24	General Electric Co.	New York	354,250	50,777	4,933	51,615	5,431	2,132	1,541	2,428
26	26	Bristol-Myers Co.	New York	330,997	30,249	630	128,521	8,055	0	0	5,041
27	30	Mars Inc.	McLean, Va.	312,607	15,343	0	84,983	48,065	4,765	102	17,668
28	36	Quaker Oats Co.	Chicago	309,239	18,688	233	88,322	41,726	1,450	0	2,356
29	33	U.S. Government	Washington	306,094	48,179	0	78,631	34,095	8,196	338	0
30	28	Nestle SA	Vevey, Switzerland	305,451	21,715	148	88,131	40,913	3,171	611	3,505
31	27	International Business Machines Corp.	Armonk, N.Y.	295,498	39,008	1,373	69,906	1,335	7,524	31	1,129
32	29	Sara Lee Corp.	Chicago	271,623	22,531	421	71,879	25,284	3,091	782	1,928
33	41	Tandy Corp.	Ft. Worth, Texas	262,161	9,470	29	45,586	3,185	2,733	0	897
34	35	Eastman Kodak Co.	Rochester, N.Y.	255,586	16,251	336	50,604	4,161	757	1,042	2,318
35	31	American Cyanamid Co.	Wayne, N.J.	248,460	14,113	144	21,648	11,682	2,910	222	1,543
36	34	Colgate-Palmolive Co.	New York	237,867	12,093	277	57,170	13,435	672	9	1,293
37	37	Sterling Drug	New York	220,727	9,595	980	87,019	5,338	6,158	0	6,169
38	63	Walt Disney Co.	Burbank, Calif.	219,138	6,665	98	10,515	42,684	0	184	965
39	32	H.J. Heinz Co.	Pittsburgh	217,413	15,934	24	42,440	25,613	2	23	681
40	45	Toyota Motor Corp.	Toyota City, Japan	208,877	21,533	444	33,104	90,292	0	2,014	3,887
41	55	Honda Motor Co. Ltd.	Gardena, Calif.	205,082	32,518	472	60,778	20,855	3,831	64	5,124
42	38	Campbell Soup Co.	Camden, N.J.	204,233	16,643	1,439	58,561	31,723	5,399	265	3,670
43	48	Schering-Plough Corp.	Madison, N.J.	203,359	21,863	135	55,940	3,306	11,442	679	3,151
44	56	Time Inc.	New York	190,587	51,167	2,034	4,275	54,988	936	24	16,037
45	47	American Express Co.	New York	190,002	30,912	793	57,291	23,996	2,244	54	763
46	39	CBS Inc.	New York	184,837	58,872	15,719	62	8,527	697	804	1,743
47	49	Nissan Motor Co. Ltd.	Carson, Calif.	180,136	20,297	34	46,266	44,426	0	1,020	592
48	62	Allegis Corp.	Elk Grove Township, Ill.	171,746	13,676	222	32,265	23,246	2,184	892	1,666
49	53	Pfizer Inc.	New York	171,139	20,775	75	41,548	1,258	0	2	296
50	40	Mobil Corp.	New York	167,777	3,957	415	10,619	16,285	90	66	1,103
51	46	IC Industries	Chicago	165,199	2,867	0	21,792	43,480	707	95	187
52	58	Goodyear Tire & Rubber Co.	Akron, Ohio	161,858	10,900	125	18,100	8,226	8,214	438	743
53	51	American Brands	New York	158,982	27,434	3,629	9,120	3,714	139	8,513	135
54	85	Mazda Motors Corp.	Hiroshima, Japan	156,846	31,524	0	45,075	25,281	315	6	1,756
55	43	Grand Metropolitan PLC	London	152,919	25,163	1,534	21,626	16,448	0	1,895	907
56	67	Volkswagen AG	Wolfsburg, W. Germany	152,211	37,265	423	49,418	19,238	0	75	833
57	60	Revlon Group	New York	149,225	31,936	1,141	29,075	9,851	0	0	988
58	54	Loews Corp.	New York	146,447	34,434	6,861	0	1,597	0	25,000	222
59	61	S.C. Johnson & Son	Racine, Wis.	144,617	13,438	617	54,200	6,194	2,474	0	1,366
60	192	Texas Air Corp.	Houston	132,287	4,074	97	435	19,489	0	2,557	218
61	83	Adolph Coors Co.	Golden, Colo.	130,609	942	0	45,857	28,186	0	1,161	1,562
62	50	Gillette Co.	Boston	129,574	12,815	139	39,452	8,109	237	0	7,738
63	74	Stroh Brewery Co.	Detroit	128,690	4,569	69	42,207	14,120	1,378	882	1,070
64	59	ITT Corp.	New York	126,344	14,887	389	7,764	7,986	530	1,181	779
65	69	American Dairy Farmers	Rosemont, Ill.	125,832	2,809	654	79,932	14,200	739	567	1,238
66	78	Bayer AG	Leverkusen, W. Germany	125,720	1,670	913	39,235	6,970	16,206	130	1,158
67	73	Hasbro Inc.	Pawtucket, R.I.	125,353	4,197	34	29,414	72,281	0	0	2,972
68	70	CPC International	Englewood Cliffs, N.J.	121,956	11,306	321	15,976	13,776	0	162	67
69	68	Cosmair Inc.	New York	120,410	24,370	873	37,293	14,830	0	0	1,021
70	82	Dow Chemical Co.	Midland, Mich.	119,508	12,566	6	55,350	10,609	4,621	56	756
71	129	E&J Gallo Winery	Modesto, Calif.	116,716	5,427	0	66,718	5,337	0	896	138
72	65	American Motors Corp.	Southfield, Mich.	116,222	17,083	0	50,585	3,767	106	31	3,437
73	42	Beecham Group PLC	Brentford, Middlesex, U.K.	115,877	5,903	0	47,010	5,508	5,082	0	1,142
74	57	GTE Corp.	Stamford, Conn.	115,340	6,180	78	14,152	16,145	24	351	80
75	106	Bell Atlantic Corp.	Philadelphia	114,517	7,546	67	0	26,692	0	320	232
76	81	AMR Corp.	Dallas	112,882	4,339	0	18,277	48,020	433	162	486
77	75	E.I. du Pont de Nemours & Co.	Wilmington, Del.	112,675	31,613	2,101	21,172	5,513	0	9	811
78	105	Nynex Corp.	New York	112,209	3,425	980	44	24,796	0	415	89
79	80	Noxell Corp.	Baltimore	112,110	22,485	0	37,361	2,749	3	38	1,045
80	71	Hershey Foods Corp.	Hershey, Pa.	111,335	10,403	138	26,289	23,099	2,130	53	1,710
81	72	Wendy's International	Dublin, Ohio	110,001	560	0	41,668	39,190	0	1,305	587
82	104	Kroger Co.	Cincinnati	108,339	787	0	1,846	39,666	0	2,341	295
83	88	Delta Air Lines	Atlanta	104,554	1,228	0	3,754	16,882	0	1,779	4,448
84	84	Greyhound Corp.	Phoenix	103,396	4,468	0	24,363	1,592	15,545	9	1,317
85	-	US Sprint Communications Co.	Shawnee Mission, Kan.	102,467	6,057	195	25,013	36,906	0	0	258
86	86	MCA Inc.	Universal City, Calif.	101,671	3,027	20	31,342	15,052	765	629	4,206
87	44	B.A.T Industries	London	100,059	19,775	1,700	0	6,006	0	20,146	0
88	120	Zale Corp.	Irving, Texas	99,106	2,399	175	17,217	3,297	5,783	2	236
89	87	Brown-Forman Corp.	Louisville, Ky.	98,921	24,185	4,664	16,210	4,402	0	4,938	506
90	96	Wm. Wrigley Jr. Co.	Chicago	96,243	4,147	0	52,759	22,527	2,578	0	5,677
91	76	Seagram Co. Ltd.	Toronto	94,932	23,369	3,177	21,124	3,166	1,959	10,140	567
92	64	Xerox Corp.	Stamford, Conn.	92,732	12,431	168	20,284	116	0	8	280
93	66	Warner Communications	New York	92,150	1,194	7	11,599	12,326	368	454	3,215
94	117	Hewlett-Packard Co.	Palo Alto, Calif.	91,684	3,440	0	20,547	42	0	1	91
95	79	Clorox Co.	Oakland, Calif.	89,923	7,436	0	39,022	12,059	1,362	0	5,444
96	90	Monsanto Co.	St. Louis	88,660	3,723	61	35,217	6,142	3,133	21	318
97	134	Pacific Telesis Group	San Francisco	87,851	3,628	62	0	31,066	0	225	0
98	111	Federated Department Stores	Cincinnati	85,519	3,167	453	0	31,761	0	417	0
99	141	May Department Stores	St. Louis	84,853	1,807	805	3,738	32,364	0	687	0
100	102	BellSouth Corp.	Atlanta	82,743	6,203	103	0	17,702	0	670	0

Sources: All media expenditures on this page from BAR/LNA reports. (see *Where Ad Age Got Its Data*, Page 14), except U.S. Government ad spending, from agencies of the federal government.
Note: Dollars are in thousands.

daily products like cheese and butter, it must raise its own funds. Says Sheldon Pratt, ceo of the Oregon Dairy Products Commission: "We won't develop our own cheese, or own butter programs. There's no point in duplicating the national programs." He then adds, "After all, there's more than enough money to go around in this industry for the dairy promotion we need."

In a significant agency change, the NDPRB in July 1987 switched the $22 million national cheese account from D'Arcy Masius Benton & Bowles, Chicago, to DDB Needham, Chicago. The Board had become dissatisfied with what it considered the too-highfalutin, gourmet flavor of D'Arcy's "Cheese, glorious cheese" (played to the tune of "Oliver's" "Food, Glorious Food"). DDB Needham's alternative was a more homey "Don't forget the cheese" proposal.

McCann-Erickson, San Francisco, which handles advertising for calcium, is doing the creative for adult fluid milk in western states and will start on "tweens" fluid milk in 1988. It lost children's fluid milk in August 1987 to Scali, McCabe Sloves, New York, which will pick up the account in the fall of 1988. For the ADA, DMB&B, Chicago, continues with adult fluid milk and REAL seal promotion.

New to the top chairman post at UDIA in 1986 was J. Douglas Webb, a Vermont Dairy farmer who replaces James P. Camerlo. Mr. Camerlo left to take the same position at the National Milk Producers Federation.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	527	205
Magazines	2,809	1,259
Newsp. supp	654	140
Bus pubs	1,997	389
Network TV	79,932	71,089
Spot TV	14,200	22,848
Network radio	739	1,930
Spot radio	6,243	4,730
Outdoor	567	617
Network cable	1,238	1,516
Total measured	108,905	104,723
Unmeasured	16,927	16,277
Total	125,832	121,000

AMERICAN DAIRY FARMERS
6300 N. River Rd.
Rosemont, Ill. 60018
(312) 696-1880
Marketing Personnel

Joe Kelsch, president, ADA-sr vp-mktg, United Dairy Ind. Assn.
Stephen Dohrmann, vp-mktg planning
Grover Simpson, vp-mktg svcs
Donna Arcus, dir-adv svcs
Amy Truitt, mktg mgr-mfg prods
Bob Ebel, mgr-promo planning

Advertising Agencies

D'Arcy Masius Benton & Bowles, Chicago—fluid milk, REAL Seal, misc prod promos, buffer—Ben Bishop, sr vp-mgmt super; Dave Urbaniak, vp-acct group super, field acct operations; Brad English, acct supes, field acct operations; Andrea Dichter, acct super; Jim Moser, Kevin Brash, Lindy Williams, Bob Raidt, field acct execs.

Norton Associates, Chicago—foodsvc—Tom Hamilton, sr vp-genl mgr; Pat Venuso, acct exec.

NATIONAL DAIRY PROMOTION AND RESEARCH BOARD
Arlington, Va.
Marketing Personnel

George De Jager, sr vp-mktg & evaluation
Kitty McHugh, mgr-adv programs
Edith Hogan, vp-nutrition educ & rsch

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt Medical Advertising, New York—adv to med profession—Anne Petz, acct exec.

D'Arcy Masius Benton & Bowles, Chicago—cheese (ended Aug. 31, 1987), young adult fluid milk in U.S. except west coast—Bob Meuser, sr vp-mgmt super.

DDB Needham Worldwide, Chicago—cheese (effective Sept. 1, 1987)—Tom Hanft, sr vp-group acct dir.

Grey Advertising, New York—butter—Jordan Rosuck, exec vp.

McCann-Erickson, San Francisco—calcium, children's fluid milk (ended Aug. 31, 1987), adult fluid milk for Western U.S., "tweens" fluid milk (ages between young children and teens—(adv beginning in 1988)—Tom Drese, sr vp.

Scali, McCabe, Sloves, New York—children's fluid milk (beginning fall, 1988)—Don Essler, sr vp.

(In-House)—non-fat dry milk, trade adv.

CALIFORNIA MILK ADVISORY BOARD
Modesto, Calif.
Marketing Personnel

Adri Bondewyn, dir-comm

Advertising Agencies

Foote, Cone & Belding, Los Angeles—manufactured dairy prods—Harry Lamdseidel, acct super; Bill Greig, acct exec.

McCann-Erickson, San Francisco—fluid milk—Barbara McCann, acct super; Tracy Rice, acct exec.

WASHINGTON DAIRY PRODUCTS COMMISSION
Seattle, Wash.
Marketing Personnel

Doug Simpson, mgr

Advertising Agency

Ehrig & Associates, Seattle—dairy prods—Steve Matzen, acct exec.

OREGON DAIRY PRODUCTS COMMISSION
Portland, Ore.
Marketing Personnel

Sheldon Pratt, ceo
Peggy Kern, mktg dir

Advertising Agencies

(In-House).

But does Vanna drink Coke?

Coca-Cola Co.'s acquisition of Merv Griffin Enterprises in 1986 brought the company "Wheel of Fortune," the nation's top-rated syndicated program in 1986.

American Express Co.
New York

RANK **45**

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	14,652	11,849	23.7
Net income	1,250	810	54.3
U.S.	**1986**	**1985**	**% chg**
Sales	11,826	9,433	25.4
Operating profits	1,365	933	46.3
Advertising	190	170	11.8
Division sales	**1986**	**1985**	**% chg**
Travel Related Svs	5,951	4,934	20.6
Shearson	4,600	3,246	41.7
Amex Bank	4,685	1,568	198.8
IDS Financial	2,395	2,201	8.8

After 15 years of gently challenging consumers with the classic "Do you know me?" TV campaign, American Express Co. is taking the "guesswork" out of its advertising by boldly touting famous cardholders. The company also seems poised to revolutionize the credit card industry with its new Optima card, which bears a finance charge that lowballs competing cards.

The company has adopted a two-pronged strategy to promote its cards. The effort began in March with a TV campaign using the theme "Membership has its privileges" that highlights the style and level of services provided to cardholders.

In June AmEx began a print campaign called "Portraits" (photographed by Annie Leibovitz) depicting famous cardholders and their length of membership. The group included former Speaker of the House Thomas "Tip" O'Neill, singer Amy Grant, athletes Willie Shoemaker and Wilt Chamberlain, opera singer Luciano Pavarotti, songwriter Quincy Jones and America's Cup skipper Dennis Conner. It takes a soft sell marketing approach.

The old campaign was "getting a little tired," says Edwin M. Cooperman, president of Consumer Card Group, USA, part of the company's Travel Related Services Co. The new Ogilvy & Mather campaign sharpens distinctions between American Express cards and others by stressing service through the membership concept.

The new approach drew a tart response from Visa USA, which ran ads with headlines such as "Membership has its disadvantages," accompanied by a map of Madrid identifying the larger number of establishments taking Visa over American Express. Mr. Cooperman says, "Most consumers feel fairly negative about that," adding the effort is actually promoting the new Optima card.

American Express' new themes follow a year of solid increases in AmEx advertising. The company increased total measured spending 12% to $134.5 million in 1986. Most of the increase was in network TV, up 41.8% to $57.3 million. By contrast, magazine spending slipped 10.2% to $30.1 million.

Big increases as measured by BAR/LNA went to credit card services, up 20.8% to $68.5 million. Travelers check spending was up 39.4% to $15.2 million. General promotion for Shearson Lehman Brothers rose 148% to $12.4 million.

Travel Related Services boosted its total revenues to $6 billion, up 21%, while net income was $599 million, up 16%. The worldwide number of cards in force rose 7% to 23.8 million, while charge volume rose 15%. The number of platinum cards stood at 150,000.

So far in 1987 TRS has launched two

Where Ad Age got its data

ADVERTISING AGE's 32nd annual ranking of 100 leading national advertisers includes 100 profiles and 17 charts. Profiles list marketing executives, current agencies and account personnel, as well as advertising expenditures, sales and earnings figures, market shares and other data.

The 200 largest advertisers in the U.S. are selected on the basis of measured ad spending only. (AD AGE will publish a directory of the second 100 leading national advertisers Nov. 23, 1987.) These 200 companies are then ranked by combined measured and unmeasured ad spending.

Ad expenditures are for U.S. only and reflect calendar 1986 and 1985.

Measured media

BAR/LNA reports supplies the bulk of measured media information. **Magazine** and **newspaper supplements** are supplied to Leading National Advertisers by Publishers Information Bureau. **Outdoor** is supplied to LNA by Outdoor Advertising Assn. of America and Institute of Outdoor Advertisers. **Network TV, spot TV, network radio** and **cable TV networks** are supplied by Broadcast Advertisers Reports. BAR/LNA's seven-media service also supplies brand and category spending by media.

Seven-media totals quoted in corporate profiles throughout this issue include only media listed in the preceding paragraph.

Other media expenditures listed include **newspaper** as supplied by Media Records, **business publications** as supplied by Rome Reports, **farm publications** as supplied by Agricultural Marketing Information Services (AGRICOM) and **spot radio** as supplied by Radio Expenditures Reports. Many thanks to the Radio Advertising Bureau in New York for its help in analyzing spot radio data.

PIB monitors 138 consumer magazines and *New York Magazine*, *Parade*, and *USA Weekend*. BAR monitors ABC, NBC and CBS TV networks; 319 TV stations in 75 top markets with continuous monitoring in New York, Los Angeles, Chicago, Philadelphia, Dallas and Atlanta; CBN, CNN, ESPN, MTV: Music Television, USA and WTBS cable TV networks continuously, and 17 radio networks including seven ABC networks, two CBS networks, three NBC networks, two United Stations networks and the Mutual, Satellite Music and Transtar radio networks.

O.A.A.A. and I.O.A. measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors 567 business and trade publications. Media Records tracks 210 daily and Sunday newspapers.

Some measured media expenditures are restated to reflect corporate structure as of Dec. 31, 1986. Companies acquired prior to that date are included in the new parent's ad spending for full calendar 1986 and 1985 totals.

Likewise, units spun off before the end of calendar 1986 are subtracted unless otherwise noted.

Measured-media services vary in the way they track ad spending. Spot radio totals may not include all subsidiaries because RER does not always report full parent company spending. Also, Rome Reports tracks ad spending by division, rather than parent total.

Every effort has been made to give full parent company ad expenditures wherever possible.

These services also vary category breakouts. Category totals appearing in this issue reflect only BAR/LNA total spending, unless otherwise noted.

U.S. Government ad spending figures are supplied by agencies of the Federal government rather than measured-media sources.

Unmeasured spending

Unmeasured advertising figures are estimates and include direct mail, promotion, co-op and couponing to name a few. AD AGE beat reporters and corporate sources assist in providing unmeasured spending.

Sales and earnings

Sales and earnings figures are taken from public documents. Where private companies will not divulge this information, an estimate or an "N/A" is used.

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major products: a new card and gift checks. This March, AmEx cardholders began getting applications for the new Optima card, which allows them to charge on a revolving credit base with a 13.5% interest rate. The move came after "customers told us they like to buy on time," Mr. Cooperman says. Optima has a $15 annual fee and is available to U.S. cardholders with clean accounts and at least a year of membership. Platinum cardholders get it for free. Some industry observers predict that the mere presence of Optima may cause competitors to lower their card interest rates in an effort to retain and/or increase customers.

This July, American Express announced a line of gift checks aimed at the $45 billion monetary gift market. In denominations of $25, $50 and $100, the product works like a transferable travelers check. A $4 million ad campaign will run in November and December.

Travelers check sales rose 6.4% last year, to $17.1 billion. For the first half of 1987 sales were up 18% from the same period in 1986, says Thomas Cash, senior VP-marketing and sales for the Travelers Cheque Group USA. An Ogilvy & Mather TV campaign broke in March and will run through September. It depicts the difficulties faced by travelers caught without American Express checks. A radio campaign of 10 spots stresses actual stories of people recounting problem when they did not use the checks on vacation.

The company extended through the end of 1987 its Buyer's Assurance program, which extends the warranties of many products purchased with the card. The Global Assist program, offering emergency medical and legal help to travelers, was extended from platinum cardholders to all members.

In other TRS operations, the Direct Marketing Group USA was formed in 1986 to consolidate direct mail efforts. American Express Publishing Corp. purchased *New York Woman* in January from Esquire Magazine Group Inc., and launched editions of *Travel & Leisure* in Australia and New Zealand in conjunction with Australian Consolidated Press.

Shearson Lehman Brothers had revenues of $4.6 billion, up 42%, with net income of $316 million, up 57%. The marketing continued its "Minds Over Money" theme in two parts—on TV, a "pure corporate image" campaign using the theme of "Seeing the Possibility of Things," while a black-and-white print series called "Where We Stand" gave the Shearson viewpoint on various financial issues.

In February, Shearson switched its weekly newspaper ads from the *Wall Street Journal* to *USA Today*. The move retains an upscale audience but reaches readers with more interest in inquiring about Shearson's financial services, says Ms. Stewart.

Ms. Stewart says Shearson did a higher proportion of its spending in the first half of 1987 to address key economic issues such as new tax laws and stock market activity. Shearson also is spending more overseas—about $1.5 million this year and twice that in 1988. Its print ads run in England and Japan and other parts of Europe and Asia.

Revenues for IDS Financial Services climbed 9% to $2.3 billion, while net income rose 27% to $96 million. Michael J. Rothmeier, vp-client acquisition, says recent marketing has focused on the pre-retirement audience segment—people in the 45 to 64 age range, especially 55 to 64. The marketing stresses financial planning as a key part of pre-retirement. IDS also tested more general TV/print campaigns in Los Angeles and Minneapolis/St. Paul with broader non-retirement themes.

AmEx sold its interest in Warner Amex Cable Communications back to Warner Communications in 1986 as an ongoing part of its selective divestiture strategy.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,498	14,864
Magazines	30,912	33,593
Newsp. supp.	793	1,083
Bus. pubs.	1,866	1,087
Network TV	57,291	40,448
Spot TV	23,995	19,806
Network radio	2,244	2,980
Spot radio	3,067	5,575
Outdoor	54	31
Network cable	763	819
Total measured	134,484	120,285
Unmeasured	55,518	49,657
Total	190,002	169,942

AMERICAN EXPRESS CO.
American Express Tower
World Financial Center
New York, N.Y. 10285-3130
(212) 640-2000
TRAVEL RELATED SERVICES
New York
Marketing Personnel

John A. Crewe, vp-svc establishment mktg, U.S. & natl accts.
Norma Arnold, vp-personal cardmember mktg
Joan Bonnette, vp-personal card comm & adv
Pam Guyot, vp, gold card comm & adv
William S. Robinson, vp, platinum card mktg
Ann Busquet, vp-mktg & sales, Optima card div
Debra Isenberg, sr vp-business devel & database mgmt, dir mktg div
Thomas F. Cash, sr vp-FSI mktg & sales, Travelers Cheque div
Pamela Paul, vp-travel direct mktg & mktg svcs
Steve Alesio, vp-travel mgmt svcs mktg

Advertising Agencies

McCann-Erickson—gold card—Ed Comiskey, exec vp-group dir; Ian Hooper, sr vp-mgmt super. Travel—Linda Boothby, vp-acct super.

Ogilvy & Mather, New York—Brendan Ryan, exec vp-mng dir; Tim Elliott, sr vp-group dir. Card—Scott Marshall, sr vp-mgmt super. Travelers cheques—Steve Calabrese, vp-mgmt super. Corporate card—Steve Harty, vp-mgmt super. Travel related services—Keith Bainbridge, vp-mgmt super.

SHEARSON LEHMAN BROTHERS
New York
Marketing Personnel

Joseph Plumeri, sr exec vp-dir mktg & sales
Cathleen B. Stewart, sr vp-dir mktg
Robert Leo, exec vp-dir natl sales
Catherine Kaputa, vp-dir adv
Myra Rothfeld, vp-dir, direct mktg

Corporate Media Buying

Media Placement Services, New York—placement—June Spirer, president.

Advertising Agency

Madris, Nelson & Colleagues, New York—creative and production—Ira Madris, Bruce Nelson, principals.

IDS FINANCIAL SERVICES
Minneapolis, Minn.

Jeffrey Stiefler, exec vp-mktg & sales
Reed Saunders, sr vp-mktg
Michael J. Rothmeier, vp-client acquisition
Diane Hummon, segment mktg mgr

Advertising Agency

Ogilvy & Mather, New York—Brendan Ryan, mng dir, worldwide mng super, Am. Express; Tim Elliott, sr vp-group dir; Steve Harty, vp-mgmt super; Denise Johnson, vp-acct super; Malcolm End, sr vp-creative dir.

PRESSURE YOUR COMPETITION LIKE THEY'VE NEVER BEEN PRESSURED BEFORE!

INTRODUCING PRESSURE MARKETING FOR 1988

Welcome a fresh new strategy that puts pressure squarely on the competition in a way that they will find hard to monitor and even more difficult to neutralize.

It's called **Direct Pressure Marketing**™, and its roots come from **JFY Audit America**®, the nation's largest builder of customized brand user audiences.

For the past six years, we have been working quietly with some of the country's largest packaged goods companies under confidential arrangements that have dramatically changed the way they confront competition today.

In one case, **Direct Pressure Marketing**™ began in 1980 and has expanded each year without interruption. In fact, it now represents an important share of this advertiser's annual corporate marketing budget of several hundred million dollars.

And, they have been our oldest and largest customer.

To arrange a private, confidential and quietly informal disclosure meeting with our top management, call or write today. We'll show you just how vulnerable your competition can be, and how you might best apply **Direct Pressure Marketing**™ to your benefit.

Call or write today:

JFY Audit America®
Office of the President
35 Pinelawn Road, Melville, NY 11747
In New York: 1-800-632-9381
Elsewhere: 1-800-645-0220

AA-3
Send more information about Pressure Marketing to:
Name_____
Title_____
Company_____
Address_____
City_____ State_____ Zip_____
Telephone_____
JFY Audit America® 35 Pinelawn Rd, Melville, NY 11747

JFY AUDIT AMERICA
"MAKING COMPETITION VULNERABLE TO DIRECT PRESSURE MARKETING"

American Home Products
New York
RANK 22

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,927	4,685	5.2
Net income	779	717	8.6
U.S.			
Sales	3,682	3,637	1.2
Operating profits	1,009	1,002	0.7
Advertising	396	402	(1.6)
Division sales			
Prescription drug	2,560	2,524	1.4
Packaged med.	814	642	26.8
Food, household	1,552	1,519	2.2

Advil continues to be the fastest-growing over-the-counter product at American Home Products Corp. Housed in AHP's packaged medicines division, the 1984-introduced ibuprofen-based analgesic helped push sales in the division up 26.8% in 1986, far outstripping the modest growth recorded in other areas of the company.

Sales of the pain reliever doubled in 1986 as Advil, produced by AHP's Whitehall Laboratories, amassed a 9%-plus share of the $1.7 billion OTC analgesics category, according to Oleh Denysyk, pharmaceutical specialist with Fairfield, N.J.-based Kline & Co., a marketing consultant company. Advil captured 6% of the overall market in 1985.

But success has its price, and the exclusivity which Advil enjoyed ended last September when the analgesic became open to competition. American Home Products and Bristol-Myer's (Nuprin) were granted two years of exclusive marketing of their ibuprofen products, a marketing grace period allowed by legislation governing new forms of drugs.

Wielding a media budget approaching $47 million, Advil sought to gain a lasting

impression in consumers' minds before competitors could make headway. A caplet version was introduced to complement the familia, orown tablet form.

Whitehall attempted to defend even the exclusivity of its colored tablets from generic competitors. It sued the Allegan, Mich.-based L. Perrigo unit of Grow Group Inc., makers of a brown-colored, generic ibuprofen tablet. AHP ultimately lost the suit. AHP has further segmented the ibuprofen market with its menstrual cramp reliever product, Trendar, which, via a $6 million print and TV campaign from Kornhauser & Calene, is billed as "Today's choice for menstrual pain," in the $50 million segment.

The ibuprofen market segment is worth about $325 million, of which Advil holds an estimated 60%, says analyst, Mr. Denysyk. Advil spending also outstrips its major competitors: Bristol-Myers Co.'s Nuprin, which spent $36.3 million in measured media in 1986, and Johnson & Johnson's Medipren, which spent $12.4 million.

Anacin, another Whitehall product, remained the leading aspirin-based brand. It gained two line extensions in 1986—caplets and coated tablets—while holding a 6.5% share of the analgesics market, according to Mr. Denysyk. Measured media spending for Anacin products grew 8.4% to $45.1 million in 1986, with the largest single expenditure for an Anacin-line product going for acetaminophen-based Anacin-3, which had close to $20 million in measured media support, up 18.3%.

Among other Whitehall products, backing in measured media for Preparation H fell 23.7% to $8.7 million and support for asthma reliever Primatene dropped 33% to $5.6 million. Both products continue to lead their respective segments. Denorex medicated shampoo received $6.3 million, the same as in 1985; and measured spending on Dristan, mostly in network TV, dropped 26% to $14 million.

AHP's Ayerst Laboratories spent $6.3 million in measured media for Riopan antacid, down 22.2%, and introduced Fiber Guard, an all-natural, high-fiber supplement in November. No measured spending showed up in 1986 for the product, which competes in an actively growing reducing aids market dominated by big spending in measured media from Ciba-Geigy Ltd.'s Acutrim ($8.3 million), Schering-Plough Corp.'s Fibre Trim ($16.5 million) and Thompson Medical Co.'s Dexatrim.

AHP sold E.J. Brach Corp. of Chicago, leaving it with two divisions—American Home Foods and Boyle-Midway—in the heavily advertised food and household products division.

Operating profit for the year was up at both American Home Foods and Boyle-Midway. American Home Foods continued to lead the $450 million convenience pasta category with its Chef Boy-Ar-Dee line. Two new products were introduced, including Tic Tac Toe's, a canned convenience food with youth appeal, and a more mature pasta offering, a Panzerotti mix, which currently is being introduced in selected regions of the country. The Chef Boy-Ar-Dee line was backed with more than $13 million in measured spending last year.

AHP's Boyle-Midway launched an all-natural formulation of its leading cooking spray, Pam, which received nearly $10 million in measured media support. The Pam account shifted from BBDO, Chicago, to Young & Rubicam, New York, in 1986. Y&R also got Wizard air freshener, an estimated $3 million account, from Hicks & Greist, New York.

Boyle-Midway spent $5.1 million in measured media on Black Flag insecticides, up 8.5%. It reduced spending by 21% on Easy-Off oven cleaner to $3.2 million and boosted spending 21.2% on Woolite to $14.3 million, the main difference being an increase of $2 million for Woolite Liquid Cold Water Wash.

AHP spent $5.1 million in measured media on Brach candy compared with $6.4 million in 1985. Chicago-based Brach was sold for $730 million in cash in December to Jacobs-Suchard Ltd., a Swiss manufacturer of candy and coffee products.

AHP suffered a setback in the prescription drug market when sales for its heretofore biggest earner, the hypertensive beta-blocker, Inderal, continued to fall because of competition from generics. Ayerst's $275 million in Inderal sales last year represented a 53% drop in gross sales over the prior year. Inderal's recent approval for tremor and pediatric hypertension is expected to enhance sales.

Last fall, the Food & Drug Administration turned down AHP's new drug application for the anti-diabetic Alredase, citing the need for additional tests. The decision could result in a delay of several years for the product. Value Line Investment Survey analyst T. P. Au predicts that AHP will not be introducing any major new drugs in 1987. Last year, AHP's two prescription drug units sold $2.7 billion worth of medications.

Sherwood Medical introduced a revolutionary product into the market in 1986, the Argyle Hepatic Venus Shunt, which permits blood to reach vital organs during lengthy liver transplant surgery.

The new year at American Home Products began with a new chairman-ceo: John R. Stafford succeeded the retiring John W. Culligan, who remains as chairman of the corporation's executive committee and as a director.

AHP offered a reported $2 billion for A.H. Robins Co., Richmond, Va., this past February, but withdrew its bid after reconsidering the litigation risks. Robins is facing bankruptcy proceedings stemming from suits filed by users of its ill-fated Dalkon Shield contraceptive device.

AHP's Sherwood Medical gained Hospital Products Division from Chesebrough-Pond's Inc. in October for a reported $260 million cash. The AHP-acquired division had accounted for 3% of C-P's $2.7 billion in 1985 revenues. C-P's itself was purchased by Unilever.

On Aug. 27, 1987, AHP announced the consolidation of its Wyeth Laboratories & Ayerst Laboratories divisions. The new name is Wyeth-Ayerst Laboratories Division of AHP. The chairman is Bernard Canavan, MD, and Judson St. John is president.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	87	89
Magazines	14,802	17,349
Newsp. supp	239	86
Bus.pubs.	1,400	539
Network TV	186,428	183,394
Spot TV	13,634	21,587
Network radio	2,397	925
Spot radio	543	1,283
Outdoor	0	3
Network cable	6,821	4,720
Total measured	226,351	229,974
Unmeasured	169,367	172,078
Total	395,718	402,052

AMERICAN HOME PRODUCTS CORP.
685 Third Ave.
New York, N.Y.
(212) 878-5000

Corporate Media Buying

(In-house) John F. Murray Advertising Agency—Richard Feldheim, president; Judith A. Bloedorn, vp-dir, local broadcast operations, syndication and computer operations; Katie Coke, vp-dir, radio operations; Thomas Del Priore, vp-dir, new technology and print; Marianne McArdle, vp-dir, natl tv operations.

AYERST LABORATORIES
New York

Corporate Personnel

Judson St. John, president

Marketing Personnel

Arnold Somin, exec vp-operations
John Leone, sr vp, mktg operations
Joel W. Last, vp-mktg & sales, consumer prods
Andrew Panagy, dir-ethical mktg
Peter DeCrescenzo, dir-consumer mktg

Advertising Agencies

Calvillo, Shevack & Partners, New York—Fiber Guard—Brett Shevack, president.

Klemtner Advertising, New York—Riopan (ethical), Dermoplast, Premarin, Premarin vaginal cream, Mysoline, Atromid-S, Posture (ethical), Aygestin, Factrel—Gavin A. Scotti, exec vp.

Lally, McFarland & Pantello, New York—Inderal tablets, Inderal LA, Inderide tablets, Inderide LA—Ron Pantello, president.

William Douglas McAdams, New York—Alredase, Ultradol, Antabuse—William F. Wolf, exec vp.

Saatchi & Saatchi DFS Compton, New York—Posture (consumer), Riopan (consumer)—David Basch, exec vp.

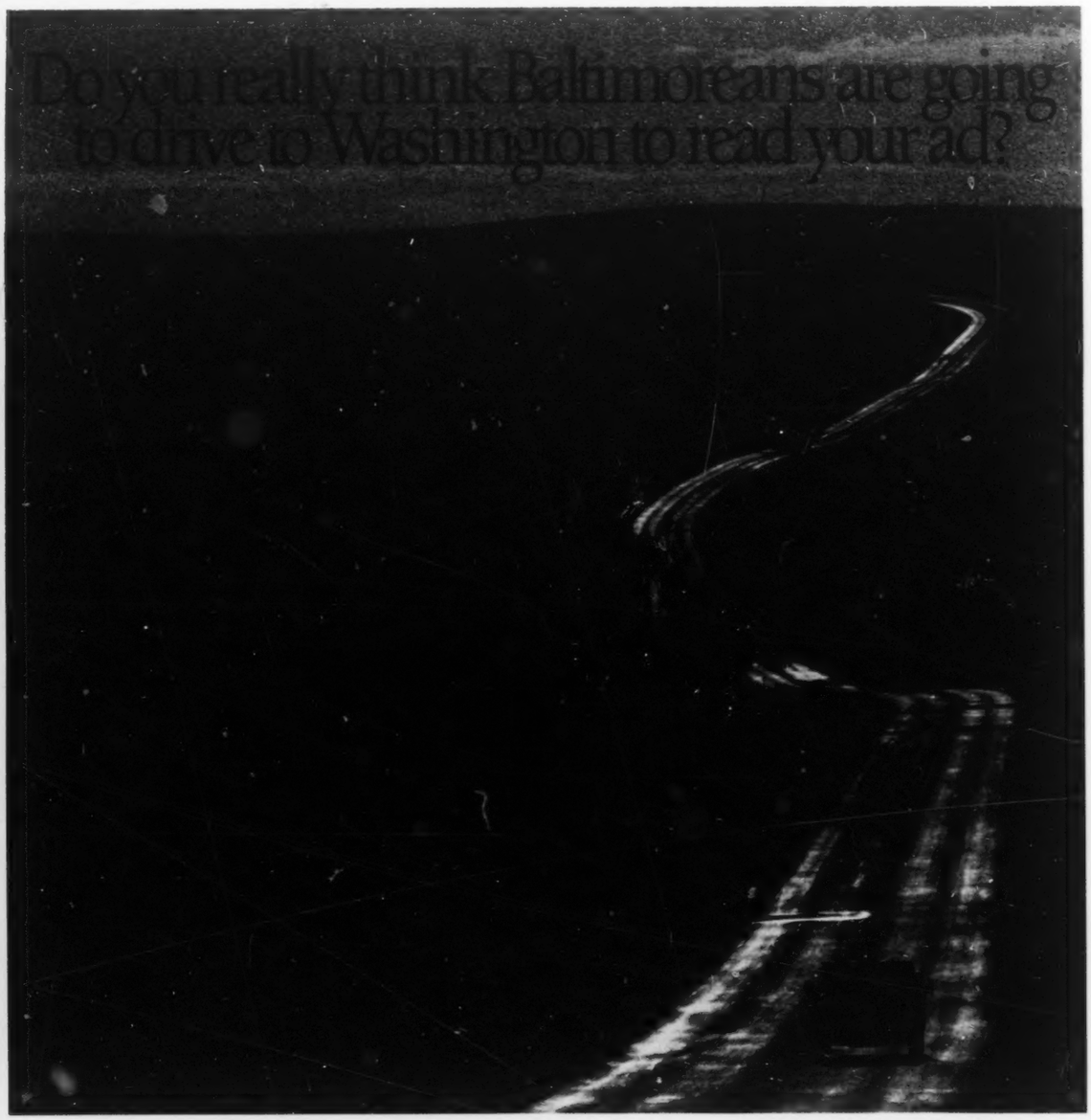
WYETH LABORATORIES
Radnor, Pa.

Corporate Personnel

Bernard Canavan M.D., president

Marketing Personnel

Thomas G. Cavanagh, sr vp-mktg & sales



Forty-five miles of road separate Baltimore from Washington. Forty-five miles, three counties and one state line. And that's just a drop in the bucket compared to the distance in terms of reading habits.

So if you're still buying The Washington Post in order to get a foothold in Baltimore, you are way off the mark. Not even close. Which is rather unfortunate considering the mark in question spends a cool $14 billion a year.

That's right. Baltimoreans spend $14 billion a year on products whose advertising they actually get to see. In other words, on products that appear in The Baltimore Sun. The only newspaper than can and does deliver Baltimore. In fact, does it so well, it's now recognized as the third fastest growing newspaper among people with household incomes of $50,000 plus.

So, if you want to reach the Baltimore market, there's only one route you can take. The Baltimore Sun.

THE BALTIMORE SUN

Charles H. Brantley, vp-sales devel
John T. Spitznagel, vp-mktg
Martin M. Meaney, asst vp-mktg
Edward F. Marcoon, dir-sales, natology group
David O. Swingle, dir-sales, therapeutics group

Advertising Agencies

F. Scott Kimmich & Co., South Norwalk, Conn.—Wytensin, Sectral, Cordarone, Ativan Injection, Cerubidine, Equagesic, Mazanor, Mepergan, Wygesic—Paul K. Tracey, vp-mgmt & client svcs; Mary Walsh, acct exec; Art Chavez, acct coord.

Klemtner Advertising, New York—Orudis, Serax, Synalgos DC & DC-A, Ativan Oral, Surmontil—Gavin Scottie, exec vp-dir-client svcs; Sander Flaum, exec vp-dir-mktg; Tony Correia, sr acct super; Greg Gull, vp-acct super.

Roberts & Raymond, Philadelphia—Collyrium, Phenergan syrups and suppositories, Wyanoids—Gary See, Michelle Hollenbach, acct execs.

William Douglas McAdams, New York—Tubex, Antacids, Deponit, Isordil, Triphasil, Ovral, Lo/Ovral, Nordette, Phenergan Injection, Resol, SMA, Nursoy—Anthony D'Onofrio, president; John LaMare, vp-acct super; Jay Carter, Pat Plonski, acct supers.

BOYLE-MIDWAY
New York
Corporate Personnel

T.J. Host, president

Marketing Personnel

Rick Donnelly, vp-category dir
Ellen Schapps, vp-services
Ken Lagana, adv dir

Advertising Agencies

N W Ayer, New York—Antrol, Snarol, Easy-Off mildew stain remover, Easy-Off glass cleaner, Wizard charcoal lighter, Woolite (various prods)—Jim Polizzi, sr vp-mgmt rep; Joe Levene, vp-acct super.

Kornhauser & Calene, New York—Griffin shoe polish, Black Flag, Depend-O, Old English, Easy-On starch, Zud, Plastic Wood, 3-in-1 oil—Dick Geyer, exec vp.

McCann-Erickson, New York—Sani-Flush (various prods), Woolite Gentle Cycle, Easy-Off oven cleaner, Noxon—Mike Mainthow, mgmt super.

Young & Rubicam, New York—Holiday, Pam, Wizard air freshener, Dry Breezes, Gulf-Lite charcoal lighter—Jordan Stanley, vp-mgmt super.

WHITEHALL LABORATORIES
New York
Corporate Personnel

L. Randall Yates, president

Marketing Personnel

Andrew Davis, vp-mktg
G.B. Prince, vp-mktg
Lyn Ciocca, vp-mktg
Steve Palmisano, adv dir

Advertising Agencies

William Esty Co., New York—Anacin, Maximum Strength Anacin, Compound W, Dristan Tablets, Heet, Momentum, Oxipor, Preparation H, Quiet World, Vito-Med—George Biava, sr vp-mgmt dir; Tom Perotta, sr vp-mgmt super; Ed Bauccio, vp-mgmt super; Deborah Dick-Rath, vp-mgmt super; Marianne Jones, acct super.

Kornhauser & Calene, New York—Anacin 3, Children's Anacin 3, Dry & Clear, Denorex medicated shampoo, Freezone, Outgro, Primatene, Trendar, Youth Garde—Alan Yarnoff, exec vp-mgmt super; Mike Detels, Jim Harragan, Martin Bowen, vps-acct supers.

McCann-Erickson, New York—Dristan sprays—Gunnar Wilmot, sr vp-group mktg dir; Tom Beach, vp-mgmt rep.

Young & Rubicam, New York—Advil, Anbesol, Arthritis Pain Formula, Bronitin, Neet, Semicid, Sleep-Eze—Patrick Knisley, vp-mgmt super; Jeff Frankum, Paul Lorant, vps-acct supers.

FORT DODGE LABORATORIES
Fort Dodge, Iowa
Corporate Personnel

E.T. Corcoran, president

Marketing Personnel

J.A. Bixler, vp-sales & mktg
W.E. Ryan, dir-adv

Advertising Agency

The Brady Co., Menomonee Falls, Wis.—Burt Hutchison, sr vp.

AMERICAN HOME FOODS
New York
Corporate Personnel

D.P. Jaicks, president

Marketing Personnel

Charles LaRosa, sr vp-mktg
Karl H. Becker, vp-mktg svcs
John Hittson, vp-prod mgmt
Jules N. Neuberger, adv dir
Albert J. Soricelli, vp-new ventures

Advertising Agencies

N W Ayer, New York—Chef-Boy-Ar-Dee pizza mix & sauce, dinners, panzerotti mix, Gulden's mustard, Jiffy Pop popcorn, Luck's beans, Ranch Style beans, Mamma Leone pasta in a jar, Dennison's chili, new prods—Maureen Mara, mgmt rep; Mary Emich, Debra Ludgate, vps-acct supers.

Young & Rubicam, New York—Chef Boy-Ar-Dee canned pastas, Crunch 'n Munch, new prods—Art Klein, exec vp, AHPC acct; Jane Brite, mgmt super; Sean Healy, acct super.

SHERWOOD MEDICAL CO.
St. Louis
Corporate Personnel

David A. Low, president

Marketing Personnel

Terry Bivers, sr vp-genl mgr, intl—Thomas Cekuric, vp-genl mgr, API

Advertising Agency

Frank Block Associates, St. Louis—Sherwood—Robert Brace, acct exec.

Which advertisers are fueling the boom in outdoor advertising?

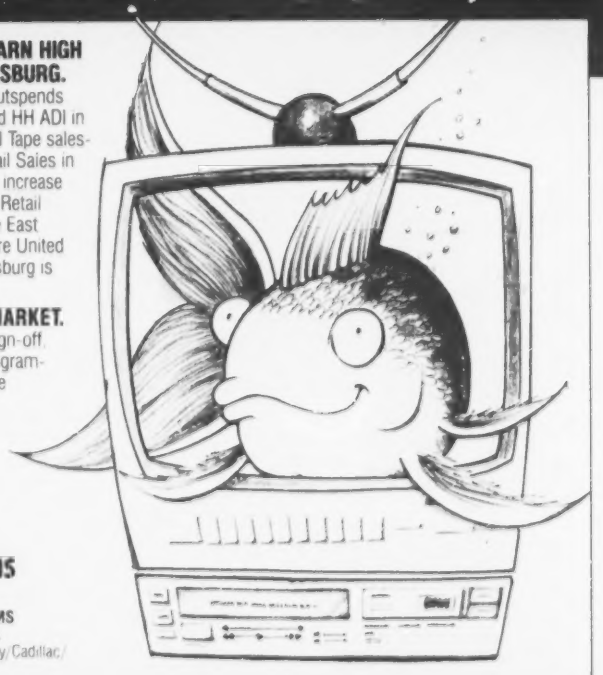
Turn to LNA for answers.
See page 57

WHY BE A LITTLE FISH IN A BIG POND?

LAUREL-HATTIESBURG, MISSISSIPPI

TV, VCR AND TAPE SALES EARN HIGH RATINGS IN LAUREL/HATTIESBURG.
Laurel/Hattiesburg, Mississippi, outspends Buffalo, New York, the 35th-ranked HH ADI in the United States, for TV, VCR and Tape sales-per-household. By 1990, Total Retail Sales in Laurel/Hattiesburg are projected to increase 52%, outspending projected Total Retail Sales increases in Mississippi, the East South Central Region and the entire United States, proving that Laurel/Hattiesburg is truly a video marketer's mecca.

WDAM-TV DOMINATES THE MARKET.
We're the #1 station sign-on to sign-off. We have the facts, figures and programming, including the #1 news in the nation, to help your sales rate higher in the Southeast's picture-perfect market, too.



BE A BIG FISH

BEAM COMMUNICATIONS

NBC WDAM-TV, NBC, Laurel/Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power – February 1987, Nielson
© 1987 Beam Communications

Represented by Katz Continental Television

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

American Motors Corp.

RANK 72

Southfield, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,500	4,040	(13.4)
Net income	(91)	(125)	27.2
Advertising	116	126	(7.5)

Buoyed by a healthy demand for four-wheel-drive vehicles and improved cost efficiencies, American Motors Corp. began its long-awaited financial turnaround in late 1986 and early 1987, which ended up serving as a prelude to the buyout of AMC in mid-1987 by Chrysler Corp.

The company posted a fourth quarter 1986 profit of $20 million, its first sign of black ink in two years. That was followed by two back-to-back profitable quarters in 1987 when AMC earned $53.6 million. Market share for AMC/Jeep in the light-duty truck category also improved from 4% in 1985 to 4.4% in 1986.

The turnaround for Detroit's perennial also-ran automaker came from the continued popularity of the company's Jeep vehicles and the effects of cost-cutting measures begun in 1985. The company also introduced a variety of new products to compete in segments where it was long absent.

In the 1987 model year, AMC introduced its Alliance GTA, a performance version of its beleaguered Alliance subcompact. AMC also brought its Encore models under the Alliance nameplate and dropped its Renault Sportwagon.

Three Jeep models also received a new optional 2.5 liter, V-6 engine from AMC, giving the Comanche, Cherokee and Wagoneer models extra towing capacity and performance capabilities. Also in the Jeep lineup, AMC added a shortbed pickup truck to its Comanche series. The new model boasted a base price of $6,495 to better compete for cost-conscious young buyers who have been turning to pickups as an alternative to passenger cars.

In March 1987, AMC introduced the 1988 Renault Medallion sedan and wagon models from France to help the automaker compete in the compact market. It also added an ultra-plush version of its Jeep Cherokee—called Cherokee Limited—in order to take on England's Austin Rover $30,000-plus Range Rover sport utility vehicle that bowed in March 1987.

AMC used actor George C. Scott as its company spokesman for Renault products such as the Alliance and Medallion. The actor's 14-month, $1 million contract, which was signed in April 1986, wasn't renewed when it expired in 1987 because of the pending acquisition by Chrysler.

Measured spending on Renault nameplates dropped 40.4% to $22.7 million, according to Leading National Advertisers. Measured advertising for the Encore dropped from $7.3 million in 1985 to $721,000 in 1986, since the model was brought under the Alliance banner. However, the difference was not made up on the Alliance side. Total advertising for Alliance and Encore dropped 105% to $18 million in 1986.

Jeep advertising continued to carry the theme line "Only in a Jeep," and concentrated on the sport utility vehicle's versatility and its new six-cylinder engine for the XJ series.

Measured spending for Jeep nameplate vehicles grew 38.2% to $41.6 million, with the Comanche and Cherokee receiving almost equal spending of about $14 million each, both up about $2 million from the prior year.

AMC announced that Jeep will become the official truck and sport utility sponsor of the 1988 Olympics in Seoul, South Korea. Several merchandising and media promotions are planned in connection with Jeep's Olympic tie-in.

In June 1987, AMC's advertising agency, Saatchi & Saatchi Compton, Southfield, Mich., announced it would become part of New York-based William Esty Co. to avoid conflicting with the Toyota Motor Sales USA account handled by DFS Dorland. DFS Dorland and Saatchi & Saatchi Compton (minus the Detroit office) merged to form Saatchi & Saatchi DFS Compton Inc.

Even before Chrysler began its acquisition, AMC signed an agreement with Chrysler to build large, rear-wheel-drive cars for the larger automaker at AMC's underutilized Kenosha, Wis., plant. Production for those vehicles began in February 1987, after extensive employee training and renovations to the plant.

The Kenosha contract, which ultimately led to the Chrysler buyout, marked the first time a domestic automaker had produced cars for another in its own plant. Discussions between Chrysler Chairman Lee Iacocca and Renault Chairman Georges Besse in March 1986 concerning the production of Chrysler cars at Kenosha later evolved into Chrysler's interest in buying Renault's stake in AMC. Chrysler wanted AMC's Jeep lineup in order to better compete in the burgeoning sport utility market, a segment in which Chrysler lacked a formidable competitor. It also coveted AMC's $400 million ultra-modern, Bramalea Assembly Plant in Brampton, Ontario, as well as AMC's network of 1,400 dealers.

Renault, France's state-owned automaker, facing heavy losses in its own market and forced to lay off hundreds of French workers, was receiving pressure from its unions to cut off investment in AMC and to concentrate on its home turf.

Discussions abruptly ended when the Renault chief was assassinated outside his Paris home in November 1986. His successor, Raymond Levy, completed negotiations with Mr. Iacocca for the purchase of Renault's 46.1% stake in AMC for $235 million that could burgeon to $350 million in contingency payments based on future AMC profits. Stockholder approval came Aug. 5, 1987.

AMC has now been reborn as Chrysler's Jeep/Eagle division. The Jeep brand will continue to contain sport utility vehicles; the Eagle nameplate will encompass passenger cars. Chrysler plans to carry out AMC's plan to introduce the Premier intermediate car on Nov. 8. The car will be built at the Bramalea assembly plant.

A number of former AMC executives and marketing managers were brought over to Chrysler to help run the newly acquired company. AMC President Joseph Cappy was appointed group VP of Jeep/Eagle marketing. Francois Castaing, a former Renault executive and most recently AMC VP-product and quality, was named VP-Jeep and Truck Engineering. John Tierney, formerly AMC VP-cfo, was appointed chairman of Chrysler Financial Corp. Martin Levine, former AMC marketing manager, was named Jeep marketing manager. David Kerr, AMC director of advertising and marketing planning, was appointed Jeep advertising manager.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	9,824	9,902
Magazines	17,088	23,761
Newsp. supp.	0	294
Bus. pubs.	284	384
Network TV	50,585	52,690
Spot TV	3,767	3,519
Network radio	106	0
Spot radio	1,757	1,489
Outdoor	31	193
Network cable	3,437	1,708
Total measured	86,880	93,941
Unmeasured	29,342	31,727
Total	116,222	125,668

AMERICAN MOTORS CORP.
27777 Franklin Rd.
Southfield, Mich. 48034
(313) 827-1000
Marketing Personnel

Joseph Cappy, group vp, Jeep/Eagle
Ralph Sarotte, genl mkt mgr, Eagle
Martin Levine, genl mkt mgr, Jeep
David Kerr, adv mgr, Jeep
Michael Savod, adv mgr, Eagle

Advertising Agency

William Esty Co., Southfield, Mich.-David Welch, chmn-ceo; Dick Johnson, president, exec creative dir; David Von Peursem, sr vp-mgmt dir, Jeep; Rick Paschke, vp-mgmt dir, media; Mike Vogel, sr vp-mgmt dir, Eagle.

Sirena out to dunk competitors

Sirena, the swim/leisurewear unit of Sara Lee Corp., is after market share through segmentation. It has inked a deal with Anne Klein for designerwear for 1988, will roll out its W-A Swimclub line to high-end retailers in October 1987, and introduce a cotton lycra line—all to gain a beachhead from Rosemarie Reid, Cole of California, Jantzen, Catalina and Gottex in the tightly packed market.

American Telephone & Telegraph

RANK 18

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	34,067	34,417	(1.0)
Net income	139	1,557	(91.1)
U.S. advertising	440	521	(15.6)

Since the January 1984 breakup of American Telephone & Telegraph Co., it has become clear that the communications giant is on the right road but in the wrong lane. The year 1986 marked AT&T's attempt to change course through internal restructuring and by stimulating demand for products and services relating to its core business of moving and managing information.

AT&T put its advertising costs at $776 million worldwide in 1986, up 11.5% over 1985. However, the 1986 figure represents only a slight increase from AT&T's reported spending of $772 million in 1984. AT&T's figures include all spending for media, research, agency work and salaries. AD AGE's estimate of $439.9 million in measured media and unmeasured forms of advertising in the U.S. in 1986 is down 15.6% from 1985.

AT&T's spending patterns shifted in 1986 away from corporate identity themes designed to establish the AT&T brand name in the wake of the divestiture of the seven regional Bell companies. AT&T now is stressing three core functions: long distance services, communications equipment for the home and office and network telecommunications equipment. Measured spending for AT&T Communications jumped to $16.4 million in 1986 from about $500,000 in 1985, for example, according to BAR/LNA, which monitors seven media.

As another example of its changing approach, AT&T reactivated its "Reach out and touch" campaign in May 1986. The campaign to stimulate use of long distance service had been shelved for two years.

"In 1985 and 1986 there is no question that we were single-mindedly asking people to choose AT&T when obliged to make a choice of a long distance carrier," says Kim McIver Armstrong, director of long distance and international advertising, Basking Ridge, N.J. "Except for isolated areas, the carrier access issue is over and we are returning to our strategic messages in the marketplace to cause people to continue to use AT&T. In addition we are relaunching stimulative advertising," she says.

AT&T continued downsizing internal operations in 1986, taking $3.2 billion in writedowns in restructuring costs associated with the combination of its Information Systems and AT&T Communications divisions, permitted in a September 1985 ruling by the Federal Communications Commission. AT&T eliminated 32,000 jobs in 1986, and has reduced its workforce by about 80,000 jobs since the start of 1984. The cost reductions are having a positive effect on the bottom line.

For the first six months of 1987, AT&T's profits increased 36% to $1.04 billion. Because of weaker product sales and rental revenue, however, total revenue for the period fell to $16.52 billion, down 3.6% from the same period in 1985.

The single largest cutback in measured media spending during 1986 occurred in brand awareness promotion of AT&T long lines as the race came to a close to sign up business and residential users to "equal access" connections. AT&T long lines advertising fell to $94.4 million in 1986, down more than 20% from 1985. Network TV claimed 68% of the total, although most of the drop-off was in network TV and magazines.

Measured spending for AT&T long lines campaigns oriented to business customers also fell 22% in 1986 to $36.8 million. Some 50% of the spending was in network TV, 21% spot TV and 21% magazine. Spending for corporate general promotion fell to $28.4 million in 1986, down 31% from 1985.

The divestiture agreement requires local telephone companies to provide long-distance carriers with the same access to the network as AT&T. During the three-year phase-in, which ended in September 1986, the nation's 66.5 million business and residential line users were asked to choose a primary long distance carrier.

More than 30% of the nation's telephone customers have yet to be converted to equal access because they are served by older switching equipment, or because their local telephone company is independently owned.

AT&T's advantage in gaining equal access connections by default was struck down in mid-1985 by an FCC ruling that customers who fail to select a carrier would have one assigned at random. Previously, those customers failing to indicate a choice were automatically assigned to AT&T.

As a result of rising competition, AT&T's share of the $22.9 billion long distance market fell to 76% in 1986 on revenues of $17.5 billion. Moving up were Washington, D.C-based MCI Communications, with an 8.7% share on revenues of $2 billion, and Shawnee Mission, Kan.-based US Sprint Communications, with a 4.9% share on revenues of $1.1 billion, according to the U.S. Telecommunications Market Report, issued by New York-based Northern Business Information. Other long distance carriers shared 10% of the market, with $2.3 billion in combined revenues, says Glenn Powers, senior analyst at NBI. All market share figures exclude access charges paid to local telephone companies.

US Sprint's growth in 1986 was particularly impressive. The company now serves about 5 million customers, double its base in 1985. Aggressive rate cuts by both MCI and US Sprint, made possible by 40% lower access fees prior to equal access, have helped fuel their growth. However, as equal access is phased in, the rates long distances carriers pay for network access will move closer to those paid by AT&T.

In the meantime, US Sprint has taken the lead role in promoting low prices and high technology. As of last year, when it was formed as a separate entity, US Sprint has reduced its own rates three times, for a total of 20%, putting AT&T and MCI on the defensive. MCI reduced rates by about 14% in 1987. In addition, Sprint's $3 billion investment in a 23,000-mile fiber optic network is luring new mega-business customers.

Such aggressive marketing can hurt AT&T because some 275 companies account for about 25% of AT&T's revenues for long distance service, analysts say. But AT&T is fighting back.

Since divestiture, AT&T's long-distance rates have fallen 33.5%. And both AT&T and MCI are hurrying to build fiber-optic networks.

One area where AT&T still dominates is the $5 billion market for data transmission services. Data transmission now accounts for 17% of the total market for long distance service, and is growing at a 30% to 35% annual clip. Voice transmission accounts for 83% of long distance service, but is growing at a rate of about 7%. AT&T's measured spending for information systems fell 38% in 1986 to $22.3 million, with 45% of the spending going to network TV, 36% to magazine and 15% to network radio.

AT&T also dominates the market for overseas service. Measured spending to promote overseas long lines was up 47% in 1986 to $36.7 million, divided almost equally between spot TV and magazine. AT&T has set a corporate goal of laying the groundwork to develop international markets for data networking and high technology products and services. This is seen in AT&T's growing alliances with Ing. C. Olivetti & Co. of Italy and N.V. Philips of the Netherlands.

Olivetti markets personal computer and digital private branch exchange systems as part of its joint venture with AT&T and Philips markets advanced digital switching systems.

Long distance service accounted for 56% of AT&T's revenues in 1986, up from 50% in 1985. AT&T also gained 30% of its 1986 revenues from the sales of equipment, down from 33% in 1985, and 14% from equipment rental, down from 17% in 1985.

AT&T's retrenchment was evident in reduced spending for AT&T personal computers, which fell 91% to $1.4 million in 1986 measured media. AT&T's share of business revenues for personal computers through retail computer stores fell to 2% during the first six months of 1987, says JoeAnn Stahel, manager of market analysis at Dallas-based StoreBoard. AT&T's estimated share for 1986 stood at 3% on estimated revenues of $125 million, down from a high of 3.3% in 1985 on revenues of $150 million, she says. AT&T posted a pre-tax operating loss of $1.2 billion in the information products division.

In an effort to rebuild flagging credibility in computers, AT&T introduced four IBM-compatible machines early in 1987, and bolstered spending on its PC 6300 and 6300 Plus personal computers. The PC 6300 received $3.5 million in measured magazine spending, up 117% over 1985.

But analysts anticipate more problems for AT&T in computers. "I think AT&T will have a difficult time trying to break into the heavy IBM user base. It's a problem for all IBM competitors, says Fritz Ringling, a principle with the New York-based consulting firm Booz, Allen & Hamilton.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	31,106	57,210
Magazines	74,015	88,137
Newsp. supp.	3,751	4,990
Bus pubs.	19,850	18,580
Network TV	135,162	167,728
Spot TV	41,124	29,700
Network radio	22,552	24,853
Spot radio	8,710	7,362
Outdoor	91	126
Network cable	3,191	3,696
Total measured	339,552	402,380
Unmeasured	100,367	118,938
Total	439,919	521,318

AMERICAN TELEPHONE & TELEGRAPH CO.
195 Broadway
New York, N.Y. 10007
(212) 644-1000

Corporate Personnel

J. Kent Planck, corp vp-adv
Robert W. Watson, corp media dir
Michael P. Tarpey, dir-corp adv
R. Zack Manna, mgr-corp adv
Jacqueline R. Byrne, dist mgr-corp adv
Linda B. Urben, dist mgr-corp adv
Alvin M. Winters, dist mgr-corp adv
Steve Cross, dist mgr-corp event mktg
Douglas K. Ritter, corp broadcast mgr
James D. Speros, corp media mgr

Advertising Agencies

N W Ayer, New York—Fred McClafferty, sr vp-mgmt super.
Ogilvy & Mather, New York—June Blocklin, mgmt super.
UniWorld Group, New York—Herman Morales, sr vp; Linda Dukette, vp-acct super.

AT&T CONSUMER MARKETS

Marketing Personnel

Kim Armstrong, dir-adv

Advertising Agencies

N W Ayer, New York—David Gantman, sr vp-mgmt super.
Bermudez Associates, Beverly Hills, Calif.—Jim Golightly, vp-acct super.
McCann-Erickson, New York—business services—Tom Driscoll, sr vp.
Ogilvy & Mather Direct, New York—Shelly Lazarus, sr vp-acct dir.
Young & Rubicam, New York—Mort Lowenstein, sr vp-mgmt super.

AT&T CONSUMER PRODUCTS

Marketing Personnel

A. Lee Blitch, adv mgr

Advertising Agency

N W Ayer, New York—Lee Roth, acct super.

AT&T BUSINESS MARKETS

Marketing Personnel

Charles L. Mitchell Jr., dir-adv & sales promo

Advertising Agencies

McCann-Erickson, New York—Hank O'Brien, sr vp-group mgmt dir.
Ogilvy & Mather, New York—Kelly O'Dea, sr vp-group dir.
Young & Rubicam, New York—Mort Lowenstein, sr vp-group dir.

AT&T NETWORK/TECHNOLOGIES

Marketing Personnel

P. Mike Neavill, mgr-adv & promo

Advertising Agency

Foote, Cone & Belding, New York—Jim Bernegger, sr vp.

AT&T AMERICAN TRANSTECH

Marketing Personnel

Michael N. Granieri, dir-corp comm

Advertising Agency

Husk, Jennings & Overman, Jacksonville, Fla.—Gary Husk, sr vp.

AT&T CREDIT CORPORATION

Marketing Personnel

Tom Roose, dir-mktg & sales

AMR Corp.

RANK 76

Dallas

($ in millions)

Worldwide	1986	1985	% chg
Sales	6,018	6,131	(1.8)
Net income	279	346	(19.4)
U.S. advertising	113	105	7.1
Division sales	**1986**	**1985**	**% chg**
Passenger	4,961	4,986	(0.5)
Other	1,056	1,145	(7.7)

As AMR Corp. recovers from a financially disappointing year, the parent of American Airlines is focusing on route-system expansion, innovative advertising and a leadership position in airline re-regulation.

Tough airline price competition in 1986 helped produce a decline of 19.4% in net earnings and a drop of 1.8% in revenues at AMR. The company suffered a 10% decline in revenue yield per passenger mile to 10.17 cents in 1986 from 11.30 cents in 1985. Revenue passenger miles actually increased 10.5% to 48.8 billion while load factor inched up to 65% from 64.6%, increases accompanied by a 9.9% jump in available passenger seat miles.

Discount pricing—led by Houston-based Texas Air Corp.'s Continental Airlines—continues to make 1987 a volatile year for airlines. Public concern over airline safety and service issues also has prompted Congress to consider new airline regulations. This fall the Transportation Department is expected to announce rules on these airline issues.

Airline consolidation has changed the industry lineup. American Airlines dropped to third place after Texas Air Corp.'s 1986 acquisitions of Eastern Airlines, Frontier and People Express. The latter two airlines became part of Continental Airlines. Now Texas Air's holdings account for about 19.4% market share. United Airlines follows with a 17% share; American comes in third with a 15% share.

American continues its strategy of route expansion, having opened two hubs last year—Nashville, Tenn. in April and San Juan, Puerto Rico in November. A third hub at Raleigh/Durham, N.C. opened June 1987.

While the San Juan hub increases American's presence in the Caribbean, the Nashville hub serves passengers between the upper Midwest and Gulf states, as well as the Northeast and central-southern states. The Raleigh/Durham hub targets passengers traveling north-south along the East Coast.

Perhaps the most noteworthy development this year was AMR's acquisition of Air Cal, a Newport Beach, Calif.-based regional airline. The $225 million purchase, completed in July 1987, represented a departure from American's strategy of growing internally rather than through acquisition.

With internal growth concentrated in the eastern half of the U.S., management decided that West Coast growth would be best achieved by acquiring an established airline. This immediate expansion along the Pacific Coast not only fills a void for American but also sets the stage for the airline's expansion to Asia.

In June, American inaugurated nonstop service from Dallas-Fort Worth to Tokyo, representing American's first step into the Asian market. European expansion continues with new nonstop service from Chicago to Geneva and Zurich, launched in April, along with nonstop service to Paris and Frankfurt from New York.

Route expansion has been accompanied by an increased ad budget with total 1986 expenditures at $113 million, up 7.1%, according to AD AGE.

When Thomas Plaskett, American's senior VP-marketing left last November to become president of Continental Airlines (he since has left Continental), marketing responsibilities were divided. Michael Gunn became senior VP-marketing from senior VP-passenger marketing. William Shannon was named senior VP-field services from senior VP-field sales and services. Both execs report directly to Robert Crandall, chairman and president.

In March R.A. McKinnon joined American as VP-advertising and market-

Top 25 magazine advertisers

Rank	Advertiser	Magazine ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Philip Morris Cos.	$230,130	$214,511	7.3	16.9
2	RJR Nabisco	135,657	164,123	(17.3)	14.5
3	General Motors Corp.	129,408	107,524	20.4	15.4
4	Ford Motor Co.	125,071	114,851	8.9	19.2
5	Procter & Gamble Co.	86,506	93,775	(7.8)	0.6
6	Chrysler Corp.	78,905	73,579	7.2	18.5
7	American Telephone & Telegraph	74,014	88,136	(16.0)	16.8
8	CBS Inc.	58,871	59,939	(1.8)	31.8
9	Time Inc.	51,166	43,567	17.4	26.8
10	General Electric Co.	50,776	55,378	(8.3)	14.3
11	Unilever NV	49,815	39,000	27.7	9.6
12	Sears, Roebuck & Co.	42,933	19,189	123.7	4.2
13	U.S. Government	39,679	32,572	21.8	12.9
14	International Business Machines Corp.	39,007	52,534	(25.7)	13.2
15	Volkswagen AG	37,265	32,840	13.5	24.4
16	Loews Corp.	34,434	36,041	(4.5)	23.5
17	Kraft Inc.	33,823	31,989	5.7	7.7
18	Honda Motor Co. Ltd.	32,518	23,940	35.8	15.8
19	Revlon Group	31,935	32,156	(0.7)	21.4
20	E.I. du Pont de Nemours & Co.	31,613	32,061	(1.4)	28.0
21	American Express Co.	30,911	33,593	(8.0)	16.2
22	Capital Cities/ABC	30,555	34,860	(12.3)	48.4
23	Bristol-Myers Co.	30,248	28,435	6.4	9.1
24	American Brands	27,433	35,257	(22.2)	17.2
25	Grand Metropolitan PLC	25,163	21,873	15.0	16.4

Source: Publishers Information Bureau as reported by Leading National Advertisers
Note: Dollars are in thousands

ing programs from exec VP-marketing and planning at Pan American World Airways, New York. Ann Smits was promoted to managing director of advertising from assistant VP-advertising.

In response to public concern over flight safety and service, American became the first airline to build a print and broadcast campaign around these hot issues. The effort, via Bozell, Jacobs, Kenyon & Eckhardt, Dallas, is an extension of the carrier's "Something special in the air" lifestyle approach. It will continue through the first quarter of 1988.

Meanwhile Mr. Crandall will lobby Congress for a public database on airline performance; public information on seat spacing; data on missed connections and baggage handling problems and disclosure of overbookings. Should this information become available to the industry, it likely will appear in comparative advertising.

American Airlines and Trintex, White Plains, N.Y., have agreed to provide travel information and bookings as part of Trintex's Prodigy videotex service that becomes available next year to pc users. Trintex is a joint venture of IBM Corp. and Sears, Roebuck & Co.

Making American's Eaasy Sabre electronic reservations system available to pc users will mean that they can obtain flight schedules for more than 650 airlines and book reservations on 300 of them.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	25,194	19,534
Magazines	4,339	2,717
Bus. pubs.	1,379	723
Network TV	18,277	23,008
Spot TV	18,020	16,281
Network radio	433	461
Spot radio	14,390	14,217
Outdoor	162	80
Network cable	486	190
Total measured	82,682	77,210
Unmeasured	30,200	28,202
Total	112,882	105,412

AMR CORP.
P.O. Box 61616
Dallas-Fort Worth Airport,
Texas 75261
(817) 355-1234
Marketing Personnel

Michael W. Gunn, vp-passenger mktg
R.A. McKinnon, vp-adv & mktg programs
Ann W. Smits, mng dir-adv

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas—domestic passenger & freight—Paul Gold, exec vp; Thomas Hooke, sr vp-group acct dir; Patsy Tryon, sr vp-mgmt rep.

Milici Valenti Smith Park Advertising, Honolulu—Norm Blackburn, sr vp.

Anheuser-Busch Cos.

RANK 7

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,402	7,683	9.4
Net income	518	444	16.7
U.S. advertising	544	524	22.8
Division sales	**1986**	**1985**	**% chg**
Beer, beer-related	5,898	5,413	9.0
Food products	1,553	1,416	9.7
Diversified op.	247	190	30.0

Anheuser-Busch Cos., the world's largest brewer of beer, has been making news in almost every category except beer: It expanded its Master Cellars line of keg wines; opened its first retail store to sell its Honey Roast line of nuts and snacks; began testing the waters in the restaurant business; discontinued its upscale Baybry's champagne cooler while expanding distribution of its two bottled waters; repositioned its Dewey Stevens wine cooler, and introduced a soda called Zeltzer Seltzer.

On the down side, A-B fought negative publicity when several top executives were accused of taking money and favors from suppliers and when a small soda company accused it of trademark infringement.

A-B could be simultaneously involved in so many arenas because its core beer business seems to flourish no matter what. The company shipped 72.3 million barrels (bbls.) of beer in 1986, up 6.3% from 1985. The U.S. beer market as a whole grew only 1.8% during that period.

Beer and related beverages contributed 76.8% of A-B's total net 1986 sales of $7.68 billion, compared with 77.3% in 1985.

A-B in 1986 accounted for 39.7% of the total domestic beer market (includes barrels shipped and tax paid withdrawals), up from a 38.1% share in 1985. Its share now is nearly double that of its next closest competitor, Philip Morris' Miller Brewing Co., which represented a 21.3% share of the total market in 1986.

Four of the nation's 10 best selling beers were A-B brands in 1986: No. 1 Budweiser; No. 7 Bud Light; No. 8 Busch and No. 9 Michelob.

Of course, Budweiser more than leads the domestic beer rankings; it dominates them. With sales of 48.8 million bbls. in 1986, Budweiser alone accounted for 26.8% barrels shipped, meaning that better than one of every four beers consumed in this country is a Budweiser.

Appropriately, Budweiser has the largest advertising budget of any A-B brand —or any other brewer, for that matter— $108 million in measured media in 1986, up 17.2% over 1985 spending. But while Bud accounts for 67.5% of A-B's gallonage, its ad budget was only 37% of the $293.5 million the company spent for all its beer brands. And Bud's spending increase in 1986 was the smallest of all major A-B brands.

Economies of scale and Budweiser's unflagging popularity mean A-B needs to spend only $2.22 on advertising per barrel sold, compared with the $12.79 it spends on advertising for every barrel it sells of Michelob Light.

Bud is doing so well in the U.S. that almost all that A-B has to do is expand its availability internationally. In late 1986, Bud arrived in Ireland through a licensed brewing agreement with Guinness Ireland Ltd. In 1987, the brand entered Denmark through agreement with United Breweries Ltd. and South Korea via an agreement with Oriental Brewery Ltd. The brand is now brewed in seven foreign countries and exported to an additional 30.

A-B and Budweiser were corporate sponsors of Dennis Conner's America's Cup yacht Stars & Stripes. Mr. Conner and his yacht were featured in a 30-second TV commercial for the brand that aired prior to and during the January America's Cup competition.

Additionally, when the Stars & Stripes was pulled from the water immediately after winning the America's Cup, its keel bore a Budweiser logo affixed by a team of frogmen (after the race so as not to violate Cup rules against carrying advertising).

Another significant change in Budweiser advertising has been the addition in 1987 of new "young adult" TV commercials themed "I'm a genuine Bud Man" (in place of the "This Bud's for you" theme used generally). These air primarily during late-night programming.

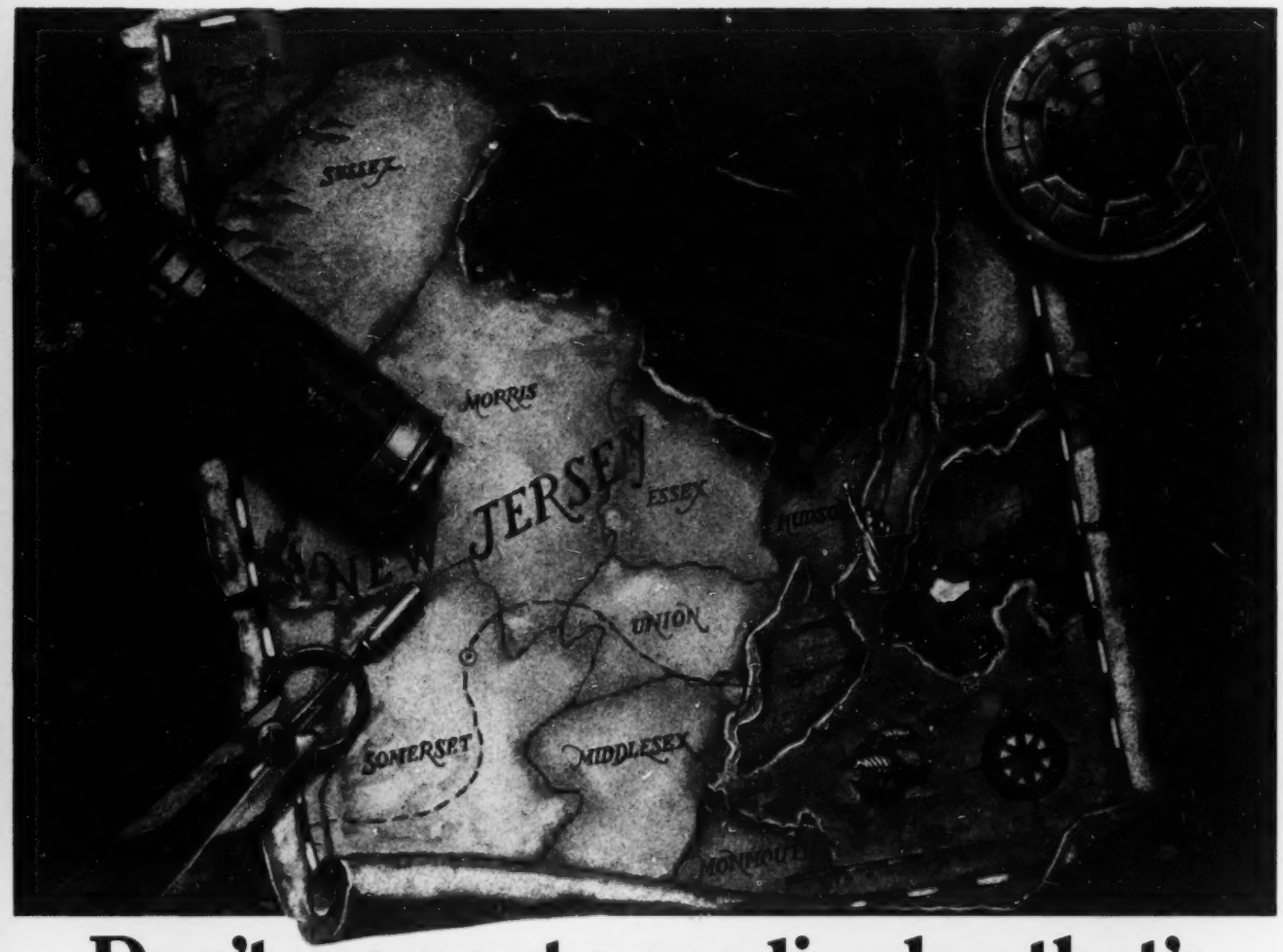
Bud Light has been another success for A-B. Despite the total market's slow growth, sales of Bud Light increased nearly 23% in 1986 to 6.5 million bbls., pushing it up a notch to No. 7 among the top 10 domestics.

Measured ad spending, according to BAR/LNA data, was increased 21.3% in 1986 to $61.6 million, after a decrease of nearly 10% in 1985. The 1986 increase reflects the growth and importance of the brand and the light-beer category overall.

Bud Light sales among young consumers have been increasing, thanks in part to an unlikely brand "spokesman." Spuds MacKenzie, a 3-year-old English bull terrier whose real gender is female and whose real name is Honey Tree Evil Eye, began appearing in Bud Light TV spots in California. Soon he was seen on network TV and on posters in college dormitories nationwide.

Dubbed "The Original Party Animal," Spuds has become a cottage industry for A-B. The company has licensed the dog's name and likeness to more than a dozen companies for everything from casual apparel to keychains. Macy's in New York even has opened a "Spuds MacKenzie Shop" to sell pooch paraphernalia.

The Michelob brands have been a problem for A-B, largely due to a general falloff in consumption experienced by all superpremium domestic beers (as drinkers switch to imports). Michelob's shipments dropped to 5.4 million bbls. in 1986 from



Don't map out a media plan that's missing the richest territory.

A lot of media planners who search diligently for the best way to strike gold in the New York ADI still miss the richest territory. They overlook the only newspaper that lets advertisers tap into $20.7 billion in purchasing power wielded by Bergen/Passaic residents. The Record, New Jersey's largest evening newspaper.

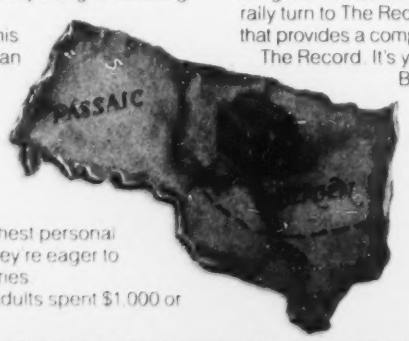
The Record reaches more adults in this upscale northern New Jersey market than any other newspaper, and leads you to the readers with the greatest spending power. In fact, the Bergen/Passaic market is the 33rd largest in the country and is 29 in total retail sales. This positions us with metropolitan areas like San Jose and New Orleans.

Record readers have the second highest personal employment income in America, and they're eager to spend on travel, cars, leisure, and luxuries.

For example, more Bergen/Passaic adults spent $1,000 or more for their last vacation than adults in any other segment of the New York ADI.

And 65 percent of The Record's affluent audience cannot be reached regularly in any other newspaper. It's not surprising. Bergen/Passaic readers, who buy the best things in life, naturally turn to The Record for their news and information. And that provides a compelling environment for advertising that sells.

The Record. It's your guide to reaping the full treasures of the Bergen/Passaic market. Without it, even the most intrepid media planner could end up lost.



The Record
We cover your world. All of it.

150 River Street, Hackensack, N.J. 07601
Call John E. Kimball, Director of Advertising at (201) 646-4259

Sources: © S&MM Survey of Buying Power, 1986; The Scarborough Report, 1986; Simmons Scarborough National Newspaper Audience Ratings Study, 1985
National Representative: Sawyer-Ferguson-Walker Co.

5.8 million in 1985; Michelob Light held steady at about 2.5 million bbls.; Michelob Dark continues to account for about 350,000 bbls.

In an effort to improve those brands' performance, A-B dramatically increased ad spending. Michelob's budget was up 29.7% to $49.1 million; Michelob Light spending jumped 27.1% to $32 million. Spending on Michelob Dark dropped to $3 million from $3.8 million, but that brand has been given a new campaign, themed "Don't be afraid of the Dark," and a new spokesman, actor/comic Martin Mull.

A-B consolidated all three Michelob brand assignments at DDB Needham, Chicago, in 1986, but continued to consider other possibilities. Early in 1987, the company quietly weighed alternative creative on Michelob Light from Bud agency D'Arcy Masius Benton & Bowles, St. Louis; corporate advertising agency Hal Riney & Partners, Chicago; Campbell-Ewald, Detroit; and DDB Needham, which ultimately retained the account.

Still, A-B has expressed doubts about the viability of the Michelob brand lineup and openly has suggested that if the brand does not turn around soon, a new super-premium could be introduced.

That could help explain why A-B in July 1987 began a two-market test of a beer called Anheuser. This "ultrapremium" brand—priced comparably with imports—is testing initially without advertising support, although Hal Riney & Partners, Chicago, officially has the assignment.

The Busch brand has been a surprising success for A-B. Competing in the popular-price segment (meaning it is generally priced below Bud), Busch has caught fire in the past few years. In 1986, sales rose nearly 21% to 6.4 million bbls., making it the No. 8 brand.

Reflecting the brand's growth, measured ad expenditures for Busch were increased 158% to $22.5 million in 1985 and another 21.4% in 1986 to $27.3 million. In addition to the continuing "Head for the mountains" campaign, Busch advertising in 1987 has been augmented by young-adult, late-night creative executions themed "Lookin' for a Busch."

A-B execs seem to hate to return from overseas trips empty-handed. Shortly after announcing an agreement with Denmark's United Breweries to brew Budweiser there, A-B announced it had gained exclusive U.S. import and distribution rights to United's Carlsberg, Carlsberg Light and Elephant Malt Liquor brands (rights previously held by All-Brand Importers). Ad expenditures for those brands (now available in 30 states) totaled $2.4 million in 1986.

A-B also has become heavily involved in non-beer beverages, including wine coolers, bottled water and soda. These products all are overseen by The Anheuser-Busch Beverage Group Inc., established in 1986 as a separate operating unit of A-B Cos. to develop and market non-beer brands.

Its first attempt in the wine cooler market, Baybry's Champagne Cooler, ran into resistance to its higher-than-average price and was discontinued (after ad expenditures of $2.4 million in 1986).

A-B has had better luck with Dewey Stevens Premium Light, positioned as the only low-calorie wine cooler. In October 1986, the Dewey's assignment was moved from Bloom Agency, Dallas, to DMB&B, St. Louis, which changed the brand's theme to "Half the calories. All the fun" from the original "Dewey, you do me right."

The company's most surprisingly aggressive growth has been in the bottled water market. Its involvement began with the November 1985 purchase of Saratoga Springs Co., Saratoga Springs, N.Y. It followed that in February 1986 with the purchase of Sante Mineral Waters Inc., Santa Rosa, Calif. In July 1986 it entered a partnership with Cabin Bar Ranch, Olancha, Calif., giving it additional mineral water resources, and in September 1986 A-B signed an agreement to import Ballygowan Irish Spring Water from Ballygowan Spring Water Co. Ltd., Newcastle West, Ireland. Each of these brands is available in limited territories with modest advertising support.

In January 1987, A-B surprised the beverage world with its announcement that it would begin testing a line of all-natural flavored sodas under the name Zeltzer Seltzer. Zeltzer is the company's first foray into the soft drink market since the 1970s when it tried two ill-fated entries named Chelsea and Root 66.

No one was more surprised by Zeltzer Seltzer's arrival than American Natural Beverage Co., New York, which filed suit against A-B. Among the charges was the claim that packaging for A-B's Zeltzer Seltzer infringed on the trademarked package design of American Natural's Soho brand. In an out-of-court settlement reached in May, A-B agreed to alter Zeltzer Seltzer packaging and advertising by Dec. 1, 1987.

A-B has been involved in food products since acquiring Campbell Taggart, one of the nation's largest baking companies, several years ago. Now A-B has expanded its food interests into snack foods and food service.

A-B's Eagle line of snack foods has moved beyond its beginnings as airline products to a major grocery line. In 1986, the company began its first national advertising for the line, spending $3 million on network TV exposure for Eagle Honey Roast Nuts and $300,000 for Eagle Potato Chips. Eagle Peanut Butter continues in limited test.

In St. Louis' Union Station, the company in November 1986 opened Honey Roast Heaven, a specialty retail shop offering its Honey Roast nuts as well as candies, frozen custard, baked goods and a variety of wrapped food gift packs.

The first A-B restaurant, called Amighetti Bakery and Cafe Downtown, opened in St. Louis in April 1987. Bearing a name and concept bought from a family operating another restaurant in the city, Amighetti Bakery is expected to be the first in a chain of units that A-B will develop.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	11,744	5,611
Magazines	18,335	14,478
Newsp. supp.	910	401
Bus. pubs.	843	724
Network TV	177,496	154,503
Spot TV	97,999	71,153
Network radio	16,529	8,929
Spot radio	50,420	39,713
Outdoor	6,664	5,105
Network cable	19,487	16,393
Total measured	400,427	317,012
Unmeasured	243,095	206,889
Total	643,522	523,901

ANHEUSER-BUSCH COS.
One Memorial Dr.
St. Louis, Mo. 63102
(314)577-2000
Corporate Personnel

Michael Roarty, exec vp

Marketing Personnel

Jack McDonough, vp-brand mgmt
Charles B. Fruit, vp-corp media/sports mktg, vp-coo, Busch Media Group
Thomas Sharbaugh, group mktg dir, Budweiser Bud Light, Carlsberg, Elephant Malt Liquor
Robert J. Goughenour, group mktg dir, Michelob, Michelob Light, Michelob Classic Dark
Robert Merz, group mktg dir, Busch, Natural Light, LA, King Cobra
Robert Guthner, sr brand mgr, Budweiser
Joseph V. Corcoran, sr brand mgr, Bud Light
Michael J. Owens, sr brand mgr, Busch
Peter C. Rozzell, sr brand mgr, Michelob
Jack L. Hanslovic, sr brand mgr, Michelob Light
Donald Meyer, sr brand mgr, Michelob Classic Dark
Brian Porter, brand mgr, Natural Light, LA
William Braun, brand mgr, Carlsberg
Al Cummings, sr brand mgr, King Cobra
Jerry Solomon, vp-genl mgr, Busch Media Group, New York
Bill Benz, vp-genl mgr, Busch Media Group, St. Louis
Terry Poulos, group vp-genl mgr, Anheuser-Busch Beverage Group
Mara "Mitch" Meyers, dir-brand mgmt, A-B beverage group
Tony Ponturo, dir-media svcs
Larry Albus, dir-intl sports mktg
Joe Castellano, sr mgr-sports promo
Tom Barton, mgr, Budsports production
Carol Kelleher, mgr-natl sales promo
Scott Murdock, dir-merch & sale promo
Michael O'Sullivan, mgr-merch systems

Advertising Agencies

Bloom Agency, Dallas—Saratoga, Sante, Campbell Taggart—Marianne Zenor, acct exec.
Castor Spanish International, New York—Hispanic mktg—Robin Robert, acct super.
D'Arcy Masius Benton & Bowles, St. Louis—Budweiser, LA, Natural Light, Dewey Stevens, corp adv—Todd Abrams, sr vp-acct group dir, A-B marketing group. Budweiser: James M. Palumbo, vp-mgmt super; Richard Lallie, vp-acct super; Fred Wolter, sr acct exec; Martha Bonneville, Bryce McTavish, acct execs. LA, Natural Light, Dewey Stevens: Tim Rodgers, vp-mgmt super, LA/Natural Light: William Morgan, acct super; Brian Bennett, acct exec. Dewey Stevens: Terry Lucas, acct super. Corporate—Robert Murphy, Herbert Condie, vp-acct supers; Joseph Einspanier, Carl Strom, acct execs.
DDB Needham Worldwide, Chicago—Bud Light, Busch, Michelob, Michelob Light, Michelob Dark, Ballygowan—John Greening, vp-group acct dir. Busch: Bob Lachky, acct super; Mike Holsinger, acct exec; Diana Fiedotin, Susan Zuckert, asst acct execs. Bud Light: Mark Leitner, acct super; Stan Murton, Brooke Chapman, acct execs. Michelob Group: Don Richards, mgmt rep. Michelob: Peter Kuntz, acct super; Jim Harris, acct exec; Richard Feitler, asst acct exec. Michelob Light: Senn Moses, acct super; Tony Sciolla, acct exec; Scott Rabschnuk, asst acct exec. Michelob Classic Dark: Kathy Kneit, acct exec; Ralph Kurek, acct super—A-B field mktg.
Hal Riney & Partners, Chicago—Zeltzer Seltzer, new prods, corp adv—Thomas Sharp, genl mgr.
TBWA Advertising, New York & St. Louis—Carlsberg, Elephant Malt Liquor, Eagle snacks—Arthur Gramer, sr vp-dir acct svcs.

RANK **87**

B.A.T Industries
London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	20,190	18,640	8.3
Net income	1,280	1,080	18.5
U.S.	**1986**	**1985**	**% chg**
Sales	5,499	5,087	8.1
Net income	394	164	140.2
Advertising	100	172	(42.0)
U.S. div. sales	**1986**	**1985**	**% chg**
Tobacco	2,305	2,273	1.4
Retail	2,471	2,175	13.6
Paper	723	638	13.3

Batus Inc., the U.S. arm of B.A.T Industries, marked 1986 by completing a spinoff of six retailing companies and developing new cigarette brands, specifically appealing to value-oriented customers. The moves boosted sales and earnings to all time highs despite a 44% drop in measured advertising. Yet in its more heavily-advertised tobacco segment, the company lost market share.

At year end, funds from divestitures left Batus with a sizable sum in short-term investments, creating a potential for future acquisitions. As of Dec. 31, 1986, Batus reported $435.1 million in short-term investments, compared with $64.8 million in 1985.

The sale of six retailers, including New York-based Gimbels Department Stores, was completed by mid-1986 for $644 million—an amount greater than expected. In 1985, the company had set aside $150 million for expected book losses associated with the retail restructuring. Because actual results were better than anticipated, a $30 million credit was added to income in 1986.

The largest share of Batus's advertising budget is allocated to its tobacco group, Brown & Williamson Tobacco Corp. Measured spending for B&W was down 65% to $18.4 million, according to seven media tracked by BAR/LNA. Ad spending by Batus in media traditionally associated with cigarette advertising—newspapers, magazines, newspaper supplements and outdoor—dropped 45.6% in the aggregate to $46.8 million in 1986. Thomas E. Sandefur Jr., B&W's president-ceo, told trade specialists in May the company is focusing more on in-store promotions and carefully reviewing its advertising spending.

"The manufacturer must take a closer look at all aspects of doing business to determine if it is spending its marketing dollars as wisely as they can be spent," he says. "As a result, there are increased efforts to talk more directly to the consumer at the point-of-sale and through direct mail."

Key to Brown & Williamson's strategy has been a focus on the relatively new "price/value segment." The price/value category—which includes generic cigarettes—accounts for about 9% of the cigarette market. B&W products account for 26.6% of all price/value cigarettes sold in the U.S., up from 24.7% in 1985, according to "The Maxwell Report," prepared by John C. Maxwell Jr., analyst with Furman, Selz, Mager, Dietz & Birney.

B&W's share of the total domestic market dropped to 11.5% from 11.9% in 1985, according to Mr. Maxwell, as the continuing progress of its Richland brand and generic cigarettes was offset by a decline in full-price brands. The parent company—B.A.T. Industries PLC, London—noted that its entire tobacco group reported an 18% increase in profits (in dollars). The company attributed that gain to higher prices, lower marketing and manufacturing costs and higher overseas sales.

In May 1987, B&W said it would start nationwide sales of a new "brand generic" cigarette, called Falcon Lights. The cigarette, first tested in Kentucky in July 1986, is designed for those who want a lower-priced cigarette but prefer brand names. The suggested price of the 20-to-a-pack brand is the same as that of plain packaged generics and is about 25% less than traditional branded cigarettes.

Falcon Lights was the third branded generic to go national, following RJR Nabisco's Doral and Philip Morris USA's Cambridge. It is B&W's first new product since the introduction of its Richland brand in 1985.

Other B&W products in test are: Capri, an ultra-slim cigarette—17 millimeters in circumference vs. the traditional 21 millimeters; Eli Cutter, a non-menthol male-oriented, full-flavored brand; and Kim 25s, the first value brand targeted primarily at women smokers.

Capri—which is designed to appeal to female smokers—is in test in several markets including Chicago, Detroit, New York, Philadelphia, Washington D.C., Richmond and Baltimore. The brand was introduced in January 1987 in Louisiana.

Kool—which accounts for nearly 60% of B&W's revenues—continued to face declining market share and stiff competition from Loews Corp.'s Lorillard's Newport brand. While ranking No. 4 among U.S. brands, Kool saw its market share drop to 6.6% last year, compared with 6.8% in 1985, according to Mr. Maxwell. Measured advertising for Kool dropped 30% to $20.1 million.

Newport's market share, however, increased to 3.8% from 3.4% in 1985 as Loews plowed $33.7 million into the Newport line, a gain of 5.6%.

In February 1987, B&W switched ad agencies for Kool and Kim 25s to William Esty Co., New York, from Ogilvy & Mather, Chicago. O&M had held the account only since April 1986.

B&W spent more than $14.4 million on measured advertising for Richland in 1986, up 15.2%. The amount is second only to B&W's flagship brand, Kool. Richland had 0.6% of the total market last year, up from 0.5% in 1985, according to Mr. Maxwell.

Measured advertising for Barclay dwindled 47.7% to $2.3 million in 1986 as the cigarette took 0.4% of the market vs. 0.6% in 1985.

The major continuing Batus retailing businesses are: Saks Fifth Avenue, Marshall Field's, Ivey's, Breuners and Thimbles. Saks had record 1986 sales that grew nearly 15% to top the $1 billion mark for the first time in Saks' history—continuing a rebound from a period when Saks failed to keep up with major competitors. Operating income rose over 20% to more than $100 million.

Batus spent about $2.1 million on measured advertising for Saks in 1986, up 33% from 1985.

At Marshall Field's stores, sales were up nearly 15%, approaching $1 billion, while operating profit increased by more than 20%. The company attributed the gains to the strength of improved margins, lowered expenses and further strengthening of its market share in the Chicago market. In 1986, Marshall Field's grew to 25 stores with the opening of five outlets in Wisconsin and a new store in San Antonio, Texas. It continued a remodeling and renovation program which will touch all stores over the next six years. Capital additions in 1986 totaled $67 million.

Measured advertising for Marshall Field's increased 55% to $3.7 million.

Batus sold about 40% of its retailing

Top 25 newspaper advertisers

Rank	Advertiser	Newspaper ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	General Motors Corp.	$146,430	$140,979	3.9	17.5
2	Ford Motor Co.	76,136	77,295	(1.5)	11.7
3	Texas Air Corp.	63,417	15,075	320.7	47.9
4	Philip Morris Cos.	57,590	78,031	(26.2)	4.2
5	RJR Nabisco	50,347	73,321	(31.3)	5.4
6	Chrysler Corp.	42,203	42,000	0.5	9.9
7	American Telephone & Telegraph	31,106	57,210	(45.6)	7.1
8	Trans World Airlines	29,329	20,870	40.5	37.2
9	General Electric Co.	26,987	29,870	(9.7)	7.6
10	Allegis Corp.	26,900	19,987	34.6	15.7
11	AMR Corp.	25,194	19,534	29.0	22.3
12	Daimler-Benz AG	23,340	18,008	29.6	30.1
13	Toyota Motor Corp.	22,878	20,761	10.2	11.0
14	Delta Air Lines	22,309	17,116	30.3	21.3
15	NWA Inc.	22,219	16,851	31.9	42.0
16	Honda Motor Co. Ltd.	21,087	10,331	104.1	10.3
17	CBS Inc.	20,116	20,936	(3.9)	10.9
18	Pan-American World Airways	18,784	21,218	11.4	N/A
19	Nynex Corp.	18,614	15,133	23.0	16.6
20	GTE Corp.	18,140	13,665	32.7	15.7
21	Nissan Motor Co. Ltd.	17,627	16,504	6.8	9.8
22	International Business Machines Corp.	16,646	30,610	(45.6)	5.6
23	Volkswagen AG	15,914	10,966	45.1	10.5
24	Southwest Airlines Co.	14,153	5,953	137.7	N/A
25	Time Inc.	13,951	13,592	2.6	7.3

Source: Media Records
Note: Dollars are in thousands

operations in 1986, including Frederick & Nelson, Crescent, Kohl's and Gimbels department stores.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,139	28,425
Magazines	19,775	23,298
Newsp. supp	1,700	11,705
Spot TV	6,006	7,448
Spot radio	2,611	2,007
Outdoor	20,146	22,548
Total measured	55,377	95,430
Unmeasured	44,682	77,000
Total	100,059	172,430

BATUS INC.
2000 Citizens Plaza
Louisville, Ky. 40202
(502) 581-8000

APPLETON PAPERS INC.
Appleton, Wis.
Corporate Personnel
John W. Turner, chmn-ceo
Dale H. Schumacker, president-coo
A. Sherman Frinak, exec admin asst to chmn
Marketing Personnel
Daniel W. McIntosh, vp-mktg & sales
Robert D. Seuss, dir-pr & corp comm
R.P. Sherrer, dir-mktg
Advertising Agencies
William Eisner & Associates, Hales Corner, Wis.—Tom Sarrahy, acct exec.
Yelton Design Co., Appleton, Wis.—Jeff Yelton, acct exec.

JOHN BREUNER CO.
San Ramon, Calif.
Corporate Personnel
Thomas G. Grimes, chmn-ceo
Marketing Personnel
Jeannine Vaughan, dir-mktg
Georgene McDaniel, media dir
Advertising Agency
(In-house) Jeanine Vaughan, dir-adv.

BROWN & WILLIAMSON TOBACCO CO.
Louisville, Ky.
Marketing Personnel
Thomas E. Whitehair Jr., vp-corp mktg
Lincoln R. Lewis Jr., dir-established brands
Robert J. Miller, group prod dir
James L. Hendricks, group prod dir
Kenneth M. Burk, sr brand mgr
Carol L. Lomicka, brand mgr
Susan H. Trebilcock, brand mgr
Jane G. Curtis, brand assoc
Diane E. Seagle,brand assoc
M. Carrie Canavan, brand assoc
Lee D. Johnson, brand assoc
Gail Lyttle-Green, brand assoc
Frank L. Criss, merch materials mgr
Fran Canary, mgr-media services
Nancy S. Spriggs, mgr-promo services
Cathy L. Barlow, special promos mgr
Linda L. Greenwell, promo couponing super
Donna G. Fryman, coupon misredemption super
I. David MacDonald, dir-intl brands
John B. Judd, group prod dir
Nancy G. Naughton, brand mgr
Jan K. Tharaldson, brand mgr
Glenn D. Raphael, dir-mkt rsch
Jim F. Wilhelm, group rsch mgr
Larry E. Gravely, group rsch mgr
Robert J. Kopp, group forecasting mgr
Hal T. Hughes, mgr-industry analysis
Denise J. Anderson, brand assoc
Nick J. Wilkerson, brand assoc
Alice L. Kirby, sr analyst-forcasting
Bruce R. Pellett, sr mktg rsch analyst
Fran L. Wilke, mkt rsch analyst
Debbie A. Beatty, mkt rsch analyst
Carolyn B. Pugh, mkt rsch analyst
Bonnie L. McCafferty, dir-new prods
R. Dean Sharp, group prod dir
Paul S. Wessel, group prod dir
Nora E. Steinschulte, sr brand mgr
Suzanne D. Zolper, brand mgr
Karen J. Brotzge, brand assoc
Rob D. Stowe, brand assoc
Robert M. Grimes, brand assoc
Lanny W. Butler, vp-sales
Charlie C. Middleton, dir-sales devel & admin
Glenn A. Korfhage, dir-trade devel
Advertising Agencies
Geer, DuBois, New York—Richland cigarettes—Brian Sherwood, exec vp-acct mgr; Mike Garcia, vp-acct super; Sergie Kuharsky, acct exec.
Ogilvy & Mather, Chicago—Barclay, Kool (US and intl); Kim (US only); Kent, Lucky Strike (intl only); media planning and buying for all brands—Rod Parker, sr vp-mgmt super; Margo Conant, acct super.

IVEY'S CAROLINA
Charlotte, N.C.
Corporate Personnel
James H. Shaw, chmn-ceo
Marketing Personnel
Richard L. Schwab, sr vp-sales promo
Advertising Agency
(In-house)—Richard L. Schwab, sr vp-sales promo.

IVEY'S FLORIDA
Orlando, Fla.
Marketing Personnel
Mason Allen, sr vp-merch
Raymond Cole, sr vp-dir adv.
Advertising Agency
(In-house)—Raymond Cole, sr vp-dir adv.

MARSHALL FIELD'S
Chicago, Ill.
Corporate Personnel
Philip B. Miller, chmn-ceo
Burnett Donoho, president-coo
Marketing Personnel
Katharine Davis, vp-direct response
Christina Johnson, sr vp & genl merch mgr
David Ball, vp-mktg
Advertising Agency
(In-house) Creative Field's.

SAKS FIFTH AVENUE
New York
Corporate Personnel
Melvin Jacobs, chmn-ceo
Burton M. Tansky, president
Marketing Personnel
Paul Le Blang, sr vp-dir mktg
Helen O'Hagan, vp-pr
William Berta, sr vp-sales promo & adv
Becky Wong, creative dir
Linda Gaunt, dir fashion publicity & pr mgr
Advertising Agency
(In-house)—Ross Bonanno, production mgr.

THIMBLES
New York
Corporate Personnel
Joseph S. Connelly, chmn-ceo
Carolyn L. Swearengin, president
Advertising Agency
(In-house).

RANK **66**

Bayer AG

Leverkusen, W. Germany

($ in millions)

Worldwide	1986	1985	% chg
Sales	18,769	15,782	18.9
Net income	620	432	43.5
U.S.	**1986**	**1985**	**% chg**
Sales	4,200	4,000	5.0
Operating profits	308	330	(6.7)
Advertising	126	108	16.4
U.S. div. sales	**1986**	**1985**	**% chg**
Mobay	1,710	1,599	6.9
Miles	1,225	1,177	4.1
Agfa-Gevaert	765	797	(4.0)
Haarmann	40	31	29.0
Deerfield Urethane	19	15	26.7

For the first time in a decade, a sales increase was reported for the Alka-Seltzer brand, the leading advertised product at Miles Laboratories, the major U.S. unit of Bayer USA Inc., Pittsburgh. Bayer USA is the newly formed U.S. holding company for West German-based Bayer AG.

Contributing to Alka-Seltzer's results was a flavored line extension introduced in the fourth quarter of 1985. The line got a new entry in March 1987—Extra Strength Alka-Seltzer. The brand's performance in 1986 was influenced by measured media spending of $20.8 million for regular and flavored Alka-Seltzer, up 5.6% from the prior year, and new packaging. Since July 1986, the product has been carried exclusively in foil packages marketed for convenience, freshness and portability.

Miles, based in Elkhart, Ind., also spent $17.7 million in measured advertising on its Alka-Seltzer Plus cold medicine, which is to be joined in the coming cold season by Night-Time Alka-Seltzer Plus cold medicine.

Miles Laboratories does the bulk of the advertising for Bayer USA, which also includes Agfa-Gevaert, Compugraphic Corp., Mobay Corp., Haarmann & Reimer Corp., Deerfield Urethane, NRC Inc. and Wyrough & Loser.

Miles net income in 1986 was $29 million, up 31%, on sales of $1.23 billion, up 4%. Sales at Bayer USA, formed July 1986, increased 4.4% to $4.2 billion during its first year. However, profits declined 3% to $107 million. Bayer's results accompanied a significant decline in the value of the dollar against the parent company's currency, the Deutsche mark. The company calculated the average value of the dollar at DM2.17 = $1 in 1986. The same conversion was applied to 1985 figures by ADVERTISING AGE.

Miles also reported that vitamin sales firmed after several years, led by Within multivitamins for women, introduced mid-1985 as a reformulation of One-A-Day With Iron by adding more calcium and iron to the product. The sales improvement came despite an 11.6% decline in measured media spending to $3.8 million.

Flintstones held its lead in the chewable vitamins market with an $8.8 million push, up from $3.5 million in 1985, as did sugar-free Bugs Bunny chewable vitamins with just under $1 million support, down from $3.5 million in 1985.

Also in its consumer healthcare division, Miles introduced Triple Antibiotic Bactine Ointment with polymyxin B, bacitracin and neomycin, in the fourth quarter of 1986.

S.O.S. Glass Works, a vinegar-based glass cleaner that went on the market in April 1986, contributed to a 19% increase in sales for the consumer household products division. The Bayer USA unit spent $5.9 million promoting the new product, positioned against Drackett Co.'s Windex, which holds a 58% share of the glass cleaner market and Texize's Glass Plus, which claims 22% of market.

Miles spent $4.1 million, down 4.7%, to hold onto a market for its S.O.S. Steel Wool Soap Pads. Use of microwave ovens and changing eating patterns have depressed soap pad use.

S.O.S. Oven Cleaning Pads, the only such pads on the market and the only non-aerosol with significant market share, were reformulated early in the year to attack baked-on soils. The product received only $311,000 in measured media support, down from $1.7 million in 1985.

Cutter Insect Repellent entered the year with a large inventory carryover, but two developments may improve prospects. The U.S. Environmental Protection Agency approved a new biting-fly repellent compound, and the company designed a slim-line can to appeal aesthetically to customers. Cutter received $591,000 in ad support, down 34.8%.

In 1986, Miles' pharmaceutical division introduced Adalat (nifedipine), used for angina pectoris. The new product became Miles' first cardiovascular drug. A drug for the treatment of hypertension and an antimicrobial drug are under Federal Drug Administration review for release.

Miles consolidated its Cutter biological division, a world leader in plasma products, into its pharmaceutical division during the year to strengthen its presence in the hospital market. It also bought the assets of Columbus Dental Manufacturing Co. of St. Louis to bolster U.S. dental sales for Bayer, merging the acquisition into the Cutter dental division of its pharmaceutical unit.

In 1986, Miles completed the transfer of all manufacturing and packaging lines for consumer healthcare from West Haven, Conn., to Elkhart.

By the end of this year, the company expects to complete its $35 million research center in West Haven. The research center's first phase will house Molecular Diagnostics Inc. and Molecular Therapeutics Inc., as well as the Miles Institute of Autoimmune Diseases.

Miles attributed a 20% increase in sales in its diagnostic division to blood and urine test strips and the Glucometer II, which allows diabetics to test their blood sugar any time and place. The Glucometer II with Memory, introduced in 1986, helps patients manage diabetes by remembering 26 glucose results. Glucometer M, introduced early this year, works with the Glucofacts data management system to display trends graphically.

Miles' biotechnology products division maintained a leadership position in the world markets for citric acid, industrial enzymes and dairy ingredients. It reported good growth in 1986 for citric acid used in soft drink markets. In its enzyme technology, Miles will introduce this year a high-alkaline protease for the powdered detergent market. The product is billed as having greater stability and improved stain-removal capability.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	205	0
Magazines	1,670	1,419
Newsp. supp	913	0
Bus.pubs.	3,264	2,044
Farm pubs.	5,341	4,673
Network TV	39,235	46,368
Spot TV	6,970	3,926
Network radio	16,206	5,572
Spot radio	1,088	1,076
Outdoor	130	111
Network cable	1,158	253
Total measured	76,178	65,441
Unmeasured	49,542	42,559
Total	125,720	108,000

MILES LABORATORIES
P.O. Box 40
Elkhart, Ind. 46515
(219) 264-8111

CONSUMER HEALTHCARE
Marketing Personnel
J.W. Howell, div president
R.C. Foyle, vp-sales
M.B. Streicker, dir-media operations
Corporate Media Buying
Clifford A. Botway Inc., New York—network tv & radio buying—Clifford A. Botway, chmn; Edward Kobza, president.
Advertising Agencies
Boger, Martin, Fairchild & Co., Elkhart, Ind.—Miles overseas military, Miles trade adv—Robert B. Boger, president.
Conill Advertising Associates, New York—Hispanic adv—Maria da Silva, acct super.
McCann-Erickson, New York—Alka-Seltzer, Alka-Mints, Flavored Alka-Seltzer, Extra Strength Alka-Seltzer—Peter Heinz, sr vp-mgmt rep.
Sieber & McIntyre, Chicago—medical/professional adv—Lee Heiman, group acct super.
Tatham-Laird & Kudner, Chicago—One-A-Day vitamins, Bactine antiseptic, Bugs Bunny & Flintstones vitamins—Bill Youngclaus, ceo.
Wells, Rich, Greene, New York—Alka-Seltzer Plus Cold Medicine—Kenneth Olshan, chmn, WRG Worldwide; J. Weinstein, mgmt super.

CONSUMER HOUSEHOLD PRODUCTS
Marketing Personnel
S.M. Reim, div president
H.G. Fitts, vp-mktg
M.N. Redlin, vp mktg-new prods
R.R. Rowe, dir-U.S. sales
Advertising Agencies
DDB Needham Worldwide, New York—S.O.S & S.O. Ezy soap pads, S.O.S oven cleaning pad, Glass Works—Grant Roberts, exec vp; Ira Grindlinger, vp-mgmt super; Barbara Altneu, acct super.
Tatham-Laird & Kudner, Chicago—Cutter insect repellent—Kirk R. Borland, sr partner; Jim Hill, acct super; Gary Epstein, acct exec.

BIOTECHNOLOGY PRODUCTS
Marketing Personnel
Klaus E. Seeger, corp exec vp
H.C. Stalter, vp-mktg food & dairy prods
D.J. Spence, vp-mktg enzyme prods
F.W. Coglianese, dir-sales
F.N. Robison, dir-mktg
Advertising Agency
Ash Advertising, Elkhart, Ind.—citric/industrial—J.B. Ash, president.

MARSHALL PRODUCTS
Madison, Wis.
Marketing Personnel
R.A. West, vp-mktg
K.J. Woldt, sales mgr, food & dairy prods
D.G. Whitehead, sales mgr-agricultural prods
N.J. Wood, mktg mgr
Advertising Agency
Stephan & Brady, Madison, Wis.—Hugh Brady, ceo; Jack Ragel, president; George Whitely, vp; Matt Joyce, pr acct exec.

DIAGNOSTICS
Marketing Personnel
R.G. Stoll, corp exec vp
A.D. Fiorillo, exec vp-mktg & sales
T.C. Christensen, vp-intl mktg & sales
K.M. Murphy, mgr-mktg communications
Advertising Agency
Abelson-Taylor, Chicago—clinical/hospital prods—Dale Taylor, exec vp; Nick Kaufman, acct super.

PHARMACEUTICAL
Marketing Personnel
H.K.D. Wallrabe, corp exec vp
G.B. Rosenberg, vp-mktg & sales
J. Patchen, group prod mgr, anti-infectives
Valerie English, group prod mgr, cerebrovasculars
J.R. Lamb, dir-sales
Advertising Agencies
Thomas Ferguson Associates, Parsippany, N.J.—Thomas Ferguson, president.
Medicus Intercon, New York—John Ibelli, vp.

HOLLISTER-STIER
Marketing Personnel
R.M. Galustian, group exec vp-head, allergy business unit
Rey Yvars, dir-mktg & sales
E.T. Hamilton, natl sales mgr
Charles Gursky, natl mktg mgr
Advertising Agency
Medicus Intercon, New York—John Ibelli, vp; Karen Nelson, acct exec.

BIOLOGICAL
Marketing Personnel
R.M. Galustian, group exec vp-head, biological business unit
V.H.J. Shalson, vp-mktg
W.G. Johnson, vp-sales
Advertising Agencies
Deltakos, Inc., New York—intravenous immune globulin & Alpha I proteinase inhibitor—Sonia Mahler, acct exec.
Rainoldi/Kerzner & Radcliffe, San Francisco—blood bag line & professional services dept—Jay Kerzner, vp-acct svcs.
Rolf Werner Rosenthal, New York—immune serum globulin prod & coagulation prods—Bruce Leeb, acct group super.

Top 25 supplement advertisers

Rank	Advertiser	Newspaper supplement ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	RJR Nabisco	$36,929.9	$35,883.1	2.9	3.9
2	Philip Morris Cos.	17,306.7	19,601.0	(11.7)	1.3
3	CBS Inc.	15,718.6	13,719.8	14.6	8.5
4	Franklin Mint	9,505.0	8,741.2	8.7	18.8
5	General Motors Corp.	8,268.4	2,594.4	218.7	1.0
6	Raffoler Inc.	7,210.7	5,003.4	44.1	46.0
7	Loews Corp.	6,861.4	4,023.9	70.5	4.7
8	Horn & Hardart Co.	6,617.8	3,529.2	87.5	N/A
9	Chrysler Corp.	6,107.8	2,184.5	179.6	1.4
10	Nutrition Headquarters	5,530.3	5,901.1	(6.3)	N/A
11	General Electric Co.	4,933.0	5,031.9	(2.0)	1.4
12	Brown-Forman Corp.	4,663.5	5,339.0	(12.7)	4.7
13	F.W. Woolworth Co.	4,253.5	4,421.9	(3.8)	5.7
14	Ford Motor Co.	3,852.9	1,396.6	175.9	0.6
15	American Telephone & Telegraph	3,751.4	4,989.9	(24.8)	0.9
16	Hamilton Collection	3,693.2	N/A	N/A	N/A
17	American Brands	3,628.9	363.8	897.5	2.3
18	Sears, Roebuck & Co.	3,246.8	862.2	276.6	0.3
19	Seagram Co. Ltd.	3,176.8	1,930.8	64.5	3.3
20	Drake Walter & Sons	3,107.5	1,262.1	146.2	N/A
21	Estee Lauder Inc.	3,027.9	2,992.1	1.2	4.5
22	Michigan Bulb Co.	2,776.2	2,662.7	4.3	N/A
23	Sunday Marketplace	2,617.7	N/A	N/A	N/A
24	Neutrogena Corp.	2,492.4	2,212.7	12.6	N/A
25	E.I du Pont de Nemours & Co.	2,101.2	3,237.9	(35.1)	1.9

Source: Publishers Information Bureau as reported by Leading National Advertisers
Note: Dollars are in thousands

RANK **13**

BCI Holdings

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,926	8,400	6.2
Net income	(79)	111	(171.2)
U.S.	**1986**	**1985**	**% chg**
Sales	5,809	5,925	(2.0)
Operating profits	519	467	11.1
Advertising	536	612	(12.5)
Division sales	**1986**	**1985**	**% chg**
U.S. foods	4,817	4,868	(1.0)
Consumer prods.	1,243	1,177	5.6
Int'l foods	2,866	2,255	27.1

If Beatrice had continued its corporate "family" ad campaign this year, the appropriate tag line might have been "We WERE Beatrice."

While other food giants have been busily acquiring smaller, regional companies to boost market share and increase brand recognition, BCI Holdings Corp., the parent of Beatrice Co., has been selling off subsidiary after subsidiary—its latest offering being Beatrice itself which it put out for bids earlier this month.

By divesting itself of a mixed bag of specialty and non-food subsidiaries, the company has trimmed down into a food marketing company called Beatrice Co., consisting primarily of Beatrice/Hunt-Wesson, Swift-Eckrich, Beatrice Cheese and Tropicana Products.

The divestitures give the core foods group a chance to refocus its marketing efforts, free of the distractions caused by last year's "We are Beatrice" umbrella campaign—that is assuming Beatrice remains a unit after its presumed sale. Although the family of brands emphasis was embraced by the central office in Chicago, lower-level management was uncomfortable with the idea of abandoning longtime primary affiliations with the better-known subsidiaries.

The sales of non-food businesses were part of the strategy Chairman Donald P. Kelly put into place when BCI Holdings took Beatrice private in April 1986 in a $6.2 billion leveraged buyout financed by Kohlberg, Kravis, Roberts & Co., New York. Mr. Kelly and KKR had teamed up to create BCI Holdings. Since the merger, BCI has been selling operations to pay off its debt load and has been getting top dollar.

For example, Beatrice's Los Angeles-based bottling operations sold for $982 million to Coca-Cola Co., Atlanta, in September. Beatrice's Americold refrigerated warehouse business was sold to Kelso Americold Inc. in November for $480 million.

The leveraged buyout was put together by Kelso & Co., a New York-based private investment banking firm that created the new company.

Beatrice also sold this July its bottled water business, based in Monterey Park, Calif., to Perrier Group of America for an estimated $400 million.

Beatrice's bottled water division, the leading processor and distributor of bottled water in the nation, markets Arrowhead brand water in California and Arizona, Ozarka water in Texas and Great Bear water in the Northeast. Beatrice got the three water companies in 1982 with the acquisition of Coca-Cola Bottling Co.

Beatrice sold its dairy products subsidiary—the base on which the conglomerate was built—to Borden Inc. for $315 million last October. The acquisition nearly doubled Borden's dairy product sales, extending the company's market into the Midwest, West and Hawaii. It also gave Borden a number of recognizable brand names, including Meadow Gold milk, Viva low-fat dairy products, Louis Sherry ice cream, Mountain High yogurt and Hotel Bar and Keller's butter.

Those sales, combined with previous divestitures of Avis car rental and leasing, plus personal products, knitwear and specialty printing of the consumer products unit, totaled an estimated $3.8 billion.

In 1987, BCI made more strides toward paying off its debt. In May, the company spun off E-II, a public holding company that took with it almost all of Beatrice's non-food lines, including Samsonite luggage; Stiffel lamps, Culligan water products and Louverdrape window coverings. The consumer products subsidiary had net sales of $1.1 billion for the fiscal year ending February 1987.

E-II also took over the food specialties subsidiary, which accounted for almost $250 million in net sales in fiscal 1987. The food specialties include Lowrey's meat snacks; Aunt Nellie's Farm Kitchens, which make canned and glass-packed vegetables; Martha White baking mixes and ANF pet food products.

BCI figured the 15 operating companies included in E-II accounted for 20% of BCI's assets, so E-II took on a like amount of the private company's debt, $800 million. BCI received the money when the stock offering and a $1.5 billion debt offering were made.

Mr. Kelly took over E-II, relinquishing his post as BCI chief executive to Frederick B. Rentschler, the head of its U.S. Foods unit. Mr. Kelly's reputation as an inveterate dealmaker was enhanced by the creation of two acquisition subsidiaries, one to target companies with sales of up to $500 million, the second to buy companies with sales up to $5 billion. Some observers were surprised that Mr. Kelly made no acquisitions in the first quarter of E-II's existence, given the company's reported $5 billion line of credit.

BCI's coffers were filled again in August when a relatively unknown investment firm bought Beatrice's International unit for $985 million. The buyout by TLC Group, New York, financed by Drexel Burnham Lambert Inc., made TLC the largest black-owned business in the nation. The chairman of TLC, Reginald F. Lewis, previously had bought and sold McCall Pattern Co.

Mr. Lewis said he planned to sell off portions of the unit to retire the debt load. He achieved that goal quickly by negotiating the sale of Beatrice Canada to Onex Corp., Toronto, for a reported $225 million and the sale of Beatrice Australia to Cadbury Schweppes Australia Ltd. for an estimated $90 million. TLC reportedly has the Latin American business on the block as well. Mr. Lewis says he plans to concentrate on the company's European operations, and even those might be for sale.

The core U.S. Foods operation now up for sale should attract considerable attention because of the number of its large number of leading brands: Hunt tomato products, Wesson cooking and salad oils, La Choy oriental foods, Peter Pan peanut butter, Swiss Miss cocoa mixes and puddings, Fisher nuts, Orville Redenbacher's popcorn, County Line cheeses and Butterball turkey products. The sale adds credence to Mr. Kelly's onetime comment that "Everything is for sale."

Those brands were enhanced by increased spending last year, a benefit of diverting ad dollars from the corporate campaign.

For example, Hunt tomato sauce and tomato products were backed by nearly $2.6 million in measured spending, up 86%. Orville Redenbacher's popcorns and oils got $15.2 million, up 28.8%, and Tropicana pulled in $13.5 million, up 53.4%, according to BAR/LNA.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,652	8,773
Magazines	15,682	22,482
Newsp. supp.	563	765
Bus. pubs.	2,717	1,379
Network TV	58,710	70,964
Spot TV	47,798	44,226
Network radio	4,364	5,432
Spot radio	12,110	12,198
Outdoor	229	273
Network cable	950	1,167
Total measured	146,771	167,659
Unmeasured	389,081	444,452
Total	535,852	612,111

BCI HOLDINGS CORP.
2 N. LaSalle St.
Chicago, Ill. 60602
(312) 782-3820
Corporate Personnel

Donald P. Kelly, chmn
Frederick B. Rentschler, president-ceo
Roger T. Briggs, vice chmn-cfo

U.S. FOODS
Corporate Personnel

Frederick B. Rentschler, president

E-II HOLDINGS INC.
Corporate Personnel

Donald P. Kelly, chmn-ceo

More about Florida's Money Market

Fort Lauderdale/Palm Beach is the #1 major Florida market in per capita retail sales.

The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

Fort Lauderdale/Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.

Advertising agencies

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—County Line cheeses, Treasure Cave cheeses, Reddi Whip—David Fisher, sr vp-group mgmt super; Peter Switzer, acct super; Billy Granger, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Martha White flour & mixes, Gladiola corn bread mixes, Bonkers cat treats—Ron Harvieux, sr vp; Dianne Yeager, acct exec.

Leo Burnett USA, Chicago—Lowrey's, Eckrich Meats, Plume de Veau Veal, Kneip Corned Beef, Tropicana, Samsonite—Mike Hall, acct dir; Jim Wisman, Bob Hall, acct supers; Doug Porter, Cathy Kitchner, Amy Curet, acct execs.

Dailey & Associates, Los Angeles—Hunt's All-Natural barbecue sauce; Sunlite oil; Peter Pan peanut butter; Snack Pack, new prods—Jane Fox, mgmt super; Mike Fielding, acct exec.

Grant Jacoby, Chicago—Culligan Intl—Brian Buda, acct super; Kimberly Vigneau, Cindy Davis, acct execs; Nancy Erickson, acct coord; Malcolm Gordon, media dir; Tim Frye, assoc media dir; Diane Mazmanian, asst media dir; Andrea Murphy, creative dir.

HBM/Creamer Rosenthal, Chicago—Stiffel Lamps—Debbie Cahill, media planner; Tom Lewy, acct super; Joan Whelan, acct exec.

HDM/Dawson, Johns & Black, Chicago—Rusty Jones rust preventative—Bob Davies, acct super; Becky Fulgoni, acct exec; Eric Olson, copy super; Carolyn Hindel, art super; Brian O'Mara, sr media planner.

Ketchum Advertising, San Francisco—Orville Redenbacher popcorn, Manwich, Hunt's tomato sauce and paste, Hunt's ketchup, Wesson oils, new prods—Lynn Upshaw, group dir; Diane Snedaker, group dir; John Favdle, Pat Martin, mgmt supers; Laurie Gadree, Bill McGee, acct supers.

J. Walter Thompson USA, Chicago—Beatrice Intl food segment, La Choy canned, frozen entrees & soy sauce, Rosarita canned & frozen foods, Swiss Miss pudding bars & cocoa, Fisher nuts—Melissa Murphy, sr vp-group acct dir; Carol Singer, vp acct dir; Mary Auster-Shanessy, vp-sr acct super; Theresa Lipo, Laura Frerichs, Kevin Murnane, acct reps; Louis Heileman, asst acct rep.

Zechman & Associates, Chicago—Swift-Eckrich deli products, Butterball deli breast; Richard Brayer, mgmt super; Elizabeth K. Gray, acct exec.

Agency/client relationships

Mary Wells Lawrence is a board member at Ralston Purina, a major client of her agency, Wells, Rich, Greene Inc.

Beecham Group PLC

RANK 73

Brentford, Middlesex, U.K.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,342	3,031	10.3
Net income	710	592	20.0
U.S.	**1986**	**1985**	**% chg**
Sales	903	869	3.9
Operating profits	264	N/A	N/A
Advertising	116	187	(37.9)

The effects of new leadership became apparent during 1986, as the Beecham Group PLC focused its U.S. efforts on its strong health and personal care businesses, while selling off some of its lagging cosmetics and consumer products operations and cutting back on total U.S. ad spending by 37.7%.

After nearly a year under the interim leadership of Lord Keith of Castleacre, Beecham got a new chairman, Robert P. Bauman, in September 1986. Under his leadership, Beecham has disposed of 13 businesses worldwide for a total sale price of $331.52 million (£1 = $1.40) and leveraged its existing brands through line extensions and new product introductions. Proceeds from sales during the company's fiscal 1987 (ending March 31, 1987) helped boost earnings per share by 17%.

Total advertising expenditures were estimated by AD AGE as $115.8 million in 1986—down from $186.5 million the previous year, a drop of 37.9%.

Key to the success of Beecham's U.S. consumer products operations was the January 1986 acquisition of Norcliff Thayer, with its Tums, Oxy and Aval brands and estimated sales of about $165 million. Value of the acquisition was enhanced through the profits of the sale of Reheis Chemical Co., a manufacturer of proprietary drugs. Reheis, acquired from Revlon along with Norcliff Thayer, was sold in April 1986 to a management group for $23.5 million.

Later in the year, Beecham Products Division sold its Ace Comb division to Goodie Products, a manufacturer of hair brushes and accessories, for $3 million.

After having the Germaine Monteil Cosmetiques on the market for some time, Beecham found a buyer in March 1987 for Monteil, which has been a poor performer for Beecham since its 1985 acquisition for $105 million from B.A.T. Industries PLC. Beecham disposed of the U.S. business of Germaine Monteil, world rights to Diane von Furstenberg and U.S. distribution of Lancaster cosmetics to Revlon for a figure estimated by industry sources at $2.5 million to $10 million.

Beecham Home Improvement Products then sold its Roberts Consolidated Industries subsidiary to an investor group for $45 million. The company has announced its intentions to find a buyer for its remaining U.S. home improvement business, Dayton, Ohio-based DAP Inc.

Beecham succeeded with line extensions in its consumer products businesses, while it had mixed results with new introductions. Its Adidas men's fragrance line made a very successful debut, while the failure of the introduction of Delicare cold water detergent for delicate fabrics has led the company to sue its market researcher.

Beecham rolled out a Sucrets Spray in the U.S. with $4.9 million in measured spending in seven media measured by BAR/LNA.

Oxy 10 acne remedy, a new product in Norcliff Thayer's Oxy skincare line, received $4.1 million in measured spending. Oxy 10 is the market leader in the medicated facial care category with a 23.7% share, compared with No. 2 Procter & Gamble's Clearasil (22.8%) and No. 3 Sterling Drug's Stri-Dex (11.8%).

Adidas men's fragrance and toiletries were introduced to the U.S. by Beecham Cosmetics in 1986 with $2.1 million in measured spending. Adidas had been licensed by Beecham's West German subsidiary, Margaret Astor Cosmetics, for European distribution.

Delicare was launched by Pittsburgh-based Beecham Products in early 1986, supported with $8.2 million in measured spending. Though Delicare captured 17.4% of the $103.5 million market segment and helped spur an 18.7% unit growth in the segment, results fell far short of expectations. Market leader Woolite (American Home Products' Boyle-Midway) lost share, falling from 91% to 74.5%.

As a result of less than expected sales, Beecham has launched a $24 million suit against Saatchi & Saatchi's Yankelovich, Skelly & White/Clancy, Shulman. In the suit, Beecham says the company was led to believe it could top Woolite for No. 1 position in the market. The suit alleges that without the study and its projections, "Beecham would not have introduced Delicare and would not have supported that introduction with the highest of the proposed media spending levels."

Major ad spending in support of Delicare was cut back in early 1987. As a result of the heavy product introduction spending, 1986 media expenditures in support of other Beecham Products brands were curtailed. Spending on Aqua-Fresh toothpaste dropped 68.6% to $8.08 million and its market share continued downward to 10.5% by year end from 11.5% at the beginning of 1986. P&G dominates the market with 39% share followed by Colgate-Palmolive (23%). Beecham is No. 3 in the market.

Measured spending on Aqua Velva aftershave dropped 74.6% to $1.06 million; Geritol spending dipped 80% to $1.66 million. Massengil decreased 78% to $2.6 million, and N'ice lozenges spending fell 55% to $1.3 million.

Spending on Norcliff Thayer's consumer brands was unaffected by the Delicare situation. Tums antacid was supported with $9.6 million, up 1%. Oxy medicated pads maintained spending at $1.2 million. Aval multi-vitamins for women experienced a 336% increase in spending to $4.6 million.

Chicago-based Beecham Cosmetics conducted an agency review in 1986 for its Yardley, Jovan and Vitabath products. The estimated $10 million creative account, formerly handled by Wagner & Associates, was awarded to HBM/Creamer, Boston.

WE WOULD NEVER USE LANGUAGE LIKE THIS IN OUR OWN PUBLICATIONS.

You're reading this ad in English. And, frankly, the English language has no place in our magazines.

SpanAmerica is the DeArmas Hispanic Magazine Network, the largest group of Spanish language publications in the United States.

Today, there are nearly 20 million Hispanic-Americans. Representing some $134 billion in purchasing power. And the vast majority is far more comfortable in Spanish than English. Especially when it comes to the printed word. SpanAmerica provides the magazines they need. Read. And respond to.

There are thirteen vibrant, full color publications altogether. Some of which are targeted to women. Others are geared primarily to men. Several are designed to appeal to anyone and everyone.

Most important, our total readership includes an estimated 2.5 million U.S. Hispanics every month. And you can use our network to buy as selectively as you wish. Nationally, regionally or locally. Men or women. We can give you precisely the audience you want to talk to.

Keep in mind, too, that our sphere of influence extends well beyond the borders of the United States. We're the largest publisher of Hispanic magazines in the world today, with publications in every Spanish speaking country. So a great many of our readers are used to seeing your ads in their countries of origin. Shouldn't they see them in the U.S. as well?

Isn't it time you started making friends with this dynamic market? Hispanics represent the fastest-growing market segment in this country. And we can help you reach the very cream. The better educated. The more affluent. The movers and shakers throughout the Hispanic community.

A good way to begin would be to call Damaso Santana. (South and West) at (305) 871-6400 or Arnaldo Jimenez (North) at (212) 687-8760. Executive Offices: 6355 N.W. 36th Street, Miami, FL 33166.

What they have to say makes a lot of sense. In any language.

SPANAMERICA℠
The DeArmas Hispanic Magazine Network

Adidas products were the only Beecham Cosmetics to have media spending of more than $1 million. Other major spending was in support of the four Jovan musk fragrances and oils for men and women, with aggregate spending of $1.75 million. Other Jovan fragrances received total spending of $912,500, up from $460,000.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	205	0
Magazines	5,903	3,739
Newsp. supp	0	31
Bus.pubs.	398	546
Farm pubs.	889	889
Network TV	47,010	80,252
Spot TV	5,508	17,133
Network radio	5,082	2,648
Spot radio	36	132
Outdoor	0	43
Network cable	1,142	1,092
Total measured	66,172	106,505
Unmeasured	49,705	80,000
Total	115,877	186,505

BEECHAM INC.
Three Garret Mountain Plaza
West Patterson, N.J. 07424
(201) 881-3000
BEECHAM PRODUCTS DIVISION
Pittsburgh, Pa.

Mark D. Lees, vp-mktg
Maurice L. Kelley, vp-mktg svcs
R.M. Lancaster, vp-sales

Advertising Agencies

Avrett, Free & Ginsberg, New York—Brylcreem, Lectric Shave, Calgon water softener, Delicare, new prods—Jack Avrett, chmn; Frank Ginsberg, president; Barbara Hill, sr vp-mgmt super.

Grey Advertising, New York—Aqua-Fresh, Aqua Velva aftershave, Calgon bath prods, Geritol, Massengil, Sucrets, Vivarin, new prods—Robert Burruss, exec vp; Dick Krain, Mel Sokotch, vps-group mgmt supers.

Ogilvy & Mather, New York—Cling Free, Fruit-Fresh, N'Ice, Sominex 2, Sominex 2 Pain Relief Formula—Peter Barnet, group dir; Rick Roth, Mary Gale Senko, acct supers; Larry Hardesty, acct exec.

BEECHAM COSMETICS USA
Chicago

Corporate Personnel

Barry E. Shipp, president
Joseph Aramanda, exec vp

Marketing Personnel

Victor Zast, sr vp-corp mktg
John Small, sr vp-corp sales
Don Deegan, vp-mktg svcs
Peggy Sommerfield, vp-adv & dir-creative svcs
Greta Debofsky, vp-pr

JOVAN INC.

Marketing Personnel

Susan Harris, dir-mktg
Carol Brennan, dir-mktg
Sean Greene, vp-sales
Peter Whitaker, dir-mktg, new prods
Peter Scott, dir-mktg, intl

YARDLEY OF LONDON

Marketing Personnel

John Southern, vp-sales
Chris Broxon, dir-mktg
Valerie Marron, dir-mktg

VITABATH

Marketing Personnel

Jan Mangos, prod mgr
Bob Gould, vp-sales

Advertising Agency

HBM/Creamer, Boston—Jovan cosmetics & perfumes, Yardley of London, Lentheric, Tuvache, Vitabath—Martha Hanscom, acct mgr; Barbara Lawrence, acct super; Mike Reingold, mgmt super.

NORCLIFF THAYER
Tarrytown, N.Y.

Corporate Personnel

Theodore Williams, sr vp

Marketing Personnel

Paul Fraioli, group mktg dir, dir-media svcs
Eileen Fischer, group mktg dir, dir-new prods
Wayne Whitney, sr prod mgr, No Salt, Orafix, Esoterica, Liquiprin, A-200
Paul Madzik, brand mgr, Tums
Teri Rohn, brand mgr, Oxy5, Oxy10
Maria Mirto, brand mgr, new prods
Karen Ahern, brand mgr, Avail, new prods

Advertising Agencies

Carrafiello Diehl & Associates, Irvington, N.Y.—No Salt, Esoterica, Liquiprin, A-200—Robert C. Brandi, exec vp, acct super; John Muhlfeld, vp, group acct super; Patrick Mandarano, acct mgr-medical prods; Phyllis Howe, acct super.

Jordon, McGrath, Case & Taylor, New York—Tums, Oxy, Avail, Orafix—Robert Patton, sr vp-mgmt super; Claire Tordreau, acct super-Oxy; Ellen Fields, vp, acct super-Avail, Orafix, Tums; Robert Burnett, Peter Goddard, acct execs; Sylvia Rodreguez, sr vp, media dir.

BEECHAM HOME IMPROVEMENT PRODUCTS
Dayton, Ohio

Marketing Personnel

Gary Cannella, dir-mktg

Advertising Agency

N W Ayer, New York—DAP caulk & seal, Weldwood adhesives, Derusto coatings, Woodlife wood treatments, "230" sealant—Thomas Kirmayer, mgmt super; Jim Kruse, vp-assoc creative dir.

BEECHAM LABORATORIES DIVISION
Bristol, Tenn.

Corporate Personnel

R. Paul Tatman, president
T.G. Wood, exec vp

Marketing Personnel

Edward Ruane, vp-sales
Robert L. Widerkeher, vp-animal health div
Jack Johnson, mktg dir
John Battel, natl sales mgr

Advertising Agencies

Frank J. Corbett, Inc., Chicago—Timentin, Augmentin, Amoxil, Nucofed, oral antistaphs, injectable antibiotics—Jim Miller, exec vp; Bill Marotti, vp; Ken Stevens, acct super.

Charles Tombras Advertising, Knoxville, Tenn.—veterinary pharmaceuticals—John Welsh, Guy Seymour, acct execs.

Trunk/Shea & McCaffrey, Clifton, N.J.—Ticar, Tigan, Anexsia-D, Fastin—dePaul R. Trunk, president; Thomas G. Shea, vp.

Who are the global chewers?

The biggest gum-chomping countries for Wm. Wrigley Jr. outside the U.S. in 1986 were Australia, Canada, West Germany, U.K., Taiwan and Kenya.

Bell Atlantic Corp.

RANK **75**

Philadelphia

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,921	9,084	9.2
Net income	1,167	1,093	6.8
U.S. advertising	115	70	63.4
Division sales	**1986**	**1985**	**% chg**
Local service	4,164	3,897	6.8
Network access	2,685	2,451	9.5
Toll service	1,422	1,363	4.3
Directory adv.	1,096	986	11.1
Other	605	427	41.7

Growth in the advertising of Yellow Pages helped propel Bell Atlantic Corp.'s measured ad spending upward by 82.7%, influencing an 11% growth in the company's Yellow Pages revenues to $660 million in 1986. Overall advertising grew 63%.

The gains, primarily going to spot TV, doubled that medium's usage from $13.7 million in 1985 to $26.7 million in 1986. Ad spending on Yellow Pages offered by Bell of Pennsylvania rose from $651,300 to $3.5 million in 1986; by Chesapeake and Potomac Bell from $52,400 to $3.1 million; by New Jersey Bell from $557,000 to $3.1 million.

Advertising continued the "Dragnet" theme using actor David Leisure, popularized recently by his appearance as "the Liar" on Isuzu auto ads. Mr. Leisure has been company presenter since 1984.

Bell Atlantic along with other regional Bell companies continue to be denied growth into such areas as long-distance service, providing electronic information services (they can transmit data, however) and manufacturing of telephone equipment. Judge Harold H. Greene of the U.S. District Curt for the District of Columbia, continued the moratorium on those services in a decision handed down earlier this month. He did drop the requirement that the companies file special applications with the court for permission to enter non-telecommunications businesses. The bulk of Bell Atlantic's revenues come from its Network Services operations, including telephone companies and Yellow Pages.

In 1986 Network Services introduced two new services for residential customers—the Guardian Plan, a maintenance contract providing enhanced diagnostic and repair services including "loaner" phones, and Residence Service Variety Package, which gives residential users access to features previously available only to business customers, such as distinctive ringing for priority calls, call transfer and intercom.

Also in 1986, Bell Atlantic won its first major customer for its Public Data Network Service, which moves data in short bursts between computers, enabling otherwise incompatible terminals to communicate. Its rollout should be completed by the end of 1987.

The rest of Bell Atlantic's revenues come from its non-regulated companies—Bell Atlantic Enterprises and Bell Atlantic

The 1987 Ad Dollar Summary lists 35,000 Brands and how much they spent in 7 Media.

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Includes cable TV.
The Ad Dollar Summary tells you how much each of 35,000 brands is spending in consumer magazines, newspaper supplements, network and spot television, network radio, outdoor advertising, and since 1985, cable TV.

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☐ I want to know more about your services.

Signed

Name and Title

Company

Address

Phone

Leading National Advertisers
136 Madison Avenue 5th Fl.
New York, NY 10016
(212) 725-2700 or (800) LNA-DATA

BAR LNA

Investment Development Corporation (BAID).

Enterprises stresses service and finance of information and communications equipment. Bell Atlantic Capital Corp., formed last October, manages Bell Atlantic TriCon Leasing and Bell Atlantic Properties, which invests in real estate and development projects. Its portfolio exceeded $300 million in 1986.

In the leasing field, Enterprises expanded with the October purchase of Greyhound Capital Corp., a lessor of computer equipment. It was renamed Bell Atlantic Systems Leasing International and linked to TriCon Leasing.

Enterprises also expanded its presence in the computer service market. Already a force with Sorbus in the computer maintenance field, Bell Atlantic purchased Electronic Service Specialists, a company specializing in servicing minicomputers made by Digital Equipment Corp. Bell Atlantic also acquired Technology Concepts Inc., producer of software for telecommunications and computer networking.

Bell Atlantic Mobile Systems, Enterprises' cellular mobile communications company, expanded in 1986 to cover 106 cell sites in mid-Atlantic states. According to BAR/LNA, advertising for the operation slipped from $795,500 to $61,800.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,233	4,370
Magazines	7,546	5,211
Newsp. supp.	67	0
Bus.pubs	1,510	595
Spot TV	26,692	13,705
Spot radio	6,542	6,036
Outdoor	320	149
Network cable	232	0
Total measured	49,141	30,067
Unmeasured	65,376	40,000
Total	114,517	70,067

BELL ATLANTIC
1600 Market Street
Philadelphia, Pa. 19103
(215) 963-6070
Corporate Personnel

Donald H. Van Lenten, vp-corp comm
A. Dennis Mollura, dir-corp comm
Christine Davies, dir-corp comm, Bell Atlantic Corp.
Frank L. McGinley, district staff mgr-corp & Yellow Pages adv

Marketing Personnel

Donald B. Williams, asst vp-adv & pr adm
Robert S. Hoffsis, div staff mgr-adv, sales support
Keith A. Bodamer, district staff mgr-adv, usage svcs
Roy E. Weitzell, district staff mgr-adv, prod & mktg support

Advertising Agencies

Ketchum Communications, Pittsburgh—John Fitzgerald, president-ceo; Tom Rich, exec vp, coo.

Ketchum Advertising, Philadelphia—Gerry Grosso, president; Sam Rand, sr vp, group dir; Tony Price, vp-mgmt super; Gina Hanft, Lucy Erdelac, acct supers; Laura Bell, asst acct exec.

Ketchum Advertising, Washington—Ron Bott, sr vp-genl mgr; Sam Rand, sr vp-group dir; Mark Hurst vp-mgmt super; Fred Jaffke, Vicki Derfler, Amy Toole, acct supers; Bob London, Julie Westerman, Mark Rogers, acct execs; Amanda Gordon, Carol Herrman, Betti Brewer, asst acct execs.

Lewis, Gilman & Kynett, Philadelphia—John K. Kaiser, president-ceo; Michael A. Loprete, sr vp-group mgmt super; A. Thomas Tebbens, Jr., vp-mgmt super; Brian Goerke, acct super; Dale Clouser, Maureen Duffin, Brian Gallagher, acct execs; Rhonda Mariano, acct asst.

Not just suds

Golden, Colo.-based Adolph Coors Co. is highly integrated and diversified as evidenced by its Coors Porcelain Co., a producer of ceramics for electronic and structural industries, and Coors Energy Co., which supplied 79% of the brewer's coal needs and 70% of its natural gas needs in 1986.

Where does your publication stand compared to the competition in advertising revenues earned this year to date?

Turn to LNA for answers.
See page 57

BellSouth Corp.
Atlanta

RANK **100**

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,444	10,664	7.3
Net income	1,589	1,418	12.1
U.S. advertising	83	71	17.2
Division sales	**1986**	**1985**	**% chg**
Local service	4,882	4,543	7.5
Interstate access	2,640	2,493	5.9
Intrastate access	812	796	2.1
Toll revenues	1,460	1,392	4.9
Other	1,708	1,489	14.8

BellSouth Corp., Atlanta, the largest of the seven regional Bell holding companies, is moving quickly to build profits in unregulated businesses. In addition to developing new telecommunications services, the company is following a strategy of acquiring and managing complementary businesses.

BellSouth, which recorded $42.5 million in measured advertising in 1986, up 17% over 1985, spent heavily on its two regulated telephone subsidiaries, Atlanta-based Southern Bell, with $8.1 million in measured media, down 7%, and Birmingham, Ala.-based South Central Bell, with $7.3 million in measured media, up 23%. Measured media spending for both subsidiaries was 81% spot TV, 16% magazine, and 3% other media.

BellSouth is in a strong position for growth and profitability as a result of rising population and healthy economic trends in its nine-state region. Local service revenues grew 7.4% in 1986, which is attributed to an increase of 514,000 access lines in service over 1985. Interstate access revenues in 1986 grew 5.9% and intrastate access revenues grew 2.1%. BellSouth also recorded a 15% improvement in revenues from Atlanta-based BellSouth Enterprises as a result of revenues from acquisitions in 1986, and from improved sales of customer premises equipment.

Total revenues for the first six months of 1987 were $5.98 billion, up 4.2% over the same period in 1986. Net income for the six month period was $834.7 million, up 1%. As part of BellSouth's efforts to improve profits, the company announced an early retirement program in mid-1987. By Nov. 1, 1987, 2,400 managers will have voluntarily left the company.

BellSouth's movement into non-regulated businesses complements its strengths in telecommunications, analysts say. BellSouth's general strategy has been to buy companies with expertise in computer hardware and software systems that would enable it to provide consulting and systems development services.

Examples include the $97 million purchase in March 1987 of Dataserve, headquartered in Windsor, England, and Eden Prairie, Minn. Dataserve provides computer parts, service and maintenance, in addition to computer leasing in Europe and the U.S. BellSouth also announced plans in July 1987 to purchase Universal Communications Systems, Roanoke, Va., for $79 million. UCS is one of the nation's largest independent interconnection companies with a presence in 44 states. The transaction, which is expected to be completed this fall, would provide nationwide equipment and consulting for customer premise equipment.

BellSouth also is expanding its presence in cellular communications and paging systems. On Dec. 31, 1986, the company entered a joint venture with Mobile Communications Corp. of America to provide service in the Jackson, Miss., area. BellSouth International purchased a 40% stake in August 1986 in London-based Air Call, which provides cellular and paging service, media response and telephone answering services in five European countries. No purchase price was released on the acquisition.

As a result of BellSouth's growing capabilities, the company has landed several large international consulting contracts. In January 1987, BellSouth agreed to an 18-year pact to provide voice and data communications equipment and services to Shanghai Center, the largest multi-use real estate project in China.

In March 1987, BellSouth agreed to oversee purchase and installation of digital network equipment for Guatel, Guatemala's national telephone company. In April 1987, BellSouth agreed to a one-year contract to provide telecommunications training and technical support to Telecommunications Consultants Ltd., a part of India's national department of telecommunication.

In November 1986, South Central Bell and Kansas City, Mo.-based US Sprint announced a joint trial of SCB's public switched digital service, and SprintLink switched service. It was the first trial of its kind between a Bell operating company and an interexchange carrier. The application was to provide high speed data transmission service to an industrial user, says Mont Williams, a Sprint VP. "It's one of many developments we have going with the Bell companies. We'd like to make it a ubiquitous national service," he says.

"I expect to see more partnerships between the Bell companies and long distance carriers," says William Rich, senior analyst at New York-based Northern Business Information. "The regional Bell companies are looking to become general service providers to large business customers. This would help them eliminate bypassing of the (Bell company's) network."

BellSouth also is expanding the activities of its Birmingham, Ala.-based BellSouth Advertising and Publishing unit. The unit, which publishes over 500 directories in 517 markets, announced plans to publish Gulf Coast, Northeast Texas and Pacific Northwest editions of its Regional Industrial Pages business directories.

Measured spot TV spending for Yellow Pages advertising by Southern Bell jumped 73% to $3.5 million in 1986. Measured spot TV for South Central Bell fell 9% to $1.5 million in 1986. BellSouth's publishing unit also purchased Dayton, Ohio-based L.M. Berry in April, 1986, for an undisclosed sum. L.M. Berry is the nation's second largest independent advertising sales company.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,370	6,820
Magazines	6,203	6,321
Newsp. supp.	103	0
Bus.pubs	66	290
Spot TV	17,702	15,453
Spot radio	11,376	7,143
Outdoor	670	228
Total measured	42,487	36,254
Unmeasured	40,256	34,350
Total	82,743	70,604

BELLSOUTH CORP.
675 W. Peachtree St., N.E.
Atlanta, Ga. 30375
(404) 420-8600
Corporate Personnel

John L. Clendenin, chmn-ceo
M.L. Campbell, vp-corp affairs

Marketing Personnel

C. Richard Yarbrough, vp-pr
M.T. Brandt, adv dir

Advertising Agencies

Burton-Campbell, Atlanta—Alan Burks, sr vp-acct group dir; Mike Lindley, acct super; Jo Ann McCracken, acct exec; Laine Harrington, media planner.

Tucker Wayne & Co., Atlanta—Ed Hinckley, acct super; Kammy Veinson, acct exec.

SOUTHERN BELL
Atlanta
Marketing Personnel

Donald Reichardt, asst vp-pr & public affairs
Donald B. Daves, vp-mktg
John Clark, operations mgr-adv

Advertising Agency

Tucker Wayne & Co., Atlanta—Sid L. Smith, exec vp; Rick McReynolds, Elizabeth Shanklin, Karen Stephens, Mark Kirkpatrick, acct execs.

SOUTH CENTRAL BELL
Birmingham, Ala.
Corporate Personnel

Howard Pallmes, vp-corp affairs

Marketing Personnel

James Gray, asst vp-adv
M.P. Greene, vp-mktg

Advertising Agency

Luckie & Forney, Birmingham, Ala.—Mike Murphy, vp-acct super; Laura Doumont, Chris Brown, acct execs.

BELLSOUTH ADVANCED SYSTEMS
Atlanta
Marketing Personnel

Jim Heibron, vp-mktg
Cynthia Wingo, adv mgr

Advertising Agency

Luckie & Forney, Birmingham, Ala.—Mike Murphy, vp-acct super; R.P. Grillo, acct super; Jacquie Britt, acct exec.

BELLSOUTH MOBILITY
Atlanta
Marketing Personnel

J.A. Thorpe, vp-mktg
D.J. Magraw, adv mgr

Advertising Agency

J. Walter Thompson USA, Atlanta—Kathy McCormick, mgmt super; Jan Freund, acct super; Michael Hanahan, acct exec.

Bristol-Myers Co.
New York

RANK **26**

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,836	4,445	8.8
Net income	590	514	14.7
U.S.	**1986**	**1985**	**% chg**
Sales	3,499	3,286	6.5
Operating profits	778	662	17.5
Advertising	331	344	(3.9)
Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	1,962	1,754	11.8
Nonprescription	1,377	1,231	11.8
Toiletries	1,058	1,020	3.7
Household prods.	439	439	(0.0)

Bristol-Myers Co. showed strong sales and earnings increases in 1986 despite a massive withdrawal of all its capsule products in the wake of two deaths attributed to cyanide capsules taken from tampered Excedrin bottles.

B-M's Clairol unit also ended a 30-year relationship with Foote, Cone & Belding, Chicago—the agency that created the fabled "Does she . . . or doesn't she?" line. Clairol shifted Loving Care to DDB Needham, Miss Clairol to Grey Advertising and Condition shampoos and styling products to Laurence, Charles, Free & Lawson. The assignments represented about $10 million in billings.

New products include Westwood Pharmaceutical's Keri Silky Smooth and the prescription Lac-Hydrin, the first prescription therapeutic lotion approved by the Food & Drug Administration. Westwood also introduced PreSun SPF 29, which offers the highest possible protection from the sun.

Of B-M's $4.8 billion in sales, up 9% from 1985, the greatest dollar volume increase—11.8%—came from its $1.9 billion pharmaceutical and medical products division. The division claims to be the industry leader in anti-cancer drug therapy, and in 1986 introduced VePesid, the fastest-growing anti-cancer drug in the world. The division also introduced Bu-Spar for the treatment of anxiety.

Sales in nonprescription health products grew 11.8% to $1.37 billion, despite the withdrawal of its OTC capsules— including Excedrin, Datril, Comtrex and Bufferin—after two people died of cyanide-laced Excedrin capsules. The products have since been reintroduced in caplets.

In the OTC products category, B-M's Comtrex, competing in the $800 million cold medicine category, saw a slight 2% decline in ad spending to $9.5 million while it continued to hold its estimated 7% market share. Procter & Gamble's Nyquil remains the leader in the category with an estimated 10% share, down from 12%.

In March, B-M introduced Comtrex A/S, a multi-symptom allergy and sinus reliever that is attempting to cross over into the $125 million allergy segment led by Schering-Plough's Chlor-Trimeton and Warner-Lambert's Benadryl. The product was backed by an estimated $8 million ad budget.

The biggest spending increase backed its ibuprofen product, Nuprin. Nuprin spending increased 27% to $36.2 million, the highest advertised brand in the B-M product portfolio. The heavy spending was believed to have been influenced by new entries expected in the ibuprofen-based analgesic category. In September 1986, an exclusive marketing right granted by the FDA for B-M's Nuprin and American Home Products' Advil ended. And several companies charged forth with their own ibuprofen-based analgesics, a segment that gained 15% of the overall $1.7 billion OTC analgesic market in 1986. Nuprin had a 2.5% share; Advil had a 6% share.

That market has grown to $2.2 billion in 1987, a growth influenced by the new ibuprofen entries. Now competing with Nuprin and Advil are Thompson Medical Co.'s Ibuprin and Johnson & Johnson's Medipren, as well as generic-label products from Bolar, Par Pharmaceutical and Zenith Laboratories. Meanwhile, AHP's Whitehall Labs introduced Trendar and Upjohn Co. introduced Haltran, both marketed for relieving menstrual cramps.

With heavy spending behind Nuprin, B-M's ad spending for its Bufferin aspirin-based analgesic decline nearly 27% percent to about $8.4 million. Spending for Excedrin remained unchanged at $16.5 million.

Bufferin, with a 5% share, trails Excedrin, with 5.5% share; Sterling Drug Co.'s Bayer, with 6%; and American Home Products' Anacin, with 6.5%. Aspirin brands were losing share in the analgesics market due to new painkillers, but the market is back on the upswing now that the FDA has allowed drug companies to advertise the link between aspirin and prevention of heart attack.

Sales of toiletries, beauty products and household products were essentially unchanged from 1986. Toiletries and beauty products accounted for an estimated $1 billion in sales, while household products contributed $439 million.

In household products, B-M was clobbered in the air freshener market after Airwick Industries introduced Magic Mushroom. Magic Mushroom has increased Airwick's share of the $300 million category to 30%, from 12% in 1985. Market share for both B-M's Renuzit (marketed by its Drackett Co. subsidiary) and S.C. Johnson's Glade dropped from 25% to 20%, while the category grew by $50 million in retail sales.

Drackett's Windex also took a beating in 1986 from Miles Labs' Glassworks. While Miles was coming on strong with the April introduction of Glassworks, backed by a $7 million budget, Drackett was dropping ad spending for leader Windex by 21.8% to $3.3 million. The Windex market share took a similar dive, to 44.6% from 51.4% a year ago. Texize's GlassPlus has a 25% share, up from 24%, while Glassworks has 15%.

In personal care products, B-M's Keri Lotion continued to hold an estimated 3% share in the body lotion market, against Unilever's Vaseline Intensive Care's 24% share.

Clairol remains the leader in the haircoloring market, though Cosmair's L'Oreal line has been making steady inroads. Clairol has an estimated 63.7% share against L'Oreal's 26.6% share, according to Salomon Brothers.

With half of the U.S. population to be over 40 by the end of the decade, Clairol has shifted its emphasis to a ore mature audience with endorsers such as "Dynasty's" Linda Evans and "Family Ties' " Meredith Baxter Birney. In 1986, L'Oreal began to fight back with spokeswoman Cybill Shepherd.

Ad spending in 1986 was essentially unchanged at about $30 million for all lines, including Ultress and Loving Care. In 1986, B-M also introduced its Color Visions computer system that allows women to try on new haircolors via computer graphics.

B-M signed an estimated $10 million plus multi-year agreement with Westinghouse Broadcasting & Cable's Group W Productions and its five-station group. It calls for B-M to co-venture with Group W for several years in a new syndicated TV series and to sponsor a package of quarterly health specials.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,880	1,995
Magazines	30,249	28,435
Newsp. supp.	630	727
Bus.pubs	295	213
Farm pubs	0	409
Network TV	128,521	127,642
Spot TV	8,055	17,092
Network radio	0	291
Spot radio	460	905

($ in thousands)	1986	1985
Outdoor	0	1
Network cable	5,041	4,456
Total measured	175,131	182,166
Unmeasured	155,866	162,127
Total	330,997	344,293

BRISTOL-MYERS CO.
345 Park Ave.
New York, N.Y. 10154
(212) 546-4000
Marketing Personnel
Marvin Koslow, sr vp-mktg svcs
Thomas D. McCann, vp-corp comm
Peter J. Spengler, vp-adv svcs
CONSUMER PRODUCTS GROUP
Corporate Personnel
Nicholas M. Evans, president
BRISTOL-MYERS PRODUCTS DIVISION
Corporate Personnel
Ronald A. Ahrens, president
Marketing Personnel
Stephen E. Bear, sr vp-mktg & sales
Advertising Agencies
Ally Gargano/MCA Advertising, New York—Datril—James Fenney, sr mgmt super; Frank D'Angelo, acct super.
DDB Needham Worldwide—Excedrin—Rein Luik, exec vp; Lucille Cotugno, sr vp-mgmt super; James Barickman, vp-acct super.
Grey Advertising, New York—Four-Way, Nuprin, Vitalis, Ban Roll-On—Clark Montgomery, exec vp; Herbert Leiberman, sr vp.
Laurence, Charles, Free & Lawson, New York—Bufferin, Comtrex, Congesprin—Susan Holson, mgmt acct super. Comtrex—Robin Coval, mgmt acct super.

DRACKETT CO.
Cincinnati, O.
Corporate Personnel
William F. Flatley, president
Marketing Personnel
John C. Hassan, vp-mktg
Advertising Agencies
Fahlgren & Swink, Cincinnati—Twinkle, O'Cedar, Windex kitchen & bathroom cleaner—Tim Seifert, president, Cincinnati div; Vincent Backley, vp chmn-mgmt super.
Grey Advertising, New York—Behold, Drano Crystals, Drano Line, Windex—Harvey Robinson, mgmt super.
Laurence, Charles, Free & Lawson, New York—Automatic Vanish, Prepared Vanish, Bowl Brite, Endust, Nutrament, Renuzit Roommate, Renuzit Adjustable, Fresh 'n Dry—Richard Goldschmidt, super.

CLAIROL
Corporate Personnel
C. Benjamin Brooks Jr., president
Gerald C. Beddall, president, consumer prods div
Michael A. DeGennaro, president, professional prods div
F. Peter Cuneo, president, personal care div
Marketing Personnel
Nancy Flinn, vp-mktg, professional prods div
John C. Louise, vp-creative svcs, consumer prods div
William G. Lynch, vp-sales, consumer prods div
William H. Ranney, vp-sales, professional prods div
James J. Vatrt, dir-sales, personal care div

Advertising Agencies
Calet, Hirsch & Spector, New York—Clairol appliances, Klorane—Terri Gibralter, mgmt super.
DDB Needham Worldwide, New York—Final Net, Loving Care, Nice 'N Easy, Sea Breeze line, Highlighters—Rein Luik, exec vp; Milton Harkrader, group sr vp; Marianne Moore, vp-acct super.
Gleckler & Co.—Pazazz, Color Play, Clairol PPD (salon), divisional trade adv—Gayle Gleckler, chmn-creative dir; Joel R. Spiegel, president; Micheal Levine, dir-acct services; Susan Rochlis, acct super; John Ansado, creative dir; Laura Zinn, copywriter; Heidi Amsterdam, art dir.
Grey Advertising—Clairesse, Miss Clairol, Ultress.
(In-house)—corporate adv; Props.
Laurence, Charles, Free & Lawson, New York—Condition—Linda Tilton, mgmt super.
Wiseltier & Partners—Clairol PPD (salon)—Catherine Gorayeb, acct super.

MONARCH CROWN
Corporate Personnel
M. Arthur Wilson, president
Marketing Personnel
Walter Loving, vp-sales
George Evans, dir-mktg

HEALTH CARE GROUP
Corporate Personnel
Charles A. Heimbold Jr., president

Zimmer
Warsaw, Ind.
Corporate Personnel
Thomas H. Hughes, president
Ronald L. Davis, exec vp

Medical Engineering Corp.
Corporate Personnel
Robert J. Helbling, president
Marketing Personnel
Jim Ronk, vp-sales
Richard Stolfa, vp-mktg

Jobst
Corporate Personnel
Joseph W. Cilurzo, president
Marketing Personnel
Stephen A. Dezember, vp-mktg & sales

Xomed
Corporate Personnel
William P. Cusick, president
Marketing Personnel
Michael Sinclair, vp-sales
John Madding, vp-mktg

U.S. PHARMACEUTICAL & NUTRITIONAL GROUP
Corporate Personnel
Wayne A. Davidson, president
Raymond C. Egan, exec vp

Bristol-Myers Pharmaceutical Group
Corporate Personnel
Donald G. Harris, president
Randy J. Wheeler, vp-corp mktg
Jeffrey B. Marsh, vp-mktg
Bruce R. Ross, vp-genl mgr, Oncology div
Gary P. Gibson, vp-genl mgr, Bristol Laboratories Pharmaceutical div
Frederick Brubaker, vp-genl mgr, Mead Johnson Pharmaceutical div
John A. Spears, dir-mktg & sales, Apothecon

Mead Johnson Nutritional Group
Evansville, Ind.
Corporate Personnel
Howard M. Willson, president
Marketing Personnel
John Nordberg, vp-mktg
John M. Bullock, vp, genl mgr-Mead Johnson Laboratories

Bristol-Myers Animal Health
Corporate Personnel
Larry W. Zonner, vp & genl mgr

Westwood Pharmaceuticals
Buffalo, N.Y.
Corporate Personnel
Wilfred Larson, president
Marketing Personnel
Barry L. Burnside, vp-mktg & sales
Advertising Agencies
Campbell-Mithun, Minneapolis—MJ Enriched baby food.
F.J. Corbett—Alpha Keri, Keri lotion (medical adv), Pre Sun, Staticin/T-Stat, Westcort, Sebulex/Sebucan, Desquam, Lac-Hydrin, Maxivate, Moisturel, corporate adv—John P. Burns, sr vp-acct exec.
Grey Advertising, New York—BuSpar.
Keller Crescent Co., Evansville, Ind.—Poyi-Vi-Sol, Smurf, Naturacil, Tempra.
Laurence, Charles, Free & Lawson, New York—Keri lotion, Presun, Fostex, Lac-Hydrin—Linda Tilton, mgmt super.

SCIENCE AND TECHNOLOGY GROUP
Corporate Personal
Abramo Virgilio, Ph.D., president
Giulio Vita, Ph.D., president, pharmaceutical rsch & devel div
Robert Nowinski, Ph.D., president, genetic systems
T. John Potter, president, industrial div

MARKETING—EXECUTIVES
Packaged Goods and Financial Services
MARTHA WARD ASSOCIATES
EXECUTIVE SEARCH SPECIALISTS
71 Park Ave., N.Y., N.Y. 10016-(212) 689-6227

WHY BE A LITTLE FISH IN A BIG POND?
FOOD STORE SALES ARE BEEFING UP IN TUSCALOOSA.
Tuscaloosa, Alabama outspends Birmingham, the 45th-ranked HH ADI in the United States, for Supermarket, Grocery and Other Food sales-per-person. By as soon as 1990, Effective Buying Income is expected to leap 55%, outperforming Alabama, the East South Central Region, and the entire United States. Total Retail Sales are projected to rise 52%, again beating state, region and national projections and proving that Tuscaloosa is a fat and juicy market that's beefing up even more.
WCFT DOMINATES THE MARKET.
We're the #1-rated station sign-on to sign-off. We've got the facts, figures, programming, including the #1 news, to help make your food store sales #1 in Tuscaloosa.
BE A BIG FISH
BEAM COMMUNICATIONS
WCFT-TV, CBS, Tuscaloosa, AL
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WDAM-TV, NBC, Laurel/Hattiesburg, MS
Source: 1986 Survey of Buying Power – May 1987, Arbitron
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Represented by Katz Continental Television
WCFT-TV
TUSCALOOSA, ALABAMA

Brown-Forman Corp.
RANK **89**
Louisville, Ky.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,404	1,289	8.9
Net income	90	86	4.7
U.S. advertising	99	94	4.9
Division sales	**1986**	**1985**	**% chg**
Wine, spirits	1,064	972	9.5
Home furnishings	194	174	11.5
Personal products	146	143	2.1

As the industry suffered from a decline in demand for distilled spirits, Brown-Forman Corp., the country's second largest distiller, registered a better-than-average performance in 1986. The company geared up for 1987 by tightening its work force and extending its product lineup.

Even though the distiller has experienced some volume declines, most of the Brown-Forman labels are performing better than the overall industry, according to M.L. Conway, an analyst with Value Line Investment Survey.

Brown-Forman formed a new U.S. marketing division in December 1986, Brown-Forman Beverage Co., by combining four wine and spirits companies—Jack Daniel's Distillery, B-F Spirits Ltd., California Cooler Co. and Jos. Garneau Co. The move, which was said to be dictated by a cash drain stemming from Brown-Forman's purchase of California Cooler, sparked a family feud.

The restructuring plan, reported to be the brainchild of company chairman-ceo, W.L. Lyons (Lee) Brown, was opposed by his brother, Martin Brown, who resigned as vice-chairman of the company and chairman of the Jack Daniel's division. William M. Street, vice-chairman of Brown-Forman, was named president and chief marketing officer of the new unit. The goal of the consolidation was to improve profits by trimming the work force.

The company took further steps to simplify the corporate structure on July 31, 1987, when it eliminated the holding company, Brown-Forman Inc., by merging it with Brown-Forman Corp., which previously was the title of the operating company. The move also had tax advantages.

In June 1987 the company sold the Lenox Candles division to Candle Corp. of America, Greenwich, Conn., for an undisclosed amount of cash, and it liquidated the Keepsake diamond jewelry line last year. Home furnishings and personal products divisions at B-F together account for one-fourth of sales and 16% of profits. Wine and spirits command the major share of corporate sales and profits.

The hottest item in that wine and spirits business is California Cooler, bought in fiscal 1986. The agreement involved an upfront payment of $98 million in cash and further payments over the next two years based on case volume—an amount that could cost an additional $44 million.

Although the Brown-Forman cooler product relinquished its crown last year to Gallo's Bartles & Jaymes brand, sales of the California Cooler line increased by 10%, as 13 million cases made their way into the market in 1986. That gave California Cooler a 17.5% share of market compared with Bartles & Jaymes' 22.9% share, according to M. Shanken Communications' wine and spirits industry newsletter, *Impact*.

During the last year, wine cooler sales grew to account for over one-fourth of all wine products consumed in the U.S. Analysts predict the category will reach $1.3 billion in sales this year. Because of the product's popularity and newness, market shares fluctuate wildly. Bartles & Jaymes, with a 17.5% share in 1985 compared with California Cooler's 26.8%, roared past California Cooler in 1986, the first full year for B&J. Seagram's lineup of coolers grew from a 9.3% share in 1985 to 13.6% in 1986.

Last year, California Cooler was supported by a $25 million advertising budget, while competitors Gallo and Seagram spent about $30 million apiece. The 1987 advertising budget for California Cooler reportedly approaches $40 million. The line has been augmented by the addition of two new flavors, tropical and orange, and by larger size offerings—2-liter bottles, 187-milliliter bottles and quarter and half-barrels.

Brown-Forman also has been active in market tests and product roll-outs. Martell Cordon Rubie Cognac entered the market last September and will be rolled out nationally this fall. Bolla Pinot Grigio wine debuted last October, while Bolla Gavi di Gavi came out this September. The Cella line introduced two wine beverage products this year: natural peach and natural raspberry flavors.

Brown-Forman currently is test marketing another cooler product in Texas and Florida, one which capitalizes on the name of its most profitable brand, Jack Daniel's whiskey. Jack Daniel's Tennessee Cooler, a blend of fruit juice and Jack Daniel's Black Label Whiskey, should strengthen both B-F's presence in the burgeoning cooler market and bolster the whiskey brand.

Case depletions of Jack Daniel's Black Label declined by 3.8% in 1986 to 4 million, despite more than $6.3 million in measured media support, up 3%. Among bourbons, Jack Daniel's is No. 2 behind Jim Beam in case depletions and is ranked eighth among all liquor brands, according to *Impact*.

Another strong seller in the stronger spirits category, Canadian Mist Whiskey, remained the country's top Canadian whiskey despite a 5.5% drop in case depletions. The brand received nearly $4 million in measured media support, down 20%.

Rejuvenated by its first new creative advertising effort in three years, Early Times Old Style Kentucky Whiskey broke a $2 million ad campaign in November, which was reinforced by a $1.2 million point-of-purchase effort, all from Ally Gargano/MCA Advertising, New York.

The biggest increase in cases sold was for Korbel Champagne, the fastest-growing California champagne. The 11% increase in volume was matched by a 12.4% increase in sales, which demonstrated a stronger performance than that enjoyed by the category as a whole. Korbel received $2.9 million in measured spending, up 45%.

Conversely, the largest decline in number of cases was the 35% drop by Cella wines. Sales of Cella and Bolla Italian import brands were affected by a weakened

dollar. Undaunted, this past March Brown-Forman acquired the worldwide trademark for Fontana Candida premium Italian wines, the world's leading supplier of Frascati wines. The company also bolstered its stake in the domestic wine market last September when it obtained U.S. distribution rights to the Parducci line of California wines, whose major product is a white zinfandel.

ADVERTISING EXPENDITURES

($in thousands)	1986	1985
Newspapers	5,469	8,187
Magazines	24,185	21,862
Newsp. supp.	4,664	5,339
Bus.pubs.	0	7
Network TV	16,210	8,159
Spot TV	4,402	9,799
Network radio	0	259
Spot radio	2,647	542
Outdoor	4,938	5,162
Network cable	506	738
Total measured	63,022	60,052
Unmeasured	35,899	34,208
Total	98,921	94,260

BROWN-FORMAN CORPORATION
850 Dixie Highway
Louisville, Ky. 40201
(502) 585-1100

BROWN-FORMAN BEVERAGE CO.
Marketing Personnel
Louisville, Ky.

Stephen B. Kauffman, exec vp, exec dir-mktg
John V.O. Kennard, sr vp-mktg, spirits
E. Ted Parrack, sr vp-mktg, wines
Jon G. Shastid, sr vp-mktg, California Cooler
Norbert J. Kruer, vp-mktg admin
Richard C. Tongberg, vp-mkt rsch

Nashville, Tenn.

Arthur S. Hancock, exec vp, exec dir-mktg
Timothy D. Younkin, sr vp-mktg, Jack Daniel's
Hans L. Stern, sr vp, group mktg dir, exec dir-Brown-Forman Media Services
Dennis Walsh, vp, line extension devel
Bob Lagow, vp-mktg admin

Advertising Agencies

Advanswers, St. Louis—media planning for Jack Daniel's, Korbel California champagne & brandy, Bols liqueurs—Lee Zobrist, Dave Dasenbrock, acct execs.

Ally Gargano/MCA Advertising, New York—Canadian Mist, Early Times, Southern Comfort, Usher's Old Forester—Bob Lepre, exec vp; Warren Wiegand, sr vp-group acct dir; Hal Tovin, vp-acct dir.

Ammirati & Puris, New York—Bolla wines—Howard Lesman, vp-acct super.

BFV&L, St. Louis—creative on Korbel, Bols, packaging on Jack Daniel's—Loring Van Slyck, Karen Roodman, acct execs.

(In-house) Brown-Forman Media Services, Nashville, Tenn.—media placement, all brands—Terry Crowe, dir.

Burrell Advertising, Chicago—Martell, black mktg Canadian Mist, Jack Daniel's, Old Forester, Cella—Robert Hinton, Jasper Tanner, vp-acct dirs; Greg French, Alisa King, Mark Lee, Esther Terrell, acct execs.

Chiat/Day, San Francisco—California Cooler—Wayne Fulcher, vp-mgmt super; Jamie Goodman, Mike Murphy, acct execs.

FCB/Leber Katz Partners, New York—Bushmills—Laurel Cutler, mgmt super.

Simmons, Durham & Assoc., St. Louis—creative on Jack Daniel's—Les Diveley, acct super.

Zubi Advertising Services, Miami—hispanic mktg Jack Daniel's—Terri Zubi, acct super.

LENOX INC.
Lawrenceville, N.J.
Corporate Personnel

Thomas R. McInerney, vp-mktg, china & crystal
Peter R. Cheyney, vp-adv & mktg comm, china & crystal
Gordon Muckler, dir-mktg, Lenox Collections
William W. Berger, vp-mktg, Lenox Awards
Ron S. Cameron, vp-mktg, ArtCarved
Parke H. Davis, vp-mktg, ArtCarved Class Rings
Dorothy B. Penix, sr vp, Hartmann Luggage

Advertising Agencies

AC&R, New York—ArtCarved—Connie Pappas, acct exec.

FCB/Leber Katz Partners, New York—Lenox China & Crystal, Lenox Collections, ArtCarved Class Rings, Hartmann Luggage—Howard Berg, sr vp-group mgmt dir; Patricia Price, vp-mgmt dir; Cheryl Mather, acct exec (Lenox China & Crystal, ArtCarved Class Rings); Robert Gordon, president, direct mktg; Carlo Ammariti, acct super; Ann Rasmussen, acct exec (Lenox Collections); Liz Greene, vp-acct dir; Joann Valenti, acct exec (Hartmann Luggage).

Fuller seeks other sales doors

Fuller Brush, a Sara Lee subsidiary, is trying to make itself better known on new fronts through the distribution of 15 million mail order catalogs, advertising in newspapers and magazines, and testing retail stores in Dallas. All of this, President Dave Bryan assures, doesn't spell the demise of the Fuller Brush "man." Fuller has 13,000 of them, in both genders, who deal more with referrals today than door-to-door calling.

Campbell Soup Co.

RANK **42**

Camden, N.J.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,379	3,989	9.8
Net income	223	198	12.8
U.S.			
Sales	3,557	3,345	6.3
Operating profits	396	354	11.9
Advertising	204	216	(5.3)
Division sales			
Campbell U.S.	2,685	2,500	7.4
Pepperidge Farm	455	426	6.7
Vlasic Foods	204	199	2.6
Mrs. Paul's	137	138	(1.0)
Other U.S.	76	81	(5.8)

Campbell Soup Co. is getting out of a number of businesses that are corollary to its key food-processing activities. Food products, which represent the foundation of the company, also serve as its growth sectors.

In June 1987 Campbell sold its Triangle Manufacturing Co., a manufacturer of fitness equipment, to St. Lawrence Manufacturing of Canada Inc. for an undisclosed price. One month later, Campbell unloaded its Recipe dog food operation to H.J. Heinz Co.'s StarKist subsidiary.

The three remaining H.T. McDoogal's restaurants in the Philadelphia area were sold recently, and Campbell is planning to sell its 16 Annabelle's restaurants in the Southeast and 66 Pietro's Pizza Restaurants in the Pacific Northwest.

Through the first nine months of its current fiscal year (ending early August), Campbell reported sales up 6.4% to $3.49 billion. Of the total, Campbell U.S. (soups, prepared canned foods, dinners) contributed $2.11 billion, up 2.1% from 1986. Larger sales gains came from Mrs. Paul's Kitchens, up 11.7% to $121.4 million, Pepperidge Farm, up 10.9% to $381.3 million, and Vlasic Foods, up 7.8% to $198.9 million.

To beef up its soup category, a slow-growth sector that still accounts for about 40% of Campbell's total sales, the company is pushing higher-margin, value-added microwaveable soups.

In test market are two microwave soup products in ready-to-serve aseptic plastic containers: shelf-stable Cookbook Classics and frozen Soup du Jour. National rollout of Cookbook Classics is slated for fiscal 1988.

"Microwave soup will be very big," says analyst Leonard A. Teitelbaum, VP capital markets at Merrill Lynch. "Campbell has been a leader in research and development and is taking advantage of better packaging. Once microwave soup comes out in a big way, it will be very good for the company."

To further its push into value-added microwaveable food products and microwave cooking information, the company has established the Campbell Microwave Institute. The unit's goals include establishing and promoting the month of October as International Microwave Month, developing new microwaveable products and standardizing microwave heating directions for Campbell products.

Mr. Teitelbaum sees additional merit in Campbell's recent divestiture decisions. "No one knows how to sell soup like Campbell, and Pepperidge Farm is one of the finest specialty bakeries. I think the company has taken a look and decided to go back to what its does best."

To reflect the growing importance of consumer products, Campbell reorganized its sales force, giving local sales managers more of a say in developing products, advertising and marketing strategies. Campbell believes this will give it the best value for its advertising dollar.

In fiscal 1986, sales and marketing expenses totaled $544 million, or 12.4% of total sales, up dramatically from 8.3% of total sales at the beginning of the decade. This spending has helped Campbell hold onto 66.6% of the $2.2 billion retail soup market. Its condensed soups hold a 49.3% market share; ready-to-serve soups account for 15.8% of the total market, dry soups 1.5%.

Measured ad spending totaled $123.7 million during calendar 1986, down 4.9% from 1985 levels. Media dollars were diverted from existing products to support a variety of new introductions and line extensions.

For example, spending on red-and-white labeled canned soups declined 36.5% to $19.5 million, according to BAR/LNA expenditure reports. At the same time spending increased for introductions of Creamy Natural Canned Soup at $5.3 million and for Home Cookin' Soup at $6.7 million.

Among Campbell's introductions and line extensions over the last 20 months are:

- Line extensions of its condensed soups to include both gourmet and homestyle formulations in the traditional red-and-white labels and under the Golden Classic and Creamy Natural names;
- Introduction of a dry soup line which was able to expand demand in the $430 million category while capturing approximately 25% of dry soup sales. Lipton holds an estimated 50% of the market. Media spending on dry soup held even with previous year levels at $4.85 million. Campbell is introducing a line of dry, oriental-style Ramen Noodle soups and products this year;
- Line extension of the Prego spaghetti sauce line to include Prego al Fresco sauce, Prego soups and Prego frozen entrees. Prego sauce, a solid No. 2 in the sauce market with approximately 30% to Unilever's Ragu's 50%, was supported with $7.6 million in measured spending, down 35% from 1985 levels. Introductory spending on Prego frozen entrees was measured at $1.8 million;
- In the freezer case, Campbell launched nationally a four-variety line of Great Starts breakfast sandwiches, promoted with $3.8 million in spending.
- Its Le Menu frozen dinner line was extended to include entree-size packages, Le Menu Lightstyle, six dinners with less than 350 calories, and L'Orient Chinese dinners. Spending on Le Menu Lightstyle was measured at $1.04 million. L'Orient received $2.3 million support. During 1986, the company repackaged its frozen foods lines in microwaveable containers;
- The Fresh Chef line of refrigerated soups, sauces and salads, scheduled for national distribution in 1986, was pulled back in April 1987 due to distribution problems, after introductory spending of slightly more than $4 million.
- Now under the Mrs. Giles Country Kitchens subsidiary, new distribution methods for Fresh Chef are being tested in three markets;
- Other fresh products were introduced in selected markets including, Campbell's Fresh produce and Campbell's Fresh Express snacks and lunches.

Spending on Pepperidge Farm brands increased overall by 24% to $17.9 million, led by a 123% increase in spending on Pepperidge Farm Cookies at $8.9 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,236	2,817
Magazines	16,643	17,552
Newsp. supp.	1,439	1,014
Bus.pubs.	1,438	347
Network TV	58,561	68,497
Spot TV	31,723	29,763
Network radio	5,399	4,655
Spot radio	2,375	2,582
Outdoor	265	2
Network cable	3,670	3,465
Total measured	123,750	130,695
Unmeasured	80,483	85,000
Total	204,233	215,695

CAMPBELL SOUP CO.
Campbell Place
Camden, N.J. 08103-1799
(609) 342-4800

Corporate Personnel

R.G. McGovern, president
H.M. Baum, president, Campbell USA

Marketing Personnel

C.V. Stinnett, vp-corp mktg & sales
P.N. Mulcahy, president, CSC Advertising
A.J. Dale, president-Campbell Sales Co.
Z. Coulson, vp-consumer issues
S. Whittier, dir-mktg svcs, CMI
A.J. Adams, dir-mktg rsch
D.F. Macaulay, dir-design
G.D. Mahrlig, dir-media svcs
H.P. Pelouze, dir-promo
W.C. Culp, dir-special projects
M.P. Garrison, mgr-special projects

SOUP GROUP

Corporate Personnel

D.L. Santangelo, vp-group genl mgr, soups

Marketing Personnel

D.E.Goerke, business dir, condensed soups
W.H. Allen, dir, ready-to-serve soups
B. Cronin, dir-mktg, cooking soup
J.N. Haring, sr mktg mgr, ready-to-serve
D.E. Bair, sr mktg mgr, condensed soup
R.L. Steenrod, sr mktg mgr, condensed soups
E.A. Lynn, mktg mgr
T.L. Cruikshank, mktg mgr
P. Senecal, mktg mgr
G. Kane, asst mktg mgr
R. Lucker, asst mktg mgr

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—red & white label condensed soups,"Special Request" soups—Robert Holmen, exec vp-ceo; Joseph Prior, sr vp-mgmt super; Will Eddy, acct super.

BBDO, New York—Chunky soup, Home Cookin'—Alex Carlin, mgmt super; Robert McGreevy, acct super.

Conill Advertising, New York—Hispanic adv—Rafael Conill, chmn; Alicia Conill, president.

DRY FOODS

Marketing Personnel

P.P. Masaracchio, category genl mgr
P.W. Comisky, mktg dir
K. Smith, mktg mgr
J. Ouelette, asst mktg mgr

Advertising Agency

Backer Spielvogel Bates Worldwide, New York—dry quality soup and recipe mix—Suzanne Brisedine, acct super; Jeff Andrews, vp-acct dir; Hal Katkov, acct exec.

GROCERY

Corporate Personnel

R. Subin, group genl mgr
Terry W. Simmers, president, Juice Bowl Products

Marketing Personnel

J. Dorsch, category genl mgr, beverages
P. Levy, category genl mgr, Italian
K. MacDonnell, mktg dir, Italian
J. Van Stone, mktg dir, beverages
L. Senior, sr mktg mgr
A. Yuni, sr mktg mgr
P. Baehr, sr mktg mgr
W. McLaughlin, mktg mgr
D. Lowry, mktg mgr
J. Partner, mktg mgr
S. Reed, assoc mktg mgr
T. Sager, assoc mktg mgr
V. Smith, assoc mktg mgr
T. Chandler, asst mktg mgr
M. Giannone, mktg coord
B. Cole, vp-sales & mktg, Juice Bowl

Advertising Agencies

Conill Advertising, New York—Hispanic adv-Rafael Conill, chmn; Alicia Conill, president.

DDB Needham Worldwide, New York—Campbell's bean prods, Franco-American pasta—Vicki Amon, acct super.

FCB/Leber Katz Partners, New York—Prego, Prego Plus, Prego Frozen, new prods—Bob Hirsch, sr vp-mgmt rep; Nancy Beck, vp-acct super; Beth Green, acct super.

Saatchi & Saatchi, London—"V-8" tomato juice, Juice Bowl, new prods—Andrew Stanbridge, group acct dir; Chris McCann, acct dir.

CONVENIENCE FOODS

Corporate Personnel

S.A. McNeil, group genl mgr

Marketing Personnel

J.W. Dodd, category genl mgr-Traditional conv
R.F. Bernstock, category genl mgr-Premium conv
W. Lorgus, category genl mgr-breakfast
P.F. Goodman, mktg dir-Premium conv
G.S. Loesch, mktg mgr-Great Starts
M.S. Kessler, sr mktg mgr-Traditional conv
T. Noto, planning mgr
R.M. Revelle, mktg mgr
C.G. Magee, mktg mgr
A.D. Van Beuren, mktg mgr-Traditional conv
S. Trainor-Smith, mktg mgr-Traditional conv
L.C. Rohrer, assoc mktg mgr
J.P. Brennan, assoc mktg mgr
J.T. Dagrosa, assoc mktg mgr
E. Sung, asst mktg mgr

Advertising Agencies

DDB Needham Worldwide, New York—canned poultry products.

Ogilvy & Mather, New York—Swanson, Le Menu, Le Menu Lightstyle, L'Orient, Great Starts Breakfasts, new prods—Graham Phillips, exec vp-super; Cliff Angers, sr vp-acct group dir; David Mechlin, vp-mgmt super; Sally Luce, acct super; Jackie Cohen, Kathleen Frick, acct execs. Plump & Juicy chicken—Cliff Angers, sr vp-group acct dir; Dave Mechlin, mgmt super; Myra Maultasch, acct exec.

Hal Riney & Partners, San Francisco—Swanson regular & Hungry-Man dinners and entrees, Swanson meat pies—John Yost, sr vp-genl mgr; Patricia S. Hader, vp-mgmt super; Margaret M. Lane, acct super; Karen Wallerich, acct exec.

FRESH FOODS GROUP

Corporate Personnel

K.W. Leighton, group genl mgr

FRESH PRODUCE

Marketing Personnel

D.E. Herr, category genl mgr
F.A. Dudowicz, mktg dir
S. Stiles, mktg mgr
F. Gabell, mktg mgr

Advertising Agency

(In-house), CSC Advertising—Paul N. Mulcahy, president.

Top 25 farm publication advertisers

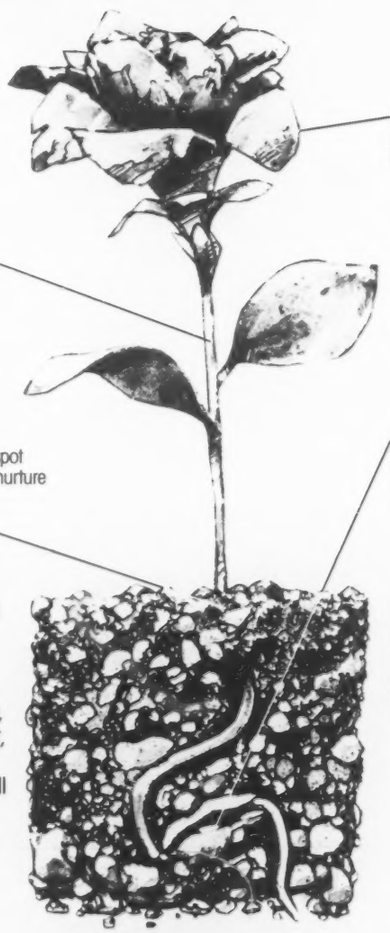
Rank	Advertiser	Farm publication ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Ciba-Geigy Ltd.	$6,622	$7,040	(5.9)	0.111
2	Deere & Co.	5,904	6,509	(9.3)	N/A
3	Stauffer Chemical Co.	5,558	3,075	80.8	N/A
4	Monsanto Co.	5,501	7,234	(24.0)	0.062
5	American Cyanamid Co.	5,376	5,017	7.2	0.022
6	Bayer AG	5,341	4,673	14.3	0.042
7	Elanco Products Co.	5,336	5,017	6.4	N/A
8	E.I. du Pont de Nemours & Co.	3,832	6,236	(38.5)	0.034
9	Ford Motor Co.	3,014	3,026	(0.4)	0.005
10	FMC Corp.	2,783	1,601	73.8	N/A
11	Union Carbide Corp.	2,756	2,228	23.7	N/A
12	ICI Americas	2,669	1,439	85.5	N/A
13	J.I. Case	2,649	4,137	(36.0)	N/A
14	Shell Chemical Co.	2,545	2,314	10.0	N/A
15	General Motors Corp.	2,263	1,953	15.9	0.003
16	Pioneer Hi-Bred International	2,146	2,225	(3.6)	N/A
17	Upjohn Co.	1,909	2,071	(7.8)	0.103
18	Rohm & Hass Co.	1,879	2,544	(26.2)	N/A
19	Rhone-Poulenc Inc.	1,874	1,747	7.3	N/A
20	Hoechst-Roussell Agri-Vet Co.	1,671	1,549	7.9	N/A
21	BASF Wyandotte Corp.	1,600	2,252	(29.0)	N/A
22	Merck & Co.	1,530	1,602	(4.5)	N/A
23	Sandoz Ltd.	1,519	1,266	20.0	0.030
24	New Holland	1,461	1,972	(25.9)	N/A
25	Dow Chemical Co.	1,388	1,844	(24.7)	0.012

Source: Agricultural Marketing Information Services (AGRICOM)
NOTE: Dollars are in thousands

MENDELSON-ZELLER CO.
San Francisco
Corporate Personnel
R. Reinecke, president
D. Eckert, vp-finance & admin
DOMSEA FARMS
Bremerton, Wash.
Corporate Personnel
C.M. Monaghan, genl mgr
Advertising Agency
(In-house) CSC Advertising—Paul N. Mulcahy, president.
REFRIGERATED FOODS
Corporate Personnel
Carl W. Calandra, group genl mgr
Marketing Personnel
S.M. Regan, genl mgr-retail deli food
T.C. Canard, genl mgr-refrig food svcs/deli foods
B.E. Horlbeck, mktg dir
D.M. Stalker, mktg mgr
L. Li, asst mktg mgr
Advertising Agency
DDB Needham Worldwide, New York—Fresh Chef sauces, salads & soups—David Sklaver, exec vp-group dir; Richard Murray, sr vp-mgmt rep; Barrie Dolnick, acct super; Cheryl Callan, acct exec; Stephanie Loiacono, asst acct exec.

MRS. GILES COUNTRY KITCHENS
Lynchburg, Va.
Corporate Personnel
Carl W. Calandra, president
Marketing Personnel
Thomas Canard, vp-sales & mktg
Advertising Agency
Lovern Advertising, Lynchburg, Va.—Ed Lovern, acct exec.
CONVENIENCE STORES
Corporate Personnel
C.R. Marshall, genl mgr
Marketing Personnel
J.A. Blood, sr mktg mgr
FOOD SERVICE
Corporate Personnel
R. Kunkel, president
Marketing Personnel
G.W. Thompson, mktg dir
W.W. Gabrys, mktg mgr
W.C. Lehneis, mktg mgr
Advertising Agency
Lewis, Gilman & Kynett, Philadelphia—R.C. Wilder, president; T.P. Ferguson, L. Stoelker, vps-acct supers.
GODIVA CHOCOLATIER
New York
Corporate Personnel
T.H. Fey, president
Marketing Personnel
C. Dubroc, dir-mktg
G. Seibel, mktg mgr, ice cream & Lifestyle
T. Seelow, mktg mgr, retail
R. Sheer, mktg mgr, brand Godiva
N. Neuberger, brand mgr, brand Godiva
Advertising Agency
Margeotes, Fertitta & Weiss, New York—Godiva, Barringers—G. Fertitta, president; J. Margeotes, chmn-ceo; J. Weiss, exec vp-creative dir.
PEPPERIDGE FARM
Norwalk, Conn.
Corporate Personnel
R.A. Shea, president
Marketing Personnel
W.R. Encherman, mktg dir, biscuit
D. Albright, vp-mktg & genl mgr, biscuit
C.V. McCarthy, vp & genl mgr, bakery
P.J. Callaghan, mktg dir, bakery
C.W. Rydin, genl mgr, frozen
E.A. Anderson, mktg dir, frozen
B.L. Gustaitis, genl mgr, foodservice
K. Rudolph, mktg dir, foodservice
R.L. Schmalz, genl mgr, mail order
J.E. Tierney, vp-corp relations
Advertising Agency
Ogilvy & Mather, New York—Pepperidge Farm—N. Berry, president; R. Estabrook, vp-sr mgmt super.
VLASIC FOODS
Bloomfield, Mich.
Corporate Personnel
J.R. Scales, president
Marketing Personnel
T.I. Bitterman, sr vp-sales & mktg
R.W. Shaw, vp-mktg
B.A. Gesserman, dir-mktg, shelf pickles
L. Uhl, dir-mkt rsch
HISPANIC BUSINESS UNIT
U.S.
Marketing Personnel
E. Tazzia, vp-genl mgr
R. Saenz, sr prod mgr, Mexican prods
M.I. Castells, prod mgr, Caribbean prods
Advertising Agency
W.B. Doner & Co., Southfield, Mich.—adv-Caribbean (English) & Mexican (English/Spanish) product lines—Richard Friday, vp-mgmt super; Trish Doyle, acct super. Vlasic foods—Richard Friday, vp-mgmt super; Trish Doyle, acct super; S. LaGattut, exec vp-creative; G. Wolfson, vp-assoc creative dir.
MRS. PAUL'S KITCHENS
Philadelphia, Pa.
Corporate Personnel
W.J. Dowd, president
Marketing Personnel
G.W. Piszek, sr vp-sales & mktg
R.R. Schnorbus, sr vp-operations
D. Lynn, sr dir-mktg
R.J. Johnson, prod mgr
P.A. Hughes, prod mgr
R.J. Davis, prod mgr
W.J. Tullis, prod mgr
N.A. Wieczorek, assoc prod mgr
J.A. Lawler, mktg asst
J.R. Bailey, mktg svcs mgr
Advertising Agency
DDB Needham Worldwide, New York—Leo J. Mamorsky, acct super; Cheryl Callan, acct exec.

The Rockier The Soil, The Brighter The Bloom!



The pride and professionalism to produce programs and materials that move merchandise...beautifully.

The imagination and discipline to develop campaigns with the strength and flexibility to survive today's tough, competitive climate.

The foresight and patience to spot emerging concepts early and nurture them to maturity.

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Promotion Development Corporation
1599 Post Road East
Westport, CT 06880
203-259-7911

PDC...
Promotion Campaigns that thrive in the tough turf of the retail marketplace.

CBS Inc.
New York

RANK **46**

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,754	4,452	6.8
Net income	375	27	1,269.0
U.S.			
Sales	4,145	3,962	4.6
Operating profits	343	412	(16.7)
Advertising	185	183	0.7
Division sales			
Broadcast	2,817	2,785	1.1
Records	1,489	1,230	21.1
Magazines	407	407	0.0
Other	42	33	27.6

For CBS Inc., 1986 was a year to recuperate, with overall advertising expenditures almost unchanged from 1985. After fending off several takeover attempts, CBS found itself deeply in debt and facing a declining market share. To get the company back on course, founder William Paley came back as chairman of the board and Loews Corp.'s Laurence Tisch took over as president-ceo.

Under the new leadership, CBS launched a back-to-basics strategy. This involved a complete overhaul of management. Mr. Tisch hired Coopers & Lybrand as a management consultant to study the company and come up with ways to run CBS more efficiently. The result: Budget cutbacks, staff reductions and a renewed focus on the broadcast and records segments.

Among the 20 divestitures made in 1986 was the sale of the educational and professional book publishing division to Harcourt Brace Jovanovich for $500 million. There was also talk that the records division—one of its strongest performers—might be sold. But this was not to be.

Nevertheless, management's goal of strengthening broadcast operations also resulted in the sale of CBS Magazines division, announced in July 1987, following months of speculation that CBS was looking for a buyer. The division is being bought for $650 million by a group of its senior executives. Several of the special interest consumer magazines had been under the CBS masthead only since 1985 following what became a controversial transaction with Ziff-Davis.

Amidst the corporate restructuring, CBS spent $111.2 million on measured advertising, just slightly above the previous year's level. Overall, the allocation among the various media changed very little.

Although the total spending estimate shows little change from the prior year, CBS' advertising picture is by no means static. Television, records and video account for the largest share of the ad budget. According to BAR/LNA figures, measured spending for the television network dipped 9.4% to $28.8 million in 1986. By contrast, spending increased for the records division 6.4% to $31.4 million. Of this amount, the Columbia Record and Tape Club accounted for $26.9 million in 1986, up 3.1%. The records division accounted for about 37% of the the company's operating profit in 1986.

Advertising costs for video products increased 45.2% to $16.7 million. In particular, BAR/LNA data show that measured advertising for CBS/FOX videocassettes rose 79% to $5 million. Measured media for the video club rose 46% to $9.5 million. In addition, CBS spent close to $3.4 million to advertise its radio network and stations, up 30.8%. The magazines and related products received about $5.3 million of the ad dollars in 1986.

Noticeably absent from 1986's advertising outlays is the substantial sum paid to promote movies produced by Tri-Star Pic-

tures, since CBS sold its interest in the movie company in 1985. Also gone is the budget for Ideal toys and games, another subsidiary sold in 1985.

In addition to holding down ad expenditures, CBS continues to cut back in other areas while struggling to keep from falling further behind in the ratings race. The company recorded a 15.8 overall rating and 25 share, second to NBC (17.8/28), and cut its rates to attract advertisers during the 1986-87 season.

The biggest operations cutbacks were made in 1986 but continued into 1987. Earlier this year, Mr. Tisch announced a reduction in the news division; in April, more staff cutbacks were announced for the entertainment division. The Writers Guild of America settled a six-week strike against CBS earlier this year with approval of a three-year contract including provisions for the company to hire more temporary workers and use managers and on-air reporters to write stories.

However, CBS has found it difficult to trim the budget and improve ratings at the same time. The "CBS Evening News" still trails NBC, at times slipping to third place. CBS is trying to stage a comeback and should be in a better position to do so when it regains financial vigor. In a surprise announcement, Mr. Tisch revealed a plan to offer a second, optional half-hour of the "Evening News" to affiliates. But initial reactions were not enthusiastic. CBS is still pushing its "Morning Program" to gain support among affiliates.

Out of necessity, CBS has been innovative in trying to stem the ratings slide and advertising slump. It became the first network to offer 15-second spots and the first to promote upcoming sitcoms by airing previews, as it does for other programs.

On the programming side, it is taking a bold gamble with "Tour of Duty," a new series set in the Vietnam War. The show, intended to counter NBC's "The Cosby Show," is costly and controversial—the pilot alone cost $2 million. But the new program executive, Earle LeMasters 3d, believes the idea will work. What is clear is that CBS needs to do something drastic to turn its prime-time ratings around.

CBS reported some good news on its first quarter performance in 1987. Net income rose to $48.7 million, nearly triple the $16.3 million of the same period in 1986. CBS credited the gain to lower interest costs and higher earnings in the records division. However, losses at the television network were estimated to be nearly $10 million for the quarter. At a meeting of its shareholders in May 1987, Mr. Tisch found it difficult to characterize the broadcast group's outlook as anything more than "uncertain."

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	20,116	20,936
Magazines	58,872	59,939
Newsp. supp.	15,719	13,720
Bus pubs.	1,315	1,993
Network TV	62	1,271
Spot TV	8,527	7,441
Network radio	697	1,042
Spot radio	3,390	732
Outdoor	804	778
Network cable	1,741	2,577
Total measured	111,244	110,429
Unmeasured	73,593	73,054
Total	184,837	183,483

CBS INC
51 West 52nd St
New York, N.Y. 10019
(212) 975-4321
Corporate Personnel

Alice Henderson, vp-comm & info

Marketing Personnel

Jerome Dominus, vp-sales, CBS tv network
Bruce Weiner, vp-adv & promo, CBS TV network
Jerry Goldberg, vp-adv & promo, CBS Entertainment div
Richard C. Goldstein, vp-sales, CBS sports

Advertising Agencies

Backer Spielvogel Bates, New York—CBS Sports, CBS News, CBS Broadcast Intl, CBS Entertainment, CBS Inc.—personnel unavailable at time of publication
Della Femina, Travisano & Partners, New York—WCBS-TV—Matthew Mansfield, exec vp-group dir; Susan Lang, media super
Jacobs & Gerber, Los Angeles—WCAU-TV Philadelphia; KCBS-TV Los Angeles, CBS Entertainment, west coast—Alison Harris, prod mgr
Ogilvy & Mather, Los Angeles—CBS Entertainment, east coast—Marilyn Fidler, vp-mgmt super
Zechman & Associates, Chicago—WBBM-TV Chicago—Jan E. Zechman, president-creative dir

CBS TELEVISION STATIONS
Marketing Personnel

Eglon Simons, vp-sales
Bruce Thomas, dir-mktg
Peggy Myers, mktg svcs mgr
Jean Luecke, project mgr
Cathy Dolan, mgr-mktg rsch
Debby Tarnok, mktg svcs specialist
Marge Stapor, mktg rsch specialist

CBS RADIO
Marketing Personnel

Robert P. Kipperman, vp-genl mgr
Nancy C. Widmann, vp, CBS owned stations
Stephen J. Youlios, vp-sales
Suzanne M. Sack-Dowden, dir-mktg & promo
Anthony Miraglia, vp-genl mgr, radio reps
Karen Reef, dir-sales promo, radio reps

Advertising Agencies

Batz-Hodgson-Neuwohener, St. Louis—KMOX, KHTR—Steve Stevens, acct exec
(In-house) Gulf Advertising, Rockville, Md.—WLTT, KRQR, WCAU-FM, WBBM (AM), WCBS-FM, WCBS (AM)—James Keating, vp-genl mgr.
Landers & Partners, St. Petersburg, Fla.—WSUN (AM), WYNF-FM—Sam Landers, president
McAdams & Ong, Philadelphia—WCAU (AM)—Dennis Geraghty, exec vp
Media Concepts, Houston, Texas—KLTR—Gary Newman, president
Montgomery, Zuckerman & Davis, Chicago—WBBM-FM—John Doi, vp
Poindexter/Osaki/Nissman, Los Angeles—KNX-FM—Larry Poindexter, president
Saunders, Lubinski & White, Dallas—KTXQ-FM—Bill Saunders, ceo.
Serafi Advertising, Los Angeles—KNX (AM)—Jack Seery, president
Solem/Loeb & Associates, San Francisco—KCBS (AM)—Ann Solem, acct super

CBS/ RECORDS GROUP
Marketing Personnel

Cornelius F. Keating, sr vp-direct mktg
Robert Allshuler, vp-press & public affairs
Gerard Durkin, vp, business affairs, E.C. CBS records
Roger M. Holdredge, vp-mktg, CBS Masterworks
Anthony Formichelli, vp-operations, mktg, CBS records U.S.

CBS RECORDS
Marketing Personnel

Ray Anderson, sr vp-mktg, Epic/Portrait/Associated Labels
Robert M. Sherwood, sr vp-mktg, Columbia Records
Paul R. Smith, sr vp-genl mgr-mktg
Roselind D. Blanch, vp-mktg services
Larry Douglas, vp-mktg, West Coast, Epic/Portrait/Associated Labels
John A. Kotecki, vp-sales
Michael B. Martinovich, vp-merch
Thomas A. McGuiness, vp-mktg, branch distribution
Carolee Shepard, vp-adv & design
Jerry Shulman, vp-mktg devel
Robert Willcox, vp-mktg, West Coast, Columbia Records
Roy Wunsch, vp-mktg, Nashville
Thomas S. Asalone, dir-creative services, CBS Special Prods
Yvonne Ericson, dir-media, print & tv

CBS RECORDS INTERNATIONAL
Marketing Personnel

Robert J. Campbell, vp-mktg
Bernice A. Freidus, sr vp-creative operations
Mauri Lathowers, vp-creative operations (West Coast)
Frank O. Hendricks, dir-mktg admin

COLUMBIA HOUSE
Marketing Personnel

Richard Archer, vp-creative services
Sharon Kuroki, vp-music club mktg
Brian Wood, vp-video club
Marshall Wilcoxen, dir-music mktg
Harvey J. Shapiro, vp, CBS music publishing
Deirdre O'Hara, dir-creative operations (East Coast)

Advertising Agencies

(In-house) CRU Advertising, New York—Columbia/Epic, Columbia Magnetics, Columbia Special Prods, CBS Music Video Enterprises, CBS Records International (domestic adv), CBS Songs Division—Yvonne Ericson, dir-media, print & tv.
Wunderman, Ricotta & Kline, New York—CBS Video Club/CBS Video Library—Richard Stollenwerck, sr vp. Columbia/Epic—Morris Baumstein (broadcast advertising). Columbia Record & Tape Club—Peter Rabar, sr vp.

CBS/FOX
Marketing Personnel

John Hayden, vp-mktg
Dick Davi, dir-adv & creative svcs
Gina Vitkansas, media mgr

Advertising Agency

DDB Needham Worldwide, New York—CBS/Fox—Bob Stern, acct super

A brisk pace for Quik Wok

Pillsbury's Quik Wok will expand by 30 units and test home delivery in '87.

Chrysler Corp.

RANK **20**

Highland Park, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	22,586	21,256	6.3
Net income	1,404	1,635	(14.1)
U.S.	**1986**	**1985**	**% chg**
Sales	20,489	18,767	9.2
Operating profits	N/A	N/A	N/A
Advertising	426	393	8.3
Division sales	**1986**	**1985**	**% chg**
Automotive	21,952	21,038	4.3
Aerospace	635	217	192.6

Chrysler Corp. increased its share of the U.S. retail car market for the sixth straight year in 1986, but the high cost of subsidizing sales incentives contributed to a drop in net income.

Chrysler's major 1987 venture was the acquisition of Southfield, Mich.-based American Motors Corp., completed on Aug. 5. Chrysler will gain market share, particularly in the light-duty truck market where AMC/Jeep holds a 4.4% share, compared with 4% in 1985. Chrysler held a 12.6% share in that market compared with 13.4% in 1985, the drop attributed largely to lost production from a three-month shutdown for new model conversion.

Chrysler is now in the process of removing the American Motors name from the marketplace. AMC became Chrysler's third distribution network, marketing trucks and cars as the Jeep/Eagle division.

Chrysler Motors, the vehicle-producing subsidiary of Chrysler Corp., held an 11.7% share of the combined car and truck market in the U.S. in 1986. It held an 11.8% share in 1985, according to *Automotive News' 1987 Market Data Book*.

Chrysler Motors' share of the U.S. retail car market in 1986 was 11.4%, up from 11.3% the prior year. Worldwide factory unit sales climbed 2% to 2,198,415 in 1986 from 2,157,373 units in 1985.

Two of the company's three marketing units posted gains in U.S. car sales in 1986. The Dodge division reported U.S. car sales of 525,462 units in 1986, up 7.5%. Plymouth reported U.S. car sales of 427,070 units, up 12.2%. Chrysler unit car sales of 356,460 were down 5.2%.

The Dodge Aries outsold all other models in the Dodge lineup, posting U.S. sales of 108,051 in 1986, down 7.1%. The Plymouth Reliant, which like the Aries is an aging product in the Chrysler line, led Plymouth-brand sales. Reliant sales were 130,043, down 6.3%. The Fifth Avenue topped Chrysler-brand models with 106,897 in sales, down 2%.

In 1987, the company will conclude what it calls an 18-month "blizzard" of new product launches. Chrysler is putting a heavier emphasis on trucks and moving to a more upscale, richer product mix in its car line.

Chrysler corporate advertising for the 1987 model year featured Chairman Lee Iacocca touting the barrage of new products as proof the company isn't resting on its laurels. The company also tried to establish more distinct identities for its brands, both with advertising and with a restructuring into a brand marketing setup.

Dodge, the designated "performance" division, got a new ad theme line, "Setting new standards of performance." The lead TV spot for the new Shadow shows an aggressive-looking junkyard dog that wanders into an abandoned factory, where he witnesses the transformation of an old Dodge Dart into a Shadow.

Plymouth brand advertising built on "The pride is back, born in America" positioning introduced a year earlier, featuring the Kenny Rogers-sung theme music.

Chrysler brand advertising emphasized luxury, technology and performance under the theme, "Driving to be the best." For the 1987 model year, Chrysler dropped ad spokesman Ricardo Montalban after 13 years, but later announced he would be back in 1988 model ads.

Two key products introduced in early 1987 were the Chrysler LeBaron coupe and Chrysler LeBaron convertible, both aimed at the upscale, luxury market.

Designed as image-boosters, the LeBaron models are exclusive to the Chrysler brand and are evidence of the company's continuing effort to refine its brand marketing strategy and differentiate Chrysler, Plymouth and Dodge products.

Chrysler's position as a luxury brand marketer will be further reinforced in the fall of 1987 when the company introduces its large front-wheel-drive luxury cars. The 1988 Chrysler New Yorker and Chrysler New Yorker Landau are full-size sedans which will compete in the traditional luxury car market. Dodge will carry a version called the Dodge Dynasty.

Chrysler in 1987 also introduced new versions of its popular Dodge Caravan and Plymouth Voyager minivans. Designed to help the automaker retain its lead in the minivan market, the Dodge Grand Caravan and Plymouth Grand Voyager are 14.6 inches longer than previous models.

Chrysler also added to its truck lineup with the introduction of the mid-size Dodge Dakota pickup, the company's first new domestically built pickup since 1972.

In keeping with the designation of Dodge as the performance division, the new Dodge Daytona was positioned as the lead image vehicle for the entire product line.

Also introduced as part of the product barrage were the Dodge Shadow and Plymouth Sundance. The sporty compacts debuted in mid-1986.

Still to come before the end of 1987 is the Chrysler TC by Maserati, a limited-volume, two-seat luxury coupe developed by Chrysler and Italian automaker Officine Alfieri Maserati SpA.

Chrysler in September 1987 will also resume production of its Dodge Omni America and Plymouth Horizon America models which anchor the bottom end of the product line. Sales of the Horizon America models climbed 82% in the eight-month period following their May 1986 introduction, compared to the same period in 1985. Chrysler's share of the subcompact segment rose from 5.3% to 8.5% during that period.

Like its domestic competitors, Chrysler relied on deep-discount consumer loans and rebate programs to lure customers in the fall of 1986 and through much of 1987. Incentives became so widespread that Chrysler applied them to its pivotal launch of the LeBaron coupe, offering a $500 cash rebate or low financing rates.

The company blamed the cost of subsidizing the incentives in citing reasons for a 24% drop in net income in the first quarter of 1987, compared to the previous year.

Chrysler moved to hold its position as the warranty leader among high-volume automakers by announcing in February 1987 a seven-year, 70,000-mile powertrain warranty and a seven-year, 100-000-mile warranty against rust-through on its U.S.-built retail cars and trucks. The company used Mr. Iacocca as pitchman for the warranty coverage in national TV commercials.

Mr. Iacocca also spearheaded the public relations campaign launched in the wake of a federal indictment of the company and two of its executives on odometer tampering charges in June 1987. He maintained that Chrysler had acted legally but admitted making a mistake in failing to notify customers that vehicle odometers were disconnected during overnight quality testing programs. That practice has been discontinued.

Mr. Iacocca gained the greatest publicity in recent months, however, for the acquisition of American Motors Corp. Chrysler says two chief reasons for the buyout were acquisition of the Jeep brand name and AMC's ultra-modern assembly plant in Ontario, Canada.

The AMC takeover followed a spate of corporate moves. In June 1986, Chrysler announced the sale of its 12.5% equity in French automaker Peugeot S.A. That announcement came less than a week after Chrysler said it would increase its stake in Italian automaker Maserati SpA from 3.5% to 51% by 1995. Chrysler further refined its niche marketing strategy by announcing in April 1987 its purchase of the Italian exotic-car maker Lamborghini.

In 1987, the company also moved to expand its international presence. In March, Chrysler announced it would re-enter the European market by the end of the year. The automaker expects initially

Top 25 network TV advertisers

Rank	Advertiser	Network TV ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Procter & Gamble Co.	$456,324	$490,821	(7.0)	31.8
2	Philip Morris Cos.	342,444	323,144	6.0	25.1
3	General Motors Corp.	233,786	209,898	11.4	27.9
4	Unilever NV	202,371	195,904	3.3	39.1
5	McDonald's Corp.	193,002	184,882	4.4	32.6
6	Ford Motor Co.	188,815	191,373	(1.3)	29.1
7	American Home Products Corp.	186,428	183,394	1.7	47.1
8	Anheuser-Busch Cos.	177,496	154,503	14.9	27.6
9	Kellogg Co.	166,261	156,431	6.3	44.4
10	Johnson & Johnson	164,322	154,964	6.0	40.0
11	RJR Nabisco	155,715	127,814	21.8	16.7
12	American Telephone & Telegraph	135,162	167,728	(19.4)	30.7
13	General Mills	130,140	98,566	32.0	23.6
14	Bristol-Myers Co.	128,521	127,642	0.7	38.8
15	Sears, Roebuck & Co.	127,804	122,657	4.2	12.7
16	PepsiCo Inc.	115,128	127,021	(9.4)	19.8
17	Pillsbury Co.	105,052	118,744	(11.5)	21.2
18	Warner-Lambert Co.	103,069	83,352	23.7	18.8
19	Coca-Cola Co.	99,381	119,107	(16.6)	26.8
20	Ralston Purina Co.	97,572	128,245	(23.9)	20.4
21	Chrysler Corp.	96,451	96,194	0.3	22.6
22	Kraft Inc.	88,446	101,686	(13.0)	20.2
23	Quaker Oats Co.	88,322	85,337	3.5	28.6
24	Nestle SA	88,131	76,754	14.8	28.9
25	Sterling Drug	87,019	83,809	3.7	39.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

to export 5,000 vehicles annually to Europe.

Models targeted for export are the Chrysler LeBaron turbo coupe and convertible, Dodge Lancer ES, Dodge Shadow ES, Plymouth Voyager and Dodge Daytona Shelby Z.

In July, Chrysler Motors signed agreements with First Automotive Works of Changchun, China, to provide the Chinese manufacturer with the technology, machinery and equipment to build Chrysler engines.

Chrysler 2.2 and 2.5-liter four-cylinder engines will be built at a new plant in Changchun, beginning in the second half of 1989.

In June 1987, Chrysler Corp. agreed to buy Electrospace Systems, a Texas-based defense electronics contractor for $367 million. The Electrospace Systems business will be teamed with Chrysler's Gulfstream Aerospace Corp., which makes executive jets.

In May 1987, Chrysler Motors announced its component business operation division would become a subsidiary called Acustar Inc., one of the largest automotive parts suppliers in the U.S.

In February 1987, Chairman-CEO Iacocca signed an agreement to continue in that post for four years. The contract contains a provision which would keep him at the helm for an optional fifth year. The new agreement will carry Mr. Iacocca, who will be 63 in October 1987, past the normal retirement age of 65.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	42,203	42,000
Magazines	78,906	73,579
Newsp. supp.	6,108	2,185
Bus.pubs.	1,257	1,105
Farm pubs.	418	738
Network TV	96,451	96,194
Spot TV	63,551	63,133
Network radio	1,548	4,269
Spot radio	21,071	23,549
Outdoor	1,849	3,027
Network cable	4,205	5,126
Total measured	317,565	314,905
Unmeasured	108,435	78,495
Total	426,000	393,400

CHRYSLER CORP.
P.O. Box 1919
Detroit, Mich. 48288
(313) 956-5252

Marketing Personnel

Bennett E. Bidwell, vice-chmn, Chrysler Motors
Joseph E. Cappy, group vp, Jeep-Eagle
Joseph A. Campana, vp, Chrysler Plymouth
Theodor R. Cunningham, exec dir, Dodge/Dodge truck
Arthur C. Liebler, dir-mktg svcs
Ralph A. Sarotte, genl mktg mgr, Eagle
Marty L. Levine, genl mktg mgr, Jeep
Charles B. Kitz, genl mktg mgr, Dodge car
Patrick R. Smorra, genl mktg mgr, Dodge truck
Clark J. Vitulli, genl mktg mgr, Chrysler
Joseph N. Caddell, genl mktg mgr, Plymouth

Advertising Agencies

BBDO, Southfield, Mich.—Dodge car and truck—William Kelly, exec vp-genl mgr; Michael Graham, vp-mgmt super, truck; Gene McCarthy, sr vp-exec media dir; Peter DeLorenzo, sr vp-exec creative dir; Tom Newman, sr vp, dir-planning & rsch; David Jones, sr vp-mgmt super, Dodge Dealer Assn.; D. Harrelson, vp-operations mgr; D. Rick, vp, prod info mgr; E. Donald, vp-assoc creative dir, Dealer Advantage Assn. svcs; D. Goschka, vp-corp legal counsel; Gordon Berg, K. Mandish, vps-acct supers; M. Caroselli, C. Moore, T. Miller, acct supers; D. Juergens, W. Freed, sr acct execs; R. Babich, M. White, M. Woods, D. Hutzell, acct execs; J. Obermeyer, M. Suchara, P. Howell, asst acct execs; P. Howell, asst acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich.—corp and Chrysler-Plymouth—George Beech, exec vp-genl mgr; Bruce Andrews, sr vp-assoc genl mgr; Alan Levenstein, exec vp-mktg; Bill Shea, sr vp-mgmt super; Bob Lytle, vp-acct super; Jim Fisher, acct exec, corp; Phil Metz, sr vp-media dir; Ken Duskin, exec vp-creative dir (New York); Phil Reutsohle, sr vp-dir forward planning/rsch; Lynn Vernon, sr vp-mgmt super, Chrysler; Brian Palmer, sr vp-mgmt super, Plymouth.

Lockhart & Pettus, New York-minority advertising-Keith Lockhart, president.

Ross Roy, Inc., Detroit-corp merch, corp adv for Chrysler Marine, Chrysler svc and parts operations, Chrysler Fleet operations, Chrysler Institute, Chrysler diversified operations, corp merch for Chrysler Motors, Chrysler Plymouth, Dodge and Dodge truck div—Glen W. Fortinberry, chairman-ceo; Richard C. Ward, exec vp-merch; James Vehko, Don Schenck, sr vps-group acct supers; Rex Smith, Michael Webster, vps-group acct supers; Robert West, Rick Betker, Tom Kemper, Bill Rowe, vps-acct supers; Frances Daffilo, Michael Labiak, sr vps-group creative dirs; John Oliver, sr vp-genl mgr; George Abdullah, Clark Reid, vps-acct execs; Ross Roy productions.

Clorox Co. RANK **95**

Oakland, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,126	1,090	3.3
Net income	105	96	9.4
U.S. advertising	90	107	(15.9)

While continuing to lessen its dependence upon liquid chlorine bleach through an aggressive new products program, Clorox Co. nevertheless decreased its total ad spending by 16% in 1986.

The Oakland-based household products marketer's diversification drive seems to be paying off. Five years ago bleach sales accounted for 50% of total earnings; today, 35% to 40% of the company's pretax earnings come from bleach.

Clorox continues to support liquid chlorine bleach with heavy spending, measured at $9 million in 1986, down 3% from 1985, according BAR/LNA.

Seeking to boost its industry-leading food stores sales of $630 million for Clorox, the company began shipping its premium-priced Fresh Scent Clorox liquid bleach in January 1986. Clorox promotes the bleach-that-doesn't-smell-like-a-bleach with TV commercials around the theme "Goodness, it smells so good." Additional spots backing both regular liquid chlorine and Fresh Scent play up both products' cleaning abilities. Fresh Scent's packaging resembles that of Clorox's traditional liquid bleach, but its cap and diamond insignia are different colors.

Spending and market share for bleach-containing Tackle, which hit regional markets in a big way in 1985 with measured spending of $9.1 million according to BAR/LNA, fell off in 1986 and 1987. Spending for the cleaner disinfectant dropped to $800,000 in 1986, and its share for the year ended June 19, 1987 fell to 7.8% of the all-purpose liquid cleaner market, a considerable drop from the prior level.

Industry sources say Tackle's dollar volume dropped 31.8% during the period; its unit volume dropped 32.5%. The company did not market test the herbal-scented product, which shipped nationally in February 1986.

At present, Clorox continues to test Act, a concentrated laundry detergent in a pre-measured "action pak" in Boise and Omaha following earlier tests in Dallas, Oklahoma City and Atlanta.

Marketing powerhouse Procter & Gamble, formerly Clorox's parent, reacted to Act's introduction, coming out with a similar new product called Cheer Power Pouches. At present, Cheer Power Pouches are still in test in Atlanta and Denver. Industry observers say P&G is waiting to see what Clorox's next move will be with Act.

In September 1986, Clorox began testing a new heavy-duty abrasive liquid cleanser called Strike. It is currently available in Phoenix and Seattle. At the same time P&G began testing a soft abrasive cleanser under its Mr. Clean brand initially in Dallas-Fort Worth; later, it was introduced nationally.

Clorox began examining further expansion into the laundry detergent market when it began testing Wave, a heavy-duty detergent containing enzymes and a color-safe bleach. In a Charleston, S.C. test, TV and print support positions Wave as a "super detergent" containing protein stain-fighters and color-safe bleach. When Wave failed to perform well in two attempts at test marketing, Clorox gave up on the product. Wave competed against Vibrant, a P&G brand.

Clorox continues to update existing brands to keep abreast of changing consumer preferences. To this end, it introduced a new, improved grease-cutting formula for its Formula 409 cleaner. Formula 409 itself received measured spending of $5.1 million, down 28%.

In early 1986 Clorox began a national rollout of a liquid version of its Clorox 2 all-fabric bleach, backed by modest spending in network and spot TV plus print. Analysts say it so far has gained a 14% share of the all-fabric bleach category.

Among other household products, Clorox spent $3.9 million in measured media on Liquid-Plumr, the same as in 1985, and $5.9 million on Soft Scrub Cleanser, down 17%.

Clorox introduced K.C. Masterpiece barbecue sauce nationally through its Kingsford division early in 1987. Clorox uses the barbecue-sauce developer, Dr. Richard Davis, in print ads. Prior to the acquisition, five-flavor K.C. Masterpiece was marketed only in the Midwest. Kingsford-brand measured spending of $6 million was virtually even with 1985.

In January 1987, Clorox acquired Deer Park Spring Water Co., a Lodi, N.J.-based bottled water company with distribution in selected eastern markets. It was its second entry in the field. Earlier, Clorox purchased Aspen Water Co., Tampa, Fla.

Clorox's biggest food category is Hidden Valley Ranch products, which includes dips, dressings and sauces. Measured spending on the line dropped 27% to $8.1 million.

Although the company's architectural coatings business (paints and stains) contributed 10% of total sales, the business is only marginally profitable. Four years in the making, beginning with Clorox's purchase in 1981 of Olympic and Carver Tripp paints and stains from Comerco Inc. and followed by the 1983 acquisition of marketing rights to Lucite from Du Pont, the business continues to record lackluster results.

Financial analysts say the Olympic stain division shows some signs of improvement, but that Lucite continues to perform poorly. Lucite received $3.6 million in measured media, the same as in 1985. Jay Freedman, an analyst with Kidder, Peabody, New York, predicts the coming year will be a pivotal time in which the company may have to consider divestiture if the division's performance doesn't improve.

Among the new products Clorox introduced nationally during fiscal 1987 were Olympic deck stain and Lucite premium latex paint.

As planned, Clorox divested itself of its Emil Villa's The Original Hick'ry Pit restaurant division after deciding it didn't fit into the company's long-range plans. The company sold the chain in October 1986 to an investor group headed by Mike Kwiatkowski, who was president during Clorox's tenure as owner.

In December 1985, Clorox assumed a leadership role, asking the TV networks to begin accepting stand-alone 20-second commercials, a move that would further erode the 30-second spot as the TV standard. At present, Clorox is continuing to press its case to the networks, but has yet to accomplish its goal.

Clorox has been at the forefront of industry opposition to the State of Florida's 5% sales tax on advertising. Clorox President-Chief Operating Officer John Collins has publicly opposed the tax, as has public affairs chief David Goodman in his role as a board member of the American Advertising Federation, the Assn. of National Advertisers and other trade associations. Clorox pulled spot TV buys for Clorox liquid bleach from Florida but didn't block the Sunshine State out of its network buys.

In April 1987, Henkel KGaA, the German giant consumer products marketer that competes against P&G around the world, increased its financial stake in Clorox. It announced its intention to boost its percentage from 23% of outstanding shares of Clorox's common stock to as much as 30%. Henkel also holds a subordinated note convertible into about 1.7% of additional Clorox common stock. Both companies say the move was not a prelude to a takeover. U.S. analysts say the announcement reflects the Duesseldorf-based company's satisfaction with Clorox and with favorable currency fluctuations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	423	929
Magazines	7,836	11,379
Newsp. supp.	0	1,812
Bus.pubs.	1,165	968
Network TV	39,022	45,122
Spot TV	12,999	11,550
Network radio	1,362	1,671
Spot radio	150	67
Outdoor	0	2
Network cable	5,444	4,144
Total measured	67,061	79,692
Unmeasured	22,863	27,169
Total	89,923	106,861

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Corporate Personnel

John W. Collins, president-coo
R.C. Richter, vp-Olympic Home Care prods
W.E. Lynn, vp-Kingsford prods
G.C. Sullivan, vp-household prods
A.W. Biehl, vp-foodservice prods

Marketing Personnel

David L. Goodman, vp-public affairs & mktg svcs
R.P. Johnson, adv mgr-household prods
J. Roberts, adv mgr-Kingsford prod
K.S. Koelman, dir-mktg, Clorox foodservice prods
L.R. Lamothe, mgr-Lucite paint prods
R.D. Morgan, mgr-Olympic prods
R.H. Bolte, dir-media operations

Advertising Agencies

Anderson/Rothstein, San Francisco—Hidden Valley Ranch, Domani Italian food prods, Kitchen Bouquet, Pitch 'R Pak—Kim Rothstein, acct super.

DDB Needham Worldwide, Chicago—Act, Clorox Pre-Wash, Liquid-Plumr, Match Light, Soft Scrub, Kingsford charcoal, Strike, Wave—Colby Kerr, mgmt super.

Foote, Cone & Belding, San Francisco—Clorox bleach, Clorox Fresh Scent, Clorox 2, Formula 409, Tackle, Twice As Fresh, Tilex, new prods—John Loden, mgmt super.

Scott Advertising, Milwaukee—Moore's frozen foods, Clorox liquid bleach, Formula 409 for Clorox foodservice customers—Charles E. Reynolds, mgmt super.

Young & Rubicam, San Francisco—Fresh Step, Hidden Valley Ranch dry salad dressing, bottled Hidden Valley Ranch, Litter Green, Olympic paints & stains, Lucite interior and exterior paints, new prods—Craig Branigan, genl mgr.

Coca-Cola Co. RANK **24**

Atlanta

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,669	7,212	20.2
Net income	934	722	29.4
U.S.	**1986**	**1985**	**% chg**
Sales	4,650	4,217	10.3
Operating profits	514	496	3.7
Advertising	370	394	(5.9)
Division sales	**1986**	**1985**	**% chg**
Soft drinks	5,977	4,813	24.2
Entertainment	1,374	1,072	28.1
Food	1,318	1,328	(0.7)

Coca-Cola Co. took a major step in firming up its major domestic markets in 1986 by buying several of its major bottlers and then spinning them off into a separate publicly held company, Coca-Cola Enterprises Inc., of which Coca-Cola retained a 49% interest.

Fulcrums of Coca-Cola Enterprises are JLT Corp., Coca-Cola's biggest bottler, and the bottling operations of Beatrice Cos., bought by Coca-Cola Co. for an aggregate $2.4 billion in mid-1986. Several other Coca-Cola Co.-owned bottlers were then merged with the two to form Enterprises in September 1986. The spinoff company went public in a $1.18 billion offering in November.

The capital-intensive company that carbonates the concentrate, bottles it and sells it to stores has a strong presence in many of the attractive growth markets, particularly in the South and on the West Coast via the former Beatrice unit.

The move in one sense was made out of necessity, because both of the big bottlers forming the base of Enterprises came up for sale during 1986. Purchasing the operations kept them in the Coke fold in its heated battle with PepsiCo, which owns bottlers representing about 35% of its volume.

But efficiencies of scale already are being accrued by Enterprises, which has been buying up additional bottlers abutting areas controlled by its own units.

Coca-Cola's battle with PepsiCo—the so-called Cola War—collided in the fast food market in 1986 and early this year. In October, Wendy's International Inc. switched from serving Pepsi-Cola to Coca-Cola Classic in its company-owned stores, while Burger King Corp. decided earlier this year to remain in the Pepsi camp even though the company had announced it was flirting with the idea of switching.

The battle was not insignificant. An estimated 19% of Pepsi's soft-drink sales come from food chains, while about one-third of Coca-Cola's business comes from restaurants, according to industry analysts.

Overall, both Coca-Cola Co. and PepsiCo improved market share. "It was a year in which the big got bigger at the expense of the little guys," says Lee D. Wilder, first-VP and soft-drink analyst at the Robinson-Humphrey Co. Inc. However, neither got as big as it wanted. Coca-Cola was stopped from buying Dr Pepper Co. and PepsiCo from gaining Seven-Up Co. by the Federal Trade Commission, noting the proposed mergers would substantially reduce competition in the U.S. soft drink market.

According to *Beverage Industry*, a trade journal, industry leader Coca-Cola Co. increased its overall soft-drink market share to 39.8% in 1986, up from 38.6% in 1985. Second place PepsiCo also improved its overall soft-drink share to 30.7% from 29.8%.

In the head-to-head war of individual brands, Coca-Cola Classic overtook Pepsi to reclaim first place in 1986 after the 1985 "New Coke-Old Coke" disaster, which had allowed Pepsi to slip into the lead.

In 1986, the first full year of Coke Classic, the brand scored a 19.1% market share compared with 14.2% in 1985. Pepsi-Cola actually dropped in market share from 18.9% in 1985 to 18.6% despite case growth of 2.4%. But the year's big loser was the so-called reformulated Coke. Despite Coca-Cola's claim that new Coke would be the company's second most successful brand introduction (Diet Coke was first), new Coke ended the year dropping from a 15% share in 1985 for a No. 3 rating, to 2.4% and a ninth-place finish in 1986.

Coca-Cola had its strongest market year in the diet soft drink area. Coke's lineup of diet products (Diet Coke, Caffeine Free Diet Coke, Diet Sprite, Tab, Diet Cherry Coke, Caffeine Free Tab and Fresca) held 42.4% of the total low-calorie market with 684.4 million cases sold. PepsiCo diet products (Diet Pepsi, Sugar Free Pepsi, Diet Slice, Pepsi Free and Pepsi Light) were second with a 31% aggregate share based on 503 million cases sold.

But *Beverage Industry*, also estimated that Coca-Cola was the only leading soft-drink company with falling advertising expenditures during 1986. Coca-Cola's estimated soft-drink measured advertising dropped from $158.3 million in 1985 to $151.8 million in 1986, a decline of about 4%. Pepsi turned up the advertising heat with expenditures rising 11.5% to $130.1 million.

Ms. Wilder noted that the drop in measured dollars spent could reflect increasing use of barter advertising available to the company through its television programming companies. "I think they do not intend to have dramatically fewer advertisements before the public, but they want more carefully managed dollar expenditures," she says.

New Coca-Cola did score big in 1986 with the Max Headroom commercials that ranked first among all commercials in audience recall, according to the Video Storyboard Tests Inc.'s annual viewer survey. Video Storyboard estimates Coca-Cola spent about $48.3 million in 1986 for the Max Headroom spots. Measured on a cost-efficiency rating, the company paid about $12.07 to be noticed per 1,000 viewers.

Rival Pepsi fell in the poll, but scored better on its cost efficiency. Recall of Pepsi's 1986 ads featuring Don Johnson and Michael J. Fox ranked only fifth among viewers, while the company's 1985 spot with Lionel Ritchie ranked first. Still, the company scored a cost efficiency of $10.92 per thousand.

Coca-Cola's foray into entertainment continues to be troubled. In the second quarter, the company said it would write off more than $25 million to cover the costs of the Dustin Hoffman-Warren Beatty movie megaflop, "Ishtar."

But revenues from Coke's television syndications, including "Wheel of Fortune" and "Jeopardy," were good enough to boost overall entertainment sector revenues by more than 28% in 1986. The company does not report its TV and motion picture revenues separately.

The foods division lost ground in 1986 and underwent a management shake-up.

With sales off by nearly one percent in 1986, Coke replaced Eugene V. Amoroso as president of the Foods Division with Harry E. Teasley Jr.

Ms. Wilder says the move makes 1987 "a clean-house type of year. I would expect to see more and more aggressive exploiting of their brand name advantage in lines like Minute Maid." She says the company may also move strongly into the frozen desserts business.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,227	6,941
Magazines	5,712	9,065
Newsp. supp	161	997
Bus.pubs	668	835
Network TV	99,381	119,107
Spot TV	82,993	75,048
Network radio	2,222	865
Spot radio	16,608	14,732
Outdoor	3,166	3,852
Network cable	5,997	4,598
Total measured	222,135	236,038
Unmeasured	148,244	157,522
Total	370,379	393,560

COCA-COLA CO.
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Coca-Cola USA
Corporate Personnel

Edwin R. Meller, sr vp

Marketing Personnel

John C. Reid, sr vp, Coca-Cola USA
Deborah Gunnells, mgr, graphics and design svcs, Coca-Cola USA
Jacquie Turner, dir-adv & production svcs
William L. Schermerhorn, dir-mktg, Cola brand
C. Patrick Garner, group brand dir, citrus brands
Mike Beindorff, group brand dir, diet brands
Kenneth F. Craft, dir-promo svcs

COCA-COLA FOODS
Corporate Personnel

H.E. Teasley, Jr., vp, Coca-Cola Co., president-ceo, foods business sector
Grady Tiller, president, coffee unit
Gary Barnes, president-ceo, Coca-Cola Foods Canada

Marketing Personnel

H.S. Robinson III, sr vp-mktg, planning foods business sector
Anthony J. Rebello, sr vp, foodservice
M.J. Campbell, vp, orange juice mktg
G.W. Woody, vp, refreshment beverage mktg

Advertising Agencies

Burrell Advertising, Chicago—black consumer adv—Tom Burrell, president; Sarah Burrough, sr vp-genl mgr; Bill Sharp, sr vp-genl mgr, Atlanta; Chuck Wimbley, sr vp-acct svcs; Neva Richardson, acct super.

Castor Spanish International, New York—Hispanic adv—Castor Fernandez, president; Carlos Delgado, media dir; Roberto Manzano, creative dir.

Lowe Marschalk, New York—Sprite, Diet Sprite, Mr. PiBB, Minute Maid orange soda, Fresca, Mello Yello—Richard Villante, exec vp-genl mgr; Eric Einhorn, Dan Cohen, exec vps-acct svcs; Joseph DePreta, Peg Jump, mgmt supers; Lil Panettiere, mgr.

McCann-Erickson, New York—Coca-Cola, caffeine-free Coca-Cola, Fanta—Edward Comiskey, sr vp-group dir; Marsha Badanes, sr vp-mgmt rep; Melvin Philpott, vp-mgmt rep.

SSC&B, New York—Coca-Cola Classic—F. Stone Roberts, exec vp-chmn, strategy review board; Rudy Bechtel, exec vp; Becky Broers, vp-acct super. Diet Coke, caffeine-free diet Coke—Terry Rosenquist, exec vp; Don Lenehan, sr vp; Michael Skoletsky, vp-acct super; Lisa O'Connell, Sheila Dailey, acct execs.

ENTERTAINMENT SECTOR
New York
Corporate Personnel

Francis T. Vincent Jr., president-ceo; exec vp, Coca-Cola Co.
J. Brian McGrath, president-ceo, intl
Peter C. Kells, exec vp
Chase G. Carey, exec vp, intl
James R. Spitz, president, Columbia Pictures domestic distribution

COLUMBIA PICTURES WORLDWIDE MARKETING GROUP
Corporate Personnel

Gregory Coote, president
Robert Dingilian, exec vp-worldwide mktg

COLUMBIA PICTURES
Burbank, Calif.
Corporate Personnel

David Puttnam, chmn & ceo
David V. Picker, president-coo
Frederic I. Bernstein, president, worldwide prod

COLUMBIA PICTURES TELEVISION GROUP
Burbank, Calif.
Corporate Personnel

Herman Rush, president
Barbara Corday, president-Columbia Pictures Television

Marketing Personnel

Kay Dangaard, vp-adv, publicity, promo
Steve Astor, vp-agy, publicity, promo
David Mumford, vp-rsch

COLUMBIA PICTURES MERCHANDISING
Marketing Personnel

Lester J. Borden, vp-genl sales mgr
Ellen Padell, dir-mktg & promo

COLUMBIA PICTURES PUBLICATIONS
Corporate Personnel

Kevin Kirk, president

Marketing Personnel

John Kelleter, exec vp-mktg & sales

Advertising Agencies

HDM Advertising, Los Angeles—Chuck Reynolds, sr vp-mng dir.

McCann-Erickson Worldwide, Los Angeles—all entertainment sector except Coca-Cola Telecommunications—Marcio Moreira, exec vp-intl creative dir.

Colgate-Palmolive Co.

RANK **36**

New York

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,985	4,524	10.2
Net income	177	109	62.2
U.S.			
Sales	2,286	2,170	5.3
Operating profits	189	196	(3.8)
Advertising	238	250	(4.9)
Division sales			
Household	3,675	3,403	8.0
Health care	995	813	22.4
Specialty mktng	315	308	2.2

Colgate-Palmolive Co. strengthened its global strategy with new products, heavy research spending and a worldwide agency consolidation during 1986. The company also started up an entrepreneurial venture to test new "niche" products and continued a longtime plan to divest itself of businesses unrelated to its core segments of household products, personal care, healthcare and specialty marketing.

The company consolidated its agency business and moved $100 million in billings from Ted Bates (now Backer Spielvogel Bates), New York, to Young & Rubicam, New York, and Foote, Cone & Belding, New York. Y&R now has about $150 million in Colgate billings; FCB has $125 million. The consolidation came at least partly because of a conflict resulting from Saatchi & Saatchi PLC's acquisition of Bates. Saatchi handles Colgate rival Procter & Gamble. Colgate continues to reaffirm its quest for creative excellence, and a number of its commercials have won honors in recent award competitions.

Engineering a new segment in dishwashing liquid, Colgate introduced in June 1986 the first automatic dishwashing liquid available on a national basis, Palmolive Automatic. In January, the company rolled out a lemon fragrance line extension.

In its continuing battle against Procter & Gamble's leader Crest, Colgate introduced nationally Colgate Tartar Control toothpaste and gel in September 1986. Another major new product in the Colgate portfolio was a lemon-lime extension of Palmolive dishwashing liquid.

Reformulated products included Irish Spring Deodorant Soap, now with skin conditioners, rolled out in September 1986; Fab laundry detergent with advanced softening systems, introduced in December 1986; and Dynamo 2 heavy duty liquid laundry detergent.

On October 5, Colgate begins shipping Fab 1 Shot, a single-dose washer-to-dryer packet. Colgate is the first company out nationally with a unitized dose laundry product.

While Colgate continues to divest companies unrelated to its businesses, it is still venturing into new markets and continues to acquire companies that complement existing businesses. Under the newly formed Colgate Venture Co., a group charged with brainstorming new product ideas that take Colgate into new niche areas, Colgate tested Maniac, a new teen fragrance line; the Cleaning Dimensions, cleaning stores that also sell Colgate products; Teledisc music; and Fresh FeLiners, a new odor-absorbent liner for cat litter boxes. In September, Colgate is expected to introduce New Again, a blood stain remover to be sold in the feminine hygiene departments of mass-market stores.

Colgate this year also created a new product group that is testing Fabuloso all-purpose cleaner directed at the Hispanic market. The company also increased its R&D investment to 2% of 1986 sales, up from 1% of annual sales in 1982.

In divestitures, Colgate's Kendall healthcare subsidiary sold off three businesses in 1986: Curity baby apparel group, sold to Gerber Products Co.; Kendall's Industrial Fabrics, sold to American Fiber and Finishing; and MedaSonics Inc., sold to Settsu Paperboard Manufacturing Co. Colgate's Knoxville, Tenn.-based Bike Athletic sporting goods business was sold to Kazmaier Associates Inc.

Colgate's divestiture program realized $232 million in proceeds, which was used to reduce outstanding debt. The divestiture program also reduced manufacturing and administrative costs, and 250 positions were eliminated.

In acquisitions, Colgate purchased the $50 million home healthcare lines of Jung Corp., Cincinnati, makers of elastic support hose, orthopedic braces and medical equipment marketed under the Futuro and Rampon names. Colgate's Princess House specialty marketing subsidiary purchased Fiesta, a U.K. company that markets crystal, china and giftware through at-home parties.

Colgate-U.S. is acquiring the liquid soap businesses of Minnetonka. Product lines include Softsoap, the country's long-term leading liquid soap brand, Sesame Street children's bath products and Village Bath adult bath products.

Colgate's Kendall-McGaw Laboratories is purchasing Quest Medical Inc., Dallas-based marketers of electronic intravenous devices, for $13.5 million.

Colgate's global account consolidation at Y&R and FCB resulted in some international successes. In the U.K., the company relaunched Soft & Gentle deodorant targeting teens, and backed it with a TV spot set to rock star Cyndi Lauper's "Girls Just Wanna Have Fun" via Y&R. In the summer of '86, it took the No. 1 rank in the U.K. A humorous spot via FCB helped catapult Ajax liquid all-purpose cleaner to the No. 1 spot in the U.K. And in Italy, Colgate relaunched Dinamo (Dynamo) detergent with fabric softener with a humorous Y&R-inspired spot which helped to double brand share.

Colgate's big ad splash in '86 was support given the national roll-out of Palmolive Liquid automatic dishwasher detergent. Colgate backed the launch with a $30 million ad-promotion budget via Y&R. The product, Colgate's first in the $550 million automatic-dishwasher detergent market, claims an 18% share and market leadership in the liquid segment. P&G's Cascade powder remains the market leader overall with an estimated 42% share, and P&G is adding a liquid version. Lever Bros. holds a 23% share with its Sunlight and All powder brands, and it began testing liquid Sunlight earlier this year.

During the year, however, Colgate lost momentum in the toothpaste segment. In early 1985, Colgate toothpaste was on the verge of toppling P&G's Crest, perennial leader in the $1 billion dentifrice category. But P&G rolled out Crest Tartar Control. That product has helped strengthen P&G's overall Crest brand share from 30% in 1985 to 39% in 1986. Colgate's share dropped from 28% to 23%. But Colgate then retaliated with a $30 million ad budget via Y&R for Colgate Tartar Control toothpaste and gel. In April, the company broke network TV ads challenging Crest's superiority claims. The ad blitz, backed initially at an annual rate of $125 million, cited independent studies showing that Colgate was more effective than Crest.

A global launch of Colgate Tartar Control is generating sales at a $200 million annual rate, according to Colgate.

Others in the category are also making comparative scientific claims, and the Food & Drug Administration is mulling whether to reclassify tartar and plaque-removal toothpastes from cosmetic to therapeutic. If so, companies would have to seek time-consuming new drug status.

Colgate's measured spending declined 8.2% to $87.3 million, and the decline showed a shift away from TV toward magazine advertising. Colgate cut spot TV by 19.7% to $13.4 million and sliced network TV spending by 12% to $57.1 million. Magazine spending jumped 78% to $12 million.

Slight spending declines generally appeared across the board of Colgate's brand portfolio. As expected, the biggest spending increases were for reformulated products and line extensions. Spending for Colgate toothpaste and gel was hiked 52% to $28.3 million, an increase primarily in support of tartar control. Palmolive dishwashing liquid saw an ad increase of 13% to $7.6 million because of the lemon-lime extension.

Colgate's worldwide sales increased 10% to $4.9 billion. Colgate attributed the gain to new products, stronger European currencies and the 1985 acquisition of the McGaw intravenous solutions business, now part of its Kendall unit. Income from continuing operations increased 5.8% to $177.5 million.

Colgate's largest businesses showed increases in sales, and the company says total operating profit from its business segments rose 10% to $362 million. The largest division—household and personal care products—increased sales 8% to $3.67 billion. Colgate's healthcare businesses' sales increased 22% to $994.9 million. Only sales in specialty marketing remained essentially unchanged—up 2% to $314.5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,102	1,504
Magazines	12,093	6,341
Newsp. supp	277	1,269
Bus.pubs	117	221
Network TV	57,170	63,421
Spot TV	13,435	15,356
Network radio	672	446
Spot radio	1,089	1,387
Outdoor	9	0
Network cable	1,293	1,814
Total measured	87,259	91,758
Unmeasured	150,608	158,375
Total	237,867	250,133

COLGATE-PALMOLIVE CO.
300 Park Ave.
New York, N.Y. 10022
(212) 310-2000
Corporate Personnel

Reuben Mark, chmn, president-ceo
William S. Shanahan, sr exec vp-coo/Colgate
J. Dale Sherratt, sr exec vp-coo/Kendall
Roderick L. Turner, sr exec vp-coo/specialty mktg
John M. Watkins, sr exec vp-chief strategic & business devel officer
Benjamin C. Davis, vp-human resources
Katharine R. Tarbox, vp-investor relations
Clay S. Timon, vp, worldwide adv

COLGATE U.S.
Corporate Personnel

A. Courtenay Shepard, vp-genl mgr
Ralph A. Champlin, vp-sales
Alec deGuillenchmidt, vp-finance
Robert J. Joy, vp-human resources
Robert L. Swinney, vp-operations

Marketing Personnel

Ariel A. Allen, vp-creative svcs
Robert E. Blanchard, vp-mktg
Cyrill Siewert, vp-new business devel & planning
John P. Benfield, mgr, new business
Paul Brindak, group prod mgr
Joseph A. Uzzolina, category mgr
James Leach, category mgr
Elaine D. Decker, group prod mgr
D. Meyer, genl mgr, U.S. oral care
Jack Haber, mktg mgr, U.S. oral care
Doug Presley, financial mgr, U.S. oral care
M. Libertore, sales mgr, U.S. oral care
Horace C. Moses III, president, Colgate-Hoyt Laboratories

Advertising Agencies

Foote, Cone & Belding, New York—Palmolive dishwashing liquid, Dynamo detergent, Fab detergent, Ajax all-purpose cleaner, Palmolive soap, Dentagard, Curad bandages, Ultra Brite toothpaste, Fluorigard dental rinse, Axion Paste—Charles Taney, exec vp-worldwide acct dir; Colleen Gowl, sr vp-group mgmt dir, U.S.; James McConnell, sr vp-group mgmt dir,intl; Louis Rubin, vp, new prods/business; Dennis O'Hearn, Patti Albanese, Cynthia Beeger, acct dirs.

Siboney Advertising, New York—Hispanic adv for all brands—Roger Pisani, genl mgr; David Cole, acct super; Maria Botta, acct exec.

Young & Rubicam, New York—Colgate Dental Cream, Fresh Start detergent, Irish Spring soap, Colgate toothbrushes, Shave Preps, Palmolive automatic dishwashing detergent—Philip Asche, sr vp-worldwide acct dir; Robert Fane, sr vp-mgmt super, domestic; Dany Khosrovani, sr vp-mgmt super, PCP; John Leonard, vp-mgmt super, worldwide; Harry Mosher, Howard Buford, Evangeline Ames, Jane Quelch, category supers.

KENDALL CO.
Boston
Corporate Personnel

J.D. Sherratt, president-ceo
M.S. Roskothen, exec vp
W.R. Lean, president, health care prods
F.J. Zeitvogel, president, film & adhesives
J.N. Balboni, president, nonwovens
M.B. Cogbill, vp-genl mgr, intl
C.P. Bruen, president, McGaw Labs

Top 25 spot TV advertisers

Rank	Advertiser	Spot TV ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	PepsiCo Inc.	$257,033	$217,412	18.2	44.2
2	Procter & Gamble Co.	233,932	284,395	(17.7)	16.3
3	Philip Morris Cos.	134,725	126,541	6.5	9.9
4	McDonald's Corp.	128,180	118,046	8.6	21.7
5	General Mills	127,253	105,844	20.2	23.1
6	Pillsbury Co.	125,218	113,426	10.4	25.3
7	Anheuser-Busch Cos.	97,999	71,153	37.7	15.2
8	Toyota Motor Corp.	90,292	71,080	27.0	43.2
9	Coca-Cola Co.	82,993	75,048	10.6	22.4
10	Hasbro Inc.	72,281	63,068	14.6	57.7
11	Chrysler Corp.	63,551	63,133	0.7	14.9
12	Kraft Inc.	61,803	67,735	(8.8)	14.1
13	Unilever NV	60,808	62,186	(2.2)	11.7
14	Ford Motor Co.	55,821	37,100	50.5	8.6
15	Time Inc.	54,988	45,475	20.9	28.9
16	General Motors Corp.	49,192	49,067	0.3	5.9
17	Kellogg Co.	48,804	51,050	(4.4)	13.0
18	Mars Inc.	48,065	40,457	18.8	15.4
19	BCI Holdings (Beatrice)	47,798	44,226	8.1	8.9
20	Nissan Motor Co. Ltd.	44,426	44,974	(1.2)	24.7
21	IC Industries	43,480	36,577	18.9	26.3
22	Walt Disney Co.	42,684	28,213	51.3	19.5
23	Quaker Oats Co.	41,726	27,108	53.9	13.5
24	American Telephone & Telegraph	41,124	29,700	38.5	9.3
25	Nestle SA	40,913	54,327	(24.7)	13.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

D.A. Arena, president, RCI
J.J. Guarnieri, president, Futuro

Marketing Personnel

W.C. Drake, vp-sales & mktg, health care prods
L.E. Potocki, dir-adv & promo, health care prods
J.F. Dawson, adv mgr, health care prods

Advertising Agency

Casey Media—Robert W. Casey, president.

HILL'S PET PRODUCTS
Topeka, Kan.
Corporate Personnel

Robert C. Wheeler, president
Stephen J. Fogarty, vp-intl sales & mktg
Dr. Elizabeth Hodgkins, tech rsch mgr

Marketing Personnel

David Geier, vp-mktg
J. Richard Woodall, vp-sales
Dr. Kitson Logue, prod mgr, prescription diets

Advertising Agency

Harmon Smith Advertising, Kansas City, Mo.—Marc Ford, acct exec.

INSTITUTIONAL FINANCING SERVICES
Benicia, Calif.
Corporate Personnel

Michael J. Rippey, chmn-ceo
E. Peter Raisbeck, president

Marketing Personnel

Jim Cascino, exec vp-sales
David V. Rudd, exec dir-mktg

PRINCESS HOUSE
North Dighton, Mass.
Corporate Personnel

Robert J. Haig, president

Marketing Personnel

Steven Zrike, vp-mktg
Charles Kantor, dir-mktg
John Crowley, vp-sales & field operations
Betty Bowes, dir-field operations

CPL INDUSTRIES
Tenafly, N.J.
Corporate Personnel

Kenneth E. Snyder, president

Marketing Personnel

Bernard J. Rafferty, vp-sales
Wulf Paulick, vp-mktg

Advertising Agency

H.J. Delaney Co., Chicago—Patrick Furness, vp-client svcs.

Adolph Coors Co.

RANK **61**

Golden, Colo.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,314	1,281	2.6
Net income	59	53	11.2
U.S. advertising	131	105	24.3
Division sales	**1986**	**1985**	**% chg**
Beer business	1,085	1,078	0.6
Other business	230	203	13.2

Adolph Coors Co. entered only one new state (Michigan) during 1986, but growth in established markets enabled the nation's fifth largest brewer to increase sales during the year.

Growth hasn't been difficult for Coors, which has been rapidly expanding from its Colorado base since the early 1970s. During 1986, Coors boosted its barrelage by 3.4% to 15.2 million barrels, while its total domestic and imported beer sales were up 2.5%.

Coors' market share grew to 8.4% in 1986, compared with 8.2% in 1985, according to Emanuel Goldman, partner at Montgomery Securities, San Francisco. Coors' ranking was carried by the nation's fourth most popular brew in total barrelage, Coors premium beer, with a 4.3% market share (4.8% in 1985), and by Coors Light, the sixth most popular beer, with a market share of 4% (3.4% in 1985). To become the nation's fourth largest brewer, Coors must move past G. Heileman Brewing Co., whose 8.8% market share in 1986 was based on 16.2 million barrels, the same as in 1985.

The company's future growth will be aided by its Shenandoah Brewery, near Elkton, Va., which began shipping Coors and Coors Light in April 1987.

Mr. Goldman projects Coors barrelage will increase 3% in 1987 to 15.7 million. "When it comes to brewing beer, historically they've been among the best," Mr. Goldman says.

In the first quarter of 1987, the company pushed Coors and Coors Light into New York and New Jersey, a market that consumes 17 million barrels of domestic and imported beer. Coors' nationwide coverage will be complete in 1990 when it plans to penetrate Indiana, Pennsylvania and Delaware.

The brewer attributes 1986's barrelage increase to growth in southeastern states, California and Texas, as well as the entry into Michigan.

New York/New Jersey, however, will be a tougher market to crack, analysts say. The market is dominated by Anheuser-Busch, whose Budweiser is No. 1. Miller Brewing Co.'s High Life and Lite are No. 2 and No. 3. And the experts predict problems due to Coors' scrapes in the past with organized labor, which has vowed to fight its New York and New Jersey expansion. This "is a real issue," one analyst says. However, on August 19, 1987, the AFL-CIO called off its national boycot of Coors.

But Coors is putting $25 million in advertising behind its efforts to win those markets. "New Jersey sales are well ahead of the targeted market share, which is well into the teens," says Terry Nauslar, director of international expansion and sales development. In Upstate New York, Coors had targeted a 6% to 7% market share, which it is now exceeding. In metro New York, the brewer's share pulls in at about 8% to 10%, Mr. Nauslar says.

Coors also is banking heavily on pushing its products outside the U.S. to continue growth. Part of that effort is guided by the April 1987 entry of Coors into the Japanese market via Asahi Breweries Ltd. Coors has captured the No. 2 American beer spot in that market behind Anheuser-Busch.

In October 1985, Coors began distributing Coors and Coors Light in Canada through a license agreement with Molson Brewery Ltd. In 1986, these two brands captured more than 5% of the 20 million-barrel Canadian beer market, and Coors Light ranks as the No. 2 Canadian-American beer.

In the U.S., Coors continues to strengthen its ethnic markets. Sales in the Hispanic market continued to hold steady at about 9% during 1986, the same percentage as in 1985.

In a move to strengthen its sales and marketing arm, Coors restructured management responsibilities within the brewing division. Gary Naifeh was promoted to VP-brand management, Gary Truitt was named VP-sales and Robert Klugman, VP-international, development and marketing services. Frank Spinosa, previously the VP-sales, resigned.

Coors is continuing its "Coors is the One" campaign, a low-key series featuring actor Mark Harmon. TV dominates Coors' media spending, accounting for 85% of total measured spending.

Coors Light continues to perform well, increasing sales 20% in 1986. Its sixth place ranking in total barrels is up from the seventh spot in 1985. In 1986, Coors Light commanded 16% of the U.S. domestic light beer market, compared with 1985's share of 15%, according to Beer Marketer's Institute. Market leader Miller Lite held a 43.7% share in 1986.

In the first quarter of 1987, Coors claims Coors Light moved up to the No. 5 spot in barrelage among all beers, replacing Stroh Brewery's Old Milwaukee.

Coors is continuing with its "Silver Bullet Bar" campaign created by Foote, Cone & Belding, Chicago. In July 1987, the company began featuring celebrities such as Carlos Palomino, former world welterweight champion, and Siegfried and Roy, two magicians who demonstrate their power of illusion when they transport the Silver Bullet Bar to the middle of a desert with seven white tigers sitting around the bar. The brewer also boosted measured advertising for its Light beer by 60% to $30.6 million in 1986.

Coors Light is also targeting the women's market with a new campaign that claims, "You don't have to be a man to appreciate a great beer." Evans/Bartholomew Pollock Norman, Denver, handles. According to market research, women buy 17% of the beer sold in the U.S., a market estimated at $6.5 billion.

Coors' market expansion efforts also include the national rollout of its Winterfest Beer, which in 1986 was only available in Colorado. Beginning in November, the heavier-bodied brew will be available in 45 states. Marketing efforts will focus on public relations via a campaign developed by Foote, Cone & Belding, Chicago.

In the first half of 1987, market expansion continues to be the force behind Coors Extra Gold beer, a heavier premium positioned against A-B's Budweiser; George Killian's Irish Red Ale, positioned to compete with imports; and Herman Joseph's Original Draft, the brewer's super premium beer, positioned against A-B's Michelob and Miller's Genuine Draft.

Coverage for Extra Gold, tagged "No Beer's as Bold as Coors' Extra Gold," in advertising from Tatham-Laird & Kudner, Chicago, was extended from five Western states to 14 in April 1987. Killian's Red Ale is now available in 34 states and the District of Columbia, and Herman Joseph's is in 23 states.

Coors, which has not introduced a new beverage product since the demise of its malt-based Colorado Chiller in 1985, says it is still interested in the cooler market, but has no plans to introduce any new product soon.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,486	2,055
Magazines	942	2,309
Bus pubs	271	34
Network TV	45,857	18,076
Spot TV	28,186	34,863
Spot radio	7,637	9,537
Outdoor	1,161	1,565
Network cable	1,562	1,630
Total measured	87,101	70,069
Unmeasured	43,508	35,000
Total	130,609	105,069

ADOLPH COORS CO.
Golden, Colo. 80401
(303) 279-6565
Marketing Personnel

Bob Rechholtz, exec vp-sales & mktg
Gary T. Naifeh, vp-brand mgmt
Robert Klugman, vp-intl mktg, devel, mktg svcs
Robert Fox, dir, Coors, Coors Extra Gold
June Smith, dir, Coors Light
Robert McBride, brand mgr, Coors Light
Gary Skovsted, brand mgr, Coors Extra Gold
Betsy Ross Krieg, brand mgr, Herman Joseph's Original Draft
James Poor, brand mgr, George Killian's Irish Red Ale
Craig Guthrie, mgr, new prods
Mark Reiss, dir-media, field mktg
Michael Marranzino, dir-sales & mktg operations
Cully Marshall, mgr-field mktg
Bob Hobbs, mgr-mktg svcs
Mark Stankovic, mgr-intl mktg

Advertising Agencies

Evans/Bartholomew Pollock Norman, Denver—corp, community relations—Charles Bartholomew, president-acct super; Susie Davis, acct coord.

Foote, Cone & Belding, Chicago—Coors, Coors Light, George Killian's Irish Red Ale, Herman Joseph's Original Draft expansion—Bill Melzner, sr vp-group acct dir; Jim Gregga, vp-acct dir, Coors Light; Randy Windschitl, vp-acct dir, expansion, Coors; Kent Vlautin, vp-assoc media dir; Mike Rogers, sr vp-exec creative dir; Dave Moeller, sr vp-creative dir, Coors; Bob Simon, vp-group creative dir.

GSD&M, Austin, Texas—Hispanic mkts—Roy Spence, president; Chuck Grady, sr vp-acct exec; Raoul Rodriguez, vp-Hispanic svcs Coors; Gary Brahl, sr creative dir; Hank Olguin public affairs dir.

Tatham-Laird & Kudner, Chicago—Coors Extra Gold—Bob Hielscher, sr partner-group acct dir; Bob Janssen, mgmt super; Dick Herrman, acct super; Frank Amadio, acct exec.

UniWorld Group, New York—Black mkts—Fred Jackson, Ron Campbell, vps-mng supers; Bill Allen, sr vp-creative svcs; Valerie Graves, vp-creative group head; Phil Costa, Aaron Bell, vps-assoc creative dirs.

Cosmair Inc.

RANK **69**

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	725	700	3.6
U.S. advertising	120	122	(1.4)

Cosmair Inc.'s advertising budget dropped back slightly in 1986 to 1984 levels as the company selectively cut spending on some mass-market haircare and cosmetics products.

Privately held Cosmair, the U.S. licensee for L'Oreal and Lancome, is 62% owned by Nestle SA, with the balance of ownership split between L'Oreal interests. Although Cosmair does not publicly report sales or earnings, industry observers believe its profit margins, like the rest of the industry's, have been under pressure and that this squeeze prompted the normally aggressive marketer to curb spending.

The third largest beauty company was alone in holding spending below prior year levels. Competitor Estee Lauder Inc. increased its measured spending 6.4% to $49.8 million, while Avon boosted measured spending 11.4% to $28.3 million. Revlon's spending exploded 29.3% to $75 million, the real increase being disguised by the inclusion of Max Factor, Almay and Halston, which were gained through acquisition.

In unmeasured media, where cosmetics companies traditionally spend heavily on promotional activities, gift-with-purchase and demonstrations, Cosmair cut less than $500,000 from its 1985 budget, which sources say is attributable to a desire to ensure sell-through in a difficult business climate, particularly in the fragrance market where industry sales dropped 3% in 1986.

Of the media used by Cosmair, spot TV showed the largest increase, growing 45% to $14.8 million. The spot increases can be traced mainly to spending backing the upscale Polo and Drakkar Noir men's fragrances as well as the Lancome cosmetics lines sold largely in department stores that may be more effectively served by the target marketing spot offers. Network cable also rose 46.6% to $1 million as Cosmair continued to promote its Studio line of hair styling products aimed at music video fans and advertised on MTV: Music Television. Magazine advertising dropped 4.7% to $24.4 million, and network TV spending fell 11.6% to $37.2 million.

Cosmair's business is served by four primary divisions: Lancome, L'Oreal, Biotherm and designer and retail fragrances.

The single greatest budget for one line in 1986 went to Lancome cosmetics, which received $12.8 million in measured media. Lancome's sales rose more than 20% to $240 million-plus last year, according to industry sources who estimate its market share at more than 11%, placing it No. 3 behind Estee Lauder and Clinique brands in department store sales. In early 1987, Lancome was one of more than a dozen brands that the Food & Drug Administration asked to change its claims or seek registration as a drug. In general, the brands got into hot water by claiming they increase cell renewal. At presstime, the matter had not been resolved.

L'Oreal Preference hair color attracted spending of $10.2 million, down 19% from 1985 levels when Preference was repackaged and reintroduced. By comparison, Bristol-Myers's Clairol doubled spending on its Ultress hair coloring to more than $11 million.

While the Preference reintroduction helped boost hair color sales between 15% in supermarkets and 30% in drug stores, in 1986 total increases in L'Oreal sales of hair color fell back to 5% in food stores, according to Diana Temple, VP, Salomon Brothers. Clairol posted 5% gains in these stores.

Salomon Brothers estimates L'Oreal's hair color market share at 26.6% and archrival Clairol's at 63.7%. Chain drug sources, however, say that L'Oreal's share is somewhat higher in drug stores and Clairol's a bit lower. To further boost Preference, L'Oreal hired actress/model Cybill Shepherd in 1986 as its endorser. By pitting the star of the popular ABC series, "Moonlighting," against Clairol's Ultress spokeswoman Linda Evans, L'Oreal hopes to improve its position in the $500 million hair coloring market.

L'Oreal also introduced a temporary coloring product, called Zazu, in vivid colors. The product is aimed at young consumers. Retailers, however, say the product would have performed better if it had been sold in the hair care department instead of the cosmetics section of stores. The product was reportedly pegged for a $10 million promotion budget but instead received just more than $1 million in support.

Avantage, a semipermanent hair coloring introduced by L'Oreal in 1985, received $3.25 million in support in 1986 as L'Oreal continues to try to reach consumers now using Loving Care by Clairol.

In sales of styling aids, L'Oreal, which pioneered the mousse category in this country with Free Hold, remained the leader with a 13%-plus share through both Free Hold and its new Studio Line. However, that share was down from 15.5% in 1985, in part because of a decline in mousse sales in general. In 1985, according to industry estimates, mousses accounted for 75% of the $183 million volume for hair styling aids in food and drug stores. By 1986, however, mousse sales took no more than 69% of the styling aids business, now estimated at $199 million. Meanwhile, styling gels' share of the business rose by four percentage points to 26%. Trailing L'Oreal in the mousse market are Helene Curtis with a 7.3% share for Suave and 5.4% for Finesse, Alberto-Culver Co. with 12.3% for Alberto Mousse, Sassoon with 4.6% and Revlon's Flex with 7%.

In sales of mass market cosmetics, L'Oreal ranked fourth in drug and food stores in three outside audits where competitors such as Maybelline, Revlon and Noxell dominated. Its Visuelle makeup maintained about a 3% share of market, unchanged from 1985, far below Noxell's 52% share in facial makeup, Maybelline's 22%, Revlon's 6% and Max Factor's 7%.

L'Oreal spent $9 million on nail color promotion, where its share moved ahead 1 point to 7%. Its share also advanced a point in lip color to 7.5%. Still, there were rumblings in the marketplace that L'Oreal was experiencing some problems. In one survey of selected retailers published by Goldman Sachs it was noted that Maybelline moved up to the No. 3 spot in makeup while L'Oreal dropped to No. 4, concluding that the "brand may be losing momentum."

Management has acknowledged that there are some areas it will seek to strengthen, notably mascara and eyeshadows. In early 1987, L'Oreal announced the introduction of Lash Out, a lash-extending mascara, and new eyeshadows under the Couleur Couleur and Couleurelle names. The shadows are priced lower than previous eye color from L'Oreal, which had sought the high end in pricing the product against the competition.

In total mass market fragrances sales, Cosmair is ranked sixth in sales through chain drug stores, following Revlon, Unilever NV's Matchabelli, Squibb Corp.'s Charles of the Ritz, Pfizer Inc.'s Coty and Beecham Group PLC's Jovan. However, in 1986 Cosmair's Vanderbilt fragrance was once again the single best-selling fragrance in drug stores. Still, last year it became evident that Vanderbilt may have hit the peak of its lifecycle. While sales topped $70 million, Vanderbilt lost share to Primo by Parfums de Coeur. Primo is a so-called knock-off, or copycat, of Giorgio.

To protect its mass market fragrance position, earlier this year Cosmair introduced a second Gloria Vanderbilt scent called Glorious. While the fragrance has been well received, retail reports indicate the brand has not had the quick success of Vanderbilt. In mass market men's fragrances, Cosmair's Chaps, a Ralph

How much did the nation's biggest advertiser spend on each of its brands?

Turn to LNA for answers.
See page 143

Lauren brand, remains strong.

During last year, Cosmair also decided to nix plans for a Norma Kamali scent. It fought hard to keep the rights to the brand name Notorious, a fragrance that it may introduce next year under the Ralph Lauren banner. Cosmair won a suit brought by Edison Bros., St. Louis, challenging Cosmair's rights to the name. Edison had wanted to sell the name to Faberge.

In early 1987, the company experienced two major management changes. President Jean Levy resigned and was succeeded by Guy Peyrelongue. And Arnold Zimmerman, former head of L'Oreal hair care, left to join Revlon as head of its cosmetics group.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	835	905
Magazines	24,370	25,633
Newsp. supp.	873	1,109
Bus.pubs.	0	13
Network TV	37,293	42,131
Spot TV	14,830	10,273
Spot radio	381	0
Outdoor	0	7
Network cable	1,021	682
Total measured	79,603	80,753
Unmeasured	40,807	41,396
Total	120,410	122,149

COSMAIR INC.
575 Fifth Ave.
New York, N.Y. 10017
(212) 818-1500
Corporate Personnel

Jacques Correze, chmn
Guy Peyrelongue, president-ceo
Michel Somnolet, exec vp & coo
James Nixon, exec vp
Joseph Augeri, exec vp

RETAIL DIVISIONS
Corporate Personnel

Roy Benjamin, president

L'OREAL HAIR CARE DIVISION
Marketing Personnel

Joseph Campinell, vp-genl mgr
Carroll Vanik, vp-sales
Carol Hamilton, asst vp-mktg

L'OREAL COSMETIC DIVISION
Marketing Personnel

Beatrice Dautresme, vp-genl mgr
Joe Lamia, vp-sales
Amy Frankel, asst vp-mktg

RETAIL FRAGRANCE DIVISION
Marketing Personnel

Dave Schulte, genl mgr
Tom Kennedy, vp-sales
Ron Rolston, mktg dir

LANCOME DIVISION
Marketing Personnel

Simon Critchell, sr vp-genl mgr
Robert Fernandez, vp-sales
Tony Michaels, vp-mktg & adv

BIOTHERM DIVISION
Marketing Personnel

Tom Day, vp-sales
Pam Fields, vp-mktg & adv

DESIGNER FRAGRANCE DIVISION
Marketing Personnel

John Wendt, exec vp-genl mgr
Stan Garland, vp-sales
Jane Terker, vp-mktg & adv, men's and women's designer fragrances

L'OREAL PROFESSIONAL DIVISION
Marketing Personnel

Ray Mager, sr vp-genl mgr
Claire Bruno, vp-mktg & adv

Advertising Agencies

Geers Gross, New York—Biotherm, Paloma Picasso, Ralph Lauren fragrances—Hank Wasiak, president; Russell Gilsdorf, exec vp-media dir; Peg Ianacone, vp-assoc media dir; Wes Deaton, asst media dir; Robin Fry, sr vp-mgmt super; Richard Weber, vp-mgmt super; Phyllis Califano, acct super; Nannette Seligman, acct exec; Kelly McCoy, asst acct exec.

Intermarco, New York—Lancome—Frederick Rhines, president; Nick LaMicela, creative dir; Alice Brand, sr acct exec; Hilary Cochran, media dir.

McCann-Erickson, New York—L'Oreal cosmetics—Linda Josleow, mng rep; George DiAmato, Herb Green, creative dirs; Lisa Roberts, acct super; Rebecca Randal, acct exec. L'Oreal hair prods—Dave Weiss, sr vp-group dir; Steve Moynihan, sr vp-mng rep; Jeanne Davidson, vp-acct super; Bill Gibbens, Paulette Hebert, acct execs. Cacharel fragrance—Steve Moynihan, sr vp-mng rep; Jeanne Davidson, vp-acct super. Drakkar Noir fragrance—David Edwards, acct super.

Strange boxfellows?

Chevrolet linked three new-vehicle introductions in 1986 in a tie-in with Procter & Gamble; the campaign was touted as the biggest cross-promotional effort ever. Chevrolet gave away 750 vehicles worth $9 million in the promotion, in which paper keys were placed inside 200 million boxes of seven P&G products. Consumers had to match up keys with dealers, who say the tie-in failed to produce significant numbers of buyers despite drawing increased showroom traffic.

RANK **68**

CPC International

Englewood Cliffs, N.J.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,549	4,210	80.5
Net income	219	142	54.2
U.S.	**1986**	**1985**	**% chg**
Sales	1,680	1,765	(4.8)
Operating profits	N/A	N/A	N/A
Advertising	122	122	(0.4)
Division sales	**1986**	**1985**	**% chg**
Grocery prods.	2,772	2,523	9.9
Corn wet mixing	1,671	1,521	9.9
Other	106	166	(36.1)

CPC International began a restructuring program last year designed to increase its presence in the U.S. market, expand existing food product lines, slough off non-food operations and raise the value of its stock.

Worldwide grocery product sales, which account for two-thirds of total CPC sales, grew 10% to $2.77 billion, and operating income rose to $347 million, an increase of over 12% compared to 1985 (7.6% excluding a $13.5 million special charge). Best Foods, CPC's grocery products division in North America, however, recorded operating income about even with 1985, a result of heavy marketing spending aimed at maintaining existing product franchises.

According to John McMillin, an analyst with Prudential Bache Securities Inc., Hellmann's Best Foods Light Mayonnaise products have led CPC's "extremely successful marketing turnaround." Although available in just 32% of the U.S. in 1986, the new product contributed to Hellmann's Best Foods Mayonnaises' all-time high share—nearly 50%—in the $700 million mayonnaise market. The light product was rolled out nationwide this year.

However, when ranked within the spoonable salad dressing category, CPC's mayonnaise, at under 30% of the market, ranks second to Kraft's Miracle Whip sandwich spread and salad dressing brands, which together own 48% of the $1 billion market.

Mazola Corn Oil, 75 years old in 1986, is one year older than Hellmann's Mayonnaise, which was introduced to the U.S. in 1912 by Richard Hellmann. Mazola oil made a lower volume gain in 1986—5%, compared to a 13% gain in 1985. It holds a 17% share of the vegetable oil market. Procter & Gamble's Crisco is No. 1 at 22%; Beatrice Cos.' Hunt-Wesson Foods' Wesson oil is a close second with 21%. Mazola is the No. 1 corn oil in the U.S.

Combined sales of margarine and corn oil for CPC topped $740 million in 1986, 5% below 1985 levels. More than 50 new products and line extensions are added to Knorr soups, sauces, bouillons, seasonings and mixes annually,the company says. Yet Knorr is being outmaneuvered in the dry soup mix market in the U.S. by Campbell Soup Co. and Lipton, says Mr. McMillin of Prudential Bache.

Worldwide sales of bread spreads and cheese products, which include Skippy, Mazola and Nucoa margarines, increased 6% to $310 million, despite an overall flat market. A sweeter version of Skippy was introduced in the southern U.S., where it has been favorably received, says CPC. The brand ranks second with a 22% share of market—ahead of Beatrice's Peter Pan (14%) but behind Procter & Gamble's Jif (27%). Mazola and Nucoa margarines pull in 2% of a market dominated by Kraft (Parkay), Lever Bros. (Shedd, Imperial, Promise) and RJR Nabisco (Fleischmann's, Blue Bonnet).

CPC's aggressive new marketing attitude is evident in the national rollout of its Thomas' English muffins, as well as in the acquisition of Arnold Foods. Arnold does $230 million in sales annually, offering the Levys, Brick Oven, Brownberry and Devonsheer brands. CPC also acquired Old London, another specialty baker, which reports $18 million in annual sales. Together, both acquisitions should "provide the company with a lot of opportunity to build and expand as a baker of premium quality foods," says Bill Parker, a spokesman. Thomas' English muffins are now available in over 70% of the country; other products are Toast-r-Cakes and Sahara pita bread. S.B. Thomas showed an 8% sales increase and volume growth of 4% in 1986.

Mueller's, CPC's chief pasta business with a 15.6% share of the pasta market, is the largest single pasta brand in the U.S. A new side dish called Salad Bar Pasta and three new pasta shapes were introduced last year, with volumes up 2% in an intensely competitive market. For example, Borden Inc. bought up regional brands in order to distribute its Creamette product in 48 markets. Borden's, with five brands, accounts for 15% of the pasta field; Hershey Foods Corp. has 17% with six brands. Combined sales of bakery and pasta products for CPC were almost $260 million, an increase of 5% over 1985, exclusive of Arnold's and Old London sales.

Other CPC products such as Argo and Kingsford starches, Karo syrup and Niagara spray starch are leaders in their markets.

Total measured advertising of CPC's leading brands increased 4.9% to $46.7 million in 11 monitored media. Spot TV expenditures rose 17% to $13.8 million; network TV increased 5% to $16 million; magazine spending rose 5% to $11.3 million. Ad expenditures for Best Foods and Hellmann's mayonnaise decreased 6% to $10.8 million in 1986, with $1.6 million allotted to the new light products.

Spending on Mueller's pasta products fell 18% to $1.4 million and was split almost evenly between spot TV and magazines as opposed to 1985's exclusive spending on spot TV.

CPC increased spending on Mazola oil by 22% to $5.5 million, maintaining about 70% of the dollars in network TV. Spending on Mazola margarine was increased 24%, but the budget remained insignificant. Expenditures on Skippy peanut butter declined 3% to $7.7 million, reflecting the flat market; the bulk of dollars went to spot TV.

Because of its national rollout, advertising for Thomas' English Muffins was increased 37% to $7.1 million, with 96% of that going to spot TV. The company switched from promoting Toast-r-Cakes to Toast-r-Cookies in 1986.

Increased commitment to promoting Knorr products in the U.S. is evident in the 27% increase in expenditures, all in magazines, to $3.8 million in 1986. CPC spent $600,000 promoting Arnold's bread and Brownberry bread and croutons on spot TV, a good beginning for its late-1986 acquisition. Spending on Karo syrups increased 33%, due to promotion of Golden Griddle Pancake Syrup in magazines. Spending on Rit dyes and rust remover products rose 2% to $901,000.

This month the company plans to close a previously announced sale of its European corn wet-milling operation, a commodity-based venture. The sale is part of a company plan to concentrate future growth in the U.S. and grocery products businesses.

A substantial part of the proceeds will go to reduce debt assumed with the acquisition last year of Greenwich, Conn.-based Arnold Foods Co. and Old London specialty bakery businesses and debt incurred with its stock repurchase program. So far the company has repurchased some 16 million (20%) of its outstanding common stock for $1.3 billion following a takeover scare last year from Revlon's Ronald Perelman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	857	1,368
Magazines	11,306	10,749
Newsp. supp.	321	804
Bus.pubs.	1,432	1,483
Network TV	15,976	16,852
Spot TV	13,776	14,190
Spot radio	2,842	1,378
Outdoor	162	25
Network cable	67	49
Total measured	46,740	46,918
Unmeasured	75,217	75,504
Total	121,956	122,422

CPC INTERNATIONAL
International Plaza
Englewood Cliffs, N.J. 07632
(201) 894-4000
BEST FOODS
Corporate Personnel

Richard W. Siebrasse, president
Robert J. Gillespie, exec vp

Marketing Personnel

Jan A. van Amerongen, vp-mktg svcs
Michael J. Bevilacqua, vp-sales
Donald C. Berman, business unit dir
Joan S. Dargery, business unit dir
Malcolm Fletcher, business unit dir
Susan B. Huffman, dir-consumer affairs
Robert T. Viscardi, media dir
Aaron Strauss, dir-info & mktg rsch

Advertising Agencies

Drossman, Lehmann, Marino, New York—new prods—Neil Drossman, Charles Lehmann, Domenick Marino, partners.

Ogilvy & Mather, New York—Hellmann's/Best Foods mayonnaise, Mueller's pasta prods, salad bar prods, new prods—Cliff Angers, acct group dir; Karen Green, mgmt super; Pamela Gittleman, acct super; Ben Kline acct exec.

Saatchi & Saatchi DFS Compton, New York—Mazola corn oil, Skippy peanut butter, Mazola margarine, Golden Griddle syrup, Karo syrups, Argo Corn Starch, Mazola No Stick, Hellmann's/Best Foods Mayonnaise, Hellmann's Best Foods Light Mayonnaise—David Srere, Mitch Roberts, acct supers; Barbara Gross, Suzanne Winkelman, Marianne Bess, acct execs.

BEST FOODS BAKING GROUP
Corporate Personnel

Robert B. Snyder, president

Marketing Personnel

John Wilcha, vp-sales, business mgmt
Octavian Pechar, vp-business mgmt
Maxwell Enock, vp-business mgmt
Robert Anderson, vp-sales

Advertising Agencies

Drossman, Lehmann, Marino, New York—new prods—Neil Drossman, Charles Lehman, Domenick Marino, partners.

North Castle Partners, Greenwich, Conn.—Arnold Bread, Rolls, Brownberry breads, Arnold croutons & stuffing, Old London melba prods, Devonsheer melba prods—Kyle Wilcox, acct super.

Young & Rubicam, New York—Thomas' English muffins, Toast-r-Cakes, Thomas' Light Wheat Bread, American Gourmet—John Swan, acct super.

CPC FOODSERVICE
Englewood Cliffs, N.J.
Corporate Personnel

Albert A. Witz, president

Marketing Personnel

Robert J. Nemec, vp-mktg & sales
Ronald Brown, natl sales mgr
Mike Taylor, sr prod mgmt
Donna Micali, prod mgr

Advertising Agency

Sirey—Schulkin, New York—Hellmann's/Best Foods Mayonnaise, Thomas' English Muffins, Knorr prods, Skippy peanut butter, Mazola Oil, Argo, Karo—William Schulkin, Charles Sirey, acct execs.

KNORR-SPECIAL PRODUCTS
Corporate Personnel

Nina Henderson, president

Marketing Personnel

Bruce D. Hillenbrand, mktg dir
Charles Lloyd, prod mgr

Advertising Agencies

Font & Vaamonde Associates, New York—Knorr bouillons—P. Font, president; K. Cole, acct super.

Warwick Advertising, New York—Knorr soups, sauces, bouillons, Rit dye—D. Kyle Felt, vp; B. Penrose, acct exec.

BEST FOODS CARIBBEAN
Corporate Personnel

Plinio Gonzalez, president
Jaime Pericas, [illegible]-genl mgr

Marketing Personnel

Louis Robles, vp-mktg
J.F. Tonarely, vp-sales

CORN PRODUCTS
Corporate Personnel

Fred C. Meendsen, president

Marketing Personnel

S.C. Scott, vp-sales
R.A. Burns, mgr-adv & sales promo

Advertising Agency

Gianettino & Meredith, Short Hills, N.J.—Marc Grassberg, acct exec.

RANK **83**

Delta Air Lines

Atlanta

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	5,320	4,460	19.3
Net income	264	47	453.2
U.S. advertising	105	100	5.0
Division sales	**1986**	**1985**	**% chg**
Passenger	4,921	4,132	19.1
Cargo	280	240	16.7
Other	116	88	31.8

Any doubt about Atlanta-based Delta Air Lines's course in the deregulated skies was erased in 1986 with the acquisition of Western Airlines, Los Angeles. The $860 million deal, announced in December 1986, made Delta the nation's fourth largest air carrier and strengthened Delta's presence in the western U.S.

The acquisition along with greater passenger counts helped rebuild Delta's fiscal returns, which had dipped dramatically in 1986. Sales and earnings, down 4.8% and 81.8%, respectively in fiscal 1986 from 1985, rebounded to $4.92 billion, up 19.1%, and $280 million, up from only $47 million in fiscal 1987 ended June 30. Western's influence showed up in Delta's fourth quarter, pushing profit to $58.8 million, up from $22.2 million, and revenues to $1.57 billion, up 41%.

By purchasing Los Angeles-based Western, the nation's ninth largest carrier, serving the western U.S. and Pacific, Delta forged a close fit with its strengths in the eastern U.S. and Atlantic routes. When the deal was completed on April 1, 1987, Delta incorporated all of Western's operations under the Delta name, and agency work under its agency, BDA/BBDO, Atlanta.

AD AGE's estimates Delta's total spending on advertising rose 5%. Delta's measured spending for the seven BAR/LNA media in 1986 increased to $28 million, up 6% over 1985. The largest share, $22 million, was for Delta's passenger service, 60% of that in spot TV and 20% in cable, according to BAR/LNA. Delta continues to rely on the "Delta gets you there" theme. Delta's big spending push came in national newspaper advertising (not one of the BAR/LNA measurements), up 30.4% to $22.3 million. Delta's figures also included $6 million in measured media for the merged Western in 1986, up 10%. Restating to exclude Western, Delta's seven-media total fell 17% on a year-to-year basis.

Delta also had $22.9 million in measured newspaper spending, monitored by Media Records, up 30% over 1985. Rising newspaper spending reflects greater use of discount fares, which industrywide are used by 92% of all air travelers. Discounting and promotion also shows up in measured spot radio, up 27% to $21.7 million in 1986.

The Delta-Western merger created a fleet of 360 aircraft serving 153 cities worldwide, projected to carry 52 million passengers and a billion pounds of cargo annually. Combined market share, based on enplanements at all U.S. airports through March 1987 is 13.46%, second only to Houston-based Texas Air.

Texas Air had combined market share of 21.25% for its Eastern and Continental Airlines divisions, the latter including People Express and New York Air, both of which were merged into Continental in 1986. Next largest is United Airlines, with 13.21% share, and American Airlines, with 11.56%, according to Salomon Bros., New York.

The merged operations provide the greatest benefits for Delta's expanding system in the western U.S. In addition to its base hub in Atlanta, where Delta has a 53% share, Delta has made dramatic improvements in Cincinnati, where its share grew from 47% at the close of 1986 to 68% on the merger. In Los Angeles, Western's primary hub, Delta's market share for the same period jumped to second place at 16% from fifth at 4%. Delta is challenged in Los Angeles by No. 1 United Airlines, with 18.5%. The most dramatic change was Salt Lake City, where Delta dominates with 74% share. Its pre-merger share was 2%.

In July 1987, Delta named R.W. Allen as chairman-ceo, Hollis L. Harris as president-chief operating officer, and Rex McClelland as senior vp-operations, all taking effect last month when David C. Garrett Jr. retired as chairman-ceo. Mr. Allen was Delta's president-chief operating officer; Mr. Harris, senior VP-operations; and Mr. McClelland, VP-passenger service.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	22,309	17,116
Magazines	1,228	992
Bus.pubs.	949	518
Network TV	3,754	6,142
Spot TV	16,882	17,900
Spot radio	21,708	19,903
Outdoor	1,779	2,296
Network cable	4,448	4,715
Total measured	73,056	69,581
Unmeasured	31,498	30,000
Total	104,554	99,581

DELTA AIR LINES
Hartsfield Intl Airport
Atlanta, Ga. 30320
(404) 765-2500
Marketing Personnel

W. Whitley Hawkins, sr vp-mktg
R.W. (Bob) Coggin, asst vp-mktg devel
Al H. Kolakowski, asst vp-sales
Marcey McCann, dir-reservation sales
Matt Guilfoyle, dir field mktg

Harry Dunham, dir-mktg programs
Judy Jordan, dir-adv & sales promo
Fred Hopmeier, dir-intl mktg
John Such, dir-mktg automation

Advertising Agency

BDA/BBDO, Atlanta—Glenn Verrill, president-mgmt super; Jack Walz, exec vp-acct super; Al Boam, Gail Waldrop, vp-acct exec; Bill Cromartie, vp-broadcast prod.

Walt Disney Co.

RANK 38

Burbank, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,471	2,015	22.6
Net income	247	174	42.5
U.S. advertising	219	140	56.5
Division sales	**1986**	**1985**	**% chg**
Theme parks	1,524	1,258	21.2
Film	512	320	59.9
Community devel.	305	315	(3.2)
Consumer prods	130	123	6.2

Walt Disney Co. continues to spend heavily on advertising as it totes its theme park concept to the outskirts of Paris and continues to build its motion picture production division.

In its third year under the management team led by former Paramount President Michael D. Eisner, Disney is in the process of building another record year—revenues and net income for both the third quarter and the nine months ending June 30, 1987 were the highest in the company's history.

In the third quarter of fiscal 1987 Disney reported earnings of $128.4 million, up 61%, and sales of $819.4 million, up 26%. In the nine month period, earnings were $309.4 million, up 86%, and revenues were $2.34 billion, up 34%.

Growth from theme parks, spurred by higher ticket prices and heavy advertising, was largely responsible for the strong year-to-year growth.

Theme parks and resorts—Disneyland in California, Walt Disney World and Epcot Center in Florida and Tokyo Disneyland—turned in record revenues during fiscal 1986. Disney's U.S. theme park attendance soared 8% in 1986—2% at Disneyland which celebrated its 30th anniversary in 1985, and almost 11% at Disney World, which began celebrating its 15th anniversary in October 1986.

Disney's high growth rate is the exception among theme parks, which in 1987 are not expected to grow (in attendance) more than 1%, according to the International Assn. of Amusement Parks and Attractions, Alexandria, Va.

Disney spent $26.4 million advertising U.S. theme parks in seven measured media in 1986, or 38% of its $68.9 million measured total, according to BAR/LNA. The theme park spending total was up 28% over 1985 levels reported by BAR/LNA. Disney World and Epcot Center accounted for $18.5 million of the 1986 total and Disneyland for $7.9 million. Most of the spending was in spot TV.

Disney will open a fourth theme park in France, 20 miles east of Paris, in 1991. A $300 million attraction-cum-film studio will open in 1988 adjacent to Disney World.

Persistent rumors that Epcot may be sold to a limited partnership with Disney retaining the leasehold and contracting for fees to run it remain "possibilities, but no more than that," says Erwin Okun, VP corporate communications. The deal is still in the conceptual stage.

A shopping and entertainment complex planned for a 40-acre site in Burbank is the project of Disney Development Co., which also is developing 28 acres at Walt Disney World and is reported to be considering a partnership with James Rouse's Enterprise Development Co. for a mixed-use entertainment center. "We've made no decision on a concept nor a decision on where to locate (such a center)," Mr. Okun says.

Disney's major real estate development division, Florida-based Arvida Disney Corp., acquired in a merger in 1984, was sold in 1987 to JMB Realty Corp., Chicago, for approximately $400 million. The company's decision to sell the residential, resort and business property development company was motivated by the desire to concentrate on entertainment and leisure divisions.

Filmed entertainment, the second largest of Disney's four major divisions, reported revenue and operating income growth of 60% and 53%, respectively. The division traces its good showing in part to Touchstone Picture's "Down and Out in Beverly Hills" (which has grossed more than $60 million so far) and "Ruthless People" (with $90 million-plus box office). Other highlights in the division included higher TV revenues generated from network programming and foreign syndication sales, higher home video cassette sales of Walt Disney and Touchstone products and an increase in the subscriber base and penetration of the Disney Channel.

Disney Productions, which in 1986 was in its second year of operation, was No. 1 in average box office gross for all titles and among industry leaders in overall box office results. It plans to release 15 films a year by 1988.

Measured advertising for Disney's filmed entertainment division in 1986 totaled $22.4 million, up 58.9%. The heaviest concentration of advertising was in newspapers, particularly for long-running successful films, and spot TV, which is heavily used to open films. There were four more films released in 1986 than the previous year, a fact that accounted largely for the ad boost.

Last summer, Disney premiered its 26th animated feature, "The Great Mouse Detective," which grossed $15.2 million. The reissues of "Sleeping Beauty" ($15.2 million in box office) and "The Lady and the Tramp" ($31.2 million) kept Disney's traditional fare on the screens.

The re-release in 1987 of the 50-year-old "Snow White and the Seven Dwarfs" grossed nearly $20 million in its first 10 days. Touchstone's 1987 films so far include "Outrageous Fortune" and "Tin Men."

At the company's video division, last year's stars were "Sleeping Beauty," with sales of almost 1 million units, and "Down and Out in Beverly Hills," No. 1 on *Billboard*'s video industry rental charts. During 1986, Disney created a two-tiered video marketing strategy involving rentals of popular adult movies and sales of the children's products ("Pinocchio" and "Sleeping Beauty") at lower prices and at more retail outlets—up to 60,000, including mass merchandisers, department, toy and convenience stores in addition to video specialty stores. The Christmas 1986 "Bring Disney Home for Good" marketing campaign broke industry records; the company shipped more than 4 million units.

Disney's Buena Vista TV, a New York subsidiary, entered the domestic TV syndication market with four new shows in 1986: "Disney Magic-I" and "Wonderful World of Disney" (both using existing film and TV products), "Siskel and Ebert at the Movies" and "Today's Business" (pulled in April 1987 because of slow advertiser response).

The company's return to network TV in 1985 with "The Golden Girls" on NBC netted Disney 15 Emmy nominations, plus a spot among the ten top-rated programs. Other offerings are the "Disney Sunday Movie" on ABC and "The Adventures of the Gummi Bears" on NBC. Disney's other Saturday morning entry, "The Wuzzles," airs on ABC.

In pay TV, the Disney studio entered into an agreement with Showtime/The Movie Channel Inc. in which the two services will have exclusive pay-TV rights to Touchstone's entire slate of theatrical features over the next five years.

The Disney Channel ended 1986 with 3.18 million subscribers on 4,300 systems, a significant boost from 2.55 million subscribers on 3,100 systems at the end of 1985. The channel's success stems in part from generating increased subscriptions among households without children and converting the prime time lineup to a structured weekly grid format promoting viewer loyalty. Beginning in December 1986 the channel also committed to a full 24-hour schedule.

Subject to FCC approval—"and we don't expect any complications," says Mr. Okun—Disney has purchased its first TV station, KHJ-TV in Los Angeles for $320 million. Seller was RKO General Inc., a New York subsidiary of Gencorp Inc., Akron, Ohio.

Operating income at Disney Consumer Products was up 29% on a 6% growth in sales, primarily because of strong demand for Disney apparel, toys and publications. The division controls some 1,600 licenses governing the manufacture of more than 8,000 products in 50 countries. Upgrading product quality was a major goal in 1986. Lorus, a subsidiary of Seiko, was licensed to manufacture watch products. Hasbro is producing standard character toys in three categories for the European market.

Of two new product programs, "Totally Minnie" received the big U.S. launch with music videos, a parade at Disneyland and a show at Walt Disney World. More than 100 licensees were involved in manufacturing items in connection with the "Snow White" re-release this year.

Disney comic books returned to the U.S. market in spring of 1986; by the end of the year, they accounted for sales of about 9 million copies. The 24-page, 200-item Walt Disney Family Gift Catalog reached 1.5 million customers in October, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,835	2,240
Magazines	6,665	7,451
Newsp. supp.	98	720
Bus. pubs.	1,443	283
Network TV	10,515	2,713
Spot TV	42,684	28,213
Spot radio	2,537	1,626
Outdoor	184	166
Network cable	965	630
Total measured	68,925	44,040
Unmeasured	150,213	95,980
Total	219,138	140,020

WALT DISNEY CO.
500 S. Buena Vista St.
Burbank, Calif. 91521
(213) 845-5000

WALT DISNEY STUDIOS
Marketing Personnel

Jeffrey Katzenberg, chmn
Richard H. Frank, president
Bob Levin, sr vp-mktg
Ed Pine, vp-publicity & promo
Robert Jahn, vp-creative svcs

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

DISNEY CONSUMER PRODUCTS
Marketing Personnel

Barton K. Boyd, president
Stephen W. McBeth, vp-licensing
Paul S. Pressler, vp-licensing, N.Y.
Dennis Hightower, vp, Europe

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

WALT DISNEY ATTRACTIONS
Marketing Personnel

Richard A. Nunis, president
Jack Lindquist, exec vp
Tom Elrod, vp-mktg, Walt Disney World
Tom Garrison, dir-mktg admin, Walt Disney World
Mike McPhillips, mgr-adv, Walt Disney World
Bob McTyre, vp-mktg, Disneyland
Ron Kollen, mgr-adv, Disneyland

Advertising Agencies

(In-house) Vista Advertising, Orlando, Fla.—Jani Lopez-Mead, media dir.

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, Y&R Entertainment.

Dow Chemical Co.

RANK 70

Midland, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,113	10,500	5.8
Net income	732	58	1,162.1
U.S.	**1986**	**1985**	**% chg**
Sales	5,165	5,153	0.2
Operating profits	601	(105)	(672.4)
Advertising	120	105	13.8
Division sales	**1986**	**1985**	**% chg**
Basic chemicals	3,903	4,224	(8.0)
Basic plastics	1,621	1,506	8.0
Industr. specialties	3,339	2,816	19.0
Specialties	2,250	1,954	15.0

Dow Chemical Co. has seen the future, and it is plastics—in its more advanced chemicals as well as its growing consumer and pharmaceutical businesses.

Dollars tell the plastics story at Dow, the second biggest U.S. chemical producer exceeded in size only by E.I. du Pont de Nemours.

"Plastics derived from petroleum were not practical when oil was $25 a barrel, but there was a resurgence when prices dropped to the $19 to $20 range. Also, engineered plastics selling for $10 to $12 a pound are the trend rather than common 59 cents-a-pound plastic. It's the more developed type that Dow is pursuing," says James Wilbur, investment analyst at Smith Barney, New York, who notes Dow is now moving into polycarbonates which are used, for example, in compact discs and automotive structures.

This past year marked the first full year Dow has benefited from the restructuring begun nine years ago. The goal was to transform Dow from a Goliath rolling out 85% of its output in basic commodity chemicals and plastics to a more varied producer of basics and specialty products. In 1986, Dow reached that goal, splitting sales 50/50 for basics and specialties. Dow's 1986 was solid for total sales, up 6% over 1985. Neither year includes feedstock resales, a new reporting policy.

For 1987, Dow's performance has been setting records. Its first-quarter 1987 results were the highest yet for a Dow first quarter; its second quarter, ended June 30, 1987, was the best of any three-month period in Dow history.

Dow Corporate Advertising Manager Richard F. Dalton reports 1986 total Dow ad spending at $304 million worldwide, up 18.8% from 1985. Included in that figure are Dow's media advertising, totaling $83 million, advanced 27.6% from the previous year; sales promotion at $215 million, 16% ahead of 1985, and public relations, $6 million both years.

ADVERTISING AGE figures from media counts and estimates show a total of $119.5 million for 1986 Dow Chemical advertising in the U.S., up 13.7%.

Mr. Dalton says the company, is emphasizing value-added products, as a basic strategy. Dow's goal in its ad-spending approach now is focused spending, which is finding the most promising, higher volume markets and concentrating ad dollars in those areas.

In 1986, Dow ad expenditures rose 202% to $21.1 million for its new pharmaceutical segment, including both prescription and over-the-counter drugs. A big share of that (3.6 million) was the new orange flavored methylcellulose bulk laxative, Citrucel, prime competitor of Procter & Gamble's Metamucil (formerly G.D. Searle).

Cepacol received $3.6 million, up 167%. Cepastat lozenges got $987,800, up 40%. Novahistine cough remedy pulled $493,700, up 6%.

In the household products area, measured media expenditures for the wrap products, including Ziploc bags, Saran Wrap and Handi Wrap, increased 13% for 1986, climbing to $27 million. Saran Wrap spending climbed 66%, to $3.8 million; the big Ziploc budget increased 7%, advancing to $19.1 million, and Handi-Wrap was up 11%, to $4.1 million.

At the same time, the household cleaners, brought to Dow with the 1985 Texize acquisition from Morton Thiokol, were down 20% in ad backing, falling to $27.6 million. A big ad loser was Spray 'n Wash laundry stain remover which dropped 58.3% to $2.6 million in 1986. The biggest single-product backing in this category was from Vivid, a color-safe laundry bleach, which got $6.8 million, down 6.3%. Fantastik all-purpose household cleaner was off 19%, falling to $4.1 million. One gainer was Dow Bathroom Cleaner which rose 4% to $3.1 million.

Network TV was the medium most favored by Dow in 1986, taking 61% of the total 11-media budget, the same as in 1985. Spot TV claimed 1[illegible]%, down from 13.5% in 1985. Dow Chemical's corporate image campaign, "Dow lets you do great things," drew $12.1 million, nearly double the $6.2 million spent in 1985, the first year of the campaign. The series aims to show how Dow contributes to the lives of people going into medical or agricultural careers. Some critics have faulted the spots as being too saccharine.

The leading division in Dow's Consumer Specialties division was pharmaceuticals, reporting $934 million in sales, up 32%. Pharmaceuticals were split into two groups during 1986—Merrell Dow Pharmaceutical U.S., which markets many prescription drugs, and Lakeside Pharmaceuticals, the non-prescription unit that handles some over-the-counter products. Both handle the smoking cessation chewing gum, Nicorette, and allergy preparations such as Teldane, Triludan and the non-sedating Seldane antihistamines.

Analysts believe Dow needs to improve its channels of pharmaceutical distribution, which is a major reason it bid for A.H. Robins in 1986. Its offer was rejected. "Dow also needs more products represented by A.H. Robins. Dow does not have enough products for a vigorous over-the-counter program," says analyst, Mr. Wilbur.

The product getting the most press at Dow is the resealable inner plastic bag now keeping the crunch in General Foods' Post brand cereals. Trademarked ZIP-PAK, it is a milky-colored polyethylene Ziploc bag that Post rolled out nationally in July 1987 in its Post Natural Bran Flakes. Post Natural Raisin Bran is moving to ZIP-PAK this September, with Post Fruit 'n Fibre to follow.

With 60% of the reclosable plastic bag market, Dow has an established franchise in food bags. First Brands' Glad-Lock (Union Carbide) has 23%, and other marketers claim the 17% balance. Ziploc also is No. 1 in plastic sandwich bags. But in the whole plastic food storage market, lockable and twist-tie, Ziploc is second, with a 20% share. Mobil Baggies are No. 1 at 35% and Glad is third at 18%.

The Industrial Specialties Group developed Drytech, an aqueous fluid absorbent used in disposable diaper fill; CHIPLOC bags, which are electrostatic shielding and dissipative transparent Ziploc-style bags for packaging semiconductor devices and assemblies; and Pelastan Mold-a-Pak, packing material.

Plastics Group Services division has offered two new plastic materials: Magnum, with applications in automotives, electronics and housewares; and Pulse, a rugged blend for automotive production. Also from Plastics Group is Aspun, a felted non-woven fiber plastic fabric used in making such products as disposable diapers, surgical gowns and masks, shoes and feminine hygiene products. It is the first use of polyethylene resin—the same base material as Ziploc—to make a non-woven fabric.

A major change in Dow Chemical Co. leadership will come this November when Paul F. Oreffice, turns over the ceo position to Frank P. Popoff who succeeded Mr. Oreffice as president earlier this year and carries the dual responsibility of president/chief operating officer. Mr. Oreffice remains as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	47	670
Magazines	12,566	10,775
Newsp. supp.	6	139
Bus. pubs.	4,314	3,501
Farm pubs.	1,388	1,844
Network TV	55,350	48,616
Spot TV	10,609	10,716
Network radio	4,621	1,677
Spot radio	523	364
Outdoor	56	70
Network cable	756	941
Total measured	90,236	79,312
Unmeasured	29,272	25,728
Total	119,508	105,040

THE DOW CHEMICAL COMPANY
2030 Willard H. Dow Center
Midland, Mich 48674
(517) 636-1000

Corporate Personnel

Paul F. Oreffice chmn-ceo
Frank R. Popoff, president-coo

DOW CHEMICAL USA
Corporate Personnel

Keith R. McKennon, president
William S. Stavropoulos, commercial vp-Basics
Enrique J. Sosa, commercial vp-Industrial Specialties & Services
Thomas K. Smith, vp-govt & public affairs
Gordon E. Butte, mgr-comm & mktg comm
Richard K. Long, mgr-corp comm
Richard F. Dalton, mgr-corp adv

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—corp program—H.J. Hogan, sr vp-mgmt super; W.A. Gaer, vp-acct super.

AGRICULTURAL PRODUCTS
Marketing Personnel

Robert C. Spears, mgr, mktg resources
Jan R. Larson, mgr, mktg comm

Advertising Agencies

Bader Rutter, Milwaukee—Miller Hogan, acct super.

Creswell, Munsell, Fultz & Zirbel, Cedar Rapids, Iowa—F.C. Baker, vp acct super.

Vitt Media, New York—F. Richard Olsen, vice chmn.

BASIC CHEMICALS & METALS
Marketing Personnel

John W. Tysse, dir-mktg

Advertising Agencies

Gibbs & Soell, New York—promo support—Chuck Bins, acct super.

Sefton Associates, Grand Rapids, Mich.—Gary Petertyl, sr vp-Midland, Mich.; Greta Bolge, acct exec.

CONSUMER PRODUCTS INC.
Food Care Products Division
Indianapolis
Marketing Personnel

Robert Larson, vp-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—Tom Furlong, vp-assoc dir, group dir; Rich Lefkowitz, mgmt super; Marilyn Lifton, media planning dir-acct svcs; Mike Zeller, sr vp-acct dir; Richard Sioffer, vp-mgmt super, laundry prods; Beverly Grant, vp-mgmt super, household cleaners; Tom Dunn, Erica Kieffer, acct supers; Shelly Dezen, acct exec.

CLEANING PRODUCTS DIVISION
Greenville, S.C.
Marketing Personnel

Jim Bernhardt, vp-mktg

Advertising Agency

Henderson Advertising, Greenville, S.C.—Jim Bradhorst, president, acct super.

INDUSTRIAL SPECIALTIES AND SERVICE
Marketing Personnel

Timothy W. Noonan, mgr-mktg comm.

Advertising Agencies

Alexander Marketing Services, Grand Rapids, Mich.—Robert Milroy, exec vp-acct group super; Richard Hill, vp acct super; Christopher Beaudoin, acct exec.

Anderson & Lembke, Stamford, Conn.—epoxy resin coatings—Hans Ullmark, exec vp; Halina Mathiesen, acct exec.

Craig, Lamm, Hensley & Alderman, Houston—gas specialty business—Rob Godwin, exec vp.

Jayme Organization, Cleveland—Lawrence Kavanaugh, exec vp; Mike Romans, vp-acct mgr.

Misamore Advertising, Grand Rapids, Mich.—Robert Cook, vp.

Sefton Associates, Grand Rapids, Mich.—Gary Petertyl, sr vp.

MERRELL DOW PHARMACEUTICALS U.S.
Cincinnati
Marketing Personnel

Vaughn Kalian, vp-mktg

Kirk R. Schueler, dir-prod planning & promo

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Healthcare, New York—Targocid—Joyce Knapp, vp.

Medicus Consumer Communications, New York—allergy & smoking cessation adv—Joe Davis, exec vp, mng dir.

Medicus Intercon, New York—Jennifer Greenblatt, acct super; Diana Murphy, acct exec.

(In-house) Merrell Dow, Cincinnati—Lorelco, Norpramin, Chronulac.

LAKESIDE PHARMACEUTICALS
Cincinnati
Marketing Personnel

Herbert Lund, dir-prod mgmt

Advertising Agencies

(In-house) Lakeside, Cincinnati—Bentyl, Novahistine, Singlet, Tenuate, Tussend.

Rubin, Reed, Noto & Ehrenthal, New York—Cepacol Gold, Cepacol Mint, Citrucell—Herb Ehrenthal, acct super.

PLASTICS GROUP SERVICES
Marketing Personnel

Michael G. Caparon, mgr, mktg comm, plastics group

Ed Gambrel, mktg dir, engineering thermoplastics

Richard J. Proskow, prod comm mgr, engineering thermoplastics

Wanda J. Herndon, prod comm mgr, specialty plastics

Lee Schobe, genl mgr, olefin & styrene plastics

Advertising Agency

HDM Special Markets Group, Chicago—John Roberts, sr vp-acct dir; Marcia Waite, Daniel Leski, acct supers.

E.I. du Pont de Nemours & Co.

RANK 77

Wilmington, Del.

($ in millions)

Worldwide	1986	1985	% chg
Sales	27,148	29,483	(7.9)
Net income	1,538	1,118	37.6
U.S.	**1986**	**1985**	**% chg**
Sales	18,766	20,301	(7.6)
After-tax op. inc.	1,147	1,026	11.8
Advertising	113	112	0.4
Division sales	**1986**	**1985**	**% chg**
Biomedical prods.	1,150	1,016	13.2
Ind. cons. prods.	2,839	2,780	2.1
Fibers	4,786	4,483	6.8
Polymer products	3,657	3,379	8.2
Agri. ind. chem.	3,396	3,388	0.2
Petro. exploration	1,926	3,459	(44.3)
Petro. refining	7,893	9,461	(16.6)
Coal	1,501	1,517	(1.1)

Seeking growth through acquisition, corporate streamlining, new product introduction and joint ventures, E. I. du Pont de Nemours & Co., the giant chemical and energy company, kept its ad budget in check, holding estimated expenditures to $113 million, virtually even with 1985.

The company reorganized its businesses serving the medical products, electronics and imaging markets—areas where Du Pont sees high growth potential. Products serving the automotive market were consolidated into the company's Corporate Automotive Development Center near Detroit.

The company's advertising activities also came under review. Du Pont completed a reassessment of its agency relationships, shifting some business to small, regional shops from its established agencies.

Benefiting from the shift (which has largely been at the expense of N W Ayer) have been Ketchum Advertising, Philadelphia, which picked up new electronics assignments and several other projects; Young & Rubicam, which won a $500,000 industrial fiber assignment, and Ackerman, Hood & McQueen, Oklahoma City, winner of a $2 million assignment for fishing-line products. A Wilmington, Del., shop, Reese, Tomases & Ellick, handles special projects for Du Pont.

Du Pont funneled $12.7 million, its largest expenditure for a product line, into general promotion for carpet fibers, a category that did not exist in 1985. This is the reason Du Pont's measured media expenditures charted by BAR/LNA rose to $61.2 million in 1986, 9.1% over 1985.

In the BAR/LNA breakdown of brand spending in seven media measured by the media service, Du Pont fibers—Antron, Dacron, Lycra, nylon, Orlon—pulled expenditures of more than $2 million each, virtually all in magazines.

Antron fibers, used in products ranging from carpets and chairs to swimwear, drew $4.4 million, down 38% from 1985. Dacron fibers, advertised largely as the material used in clothing, much of it designer-oriented (Bill Blass, Givenchy), received $2.4 million, up 10%.

Lycra attracted $4.8 million, up 50%, to advertise its use in apparel ranging from clothing designed by Geoffrey Beene and Givenchy to items bearing such brand names as Maidenform, Levis and No Nonsense.

Nylon, used mainly by leading brand manufacturers of undergarments, got $3.3 million, down 10.8%.

Aside from fiber advertising, Du Pont continued strong support for Teflon stain repellent, $5.4 million, up 17.4%. Spending, however, declined 44.9% to $3.8 million, both for Silverstone coating and for the Du Pont Silverstone tagline appearing on Regal and Sunbeam cookware.

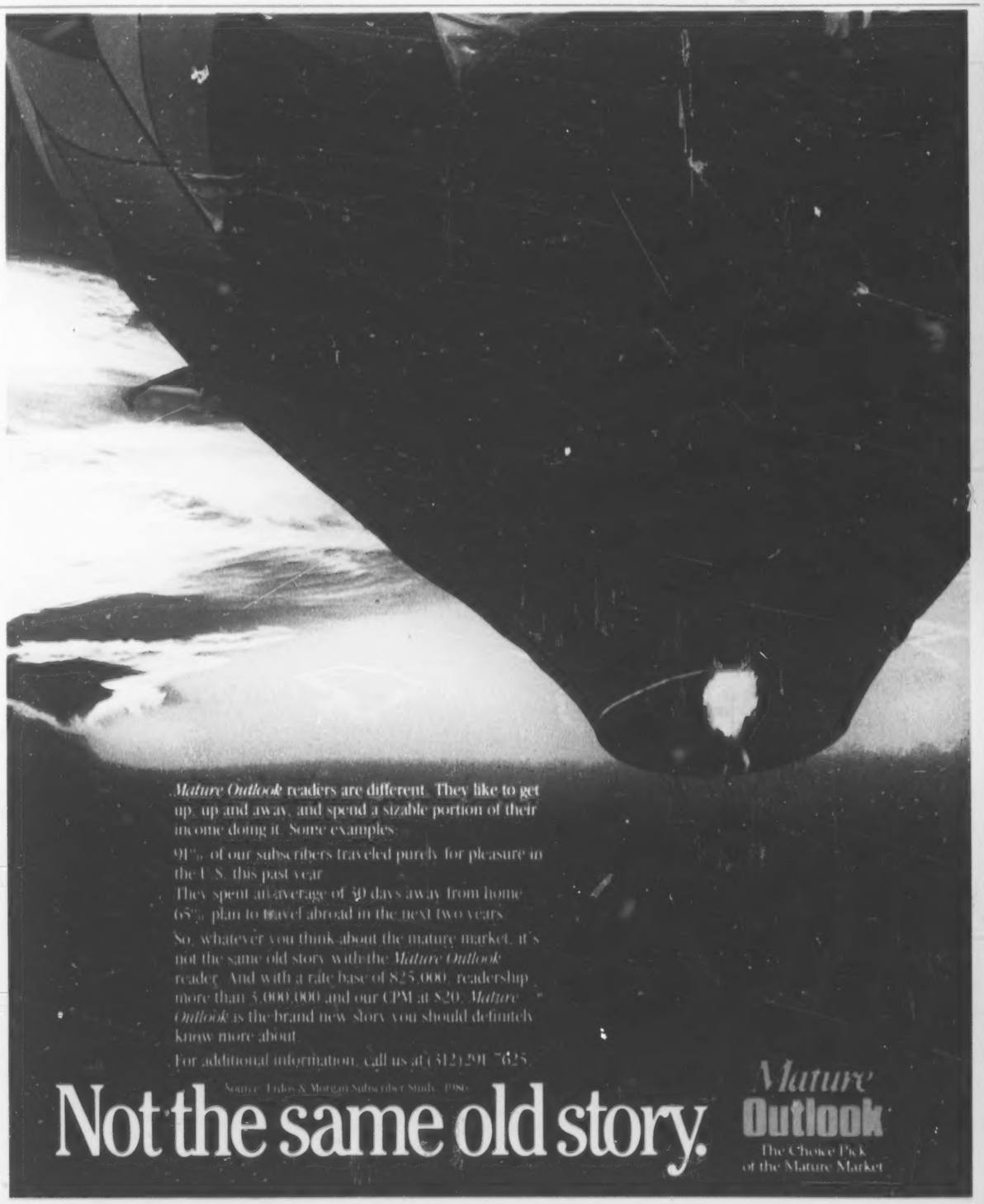
Although overall sales declined, Du Pont was able to increase its earnings by 37.6% to $1.54 billion. Sales, primarily affected by lower oil prices and the loss in the value of the dollar, declined 7.9% to $27.15 billion. U.S. operations account for 69% of total worldwide sales.

During 1986, Du Pont completed six major acquisitions for a total purchase price of $1.18 billion, the largest being $425 million paid for the American Critical Care unit of Baxter Travenol Laboratories Inc. The acquisition moves Du Pont into the top 15 pharmaceutical companies in hospital sales.

In a move toward more consumer-focused and industry-aligned marketing, Du Pont's $1.2 billion healthcare business was consolidated by merging medical X-ray products with other medical diagnostic, research and therapeutic businesses.

Renamed Du Pont Critical Care, the new unit strengthens the company's position in the hospital market with its line of acute-care products. Brevibloc, a beta blocker developed by Critical Care, was approved by the Food & Drug Administration for marketing. The drug is expected to find use to moderate abnormal heart activity in critical care situations.

The division's chemistry analyzer products include Analyst, for use in physicians' offices and small clinics, and Dimension, for use in high-volume testing. Du Pont also produces a line of research and blood screening products associated with AIDS testing.


Mature Outlook readers are different. They like to get up, up and away, and spend a sizable portion of their income doing it. Some examples:
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They spent an average of 30 days away from home.
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So, whatever you think about the mature market, it's not the same old story with the *Mature Outlook* reader. And with a rate base of 825,000, readership more than 5,000,000 and our CPM at $20, *Mature Outlook* is the brand new story you should definitely know more about.
For additional information, call us at (312) 291-7625.
Source: Lakes & Morgan Subscriber Study, 1986.
Not the same old story.
Mature Outlook
The Choice Pick of the Mature Market

In other acquisitions, Inland Steel Coal Co. was purchased for $106 million; Sierra Coal Co., a subsidiary of Utah International Inc., was acquired for $49 million; Tau Laboratories Inc., a manufacturer of photomask products used in the production of printed circuits, was acquired through a $43 million stock swap of Du Pont common shares.

The company also acquired the U.S. crop-protection assets of Shell Agricultural Chemical Co. and the assets of Ford Motor Co.'s North American automotive paint operations.

In May 1987 the company sold its high-density polyethylene business to Cain Chemical Inc., a Houston-based subsidiary of the Sterling Group, for about $517 million. High-density polyethylene primarily is used to make coatings for wires and cables.

Its acquisition of Ford Motor Co.'s North American automotive paint operations enabled the company to sell automotive subassemblies to General Motors. From the polymers division, a new thermoplastic, Arylon, was introduced for use in automotive body parts and other industrial and consumer products.

Specialty aramid fibers such as Kevlar and Nomex, as well as Tyvek spunbond olefin, benefited from new end-use applications. Kevlar is now used as a replacement for asbestos in automotive brakes, clutches, gaskets and sealants. Tyvek, commonly used for overnight courier envelopes, is now used for air infiltration barriers to improve home insulation.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	394	973
Magazines	31,613	32,061
Newsp. supp.	2,101	3,238
Bus. pubs.	9,724	11,179
Farm pubs.	3,832	6,236
Network TV	21,172	16,892
Spot TV	5,513	3,307
Spot radio	1,572	1,895
Outdoor	9	9
Network cable	811	616
Total measured	76,741	76,406
Unmeasured	35,935	35,778
Total	112,675	112,184

E.I. du PONT DE NEMOURS & CO.
1107 Market St.
Wilmington, Del. 19898
(302) 774-2424
Corporate Personnel

J.R. Malloy, sr vp-external affairs
R.E. Williams, mng dir, external affairs
C.L. Perry, mng dir, external affairs
H.E. Davis, comm dir-auto prod, polymer prod, chemicals, pigments, petrochemicals
J.M. Murray II, comm dir-biomedical prod, photosystems, electronic prods
R.W. Nightingale Jr., comm dir-textile fibers, intl
L.C. Tashjian Jr., comm dir-agricultural products, fabricated prods, corp adv

Advertising Agencies

N W Ayer, New York—fabricated prods, photosystems & chemicals—George H. Eversman, exec acct dir.

Barnum Communications, New York—pharmaceutical prods, diagnostic & bioresearch, medical X-ray prod—Ella Shapiro, vp-acct super.

BBDO, New York—textile fibers' apparel, carpet fibers, home furnishings, fiberfill prods, corp ad programs—Margaret Evans, vp-mgmt super; Joseph Crowley, sr vp-mgmt super.

Ketchum Communications, Philadelphia—electrical prods, connector systems & electronic specialties, biomedical prods—Scott Franks, sr vp.

Reese, Tomases & Ellick, Wilmington, Del.—staff depts, special projects, Hotel du Pont, employee relations—Alan B. Poland, sr vp.

Rumrill-Hoyt, Rochester, N.Y.—agricultural products, Remington arms, chemicals & pigments, petrochemicals, fabrics & finishes—Keith Kuehn, vp-group mgmt; Gale Johnson, vp-pr dir; Nick Orloff, sr vp-creative dir.

Eastman Kodak Co.

RANK **34**

Rochester, N.Y.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	11,550	10,630	8.7
Net income	374	332	12.7
U.S.			
Sales	8,959	8,717	2.8
Operating profits	350	364	(3.8)
Advertising	256	247	3.4
Division sales			
Imaging	9,408	8,531	10.3
Chemicals	2,378	2,348	1.3

Eastman Kodak Co. closed 1986 with flat domestic photo sales and higher advertising and selling costs, factors related largely to its forced withdrawal from the instant camera business and heavy expenditures related to launching its new line of battery products.

Despite these developments, massive workforce reductions, inventory write-downs and sizable writeoffs, Kodak closed 1986 with growth in earnings of 12.7% and sales of 8.6%. Gains were attributed to strong international sales related to the weakness of the dollar and introduction of some 60 new products.

Product diversification included Kodak's return to 35mm photography after a 15-year absence. The company introduced two VR 35 cameras in January, then added two more less-expensive models in June. The first introductions came just weeks after Kodak had lost a patent infringement case to Polaroid; the ruling barred Kodak from manufacturing and selling instant photographic equipment. A financial settlement of that case still is pending.

The 35mm cameras were supported by part of the company's $20 million U.S. camera advertising through Young & Rubicam, which took the business from J. Walter Thompson USA. JWT kept the $30 million film, paper and photofinishing accounts and benefited from Kodak's February decision to drop McCann-Erickson Worldwide by taking over the company's Far East accounts.

In late May, Kodak got into the highly charged battery market as it introduced the Ultralife line, the first mass consumer 9-volt lithium battery, and a new line of alkaline batteries, Supralife. Supralife is manufactured by Japan's Matsushita Battery Industrial Co. Kodak is selling its Ultralife at a 70% premium above alkaline batteries because of its extended life, reportedly 10 years compared to the normal two-to-three years.

The roughly $20 million JWT ad campaign supporting the gold-topped Kodak battery line generated a lot of sparks through its comparisons with rival Duracell's copper-topped line. JWT's "Why go for the copper when you can go for the gold?" tagline ran into Ogilvy & Mather's response for Duracell (Kraft Inc.): "Duracell batteries last up to 20% longer than Kodak Supralife. Nice try, guys."

Still, by January of this year, Kodak's batteries had taken 5% of the $2.5 billion U.S. market, some of it at Duracell's expense. Duracell and Eveready (Ralston Purina) each hold a 45% share of the market, which is expected to grow at about 10% a year.

On the film and photofinishing fronts, where it had been losing ground to chief competitor Fuji, Kodak introduced its VR-G films, which it claims offer better color saturation. Still, many observers saw the move as merely an attempt to play catch-up to Fuji, which had beaten it to introduction of a 400-speed, and later a 1600-speed, color-print film. The faster the speed of the film, the less light is needed to shoot pictures.

Although Kodak developed a comparable 400-speed film last year, because of production problems it has announced it would begin deliveries some time this fall, according to Eugene Glazer, technology analyst for Dean Witter Reynolds Inc. Kodak hasn't yet developed a competitor for the 1600-speed film.

Where it virtually controlled the color film market 15 years before, Kodak's share has fallen to 82% now. However, that share is in a rapidly growing market, particularly on the amateur side, and there are more players.

While it had put Kodak on the defensive for film development, Fuji also had been making inroads into the photofinishing market. But the tide has begun to change. Kodak won away the photofinishing work for ColorCraft Inc. from Fuji, representing some $150 million in annual sales, according to an E.F. Hutton estimate. The company also won a similar contract with Guardian, another major photo finisher, Mr. Glazer says.

Kodak also shut out possible competition when in 1986 it bought Texas-based Fox Photo Inc. for about $95.5 million. Fox, which industry experts say is the largest consumer of Kodak color photographic paper, operates 20 photo labs and 240 minilabs in 23 states. Hutton says the acquisition adds about $200 million in sales to Kodak. However, analysts say they expect Kodak to spin off Fox's retail business, which operates on a lower profit margin.

Kodak seems to be de-emphasizing 8mm film without saying so. "Kodak seems to be putting no major effort behind 8mm," says Mr. Glazer. In fact, Kodak has not mounted a national ad campaign to support the format that both it and Sony had been pushing. Kodak is aiming more at the commercial and industrial ends of electronic imaging rather than the consumer market, believes Mr. Glazer, saying "they're finding out what most of us knew—it's not as profitable . . . as they had hoped."

On the other hand, he suspects that Sony will continue its efforts on behalf of the small format and could develop products such as a personal VCR, much like its Walkman stereo and its Watchman personal TV. Additionally, other major video companies are pegging their hopes on two new VHS formats—VHS-C, a shorter piece of the same size tape that can play in a VHS format videotape recorder by means of an adapter, and the yet-to-be-introduced Super VHS-C, which will produce ultra-high quality but will require new equipment to operate.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,265	3,635
Magazines	16,251	14,797
Newsp. supp.	336	692
Bus. pubs.	5,406	6,043
Farm pubs.	0	202
Network TV	50,604	44,303
Spot TV	4,161	7,895
Network radio	757	806
Spot radio	624	1,321
Outdoor	1,042	630
Network cable	2,318	1,692
Total measured	84,764	82,016
Unmeasured	170,822	165,284
Total	255,586	247,300

EASTMAN KODAK CO.
343 State St.
Rochester, N.Y. 14650
(716) 724-4000
Corporate Personnel

Colby H. Chandler, chmn-ceo
Kay R. Whitmore, president-exec officer
J. Phillip Samper, vice chmn-exec officer

MANUFACTURING
Corporate Personnel

William F. Fowble, sr vp-genl mgr, worldwide mfg
Frank D. Zaffino, vp-genl mgr, Kodak Apparatus div
Ronald L. Heidke, vp-genl mgr, Rochester Sensitized Components Mfg
Vernon A. Dyke, vp-genl mgr, Sensitized Components Mfg
R. Frederick Porter, vp-genl mgr, Mfg Resources div

COMMERCIAL AND INFORMATION SYSTEMS
Corporate Personnel

Lawrence J. Matteson, group vp-genl mgr
Edgar J. Greco, vp-genl mgr, business imaging systems div
Charles L. Trowbridge, vp-genl mgr, copy prods div
Gary H. Conners, vp-genl mgr, federal systems div
C. Harold Gaffin, vp-genl mgr, graphics imaging systems div

DIVERSIFIED TECHNOLOGIES
Corporate Personnel

Frank P. Strong Jr., group vp-genl mgr
Robert T. Hamilton, vp-genl mgr, health sciences div
John R. Zeman, vp-genl mgr, mktg, clinical prods div
Peter Giles, vp, genl mgr, mass memory div

PHOTOGRAPHIC PRODUCTS
Corporate Personnel

Wilbur Prezzano, group vp-genl mgr
Peter Palermo, vp-genl mgr, consumer prods div
William P. McCarrick, vp-genl mgr, Kodak Processing Labs
William A. Koch, vp-genl mgr, motion picture & av prods div
Robert L. Smith, vp-genl mgr, photofinishing systems div
Raymond H. DeMoulin, vp-genl mgr, professional photography div
Robert C. Sharp, vp-genl mgr, U.S. sales div
James E. Moxley, president, Ultra Technologies
K. Bradley Paxton, vp-genl mgr, electronic photography div

CUSTOMER & MARKETING SUPPORT OPERATIONS
Corporate Personnel

Cornelius Murphy, sr vp-genl mgr
Edward V. Ince, vp-genl mgr, customer equipment svcs
Robert H. Graulich, vp-genl mgr, distribution

COMMUNICATIONS AND PUBLIC AFFAIRS
Corporate Personnel

David J. Metz, vp-dir

Marketing Personnel

Richard S. Bartlett, vp-dir, mktg comm

Advertising Agencies

Rumrill-Hoyt, Rochester, N.Y.—print trade, audiovisuals, some business, scientific & industrial. Richard Thomson, president-ceo; Donald Weber, dir-client svcs; D. Fisher, hr vp-group mgr; Vicki Lewes, assoc group mgr, Kodak ex-

Exactly how much is the competition spending in the Wall St. Journal?

Turn to LNA for answers.
See page 143

WHY BE A LITTLE FISH IN A BIG POND?

AUTO SALES ARE IN OVERDRIVE IN YUMA-EL CENTRO.

Yuma-El Centro outspends Cincinnati, the 28th-ranked HH ADI in the United States, for Automotive Dealer sales-per-household. In just five years, Total Retail Sales have zoomed up 49%, outperforming the entire United States sales increase average. And by 1989, Effective Buying Income is expected to increase 63%, boosting buying power even higher and proving that Yuma-El Centro is a market that's revved up and ready to buy.

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BEAM COMMUNICATIONS

NBC KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WOAM-TV, NBC, Laurel/Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power, May 1987, Arbitron
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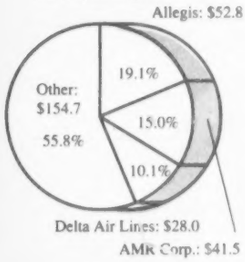
Represented by Katz Continental Television

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

Top three advertisers by category

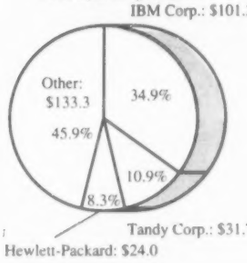
Airline travel

Total spending: $268.0



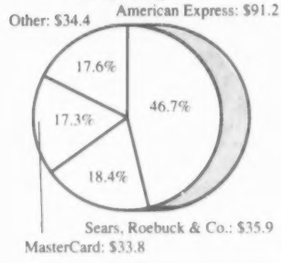
Computers & components

Total spending: $290.2



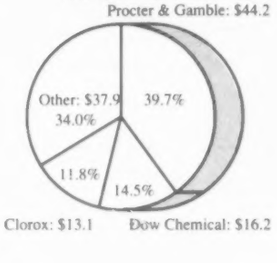
Credit cards

Total spending: $195.3



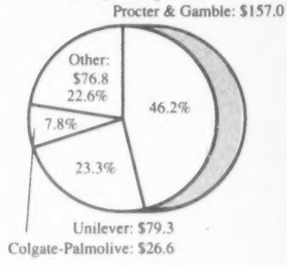
Household cleaners

Total spending: $111.4



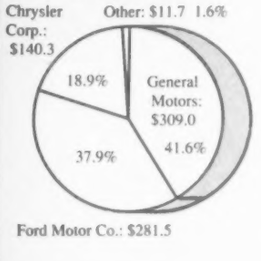
Laundry detergents

Total spending: $339.7



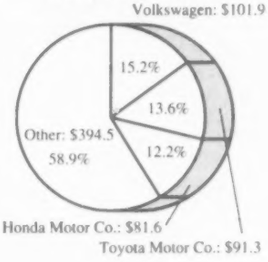
Domestic passenger cars

Total spending: $742.5



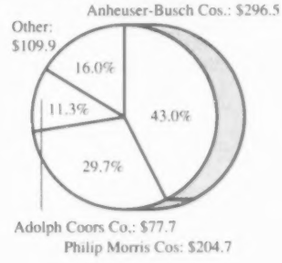
Imported passenger cars

Total spending: $669.3



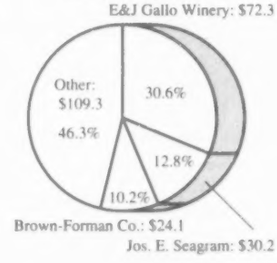
Beer

Total spending: $688.8



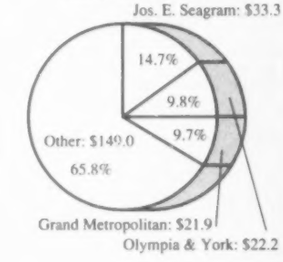
Wine

Total spending: $235.9



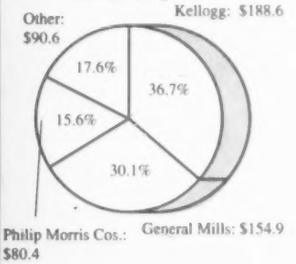
Liquor

Total spending: $226.4



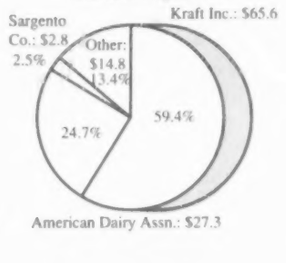
Cereal

Total spending: $514.5



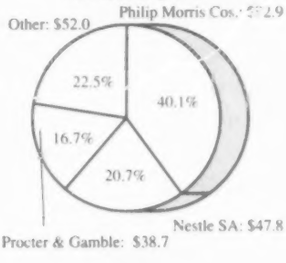
Cheese

Total spending: $, 10.5



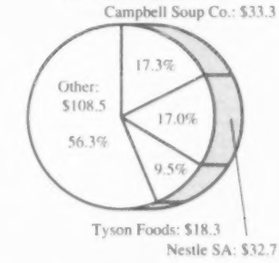
Coffee, tea, cocoa & derivatives

Total spending: $231.4



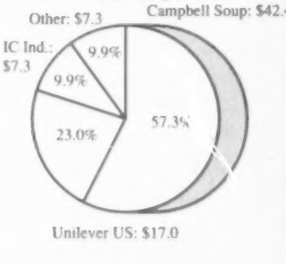
Prepared dinners, chili & stew

Total spending: $192.8



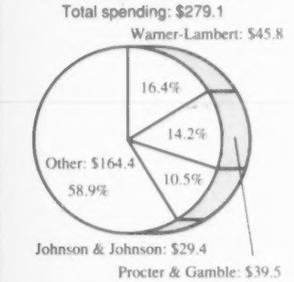
Soup

Total spending: $74.0



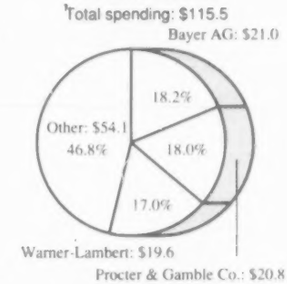
Cough, cold & sinus remedies

Total spending: $279.1



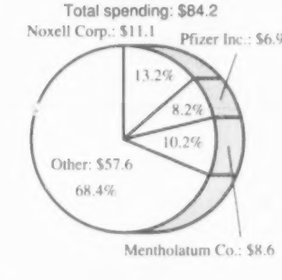
Digestive aids & antacids

Total spending: $115.5



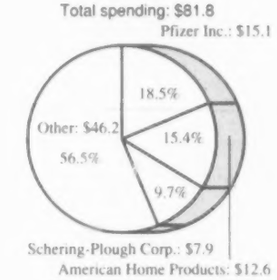
Medicated skin products

Total spending: $84.2



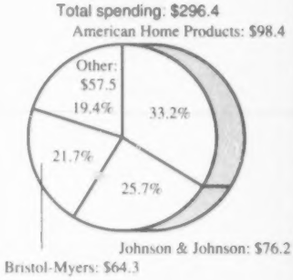
Miscellaneous medication

Total spending: $81.8



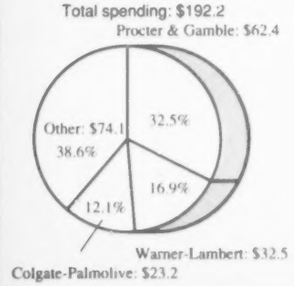
Pain relievers, & sedatives

Total spending: $296.4



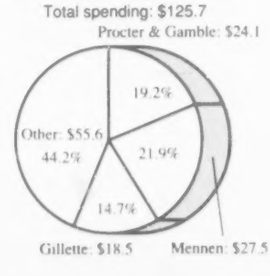
Dental supplies & mouthwash

Total spending: $192.2



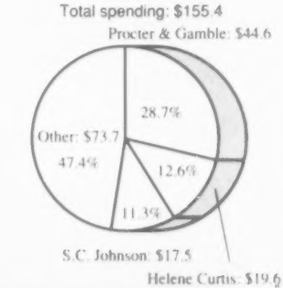
Deodorants & antiperspirants

Total spending: $125.7



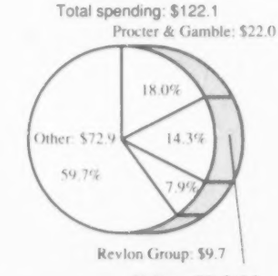
Shampoo, rinse & conditioner

Total spending: $155.4



Skin care creams, lotions & oils

Total spending: $122.1



Toilet soaps

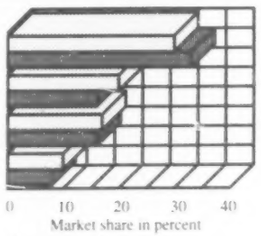
Total spending: $132.5

Source: BAR/LNA reports. Note: Dollars are in millions. Ad spending in these graphs includes the following measured media only: newspapers supplements, magazine, network TV, spot tv, network radio, outdoor and cable networks.

Selected market share leaders

Top four analgesic marketers

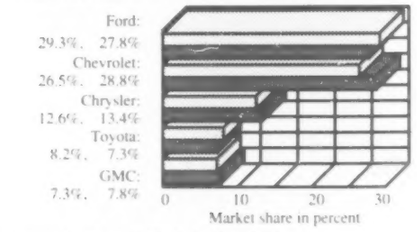
Total 1986 market: $1.6 billion, up 33%


Johnson & Johnson: 30%, 31.7%
American Home Products: 20%, 16%
Bristol-Myers: 17%, 16%
Sterling Drug: 10%, 8%
0 10 20 30 40
Market share in percent

Source: Oleh S. Denysyk, Kline & Co.

Top five U.S. light-duty truck marketers by nameplates

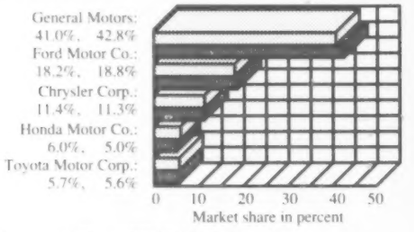
Total 1986 market: 4,714,337 unit sales, up 4.4%



Source: Automotive News 1987 Market Data Book

Top five U.S. auto marketers

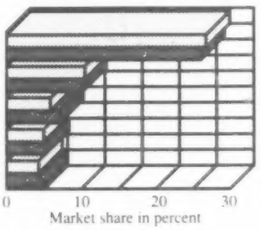
Total 1986 market: 11,460,537 unit sales, up 3.8%


General Motors: 41.0%, 42.8%
Ford Motor Co.: 18.2%, 18.8%
Chrysler Corp.: 11.4%, 11.3%
Honda Motor Co.: 6.0%, 5.0%
Toyota Motor Corp.: 5.7%, 5.6%
0 10 20 30 40 50
Market share in percent

Source: Automotive News 1987 Market Data Book

Top five beer brands

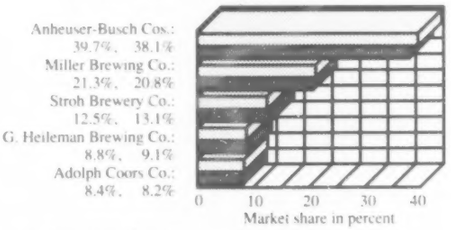
Total 1986 market: 181.9 million Bbls., up 1.8%



Source: Montgomery Securities

Top five beer marketers

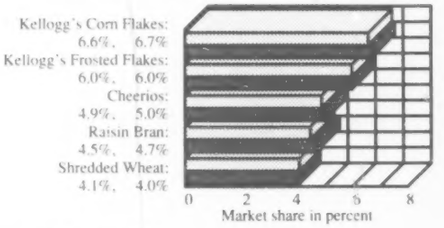
Total 1986 market: 181.9 million Bbls., up 1.8%


Anheuser-Busch Cos.: 39.7%, 38.1%
Miller Brewing Co.: 21.3%, 20.8%
Stroh Brewery Co.: 12.5%, 13.1%
G. Heileman Brewing Co.: 8.8%, 9.1%
Adolph Coors Co.: 8.4%, 8.2%
0 10 20 30 40
Market share in percent

Source: Montgomery Securities

Top five brands of cold cereal

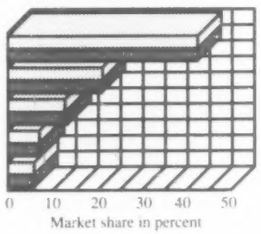
Total 1986 market: 2.26 billion pounds, up 4%


Kellogg's Corn Flakes: 6.6%, 6.7%
Kellogg's Frosted Flakes: 6.0%, 6.0%
Cheerios: 4.9%, 5.0%
Raisin Bran: 4.5%, 4.7%
Shredded Wheat: 4.1%, 4.0%
0 2 4 6 8
Market share in percent

Source: John C. Maxwell Jr.

Top five cold cereal marketers

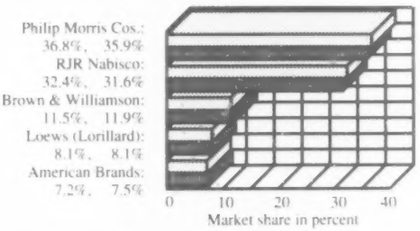
Total 1986 market: 2.26 billion pounds, up 4%


Kellogg Co.: 42.6%, 42.4%
General Mills: 21.2%, 20.9%
General Foods Co.: 12.8%, 13.3%
Quaker Oats Co.: 7.1%, 7.3%
Ralston Purina: 5.9%, 5.8%
0 10 20 30 40 50
Market share in percent

Source: John C. Maxwell Jr.

Top five cigaret marketers

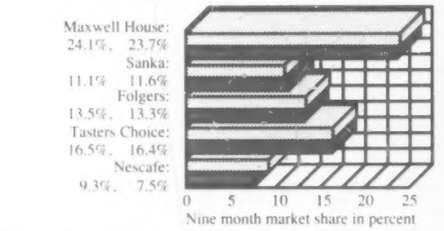
Total 1986 market: 582.4 billion units, down 2.2%


Philip Morris Cos.: 36.8%, 35.9%
RJR Nabisco: 32.4%, 31.6%
Brown & Williamson: 11.5%, 11.9%
Loews (Lorillard): 8.1%, 8.1%
American Brands: 7.2%, 7.5%
0 10 20 30 40
Market share in percent

Source: John C. Maxwell Jr.

Top five brands of instant coffee

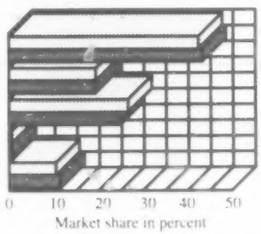
Total 1986 market: $110.8 million, down 6.6%


Maxwell House: 24.1%, 23.7%
Sanka: 11.1% 11.6%
Folgers: 13.5%, 13.3%
Tasters Choice: 16.5%, 16.4%
Nescafe: 9.3%, 7.5%
0 5 10 15 20 25
Nine month market share in percent

Source: John C. Maxwell Jr.

Top five coffee marketers

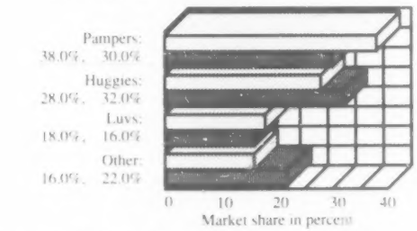
Total 1986 market: $110.8 million, down 6.6%


General Foods: 42.6%, 43.4%
Procter & Gamble: 19.5%, 19.3%
Nestle: 26.8%, 25.0%
Borden: 0.6%, 0.7%
Other: 10.5%, 11.6%
0 10 20 30 40 50
Market share in percent

Source: John C. Maxwell Jr.

Top four U.S. disposable diaper brands

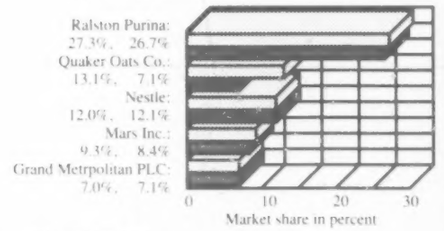
Total 1986 market: $3 billion, up 7.1%



Source: Advertising Age and Salomon Bros.

Top five pet food marketers

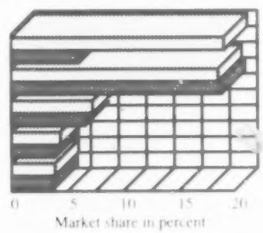
Total 1986 market: $5.62 billion, up 3.6


Ralston Purina: 27.3%, 26.7%
Quaker Oats Co.: 13.1%, 7.1%
Nestle: 12.0%, 12.1%
Mars Inc.: 9.3%, 8.4%
Grand Metropolitan PLC: 7.0%, 7.1%
0 10 20 30
Market share in percent

Source: John C. Maxwell Jr.

Top five soft drink brands

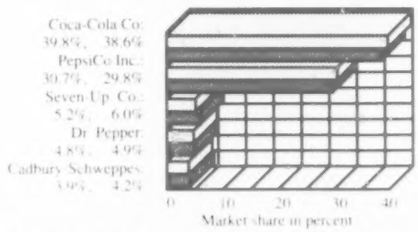
Total 1986 market: 6.77 billion cases, up 4.2%


Coca-Cola Classic: 19.1%, 6.1%
Pepsi-Cola: 18.6%, 18.9%
Diet Coke: 7.3%, 6.6%
Diet Pepsi: 4.4%, 3.9%
Dr Pepper: 3.9%, 3.8%
0 5 10 15 20
Market share in percent

Source: John C. Maxwell Jr.

Top five soft drink marketers

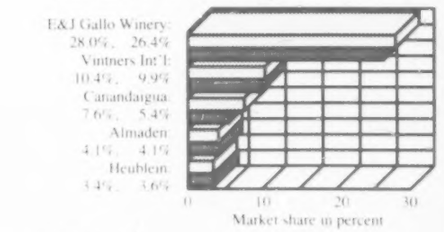
Total 1986 market: 6.77 billion cases, up 4.2%


Coca-Cola Co: 39.8%, 38.6%
PepsiCo Inc.: 30.7%, 29.8%
Seven-Up Co.: 5.2%, 6.0%
Dr. Pepper: 4.8%, 4.9%
Cadbury Schweppes: 3.9%, 4.2%
0 10 20 30 40
Market share in percent

Source: John C. Maxwell Jr.

Top five wine marketers

Total 1986 market: 595 million gallons, up 3%



Source: John C. Maxwell Jr.

Key: 1986 1985 All percentages are given for 1986 and 1985 respectively

cept Ultratech; Helen Hutchins, assoc group mgr, Ultra Technologies; Robert Davison, Mark Redfield, vps-acct supers.

J. Walter Thompson USA, New York—amateur film, some business, industrial & technical, photofinishing, Ultratech batteries—Donald Johnston, chmn-ceo; Stephen Bowen, JWT/USA president; James Patterson, JWT/USA chmn; Jerrold Gottlieb, sr vp-mng dir; Mitchell Brooks, acct dir; Howard Holder, vp-sr acct super, C&I; Ernest Emerling, vp-intl client svc dir; Susan Moonitz, intl acct exec; Richard O'Leary, vp-acct super, film; Fred Stewart, acct super, photofinishing and processing labs; Gerard Dufer, mgmt dir, Ultratech; Ivy Wolpin, sr acct super, Ultratech; Martin Rose, acct dir, Ultratech; Jeff Bodeman and Lee Certilman, acct execs, film; Lisa Fischman, acct exec, photofinishing and processing labs; Jerry Franz, acct exec, Ultratech; Anna Derusha, acct coord, film; Hamilton Brower, asst acct rep, Ultratech; Cynthia Krimezis, acct exec, C&I, mass memory, copy prods, health sciences, clinical, govt; Robert Losi, acct exec, C&I, umbrella campaign, graphic imaging, business imaging, Atex, Eikonix.

Young & Rubicam, New York—disc, 35 mm cameras, consumer electronics—Fernan Montero, worldwide acct dir; Terrence O'Connor, mgmt super; Claudia Eisen, acct super; Robert Beltram, asst acct exec; Sara Smith, acct coord.

Young & Rubicam, Toronto—Canadian photographic & electronics prods— Peter Finlayson, group acct dir; Himal Mathew, acct super; Jonathan Cronin, Stuart Baker, acct execs; Bruce Grondin, media dir.

EASTMAN CHEMICALS DIVISION
Corporate Personnel

Toy F. Reid, exec vp-gen mgr
R. Wiley Bourne, vp-asst gen mgr
Earnest W. Davenport, vp-asst gen mgr

LIFE SCIENCES
Corporate Personnel

Leo J. Thomas, sr vp-gen mgr
Paul Baehr, vp-gen mgr, Eastman pharmaceuticals div
Jose J. Coronas, vp-gm, Bio-Products div
Donald W. Hartman, vp-gen mgr, Laboratory and Research Products div

Advertising Agency

FCB/Leber Katz Partners, New York—all prods worldwide—John Adams, sr exec vp; Howard Berg, group mgmt dir; Jack Benoze, mgmt dir; Randie Goldstein, acct exec.

Federated Department Stores

RANK **98**

Cincinnati

($ in millions)

Worldwide	1987	1986	% chg
Sales	10,512	9,978	5.4
Net income	288	287	0.3
U.S. advertising	86	69	23.2
Division sales	**1987**	**1986**	**% chg**
Department store	6,974	6,686	4.3
Mass merch.	969	1,058	(8.4)
Supermarket	2,046	1,814	12.8
Other	523	422	24.0

Federated Department Stores completed its multi-year divisional consolidation program early in 1987 with the merger of its Houston-based Foley's Department Store and Dallas-based Sanger Harris divisions.

This was the fifth merger for Federated units in as many year. "The mergers are a way of making operations more efficient and allowing us some administrative cost savings so that we can improve other parts of the business that mean more to customers," notes a Federated spokesman.

Federated has no current plans for further consolidations. "Our philosophy, particularly in the department store segment, is to concentrate on improving locations that we already have," the spokesman said, adding that the focus now is maximizing productivity.

To a lesser extent, Federated is expanding into new regional markets in addition to filling in existing markets. For example, Filene's Basement, based in Boston, is opening stores late this year in several outlying markets in Massachusetts and Upstate New York.

In June, Federated Lazarus' division completed the acquisition of the 12-store Block's Inc. chain, which was a subsidiary of Allied Department Stores. Block's stores in Indiana, Ohio and Michigan will operate under the Lazarus name. With the acquisitions, the Lazarus chain, which now has 46 stores, enters the Grand Rapids, Mich., market and strengthens its presence in Springfield, Ohio, and in Indianapolis and other parts of Indiana.

The California-based Ralph's supermarket division continues to undergo considerable revamping. In the past year, the chain has closed 18 small stores and opened the same number of larger stores including 14 Ralph's Giant Stores, which carry nearly double the merchandise of a standard supermarket. Nine stores also were remodeled and the distribution center was updated and expanded. Total capital spending in Ralph's was $158.6 million in 1986.

Measured seven-media spending at Ralph's was $5.8 million with a very heavy concentration in spot TV, up slightly over 1985.

In March 1987, Federated appointed Norman S. Matthews as president and chief operating officer—positions which have been vacant since 1982. Allen I. Questrom, chairman of the Bullock's division in Los Angeles, also became a Federated VP. Howard Goldfeder continues as chairman-ceo.

The company completed its planned divestiture of major shopping center properties in 1986 with the sale of its interest in two major regional shopping centers—Hulen Ridge Mall in Fort Worth and Hickory Ridge Mall in Memphis.

Federated now operates 645 stores including 238 department stores, 76 mass merchandising outlets, 205 specialty stores and 126 grocery stores. For the first-half of 1987, Federated reported earnings of $80.2 million, down 2% from $81.9 million in the year-earlier period. Sales rose 7.5% to $4.9 billion.

Federated's measured spending in calendar 1986 was $38.8 million, up from $31.4 million in 1985, according to BAR/LNA.

Federated reported advertising costs of $321.3 million for the fiscal year ended Jan. 31, 1987, up from $303.3 million in 1986. The figure includes all direct advertising expenses including media, production and direct payroll, a spokesman says.

Federated continued to expand its MainStreet and Filene's Basement division in 1986, and The Children's Place has concentrated efforts on solidifying its presence in existing markets. Together, these divisions opened 22 new locations in eight new markets in 1986.

MainStreet, a moderately priced softgoods department store chain, which will have 20 stores this fall in the Chicago and Detroit areas, will expand to 29 stores by the end of 1988 with entries in the Minneapolis-St. Paul and Fort Wayne markets.

MainStreet switched its $3 million ad account to Bayer, Bess, Vanderwarker & Flynn in Chicago from W.B. Doner in Detroit in May. W.B. Doner, however, has acquired Filene's Basement broadcast account. The work was previously handled in-house.

The Bloomingdale's division passed $1 billion in sales for the first time in 1986. A new store was opened in Boca Raton, and construction is under way for a new store on Michigan Avenue in Chicago, which will open next fall. Plans also are under way for a Minneapolis store in 1989. Two pilot Bloomies Express stores were launched at Kennedy International Airport in New York to reach international travelers.

Abraham & Straus opened a new store in Valley Stream on Long Island in 1986. A&S also has announced plans to build a new mid-town Manhattan unit, which is scheduled to open in October 1988. A&S previously announced it was pulling out of the Pennsylvania market and it will close the second of its two stores there within the next several months.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	3,167	3,524
Newsp. supp.	453	1,086
Spot TV	31,761	25,635
Spot radio	2,909	1,048
Outdoor	417	126
Total measured	38,706	31,419
Unmeasured	46,814	38,000
Total	85,519	69,419

FEDERATED DEPARTMENT STORES
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

ABRAHAM & STRAUS
Brooklyn
Marketing Personnel

Doris Shaw, exec vp, mktg & comm
Francesco Cantarella, sr vp, dir-public affairs
Nancy Ryan, vp, dir-broadcast & creative mktg
David Stern, sr vp-sales promo

Advertising Agency

(In-house).

BLOOMINGDALE'S
New York
Marketing Personnel

Gordon Cooke, exec vp-sales promo
Terron Schaeffer, vp-mktg
John Jay, sr vp, creative dir

Advertising Agency

Grey Advertising, New York—Herb Lieberman, sr vp; Merle Schell, vp-group mgmt super; Wendy Tilles, acct super; Lisa Rubinich, asst acct exec.

BULLOCK'S
Los Angeles
Marketing Personnel

Judy Farris, vp-sales promo, mktg & visual presentation

Advertising Agency

(In-house).

BULLOCK'S WILSHIRE
Los Angeles
Marketing Personnel

Shirley Wilson, mgr-sales promo
Sheila Mauz, adv coord

Advertising Agency

(In-house).

BURDINE'S
Miami
Marketing Personnel

Carey Watson, sr vp-mktg
Linda Frankel, vp-adv
Jorge Lopez, operating vp-adv adm & productions
Jane Smiley, operating vp-special events & publicity

Advertising Agency

(In-house).

THE CHILDREN'S PLACE
Pine Brook, N.J.
Marketing Personnel

Micki Stanek, adv coord

Advertising Agency

(In-house).

FILENE'S
Boston
Marketing Personnel

John Ward, sr vp, genl merch mgr
William McNamara, sr vp, genl merch mgr
Charlotte Brewer, vp-mktg
Dick Diamond, div vp-adv

Advertising Agency

Saffer Advertising, Toronto—broadcast—Patti Muldoon, acct e[illegible] Wolfe, acct mgr.

FILENE'S BASEMENT
Wellesley Hills, Mass.
Marketing Personnel

Sam DePhillippo, sr vp-mktg

Advertising Agencies

(In-house).

W.B. Doner, Detroit—broadcast—Alan Kalter, exec vp-retail; Bruce Phillips, sr acct exec.

FOLEY'S
Houston
Marketing Personnel

Linda Knight, sr vp-mktg
Wayne Franks, div vp-creative adv
Barbara Haskett, div vp-special events
John Gerdel, dir-rsch

Advertising Agencies

(In-house).

Taylor, Brown & Barnhill, Houston—Don Brown, president; Candice Goodwin, mgmt super; Tammi Guest, acct exec.

GOLD CIRCLE
Columbus, Ohio
Marketing Personnel

Liz Geurink, vp-adv

Advertising Agency

Ron Foth Retail, Columbus, Ohio—broadcast—Ron Foth, president; Jennifer Lyon, vp-client svcs; Rob Gibbons, vp-production svcs.

GOLDSMITH'S
Memphis
Marketing Personnel

Susan Weiner, vp-sales promo
Dorothy Stanton, adv dir
Sharon Kauerz, creative dir
Betty Jo Nelson, adv business dir

Advertising Agency

(In-house).

LAZARUS
Cincinnati
Marketing Personnel

Timothy Worcester, sr vp-mktg
Herbert Frager, vp-adv
Ralph Holt, dir-mktg

Advertising Agency

(In-house).

I. MAGNIN
San Francisco
Marketing Personnel

Wilmer Weiss, sr vp-corp comm
Virginia Ferrand, operating vp-sales promo
Alvin Somers, sr vp-direct mail & mktg
Judy Staschover-mktg dir

Advertising Agency

(In-house).

MAINSTREET
Bannockburn, Ill.
Marketing Personnel

Steve Butterman, sr vp-mktg
Roger Boike, vp-visual merch
Lyle LaMont, vp-admin & production

Advertising Agency

Bayer, Bess, Vanderwarker & Flynn, Chicago—Ron Bess, president; Al Nottke, acct super; Janet Jackson, acct exec.

RALPH'S SUPERMARKETS
Compton, Calif.
Marketing Personnel

Al Marasca, exec vp-mktg
Kevin Davis, asst vp-sales & mktg

Advertising Agency

DJMC, Los Angeles—Jim McKenna, sr vp-mgmt super; Kim Rudrud, acct super; Linda Griffin, acct exec.

RICH'S
Atlanta
Marketing Personnel

Donald Van Suilichem, sr vp-dir mktg
Alma Freedman, div vp-dir adv
Thomas Smallwood, vp-creative dir
Anne Berg, vp-pr dir

Advertising Agency

(In-house).

Ford Motor Co.

RANK **6**

Dearborn, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	62,716	52,774	18.8
Net income	3,285	2,515	30.6
U.S.	**1986**	**1985**	**% chg**
Sales	50,034	43,526	15.0
Operating profits	5,069	3,630	39.6
Advertising	649	615	5.5
Division sales	**1986**	**1985**	**% chg**
Automotive	58,271	48,879	19.2
All other	4,445	3,895	14.1

For the first time since the days of the Model T, Ford Motor Co.'s earnings in 1986 gunned down those of archrival General Motors Corp. When the dust cleared, the final score was: Ford $3.3 billion, GM $2.9 billion.

This year, the No. 2 domestic automaker in units isn't resting on its laurels. During the first half of 1987, Ford already has posted profits of nearly $3 billion, which exceeds the combined profits of GM, Chrysler Corp. and American Motors. Some analysts predict Ford will earn a record $4.5 billion this year.

That's assuming, however, that Ford hasn't become the victim of a crippling strike by the United Auto Workers union. Both Ford's and GM's contracts with the UAW were to expire on Sept. 14. The UAW announced in late August it would strike Ford if a breakthrough is not reached in negotiations by the deadline. Worker job security is a major issue in the talks.

The year has been one of high drama at the automaker's top agency. In July 1987, Ford shifted $100 million worth of non-U.S. advertising from J. Walter Thompson Co. Ford gave nine European accounts to Ogilvy & Mather and Ford of Canada to Young & Rubicam. As of late summer, Ford also was reviewing its ad business in Brazil, Mexico, Argentina and Venezuela—worth another estimated $14 million to JWT.

The automaker insisted the moves were not a result of the earlier acquisition of JWT Group by London's WPP Group, adding that it would keep its estimated $260 million U.S. account at JWT.

Ford also was busy in the past year making acquisitions and forming joint ventures with other auto companies. In October 1986, Ford made a bid to buy the financially ailing Italian automaker, Alfa Romeo. That bid lost out, however, to Fiat. In November, Ford and Volkswagen agreed to combine their automotive and credit operations in Brazil and Argentina into one concern, called Autolatina.

In April 1987, Ford bought PMI Mortgage Insurance Co., a subsidiary of Allstate Insurance Cos. And in May, Ford and Japan's Nissan Motor Co. announced they would team up to produce new vehicles, first among them a minivan. Ford already is involved in a joint venture with Mazda that involves the production of cars at the Flat Rock, Mich., plant operated by Mazda Motor Mfg. (USA) Corp.

Ford Motor Co. sold 2,080,822 cars in the U.S. last year, up only 0.07%. This is attributed in part to the company's philosophy of keeping production tight. In recent years, Ford has made only as many cars as it felt it could sell, slashing production capacity to reduce overhead costs and keep low the inventory of cars on dealers' lots. While maximizing per-unit profits, the strategy probably cost the company sales at a time when low-finance rate incentive wars were drawing droves

Top 25 network radio advertisers

Rank	Advertiser	Network radio ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Sears, Roebuck & Co.	$47,658	$20,803	129.1	4.7
2	Warner-Lambert Co.	22,707	16,268	39.6	4.1
3	American Telephone & Telegraph	22,552	24,853	(9.3)	5.1
4	General Motors Corp.	22,212	9,034	145.9	2.6
5	Anheuser-Busch Cos.	16,529	8,929	85.1	2.6
6	Bayer AG	16,206	5,572	190.9	12.9
7	Greyhound Corp.	15,545	14,250	9.1	15.0
8	Ford Motor Co.	14,871	7,625	95.0	2.3
9	Procter & Gamble Co.	13,879	13,423	3.4	1.0
10	Schering-Plough Corp.	11,442	4,847	136.1	5.6
11	Cotter & Co.	10,663	9,049	17.8	15.9
12	Goodyear Tire & Rubber Co.	8,214	5,363	53.2	5.1
13	U.S. Government	8,196	6,226	31.6	2.7
14	Whirlpool Corp.	7,930	6,605	20.1	12.8
15	Kelly Services	7,778	5,491	41.6	N/A
16	Philip Morris Cos.	7,750	2,076	273.3	0.6
17	International Business Machines Corp.	7,524	3,014	149.6	2.5
18	George A. Hormel & Co.	7,515	7,829	(4.0)	10.9
19	State Farm Mutual Automobile Ins. Co.	7,036	5,618	25.2	21.6
20	Dow Jones & Co.	6,708	3,808	76.1	15.8
21	Unilever NV	6,607	9,224	(28.4)	1.3
22	K mart Corp.	6,526	4,435	47.1	1.1
23	Florists Transworld Delivery Assn.	6,385	4,141	54.2	31.9
24	Sterling Drug	6,158	3,749	64.2	2.8
25	Triangle Publications	6,017	7,523	(20.0)	12.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

of customers into dealer showrooms.

It also cost a small slice of market share. Ford's share of the U.S. car market in 1986 was about 18.2%, down from 18.8% in 1985 but still better than the 16.3% share the company had in 1981.

Ford division sold 1,397,141 units in 1986, an increase of 0.8% over 1985; Lincoln-Mercury division sold 491,782 Mercury models, a decrease of 5.5%, and 177,584 Lincolns, an increase of 7.5%. Ford also sold 14,315 Merkur XR4Ti models in 1986—an increase of 59.5%—perhaps indicating that the German-built car finally is overcoming its ugly-duckling image and is gaining consumer acceptance in this country. In spring 1987, Merkur dealers got a second model, the Scorpio, for their showrooms.

Ford had a banner year in trucks in 1986, finishing No. 1 with a 29.3% market share for all light-duty trucks vs. 27.8% in 1985. The company sold 1,381,438 light-duty trucks, an increase of 8.6%. Chevrolet was second in the category at 26.5%, down from 28.8% in the prior year as its unit volume dropped 4% to 1,247,595. For the fifth straight year, Ford's F-Series pickup truck was the best-selling vehicle—car or truck—in the U.S., with 544,969 units sold.

How is Ford doing it? How is it managing to outpace the domestic competition in profits, maintain its share of an ever-shrinking market and dole out whopping profit-sharing checks to its workers?

Auto analysts generally cite the cost-cutting measures Ford has taken over the last six years. The automaker rebounded from heavy losses in the early '80s by closing plants, laying off thousands of employees and virtually revamping its product line. Ford says it has reduced its annual costs by $5 billion since 1980.

And now its efforts are paying off. Ford execs give the same answer, but add that it's Ford's push to be known as a maker of quality automobiles that has taken the company to the front of the pack.

Quality has been a catchword in Ford corporate and divisional advertising for some time, from the "Quality is Job One" campaign of the early '80s to the present-day "best-built American cars and trucks" theme. Last year, the "best-built" campaign drew fire from Chrysler chairman Lee Iacocca, who claimed a Chrysler survey of 1986 domestic vehicles put his company ahead of GM and Ford—a claim that Chrysler touted in its advertising. Mr. Iacocca demanded that Ford withdraw the "best-built" claim from its ads.

Ford stood behind its survey data and took the case to the national advertising division of the Council of Better Business Bureaus, which in April 1987 found Chrysler's ads to be "inaccurate" because Chrysler was claiming top-quality cars based on a survey that included trucks.

Chrysler agreed to discontinue the ads in June, after another survey provided "no clear-cut results," as a spokesman put it. Ford, meanwhile, broke network TV spots and ads in *USA Today* and the *Wall Street Journal*, heralding the results of its own survey that said Ford ranks highest in quality among U.S. automakers for the seventh consecutive year.

In the meantime, the Big Three automakers traded barbs over warranty coverage. GM fired the first shot in January 1987 by introducing a six-year/60,000-mile powertrain warranty and six-year/100,000-mile corrosion coverage. Ford soon matched that, and in a classic case of one-upmanship, Chrysler came out with its seven-year/70,000-mile warranty and a claim of being "better."

But the big story of the past year has been the ultra-low finance rates marketed by U.S. automakers. GM, stuck with a huge inventory of 1986-model cars on the eve of 1987-model introductions last fall, started things off with 2.9% annual percentage rate financing, dubbed "The Big One." Chrysler followed with 2.4%; Ford matched GM's offer (even though its inventories were comparatively low), and American Motors announced 0.0% financing.

A number of critics said incentives weren't good for the auto industry in the long run, because consumers would become so addicted they wouldn't buy without them.

To an extent, the critics' words have proved true. Ever since "The Big One," incentives have hung around in one form or another. And in August 1987, GM announced "The Big One is Back" in the form of 1.9% financing on some models; Ford and Chrysler followed in kind.

On the product side, Ford Motor Co. bolstered its lineup this year with three new cars: the subcompact Ford Festiva, compact Mercury Tracer and mid-size Merkur Scorpio. All three models are built outside the U.S. and represent part of the automaker's cost-cutting strategy to reduce capacity here. The rest of Ford's lineup consists mainly of carryover models with facelifts here and there.

Ford division ads continued the long-running "Have you driven a Ford . . . lately?" themeline. And when the Thunderbird Turbo Coupe won the 1987 *Motor Trend* Car of the Year Award, ads boasted that Ford was the first auto company to win two years in a row (the Taurus won in 1986).

Ford division is marketing the Korean-built 1988 Festiva as a "new kind of Ford" to keep it from cannibalizing sales of the Escort subcompact, the No. 2-selling car in the U.S. last year with unit sales of 402,181, down 4.4%. Festiva targets consumers who are younger, better-educated and have higher incomes than the typical Escort buyer. Ford projects sales of 35,000 units this year and 50,000 annually afterward.

The new model, for which a multimedia ad campaign broke April 20 on the West Coast, bears the "Festiva" nameplate in hopes that customers might associate it with the Ford Fiesta, which has achieved a cult status of sorts in the U.S., according to Ford officials.

Lincoln-Mercury division dropped two models, the Capri and the Lynx, from its lineup for 1987. Lincoln ads retained the "What a luxury car should be" tagline. Ads for Lincoln Town Car once again ridiculed GM for having look-alike luxury models. In a follow-up "Valet" TV spot, a parking attendant has trouble telling the difference between Buick, Oldsmobile and Cadillac models. Town Car sales in 1986 jumped 13.2% over 1985.

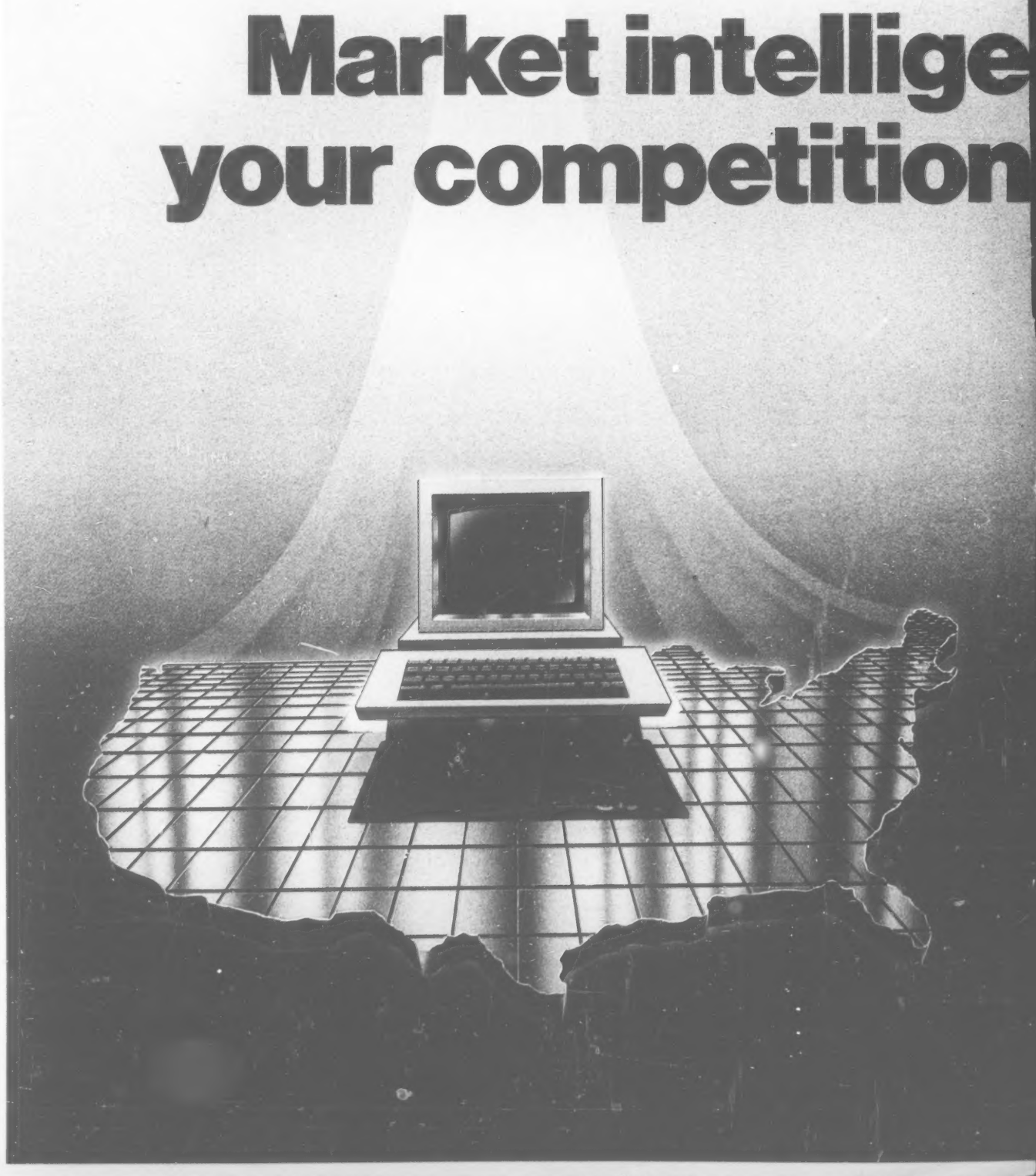
Mercury-brand ads still contained "The shape you want to be in" tagline but featured the rock 'n' roll hits of Rod Stewart in an attempt to woo women and young buyers. "You're in My Heart" and "Do You Think I'm Sexy?" were used in TV and radio spots for the overall brand; "Tonight's the Night" was used for Sable and "Passion" for Cougar. Women were featured prominently in the TV spots, with "You're in My Heart" playing as a tribute. The Rod Stewart campaign was dropped quietly earlier this year.

L-M budgeted an estimated $38 million—the division's biggest-ever advertising blitz—to launch the Tracer subcompact, which is built by Ford in Mexico and based on a design by Ford's Japanese partner, Mazda Motor Corp. The campaign, which represented about 30% of L-M's total 1987 ad spending, was also the first L-M launch to make use of radio. TV got 62% of the Tracer ad budget, print 29% and radio 9%.

The $7,926 Tracer, which replaced the Mercury Lynx, was positioned as an "upscale" compact to disassociate it with other low-price imports. Ads stressed the car's "68 standard features" via a "friendship" theme. The Mercury tagline, "The shape you want to be in," was retained, but the Tracer campaign added, "Because the best friends are the ones that go out of their way for you." The 1987 sales target for Tracer is 40,000 units, eventually reaching 80,000.

Lincoln-Mercury budgeted nearly $20 million—some 15% of its total 1987 ad budget—to launch the German-built Scorpio, even though first-year projected sales are only 5,000-7,000 units. Launch ads for the $23,000-plus sedan focused on the car's German origins and its comfort: "Now you can have your Black Forest cake . . . and enjoy it too," read one ad spread. The Merkur theme, "Advancing the art of driving," was retained in both print and TV advertising. L-M division spent 70% of its Scorpio budget on print and direct mail.

Market intellige
your competition



In the future, Ford is expected to revive the Capri name in the form of an Australian-built 2-plus-2 sports roadster. Also, sources inside Ford whisper that the rear-wheel-drive Mustang will be around through the 1991 model year. A front-wheel-drive car—the one to be produced at Mazda's Michigan plant—will be called Probe, a name borrowed from a long line of Ford aerodynamic concept cars, and will be available in the second quarter of 1988.

In personnel changes, Edsel B. Ford II was moved from general marketing manager of Lincoln-Mercury division to general sales manager, after Thomas Mignanelli left the company to become VP-marketing for Nissan Motor Corp. in USA. Mr. Ford was succeeded by DeWayne Lancaster, from national market representation manager. Succeeding Mr. Lancaster was Theodore Goellner, from Western regional manager.

In addition, Jack J. Telnack, who has been celebrated as Ford's aerodynamic design guru, was promoted and given a more succinct job title. Instead of chief design executive, North American Design, Ford North American Automotive Operations, his business card now reads, simply, VP-design. Mr. Telnack succeeded Donald F. Kopka, who retired in June after nearly 30 years with Ford Motor Co.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	76,136	77,295
Magazines	125,071	114,851
Newsp. supp.	3,853	1,397
Bus. pubs.	5,251	5,189
Farm pubs.	3,014	3,026
Network TV	188,815	191,373
Spot TV	55,821	37,100
Network radio	14,871	7,625
Spot radio	17,610	14,493
Outdoor	2,134	3,222
Network cable	4,748	6,068
Total measured	497,324	461,639
Unmeasured	151,176	153,087
Total	648,500	614,726

FORD MOTOR CO.
The American Road
Dearborn, Mich. 48121
(313) 322-3000

Corporate Marketing Personnel

J.G. O'Connor, exec dir-mktg
D.T. McClure, adv and mktg strategy dir
F.R. Wuellner, mgr-adv comm

Advertising Agency

Wells, Rich, Greene, New York—James B. Lawrence, sr vp-mng dir, Detroit.

FORD DIVISION

Corporate Personnel

R.L. Rewey, vp-genl mgr

Marketing Personnel

P.M. Novell, genl sales mgr
B.A. Koehler, exec asst-dealer affairs
R.H. Roberts, genl mktg mgr
R.W. Lisenby, truck sales promo mgr
J.B. Vanderzee, adv mgr
R.J. Gillooly, car adv mgr
D.S. Cook Jr., merch mgr
D.P. Reis, car sales promo dir
D.M. Pohlod, training comm mgr
J.H. Merrifield, heavy truck sales mgr, truck operations
D.D. Litchfield, heavy truck adv-merch, mgr, truck operations

Advertising Agency

J. Walter Thompson USA, Detroit—Peter Schweitzer, exec vp, Detroit office mgr; Tim Cronin, sr vp-exec creative dir; Charles Balestrino, sr vp-Ford acct dir; Larry Mastro, vp-truck mgmt super; Hugh Trenkamp, sr vp-group mgmt dir; D. Sinclair, sr vp-mgmt super, cars.

LINCOLN-MERCURY DIVISION

Corporate Personnel

Thomas J. Wagner, vp-genl mgr

Marketing Personnel

Edsel B. Ford II, genl sales mgr
DeWayne Lancaster, genl mktg mgr
Sheldon E. Wardwell, adv mgr
Carl Bergman, merch mgr
Chuck Schneider, major mkt, dealer adv-mgr

Advertising Agencies

UniWorld Group, New York—Fermina Platon, vp-dir. mktg.

Young & Rubicam, Detroit—Roby Harrington, exec vp, chmn Y&R USA. National group; William A. Power, exec vp-genl mgr; Charles Riley, sr vp-group dir, L—M division; Ken Pool, sr vp-dir of media relations & planning; George Bak, vp-mgmt super, Lincoln Luxury; Timothy W. Hart, vp-mgmt super, Mercury; Kathleen J. Fieger, sr acct exec; Sandra A. Rowland, Colleen K. Cleary, David A. Hudson, acct execs.

FORD PARTS & SERVICE DIVISION

Corporate Personnel

J.A. Kordick, vp-genl mgr
L.R. Miskowski, natl svc devel

Marketing Personnel

K.W. Myers, prod & mktg mgr
L.K. Dwiggins, mktg mgr
A.E. White, adv & sales promo

Advertising Agency

Young & Rubicam, Detroit—Dan Wagner, vp-mgmt super; Carol Canestraight, acct super-svc; Steve Hamilton, John Scales, acct execs.

NORTH AMERICAN SALES OPERATIONS
FORD NEW HOLLAND

Marketing Personnel

R.F. Moglia, president
G.A. Cowl, vp-sales & mktg
R.J. Nicolazzi, vp-inlt sales
J.A. Foster, dir-mktg svcs
W.T. Kennedy, vp-N. Am. sales operations
R.A. Kinder, mgr-comm & sales promo

Advertising Agency

Meldrum & Fewsmith, Southfield, Mich.—Jack Bryan, exec vp-genl mgr; Rol Kracoe, sr acct exec; Robert Drake, acct exec.

FORD MOTOR CREDIT CO.

Corporate Personnel

R.L. Fenstermacher, exec vp-North American auto financing operations
C.B. Rosenberg, business devel mgr-diversified operations

Marketing Personnel

R.E. Maise, vp-mktg
M.I. Auld, mktg & business devel mgr
W.E. Beathard, mktg & operations mgr, consumer loan operations

Advertising Agency

Wells, Rich, Greene, New York—J.D. McKay, exec vp-mgmt group head.

nce to outsmart From SAMI®. Now.

At this moment, your battle for market share and shelf space is more brutal than ever. That's why you'll welcome this news about the innovative market intelligence services SAMI has readied for your counter-attack.

These services combine state-of-the-art technology, extensive data retrieval, verified findings and research ingenuity to deliver formidable food, non-food and HBA marketing weapons:

• **SAMSCAN®** now details retail sales of food stores in 26 markets, *plus* extensive causal data and consumer purchases by 12,500 households in geographically dispersed markets. Purchase behavior is tracked with scanner cards and in-home wands to provide the industry's most complete coverage of household purchasing. By year end, SAMSCAN will deliver 35 markets accounting for 66% ACV.

• **FEATUREFAX™**, a vital new service, tightens your control over your trade expenditures and indicates how your trade dollars can be made more productive. The service does more than report the incidence of retail feature advertising in 100 metro areas comprising all 54 SAMI marketing areas. Our exclusive system also weights each ad based on prominence and probable incremental volume, which is adjusted by the market's size, retailer's share of market and the category development index (CDI). This gives you a more accurate gauge of ad impact on volume and share changes.

FeatureFax also uses SAMI's complete UPC dictionary to precisely match feature data with specific item movement data from SAMSCAN's store scanner or SAMI warehouse withdrawal data. All this is delivered at less cost than similar services.

• **COUPONFAX™**, another new service, manages your coupon expenditures. It tracks coupons in all major vehicles (FSI, ROP, direct mail, magazines) in the same 100 metro areas. Instead of relying on national norms, our unique forecasting model yields more precise estimates of actual redemption rates for all coupon events in a category. This means you can now receive more accurate estimates of coupon dollar spending.

• **SAMI** warehouse withdrawal reports, detailing product movement for over 104,000 food, drug and mass merchandising stores in 54 markets accounting for 88% ACV, provide the census-level data base that enables us to benchmark our other services and verify their data before release to you. SAMI alone has this verification prowess.

Further, because warehouse withdrawal and SAMSCAN are designed to be compatible and complementary, with common market definitions, they provide integrated regional data. That leads to actionable market level sales and marketing decisions.

Each of the above services is available individually to you, with 4-week reports and up to 3¼ years of back data. Weekly reports are available on request.

Further, since all SAMI services have compatible data bases, you can build one on another, and obtain the synergistic benefits of more market intelligence. Then, when you are ready for it, we will integrate all services into a total decision support system tailored to your specific needs.

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E&J Gallo Winery RANK **71**

Modesto, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
U.S. advertising	117	63	85.8

Just in case any competitors were contemplating a serious challenge, the world's largest winery, E. & J. Gallo, set them straight in 1986 by dramatically doubling its marketing budget to $117 million.

Gallo's marketing in 1986 was ruled by the cooler wars and its long-term effort to upgrade its wine quality image, primarily through spending on varietals, brandy and sparkling wines.

Industry analysts estimate Gallo's revenues were up 10% to about $750 million, almost all sales coming from the U.S.

Spending on Bartles & Jaymes wine cooler doubled to $34 million in 1986. Gallo not only made a strong showing in the quantity of its ads but in the quality as well. The Bartles & Jaymes network TV campaign, supplemented in print and with point-of-sale materials in bars and stores, won the first Best of Show granted at the New York's Andy Awards.

Bartles & Jaymes comfortably sailed to the No. 1 position with about a 22.9% share, replacing category originator California Cooler in the top spot as the Brown-Forman Corp. product dropped to No. 2 with a 17.5% share. Joseph E. Seagram Co., with about a 13% share, outspent B&J by an estimated $6 million, and it is now "outpacing" Bartles & Jaymes in specific markets, says Michael Moaba, managing editor of *Impact*, a wine and spirits industry newsletter published by M. Shanken Communications.

"Nobody has yet yielded to Gallo's tremendous clout," says Mr. Moaba. "They are spending money, hoping coolers will continue to grow dramatically and the volume games will make it worthwhile in the future," he says. Other market analysts aren't as optimistic. "The unit return on coolers is negligible," says one wine industry expert. "They would have to generate tremendous volume, and I don't think it's there." Coolers accounted for one-fourth of all wine products consumed in 1986.

One fallout from the cooler wars is a reduction in sales of low-end table wines, which feeds into Gallo's current marketing push to stress quality. The company is increasing marketing support for varietals and other upscale and high profit premium lines. For example, spending for Andre, the nation's No. 1 champagne, rose 22% to $5.7 million.

Gallo's premium wine spending, which more than doubled to $34 million in 1986, centered on its "All the Best" ads from Hal Riney & Partners, San Francisco.

Some observers believe Gallo, which purchases a large portion of the grapes produced in Sonoma County, may soon launch a coastal varietal which would move the whole line upscale. "Gallo participates in all segments of the wine business, and it wants to be No. 1 in every segment. The only place it is not currently seeking to be No. 1 is in the premium wine segment," says Jon Fredrickson, president of Gomberg-Fredrickson Associates, San Francisco, a wine industry consultancy.

The only categories where ad spending dropped was in generic wines, down from $4 million in 1985 to $70,000 in 1986. Ad support for the low-end Carlo Rossi wines also declined 1% to $2.4 million in 1986.

Gallo increased spending on brandy tenfold to $6.2 million in an effort to move its brandy upscale. In the past two years, Gallo has taken the top spot in the $600 million brandy market. Its share in 1986 was 50%. Gallo drew some adfire from Fromm & Sichel's Christian Brothers, the longtime brandy leader.

Partly as a result of brandy spending, Gallo sharply increased its outdoor advertising, from $66,000 in 1985 to $896,000 in 1986. The bulk of this year's Gallo ad budget hike found its way into broadcast, with network TV doubling to $66 million and spot TV increasing fivefold to $5.3 million. Spot radio spending was up from a mere $59,000 in 1985 to $722,000 in 1986.

Gallo does most of its media buying in-house, with smaller amounts placed by Hal Riney & Partners, its agency for creative.

During 1986, Ernest and Julio consented to one of their few interviews—a cover story in *Fortune*. The subsequent story was termed "vicious" by the family and resulted in the yanking of $650,000 in ads from parent Time Inc. Other media stories focused on a pending lawsuit by Ernest and Julio against brother Joseph for trademark infringement for marketing cheeses under the Joseph Gallo label.

Analysts say that as long as wine master, Julio, and marketing master, Ernest, run the company, there is little chance Gallo's No. 1 position in the market will be challenged. Some observers believe the increased ad spending and the upscale marketing emphasis might indicate new management is beginning to assert some power.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	323	396
Magazines	5,427	4,386
Newsp. supp.	0	235
Network TV	66,718	33,571
Spot TV	5,337	4,114
Spot radio	722	59
Outdoor	896	66
Network cable	138	0
Total measured	79,561	42,826
Unmeasured	37,155	20,000
Total	116,716	62,826

E&J GALLO WINERY
600 Yosemite Blvd.
P.O. Box 1130
Modesto, Calif. 95353
(209) 579-3111
Corporate Personnel

Ernest Gallo, chmn
Julio R. Gallo, president

Advertising Agency

Hal Riney & Partners, San Francisco—E&J Gallo corp., Gallo varietals—Samuel Hershfield, acct super; Martin Wenzell, acct exec.

General Electric Co.

RANK 25

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	35,210	28,290	24.5
Net income	2,492	2,277	9.4
U.S. advertising	354	373	(5.1)
Division sales	**1986**	**1985**	**% chg**
Aerospace	4,318	3,085	40.0
Aircraft engines	5,977	4,712	26.8
Consumer prods	4,654	3,220	44.5
Financial services	585	499	17.2
Industrial	4,711	4,762	(1.1)
Major appliances	4,107	3,617	13.5
NBC	1,817	N/A	N/A
Power systems	5,262	5,824	(9.6)
Technical prods	3,266	2,319	40.8
Other	774	N/A	N/A

General Electric Co., which spent heavily on new acquisitions in 1986, including $6.4 billion for RCA Corp. and $600 million for an 80% interest in Kidder, Peabody & Co., is spinning off "non-performing" units. In the process, GE cut back its U.S. advertising an estimated 5% to $354.3 million in 1986 from 1985.

Divestitures will affect total ad spending at GE even further in 1987. GE, for example, spent $29 million in 1986 in measured media alone for products in its consumer electronics division, according to BAR/LNA. That division was sold in July 1987 to French government-owned Thomson SA, a consumer and defense electronics giant with sales of about $10 billion.

Terms of the trade involved Thomson paying GE between $500 million and $1 billion in cash for the consumer electronics business and turning over to GE its CRG medical equipment business. GE is already a leader in the worldwide medical equipment business, with revenues of $1.6 billion in 1986. GE's consumer electronics business sales of $3.5 billion in 1986 barely broke even. The division had not met GE's profitability goals set for it two years ago.

The sale now leaves highly diverse GE with major operations in aircraft engines, power systems, heavy industry, aerospace, major appliances, technical products and services, financial services and NBC.

The major appliance business maintained its No. 1 position among U.S. manufacturers with revenues up 14% from 1985. Introduced this year were the Space Center 27 electronic refrigerator and a new line of built-in appliances called Monogram, aimed at upscale consumers who want to build dream kitchens. In addition, GE introduced ranges to accompany the new GE gas range line. GE's major appliances and RCA's consumer service unit business had combined their operations.

GE measured media spending on its major appliances grew 154% to $14.2 million in 1986, an expenditure that did not include spending of $6.4 million on GE refrigerators/freezers, up 12%, or an expenditure of $4.6 million for the GE washer, up from only $200,000 in 1985, according to BAR/LNA.

GE lightbulbs received the second largest media expenditure in 1986 of $15.1 million, up 15.3% from 1985, according to BAR/LNA, which monitored NBC Network spending at $26.5 million, down 5% from 1986.

For the second straight year, National Broadcasting Co. retained its No. 1 spot among the TV networks in prime-time ratings, with a 17.8 rating and a 28 share for the 30-week, 1986-87 season ending in April 1987, according to A.C. Nielsen Co. CBS was a distant second with a 15.8 rating/25 share, and Capital Cities/ABC Network was third at 14.1/22. Each rating point is 1% of the 87.4 TV households in the U.S., while a share equals 1% of those TV sets turned on during prime time. The Nielsen ratings also indicate the erosion in viewership of network TV continues. The decline began about 10 years ago.

Carrying the NBC banner were such offerings as "The Cosby Show," " Family Ties," "The Golden Girls" and "Night Court." They attracted an average audience of 27 million households a week. "The Cosby Show," the season's highest-rated program, drew a 34.9 rating and 53 share. Revenues at NBC TV for 1986 were $1.82 billion and operating profits were $203 million. In early 1987, NBC bought WTVJ-TV, the CBS affiliate in the nation's 14th largest TV market, Miami, from Kohlberg Kravis Roberts & Co. for $270 million, bringing the company's total number of stations to six and giving NBC 22.4% of the U.S. population (25% is maximum by law). NBC, which already had an affiliate in the market in WSVN-TV, will switch that affiliation.

NBC Radio Networks, a weak sister to the TV network, was sold to Westwood One, which owns Mutual Broadcasting System, for $50 million and a 6% financial stake in Westwood. As part of the agreement, NBC News will continue to supply news reports to NBC Radio Network affiliates, although the programs will be sold and produced by Westwood. NBC had insisted in the sale that its NBC News identity remain intact. Also included in the buy was NBC Radio Entertainment, a program syndication company. The radio network, which consists of NBC Radio Network, Talknet and the youth-oriented Source, was expected to lose $7 million this year, according to communications industry analysts.

The radio networks will boost Westwood One's share of the radio network business from 16% to 27%, placing it No. 2 to ABC's seven radio networks, which hold 36% of the business.

GE also is expected to sell several owned-and-operated NBC FM radio stations. Grandfathered protection had allowed NBC to operate AM/FM combos in three markets where it owned TV stations —New York, Chicago and Washington—although that protection is voided with the sale of grandfathered properties. However, the FCC is considering rules that would allow a company owning a VHF TV station to co-own an AM stand-alone station in the same market.

Acquisitions spurred growth in 1986 at GE Financial Services. GEFS acquired an 80% stake for $600 million for the Wall Street securities firm, Kidder, Peabody. Kidder joins General Electric Credit Corp. (GECC) and Employers Reinsurance Corp. (ERC) to form three participants in the financial services market.

The RCA purchase along with good returns from GE financial services helped boost second-quarter 1987 earnings 16% to $720 million and sales to $9.56 billion, up 23%, although the prior year period only included one month of RCA ownership. For the first half of 1987, earnings rose 16% to $1.34 billion, on sales of $17.88 billion, up 31%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	26,987	29,870
Magazines	50,777	55,379
Newsp. supp.	4,933	5,032
Bus. pubs.	13,737	12,539
Network TV	51,615	49,173
Spot TV	5,431	11,953
Network radio	2,132	1,668
Spot radio	3,737	2,775
Outdoor	1,541	1,247
Network cable	2,428	2,520
Total measured	163,317	172,155
Unmeasured	190,933	201,265
Total	354,250	373,420

GENERAL ELECTRIC CO.
3135 Easton Turnpike
Fairfield, Conn. 06431
(203) 373-2211
Marketing Personnel

Richard A. Costello, mgr-corp mktg comm
Barbara J. Parsky, mgr, corp adv
Victor H. Alcott, mgr, GE appliances adv
R.Q. LaFond, mgr, GE lighting adv
Barton D. Ladd, vp, GE Credit Corp. adv

Advertising Agencies

BBDO, New York—brand image, corp adv, major appliances, consumer electronics, lighting —Frank Perkins, exec vp.
Jordan, McGrath, Case & Taylor, New York —GE Credit Corp.—Jack Taylor, exec vp.

NBC ENTERTAINMENT
Marketing Personnel

John D. Miller, vp-adv & promo
Tim Miller, vp-adv & promo, east coast
Paul Wang, vp-operations
John Luma, vp-on air promo
Marla Goldstein, dir-media planning, adv & promo
Martha Stanville, vp-affil adv & promo svcs
Jenness Brewer, vp-print prod

Advertising Agency

AC&R/DHB&BESS, Los Angeles—Eugene Cofsky, president; Nicky Shapiro, vp-media dir; Melanie Patkos, vp-creative.

General Mills

RANK 11

Minneapolis

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,189	4,498	15.4
Net income	220	179	22.8
U.S. advertising	552	447	23.3
Division sales	**1986**	**1985**	**% chg**
Consumer foods	3,450	3,061	12.7
Restaurants	1,250	1,051	18.9
Specialty retail	490	474	3.4

After finishing a two-year corporate reshaping, General Mills stormed back in 1986 with double-digit sales and profit increases in its consumer foods and restaurant divisions. In mid-1986, the Minneapolis-based company completed its streamlining when it sold its furniture group, which included the Pennsylvania House and Kittinger furniture operations.

Specialty retailing revenues rose only 3.4%, but continuing operations shot up 28% after General Mills sold four of six businesses in the group. Remaining are Talbots women's apparel and Eddie Bauer outdoor and sports apparel chains.

General Mills' workforce of 65,000 will shrink 6% in the next year through attrition and scaling back, a spokesman says. Even General Mills' matronly Betty Crocker got an early 1986 makeover. Corporate reshaping enabled the company to concentrate on consumer foods, which provided 66.5% of General Mills' fiscal 1987 sales.

The only major changes in the management team were the naming in mid-1986 of Sally Frame and Michael Rayden as presidents of the Talbots and Eddie Bauer units, respectively, and VPs of General Mills.

General Mills is planning to invest $800 million to build a state-of-the-art cereal plant, open new Red Lobster Inns and Olive Garden restaurants and double the number of Talbots stores.

Sales and net profits rose 15.4% and 22.7%, respectively, in fiscal 1987 (ending May 31), prompting Chairman-CEO H. Brewster Atwater Jr. to call General Mills a "Company of Champions"—a variation on the company's famous "Breakfast of Champions" slogan for Wheaties cereal. General Mills announced a two-for-one stock split in September 1986 after first-quarter food and restaurant sales zoomed substantially from 1985.

From 1986 and through August, General Mills aggressively churned out new cereal, fruit snacks and Betty Crocker mix and specialty products. In July, General Mills declared war on Quaker Oats' dominance in the $498 million hot cereal category by introducing Total Oatmeal in one-minute and instant varieties. Saatchi & Saatchi DFS Compton, New York, handles the $24 million Total account, designed as a long-term onslaught on Quaker's 68% share in the category.

The No. 2 marketer of ready-to-eat cereals, General Mills maintained its 24.1% dollar share in the $5.2 billion market last year, up from 23.7%. No. 1 Kellogg Co., Battle Creek, Mich. claimed 42%, up from 41.6%. In pound volume, Kellogg Co. gobbled up 42.6% of the market compared to General Mills' 21.2%, according to John C. Maxwell Jr. of Furman, Selz, Mager, Dietz & Birney, New York.

Volume and sales shares of Big G's top four cereals—Cheerios, Honey Nut Cheerios, Total and Wheaties—slipped in 1986. But 1986 introductions of three new cereals, plus three more this year, helped boost sales. Three new cereals, Clusters, Oatmeal Raisin Crisp and Raisin Nut Bran, are targeted to adults, a burgeoning niche coveted by General Mills and Kellogg. The other new cereals, Circus Fun, Ice Cream Cones and Rocky Road, are presweetened children's fare. Helping to boost sales of nine Big G cereals was an early 1987 "Wheel of Fortune" Sweepstakes featuring letter-turner Vanna White in network TV ads and couponed free-standing inserts via S&S DFS Compton, New York.

General Mills' top-selling Cheerios slipped from a 5.2% share in 1985 to a 5.1% share of dollar sales in 1986. In poundage, it dropped from a 5% share to 4.9% share. Its ranking among individual cereals remained No. 3 in poundage and No. 2 in dollar volume for both years. Kellogg's Corn Flakes leads in poundage with a 6.6% share compared with a 4.5% dollar share. Kellogg's Frosted Flakes, No. 2 in poundage at 6%, is No. 1 in dollar sales at 5.7%. Cheerios and Honey Nut Cheerios (No. 9 in poundage, with 2.9% of poundage, and No. 7 in dollar sales) were the only General Mills cereals in the top 10.

Even with Olympic gymnastic phenomenon Mary Lou Retton on the Wheaties box, market share for the 63-year-old brand dropped 15% and sales dipped $3.8 million to $20.6 million in 1986.

Cereal consumption jumped 14% in Canada during fiscal 1987, with General Mills introductions of Cinnamon Toast Crunch, Fibre 1 and reformulated

Top 25 spot radio advertisers

Rank	Advertiser	Spot radio ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Anheuser-Busch Cos.	$50,420	$39,713	27.0	7.8
2	General Motors Corp.	35,153	27,942	25.8	4.2
3	Philip Morris Cos.	33,226	25,808	28.7	2.4
4	PepsiCo Inc.	22,342	29,925	(25.3)	3.8
5	Sears, Roebuck & Co.	21,928	16,505	32.9	2.2
6	Delta Air Lines	21,708	19,903	9.1	20.8
7	Chrysler Corp.	21,071	23,549	(10.5)	4.9
8	Southland Corp.	19,962	19,926	0.2	33.5
9	Van Munching	18,670	31,720	(41.1)	41.9
10	Pillsbury Co.	18,178	11,006	65.2	3.7
11	Texas Air Corp.	18,146	6,590	175.4	13.7
12	Pabst Brewing Co.	17,914	6,345	182.3	N/A
13	Ford Motor Co.	17,610	14,493	21.5	2.7
14	Coca-Cola Co.	16,608	14,732	12.7	4.5
15	AMR Corp.	14,390	14,217	1.2	12.7
16	BCI Holdings	12,110	12,198	(0.7)	2.3
17	George A. Hormel & Co.	11,684	10,269	13.8	16.9
18	Allegis Corp.	11,660	13,386	(12.9)	6.8
19	BellSouth Corp.	11,376	7,143	59.3	13.7
20	Transworld Corp.	11,249	11,327	(0.7)	N/A
21	Nissan Motor Co. Ltd.	10,382	11,663	(11.0)	5.8
22	Southwestern Bell Corp.	10,317	7,977	29.3	15.3
23	Mobil Corp.	9,598	5,320	80.4	5.7
24	Martlett Importers	9,318	13,972	(33.3)	N/A
25	RJR Nabisco	9,286	7,935	17.0	1.0

Source: Radio Expenditure Reports
Note: Dollars are in thousands

Pro*Stars adding to sales of major brands.

Betty Crocker matched her younger image by whipping up new products and product lines extensions. They include Oriental Classics, a shelf-stable line of dinner entrees; Tuna Helper Pot Pie, Meat Loaf and Sloppy Joe Bake versions of the Helper line, which dominates the $128 million add-meat dinner mix market; herbed butter and bacon-cheddar varieties of Twice Baked Potatoes; and Suddenly Salad, a line of three shelf-stable cold pasta mixes plus a potato-salad mix.

Other introductions or additions to General Mills's Betty Crocker product line, which has a commanding 40% bite on the $1.1 billion dessert mix category, were German Chocolate and Walnut Brownie mixes; Chocolate Chip and Cinnamon Streudel muffin mixes; MiniMorsels ready-to-spread frosting; and Pop Secret microwave popcorn, which has nabbed a No. 2 spot in the $238 million microwave popcorn market with a 21% share.

Thickening, thinning, test-marketing and pulling out describe the last year for General Mills' No.2 Yoplait yogurt in the $955 million refrigerated yogurt category. Sales of all Yoplait brands gave it a 17% market share, well behind No. 1 Dannon Co. General Mills announced it would yank YoCreme, a pudding-style yogurt designed to compete with Dannon, from store shelves by Nov. 1 because of a trademark-infringement suit against Portland, Ore.-based International Yogurt Co.

International Yogurt had marketed similarly named Yo Cream frozen yogurt since 1982. Yoplait registered YoCreme as a trademark in 1979 but didn't market it until 1986. General Mills opted to pull YoCreme from the shelves after a U.S. District Court judge in Portland ruled International could market Yo Cream in 32 states, including the high yogurt-consuming states California and New York. The judge said General Mills could market YoCreme in 18 states.

General Mills thickened its Original Yoplait; introduced Yoplait 150, a fruit-on-the-bottom yogurt containing 150 calories; rolled out five flavors of Yoplait Soft Frozen Yogurt; and began test-marketing YOP liquid yogurt.

General Mills continued its aggressive expansion in the $309 million fruit roll and bar segment, which grew 29% last year. The company stretched its Fruit Corners snack line to include Fruit Wrinkles, Bars, Roll-Ups in addition to Pudding Roll-Ups in three flavors. Seven-media measured ad spending for the fruit line plus $11 million Pudding Roll-Ups totals $31.3 million. Unconfirmed reports put ad support at $60 million. The Fruit Corners line commands 55% of the market.

Although U.S. family flour sales dropped 6.5% to $375 million for the year ending July 17, General Mills' Gold Medal flour held its No. 1 38% share of the market. Another segment experiencing a crunch is the cereal meal (granola) bar category, which shrank by 24% to $313 million. General Mills' Nature Valley Granola Bars holds a 20% share of this market.

General Mills' restaurant group, consisting of Red Lobster seafood establishments and Olive Garden Italian restaurants—the largest dinnerhouse chains in their respective fields—grew so much that high start-up costs reduced operating profits to 9%. Thirty-two more Red Lobster Inns will be built by mid-1988, 20 are in either cities where other Red Lobsters already exist or in West Coast cities and 12 in Japan, for a total of 483 in the U.S., Canada and Japan. New markets include Tulsa, Okla., and Livonia, Mich.

During fiscal 1987, 38 new Olive Gardens sprouted in the South, Midwest and West, including locations in Atlanta, Houston, Los Angeles and St. Louis. Forty restaurants will be added to the chain, which General Mills bills as an "Italian version of Red Lobster," for a total of 92 restaurants with a per-person tab of $9.

Still struggling are General Mills' 113-unit chain of York's restaurants and Leeann Chin's, a chain of four buffet and 12 carryout Chinese restaurants located in Minneapolis and Chicago. Company sources still consider Leeann Chin's as a test, but they concede that further expansion isn't likely.

General Mills added the Olive Garden account to Grey Advertising, New York, which also handles York's and Red Lobster's estimated $35 million account.

The company's line of Gorton's fish hooked the No. 1 position in the $200 million frozen fish market with a 21% share. Included in a school of new products were Gorton's microwave Crunch Filets and Sticks and a Fishmarket Fresh line of uncoated, individually wrapped fillets.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	705	1,592
Magazines	23,306	22,006
Newsp. supp	454	987
Bus. pubs.	1,109	607
Network TV	130,140	98,566
Spot TV	127,253	105,844
Network radio	2,967	2,030
Spot radio	3,107	3,829
Outdoor	348	358
Network cable	15,538	11,473
Total measured	304,927	247,270
Unmeasured	246,634	200,000
Total	551,561	447,270

GENERAL MILLS
9200 Wayzata Blvd.
Minneapolis, Minn. 55440
(612) 540-2311

Corporate Personnel

H. Brewster Atwater, chmn-ceo
Mark Willes, president
F. Caleb Blodgett, vice-chmn
Walter R. Barry, exec vp, consumer foods
Arthur Schulze, president, grocery prods.
Steven M. Rothschild, president, convenience & intl foods
David R. Waters, president, specialty retailing
David Murphy, vp-genl mgr, mktg svcs
Joe R. Lee, president, restaurant group

Marketing Personnel

Robert J. Blake, dir-adv svcs, consumer foods
Hal H. Nitch, dir-media svcs, consumer foods

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—grocery, military—Ron Harvieux, acct super; Diane Yeager, Eileen Jeffers, asst acct execs.

Campbell-Mithun, Minneapolis—Big G cereals (Cinnamon Toast Crunch, Crispy Wheat 'n Raisins, Buc-Wheats, Golden Grahams, Ice Cream Cones, S'mores, Rocky Road, new prods), Nature Valley prods, Betty Crocker potatoes, Pop Secret popcorn, S'mores Crunch, Suddenly Salad, new prods—Madeline Betsch, Bruce Sutherland, exec vps-client svcs. Les Mouser, mgmt super, Nature's Valley; Rich Rosengren, mgmt super, cereal; Kate Richardson, acct super, cereal.

DDB Needham Worldwide, Chicago—Betty Crocker dessert mixes, Bisquick, Fruit Corners (Fruit Roll-Ups, Fruit Bars, Fruit Swirl Bars, Fruit Wrinkles), Gold Rush bars, Peanut Butter Boppers, new main meals, new instant meals, Bac-Os, Wheaties, Hamburger, Chicken & Tuna Helper, Yoplait yogurt brands, Oriental Classics boxed dinners—Alan Alexander, mgmt rep; Betty Crocker prods, Yoplait USA; Colby dir, Minnetonka div; Madelon Grylll, mgmt rep, Minnetonka div.

Grey Advertising, New York—Red Lobster Inns, York's Choice, Olive Garden, Leeann Chin's restaurants—Stew Hegleman, exec vp-mgmt rep.

Hill, Holliday, Connors, Cosmopulos, Boston—Talbots—Pat Casale, mgmt super; Kathy Sharpless, acct super; Diana Dunbar, acct exec.

Laurence, Charles, Free, & Lawson, New York—Gorton Fish, Market Fresh—Susan Hessler, acct exec.

Red Barron/Midland Advertising, Minnetonka, Minn.—foodservice, bakery flour—Bob Hollenbeck, mgmt super; Susan VanMaasdam, acct exec.

Saatchi & Saatchi DFS Compton, New York—Big G cereals (Cheerios, Clusters, Fiber One, Honey Nut Cheerios, Total, Total Oatmeal, Kix, Trix, Lucky Charms, Cocoa Puffs, Monster Cereals, Pac-Man, Circus Fun, Raisin Nut Bran, new prods), Gold Medal flour, Gold Medal Whole Wheat blend flour—Freeman Bunn, exec-vp mgmt dir; Marion D. Sims, Michael Burns, mgmt supers; Anne Altmaier, James Mayer, George Carey, acct supers.

Saatchi & Saatchi DFS, San Francisco—Betty Crocker pancake mix, Wheat Hearts hot cereal, LaPina flour, Soft as Silk cake flour, new prods—Brian Burns, mgmt super; Dorrie Hipschman, acct super; Cheryl Pierce, acct exec.

Wattenmaker, Cleveland—Gorton's seafood, special assignments—James S. Wattenmaker, acct mgr.

Florida law taxing to GF

When Florida passed a 5% tax on advertising, General Foods cancelled 90% of its ad budget in the state, banned future meetings there, and David Hurwitt, VP-marketing services, cut loose with: "There will always be disagreement on economic theory, but for individuals and businesses operating on this side of Oz, this [tax] is absolutely ridiculous."

sweep' stakes, plus

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in·cen'tives

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pre'mi·ums

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General Motors Corp.

RANK 5

Detroit

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	102,814	96,372	6.7
Net income	2,945	3,999	(26.4)
U.S.	**1986**	**1985**	**% chg**
Sales	91,343	89,099	2.5
Operating profits	3,058	3,624	(15.6)
Advertising	839	779	7.7
Division sales	**1986**	**1985**	**% chg**
Automotive	90,864	N/A	N/A
Nonautomotive	7,493	N/A	N/A
Defense	7,761	N/A	N/A

Problems and controversy dogged General Motors Corp. in 1986, a year in which the company's earnings trailed those of archrival Ford Motor Co. for the first time in 62 years.

A $750-million stock buyout of GM's best-known critic, Electronic Data Systems founder H. Ross Perot, contributed to a growing public perception that something had gone awry at the world's largest industrial corporation. It was a messy breakup, following an acrimonious feud between Mr. Perot, the billionaire Texan, and GM Chairman Roger Smith.

GM's share of the U.S. car market slipped for the second straight year, amid widespread complaints that many of its models—especially in its profitable, big-car lines—lacked style and distinction.

Its own problems led GM to squeeze its suppliers, including ad agencies. GM divisions restructured fee arrangements with their agencies in the summer of 1986, reducing commissions in most cases to 12.5%. Industry sources indicated GM's ultimate goal was to lower the commission on media buying to 9%, although that would be partially compensated by paying fees for collateral work formerly done free.

GM also was forced to scale back its ballyhooed import-fighting project, Saturn Corp. Saturn officials cut in half initial production goals. The production of some 250,000 cars a year, starting in 1990, is now planned.

GM's financial results continued to decline in the first half of 1987. For the first six months, earnings amounted to $1.903 billion, down 14.2% from the prior year period. Sales for the first half totaled $52.8 billion, down 2.9% from 1986 first half.

Results would have been worse except for strong contributions from GM's nonautomaking subsidiaries. For the first half of 1987, finance arm General Motors Acceptance Corp. earned $893.2 million, up 55%; computer services subsidiary EDS had a profit of $136.6 million, up 15%; GM Hughes Electronics, the subsidiary that includes Hughes Aircraft and Delco Electronics, earned $278.8 million, up 12%.

Mr. Smith told analysts this April that the company was putting a new emphasis on profitability, even if that meant some sacrifice in market share. To curb costs, the company reduced its salaried rolls by 23,000 persons from mid-1986 to the middle of 1987. GM in late 1986 also announced plans to close 11 plants as part of an attempt to cut operating costs by $10 billion by 1990.

GM's share of the U.S. new-car market, which was 44.44% in 1984 and 42.09% in 1985, fell to 40.98% in 1986. This compares with No. 2 Ford, which had an overall 18.2% share, down from 18.8% in 1985. The decline continued in the first half of 1987, as GM's share fell to 37.59%.

Despite the share decline, GM's total U.S. car sales were the best since 1979. Total unit sales were 4,693,161 in 1986, up nominally from 1985. For the year, Chevrolet posted a 2% gain, Pontiac, a 5.6% gain, and Cadillac, a 1.8% gain in unit sales. Oldsmobile unit sales were off by 0.6%, while Buick dropped 9%. GM's total 1986 U.S. truck sales were 1,592,641, down 3.6%.

Industry car and truck sales both set records in 1986, reaching 11.46 million and 4.86 million, respectively.

The record car pace was attributable to the biggest consumer incentive promotion in automotive history, initiated when GM announced consumer loans of as low as 2.9% to clear out 1986 models before the October launch of 1987 models. GM's incentives were announced with a GMAC ad campaign themed "The Big One," created literally overnight by agency Campbell-Ewald Co. GM and the agency were able to block out huge amounts of time and space without tipping off the competition.

But GM's domestic competitors and a few importers soon followed suit, luring unprecedented numbers of buyers into the marketplace. It was the biggest sales month ever for domestic cars and the second-highest ever for imports.

GM and the industry also got a late-year sales boost from a pending change in U.S. tax laws. Buyers flocked to showrooms in late December so they could take advantage of deductions that were to be phased out beginning in 1987.

But the sales spurts from incentives and from the tax law changes caused an early 1987 dropoff in sales, because they drew in many customers who otherwise would have waited several months before buying. At mid-year, corporate economists for the Big 3 were forecasting total car sales for the year would be down about 13%, although truck sales would end up about even.

GM responded in August 1987 with a new broad-based incentives program, with consumer loans as low as 1.9%, which was quickly copied by its domestic competitors. Initial reaction suggested the program would boost sales from the lacklustre totals of earlier in the year but wouldn't be the sweeping success of the 1986 program.

In an effort to develop more distinctive brand identities, four of the five GM passenger car divisions changed ad theme lines and direction as they entered the 1987 model year. The only one to keep its direction was Pontiac, which continued to follow a long-range image strategy begun in 1982 when it decided to emphasize sporty, expressive products.

Under the theme line of "We build excitement," the vast majority of Pontiac advertising, via D'Arcy Masius Benton & Bowles, was aimed at showing the sportiest of its models, such as the Fiero GT, Grand Am SE and the restyled Bonneville. Pontiac continued the "Conversations" theme begun in the 1986 model year, in which target customers are shown in warm, gently humorous slice-of-life stories.

Pontiac launched its first captive import in June 1987, the LeMans subcompact built by Korea's Daewoo Motor Co. on a design by GM German subsidiary Opel Kadett. At $5,995, the base model LeMans gave Pontiac an entry-level competitor against a rush of new imports such as the Korean-built Hyundai Excel and Yugoslavian-built Yugo GV. "L'affordable, L'exciting, L'imported, LeMans," read the headline for one magazine ad that touted the car as "a new form of driving excitement."

Chevrolet's new ad direction was a contemporary execution of its longstanding claim as the mainstream American car brand.

The introductory ads for the new "Heartbeat of America" campaign brought together a pulsating rock score with striking visuals used in quick-cut vignettes. Chevrolet agency Campbell-Ewald and Crushing Enterprises, New York, which developed and produced the music, won the Advertising Age Advertising Music Awards competition in the original-music category for "Heartbeat of America."

The campaign was aimed at Chevy's target audience: first-time car buyers, women and persons under 35. Chevrolet's share of total GM car sales grew during both calendar and model year 1987. In June 1987, 42.4% of all GM cars sold were Chevrolets, compared to 38.9% in the same period a year earlier.

Chevrolet had its biggest new-launch period in three decades in early 1987. It put its new compact cars, Corsica and Beretta, on sale March 12, and followed that six weeks later with the introduction of its new full-size pickup. The media blitz for the introductions included run-

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ning spots on every NBC prime-time program March 13-19 for the cars and April 18-25 for the trucks.

Beretta TV spots featured dissolves between the car and a shark while voiceover urged the viewer to "Discover a new species." Corsica spots showed sand blowing over the car in a desert setting, with voiceover saying, "The winds of change are blowing at today's Chevrolet." Creative for the truck introduction compared the vehicle to a "leaner, meaner" grizzly bear.

Chevrolet also linked the three new-vehicle introductions in a merchandising program with Procter & Gamble; the campaign was touted as the biggest cross-promotional effort ever. Chevrolet gave away 750 vehicles worth $9 million in the promotion, in which paper keys were placed inside 200 million boxes of seven P&G products. Chevy dealers, however, gave the effort mixed reviews, with many saying it failed to produce significant numbers of buyers despite drawing increased showroom traffic.

Buick and Oldsmobile divisions had a difficult time establishing distinct identities, a problem caused both by look-alike models and by waffling on what images they wanted to project.

Buick abandoned its 30-year-old theme, "Wouldn't you really rather have a Buick?" and steered away from yuppies in its 1987 model ad launch via McCann-Erickson. Actor Hal Holbrook was brought on board as the new broadcast ad spokesman in a campaign with the theme line, "Buick. Where better really matters." The campaign tried to evoke the traditional image of a Buick as "the doctor's car," even showing a 1955 Buick Roadmaster in the introductory TV spot. The campaign failed to stem Buick's sales slide, leading to calls for change from the Buick Dealer Council, which also wanted a spokesman younger than Mr. Holbrook.

Buick took its first step toward a new strategy with an upbeat summer 1987 broadcast campaign themed "Oh, Buick," with music adapted from the 1957 Buddy Holly hit, "Oh, Boy." Buick also was preparing an image-oriented campaign for 1988 models, including the Regal, the first car to come out of GM's $5 billion GM-10 midsize car program.

Oldsmobile began to shed its conservative image in an effort to capture the sportier upscale car market. Its new ad theme line was "Oldsmobile quality. Feel it." Golf pro Fuzzy Zoeller replaced actor Dick Van Patten as ad spokesman in an attempt to create a younger image. Olds introduced a sporty version of its Toronado, the Trofeo, in mid-model year as part of the effort to win younger customers. But when it came to advertise a 90th anniversary sale in August 1987, it selected 91-year-old George Burns as spokesman.

Cadillac's big news was the introduction of the $54,700 two-seater convertible Allante in February 1987, its first entry into the ultra-luxury market dominated by European makers such as Daimler-Benz. The car was designed by Italian stylist Sergio Pininfarina. Bodies were built at Pininfarina's facility in Turin, Italy, then shipped by airplane to Detroit where they were assembled at GM's new Detroit-Hamtramck Assembly Center.

Allante advertising represented it as "The new spirit of Cadillac," and the division was hoping the car would lead a long-range repositioning of the division to better compete with European makes.

Cadillac employed several unique approaches to reach the super-affluent target market for Allante, including a direct-market campaign using VHS videotapes and sponsorship of a series of dinner party-concerts held in the homes of the rich and famous. Cadillac's first-year production capacity of about 5,000 Allantes was quickly sold out to dealers.

GMC Truck division continued its theme "It's not just a truck anymore" as it reached for an upscale audience by differentiating its products from comparable Chevrolet trucks.

Its new full-size Sierra pickup was launched in June 1987 with lifestyle-oriented TV spots and print ads. The campaign featured actor Madison Mason portraying a maverick-type entrepreneur who combines jeans and cowboy boots with coat and tie and owns a Sierra for his upper-crust sportsman activities.

The GM board of directors in May 1987 elected Exec VP Robert Stempel to be president-chief operating officer, effective with the September retirement of F. James McDonald. Exec VP Donald Atwood was elected to the vacant post of vice chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	146,430	140,979
Magazines	129,409	107,524
Newsp. supp.	8,268	2,594
Bus. pubs.	10,256	9,332
Farm pubs.	2,263	1,953
Network TV	233,786	209,898
Spot TV	49,192	49,067
Network radio	22,212	9,034
Spot radio	35,153	27,942
Outdoor	2,734	3,633
Network cable	7,203	4,724
Total measured	646,904	566,680
Unmeasured	192,096	212,320
Total	839,000	779,000

GENERAL MOTORS CORP.
3044 W. Grand Blvd.
Detroit, Mich. 48202
(313) 556-5000

Corporate Personnel

J.W. McNulty, vp-pr
G.H. Pruette Jr., dir-public affairs adv
Hugh Wells, mgr-creative svcs
R.T. Beaman, sr staff asst, public affairs adv

Advertising Agency

N.W. Ayer, Detroit—Robert Kingsbury, sr vp-mng dir; Richard N. Prince, sr vp-mgmt super; R.C. Morrison, Deborah Worell, vps-acct supers; Catherine Teeple, Annette Merritt-Cummings, sr acct execs; Debra Jacopelli, acct exec.

CHEVROLET MOTOR DIVISION
Warren, Mich.
Marketing Personnel

R.D. Burger, vp-genl mgr
R.W. Starr, genl sales & svc mgr
T.A. Staudt, genl mktg mgr
M.H. Erdman, asst genl sales mgr-field
J.M. Kelley, mktg mgr-trucks
T.R. Mason, mktg mgr-passenger car
D.K. Colliver, mgr-passenger car adv
T.P. Cutler, mgr-truck adv
R.J. Kramer, dir-pr

Advertising Agency

Campbell-Ewald Co., Warren, Mich.—Robert (Ham) Schirmer, exec vp, agency dir-client svcs; Sean K. Fitzpatrick, exec vp-creative dir; William J. Tausch, exec vp; A.J. Hopp, group sr vp, group mgmt super-regional; D.D. Williams, group sr vp, group mgmt super-passenger car adv; F. Fraser, vp, dir-auto mktg; L.M. Schultz, exec vp, dir-media svcs; B. Tisdale, sr vp, mgmt super-passenger car merch; J.A. Barczyk, group sr vp, group mgmt super-truck adv & merch.

PONTIAC MOTOR DIVISION
Pontiac, Mich.
Marketing Personnel

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R.A. Dutton, dir, Project 21 implementation
D.A. Hansen, dir, Pontiac mkt & prod planning
J.L. Losch, dir, fleet sales
J.D. Murray, dir-mktg
D.W. Logie, asst genl sales & svc mgr, dealer/customer svc
E.M. Schlesinger, genl sales & svc mgr
H.S. Christie, asst genl sales & svc mgr-Central
E. (Gar) H. Smith, mgr, natl dealer adv
R.W. Hawley, mgr-mktg comm
W.J. O'Neill, dir-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Stephen C. Kopcha, exec vp, exec creative dir; George M. Rogers, sr vp, dir-media svcs; Mark Gjovik, sr vp-mgmt super; Rob Carr, vp-acct super; Richard Halladay, sr acct exec; Steve Brown, James Holman, Mike Talovich, Robert Nicholls, Teresa Reed, acct execs; Patricia Brown, acct mgr; Noel Nauber, sr vp-group creative dir.

BUICK MOTOR DIVISION
Flint, Mich.
Marketing Personnel

E.H. Mertz, vp & gen mgr
R.E. Coletta, genl sales mgr
J.J. Faerber, asst genl sales mgr-southeast
R.J. Adams, asst genl sales mgr-central
W.K. Ramsey, asst genl sales mgr-west
F.H. Dorgin, asst genl sales mgr-northeast
L.D. Robbins, asst genl sales mgr-service
D.E. Clark, genl mktg mgr
J.W. Qualman, genl dir-adv
T.L. Pond, dir-pr

Advertising Agencies

McCann-Erickson Worldwide, New York—John J. McNamara, chmn-McCann USA.

McCann-Erickson, Troy, Mich.—Gerald C. Atkin, exec vp-genl mgr; Jan D. Starr, sr vp-mgmt super; Richard A. Hill, vp-group acct super, natl; Glynn L. Armitage, vp-group acct super, regional; Harold W. Randall, vp-acct super, prod info; Jim Moore, vp-acct super; James L. Ramsey, sr vp-exec creative dir; W. Brien Schweikert, sr vp-media dir; Ian L. Woznack, sr vp, dir-mktg svcs.

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E. Christell, genl mktg dir
B. Jarboe, dir-mktg
R.J. Billings, adv mgr
A.R. Buenz, dir-pr
Advertising Agency
Leo Burnett Co. of Michigan, Southfield, Mich.—John C. Ryan, exec vp-genl mgr; Ted Jordan, sr vp, client svc dir; Roger K. Bailey, Michael O'Neal, vps-acct supers; Joseph P. Henry, vp-media dir; William F. Swink Jr., vp, acct super, merch & promo; Roger Bodo, vp-creative dir-Detroit; Lawrence Doyle, Randall Lewis, Pamela Dunn, acct execs.

CADILLAC MOTOR CAR DIVISION
Detroit, Mich.
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P.R. Gerosa, genl sales & svc mgr
R.L. Forbush, asst genl sales mgr-field
C.E. Hendrix, asst genl sales mgr-admin
W.R. Lewellen, asst genl sales mgr-svc
E.R. Torre, asst genl sales mgr-mktg
P.R. Levin, natl dir-adv
L.P. Anderson, asst mgr, CDMA
B.A. Badger, asst mgr-adv
J.P. Churchvara, asst mgr, CDMA
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S.J. Perelli, dir-pr
Advertising Agency
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GM TRUCK & BUS GROUP
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Charles Katko, vp-GMC, group exec
Patrick J. Coletta, vp-GMC, group dir
John D. Rock, genl mgr-GMC truck div
Duncan A. Brodie, genl salers mgr-GMC truck div
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Advertising Agency
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GENERAL MOTORS PARTS
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Marketing Personnel
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E.J. Carey, sales mgr, east
S.D. Segalini, sales mgr-central
E.L. Schreitmueller, sales mgr-west
K.F. Robinson, adv mgr
F. Pardo, mktg mgr
Advertising Agency
D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Theodore Teegarden, exec vp-mgmt super; Charles S. Brandt, vp-group acct super; Cheryl A. Kerns, Suzanne Doyle, Barbara Resinicoff, acct execs.

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G.G. Fenner, exec vp-operations
C.A. Krauss Jr., vp-public affairs & adv
Advertising Agency
Campbell-Ewald, Warren, Mich.—Robert (Ham) Schirmer, agency dir-client svcs; John S. Momeyer, group sr vp; Martin F. West, sr vp.

SATURN CORP.
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D.W. Hudler, vp-mktg
Bruce G. MacDonald, vp-corp comm

TENNESSEE OPERATIONS
Spring Hill, Tenn.
Marketing Personnel
Laurie Kay, community relations

GM SERVICE PARTS OPERATIONS
Detroit, Mich.
Marketing Personnel
A.M. Long, exec in charge
V.R. Peters, genl dir, sales& mktg, U.S.
C.S. Wagner, dir-mktg
D.E. Poole, dir-pr

AC-DELCO
Detroit, Mich.
Marketing Personnel
A.H. Schwerzel, genl sales mgr, warehouse distributors
G.S. Cashion, genl sales mgr, natl accts
R.L. Korth, sales mgr, warehouse distributors-west
J.M. McKenzie, sales mgr, warehouse distributors-east
C.A. Lamberson, area sales mgr, natl accts-east
P.D. Cody, area sales, mgr, natl accts-west
B.J. Snelson, adv mgr
D.J. Smith, mktg mgr
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GM CORP.
MKTG & PROD PLANNING
Detroit, Mich.
Marketing Personnel
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Philip Guarascio, exec dir-adv svcs
D.J. Teasdale, dir-adv
H.D. Weed, cons influence analysis
M.A. Browner, genl dir-media operations
D.P. Bolen, asst adv mgr
M.G. Wright, adv super
Advertising Agency
D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Ronald Monchak, mng dir; Theodore T. Teegarden, exec vp-mgmt super; William A. Mara, vp-acct super; Stephen C. Kopcha, exec vp-creative dir.

Gillette Co. RANK **62**

Boston

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	2,818	2,400	17.4
Net income	16	160	(90.1)
U.S.			
Sales	1,101	1,025	7.4
Operating profits	143	169	(15.2)
Advertising	130	161	(19.5)
Division sales			
Blade & razors	903	794	13.7
Toiletries	854	730	17.0
Writing instr.	298	270	10.4
Braun	567	414	37.0
Oral-B, misc	196	192	2.1

Advertising budgets were not exempt from Gillette Co.'s restructuring precipitated by the company's battle against the hostile takeover attempt by Revlon Group in November 1986. Gillette successfully fought off two attempts, although Revlon remained undaunted, launching a second bid in less than a year in late August.

Gillette parried the first two and is mustering resources to combat the third, but the initial victories registered during Gillette's fiscal year have been costly: Gillette spent $558 million to buy out Revlon's position.

Despite the takeover attempt by Revlon Chairman Ronald O. Perelman, Gillette's 1986 performance was positive. Before special charges relating to the takeover attempt and the subsequent restructuring, the company posted operating profit of $411 million, up 8% over the year before. But after calculating the special takeover and restructuring-related charges, profit from operations declined 39% to $232 million and net income and earnings per share were 90% below 1985 levels.

The battle with Revlon will affect Gillette for years to come because it has redirected the company's focus to the short term. The lesson Gillette learned is that it must be more concerned about quarterly results and generate the kind of short-term earnings that will keep the stock price high and investors happy.

To put that lesson into practice, in December 1986 Gillette began a complete corporate restructuring—in effect, a downsizing. Gillette is shedding marginal businesses, laying off some 2,400 or 8% of its worldwide workforce and emphasizing high growth portions of the company, reports Brian McFarland, VP-advertising services.

Industry analysts expect the company's performance to improve. "We are expecting about a 35% increase in profits in both 1987 and 1988," says Diana Temple, analyst at Salomon Brothers in New York.

The restructuring is affecting all Gillette marketing. "It has called into focus the payback of all marketing programs. We've had to take a harsh view of major spending versus expected performance. We're looking more closely at cost/benefit," says Mr. McFarland.

Measured media spending continued to drop, from $86.2 million in 1985 to $69.4 million in 1986. By comparison, the company spent $93.8 million in measured media in 1983, according to BAR/LNA. Spot TV expenditures were halved, to $8.1 million in 1986. Network TV plunged 26.3% to $39.5 million in 1986.

Cable TV spending in 1986 soared to $7.7 million from $1.9 million in the prior year. "On a percentage basis, we are a leading spender on cable. We have a heavy commitment, and we continue to believe in it because it delivers an extremely efficient CPM," says Mr. McFarland.

Magazine spending increased 6.7% to $12.8 million. Small increases in Gillette's magazine advertising are circumstantial, reflecting timing more than any deliberate major shift from broadcast to print, says Mr. McFarland. He expects to see slow, steady increases in magazine advertising. "As broadcast is chewed up budget-wise, print is an alternative," he says.

Ms. Temple questions the company's ability to cut back marketing efforts and still move ahead. "Gillette has not had a major new product launch in recent years," she says, adding that new products are the force that powers the growth of consumer packaged goods companies like Gillette.

Among its shaving products, Gillette extended its Good News line with a disposable razor that incorporates a lubricating strip similar to Atra's. The company is offering both versions of the Good News razor.

The Good News line of toiletries is continuing in test market on the West Coast and will probably remain in test market for another year, says Mr. McFarland. "It's toiletries line is a radical break, and we intend to go slowly, carefully. A national rollout is a very substantial commitment," he says.

It is a complete line of price-competitive, no-frills toiletries. The idea is to capture a consumer's entire toiletries, health and beauty aids needs with a single brand. "It's very tricky because the brand crosses over so many categories," says Mr. McFarland.

Making the Good News toiletries effort even more difficult is the fact that it conflicts with the way the trade stocks and displays the individual items, making the line a radical departure for the industry, says Mr. McFarland. Gillette wants the entire line displayed together.

Gillette Co. recently made three significant acquisitions. In 1986, the company added Lustrasilk haircare products in the United States and La Toja toiletries in Spain. In early 1987, it gained Waterman writing instruments from France.

Sports continue to play a major role in marketing Gillette's male-oriented products, but the company's sports focus is changing. The company could not come to terms with Major League Baseball over Gillette's long-standing sponsorship of the All-Star balloting. "Major league baseball wanted to change the structure, and we didn't like the changes," Mr. McFarland says. The changes, essentially, were additional fees.

Gillette replaced the All-Star balloting promotion with its Cavalcade of Sports promotion, which allows consumers to win trips to major sporting events escorted by former greats in that sport. "It has been very successful. It allows a much greater span of interest," says Mr. McFarland.

The company will be a major sponsor of the World Series, but it is de-emphasizing baseball overall in favor of the NFL football games and NBA basketball and, on the college level, NCAA football and basketball.

Football and basketball deliver "a younger audience," says Mr. McFarland. He indicates the company will take a major sponsorship position with the NCAA Final Four basketball tournament.

Gillette, while continuing to be a network TV advertiser, is not actively participating in the upfront network TV market. "The investment generally hasn't been rewarding in our circumstances," he says, because Gillette doesn't require exclusive positions. Instead, the company will work the scatter market for its TV buys.

The company continues its commitment to 15-second TV spots. "We believe it is effective communication for established brands," Mr. McFarland says. He uses longer spots for new brands.

In this year of upheaval, Gillette applied its restructuring to its advertising agency relationships. This also contributed to the drop in advertising spending. "Some of the drop is the result of moving lines to new agencies, and we're waiting for the new campaigns," says Mr. McFarland. Gillette removed Young & Rubicam from all products and Lowe Marschalk U.S. from all but the Braun account.

N W Ayer came up the big winner, picking up the company's Right Guard and Silkience lines from Y&R and the Toni product line from Lowe Marschalk. N W Ayer continues to handle Gillette's White Rain and other small personal care lines.

BBDO Worldwide, the other big winner in the restructuring, has added Dry Idea and Soft & Dry while it continues to handle all the shaving lines. McCann-Erickson continues to handle Gillette's writing instruments. Chiat/Day, San Francisco, handles Oral-B toothbrushes. Hill, Holliday, Connors, Cosmopulos, Boston, handles Liquid Paper and the Good News toiletries line currently in test market. HHCC also picked up Aapri facial cleaning products, which were moved from N W Ayer because of a potential client conflict.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	436	488
Magazines	12,815	12,057
Newsp. supp.	139	124
Bus pubs.	186	315
Network TV	39,452	53,635
Spot TV	8,109	16,119
Network radio	237	1,093
Spot radio	242	355
Network cable	7,738	1,988
Total measured	69,354	86,174
Unmeasured	60,220	74,826
Total	129,574	161,000

GILLETTE CO.
Prudential Tower Bldg.
Boston, Mass. 02199
(617) 421-7000
ADVERTISING SERVICE DIVISION
Brian E. McFarland, vp
Thomas A. Lux, media dir
John D. Walp, dir-adv production

SAFETY RAZOR DIVISION
Marketing Personnel
Derek W.F. Coward, vp-mktg
William Flynn, mktg mgr-disposable razors
Robert Leger, mktg mgr-permanent refillable razors
W. Scott Roberts, vp-sales
Advertising Agency
BBDO, New York—Atra, Good News!, MicroTrac, Trac II, Daisy—Ken Rodgers, exec vp-sr mgmt rep; Michael Paxton, sr vp-mgmt super; Phil Dusenberry, vice-chmn, exec creative dir; Ted Sands, exec vp-creative dir; Harvey Hoffenberg, sr vp-assoc creative dir; Lenny Kruse, acct coord; Helen Ix, acct exec, Good News!, Atra.

PERSONAL CARE DIVISION
Marketing Personnel
Robert N. Forman, vp-mktg
John Darman, mktg mgr-styling aids, shaving preps
Carole Johnson, mktg mgr-deodorants, antiperspirants
M. Gage Heath, mktg mgr-new prods & skincare
Advertising Agencies
N W Ayer, New York—Dippity-Do, White Rain, Mink Difference, Toni Home Wave, Right Guard, Silkience—Janet Keeler, sr vp-mgmt super.
BBDO, New York—Soft & Dri, Dry Look, Dry Idea, Brush Plus, Foamy—Anthony Brescia, vp-mgmt super.
Hill, Holliday, Conners, Cosmopulos, Boston—Good News toiletries, Aapri—Justin Harrington, sr vp-mgmt super; Kathleen Driscoll, acct super; Anita Letendre, acct exec.

PAPER MATE DIVISION
Marketing Personnel
Chip Hanafee, vp-mktg
Michelle Stacey, mktg mgr, new prods
R.D. Warren, mktg mgr, existing prods
Scott G. Searle, sr prod mgr, Stick Pens, Rollersticks, Erasermate II
James Ricci, sr prod mgr, Liquid Paper
Danene Jaffe, prod mgr, FlexiGrip, Waterman
Anne Kelly, prod mgr, Metal Roller/E.P.
Advertising Agencies
Hill, Holliday, Connors, Cosmopulos, Boston—Liquid Paper—Pat Casale, mgmt super; John Riley, acct super.
McCann-Erickson, New York—Paper Mate ball-point pens, Eraser Mate, Flair porous prods, Accu-Point, Sharpwriter, Advancer, Rollerstick—Ian Hooper, sr vp-mgmt rep; Larry Coppersmith, acct super.

JAFRA COSMETICS
Westlake Village, Calif.
Ronald B. Clark, president

ORAL—B LABORATORIES
Redwood City, Calif.
Jacques Lagarde, president
Glenn Archibald, president, U.S. div
Advertising Agency
Chiat/Day, San Francisco—Oral-B toothbrushes—Wayne Fulcher, mgmt super; Andrea Alfano, acct super; Kelly Nice, acct exec.

BRAUN INC.
Lynnfield, Mass.
John W. Dickman, genl mgr
Advertising Agency
Lowe Marschalk, New York—Braun shavers, appliances—Roger Stone, acct super; Jim Overend, acct exec.

Goodyear Tire & Rubber Co. RANK **52**

Akron, O.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	9,103	8,378	8.7
Net income	124	412	(69.9)
U.S.			
Sales	5,822	5,493	6.0
Operating profits	97	397	(75.6)
Advertising	162	150	8.3
Division sales			
Tires	7,844	7,176	9.3
Industrial rubber	1,136	1,102	3.1
Oil & gas	63	37	73.2
Other	60	64	(6.1)

Goodyear Tire & Rubber Co. increased total ad spending and revamped its consumer ad campaign in late 1986 to use a single theme, "Goodyear, Take Me Home," on a global basis for all of its tire advertising. But the significance of the move was overshadowed by a grueling takeover battle the company fought with Anglo-French financier Sir James M. Goldsmith in October and November.

The struggle ended Nov. 20 when Sir James agreed to sell back his 11.5% share in the company for $620.7 million, netting a profit estimated at $93 million. In return, Goodyear remained independent. But the company was forced to restructure to pay for a stock buy-back of 40 million of its own shares at $50 each.

Within two months Goodyear sold its aerospace subsidiary, farm and resort properties in Arizona and motor wheel division, and placed on the block its energy subsidiary, deflating Chairman Robert E. Mercer's diversification plan for the company.

The takeover battle also damaged Goodyear's bottom line. Worldwide net income dropped 70% to $124.1 million in 1986. U.S. sales remained even; operating profits dove 75.6% to $97 million.

The "Goodyear, Take Me Home" global campaign, which was launched in the midst of the takeover furor, brought together J. Walter Thompson Co., which handled Goodyear's North American advertising, and McCann-Erickson, which covers the company's international efforts. Some observers say, however, JWT's permanence on the account could be tenuous.

When JWT itself became the object of a takeover attempt by British-owned WPP Group PLC earlier this year, Goodyear warned it would drop its account with JWT if WPP were successful. After the buyout went through, Goodyear put JWT under review, where it remains at presstime, according to a spokesperson for the tiremaker.

Goodyear used an emotional pitch in its new campaign in 1986, following the success the past two years of competitor Michelin's "baby" spots that feature infants cavorting with tires in an obvious statement on safety. The campaign influenced increases in all media at Goodyear except national magazines, which dropped 7.7% to $10.9 million.

Despite the increased ad budget, Goodyear saw a slight decline in its share of the overall domestic tire market, according to Harry Millis, an industry analyst with McDonald & Co. Securities Inc. of Cleveland. He estimated Goodyear's share of the U.S. tire market declined to 31% in 1986 from 32% in 1985. Firestone Tire & Rubber Co. ranked second and Uniroyal Goodrich Tire Co. third, each with about 16%.

In addition to its other problems in 1986, the company's best known image—the Goodyear blimp—had its advertising air supremacy challenged by another such airship owned by Fuji Photo Film USA Inc. A third blimp, flying McDonald's Corp.'s colors, also took to the air briefly. Goodyear filed lawsuits in two states in

January 1986 against Fuji to prohibit it from using the blimp in its advertising, but settled the matter out of court in mid-1987.

While Goodyear remains tightlipped about advertising plans for the second half of 1987 and next year, it no doubt plans to place greater emphasis behind its tire operations.

Goodyear's sales from tires and transportation products have increased to about 85% from 80% after its restructuring. It has acquired two large independent tire dealer chains since last fall, increased its ownership in a manufacturer of tread rubber, improved its tire holdings overseas and is making money in 1987. In the first half of 1987, it posted net profits of $425.2 million, compared with $54.6 million in the first six months of 1986. Sales improved 9.9% to $4.86 billion.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	65	32
Magazines	10,900	11,807
Newsp. supp	125	0
Bus pubs	2,310	1,884
Farm pubs	785	640
Network TV	18,100	17,781
Spot TV	8,226	7,980
Network radio	8,214	5,363
Spot radio	494	469
Outdoor	438	102
Network cable	743	495
Total measured	50,399	46,552
Unmeasured	111,459	102,952
Total	161,858	149,504

GOODYEAR TIRE & RUBBER CO.
1144 E. Market St.
Akron, O. 44136
(216) 796-2121
Advertising Personnel

James K. DeVoe, vp, mkt planning & rsch
Robert L. Gray, dir-prod adv
Davis M. Jones, dir-retail adv
Donald G. Clark, dir-intl adv
Roger L. Zwingler, dir-Canada
Ed D. Easley, mgr-creative adv
James N. Neawedde, mgr-adv, auto tires
Norbert J. Drol, mgr-adv, truck & farm tires
Paul F. Suloff, adv mgr-perf tires
James R. Pascover, adv mgr-retail stores
George S. Drop, mgr-major mkt programs
James T. Manning, mgr-adv, general prods
William L. Newkirk, vp-pr
Leonard B. Elms, dir-corp image adv

Advertising Agencies

Brouillard Communications—corp adv—Doug Longmire, sr vp-group acct dir; Terry Hill, sr vp-exec creative dir.

Malone Advertising, Akron—retail adv—Robert L. Haverback, vp, mgmt super; David Avery, Kim Adamczyk, acct execs. General prods—Joseph A. Mazzagotti, vp-mgmt super; Donna Hessel, acct exec; Ira Bass, vp-media dir.

McCann-Erickson, New York—intl adv—Peter J. Kennaby, worldwide mgmt dir.

J. Walter Thompson USA, New York—U.S. prod adv—Peter Hanley, sr vp-mgmt dir; Howard Pickett, Robert Losi, vps-sr acct supers; Kate Lynch, acct rep.

Grand Metropolitan PLC RANK **55**

London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	7,767	8,204	(5.3)
Net income	715	665	7.5
U.S.	**1986**	**1985**	**% chg**
Sales	2,372	2,778	(14.6)
Operating profits	219	200	9.8
Advertising	153	160	(4.5)
Division sales	**1986**	**1985**	**% chg**
U.S. cons. prods	1,777	2,103	(15.5)
Paddington	N/A	N/A	N/A
Carillon	N/A	N/A	N/A

It has been a year of major acquisitions and divestitures for the U.S. subsidiaries of Grand Metropolitan PLC, the London-based consumer products, hotel and beverage conglomerate. Chief among these moves were the sale of GrandMet USA's tobacco business and a series of acquisitions—including the purchase of Heublein Inc.—which has positioned its already well-advertised International Distillers & Vintners operation for leadership in the U.S. wines and spirits market.

The company has continued to invest heavily in the U.S. market, despite unfavorable currency valuations. During 1986, operating profits from consumer product divisions increased by 27.6%, when calculated in dollars, but only by 8% when converted to pound sterling. In 1986, North American operations contributed 30.5% of total sales, down from 33.9% of sales in 1985.

GrandMet USA, based in Montvale, N.J., includes Alpo Petfoods, Diversified Products Corp., Atlantic Soft Drink Co., Pepsi-Cola San Joaquin Bottling Co., Pearle Health Services and Children's World, a day-care provider. These operations, plus results from several months of Liggett Group ownership, comprise GrandMet USA total sales shown in the accompanying box. A separate entity from GrandMet USA in the Grand Metropolitan corporate lineup is International Distillers & Vintners, the group that operates Paddington Corp., Carillon Importers, Traditional Beer Importing Co. and now Heublein Inc. IDV had worldwide sales of $1.58 billion, up 2%.

Pound sterling was converted to dollars for this profile at the rate of $1.4678=£1.

Since taking control of GrandMet USA, Inc. as chairman-ceo, Ian A. Martin has moved to clarify its strategic direction and to fortify the unit's financial performance. Following the close of its fiscal year, Sept. 30, 1986, GrandMet USA disposed of its tobacco division, Liggett Group, for $137 million to an investor group led by Bennett LeBow. Liggett's generic and brand name cigarettes hold approximately 4% of the $34 billion domestic cigarette market.

The Quality Care home health care operation was sold to Lifetime Corp. of Great Neck, N.Y., for $101 million. Quality Care was acquired by GrandMet USA for $125 million in 1985.

Grand Metropolitan in June 1986 turned down a bid by Trafalgar Holdings Ltd., Los Angeles, to acquire its hotel interests for $900 million. Trafalgar has since accumulated about 5% of Grand Metropolitan shares.

During the year, GrandMet bolstered its strong Alpo brands with the purchase of Blue Mountain, a regional brand of canned and dry dog and cat food, for approximately $11 million from RJR Nabisco.

GrandMet's largest move, by far, was its March 1987 acquisition of Heublein Inc. from RJR Nabisco for an estimated $1.2 billion. Alcoholic beverages contributed $876 million to RJR's 1986 sales, netting operating earnings of $138 million. With the acquisition, IDV now markets six of the 35 liquor brands with more than one million cases in U.S. sales, according to market analyst John C. Maxwell Jr. of Furman, Selz, Mager, Dietz & Birney, New York.

Prior to the acquisition, IDV's top selling brand was J&B Rare Scotch, ranked 16th with an estimated 1.95 million case depletions, down 9.7% from 1985. Its Absolut imported vodka benefited from changing fashion in liquor consumption and showed a 47.1% sales increase to 1 million cases from 680,000. Absolut spiced up sales with the introduction of its pepper-flavored Absolut Peppar, one of the leading flavored vodka brands.

For the first time in recent years, Baileys Original Irish Cream liqueur dropped below 1 million cases depletion. IDV's total case depletion for 1986 was 25.4 million cases, according to the *Impact* Databank.

The Heublein acquisition not only gives IDV extra clout, it provides an easy introduction into some of the hottest growth segments in the stagnant alcoholic beverage market.

Some of the leading brands include Smirnoff, the world's largest selling vodka, which had 7.02 million domestic case depletions, down 0.6%; Popov vodka (4.02 million cases depletion, up 3.9%); and Jose Cuervo tequila, which had a 20% increase in depletions, up to 1.4 million cases. According to *Impact* Databank, Smirnoff held a 4.1% market share and Popov had 2.3% in 1986.

In addition to Heublein's liquor brands, the purchase included Inglenook wines and Almaden Vineyards (Almaden only recently was acquired by Heublein). IDV now ranks 4th in the domestic wine market with a 7.5% dollar share behind E&J Gallo (28%), Vintners International (10.4%) and Canandaigua (7.6%). In 1986, according to *Impact* Databank, Almaden had 9.3 million cases depletion

The $638,400 microcomputer commuter.

Scott Hunter, systems development manager, isn't the average commuter. When he arrives at his office today, he will issue purchase orders for micros and peripherals worth over $600,000. Scott is upgrading his company's PC equipment to speed communications between the field offices and headquarters. His company knows that Scott will select the most efficient, cost-effective and reliable models available. He is a **"Power User"** of micros at work and at home.

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BYTE

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Peterborough, NH 03458
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and Inglenook 8 million case depletions.

In earlier transactions IDV acquired Sambuca Romana, which dominates the U.S. sambuca liqueur category, as well as the U.S. distribution rights to Amaretto di Saronno, the country's third largest imported liqueur.

IDV's measured advertising spending in seven media was $21.9 million in 1986, up 17.1%. Heublein's measured spending totaled $24.5 million, up 4.6% over 1985 levels. Leading spenders among IDV brands include: Absolut vodka, up 29.6% to $4.6 million; Baileys Original Irish Cream Liqueur, up 29.6% to $4.9 million; and J&B, up 22.9% to $5.25 million.

Spending was about even in support of Bombay Gin, with $2.2 million in measured media, while spending declined by 3.7% in support of Grand Marnier.

The leading advertising spender among GrandMet USA subsidiaries was Alpo, with a total of $24.3 million, up 14.7%. Alpo canned and dry dog food received the largest individual spending, with $8.4 million; $6.8 million of that total was in network TV. Alpo has switched its media strategy to utilize more split 30's after finding that split 30's were 70% as effective as 30-second spots while costing half as much.

Alpo puppy food, introduced in the eastern U.S. in 1985, was supported with $5.3 million, up 16.3% in preparation for a national rollout. Alpo canned dog food received $6.5 million in measured spending. Alpo leads its $863 million category with a 26.7% share, down from 28.5% in 1985, according to Mr. Maxwell.

Overall, Alpo ranks sixth in the $5.6 billion pet food market with a 7% market share, down from 7.1% in 1985. Ralston Purina is the leader with 27.3%, followed by Quaker Oats 13.1%, Nestle's Carnation brand 12%, Mars' Kal Kan 9.3% and H.J. Heinz' StarKist's 8.3%.

Pearle Health Services, the retailer of eyecare services, showed disappointing sales during its first full year of ownership under GrandMet. It had an estimated $19.5 million in sales, with only $112,000 in operating income. Advertising spending in media for Pearle and its Texas State Optical subsidiary amounted to $18.6 million, up 5.8% from 1985 levels.

With saturation of the home fitness equipment market, sales for Diversified Products Corp. were off. Advertising spending declined dramatically to only $240,300, from $6.3 million in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,850	7,101
Magazines	25,163	21,873
Newsp. supp.	1,534	1,949
Bus pubs	6	0
Farm pubs	0	0
Network TV	21,626	23,787
Spot TV	16,448	14,670
Network radio	0	0
Spot radio	320	1,203
Outdoor	1,895	4,350
Network cable	907	201
Total measured	71,748	75,133
Unmeasured	81,171	85,000
Total	152,919	160,133

GRANDMET USA
100 Paragon Dr.
Montvale, N.J. 07645
(201) 573-4000

Corporate Personnel

Ian A. Martin, chmn-ceo
Tom Gaffey, exec vp
J.H. Gross, vp-genl counsel, secretary

ALPO PETFOODS
Allentown, Pa.

Corporate Personnel

Joe Sestack, ceo
Frank W. Krum, president-coo
Jack Foley, sr vp
Jim Schmoyer, sr vp-operations
Willard Cressman, vp-financial admin

Marketing Personnel

Robert Beckwith, vp-sales
Katherine Hillman, vp-mktg
Bart Campbell, dir-comm & pr

Advertising Agency

Weightman Inc., Philadelphia—Alpo canned & dry dog food, Bi-ta dog biscuits, Alpo Snaps treats, Alpo Jerky Bits, Beef Bites treats, Alpo puppy food, Tabby cat food—John Goodchild, president; Mark Plamondon, sr acct super; Paul Berger, mgmt super, canned food, puppy food, snacks; Susan Sunyak, Betty Tuppeny, acct supers; Neil Harrison, sr vp-media dir; Ray Dundas, vp-assoc media dir

DIVERSIFIED PRODUCTS CORP.
Opelika, Ala.

Corporate Personnel

Calvin E. James, president-ceo
Ira Silberman, sr vp-rsch & devel

Marketing Personnel

Lanier Johnson, mktg dir-commercial prods
Jim England, mktg dir-retail prods

Advertising Agency

Walker & Associates, Memphis—Deloss Walker, president, acct exec.

PEPSI-COLA SAN JOAQUIN BOTTLING CO.
Fresno, Calif.

Marketing Personnel

Ron Dorrell, president-ceo
Harmon Morell, vp-mktg & sales

ATLANTIC SOFT DRINK CO.
Columbia, S.C.

Marketing Personnel

James L. Moore Jr., president-ceo
David A. Bush, vp-finance, cfo
Len Rosinkski Jr., vp-mktg
Bob Buys, vp-operations
Ron Runkle, vp-sales

CHILDREN'S WORLD
Evergreen, Colo.

Marketing Personnel

Robert S. Benson, vp

PEARLE HEALTH SERVICES
Dallas, Texas

Marketing Personnel

Howard Stanworth, president-ceo
Joe Dono, vp-mktg

Advertising Agency

Foote, Cone & Belding, Chicago—Pearle Vision Centers—Joan Black, sr vp-group acct dir; Bob Kubis, vp-acct dir; Julie Gorell, acct dir; Laura Krause, acct exec; Sara Molinsky, asst acct exec.

INTERNATIONAL DISTILLERS AND VINTNERS PADDINGTON CORP.
Fort Lee, N.J.

Corporate Personnel

Peter Thompson, president-ceo

Marketing Personnel

Roger Stone, sr vp-mktg
Joe McKenna, vp-pr
Robert Green, sr vp-sales
Kevin McHugh, vp-sales, eastern region
Paul Tynan, brand mgr, Baileys Original Irish Cream
David Margolis, brand mgr, J&B
Maury Maniff, group mktg dir, Cinzano, Malibu
Sandra Dess, brand mgr, Krumple Minze schnapps
Jim Signorile, brand mgr, Amaretto di Saronno
Lori Brenner, asst brand mgr, Amaretto di Saronno
Dick Maid, mgr-sales promo
Ann Berenger Napier, mgr-sales rsch
Tony Foglio, genl mgr, Morgan Furze Ltd.

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Baileys Original Irish Cream liqueur, Catto's Gold Label scotch, Royal Ages scotch, Demi-Tasse coffee cream liqueur, Malibu rum, Steidl's wine cooler, Sambuca Romana—Lawrence J. Rosenthal, vp-acct dir; Constantine E. Scaros, sr vp-mgmt super; David A. Stein, vp-mgmt super; Susan Nimock, acct exec.

Berenter Greenhouse & Webster, New York—Cinzano vermouth, Asti Spumanti wines—Bill Berenter, chmn; Martin Greenhouse, exec vp; Barrie Webster, president; Ted Pulton, vp-mgmt super; Joan Gugliotta, vp-media dir.

Geer, DuBois, New York—Amaretto di Saronno—Dave Esbrook, vp-mgmt super; Robert Rosengarten, vp-acct super; Dawn Dresher, sr acct exec; Joyce Sliwa, sr vp-media dir; Debra Barnhart, media super; Barbara Sliter, media coord.

Grace & Rothchild, New York—J&B rare scotch, Knockando scotch—Gordon Sleeper, genl mgr; Tom White, mgmt super; Gene Willhoft, dir-media svcs.

William James Advertising, New Britain, Conn.—Rumple Minz schnapps—W.B. Elliott, president; Adams Briggs, acct exec; Rainie Marchand, media dir.

CARILLON IMPORTERS
Teaneck, N.J.

Corporate Personnel

Michel Roux, president-ceo
Jerry Ciraulo, vp-finance admn

Marketing Personnel

Dick McEvoy, vp-mktg & sales
John Aletano, natl sales mgr
Ernie Caprta, mgr-mktg svcs
Pamela Taylor, mgr-pr

Advertising Agency

TBWA Advertising, New York—Grand Marnier, Absolut vodka, Absolut Peppar, Bombay gin, Piat D'Or wine, La Grand Passion, Fernet Blanca, Champagne Devenoge, Cremant Rose, O'Kir and O'Mint mineral water— William Tragos, chmn-ceo; Richard Costello, president; Richard Lewis, Brian Barry, vps-mgmt supers; Claude Fromm, sr vp-media dir; Reatha Braxton, vp-media super; Page Murray, Darren Finnie, acct execs.

TRADITIONAL BEER IMPORTING CO.
Fort Lee, N.J.

Corporate Personnel

John Sewald, genl mgr

HEUBLEIN, INC.
Farmington, Conn.

Corporate Personnel

John A. Powers, chmn
Robert M. Furek, president & ceo
G.T. Eisenberg, exec vp-sales & mktg

Marketing Personnel

Rouben V. Chakalian, sr vp-fine wines
David G. Eickholt, vp-mktg svcs
William F. Engster, president-International Vintage Wines Co.
Edward Gualtieri, vp-spirits mktg
John J. Kucich, chmn & ceo-All Brand Importers
Justin Parks, mktg dir-Palace Brands Co.
Erik J. Pierce, vp-pr
G. William Seawright, sr vp-intl
Charles Traynor, vp-wines mktg
Charles Wheeler, dir-adv svcs

Advertising Agencies

AC&R/DHB&BESS, Los Angeles—Foster's Lager—Bill Isenberger, acct mgr; Kaylene King, acct super.

Asch Advertising, New York—out of home agency of record—Richard Asch, president; Gordon Asch, chmn.

Castor Spanish International, New York—Smirnoff vodka—Hispanic adv—Castor A. Fernandez, president-creative dir.

D'Arcy Masius Benton & Bowles, New York—Pernod—Dan Cole, acct super.

Lowe Marschalk, New York—Beaulieu Vineyard—Bob Glassman, acct super.

McCann-Erickson, New York—Smirnoff Vodka (genl & intl adv), Vikin Fjord Vodka, Black Velvet Canadian whisky, The Famous Grouse scotch whisky, Yukon Jack Canadian Liqueur, Almaden wines, Piper-Heidsieck Champagne, Clausthaler non-alcoholic malt beverage, Dos Equis beer, Moosehead Canadian Lager—Pat Quagliano, acct super.

UniWorld Group, New York—Smirnoff Vodka (black adv)—Byron Lewis, ceo; Winston Cooper, acct super.

Young & Rubicam, New York—Arrow Cordials, Truffles Liqueur du Chocolat, Club Cocktails, Heublein Cocktails, Tropic Freezer Cocktails, Inglenook Navalle wines, Inglenook-Napa Valley wines, Mouton Cadet wines, Lancers wine, Finlandia vodka—Bernedette Murray, acct super; Jose Cuervo Tequila—Ed Daley, acct super.

RANK **84**

Greyhound Corp.

Phoenix

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,088	3,278	(5.8)
Net income	186	120	55.0
U.S. advertising	103	103	0.7
Division sales	**1986**	**1985**	**% chg**
Transport services	818	867	(5.7)
Transport mfctng	223	246	(9.3)
Consumer prods.	849	843	0.7
Food services	814	710	14.6
Financial	440	657	(33.0)

Greyhound Corp.'s advertising budget in 1986 remained level with 1985 as the company divested its financial services and transportation units to become a consumer products and foodservice company.

In December 1986, Greyhound sold its scheduled bus service, which it had been attempting to restructure on a regional basis. A Dallas-based investor group headed by former Trailways CEO Fred Currey paid $350 million for the operation. The sale effectively left Greyhound as a marketer of Armour-Dial products and of the household cleaners obtained in the March 1985 purchase of the consumer products group of Purex Industries.

In late 1986, Greyhound's Dial Corp. activities and personnel were realigned into three areas: personal care, food and household/laundry.

In personal care—which includes soaps, deodorants and antiperspirants—Dial deodorant soap remained the advertising leader with $15 million in measured media, an 8% decline from 1985. Tone complexion bar received measured media spending of $8.4 million, up 3.7%. In late 1986, Dial Corp. introduced a new formula Tone, which garnered a 2.5% market share.

In 1986, Dial products were marketed for the first time in a hotel amenities program. Also, promotional tie-ins were implemented, such as with Dial soap and Wendy's fast-food restaurants.

The most significant increase in ad spending went to Pure & Natural, a bar soap positioned as "a contemporary alternative to (Procter & Gamble's) Ivory," says Mark R. Shook, marketing director for the personal care group. In its first full year, Pure & Natural received $8.4 million in measured ad spending, a 59% increase from 1985. After garnering a 4% market share in its first three months, the soap has stabilized at a 2.4% share.

In mid-1986, the personal care group continued in a new product mode with the introduction of Nutrelle face and body soap, Dial liquid soap and Dial deodorant stick. Nutrelle, an upscale bar soap currently in two controlled test markets, is priced comparable to Dove soap bar. "Nutrelle has stark packaging in an attempt to communicate a no-nonsense approach to skin care." Mr. Shook says. Liquid Dial, a pump version positioned as an anti-bacterial soap, is currently undergoing regional expansion. Also in mid-1986, Dial Corp. introduced Dial deodorant stick in eastern markets.

In 1986, Armour canned meats extended its Vienna sausage line with the introduction of Vienna Sausage in Taco Sauce. The product is distributed regionally in southwestern markets. Another food segment line extension was microwave pizza, also introduced in 1986. Marketed under the Ellio's label acquired in the 1985 Purex purchase, microwave pizza, French bread pizza and frozen pizza are distributed regionally in the Northeast.

In early 1987, Lunch Buckets, microwaveable soups and entrees, expanded to 15 varieties, from nine. The product line, first introduced in late 1985 in convenience stores, is now available in supermarkets on a regional basis. In August 1987, Dial Corp.'s food division introduced Prospector premium chili in Texas markets. Prospector, an upscale, premium chili, is a new registered trademark for the company.

Net income for the consumer products division in 1986 was $34.1 million, down 17.6%. Company execs cite poor marketing strategy in the laundry products segment as key to the decline. "Early in 1986, we took a consumer-oriented approach to marketing our laundry products," says Curt Hicks, VP-marketing for Dial Corp.'s laundry and household products division. In mid-1986, marketing efforts for the laundry products group were redirected. The products shifted to a more trade-oriented approach. In addition, "we made several changes in our cooperative advertising agreements that have helped turn around the laundry products segment," Mr. Hicks says.

The household products segment remains consumer-oriented, with a focus on advertising and couponing. In January, a soil and stain remover under the Purex label was introduced in test markets. Also, a line extension of the regionally distributed Sno Bol toilet bowl cleanser will be introduced late 1987 or early 1988. Late 1986, lemon-scented Brillo scouring pads were introduced in test markets. Also in test markets since summer of 1987 is fresh-scent Purex bleach. Purex heavy-duty liquid detergent rolled out regionally in May 1987 in eastern markets.

Following the sale of its scheduled bus service, Greyhound Corp. leased or sold several of its bus terminals. However, the company continues to be a large builder of buses for intercity use. In January, Greyhound Corp. purchased General Motors Corp.'s North American transit bus manufacturing operations. Last year, transportation manufacturing accounted for $223.3 million, or about 7% of total revenues.

In 1986, Greyhound Corp. began a significant retreat from financial services. In October, Greyhound Capital Corp., a computer leasing concern, was sold to Bell Atlantic Corp. In addition, a sale is pending for Verex Corp., a private mortgage insurer. Because of changed tax laws, Greyhound Corp. dropped plans to sell Greyhound Leasing and Finance Corp. in July 1986. It then phased out the commercial equipment leasing side of the business through restructuring. The name was changed to Greyhound Financial Corp. to reflect its new focus on real estate financial activities.

In the services/food services division, Greyhound Corp. this month acquired Dobbs House an inflight catering and airport terminal concessions business. The purchase dovetails with the May 1986 acquisition of Aeroplex Stores, which operates 84 retail gift shops in major airports and hotels nationwide. Both operations are part of the Florida Export Group, which operates duty-free shops in airports and on Caribbean cruise liners. Premier Cruise Lines, a subsidiary of Florida Export Group, became the official cruise line to Walt Disney World.

Downsizing of corporate headquarters staff in 1986 by 25% included key personnel, most notably long-time Dial Corp. President-CEO Ed Walsh in October 1986. In July 1987, Greyhound Corp. Chairman John Teets announced plans to build two 24-story office buildings on a six-acre site in Phoenix, Ariz.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,196	3,971
Magazines	4,468	5,915
Newsp. supp.	* 0	37
Bus pubs	168	357
Network TV	24,363	20,086
Spot TV	1,592	3,980
Network radio	15,545	14,250
Spot radio	3,661	6,044
Outdoor	9	9
Network cable	1,317	1,301
Total measured	56,317	55,951
Unmeasured	47,078	46,772
Total	103,396	102,723

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Marketing Personnel

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Mark R. Shook, mktg dir-personal care div
L. Curt Hicks, vp-mktg, household & laundry div
Frank Yonio, mktg dir-foods div

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Armour Star canned meats—Henry Lewcyk, mgmt super; Mary Love-Maddox, acct exec. Tone soap—Kim Gaynor, exec vp, dir-client svcs; Steve Eaker, acct super; Artie Megibben, Neil Scanlan, creative dirs.

CPS Group (div of BJK&E), Dallas—Dial antiperspirant-deodorant—Kim Gaynor, exec vp, dir-client svcs; Mary Love-Maddox, acct exec; Artie Megibben, Neil Scanlan, creative dirs.

DDB Needham Worldwide, Chicago—Dial soap, new prods-personal care div—Ray Gillette, group acct dir; Bruce Delahorne, acct super; Alan Friedman, acct exec, dial soap; Jane Richtesmeier, acct exec, new prods; Fran Sarra, creative dir, Dial; Christie McMahon, group creative dir, new prods.

Foote, Cone & Belding, Chicago—Lunch Buckets—Paul Vernon, mgmt super; David Threlkeld, acct exec.

Laurence, Charles, Free & Lawson, New York—new prods-personal care div—Al Evans, exec vp-mgmt rep; Dick Goldschmidt, sr vp-mgmt super; Bob Sauer, vp-assoc creative dir.

Phillips-Ramsey, Phoenix—new prods-foods div—Win Holden III, mgmt super; Carolyn Podolsky, acct exec.

Ramey Communications, Los Angeles—Household & laundry div— Mike Jaglois, vp, dir-client svcs; Doug Hector, vp-mgmt super.

Rothenburg, Tully & Winter, New York—Ellio's frozen pizza—Paul Tully, mgmt super.

RANK **74**

GTE Corp.

Stamford, Conn.

($ in millions)

Worldwide	1986	1985	% chg
Sales	15,112	14,372	5.1
Net income	1,184	(161)	835.4
U.S. advertising	115	106	8.7
Division sales	**1986**	**1985**	**% chg**
Telephone op.	11,278	10,538	7.0
Products, systems	1,922	1,899	1.2
Communications	2,007	2,039	(1.6)

GTE Corp. lopped off its biggest advertised unit in 1986—US Sprint—which pared its advertising by 25%, while it beefed up spending on general corporate and directories advertising.

GTE, which retained half interest in the US Sprint long-distance operation when it became a joint venture partner with United Telecommunications Inc., continues to reflect the negative results of US Sprint on its balance sheet. Estimates indicate US Sprint won't become profitable until 1988 or 1989.

US Sprint's total pre-tax loss for 1987 could be $500 million to $600 million, much higher than first estimated. The higher losses were incurred when US Sprint pulled in a million new customers in the third and fourth quarters of calendar 1986 and had to lease expensive lines from AT&T when its own lines became overburdened by the extra business. Analysts believe the company's sacrificing of short-term profits to build a customer base will pay off in the long run.

GTE Chairman/CEO Theodore F. Brophy says a return to profitability will be achieved with completion of the all-digital, all-fiber optic network later this year, giving the joint venture an edge on quality and making it cost-competitive in a field dominated by AT&T with an 85%

market share. US Sprint's share is 5%, behind the 8% claimed by MCI Communications Inc.

Measured advertising for 11 monitored media at GTE, void of US Sprint in 1986, totaled $67.1 million, down 42%, with the difference largely credited to the absence of US Sprint expenditures. In the seven-media listings of BAR/LNA, which compiles statistics by brands, GTE spending of $37 million was virtually even with 1985 minus US Sprint.

The largest expenditure at GTE, according to BAR/LNA, was $20.9 million for general corporate promotion, an increase of 19% from the previous year. The funds backed the company's "Gee! No, GTE" corporate campaign that is being continued this year. Both network and spot TV received about 40% of the admonies and magazines the rest.

GTE also sponsored "Discover: The World of Science" specials consisting of five one-hour segments running on PBS last fall.

GTE Directories expanded internationally, getting directory-publishing contracts in Argentina and Malaysia. In addition, it picked up two contracts in the People's Republic of China—one to sell advertising in a business-to-business directory for the capital, Beijing, the other to publish a directory to be distributed to government offices throughout the country. GTE Directories sells Yellow Pages advertising and publishes more than 1,000 phone books for GTE and other phone companies in the U.S. and overseas.

GTE Directories pulled $5.3 million in advertising, all in spot TV, an increase of 8.1% over the previous year.

GTE's other major ad spending was a $6.2 million expenditure for Sylvania home light bulbs, down 4.6% from 1985.

The company began marketing the new Sylvania Nite-Kat flood-light, which produces illumination invisible to the human eye yet enables closed-circuit cameras to "see" into dark areas requiring monitoring for security reasons.

For $90 million, the company acquired Rotaflex, a London-based manufacturer of residential and commercial lighting fixtures; this will further expand GTE lighting operations in Europe.

Also in Europe, GTE and Siemens AG, West Germany, created a joint venture to produce telecommunications equipment for the U.S. and other countries.

GTE expanded its Business Services operations with the acquisition in late 1986 of Airfone Inc., which introduced the first air-to-ground phone service for passengers on commercial airlines in 1984. With phones in some 300 planes on U.S. routes at fiscal year end, planning is going forward to expand the service in the U.S. and to extend the service to airlines globally. GTE Airfone also provides a similar radio-phone service for passenger trains.

GTE is participating with Washington, D.C.-based TCOM Systems Inc. to provide the electronic-mail connection in a new overnight delivery mail service to debut this fall. GTE will provide the computer-switching network that will enable mail to be sent electronically to GTE data centers across the U.S. for rerouting to TCOM centers to be stuffed in envelopes and delivered through U.S. mail. The service is aimed at businesses. TCOM was founded in 1986 by retired U.S. Postmaster General William F. Bolger.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	18,140	13,665
Magazines	6,180	8,340
Newsp. supp.	78	0
Bus. pubs.	3,907	4,402
Network TV	14,152	14,654
Spot TV	16,145	12,256
Network radio	24	0
Spot radio	8,066	7,965
Outdoor	351	276
Network cable	80	172
Total measured	67,122	61,730
Unmeasured	48,218	44,344
Total	115,340	106,075

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GTE TELEPHONE OPERATING GROUP

James L. Broadhead, president
Henry W. Donaldson, vp-mktg & business planning
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GTE DIVERSIFIED PRODUCTS GROUP

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Thomas Byker, mgr-adv/merch, consumer comm prods div
Geoffrey Pickard, vp-public affairs, diversified prods
Stewart L. Burge, vp-comm, comm systems
Vincent D'Alessandro, vp-public affairs, GTE electrical prods

Advertising Agency

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RANK **67**

Hasbro Inc.

Pawtucket, R.I.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	1,345	1,233	9.1
Net income	99	99	0.2
U.S.	**1986**	**1985**	**% chg**
Sales	978	965	1.3
Operating profits	141	180	(21.8)
Advertising	125	115	9.0

Despite a sluggish year for toy sales, Hasbro Inc. retained its leading position as the top sales generator among players in the $12.5 billion toy industry. Hasbro sales of $1.3 billion—a 9% increase over 1985—outpaced Mattel Corp., Hawthorne, Calif., which reported revenues of $1.1 billion in 1986.

The company, which has grown 113% in five years, is made up of Hasbro toys, Milton Bradley games and Playskool preschool products. It spent approximately $125 million on advertising in 1986, up 9%, with $40 million of that attributed to international spending.

Priding itself on product diversity, Hasbro in 1986 acquired the Child Guidance line from CBS Toys, New York, and Schaper Toy division from Kusan Inc., Nashville, Tenn. During the year it introduced a record number of products including Visionaries holographic action figures, Moondreamers fantasy dolls and Yakity Yaks electronic plush animals. The company also paid $3 million to Axlon, Sunnyvale, Calif., in return for the right of first refusal on any four toy products Axlon develops.

In 1986, Hasbro reacquired international rights to G.I. Joe so that it could introduce the action figure line in Europe. G.I. Joe was Hasbro's No. 1 product in 1986, with sales of $185 million, and was the year's best-selling product, according to Toy Manufacturers of America. G.I. Joe sales in 1986 represented 14% of the company's revenues. In fact, Hasbro in 1986 had 34 of the top 100 products in the U.S. toy industry.

So far in 1987 Hasbro has introduced a William "the Refrigerator" Perry doll to its G.I. Joe collection, available only by redeeming proofs of purchase from specially marked G.I. Joe packages.

Unlike Tonka Corp.'s GoBots line of transformable action figures that were discontinued in 1987, Hasbro's Transformers remain a top-selling product, bringing in $214 million of the company's 1986 revenues. That year, the line was second behind G.I. Joe in sales for the company. This year Transformer line extensions include figures that change into multiple forms. The toys are supported by the ad theme "Much more than meets the eye" from Griffin Bacal, New York.

Hasbro in December filed a lawsuit against Tonka, who supposedly was infringing on Hasbro's exclusive right to use holograph technology for a toy product. The suit was later dropped, and Tonka has since introduced its SuperNaturals line to

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*Readership Belden CMS, June-Dec 1986

compete against Visionaries. Visionaries is supported with an $8 million ad campaign themed "Control the magic" that feature action figures with hidden personalities within their holographs.

Hasbro brought back its My Little Pony line for a fifth year after having already sold 60 million units worldwide of the colorful plastic "poseables." The line was supported with an estimated $6 million advertising campaign themed "I'm a My Little Pony, Mommy," obviously targeted to young girls. Hasbro in 1986 saw disappointing box office returns from its "My Little Pony" movie, one of the company's first feature film ventures. An estimated $2.4 million was spent advertising the film.

Hasbro's Jem fashion doll appeared on TMA's top ten monthly list several times in 1986. The line continues to be supported with an estimated $8 million advertising campaign themed "Truly Outrageous," plus its own animated syndicated TV series. In 1987, Hasbro updated Jem by adding gold strands to her pink and blonde hair and giving her a "less hard-looking" appearance. Hasbro ran several promotions for Jem this year, including one where consumers could send away for a cassette of "Jem & the Rockers," a fictitious rock group.

For girls, Hasbro in 1987 introduced Moondreamers dolls with glow-in-the-dark hair and Fairy Tails birds with long silky hair.

Hasbro's Milton Bradley division in 1986 introduced "A Question of Scruples"—which turned out being the year's best-selling game (1.6 million units).

Hasbro continued its $15.3 million account themed "Feelin good about the Playskool years" to promote its preschool division. From the Child Guidance acquisition, Playskool gained the Busy Fire Truck, Busy Choo Choo, Sesame Street and Disney Poppin' Pals lines. The Playskool division also houses the Touch 'N Hug line of textured, musical plush animals and books as well as Pipeworks building sets. Pipeworks is a construction set that allows children to build cars, wagons, etc., by connecting colorful pipes.

Alphie II is a new member of Playskool's electronic Play & Learn group. It is designed to teach children spelling and mathematics basics with the help of a robot-shaped computer.

Sunnyvale, Calif.-based Hasbro Electronics, the name of the Hasbro/Axlon joint venture, is preparing for the introduction in early 1988 of its first product—tentatively called "Nemo." Nemo will be a $200 video game system that hooks up to a standard VCR and lets viewers change the action on their TV screens. Nemo's introduction will be supported by an estimated $10 million in advertising via Goodby, Berlin & Silverstein, San Francisco, hired exclusively to handle Hasbro Electronics' products.

Hasbro so far has had limited success in entering the electronics industry. The company discontinued its Yakity Yaks line of talking monkeys and bears after six months on the market because it could not make inroads against a growing zooful of competition including Worlds of Wonder's Teddy Ruxpin. This failure, added to the discontinuation of the Inhumanoids action figure line, contributed $11 million in losses in 1986.

Both WOW and Mattel are introducing advanced video systems to compete against Nemo. Mattel's Captain Power debuted this fall. WOW's IntraView system will be introduced at the Consumer Electronics Show in Las Vegas in January.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	0	63
Magazines	4,197	5,998
Newsp. supp.	34	61
Bus. pubs.	51	224
Network TV	29,414	28,706
Spot TV	72,281	63,068
Spot radio	59	595
Network cable	2,972	1,314
Total measured	109,007	100,030
Unmeasured	16,346	15,000
Total	125,353	115,030

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Deborah Boyd, dir-media svcs
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PLAYSKOOL DIVISION
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Robert Stebenne, vp, Playskool Baby

MILTON BRADLEY DIVISION
Marketing Personnel

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George Merritt, vp-adv & pr

Advertising Agencies

BBDO-Direct, New York—all direct mktg—Marshall Barrett, sr vp-group acct mgr; Leslie Kaplan, acct super; Jim LaValle, acct exec; Steve Levy, acct mgr.

DDB Needham Worldwide, Chicago—Milton Bradley—Tom Hanft, group acct dir; Ellen Dryer, mgmt rep; Tony Priore, acct exec.

Goodby, Berlin & Silverstein, San Francisco--Jeff Goodby, Andy Berlin; Rich Silverstein, principals.

Griffin Bacal, New York—Tom Griffin, president; Joe Bacal, exec vp-dir creative svcs; Paul Kurnit, exec vp-client svcs; Leonard Leokum, sr vp-creative dir; Art Heller, exec vp-dir media svcs; Bob Marden, vp-mgmt super, Playskool Baby, Softies; Bob Horne, vp-mgmt super, boys' toys, Milton Bradley; Mary Sue Robinson, vp-mgmt super, girls' toys.

Rossin Greenberg Seronick & Hill, Boston—licensing—Brendan Collins, mgmt super.

H.J. Heinz Co.

RANK **39**

Pittsburgh

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,639	4,366	6.3
Net income	338	302	11.9
U.S.	**1986**	**1985**	**% chg**
Sales	2,781	2,765	0.6
Operating profits	373	372	0.3
Advertising	217	262	(17.1)

At H.J. Heinz Co. in 1986, tradition took a back seat to trend. Heinz Ketchup, the perennial leader among the company's advertised products, was unseated by Weight Watchers frozen meals as the company cut its measured ad budget by 19.7% from the prior year.

Heinz, which is seeking economies in advertising through cost-cutting maneuvers and efforts to merge division media buying, put $11.4 million in measured ad support behind Weight Watchers frozen meals, down slightly from 1985, according to BAR/LNA. Marketed through the company's Foodways National subsidiary, Weight Watchers frozen meals claim an estimated 10% of the $1.7 billion premium frozen meal category. Stouffer's leads the crowded field with a 25% share.

Early in the year, the company rolled out Weight Watchers Candle Lite frozen dinners, spending more than $3 million on ads to launch and support the six-meal line. Overall, Heinz spent $26.3 million in measured media to promote Weight Watcher food products in 1986, up 34%. Advertising for the line continues to be concentrated on network and spot TV.

In July 1986, Heinz purchased Pro-Mark Co. of Tulsa, Okla., producers of Weight Watchers-brand dairy products, for an estimated $200 million. The company continues to build the Weight Watchers brand: Weight Watchers Ketchup with reduced calories and reduced salt, Weight Watchers spaghetti sauce in two flavors, plus additional fruit spread, salad dressing and Crispbread flavors have been added in 1987.

Weight Watchers International scored a 10% increase in U.S. enrollments in 1986, and a 6% gain on European sign-ups. Meeting sites are up 13% in the U.S. According to Leonard J. Tacconi, the Jericho, N.Y.-based subsidiary's national marketing manager, Weight Watchers recently enhanced its Quick Start Plus program adding a Self-Discovery Plan and an optional Exercise Plan to the original Quick Start diet. The "self-discovery" element aims to help dieters recognize trouble spots or "eating triggers" through a series of self-help quizzes.

Inner Circle, Weight Watchers' premium priced, small group program was launched nationally in 1986, and double-digit enrollment growth continued in the At Work program.

Measured advertising for Weight Watchers International neared $7.4 million, up 13.9% from 1985.

Heinz continued to gain market share in the $500 million tomato ketchup market. Last year the company's flagship product claimed 55% of the ketchup market, up from 50% in 1985. The increase came in spite of a 30% decline in ad spending for the product, to $8.7 million. The company used a "kids-intensive" marketing strategy in 1986 by tailoring ads to children's TV shows. Ad support for Lite Ketchup jumped from $18,900 to $405,000—all in magazines. A new 40-ounce squeezable plastic ketchup package debuted nationally in November, and Heinz Ketchup 'n Onions rolled out this spring.

Other new product introductions this year include squeezable relish, Hickory Smoke 57 Sauce, Cajun Style and Mesquite Smoke barbecue sauces and Chico-San Mini Rice Cakes. Heinz acquired Chico, Calif.-based Chico-San in 1984 and currently holds an estimated 60% of the $30-$60 million puffed rice cake market. According to the company, dollar-sales of the product increased 50% in 1986. Ad support for Chico-San products neared $1.9 million in 1986, up from about $500,000.

Heinz recently added five strained-fruit yogurt flavors to its baby food products. Another 18 flavor varieties were added to the company's instant dry baby food line. In 1986, the company spent $2.9 million in advertising to support Instant Baby Food, down 43%. Heinz holds less than 20% of the baby food market.

According to Martin Thomas, general manager of sales and marketing services at Heinz's Ore-Ida Foods subsidiary, new product or line extensions for 1986 have concentrated on value-added products, vegetable products beyond potatoes and more convenient preparation methods for fried potato products.

"Consumer interest in convenient eating has continued to grow during 1986 and shows no sign of abating," he says. "Increases in take-out foods show family eating patterns shifting back to at-home occasions. Catering to convenience-oriented, in-home meals is a continuing objective of Ore-Ida."

Ore-Ida's Vegetable Crisp breaded frozen vegetable side dish rolled out nationally in 1986. The company spent $231,000 on magazine and spot TV ads in the rollout. Breaded okra has been added to the original four-variety lineup. The company reformulated Onion Ringers, introduced in June 1986, and recently edged out Campbell Soup's Mrs. Paul's for the top-selling brand in the frozen onion ring category.

Ore-Ida Microwave Fries got the most ad support of any Ore-Ida product with $2.1 million, up from virtually no support in 1985. The company introduced a microwave hash brown product in June 1986 and recently added a larger size to the Microwave Fries line. According to Mr. Thomas, the company has 4% of frozen potato category dollar volume with its microwave line and expects market growth to continue.

Ore-Ida products introduced early this year include a toaster hash brown and Special Recipes, a line of seven potato-based side dishes including au gratin and scalloped potato casseroles and stuffed potatoes.

The Ore-Ida advertising and promotion budget for 1986 was $16 million—$6 million on advertising and $10 million on sales promotion—a dropoff of $3 million from 1985.

In the foodservice area, the company recently introduced Steak-Crisp, beef nuggets or strips coated with a light batter.

In pet foods, the Star-Kist Foods subsidiary's 9-Lives leads the $1.15 billion canned cat food category with a 22.4% share. Combining 9-Lives and Amore, Heinz holds 28% of the market (up from 27% in 1985), a hair behind Nestle's Carnation (Friskies and Friskies Buffet, Fancy Feast and Bright Eyes) which holds a 28.6% share.

The company spent $5 million advertising 9-Lives canned cat food last year, down 19.4% from 1985. Ad support for Amore gourmet canned cat food line more than tripled to $6.2 million, and market share shot up from 2.2% to 5.6%. The overall market grew 6.8%, according to analyst John C. Maxwell Jr. of Furman, Selz, Majer, Dietz & Birney, New York. Overall, Heinz spent $15.3 million in measured media on cat food, down 24%.

The company holds a 10% share of the $360 million dog treat market with its Jerky Treats brand and another 7.6% share with its Meaty Bones. At $1.1 million in 1985, ad spending for Jerky Treats was down 50%.

According Mr. Maxwell, Heinz ranks fifth in the $5.6 billion pet food market with an 8.3% share behind Ralston Purina (27.3%), Quaker Oats (13.1%), Nestle's Carnation (12%) and Mars' Kal Kan (9.3%).

Star-Kist controls 36.5% of the $1.4 billion canned tuna market, up slightly over 1985. Competitors include Ralston Purina's Chicken of the Sea brand with a 20% share and Bumble Bee tuna with 15%. Star-Kist spent $1.8 million advertising tuna in 1986, mostly in spot TV, about even with 1985. According to Star-Kist marketing executives, very little of the advertising for tuna does not show up in measured media.

Star-Kist Foods claims an overall $84 million advertising and promotion budget, up 18% over 1985. Advertising amounts to $44 million, with $40 million going to sales promotion and market research.

Last year, Star-Kist launched a nationwide public relations effort to celebrate the 25th anniversary of Charlie the Tuna, the company's spokesfish. TV spots were developed in honor of the occasion.

Heinz launched a major push into Third World markets in 1986 with a tropical fruit-based children's drink called Frutsi. Invented by Heinz in Mexico, the product has been marketed there since 1981. According to Heinz executives, Frutsi will give the company a low-exposure entree into a number of foreign countries. From that point, Heinz hopes to expand its offerings to include many of the company's traditional processed foods.

Last year Heinz international operations accounted for 40.1% of the company's

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total sales, up from 36.7%. Of the year-to-year international sales growth, 69% was attributed to gains in foreign currencies against the dollar.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	421	1,145
Magazines	15,934	8,923
Newsp. supp.	24	32
Bus. pubs.	1,136	1,727
Network TV	42,440	56,462
Spot TV	25,613	34,550
Network radio	2	0
Spot radio	891	1,007
Outdoor	23	37
Network cable	681	1,293
Total measured	87,164	105,175
Unmeasured	130,249	157,161
Total	217,413	262,336

HEINZ U.S.A.
P.O. Box 57
Pittsburgh, Pa. 15230
(412) 237-5757

CONSUMER PRODUCTS DIVISION

John Crawshaw, vp
Jeffrey Berger, genl mgr, foodservice & export mktg
Barbara Behrman, group prod mgr, grocery ketchup
William Stein, genl mgr-mktg svcs
Jim Gordon, sr mgr-adv svcs

SPECIALTY PRODUCTS DIVISION

Lennox B. Buchanan, vp
David Lunghino, genl mgr, nutrition prods
Mary Ann McCollough, mktg mgr, Chico-San
Mike Milone, genl mgr, mktg
Virgil Knapke, mktg mgr, Near East Foods

PACKAGED GOODS DIVISION

William Springer, vp
Ben Fisher, genl business mgr, soups, beans, vinegar, sauces
Robert Roussey, genl business mgr-pickles baby foods, foodservice

SALES DIVISION

W.V. Costello, vp
G.K. Ferguson, genl mgr, grocery sales
J.C. Peterson, genl mgr, foodservice sales
W. Moquin, genl mgr, specialty sales
H.M. McNamara, genl mgr, sales

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Chico-San, Weight Watchers foods—Jim Hanzlik, vp-acct dir.

Leo Burnett USA, Chicago—ketchup, pickles, relishes, gravy, wet & instant baby food, Near East—T. Ross, exec vp; J. Herscovitz, vp-acct dir.

Food Group, New York—foodservice prods—D. Axleroad, president.

Ketchum Advertising, Pittsburgh—57 & barbecue sauces, vinegar, Alba prods—K. Umansky, sr vp-group dir.

STAR-KIST FOODS
Terminal Island, Calif.
Marketing Personnel

W.H. Gassett, vp-mktg, pet foods
T.E. Sanford, genl mgr-mktg services & new prods
A. Ayotte, vp-sales
J.T. O'Meara, genl mgr-seafood mktg
P.L. Bowen, genl mgr-cat food mktg
E.S. Moersch, genl mgr-dog food mktg
R. Worsham, genl mgr-sales devel
R. Roberts, field sales mgr

Advertising Agency

Leo Burnett USA, Chicago—StarKist tuna, 9-Lives cat food, Amore cat food, Jerky Treats dog treats, Meaty Bone dog snacks—B. Shen, sr vp-acct dir.

ORE-IDA FOODS
Boise, Idaho
Marketing Personnel

Geoffrey V. Supko, vp-sales and mktg
Patrick J. Kinney, genl mgr-food svcs sales
John Heil, genl mgr, retail vegetable prods
M. Vince Shaar, genl mgr-retail sales
Martin V. Thomas, genl mgr-sales & mktg svcs
Stanford P. Darger, vp-sales & mktg, Foodways National-Gagliardi Bros.
Douglas C. Haines, genl mgr-formulated prods, Foodways National-Gagliardi Bros.

Advertising Agency

DDB Needham Worldwide, New York—Robert Freeman, group sr vp.

WEIGHT WATCHERS INTERNATIONAL
Jericho, N.Y.
Marketing Personnel

Dr. Lewis G. Parducci, vp-mktg & devel
Leonard J. Tacconi, natl mktg mgr
Kathy Diamond, asst mktg mgr
Linda Fusaro, asst mktg mgr
Anna Paetzold, asst mktg mgr
Michael Schiffmiller, mgr-adv & promo, co-owned areas

Corporate Media Buying

SFM Media Buying Corp, New York—print media buying—David Tabin, sr vp.

Advertising Agencies

DDB Needham Worldwide, New York—tv, radio, print—Alan Krinsky, mgmt super, Mary Beth Williams, acct exec.

Nancy Fisher & Partners—Weight Watchers print—Nancy Fisher, president.

Manning Selvage & Lee, New York—pr—Florence Greenberg, acct super.

Rapp & Collins, New York—direct mktg—David Scholes, exec vp; Gail Lynch, acct exec.

Hershey Foods Corp.

Hershey, Pa.

RANK **80**

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,170	1,996	8.7
Net income	133	121	10.0
U.S. advertising	111	120	(7.4)
Division sales	**1986**	**1985**	**% chg**
Confectionery	1,441	1,337	7.8
Restaurant	537	472	13.8
Other food	192	188	2.3

Acquisition and new product development continue to provide avenues of growth at Hershey Foods Corp., whose confectionery segment still accounts for more than 66% of sales and 80% of operating income.

Hershey's corporate strategy to pursue acquisitions in the areas of manufacturing, distribution, sales and marketing of food items, and restaurant operations, was met with the October acquisition of Reading, Pa.-based Dietrich Corp.'s cough drop and confectionery business.

The buyout moves the company even closer to archrival Mars Inc. for market leadership in the $8 billion U.S. candy market. Most analysts place the companies within a share point, with Hershey fractions of a point below and Mars slightly above 36%.

With estimated sales of $90 million, the Dietrich acquisition gives Hershey candies such as 5th Avenue brand, Queen Anne chocolate covered cherries and Mello-mints peppermint patties, as well as Luden's cough drops.

Luden's provides Hershey with an entry into a market segment that had been tested and abandoned by Mars in 1985. Luden's holds an estimated 16% to 18% market share, in a market estimated at $120-$192 million at retail. Warner-Lambert's Halls brand with 50%, and Procter & Gamble (Richardson-Vicks) Vicks brand at 16% to 18% are other key players in the category.

A mid-1987 acquisition of the Canadian confectionery and snack business of Nabisco Brands Ltd. further enhances Hershey's position. Hershey will take over the manufacture and distribution of Nabisco Canadian brands which have sales of $200 million (Canadian). Brands include O Henry, Life Savers, BreathSavers, Planters nuts, Chipits chocolate chip, and Carefree and Bubbleyum chewing gums.

"Momentum is with Hershey," says Leonard Teitelbaum, vp capital markets for Merrill Lynch. "It is keeping the pressure on with its acquisitions and new product development. The company has done an excellent job of expanding its market. Though it says it is committed to acquisition, it can generate plenty of growth with its strong new product development."

Two new Hershey items introduced in late 1986 are expected to extend the company's appeal to mature candy eaters. Grand Slam, a chocolate-coated, crisped rice, caramel and peanut bar, and Bar None, a chocolate-coated chocolate wafer product, were each test marketed in the western U.S.

National rollout of Bar None is slated for September 1987.

Sales of Hershey's 35 established chocolate and confectionery products were strong in 1986, with half of the unit's sales increase attributed to volume gains. The remainder is attributed to a January retail price increase, upping the average bar price from 35 to 40 cents.

By July, Hershey had instituted a 10-14% increase in bar weight to help soften the impact on consumers of the price increase.

Faced with a market situation where competitors increased advertising and promotional spending, Hershey's overall measured spending of $65 million was 5.7% below 1985 levels.

Reese's peanut butter cup continues to be the sales leader among Hershey brands, supported by $6.3 million in advertising spending, down 16% from 1985. Spending also declined on Hershey's candy bars, down 4.5% to $17.75 million; Her-

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shey's Kisses, down 17.1% to $5.8 million, and the renamed Hershey's granola bars, down 63% to $2.5 million.

Spending increases were seen in multiproduct advertising, up 47% to $3.1 million and on specialty products such as Rolo candies, up 54% to $1.4 million, and Hershey's chocolate chips, up 314% to $1.1 million. Spending remained virtually unchanged at $3.2 million for Skor candy bars.

Acquisitions also led activity for Hershey's Friendly Ice Cream Corp. division. Two New England restaurant chains were folded into the Friendly operation during 1986—Idlenot Farm Restaurants of Springfield, Vt., a chain of 12 ice cream and sandwich shops in Vermont, New Hampshire and New York, and Litchfield Farm Shops Inc. of Waterbury, Conn., a chain of 23 ice cream and sandwich shops located in that state.

Friendly now operates more than 825 restaurants with take-out ice cream service. In addition to building concentration in the northeastern states through acquisition and conversion, Friendly has built outlets in non-traditional locations such as hospitals and museums.

Friendly also engaged in an active expansion program in Florida. By year end, it had 12 restaurants operating in the Orlando area, with six additional units slated to open in 1987.

To support these restaurants in a generally sluggish consumer climate, Friendly increased its advertising spending in measured media by 45.1% to $5.28 million.

During 1986, Hershey saw its market leadership position in the pasta market slip as rival Borden manifest a voracious acquisitions appetite. Borden held an estimated 17% of the market at the end of 1986, with its Creamettes and Globe A1 Pasta, to Hershey's estimated 16.8%, spread among its six regional brands. However, with Borden's 1987 acquisition of Prince, which held an estimated 7% of the market, Borden is the undisputed market king.

However, such leadership is of questionable value, according to analyst Mr. Teitelbaum, who doubts that "pasta is anything other than a regional market. I don't think that it makes much sense to market pasta on a national level since there are such strong brand loyalties by region. On a region-by-region basis, Hershey's brands are very strong."

Media ad spending in support of Hershey's pasta brands is relatively modest compared with the company's other lines, totaling only $2.3 million in measured media. Among the individual products, San Giorgio pasta products, distributed in Pennsylvania, Ohio and Indiana, received the largest spending—$844,400 up 54% from 1985 levels. American Beauty pasta, which was rolled out into the Pacific Northwest and California from its mid-western base, received a 47.7% spending boost, up to $759,800. Skinner pasta, a southeastern regional brand had a spending increase of 52%, up to $564,400.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	67	513
Magazines	10,403	12,424
Newsp. supp	138	170
Bus pubs	175	231
Network TV	26,289	32,554
Spot TV	23,099	18,412
Network radio	2,130	3,261
Spot radio	947	892
Outdoor	53	4
Network cable	1,710	1,707
Total measured	65,010	70,167
Unmeasured	46,325	50,000
Total	111,335	120,167

HERSHEY FOODS CORP.
100 Mansion Road East
Hershey, Pa. 17033
(717) 534-4000
HERSHEY CHOCOLATE CO.
Hershey, Pa.
Corporate Personnel

Joseph P. Viviano, president

Marketing Personnel

Jay F. Carr, vp-mktg
Anthony J. Pingitore, dir-new business devel

Advertising Agencies

DDB Needham Worldwide, New York—Hershey's syrup, Hershey's chocolate milk, Kit Kat, Luden's cough drops, Mr. Goodbar, Reese's Pieces, Skor, Whatchamacallit, Y&S candies, new prods—Peter Tate, exec vp; Brian Treffall, sr vp-mgmt super; Emily Cohen, vp-mgmt super; Mike Prioletti, Anne Ryan, acct supers.

Ogilvy & Mather, New York—Hershey's Kisses, Hershey's milk chocolate bars, Hershey's milk chocolate bar with almonds, Hershey's baking chocolate, Hershey's chocolate chips, Hershey's cocoa, Hershey's fudge topping, Golden Almond bar, Golden Almond Solitaires, Golden III, Reese's peanut butter cups, Reese's peanut butter chips, Big Block, Rolo, Hershey's miniatures, Hershey's granola bar, Giant Kiss, Marabou milk chocolate rolls, Bar None, Grand Slam, 5th Avenue, new prods—Michael Vaughan, sr vp-group dir; Gerry Lantz, sr vp-mgmt super; Jeanne Murphy, Michael Edmeades, Leslie Riech, vps-acct supers. Tony Macinovich, sr vp-assoc media dir; Kristie Allen, David Leveton, Lisa Gallant, vps-asst media dirs.

FRIENDLY ICE CREAM CORP.
Wilbraham, Mass.
Corporate Personnel

John F. Cauley Jr., president
Joseph A. O'Shaughnessy, sr exec vp

Marketing Personnel

John M. Sauve, vp-mktg

Advertising Agency

Ingalls, Quinn & Johnson/BBDO, Boston—Don O'Dell, sr vp-mgmt super; Don Carlin, acct super; Mary D. Brown, Susan Z. Hiller, acct execs; Sally Bodie, acct mgr; Megan McConaughy, asst acct mgr.

HERSHEY PASTA GROUP
Hershey, Pa.
Corporate Personnel

C. Mickey Skinner, president-ceo

Marketing Personnel

Clifford K. Larsen, vp-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—American Beauty, Delmonico, Light 'n Fluffy, P&R, San Giorgio, Skinner brands—Allen M. Clark, exec vp-mgmt super; Ed Daly, Karen Perry, acct execs.

Hewlett-Packard Co. RANK **94**

Palo Alto, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	7,102	6,505	9.2
Net income	516	469	10.0
U.S.	**1986**	**1985**	**% chg**
Sales	3,812	3,696	3.1
Operating profits	537	644	(16.6)
Advertising	92	66	37.9
Division sales	**1986**	**1985**	**% chg**
Equipment	5,822	5,267	6.7
Service	1,480	1,238	19.5

Hewlett-Packard Co. readied its long-awaited HP 3000 line of computers for marketing in 1986, only to have software problems delay distribution until August 1987 in what analysts viewed as Hewlett's all-or-nothing technological gamble.

Nevertheless, the Palo Alto, Calif.-based marketer of computers and medical instruments emerged from a 1985 slump in which net profits plummeted 28.5%. In fiscal 1986, income increased 10% worldwide to $516 million—thanks to the weak U.S. dollar and strong overseas sales.

Profits have kept climbing in 1987. In the three quarters ending July 31, 1987, earnings were up 19% to $426 million on sales of $5.8 billion, up 9.6%.

H-P's advertising expenditures were propelled forward 38% over 1985 spending largely because of the "What if" image campaign produced by Leo Burnett USA, Chicago. These ads presented H-P as a thoughtful innovator and marketer of business work stations. Part of the campaign's aim was recognition and awareness that business systems, not other products, are H-P's main business.

"We were getting calls from people saying, 'I'm looking for parts for my Packard automobile,' " says Karen Gervais, manager of H-P press relations. Network TV spending rocketed from $4.4 million in 1985 to $20.5 million—none of it for specific products. The other notable media shift was a 61.5% slash in measured magazine spending to $3.44 million. Direct-mail was used to inform consumers of product introductions.

H-P marketing veered from product-specific advertising toward a corporate image approach in 1986. Seven-media measured spending figures of BAR/LNA show that H-P cut ad spending for all categories except "general promotion" by 48% to $3.4 million in 1986. A meager $1.5 million was spent to market business computer systems, factory and office automation systems and personal computers.

Workforce cuts and product intro delays characterized 1986. Effective last October, 1,515 employees accepted voluntary severance or early retirement programs, at a cost of $22 million. At the end of fiscal 1986, there were 2,000 fewer employees than in 1985. Additionally, the long-awaited HP 3000 Series 930 business minicomputer was kept in the wings.

The Series 930, first shipped in August 1987 to ASK Computer Systems, Los Altos, Calif., plus the revolutionary technology behind it, are viewed by analysts as healthy signs for H-P. "No longer can the skeptics on the outside say 'They don't have a machine,' " says Adam Cuhney, an electronics industry analyst for Kidder Peabody, San Francisco.

The Series 930 retails for $180,000—some $45,000 less than when it was first announced. But the current Series 930 has twice the memory of the product that was first introduced. The Spectrum technology reportedly makes the business minicomputer twice as powerful as H-P's existing models.

The Series 930 and Series 950, a more powerful $260,000 business computer slated for shipment before 1988, puts H-P in direct competition with Digital Equipment Corp. (DEC) and IBM.

Both computers use H-P's new concept of reduced instruction set computing, or RISC. RISC essentially is a simplified philosophy of computer design, affording fast computation by leaving out complex computer functions. Usually, additional functions merely add to a computer's size and cost.

RISC allows H-P to undercut comparable DEC computers by 15%-20% in price, and to come in up to 30% lower than comparable IBM models, claims Mr. Cuhney, who says DEC and IBM are "reluctantly following" H-P into RISC technology.

Also this year, H-P introduced three terminals—the HP 700/41, 700/42 and 700/71. The HP 700/42, designed for use with DEC computers, sells for $500, or 28% below competitors' prices. The 700/41 sells for $375 and the 700/71, for use with IBM computers, retails for $675.

H-P stepped up spending for research and development by 20% to $824 million in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	158	452
Magazines	3,440	8,936
Newsp. supp	0	97
Bus pubs	8,036	9,179
Network TV	20,547	4,389
Spot TV	42	92
Spot radio	56	263
Outdoor	1	10
Network cable	91	51
Total measured	32,370	23,467
Unmeasured	59,314	43,000
Total	91,684	66,467

HEWLETT-PACKARD CO.
3000 Hanover St.
Palo Alto, Calif. 94304
(415) 857-1501
Corporate Personnel

David Packard, chmn
William R. Hewlett, vice chmn
John A. Young, president-ceo

Marketing Personnel

Richard C. Alberding, exec vp-mktg & intl mktg
Mike Naggair, dir-mktg comm & svcs

HEWLETT-PACKARD AVONDALE DIVISION
Avondale, Pa.
Marketing Personnel

Jeffrey Langan, genl mgr
Sam Fratoni, mktg mgr, GC

HEWLETT-PACKARD CO. MEDICAL PRODUCTS GROUP
Marketing Personnel

Ben Holmes, genl mgr
Donald Schoeny, mktg mgr
Ted Koern, mktg comm mgr
Joseph P. Laskowski, adv mgr

Advertising Agencies

Leo Burnett USA, Chicago—business computer systems, peripherals—Bill Boris, exec vp; Gary Kroll, vp-acct dir; Raj Gupta, vp-acct super; Jean Donovan, acct super; Frank Pasquale, Nelson Pratt, Jim Romey, acct execs.

Giardini/Russell, Watertown, Mass.—medical prods group—Richard Warren, president; Rich Haigis, vp-acct svcs; Bill Green, acct super; Ann Seaman, acct coord.

Pinne, Garvin, Herbers & Hock, San Francisco—analytical & component groups—Laurie Dahl, acct super; Andre Bazire, acct exec.

Saatchi & Saatchi DFS, San Francisco—computers, microwave technology, mfg systems—Ron Colnett, chmn; Carol Cotton, sr vp-mgmt super; Tom Barquimero, Susan Simmons, acct supers; Onno Maas, acct exec.

Tallant & Yates, Denver—electronic instruments & engineering systems groups, strategic planning & rsch—Buck Krawczyk, acct mgr; Rich Allen, acct super; Dan Thomas, vp-rsch & media.

Honda Motor Co. Ltd. RANK **41**

Gardena, Calif.

($ in millions)

Worldwide	1987	1986	% chg
Sales	18,747	19,016	(1.4)
Net income	546	957	(42.9)
U.S. advertising	205	156	31.1

American Honda Motor Co., a subsidiary of the third-ranked Japanese car producer in Japan and largest overseas-based marketer of autos in the U.S., boosted its 1986 unit car sales in the U.S. by 25.5%, supported by a comparable hike in ad spending and increased domestic U.S. production.

American Honda's parent, Honda Motor Co. Ltd., Tokyo, posted net earnings of $547 million on worldwide sales of $18.7 billion for the 1987 fiscal year ended Feb. 28, 1987. While total revenues for the year were down only 1.4%, earnings took a sharp 43% drop, which Honda attributed to strengthening of the Japanese yen and reduced sales of motorcycles and power products.

Figures for both 1987 and 1986 fiscal years were converted from yen to dollars at the rate of Y153 = $1.

Nearly 70% of the revenues of the parent Honda Motor Co. come from the sale of its autos, motorcycles, ATVs, scooters and power equipment in overseas markets. About 50% of its business is from the North American market alone. The appreciation of the yen against the dollar has made Honda products more expensive abroad, cutting into profitability.

Worldwide unit sales keep moving up for Honda autos, however, rising 15.6% to a record 1,582,000 units in fiscal 1987, reflecting the expansion of overseas production and dealership networks in such major markets as the U.S.

Sales of imported Honda cars in the U.S. in 1986 totaled 458,268 units (405,399 with the Honda nameplate and 52,869 of the newly introduced Acura Legends and Integras), up 11% from 1985. This represented a 14.1% share of the import car market, down slightly from 14.3% in 1985.

Sales of U.S.-built Accords and Civics were 235,247, up 61.2%, giving Honda total car sales of 693,515, up 20.3%. This represents a 6% share of the U.S. market, making Honda last year's leader among foreign-based automakers. Toyota ranked second with a 5.7% share, Nissan third with 4.8%.

Honda projects U.S. sales of 750,000 units for 1987—110,000 Acuras and 640,000 Hondas—and one million Hondas and Acuras by 1990. This increase appears within reach because of the company's steadily expanding production facilities in the U.S.

Unlike truck imports, the import of cars is limited by the self-imposed quotas assumed by the Japanese car marketers under the Voluntary Restraint Agreement. Honda of America began producing the Accord model at its Marysville, Ohio, plant in 1982, adding Civic sedan production at Marysville in 1986.

The Marysville plant, with a capacity of 360,000 cars a year, has given Honda a major advantage over some of its larger Japanese competitors by allowing it to top import quotas from Japan with domestic U.S. production. This has helped Honda become the top-selling Japanese car company in this country in 1986 (exclusive of truck sales).

In early 1987 Honda announced it would invest $450 million to expand a plant at Anna, Ohio, to manufacture engine and drive train components for Accord and Civic autos assembled in nearby Marysville. The Anna plant has been producing motorcycle engines for a year and a half.

Sales of the new luxury/performance cars of the Acura division, launched in 1986, fell short of the original forecast of 58,000 units, and the shortfall resulted in a push to expand the dealer network.

Top 25 cable network advertisers

Rank	Advertiser	Cable network ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Procter & Gamble Co.	$27,673	$28,534	(3.0)	1.9
2	Philip Morris Cos.	22,186	20,732	7.0	1.6
3	Anheuser-Busch Cos.	19,487	16,395	18.9	3.0
4	Mars Inc.	17,668	11,605	52.2	5.7
5	Time Inc.	16,037	12,825	25.0	8.4
6	General Mills	15,538	11,473	35.4	2.8
7	RJR Nabisco	10,455	8,339	25.4	1.1
8	Gillette Co.	7,738	1,988	289.2	6.0
9	General Motors Corp.	7,203	4,724	52.5	0.9
10	American Home Products Corp.	6,821	4,720	44.5	1.7
11	Sterling Drug	6,169	4,923	25.3	2.8
12	Coca-Cola Co.	5,997	4,598	30.4	1.6
13	Wm. Wrigley Jr. Co.	5,677	3,628	56.5	5.9
14	Lee Pharmaceuticals	5,652	1,402	303.0	7.4
15	Clorox Co.	5,444	4,144	31.4	6.1
16	Johnson & Johnson	5,292	3,411	55.1	1.3
17	Unilever NV	5,212	3,787	37.6	1.0
18	Honda Motor Co. Ltd.	5,124	4,210	21.7	2.5
19	PepsiCo Inc.	5,107	4,885	4.5	0.9
20	Bristol-Myers Co.	5,041	4,456	13.1	1.5
21	Ford Motor Co.	4,748	6,068	(21.8)	0.7
22	Delta Air Lines	4,448	4,715	(5.7)	4.3
23	Levi Strauss Associates	4,381	4,749	(7.8)	5.7
24	Turner Broadcasting System	4,378	4,130	6.0	13.1
25	MCA Inc.	4,206	3,845	9.4	4.1

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

There were about 150 Acura dealers at the end of 1986, a total that was expected to reach 300 by the end of 1987 and 600 within several years. Dealers have been told a more upscale car, priced above the Legend, is on the way. The model reportedly will be a sedan, larger than Legend.

Expansion of the Acura dealer outlets was supported by a doubling of media spending to more than $40 million for 1987. Measured expenditures for 1986 amounted to $24.5 million, with the ad budget split 40%-40% Legend/Integra, with 20% devoted to divisional promotions.

A revised budget is now split about 60%-40%, Integra/Legend. At $11.5 million, national magazines and enthusiast publications accounted for the biggest media outlays.

TV spots which broke in the fourth quarter positioned the Legend touring sedan against the European luxury imports. Integra spots emphasize the car's Formula One racing heritage.

The Acura Legend was named *Motor Trend* magazine's '87 Import Car of the Year, with the Acura Integra placing second in the magazine's annual competition.

Following the launch of the Acura and total redesign of Accord in 1986, the only major change in the 1987 model line was a new 4-wheel-drive version of the Civic wagon. The top-selling Civic/CRX models (212,791 units sold at prices ranging from $7,600 to $9,600) accounted for the major slice of the budget, with total media spending measured at $31 million, some 60% in network TV.

Spending in support of the Honda Accord, which accounted for sales of 112,767 units at prices ranging from $9,795 for a three-door hatchback to $14,959 for the four-door LXi sedan, was measured at $14.7 million, half in network TV, via Ketchum Communications.

Measured ad spending for the top-of-the-line Prelude models ($15,475 for the automatic Si coupe) reached $4.1 million, and there are signs it may top that figure this year because of a campaign that broke midyear. Rubin, Postaer & Associates, Los Angeles, handles.

Honda and Mazda have raced to be first to introduce a four-wheel-steering option for the 1988 model year. The feature allows the rear wheels to steer the car in concert with the front end. Earlier this month, Honda introduced an all-new line of Preludes that feature 4WS, and it will support the Preludes with a $10 million campaign. Mazda also began marketing its 626 models with the 4WS option earlier this month. It is promoting safety as the main 4WS benefit. Honda is pushing the option as another example of its technological capability.

The new Prelude sport coupe will be followed this fall by a new generation of more upscale Civics, leaving Accord as the only carryover model in the Honda lineup in 1988.

Honda maintained its dominant position in the world motorcycle market and held a 45% share of the U.S. market in 1986, down slightly from 48.6% a year earlier. It is followed by Yamaha at 17.8% (up from 16.9%), Kawasaki at 14.9% (unchanged), Suzuki at 12.2% (up from 10.1%) and resurgent Harley-Davidson at 9.6% (up from 7%).

Honda also led the competition in sales of all-terrain vehicles in 1986 with a 59% share, down from 63.5% a year earlier. And Honda held a commanding lead in motorscooters with an 83% share, followed by Yamaha and Vespa.

The 1986 calendar year saw the introduction of a new 4WD ATV, an industry first that was quickly parroted by the competition. Honda's entry, which had the support of network TV, was the Four Trax 4x4, priced at $3,398. TV spots carried the tagline "Follow the leader, he's on a Honda," a theme since 1979.

The year ended with Honda spending an estimated $20 million on motorcycle advertising, most of it in network and spot TV and magazines. The combined annual budget for motorcycles, scooters and ATVs is estimated at topping $45 million, up about 10% over 1985.

Honda's motorcycle line for 1987 included the introduction of three new entry-level models—250cc Rebel, an on-road bike; the 200cc Fat Cat, an off-road machine and the 200cc Reflex, a dual-

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: What is the difference between database marketing and traditional direct marketing?

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: What kind of marketing applications should be considered for database marketing?

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: Isn't database marketing going to make an already expensive advertising vehicle even more so?

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

M/A/R/C has a long history of proactive client service. We have been dedicated for the past two decades to working with clients to understand and create the best product or service mix to sell in changing market conditions. This expertise and dedication to service are carried forward into our newest service, database marketing. When you think about it, an integrated system customized to meet your individual needs – a system that's capable of revolutionizing your marketing strategy – is a powerful concept.

Q: OK. You've got my attention. How do I find out more about M/A/R/C Database Marketing?

A: Call Ken Orton at 1-800-527-2680 or return the coupon.

☐ *Yes, I want to arrange an interview to find out how effective M/A/R/C Database Marketing can be for my company.*
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purpose on/off-road vehicle. All are priced at about $1,500.

Honda's 1987 scooters got big play in a $10-million campaign that broke mid-May. TV commercials featured documentary-type shots of the teen-targeted Elite 50 model and top-of-the-line Helix scooters moving in traffic to lively rock music. The spots, filmed in 8mm, bear a grainy look that resembles home movies.

Last year, the company formed Honda North America Inc., a separate unit that was established to coordinate activities of Honda's 13 U.S., Canadian and Mexican subsidiaries.

Tetsuo Chino, former president of American Honda Motor Co., was named president of the new company, which is headquartered in Torrance, Calif.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	21,087	10,331
Magazines	32,518	23,940
Newsp. supp.	472	438
Bus. pubs.	224	264
Farm pubs.	419	514
Network TV	60,778	55,109
Spot TV	20,855	9,820
Network radio	3,831	3,323
Spot radio	3,935	5,881
Outdoor	64	90
Network cable	5,124	4,210
Total measured	149,307	113,920
Unmeasured	55,775	42,556
Total	205,082	156,475

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Marketing Personnel
K. Amemiya, exec vp
T. Elliott, sr vp-operations
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E. Taylor, vp-Acura sales
Eric Conn, auto adv mgr
Kurt Antonius, pr mgr
MOTORCYCLES
Corporate Personnel
John Petas, sr vp
Marketing Personnel
Ray Blank, sr mktg mgr
Neil Leventhal, motorcycle/scooter/ATV natl adv mgr
Jon Row, motorcycle comm mgr
POWER EQUIPMENT
Corporate Personnel
A. Miwa, vp
Terry Mulligan, asst vp
Marketing Personnel
Pat Curtiss, power equipment prod planning mgr
Advertising Agencies
Dailey & Associates, Los Angeles—power equipment, motorcycles, ATVs— Dennis Kanagac, vp- mgmt super. Power equipment—Roger Van Remmen, mgmt super; Dixon Head, acct super; Keith Frank, asst acct exec.

Ketchum Advertising, Los Angeles—Acura autos—Craig Mathiesen, president; Peter Goodwin, Kevin Kitagawa, vp-group acct supers; Ron Buckhammer, sr vp-mgmt super; Martin Macdonald, sr vp-creative dir.

Rubin, Postaer & Associates, Los Angeles—autos—William Hagelstein, sr vp-group acct dir; Chuck Valentine, vp-acct dir.

Wieden & Kennedy, Santa Monica, Calif.—scooters—David Luhr, mng dir; Barbara Billitzer, acct super.

RANK **51**

IC Industries

Chicago

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,222	3,987	5.9
Net income	(56)	186	(130.0)
U.S.			
Sales	3,771	3,600	4.8
Operating profits	24	403	(94.1)
Advertising	165	179	(7.8)
Division sales			
Consumer prods	2,027	1,546	31.1
Electric comp	884	753	17.4
Fluid technology	748	659	13.5
Defense & space	1,279	1,122	14.0
Insurance	8,192	6,272	30.6
Financial services	1,359	1,259	7.9
Communications	1,047	891	17.5
Hotels, develop.	675	635	6.3

In 1986, IC Industries moved to reallocate its corporate resources into specialty foods produced by Pet Inc., consumer services supplied by its Midas International operation and commercial products as it took steps to merge or sell portions of its far-flung railroad operations.

Pet Inc., a division of the specialty foods group, reported record operating income of $125.4 million in 1986, a 24.3% increase over the record established in 1985. This earnings performance represented the sixth consecutive year of improved earnings for Pet, whose 1986 sales increased 9.5% to $966 million.

In November 1986, Pet purchased Ogden Food Products for $310.2 million. The Ogden unit includes Progresso's ready-to-serve soups, sauces, canned specialty vegetables, cooking oils and bread crumbs. The acquisition gives Pet a 26% share of the $500 million ready-to-serve soup segment, the company claims. Progresso has a 5% share of the $2 billion total soup market, which is dominated by Campbell Soup Co., with an 80% share.

Progresso products were supported by $8.4 million in seven-media spending, as measured by BAR/LNA. Also part of the Ogden acquisition were several other established brands, including Las Palmas Mexican foods and Hain & Hollywood health foods. During the year, Pet also acquired Primo through a merger with Primo Foods, La Creme from Kraft Inc., and Cajun Cookin' from Louisiana Seafood Packers.

Pet's best-selling brands include Old El Paso, with 31% of the $626 million Mexican dry grocery market and 13% of the $268 million frozen Mexican food market. The El Paso line received $9.3 million in measured-media ad support, up 57.4% in 1986. Other top sellers include Downyflake and Roman Meal, with 30% of the $213 million frozen waffle market; Progresso soups and Pet-Ritz frozen pie shells, with 75% of the $107 million frozen pie shell market.

Pet continued to expand in foreign markets, introducing Old El Paso Mexican foods into Australia and Japan. In 1986, Pet sold an evaporated milk plant and discontinued its food operations in Mexico.

Pet's 1986 product introductions included seasonings and salad dressings to the Old El Paso grocery line; new combinations of beans to the B&M baked beans line; salt-free seasonings to Accent; salt-free meat spreads to the Underwood meat spreads line; Whitman's frozen chocolate cream pies and Downyflake frozen breakfast entrees.

Earnings for Midas International Corp. increased 11.7% to $44.8 million, compared with the previous record of $40.1 million in 1985. Last year, Midas had 25% of the U.S. exhaust system replacement market, 11% of the brake market and 5% of the overall shock absorber, strut and front-end replacement market.

In its 30th anniversary year, Midas' network of stores grew to 2,100 shops in 10 countries, up 155 over 1985. The division acquired full ownership of Le Silencieux, its French subsidiary, several exhaust service shops in Australia and four shops in the U.K.

Midas decreased its measured media spending by 4% in 1986, to $36.1 million.

Pepsi-Cola General Bottlers, distributors of Pepsi-Cola and other soft drinks in eight midwestern states, set records for sales and operating income for the second consecutive year. Operating income of $55 million was up 3.8%. The distributor, Pepsi's second largest independent bottler, signed an agreement in August 1987 with GenCorp to buy its Pepsi bottling operation, RKO Enterprises. The merged units would become the largest independent bottler for Pepsi.

However, PepsiCo Inc., which has the right of approval in the transfer of a franchise, quickly nixed the deal. Analysts view PepsiCo's response as an indication it wants to build its company bottling operations, especially in light of Coca-Cola Co.'s acquisition of many of Coca-Cola's bottling operations into Coca-Cola Enterprises, which it spun off into a publicly held company in 1986. IC and GenCorp have filed suit against PepsiCo.

In 1986, the bottling division introduced PepsiCo's three new flavors of Slice—regular and diet orange, apple and cherry cola—in all markets. Slice, the No. 1 juice-added soft drink, accounts for up to 8% of bottling volume in some markets. Pepsi General continued to expand its fountain and vending machine business, as nearly 300 Kentucky Fried Chicken restaurants in Pepsi General markets switched to Pepsi products.

The sale or merger of the Illinois Central Gulf Railroad has been a top priority of IC Industries for several years. The company plans to divest all but a 3,000-mile core system running from Chicago to the Gulf of Mexico.

IC Gulf Railroad reported the third-best year in its history. Railroad activities, including real estate, had revenues of $706 million in 1986, down 22.4% from 1985 because of lower traffic volume resulting from the downsizing program.

Operating income was $86.3 million in 1986, up 12.2% over 1985. ICG sold seven line segments totaling 938 miles for $205 million in 1986, reducing system miles by 21% to 3,719.

IC's overall loss of $56.3 million from continuing operations was credited largely to third quarter costs associated with restructuring the rail operations and to an $80.4 million writedown of discontinuation operations at Pneumo Abex, an aerospace, industrial and fluid power concern.

Hussmann Corp., the industry's leading refrigerated display case manufacturer and refrigeration contractor in the U.K., continued its strong earnings growth, with operating income of $76.2 million, exceeding 1985's record by 33.2%. This large increase reflected, among other factors, the earnings of two food-service companies that were acquired in late 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,463	1,765
Magazines	2,867	3,556
Bus. pubs.	345	0
Network TV	21,792	25,624
Spot TV	43,480	36,577
Network radio	707	1,101
Spot radio	441	9,767
Outdoor	95	134
Network cable	187	5
Total measured	72,377	78,528
Unmeasured	92,822	100,710
Total	165,199	179,237

IC INDUSTRIES
111 E. Wacker Dr.
Chicago, Ill. 60601
(312) 565-3000
Marketing Personnel
Wendell W. Larsen, sr vp-corp affairs
Harry A. Grove, dir-adv
Advertising Agency
Gardner Advertising, St. Louis—Aly Johnsen, acct super.

PET INC.
St. Louis, Mo.
GROCERY GROUP
Corporate Personnel
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Marketing Personnel
John Ferguson, vp-mktg
Syl Stevenson, mktg dir
Gerald Hayes, mktg dir
Cindy Brown, mktg dir
Terry Hall, mktg dir
SPECIALTY GROUP
Corporate Personnel
John Mackey, group president
FROZEN FOODS DIVISION
Corporate Personnel
Raymond N. Felitto Jr., president
Marketing Personnel
David Burke, vp-mktg & sales
WHITMAN'S DIVISION
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James W. Nixon, president
Marketing Personnel
Tom McNulty, vp-mktg
BAKERY DIVISION
Corporate Personnel
Raymond N. Felitto Jr., president
Marketing Personnel
Ted Keller, vp-mktg & sales
Advertising Agency
Workshop West, Beverly Hills, Calif.—Elliott Uberstein, chmn & president
MIDAS INTERNATIONAL
Chicago, Ill.
Marketing Personnel
Russell J. Richards, vp-franchise operations/mktg
Karen Greco, adv mgr
Ralph F. Linder, vp-mktg
Advertising Agency
Wells, Rich, Greene, Chicago—Larry Singer, president; Vance Webb, sr vp-mgmt super; Bill Lower, sr vp-creative dir; Robert Difranco natl acct exec.

RANK **31**

International Business Machines Corp.

Armonk, N.Y.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	51,250	50,056	2.4
Net income	4,789	6,555	(26.9)
U.S.			
Sales	25,362	28,511	(11.0)
Operating profits	1,603	3,450	(53.5)
Advertising	295	328	(9.9)
Division sales			
Processors	13,161	12,081	8.9
Peripherals	11,264	12,656	(11.0)
Office systems	9,429	10,551	(10.6)
Program prods.	5,514	4,165	32.4
Maintenance	7,413	6,103	21.5
Other	2,260	2,365	(3.6)
Federal systems	2,121	2,057	3.1
Other business	68	73	(6.8)

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TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN

TRAVERSE CITY CADILLAC CHEBOYGAN, MICHIGAN

International Business Machines Corp. is restructuring its marketing and distribution functions in the U.S. following declines in worldwide earnings in both 1985 and 1986. The back-to-back slide in earnings was the first for IBM since 1933.

In addition to product introductions for all hardware lines, IBM focused on value added enhancements in hardware and software applications in 1986, analysts say.

IBM's total advertising spending fell an estimated 10% to $295.5 million in 1986 over the prior year, although IBM funneled $47 million into measured spending for personal computers, up 35% over 1985, according to BAR/LNA.

Despite the heavy spending, IBM's share of the $16.9 billion U.S. market for personal computers fell to 29.6% in dollars in 1986 from 40.6% in 1985, according to San Jose, Calif.-based Dataquest, a division of Dun & Bradstreet Corp. Also falling in share was Apple Computer Corp., the No. 2 maker, to 9.1% in 1986 from 10.3% in 1985. No. 3 Compaq increased share in 1986 to 6.6% from 5.2% in 1985.

IBM's decline was attributed to an onslaught of lower-priced IBM clones, and to the fact that the IBM-PC XT and PC-AT are nearing the end of their product life cycles. IBM's newest personal computer, the IBM System/2, introduced in April 1987, has the potential to put IBM back in the driver's seat, analysts say.

The problem is that System/2 hardware was introduced well ahead of applications software in order to blunt inroads by Apple Computer and Compaq in the business market, says Stephen P. Cohen, analyst with the Gartner Group, Stamford, Conn. "Now the market is in a state of transition [for IBM]," Mr. Cohen says.

It is not yet clear how IBM will fare given System/2's limitations in software. Another factor is Cupertino, Calif.-based Apple Computer's March 1987 introduction of two more powerful versions of its Macintosh computer.

Houston-based Compaq Computer's net income tripled in the second quarter of 1987, defying a predicted slowdown in Compaq's sales expected from inroads made by System/2's introduction. Although System/2 was a bright spot for the second quarter, IBM's profits fell 16% during the first six months of 1987 to $1.96 billion on revenues of $23.48 billion, up 4.8%, compared with the same period in 1986.

In April 1987, IBM changed the focus of its personal computer advertising from spotlighting a single user accomplishing business and personal objectives to showing a group of users accomplishing interrelated tasks.

In changing its approach, IBM's New York-based agency, Lord, Geller, Federico, Einstein shelved IBM's popular Charlie Chaplin character, who symbolized the single user, in favor of the group, represented by the main characters from the CBS TV series M*A*S*H.

Corporate general promotion accounted for IBM's second largest category with $28 million in measured spending for seven media in 1986, up 3% over 1985, according to BAR/LNA. The spending was divided mostly between network TV and consumer magazines.

IBM's change in strategy for marketing and distribution of all products reflects new emphasis on selling more applications software, complementary products, and custom products, says Robert Simko, executive director of International Technology Group, a Los Altos, Calif.-based consulting firm.

The overriding objective is to sell more products and services to key target markets, he says.

In applications software, IBM is focusing on its own products and on those of third-party vendors. For example, the OS/2 operating system for System/2 was designed by Redmond, Wash.-based Microsoft, but IBM also plans to introduce an enhanced version called IBM OS/2.

This has caused confusion, prompting Compaq in July 1987 to schedule a joint news conference with three major software companies to explain that OS/2 and other advanced software would run on IBM-compatible machines (i.e. Compaq). IBM's measured spending for personal computer software was $3.9 million in 1986, up 1%.

Another IBM objective is selling more complementary and peripheral products, analysts say. In recent years, IBM has increased its emphasis on joint ventures in horizontal applications, such as computer integrated manufacturing, and in vertical applications, such as IBM's arrangement with United Airlines to sell United's Sabre reservations system to travel agents.

In peripherals, IBM's had measured spending for printers in 1986 of $10 million, up 16% over 1985. Network radio claimed 37% of the media budget that also included heavy amounts for network TV and magazines.

IBM also had $2.8 million in measured magazine spending for graphics display systems, a new category, and $615,000 in magazine spending for modems, up 131% over 1985. IBM also spent a measured $11.3 million on electronic typewriters in 1986, down 21%, divided 82% network tv and 18% magazine.

A third area where IBM is concentrating is custom modified products for total office systems integration, Mr. Simko says. Examples include IBM systems for the Federal government, and announcement in 1986 of a total office automation project for Ford Motor Co.

"Hardware is still the dominant factor in IBM's plans, but they also have to sell the value added (enhancements) in both hardware and software to achieve their profitability goals," Mr. Simko says.

In the $2.8 billion market for high-end minicomputers, IBM's share in dollars plunged as several smaller companies picked up percentage points. IBM's share fell to 25.9% in 1986 from 49.9% in 1985. Meanwhile, DEC's share increased to 17.6% in 1986 from 14.2% in 1985. Data General and Ft. Lauderdale, Fla.-based Gould Computer Systems moved up with 4.2% and 3.2%, respectively, according to Dataquest.

DEC has taken the lead in the $3.1 billion market for low-end minicomputers with 38.1% in 1986, up from 10.1% in 1985. IBM's share in dollars in 1986 fell to 29.8% from 44.6% in 1985. No. 3 Wang is a distant third with 4.3%.

For minicomputers overall, IBM has a slim lead of 26% in dollar share over DEC, which has 19.1%. Following is Unysis with 3.5%, Hewlett Packard with 2.6% and NCR with 1.4%, according to Dataquest.

IBM's problems in mid-range systems stem from decentralization in the 1970s, analysts say. Divisions were given responsibility for their own products and launched a diverse line of hardware and software products that are difficult to interconnect. Digital takes full advantage of the situation by emphasizing in advertising that its VAX system permits interconnection now among all its products.

But IBM's October 1986 introduction of the 9370 Information System, and the introduction in 1986 of improved versions of IBM's System 36 and 38, should greatly improve IBM's interconnections and its competitive position, says Frederic G. Withington, a New York consultant.

"IBM has been held back by the dead hand of the past while DEC ruthlessly cut off all (non-VAX) products. DEC's window of opportunity is closing as the power of IBM's computers increases and the prices fall," Mr. Withington says. More power means IBM can emulate compatibility between products.

IBM's measured spending for the System/36 and System/38 was $6 million in 1986, up 11%, with network TV claiming 42% of the ad dollars and magazines and network radio the rest.

IBM still dominates the market for mainframe computers in the U.S. IBM's dollar share of the $6.7 billion market for mainframes grew to 71.8% in 1986 from 68.3% in 1985. No. 2 Unisys has 7.9%, Amdahl 5.6%, and Honeywell 5.4%, according to Dataquest.

IBM introduced two entry-level models of its 3090 mainframe in February 1986. The system is clearly more powerful, but IBM's lag time in creating software applications leaves a window of opportunity for smaller companies, such as Amdahl, which typically offer IBM compatible processors at 20% to 25% lower prices, Gartner Group's Mr. Cohen says.

IBM's reorganization of marketing and distribution started with the January 1986 appointment of Edward E. Lucente as group VP for the information systems group. Analysts say Mr. Lucente has set the tone and strategy of IBM's new focus in marketing and distribution. IBM also appointed in March 1987 Kaspar V. Cassani and Jack D. Kuehler as executive VPs, the second-ranking posts in the corporation following the August 1987 retirement of Paul J. Rizzo as vice-chairman, a position that will not be filled.

Mr. Cassani, who assumed most of Mr. Rizzo's responsibilities, is now in charge of worldwide marketing in addition to the information systems group, which runs all marketing operations in the U.S. Mr. Kuehler is in charge of the Federal Systems Group, technology, and large-scale systems development.

In mid-July 1986, IBM concentrated

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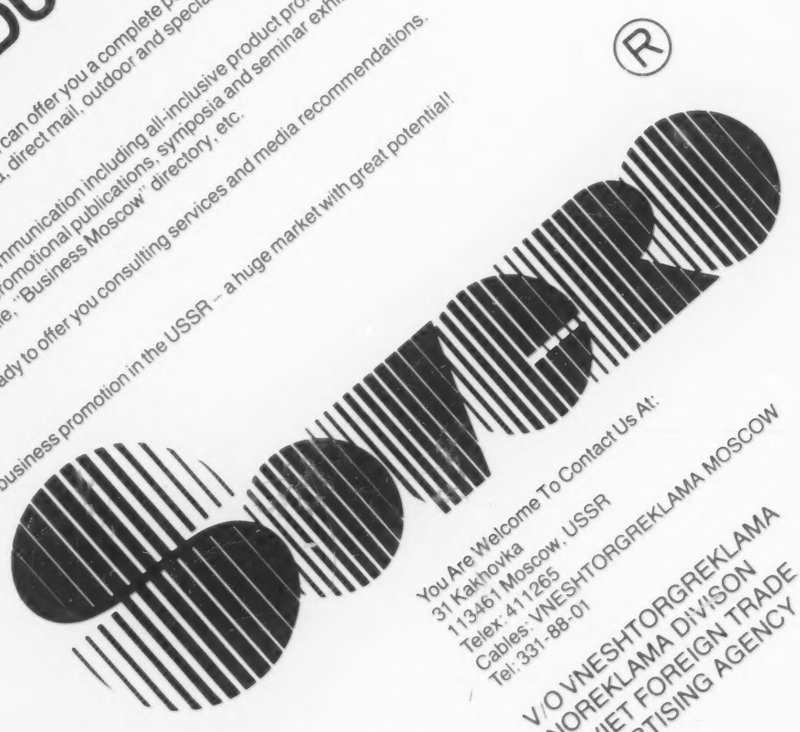

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V/O VNESHTORGREKLAMA
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ADVERTISING AGENCY

all of its business at JWT Group agencies, involving roughly $200 million in billings. Winners were Lord, Geller, Federico, Einstein, the current agency of record for corporate and personal computers and related software, and J. Walter Thompson USA. Losers were Doyle Dane Bernbach, Leber Katz Partners, and Geer DuBois, all of New York. DDB was agency of record for TV buying.

The dismissal of DDB, which handled IBM's information systems group, was triggered by DDB's union with Needham Harper Worldwide and BBDO International to form New York-based Omnicom Group. BBDO has Apple Computer. Leber Katz Partners was dropped because of its merger with Foote, Cone & Belding, which services Westborough, Mass.-based Data General Corp., an IBM competitor in midrange computers.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	16,646	30,610
Magazines	39,008	52,538
Newsp. supp.	1,375	2,015
Bus pubs	13,307	14,976
Network TV	69,906	62,749
Spot TV	1,335	2,227
Network radio	7,524	3,014
Spot radio	4,259	2,450
Outdoor	31	18
Network cable	1,129	832
Total measured	154,518	171,427
Unmeasured	140,990	156,407
Total	295,508	327,834

IBM CORP.
Old Orchard Road
Armonk, N.Y. 10504
(914) 765-1900
Marketing Personnel

Kaspar V. Cassani, exec vp
Jack D. Kuehler, exec vp
Edward E. Lucente, vp-group exec, Info Systems
J.C. Daily, dir-adv & promo
J.F. King, dir-adv operations
W.P. Barton, dir-adv programs
M.C. Gury, mgr-corp tv adv & promo
R.W. Baker, mgr-corp print adv

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—corp, tv—Bill Wardell, sr vp-mng dir; Tina McDermott, vp-mgmt super; Nancy Stempel, acct super; Sue Matos, asst acct exec. Print media—Susan Spohn, Joanne Casino, acct supers; Andy Stoessel, acct exec; Karen Shuldiner, acct coord.

J. Walter Thompson USA, New York—corp & image adv for all prods & svcs—Don Bedard, vp-acct dir; Doug Foster, vp-sr acct super; Warren Milich, vp-acct super; David Riemer, acct rep.

INFORMATION SYSTEMS
Marketing Personnel

D.T. Coker, dir-adv
R.J. O'Leary, workstation/admin prod-adv mgr
T.D. McGovern, systems/sector-adv mgr

Advertising Agency

Lord, Geller, Federico, Einstein, New York—personal computers—Ray Freeman, exec vp-mng dir; Scott Lackey, vp-mgmt super; Greg Faust, acct super; Peter Tovar, Amy Fuller, acct execs; John Reilly, asst acct exec.

FEDERAL SYSTEMS DIVISION
Marketing Personnel

R.F. Dunkin, mgr-promo svcs & adv

Advertising Agency

HCM, New York-Jim Rostello, vp-media super; Larry Lue, acct exec.

ITT Corp.
New York

RANK **64**

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	17,437	14,663	18.9
Net income	494	294	68.2
U.S.			
Sales	13,257	11,160	18.8
Advertising	126	149	(15.2)
Division sales			
Automotive	2,027	1,546	31.0
Electronics	884	753	17.0
Fluid tech.	748	659	13.5
Defense & space	1,279	1,122	14.0
Insurance	8,192	6,272	30.6
Financial svcs	1,359	1,259	7.9
Communications	1,047	891	17.5
Hotels	675	635	6.3

ITT Corp.'s estimated U.S. ad expenditures dropped 15.2% in 1986 as Chairman-CEO Rand Araskog continued his efforts to divest the company of acquisitions made by his predecessor, Harold Geneen.

The corporate streamlining began in 1979, and since that time ITT has sold off more than half of its former holdings including the recent sale of its telecommunications equipment operations to a 37%-owned ITT joint venture with French-government-owned Cie. Generale d'Electricite. ITT also has made more than 40 acquisitions. In 1986, it sold 12 companies from its three remaining major business segments—industrial technology, diversified services and natural resources—for $597 million.

Income from the more than 100 sales since 1979 totals more than $4 billion. The proceeds went largely to reduce the company's debt. According to a company spokesman, ITT has reduced its debt by about $660 million. Its year-end debt-to-equity ratio was a 25-year low of 29-71 and shareholder equity of $46.17 a share was the highest in the company's history.

"Overall it's clear that in the last two years the company's returns have been improving," says Jack Kelly, a VP with Goldman Sachs, New York. He noted insurance, hotels (which Mr. Araskog earlier said he would consider selling) and forest products as the leaders in the revitalization of the company. "They also exited a major area that was not doing well," says Mr. Kelly, referring to the telecommunications equipment division; this was transferred to CGE for $1.5 billion as part of a joint venture agreement that gives ITT a 37% stake in the partnership.

The French deal was designed to create the world's second-largest telecommunications company (after American Telephone & Telegraph Co.) with sales of roughly $9.6 billion. It captured major shares of key European markets, including 80% in France, 60% in Spain, 40% in West Germany and 20% in Italy.

More acquisitions and sales may be in the future for ITT, but a company spokesman indicates the corporate strategy is to make acquisitions consistent with its major lines of business. "We are in the latter stages of an asset redeployment plan that we started in 1987," he says.

The spokeman adds that ITT intends to be among the top 10 businesses in the world in each of its major market segments—automotive parts, electronic components, fluid technology, insurance, financial services, defense and space technology, natural resources and hotels.

Overall, Mr. Kelly predicts ITT will continue its turnaround in financial results. He predicts 1987 net income of $8.48 million ($5.75 a share) and 1988 income of $9.35 million ($6.60 a share).

The determining factor for ITT's future, however, does not rest with the company's marketing, according to Mr. Kelly. "The key factors to improving returns at ITT are not related to marketing," he says, "but to improved manufacturing techniques, financial controls and focusing on the businesses that are making them money."

ITT declined to discuss its 1986 advertising budget. But its estimated general corporate promotion budget dropped to $4.7 million in 1986 vs. $13.5 million in 1985. That budget will go to new corporate ad agency, Wells, Rich, Greene in New York. WRG replaces Biederman & Co., also of New York.

According to figures compiled by BAR/LNA Multi-Media Service, the Sheraton Hotels division, which is the owner or franchisor of 488 hotels in 58 countries, was the top advertising spender among ITT's divisions in 1986. It spent more than $8.3 million, primarily in magazines, up 20% from 1985.

The Hartford Insurance Group's spending doubled to $6.8 million, mostly for business, auto and life insurance lines.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,239	2,465
Magazines	14,883	15,426
Newsp. supp.	389	349
Bus pubs	6,133	5,668
Network TV	7,764	12,764
Spot TV	7,986	5,393
Network radio	530	530
Spot radio	0	4,665
Outdoor	1,181	1,199
Network cable	779	942
Total measured	41,890	49,401
Unmeasured	84,455	99,599
Total	126,344	149,000

ITT CORP.
320 Park Ave.
New York, N.Y. 10022
(212) 752-6000
Marketing Personnel

Juan C. Cappello, sr vp-dir govt relations, corp relations & adv

Advertising Agency

Wells, Rich, Greene, New York—Frank Sampogna, acct group head; Carl Strauch, acct exec; Lisa Karp, asst acct exec.

HARTFORD INSURANCE GROUP
Hartford, Conn.
Marketing Personnel

Roger Dove, sr vp-corp relations
Greg King, asst dir-adv
Ray Winter, creative dir

Advertising Agency

McCaffrey & McCall, New York—corp adv—Bruce Sherman, sr vp-acct super; Diane Stec, acct exec.

SHERATON CORP.
Boston, Mass.
Marketing Personnel

Robert Collier, vp, dir-mktg
Robert Quinn, vp, dir-adv
Adrienne Davis, vp, assoc dir-adv

Advertising Agency

HBM Creamer, New York—Stanley Lesnik, exec vp-mgmt super; Steven Godsick, sr vp-group super; Ruth Godfrey, vp-acct super; Pat Shame, acct super; Emily Perkel, Felicia Wax, Tom Daly, acct execs.

Johnson & Johnson
New Brunswick, N.J.

RANK **21**

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	7,003	6,421	9.1
Net income	330	614	(46.3)
U.S.			
Sales	3,970	3,990	(0.5)
Operating profits	(13)	544	(102.4)
Advertising	411	401	2.4
Division sales			
Consumer	3,009	2,775	8.5
Professional	2,262	2,207	2.5
Pharmaceutical	1,732	1,440	20.3

With the expiration of the exclusivity rights for marketing ibuprofen in September 1986, Johnson & Johnson introduced Medipren, its entry in that category, to help build its market share in the overall analgesic market already dominated by flagship Tylenol.

At year end, ibuprofen held a 15% share of the analgesic market up from 9% in 1985 and will continue to climb this year as more companies introduce new entries. Other new competitors thus far include Thompson Medical Co.'s Ibuprin, several generic brands and a line extension from American Home Products called Trendar and Upjohn Co.'s Haltran, both marketed as menstrual pain relievers, a new segmentation.

Bristol-Myers' Nuprin and American Home Product's Advil had the exclusivity for two years in a category that is slowly pulling shares away from aspirin and acetaminophens such as Bayer and Tylenol, respectively.

Despite this latest pressure, McNeil Consumer Product's Tylenol remains No. 1 in the market with a less than 30% share at the close of 1986 down from nearly 33% in 1985. Advil is No. 2 with a 9.6% share which also holds two-thirds of the ibuprofen segment, according to Oleh Denysyk of Kline & Co. consulting firm in Fairfield, N.J. Tylenol's loss of shares was brought on by the ibuprofens, and because of the cyanide poisonings that led to the removal of the capsule form at midyear.

The recall, which effected only a temporary glitch in supplies, cost J&J $130 million. Along with divestitures and discontinuations of various operations, this resulted in a deficit in U.S. operating profit for J&J in 1986.

Measured spending for Tylenol, according to BAR/LNA, increased only 1% again this year to $60.8 million after a 1.1% increase in 1985. Medipren, launched in September 1986, was supported by a measured $12.4 million in advertising. On an annualized basis, that would bring Medipren into the high spending category of segment leaders Bristol-Myers' Nuprin ($36.2 million) and AHP's Advil ($47 million).

Medipren is expected to receive over $25 million in support in 1987 via new agency Lowe Marschalk, New York. This is the agency's first assignment from a J&J company.

In the Personal Products division, J&J continues to hold the leading position in the external feminine protection category but not without strong competition. Procter & Gamble's Always line, introduced in 1984, is edging very close to No. 2 Kotex (Kimberly-Clark) in this $1.5 billion market causing J&J's Stayfree line to fall 5 points to a 40% share. K-C is holding on to a 23.5% share while P&G climbed to 20%.

The Stayfree line, consisting of Stayfree maxi and Silhouette maxi pads, Sure & Natural maxishields, Carefree panty shields, and Assure & Natural pantyliners, received $21.3 million in measured advertising, down 25% from 1985. However, spending for the Stayfree Silhouette maxi, shaped to fit a woman's body, increased more than two-fold in 1986 to $18 million mostly in network TV and magazine.

With the fear of toxic shock subsiding among women, tampon sales have increased over 1986 helping J&J's Personal Products "o.b." tampons to regain declining shares. With measured ad spending decreasing 42% to $3.2 million, "o.b." currently holds a 9% share placing it third in the $4 billion market. The leader in this market is Tambrand's Tampax at a 56.5% share followed by Playtex brand with a 30.3% share.

Other activity in this division includes the introduction of Serenity incontinence pads for adults in April of this year. The company hopes to gain shares away from Procter & Gamble's Attends now dominating that market with a 58% share and Kimberly-Clark's Depends holding a 20% share. Serenity was recently assigned to SSC&B, New York.

The Advanced Care Products division of Ortho Pharmaceutical Corp. recalled Ovutime ovulation predictor kits, a product it began marketing last year. The recall resulted when batches of the home test deteriorated. The company spent $1.6 million in measured media on its introduction via Kallir, Philips, Ross, New York. Shipments are not expected to resume in the near future.

Currently, J&J is seeking Food & Drug Administration approval for a new sweetener called sucralose. Sucralose is non-caloric and has a taste that is 600 times sweeter than sugar. This new substance could cause heavy competition for NutraSweet marketed by the company of the same name, but not for several years because FDA approval could take up to five years.

A new healthcare subsidiary was created at J&J this year that is marketing health maintanence programs to businesses. Health programs include consult-

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ing, evaluation and classes in such areas as exercise, weight control, stress management, nutrition, smoking cessation and blood pressure management. The company suspects the demand for such services is high and being a healthcare company, feels it's an opportunity it can't ignore. Young & Rubicam, New York, is the agency assigned to this new division.

J&J acquired two companies in 1986. Coopervision Pharmaceuticals, bought from Coopervision Inc., for $260 million, produces prescription pharmaceuticals for ophthalmic use. The other acquisition, LifeScan Inc., markets home diagnostic tests.

The company sold to General Electric in August 1986 its diagnostic imaging businesses. The sale of the business, which produced $275 million in sales in 1985, contributed charges of $380 million against net income in 1986 that reduced net income by 46.3%. In geographic terms, the sale produced a one-time charge of $680 million against operating profit in the U.S., resulting in a loss of $13 million in 1986 vs. a gain of $543.5 million in operating profit in 1985.

Johnson & Johnson's VP-advertising, G.F. "Pete" Tyrell, was elected the new chairman of the Association of National Advertisers in October, succeeding Herbert M. Baum of Campbell Soup Co.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,339	113
Magazines	22,471	29,419
Newsp. supp.	44	193
Bus. pubs.	620	528
Network TV	164,322	154,964
Spot TV	7,731	10,618
Network radio	1,376	790
Spot radio	2,634	964
Outdoor	130	217
Network cable	5,292	3,411
Total measured	205,959	201,217
Unmeasured	204,713	200,000
Total	410,672	401,217

JOHNSON & JOHNSON
1 Johnson & Johnson Plaza
New Brunswick, N.J. 08933
(201) 524-0400
Marketing Personnel
G.F. "Pete" Tyrrell, vp-adv, corp staff

JOHNSON & JOHNSON HEALTHCARE
Corporate Personnel
F.G. Ziegler, president
Marketing Personnel
P.M. Lonergan, vp-mktg & sales
A.P. Sullivan, dir-sales
M.S. Fink, dir-mktg & consumer rsch
Advertising Agency
Young & Rubicam, New York—Barbara Isshim, acct super; Jennifer Podger, acct exec.

JOHNSON & JOHNSON ORTHOPAEDIC CO.
Corporate Personnel
A.J. Prince, president
Marketing Personnel
G.K. Kunkle, dir-sales & mktg
L.R. Williams, dir-new business devel
Advertising Agency
Simms & McIvor, Bound Brook, N.J.—Joe Cramp, acct exec.

JOHNSON & JOHNSON PATIENT CARE
Corporate Personnel
T.M. Gorrie, Ph.D., president
Marketing Personnel
J.W. Nelson, dir-prod mgmt
J.J. Bohan, dir-sales
Advertising Agencies
Gross, Townsend, Frank, Hoffman, New York—patient care—Risa Janoff, vp-group acct super.
MED Communications, Woodbridge, N.J.—patient care—Jim Walter, vp-acct super.

JOHNSON & JOHNSON BABY PRODUCTS CO.
Skillman, N.J.
Corporate Personnel
W.C. Egan, president
Marketing Personnel
W.M. Carpenter, dir-prod mgmt
W.J. Pontius, group prod dir
M.A. Kon, group prod dir
Advertising Agencies
Saatchi & Saatchi DFS Compton, New York—Take Off—David Basch, vp; Linda Honan, mgmt super; Emily Miller, acct exec.
SSC&B, New York—Baby Shampoo and Conditioner, No More Tangles, Swabs, Affinity Shampoo and Conditioner—Ian McGregor, exec vp; Cynthia Williams, mgmt super; Nancy Poor, Frances Murchison, acct supers; Ned Russell, Cindy Ewing, Brian Bacino, acct execs.
Young & Rubicam, New York—baby powder, Sundown, baby oil, baby lotion, baby cream, Shower to Shower—Ann Zopfi, group dir; Rich Kahn, mgmt super; Don Rimsky, acct super; Nancy Katz, Mark Davis, acct execs.

McNEIL CONSUMER PRODUCTS CO.
Fort Washington, Pa.
Marketing Personnel
C.D. Simonds, exec vp-genl mgr
J.T. Lenehan, dir-prod mgmt
J.J. Gallagher, natl sales mgr
V.E. Brunell, dir-professional sales
J.L. Strickler, dir-mkt rsch
E.A. Behmer, dir-comm
J.R. McGann, dir-sales promo
Advertising Agencies
Cadwell Davis Partners, New York—Pediacare—Franchellie Cadwell, president; Herman Davis, vp; Eliot Glazer, sr vp-acct svcs.
Kallir, Philips, Ross, New York—professional Tylenol, Pediacare, Delsym—John Racik, exec vp-mgmt dir; Ernestine McCarren, sr vp-mgmt super; Anne Bentley, vp-acct super.
Kleimner Advertising, New York—Professional Medipren—Albert P. Molinaro, president.
Lowe-Marschalk, New York—Medipren—Barry Linsky, exec vp-mgmt dir; Richard Swanson, sr vp-mgmt super; Robert Petersen, vp-acct super; Catta Morris, acct exec.
Mendoza, Dillon & Asociados, Newport Beach, Calif.—Richard E. Dillon, president; Robert Howells, vp-acct svcs.
Saatchi & Saatchi DFS Compton, New York—Adult Tylenol, Children's Tylenol, Co-Tylenol, Sine-Aid, Tylenol Sinus Medication, Delsym—Thomas Lom, exec vp-mgmt dir; Patrick Furey, Vicki Tencati, vp-mgmt supers.

McNEIL PHARMACEUTICAL
Spring House, Pa.
Marketing Personnel
J.A. Kitchen Jr., vp-mktg
J.C. Vaughan, natl sales mgr
C.E. Williams, exec dir-prod mgmt
E.R. Steel, exec dir-corp comm
N.A. Panzenbeck, dir-mktg rsch
Advertising Agencies
Botto, Rocssner, Horne & Messinger, New York—Pancrease (brand of pancrelipase), Tylenol (acetaminophen) with codeine, Tylox—R.J. Botto, president.
Kallir, Philips, Ross, New York—Haldol, Parafon Forte—Leo Palmer, exec vp.
Thomas G. Ferguson Associates, Parsippany, N.J.—Tolectin—John Sweig, sr vp.

PERSONAL PRODUCTS
Milltown, N.J.
Marketing Personnel
J.B. Ziegler, president
C.C. Bergmann, dir-prod mgmt
J.D. Curtiss, group prod dir
C.A. Goggins, group prod dir
Advertising Agencies
Cadwell Davis Partners, New York—o.b. Tampons—Andy Schaer, vp-acct super.
SSC&B, New York—Carefree panty shields, Assure & Natural Breathable panty liners, Sure & Natural maxishields—Bill Catlin, sr vp-mgmt super. Serenity guards—Cynthia Williams, mgmt super.
Saatchi & Saatchi DFS Compton, New York—Stayfree silhouettes, maxipads & thin maxipads—David Basch, exec vp-mgmt dir.
Young & Rubicam, New York—Stayfree maxipads, minipads & thins—Anne Zopfi, group dir.

JOHNSON & JOHNSON DENTAL CARE CO.
East Windsor, N.J.
Marketing Personnel
C.H. Fricke, dir-prod mgmt
Dr. S.G. Pasternack, vp, worldwide business devel
Advertising Agency
QUORUM Graphics and Marketing Communications, San Diego—Robert Hines, acct super.

ORTHO PHARMACEUTICAL CORP.
Raritan, N.J.
Corporate Personnel
M.D. Casey, vp
Advertising Agency
Kallir, Philips, Ross, New York—Leo Palmer, vp-acct super.

ADVANCED CARE PRODUCTS DIVISION
Marketing Personnel
D.B. Bellaire, vp-mktg
J.L. Abramson, dir-mktg info & strategic planning
Advertising Agencies
Barnum Communications, New York—R. Bond, sr vp-mktg.
McCann-Erickson, New York—Fact Home Pregnancy Test—H.L. O'Brien, sr vp-mgmt rep.

DERMATOLOGICAL DIVISION
Marketing Personnel
L.G. Pickering, vp-derm
Advertising Agency
Kallir, Philips, Ross, New York—Leo Palmer, vp-acct super.

ORTHO DIAGNOSTIC SYSTEMS
Raritan, N.J.
Marketing Personnel
J. Neil Kazan, vp-mktg

CHICOPEE
New Brunswick, N.J.
Marketing Personnel
R.L. Bramson, vp-mktg, specialty prods div
R.I. Munoz, vp-mktg, affiliate div
J.R. Rinaldi, vp-mktg, private label div
Advertising Agencies

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SSC&B, New York—Bill Catlin, mgmt super; Christie James, acct super.

ST&L Associates, New Brunswick, N.J.—Howard Rich, acct exec.

CODMAN & SHURTLEFF
Randolph, Mass.
Marketing Personnel

R.H. Dick, vp-mktg.

Advertising Agency

Grover & Carroll, Boston—C. Stuart Grover, acct exec.

ETHICON INC.
Somerville, N.J.
Marketing Personnel

L.J. Armour, vp-sales.
R.N. Jones, vp-mktg svcs.
F.J. Ryan, vp-mktg, sutures.

Advertising Agency

Kallir, Philips, Ross, New York—Norman Cooper, president; Leo Palmer, acct super.

SURGIKOS INC.
Arlington, Texas
Marketing Personnel

J.D. Terry, vp-sales.
R.C. Nell, dir-prod mgmt.

Advertising Agency

Pierce Davis, Arlington, Texas—Bill Pierce, mgmt super; Karen Speri, acct exec.

S.C. Johnson & Son

RANK **59**

Racine, Wis.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,000	2,040	(2.0)
U.S. advertising	145	146	(1.1)

S.C. Johnson & Son's initial success in the lucrative haircare and skincare categories has given this 101-year-old privately held company confidence to expand into the growing personal care markets, rather than in the already-mature homecare and insecticide categories.

Johnson, whose sales have remained static since 1984 fiscal returns, acquired the Check Up plaque-fighting toothpaste and chewing gum line from Chaska, Minn.-based Minnetonka Corp., in February 1987. Johnson's Rydelle Laboratories unit, which already markets Zact smokers toothpaste in the U.S., will be responsible for marketing Check Up.

While the company remains anchored by the strength of its furniture polishes, floor waxes and Raid, the leader in the insecticide category, measured media spending was $80.5 million, down 1.4% from its spending levels record in calendar 1985.

In 1986, Johnson put a significant portion of its measured media spending, an estimated $32.7 million, into its personal care and over-the-counter drug businesses. Raid, long Johnson's major ad expenditure, was second with $13 million in measured media support.

In Johnson's personal care division, L'Envie Parfum shampoo and conditioner, launched in the spring of 1986, received the largest single share of measured media spending, $9.1 million. L'Envie, a 12-item premium-priced line of products, contains fragrances similar to the most popular fragrances, such as Cosmair's Vanderbilt and Estee Lauder's White Linen. In late 1986, it added Capture, a fragrance similar to Calvin Klein's successful Obsession perfume. The brand's strategy is to "continually renew the fragrance types by introducing new variants based on new and popular fragrances," says a company spokeswoman. By the end of 1986, its first full-year of distribution, L'Envie had gained a 1.2% share of the $1.29 billion shampoo segment and 2.8% of the $540 million conditioner segment.

Taking into account its Agree and Halsa haircare lines, Johnson is estimated to be the third-ranked haircare company with a total 7.1% share in shampoos and a 10.1% conditioner share, says Diana Temple, cosmetics and toiletries industry analyst with Salomon Bros., New York. P&G remains the category leader with a 26.7% shampoo share and a 16.4% conditioner share.

Halsa, which received $8.1 million in measured media spending, down 49% from the previous year, also dropped a share point in the shampoo segment, dropping to 2.4%, say analysts. The brand held a steady 1.9% conditioner market share. According to the company, Halsa shampoo holds the same 3.9% share as the conditioner. In March 1987, the company extended the Halsa line with the introduction of Halsa Swedish Botanical Formula hairspray and styling mousse. They mark Johnson's entry into the growing $780 million hairspray and mousse segments.

Agree, Johnson's teen-age and young-adult positioned haircare line, received $3.2 million in measured media support, a 15.8% drop from 1985. Agree, with a combined 4.2% market share (5.8% in 1985), tried stimulating brand awareness by becoming the first shampoo and conditioner brand to sponsor a rock band's national tour. Agree also held a sweepstakes where the winner won a concert by the band "a-ha" at their school. In January 1987 Belinda Carlisle, a rock singer, was signed as Agree's spokeswoman.

Agree is teaming with Johnson's Edge shaving gel, the leading gel with a 25.3% share of the $217 million shaving preparation category, to sponsor the tour of the band "Night Ranger" later this year.

Johnson, with its Curel and Soft Sense brands, has become a serious player in the $550 million hand and body lotion category. Curel, a therapeutic skin lotion for dry skin, enjoyed an estimated 30% sales gain in 1986, while market share increased nearly one point to 7.2%. Supported by an estimated $10 million ad campaign, Curel helped fuel competition. The brand received $2.4 million in measured media support in 1986.

Soft Sense, the company's cosmetic entry, has an estimated 7.2% share (6.4% in 1985). The brand received measured media spending of $3 million, up 87.5% from the previous year. In April 1987, Johnson introduced Soft Sense Body Mousse with Vitamin E, a light, creamy, alcohol-free foam. An introductory print, TV and couponing program is handled by J. Walter Thompson USA, Chicago.

The company boosted its 24-plus brands of Raid insecticides with $13 million in measured spending, a 1.6% increase. Although the Raid brand has come under increasing competitive pressure from new product introductions by American Home Products' Boyle-Midway division (Black Flag) and American Cyanamid Co.'s Shulton unit (Combat), analysts say Johnson has held the lead with a 45% share of the $345 million (manufacturers dollars) category.

In spring 1987 Johnson staged an estimated $10 million introduction of Raid Roach Controller, the company's long-expected response to Cyanamid's Combat, which Johnson acknowledged was hurting its leading position. Raid Roach Controller, an insecticide bait aimed at serving consumers who prefer "passive insect control," was supported with a TV, magazine and couponing campaign via Foote, Cone & Belding, Chicago.

Although measured media support for OFF! personal insect repellent dropped 17.8% to $2.3 million, the brand continues to lead the estimated $60 million category. Cutter insect repellent, from a division of A.G. Bayer's Miles Laboratories, Elkhart, Ind., is the No. 2 brand.

Rydelle Laboratories supported its Zact smokers toothpaste with $3.9 million in measured media, primarily for network TV, a 14.7% increase from 1985. Now with two brand lines, Rydelle still faces an uphill battle against the Big 3 toothpaste marketers—Procter & Gamble Co., Colgate-Palmolive Co. and Lever Bros. Check Up had a declining 2% share of this $1 billion category when purchased.

Last November Rydelle introduced Aveeno lotion and Aveeno shower and bath oil, extensions to the Aveeno bath products line. Aveeno received $3 million in measured media.

Rydelle introduced Fiberall lemon-flavored tablets, another extension of the Fiberall laxative wafer and sugar-free, high-fiber powder line. Fiberall has a 7% share of the bulk laxative segment of the $450 million (manufacturers' level) category, according to Oleh Denyssyk, senior analyst with Kline & Co., Fairfield, N.J. P&G's Metamucil is the leading laxative. Fiberall received $3.9 million in measured media, down 29%.

Johnson's Pledge furniture polish led the homecare division in measured media with $7.2 million, up 12%. It commands an estimated 46% share, leading the $150 million (manufacturers' level) furniture wax and polish category. Johnson's wax-free dusting aid and cleaner, Duster Plus, is believed to hold less than a 5% share of the $31.5 million dusting aid segment, compared with 80% for segment-leading Drackett Co.'s Endust. The wax-free segment is growing steadily, posting an 18% gain in 1986. Duster Plus spent $2 million in measured media, a 63% drop from 1985.

Johnson introduced two new Glade products during 1987. Glade Litterfresh, a powdered cat box deodorizer which is sprinkled onto cat litter, and Glade II, a continuous-acting air freshener. Glade received $3.9 million in measured media, up 18.8%. Glade Litterfresh, introduced mid-year, received $300,000 in measured media. The Glade franchise holds an estimated 18% share of the $276 million (manufacturers' level) air freshening category. In the $108 million (manufacturers' level) aerosol segment, Glade claims a 46% share, according to Betsy Donovan, Kline & Co. household products analyst.

Shout prewash laundry soil and stain remover, which has a 34% share of the $156 million (manufacturers' level) category, received $4.1 million in measured media spending, up 28%. It is second to Dow Chemical's Texize division's Spray 'n Wash. In early 1987, a refillable 12-ounce bottle with attached scrubber cap was introduced for the brand.

Johnson's two main floorcare products, Future liquid floor finish and Brite liquid floor finish received $7.9 million in measured media, up 43.6%. In the $160 million floor polishes and waxes category, Johnson continues holding a 51% share, with Future accounting for a 26% share.

In May 1986 Curel got its first agency of record, Lotas, Minard, Patton, McIver, New York, which also is working on new concepts for haircare products.

In November, Johnson consolidated its estimated $10 million magazine and Sunday newspaper magazine section media buying at Botway Media Services, New York. Losing some of the business were Foote, Cone & Belding, Chicago; Laurence, Charles, Free & Lawson, New York; Lotas Minard Patton McIver, New York; and J. Walter Thompson USA, Chicago. FCB remains the agency of record for all other network TV buying; JWT stays agency of record for newspaper free-standing inserts and daytime network TV.

In January 1987, Johnson moved its estimated $10 million Glade air freshener and Pledge furniture polish accounts to HDM/Dawson. Johns & Black from JWT, Chicago.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	522	667
Magazines	13,438	18,558
Newsp. supp.	617	1,666
Bus. pubs.	208	0
Network TV	54,200	44,979
Spot TV	6,194	8,114
Network radio	2,474	4,191
Spot radio	1,451	2,313
Network cable	1,366	847
Total measured	80,469	81,135
Unmeasured	64,148	64,838
Total	144,617	146,173

S.C. JOHNSON & SON
U.S. CONSUMER PRODUCTS
1525 Howe St.
Racine, Wis. 53403
(414) 631-2000
Corporate Personnel

G.W. Delp, exec vp.

Marketing Personnel

D.C. Henry, vp-sales.
H.A. Suess, vp, home care.
B.M. Pritchard, vp, insect control.
C.J. Goldthwaite Jr., vp, personalcare.
G.C. Montezemolo, vp, OTC Drug Enterprise, Rydelle Laboratories.
A.B. Priemer, media consultant.
P.J. Gneger, pr mgr.
R.L. Ziegenhagen, category mgr.
W.C. Thomson, category mgr.
J.D. Harper, category mgr.
S.E. Johnson, category mgr.
C.L. Colman, category mgr.
M.E. Leopold, category mgr.

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Check Up toothpaste and gum; Ron Harvieux, sr vp-mgmt super.

Cramer-Krasselt, Milwaukee—sports medicine—Calla Stanford, acct exec.

Foote, Cone & Belding, Chicago—Raid, OFF, Future, Brite, Shout, Duster Plus, Glade Litterfresh—P. Vernon, sr vp-group acct dir.

Grant Jacoby, Chicago—Aveeno cleansing bar, bath and lotion; Rhulo spray, cream and gel—Josh Harris, acct super; Fiberall laxative—Cyndy Dillon, acct super.

HDM/Dawson, Johns & Black, Chicago—Pledge, Glade aerosol, Glade II—Ian Brook, banks, vp-acct dir.

Laurence, Charles, Free & Lawson, New York—Zact—Dare Koslow, acct exec.

Lotas Minard Patton McIver, New York—Curel—Sally Minard, acct mgmt.

J. Walter Thompson USA, Chicago—Soft Sense, L'Envie, Edge, Halsa, Agree—Melissa Murphy, sr vp-group acct dir.

K mart Corp.

RANK **9**

Troy, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	23,812	22,035	8.1
Net income	582	221	163.3
U.S. advertising	590	567	4.1
Division sales	**1986**	**1985**	**% chg**
General merch.	21,308	20,114	5.9
Specialty retail	2,504	2,306	8.6

K mart Corp.'s strategy for 1986 called for concentration of growth in its profitable core businesses, which include the company's 2,200-plus K mart stores and its specialty retail group. Last year K mart accelerated the growth of its three major specialty businesses, opening a total of 195 new Waldenbooks, Pay Less Drug Stores and Builders Square outlets.

Under the leadership of Bernard Fauber, chairman of the No. 2 retailer in the U.S., and Joseph Antonini, who was named K mart president-chief operating officer in August 1986, K mart closed or sold off businesses that returned inadequate profits in 1986 and early 1987.

Last year K mart adopted a five-year plan calling for it to surpass No. 1 retailer Sears, Roebuck & Co., Chicago, in sales and market share by 1991. Corporate growth focuses on extensive upgrading of its stores, the addition of 150 new K mart stores in the U.S. and more than 800 specialty retail stores in the U.S. and Canada.

Sears' 1986 sales of $26 billion were only 7% above K mart's sales, and Mr. Fauber projected K mart sales of $26 billion this year. The company posted record earnings and sales in the first and second quarters of 1987 because of more effective merchandising and advertising programs, Mr. Fauber says. In the first quarter, K mart reported earnings of $115.5 million on sales of $5.59 billion, and, in the second quarter, earnings of $145.4 million on sales of $6.3 billion.

K mart's battle to overtake Sears is being led by its continuing $2 billion effort to upgrade its image by refurbishing stores and adding brand-name merchandise, plus a massive $1 billion retail automation system designed to improve customer service and satisfaction.

A main objective of the new system is to centrally merchandise all K mart stores to better detect trends and purchasing behavior in stores. The bulk of the money is being spent on replacing or updating all existing point-of-sale equipment in each store. As of mid-year, 499 K mart stores had slot scanner checkout systems that use the universal product code (UPC) to track inventory.

The system eventually will link all stores with a satellite communications network that can expedite credit authorization and transmit data and video signals from its corporate headquarters to all K mart stores.

In July 1986, K mart broke a new mainstream ad theme, "America's favorite store," on ABC's Fourth of July weekend rededication telecast for the Statue of Liberty. Backed by a $10 million campaign, the claim was based on a survey by Simmons Market Research Bureau that said more Americans shop at K mart each month than at any other store.

Mr. Antonini, prior to becoming president-chief operating officer, was executive VP-ceo of K mart's apparel division. He was credited with being largely responsible for implementing the changes to K mart's fashion presentation and signing actress Jaclyn Smith as ad spokeswoman for several lines of clothing bearing her name. Analysts viewed Mr. Antonini in his new role as a catalyst in the retailer's effort to upgrade its stores.

Following up on the success of the upgraded women's apparel lines, K mart introduced Campus Sportswear to more than half its K mart stores. The line of men's wear is aimed at upscale yet value conscious consumers. TV and newspaper supplement ads broke in October as part of the company's "K mart. Yes, K mart" campaign started earlier in the year. That campaign emphasizes K mart's upgraded fashion apparel, cosmetics and accessories.

Shortly after bringing Campus Sportswear to K mart, the company launched a new Jaclyn Smith holiday line. The Smith clothing collections, which were first introduced in the summer of 1985, have led to a 6%-7% increase in sales of high-profit apparel. The apparel division now accounts for almost one-third of K mart sales.

Calet, Hirsch & Spector, a New York subsidiary of K mart agency Ross Roy Inc., Detroit, developed advertising for the Jaclyn Smith holiday line after taking over creative for most K mart apparel advertising earlier in the year. Advertising of Smith clothing under CH&S de-emphasized Ms. Smith's roles as a model and actress and focused on her less glamorous roles as a wife and mother so that K mart shoppers could better identify with her.

In November, K mart closed down its unprofitable 79-unit Designer Depot operation, established in 1982. At the same time it sold its 168-unit Furr's Cafeterias and Bishop Buffets to Cavalcade Holdings, Lubbock, Texas, for $237.5 million, because the cafeteria operations weren't profitable enough.

This year K mart sold 75 Kresge and Jupiter variety stores in 21 states for an undisclosed sum to McCrory Corp., York, Pa. The sale indicated that K mart wouldn't sacrifice profitability to overtake Sears. The April 3 sale announcement came two weeks after F.W. Woolworth Co., New York, broke off negotiations to acquire several Kresge stores in the U.S.

K mart restructured its six merchandising divisions in late 1986 to provide a stronger marketing focus to hard-goods operations. The restructuring included renovating K mart stores and reallocating space to increase productivity. The new divisions are consumables, convenience products, do-it-yourself, automotive and sporting goods, home fashions and leisure and entertainment.

The company also began an aggressive expansion of its in-store consumer financial services in January 1987. Banking outlets now are carried in 44 California K mart stores. Tests in Chicago-area stores will grow to include 23 stores in 1987.

K mart introduced an exclusive line of Jordache clothing for bigger women in March 1987, representing the first joint venture between the New York-based apparel designer and K mart. A print campaign via CH&S touting the line ran in women's magazines.

K mart broke two corporate image TV spots celebrating its 25th anniversary year in March. Also this spring, K mart announced its sponsorship of ABC-TV and NBC-TV's respective telecasts of the 1988 Winter Olympics in Calgary, Alberta, and the 1988 Summer Olympics in Seoul, South Korea. At the end of August, the retailer was still negotiating with the Official Olympic Committee to sponsor Olympic teams.

In August 1987, K mart signed on Martha Stewart, syndicated columnist, author and nationally recognized expert on food and entertaining, as home entertaining and lifestyle spokesperson and consultant for K mart's home fashion division. The signing on of Ms. Stewart, who will develop and advise on new products for sale in K mart's Kitchen Korner, Bed and Bath and Furniture departments, is viewed as another K mart effort to upgrade its image with higher quality merchandise.

Ms. Stewart also will write Kitchen Kornerstones, brochures to be distributed in all K mart stores beginning in mid-October, that give tips on cooking, table decor, using kitchen products and home entertaining. She will appear in November-breaking TV commercials, plus print ads in early November issues of *People*, *Vogue* and *Family Circle*. CH&S handles.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	20,462	10,724
Newsp. supp.	1,103	0
Bus. pubs.	0	25
Network TV	26,331	16,222
Spot TV	24,211	23,257
Network radio	6,526	4,438
Spot radio	3,602	6,393

($ in thousands)	1986	1985
Outdoor	138	369
Network cable	648	513
Total measured	83,022	61,935
Unmeasured	507,328	505,065
Total	590,350	567,000

K MART CORP.
3100 W. Big Beaver Road
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(313) 643-1000
Marketing Personnel

T.H. Nigolian, sr vp-merch
G.K. Habeck, dir-adv
N.L. Roberts, dir-sales promo support
R. Mulligan, dir-mktg support
E.J. Kreitz, dir-incentive sales mktg

Advertising Agencies

Calet, Hirsch & Spector, New York—Peter Hirsch, co-chmn-exec creative dir.

Ross Roy Inc., Detroit—print adv, broadcast media for K mart U.S.A., K mart Ltd., Canada—Peter Vetowich, exec vp-retail dir; Byron Shaffer, Roger Sherman, sr vps-mgmt supers; Larry Haddock, vp-mgmt super.

BUILDERS SQUARE
San Antonio, Texas
Marketing Personnel

G. Cuthbertson, dir-adv

Advertising Agency

(In-house)—G. Cuthbertson, dir-adv.

PAY LESS DRUG STORES NORTHWEST
Wilsonville, Ore.
Marketing Personnel

D. Massing, vp-adv

Advertising Agency

(In-house)—D. Massing, vp-adv.

WALDEN BOOKS CO.
Stamford, Conn.
Marketing Personnel

Bonnie Predd, vp-mktg & adv

Advertising Agency

Ally Gargano/MCA Advertising, Westport, Conn.—Margie French, acct exec.

RANK **23**

Kellogg Co.

Battle Creek, Mich.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	3,341	2,930	14.0
Net income	319	281	13.5
U.S.			
Sales	2,269	2,075	9.3
Operating profits	248	223	11.2
Advertising	374	364	2.7

Kellogg Co. the nation's No. 1 marketer of ready-to-eat cereals, dropped from 42.6% to 42% in sales share of the $5.2 billion market and slammed the brakes on ad spending increases. In pound volume, Kellogg increased its market share to 42.6% from 41.6% in 1985.

Analysts say Battle Creek, Mich.-based Kellogg reaps nearly 91% of its sales from the cereal market, a category that grew 9.4% in the last year, according to Tim Ramey, a food industry analyst with Kidder Peabody, New York. Measured ad spending crept up just 2.7% to $220.1 million in 1986.

June Page, food industry analyst for E.F. Hutton & Co., New York, pinned Kellogg's small ad spending increase on advertising blitzes for new General Mills and Quaker Oats cereals in 1986, particularly Quaker's Cap'n Crunch and Life cereals.

"Kellogg doesn't like to get involved in heavy promotions . . . Kellogg has a firm conviction that they don't want a short-term market share," says Ms. Page. Instead, Kellogg raises ad spending under less competitive market conditions, she says.

During 1986, No. 2 cereal marketer General Mills, Minneapolis, increased its sales share by 0.4 points to 24.1%. Mr. Ramey forecast "fantastic" years in 1987 for Kellogg and General Mills and reduced market shares for smaller cereal marketers, including Quaker.

To achieve greater coordination of its marketing, production and distribution investments in the U.S. and Canada, Kellogg in 1986 merged two operations—U.S. Food Products division and Kellogg Salada Canada—into Kellogg North America, with Horst W. Schroeder as president. The Canadian operation had been handled by Kellogg International. Christopher McNaughton, U.S. food products president and Kellogg senior VP, resigned after the reorganization eliminated his position. Arnold G. Langbo was named president of Kellogg International division, and Gary E. Costley was picked as president of the U.S. Subsidiaries division. Messrs. Schroeder, Langbo and Costley also serve as Kellogg exec VPs.

Early this year, Gerald D. Robinson retired as Kellogg Co. president-chief operating officer, and Vice Chairman Paul J. Kehoe retired. Mr. Robinson's position was not filled, concentrating power at the top with Robert L. Nichols, vice chairman, and Chairman-CEO William LaMothe.

Kellogg added three new cereals in 1986—Apple Cinnamon Squares, All-Bran Fruit & Almonds and Nutri-Grain Almond Raisin—and already has introduced four through August 1987. New this year are Nutrific, Nutri-Grain Nuggets, Strawberry Squares and Pro Grain.

Five of the seven cereals introduced since January 1986 are targeted at adults 35 and over, and Kellogg hasn't scrimped on their introductions. Combined, the five-variety Nutri-Grain line, Nutrific and Pro Grain rollouts total $69 million—more than one-third of Kellogg's measured cereal spending in 1986.

The company also discontinued 3CPO and Kellogg's OJ's, a dry cereal partly sweetened with orange juice, a product launched in March 1985.

Four of the nation's top 10 cereals are marketed by Kellogg. Kellogg's Corn Flakes remained the nation's No. 1 cereal in pound volume, with a 6.6% market share. Frosted Flakes is second with a 6% share, with Raisin Bran and Rice Krispies ranking fourth and sixth with respective volume shares of 4.5% and 3.6%, according to Furman Selz Mager Dietz & Birney, New York. Volume share for flagship Corn Flakes eased slightly from 1985's 6.7%; Frosted Flakes remained at 6%, and Raisin Bran and Rice Krispies fell 0.2 points from 1985 market shares.

Measured ad spending for Kellogg's four top-rated cereals increased by 8% to $66 million.

Nearly 99.1% of measured Kellogg ad spending in 1986 was for network, spot or network cable TV. But of the three, only network TV increased, up 6.2% from 1985. Spot TV spending dropped 4.4%, and cable fell 35%.

Measured ad support for Kellogg's 15-flavor line of Whitney's 100% Natural Yogurt increased 5.1% to $4.2 million in 1986, although Kellogg pulled Whitney's from the "saturated" California market to concentrate on eastern markets, where it fares better. Whitney's reportedly holds a 4% dollar share of the $955 million refrigerated yogurt market.

Kellogg continued its drive into the shrinking $313 million granola bar market with butterscotch, chocolate chip and peanut chocolate chip Rice Krispies Bars—additions to original Rice Krispies Bars introduced in 1985.

Three new products hit the shelves from Kellogg's Mrs. Smith's Frozen Foods Co. subsidiary. Eggo Nutri-Grain Raisin and Bran frozen waffles were introduced in 1986. This year, a pecan variety of Mrs. Smith's "Pie in Minutes" No. 1 line of frozen pies was introduced, as were microwave Eggo pancakes. Mrs. Smith's holds a 50%-plus share of the frozen pie market.

Salada Foods in 1986 introduced Salada Sweetened Tea, the first teabag to contain sweetener. Salada also rolled national with its Hansen Island Creamy Microwave Fudge with print ads via Leo Burnett USA, Chicago.

Foreign sales rose from 29.2% to 32.1% of Kellogg's total sales in 1986, with the share of non-U.S. Kellogg profits rising from 20.8% to 22.4%. Europe provided most of the international punch, with 1986 sales climbing 35% over 1985. European profits shot up 37%.

As sales and distribution swell, Kellogg has increasingly invested in plant expansion and modernization. The 1986 capital budget of $329 million was 33.7% greater than 1985. Estimated 1987 capital spending is $395 million—a 20% increase over 1986. Among major Kellogg projects is a $500 million upgrading of its Battle Creek plant to house "state-of-the-art" processing and packaging equipment and expansion space. General Mills also is evaluating plant sites to expand its cereal production capacity.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	193	460
Magazines	1,058	300
Bus pubs	670	641
Network TV	166,261	156,431
Spot TV	48,804	51,050
Spot radio	8	678
Outdoor	22	15
Network cable	3,072	4,725
Total measured	220,089	214,299
Unmeasured	154,053	150,000
Total	374,142	364,299

KELLOGG CO.
One Kellogg Square
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Battle Creek, Mich. 49016-3599
(616) 961-2000
Marketing Personnel

M.D. Simpson, exec vp-sales & mktg
W.H. Weintraub, sr vp-mktg
S.W. Richards, vp-natl sales mgr
K.C. Smith, dir-mktg svcs

Advertising Agencies

Leo Burnett USA, Chicago—cereals, toaster pastries—William Lynch, vice-chmn; James Jenness, sr vp; Bill Whitman, vp-acct dir; Gary Singer, Tim O'Day, Al Roehl, acct supers; Edward Frechette, Kim Perutz, Patty Bloomfield, Jeff Thompson, Glenn Adilman, Ellie Callison, Elizabeth Ellrodt, acct execs.

Vince Cullers Advertising, Chicago—Black mktg—Vince Cullers, president.

J. Walter Thompson USA, Chicago—bran cereals—Jack Tukey, sr vp-group acct dir; Paula Cahn, sr vp-acct dir; Karen Kolodzey, Susan Frankel, Peter Seymour, Pat Muldoon, acct supers; Susan Della Maddalena, Erin Clark, Mitch Riber, Mark Mitten, acct execs.

U.S. SUBSIDIARIES
Corporate Personnel

G.E. Costley, president, exec vp-Kellogg Co.

MRS. SMITH'S FROZEN FOODS CO.
Pottstown, Pa.
Marketing Personnel

J.J. Feeney, president-ceo
J.S. MacDonald, eastern zone mgr
J.T. Kroll, western zone mgr

SALADA FOODS
Little Falls, N.Y.
Marketing Personnel

E.M. O'Leary, exec vp-genl mgr
R.A. Coco, vp-sales

WHITNEY'S FOODS
Battle Creek, Mich.
Corporate Personnel

M.L. Wolfe, president

FEARN INTERNATIONAL
Franklin Park, Ill.
Marketing Personnel

D.E. Thompson, president
E.K. Jorgensen, sr vp-sales & mktg

Advertising Agency

West, Morris, Davis & Muender—Rockford, Ill.—Percy J. Muender, vp.

RANK **19**

Kraft Inc.

Northbrook, Ill.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	8,742	7,920	10.4
Net income	390	408	(4.4)
U.S.			
Sales	6,278	5,819	7.9
Operating profits	645	624	3.4
Advertising	438	480	(8.7)
Division sales			
Retail food	3,365	3,290	2.3
Dairy group	651	621	4.8
Food service	1,314	890	47.7
Industrial foods	442	531	(16.9)
Int'l foods group	2,006	1,733	15.9

A year after the Dart divorce, Kraft is playing the acquisition field with a vengeance, showing up repeatedly as the successful suitor.

Since January 1986, Kraft Inc. has made 24 acquisitions, 18 of those in foodservice. The two biggest recent buys, Anderson, Clayton Foods, maker of Chiffon margarine and Seven Seas salad dressings, and All American Gourmet, which markets Budget Gourmet frozen entries, carried a combined price tag of $531 million. That brought Kraft's buying spree to a whopping $700 million in the first six months of 1987.

Kraft has backed up its buying with a renewed emphasis on its branded food products. When Dart & Kraft broke up late last year, the food unit and Duracell batteries stayed under the Kraft banner. The remaining holdings—Tupperware, Hobart, West Bend and Wilsonart laminate—were spun off to form Premark International, a publicly held corporation based in Northbrook, Ill. and headed by Warren Batts, former president-ceo of Dart & Kraft. Premark took with it $15.3 million in measured media spending, about 80% of that for Tupperware and the rest for West Bend.

Kraft also shuffled its agencies, reassigning $125 million in advertising accounts. The big winners in the switch were Leo Burnett Co., Chicago, which grabbed $43 million from J. Walter Thompson USA and another $7 million from DDB Needham Worldwide, and Foote, Cone & Belding, which doubled its Kraft billings to $70 million.

The biggest loser was JWT, which saw its Kraft billings drop almost $100 million. JWT, which retains $75 million in Kraft work, had been closely associated with Kraft for more than 60 years and had originated the advertising line, "America spells cheese K-R-A-F-T."

With the reassignment, however, Kraft cut way back on corporate spending and chose instead to seek "major client" status at each of its new agencies. Kraft execs say they moved away from JWT because they believed the agency worked on too many brands to give each individual product the attention it deserved. JWT kept Kraft Singles, Philadelphia Cream Cheese and Cheese Whiz, plus the $13 million foodservice account. Kraft's announced goal is to become the biggest foodservice distributor in the U.S.

The changes in agencies were accompanied by a new compensation formula. Kraft switched from a fee-only basis to a combination of fees and media commissions. The fees are used to compensate agencies working on new product introductions, while the commissions are used to give agencies an extra incentive to boost the product's share.

Kraft's advertising drew fire over the summer from the Federal Trade Commission, which charged the company with misrepresenting the calcium content of its Singles cheese line when ads implied that a Singles slice contained as much calcium as five ounces of milk, which it does not. The issue is awaiting a formal hearing.

Polar B'ar ice cream squares, pulled off the market in July of last year when potentially harmful bacteria were found in a product sampling, is being re-introduced in test markets in the East. A spokesman says Polar B'ars is keeping the old name but will be treated as a new line.

One of the company's flagship lines, its Pourable Dressings, got a packaging lift when Kraft began testing squeezable plastic containers. Anderson, Clayton's Seven Seas salad dressing joins a raft of Kraft products that dominate the industry category. Kraft spent $24.8 million in 1986 on Celestial Seasoning, Light Mayonnaise, Miracle Whip, Presto and Kraft Salad Dressing, which is 38% of total spending in the category as measured by BAR/LNA.

Beginning a national rollout is Source, a calcium-enriched spread containing 15% of the recommended daily allowance of the mineral per tablespoon.

Duracell, the one non-food chunk of Dart left with Kraft after the breakup, got a substantial increase in advertising dollars to defend its 45% share of the $2.5 billion battery market. Duracell lost a couple of points of market share during the fray from Ralston Purina's acquisition, Eveready Battery Co., and from Eastman Kodak's introduction of the new Supralife brand. Kraft backed the Duracell line with about $30 million, up 30%, notes BAR/LNA.

Breyer's brand yogurt doubled its market share in 1986, Kraft claimed, thanks to an aggressive relaunching of the product. The amount of fruit in the product was increased; the package was redesigned, and a major sales promotion and advertising campaign was used to underline the change. Spending on the yogurt

Know your Knorr

Knorr brand of dehydrated soups and bouillons, responsible for a quarter of CPC International's grocery product sales, now include 570 varieties of soup, and 100 kinds of bouillons to match local taste preferences—the result of adding three new soups a year in each country. On the local level that means Knorr sweetcorn soup in London, miso soup in Tokyo, and Knorr Ikan Bilis bouillon, an anchovy soup base, in Kuala Lumpur, and Knorr seven spice cube in Casablanca.

Top 25 outdoor advertisers

Rank	Advertiser	Outdoor ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	RJR Nabisco	$82,820	$94,701	(12.5)	8.9
2	Philip Morris Cos.	61,283	65,479	(6.4)	4.5
3	Loews Corp.	25,000	25,171	(0.7)	17.1
4	B.A.T Industries	20,146	22,548	(10.6)	20.1
5	Seagram Co. Ltd.	10,140	15,370	(34.0)	10.7
6	American Brands	8,513	7,709	10.4	5.4
7	Anheuser-Busch Cos.	6,664	5,105	30.5	1.0
8	National Distillers & Chemical Corp.	5,834	5,211	11.9	15.1
9	McDonald's Corp.	5,544	6,914	(19.8)	0.9
10	Olympia & York Developments	5,000	7,073	(29.3)	15.4
11	Brown-Forman Corp.	4,938	5,162	(4.3)	5.0
12	Holiday Corp.	4,555	3,904	16.7	11.0
13	Republic of Mexico	4,324	N/A	N/A	30.9
14	Seven Up	3,513	1,665	111.0	5.9
15	PepsiCo Inc.	3,213	4,107	(21.8)	0.6
16	Coca-Cola Co.	3,166	3,852	(17.8)	0.9
17	Southland Corp.	2,986	N/A	N/A	5.0
18	General Motors Corp.	2,731	3,633	(24.8)	0.3
19	Texas Air Corp.	2,557	4,094	(37.5)	1.9
20	Guinness PLC	2,507	N/A	N/A	N/A
21	Kroger Co.	2,341	737	217.5	2.2
22	Rapid-American Corp.	2,156	4,528	(52.4)	4.1
23	Ford Motor Co.	2,134	3,222	(33.8)	0.3
24	Toyota Motor Corp.	2,014	2,173	(7.3)	1.0
25	Cigna Corp.	1,999	N/A	N/A	N/A

Source: Institute of Outdoor Advertisers and Outdoor Advertising Assn. of America as reported by Leading National Advertisers

Note: Dollars are in thousands

increased 187% to $2.7 million, according to BAR/LNA.

The Breyers brand was expanded in August with the introduction of Breyer's jellies and jams. The products, billed as all-natural, retain the trademark black labels of the ice cream.

The ice cream received $6.4 million in measured advertising, about the same as in 1985.

Kraft pulled back on its plans to enter the produce section when it ended its test of Vegisnax, pre-cut carrots and celery developed to be crunchier than other snack vegetables.

The line was put on the market early in 1986 and was withdrawn during the summer.

The Velveeta line (cheese, slices, shells & cheese dinners) also got a boost with the introduction of Mexican Velveeta and a packaged dinner, Velveeta Shells and Cheese. Velveeta spending dropped 26% to $20.9 million.

Kraft dominated spending among cheese marketers. According to BAR/LNA, it spent $65.6 million on cheese, which accounts for a 59.4% share of the $110.5 million spent on cheese by advertisers in seven media.

Kraft quickly traded on the Tombstone brand name with the introduction of the Tombstone Double-Top pizza. Tombstone was backed with $3.7 million in measured spending.

Also in the freezer case were the new Frusen Gladje sorbets, introduced in September 1986, and Marble Classics, a premium line of swirl-style ice cream. The entire Frusen Gladje line received $5.3 million in measured spending, up 28% from a year previous.

The Philadelphia Brand Cream Cheese family got two new members with the introduction of Light Philadelphia Brand Cream Cheese and Philadelphia Brand cheesecake mix.

Kraft spent $13.8 million on the Philadelphia brand line in 1986, about the same as in 1985.

Kraft brought out two new packaged dinner lines, Makin' Cajun and Applause dinners. Makin' Cajun, which began testing in October 1986, includes three dinner kits to which consumers add the meat or shellfish. Applause dinners are formulated for use with chicken and come in four flavors.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,017	6,433
Magazines	33,823	31,989
Newsp. supp.	2,083	2,245
Bus pubs.	774	51
Network TV	88,446	101,686
Spot TV	61,803	67,735
Network radio	2,637	652
Spot radio	7,162	7,425
Outdoor	73	21
Network cable	1,775	1,489
Total measured	200,592	219,726
Unmeasured	237,360	260,000
Total	437,952	479,726

KRAFT, INC.
1 Kraft Court
Glenview, Ill. 60025
(312) 998-2000
Marketing Personnel

Joel Weiner, sr vp-mktg svcs

Advertising Agencies

Leo Burnett USA, Chicago—agency of record, syndicated television—Brian Williams, acct dir.

Foote, Cone & Belding, Chicago—TV specials—Jim Cerasani, sr vp-group acct dir; Vicki Sanders, vp-acct dir.

Hispania Advertising (JWT USA subsidiary), New York—Hispanic & multi-prod adv—Caroline Demy, sr vp-genl mgr; Marta Gerdes, acct exec; Anibal Garcia, jr acct exec; Diane Libizzi, media buying.

Proctor & Gardner, Chicago—Black consumer mktg, multi-prod adv—Barbara Proctor, creative dir; William Heyward, copy super; Suzanne Stanley, acct super.

KRAFT DAIRY GROUP
Philadelphia, Pa.
Corporate Personnel

Thomas Herskovits, president, group vp
John Reisenberg, vp-genl mgr, specialty prods

Marketing Personnel

Mitch Wienick, mktg dir, cultured prods
Robert E. Baker, mktg dir, frozen desserts

Advertising Agencies

Geers, Gross, New York—Breakstone cottage cheese, sour cream, dip, Light n' Lively yogurt, cottage cheese & ice milk, Fresh Delights cottage cheese with fruit, Frusen Gladje ice cream, sorbets, Sealtest ice cream, novelties—Dennis King, sr vp; Larry Deitch, vp-acct mgr, frozen; Trish Dorrell, acct super, frozen; Betsy King, acct exec, cultured dairy; Eileen Begert, asst acct exec; Lisa Gossels, asst acct exec, Light 'n Lively.

Young & Rubicam, New York—Breyer's ice cream, yogurt, Breyer's Marble Classics—Richard Kahn, mgmt super; Janet Bertoldi, acct super; Eileen Rosenthal, acct exec. Breyer's jams, jellies and preserves, Kraft jams & jellies, fruit spreads—Susan Machtiger, mgmt super; John Morris, acct super; Michael Smith, acct exec.

KRAFT GROCERY PRODUCTS GROUP
Glenview, Ill.
Marketing Personnel

Eric C. Strobel, president, group vp
Dick Buell, vp, dir-mktg

Advertising Agencies

Leo Burnett USA, Chicago—Parkay prods, Kraft salad dressings, Seven Seas salad dressings, Churny cheeses, Chiffon margarine—Maria Deppe-McNitt, Ken Mays, acct supers.

Foote, Cone & Belding, Chicago—Miracle whip, BBQ sauces, Kraft spread, Source spread, packaged dinners, Celestial Seasonings, youth program, new prods—Jim Cerasani, sr vp-group acct dir; Jean McLaren, vp-sr acct dir; John Nichols, Ann McBeth, Don Coyner, acct dirs.

Young & Rubicam, New York—mayonnaise, —Susan Machtiger, mgmt super; Judy Reiss, acct super; Julie Butkiewicz, acct exec.

KRAFT REFRIGERATED PRODUCTS GROUP
Glenview, Illinois

Robert S. Morrison, president, group vp
Michael Blythe, vp-dir, mktg

Advertising agencies

Leo Burnett USA, Chicago—Velveeta lines, Light 'n' Lively processed cheese, 100% Natural cheeses, Light Natural cheeses, Cracker Barrel cheeses, Casino cheeses—Michael Fogel, Sadru Patel, acct super.

Foote, Cone & Belding, Chicago—Grated cheeses, Handi-Snax—Jim Cerasani, sr vp-group acct dir; John Berka, vp-acct dir; Marti Parletta, acct dir.

J. Walter Thompson USA, Chicago—Kraft Singles, Philadelphia Brand Cream Cheese, Philadelphia Brand Cheesecake Mix, Cheez Whiz—Jack Tukey, sr vp-group acct dir; Kraft Intl; Melissa Murphy, sr vp-group acct dir; Myron Lyskanycz, vp-acct dir; Rick Anderson, vp-acct dir, Kraft Intl; Bob Ravasio, acct super; Kristin Rafkin, Jan Johnson, Terry Byrne, acct reps; Marla Miller, Ann Hoffbeck, asst acct reps; Tod Levy, Jeanene Kroetch, Anne Fadze, acct assts.

Young & Rubicam, New York—Polliocheeses—Richard Kahn, mgmt super; Judy Reiss, acct super; Sophie Revil, acct exec.

KRAFT VENTURE GROUP
Glenview, Ill.

Bruce Harreld, group vp-pres
Charles Martin, vp-mktg

Advertising Agencies

Campbell-Mithun, Minneapolis—Tombstone pizza—Steve Gordon, sr vp-mgmt super; Don Kvam, acct super; David Kelsey, acct exec; Lisa Parrish, asst acct exec; Bob Fugate, sr vp-group creative dir; Terry Bremer, vp-creative dir; George Halvorson, vp-assoc creative dir; Tom Evans, copywriter; Joe McDowell, creative super.

Dilorio, Wergeles, New York—Budget Gourmet Frozen Foods—Lou Peter, acct super; Toni Helleny, acct exec.

Geers, Gross, New York—Lender's bagels, new business—Dennis King, sr vp; Tom Jasinski, vp-sr acct mgr; P.J. Lehrer, acct exec; Lisa Gossels, asst acct exec.

INDUSTRIAL FOODS GROUP
Memphis, Tenn.
Marketing Personnel

Frank D. Donovan, vp-sales & mktg, private label prods
C.F. Arnoult, vp-industrial oil prod mktg
Fred Betzel, vp-mktg & sales, industrial
Frank D. Donovan, vp-sales, private label
G.E. Maynard, vp-sales, industrial
R.E. Wenzler, vp-industrial ingredients mktg

Advertising Agency

Ward Archer & Associates, Memphis—Ward Archer, chmn; Ward Archer Jr., president; Eddie Tucker, creative dir.

Kroger Co.
Cincinnati

RANK **82**

($ in millions)

Worldwide	1986	1985	% chg
Sales	17,100	16,000	6.9
Net income	56	160	(65.0)
U.S. advertising	108	70	54.4
Division sales	**1986**	**1985**	**% chg**
Food store	16,300	15,300	6.5
Convenience	480	404	18.8
Other	370	290	27.6

Kroger sales from continuing operations (not including drug stores sales) increased 7% to $17.1 billion in 1986, despite fewer food stores and low inflation. Sales per average square foot at its food stores rose to $360 from $347 in 1985.

Earnings from continuing operations declined 13% to $138.1 million, even before taking into account $82.3 million in special charges related to its restructuring. In the first half of 1987, Kroger posted two strong quarters. Sales from continuing operations were up 3.6% to $8.10 billion, while earnings from the same increased 18.7% to $90.6 million.

Company officials credited aggressive merchandising and lower operating costs —partly as a result of its restructuring— for the strong results.

Kroger spent $200 million on advertising in 1986, including local advertising not included in the national expenditures accompanying this article. That was 10.5% more than the $181 million spent in 1985, a company spokesman says.

Large increases in spending on network TV, network cable, magazines and outdoor advertising are primarily a result of a corporate "meat excellence" image campaign intended to increase exposure to Kroger's meat products, says J. Richard Owens, VP-advertising.

Owens says regional network TV cost a little less than spot TV and increased market coverage by about 50%. Spending on TV and radio will increase as a percentage of total ad spending in 1987, but print will remain dominant, he says. The company would spend more on regional network TV if it were available, Owens says.

Meat merchandising continued to be a top priority at Kroger in 1987. Results have been healthy: meat sales were up 14% in 1985 and 6% in 1986, despite reduced consumption of meat nationwide. Through the first half of 1987, meat sales were growing at a 5% pace.

A significant development in meat merchandising has been the introduction of Excel brand-name meat products in selected markets, where they have garnered as much as 50% of Kroger meats sales. Kroger officials say brand-name meat will be in all 1,300 Kroger stores within a year.

Other elements of the meat campaign—built around Alex the butcher in Kroger ads—include reducing fat trim to one-quarter inch, instituting a double-money-back guarantee policy, and precooked items ready for the microwave. Kroger has also set up an 800 number for customer questions about meat and seafood. The service fielded 39,000 calls in 1986.

With restructuring completed a leaner Kroger Co. is now focusing on store development—with the emphasis on convenience. Some 98% of new Kroger grocery stores, including many which are replacing older outdated units, are state-of-the-art designed for one-stop shopping. They're targeted at working women, two-income families and a maturing population with more disposable income.

The convenience stores include full-service, expanded grocery departments; drug stores; video departments; greeting cards and floral shops. They range in size from 50,000 to 66,000 sq. ft. At year end, Kroger had 1,298 food stores and 735 convenience stores, compared to 1,367 and 643, respectively, a year earlier.

Kroger also is expanding its marketing of Kroger-produced, upscale brands—Texas Gold premium ice cream, Esprit yogurt, Vienna Creme ice cream bars, American Home Danish and Engli calcium-fortified milk—to compete with similar national brands.

In May, its Dillon subsidiary bought Mini Mart Inc., a 115-unit chain of convenience stores based in Casper, Wyo.

Price Savers Warehouse Inc., a wholesale membership warehouse chain based in Salt Lake City and acquired in 1985, is expanding to the East. In addition, Kroger formed a new subsidiary, Welcome Inc., and will open three super warehouse stores in the Southeast by the end of the year.

Kroger's 1986 restructuring included closing 100 unprofitable stores, selling off its 870-unit, SupeRx and Hook's store division, and trimming headquarters expenses by 25% through an early retirement program.

More indirectly, implementation of the restructuring precipitated the ouster of William G. Kagler, president since 1983 and a 22-year veteran of what is now the nation's largest grocery chain. He was replaced by Joseph A. Pichler, who had been president-ceo of Dillon Co. Inc., a Kroger subsidiary since 1983.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	787	61
Network TV	1,846	9
Spot TV	39,666	26,890
Spot radio	3,178	3,459
Outdoor	2,341	737
Network cable	295	0
Total measured	48,113	31,157
Unmeasured	60,226	39,000
Total	108,339	70,157

KROGER CO.
1014 Vine St.
Cincinnati, Ohio 45201
(513) 762-4000
Corporate Personnel

Lyle Everingham, chmn-ceo
Joseph A. Pichler, president-coo

Marketing Personnel

Richard M. Koster, exec vp
J. Richard Owens, vp-adv

Advertising Agency

Campbell-Mithun, Chicago—Marv Goldsmith, exec vp-genl admin mgr; John Kroening, Jon Wylie, vps-mgmt supers.

Loews Corp.
New York

RANK **58**

($ in millions)

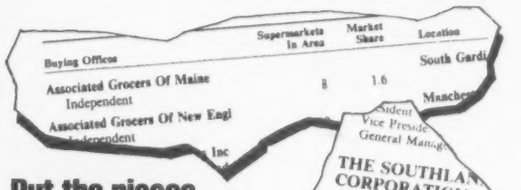
Worldwide	1986	1985	% chg
Sales	8,626	6,700	28.7
Net income	546	589	(7.3)
U.S. advertising	146	157	(6.7)
Division sales	**1986**	**1985**	**% chg**
Cigarettes	1,716	1,650	4.0
Hotels	159	143	11.2
Investments	1,205	1,056	14.1
Life insurance	1,500	1,333	12.5
Prop., cslty. ins.	3,951	2,437	62.1

Loews Corp., now out of a losing position in the movie theater business, once again found new growth and big profits in its insurance and cigarette operations.

Lorillard, the company's cigarette unit, was its second biggest money-maker and accounted for the lion's share of its media spending in 1986. CNA Financial Corp., Loews' second most advertised division with a modest measured expenditure of $5.4 million—all in magazine advertising in 1986—was its most profitable.

Lorillard advertising stayed on even keel in 1986. In the seven media monitored by BAR/LNA, measured media expenditures for Lorillard cigarette products topped out at $58.3 million, about the same level as 1985.

Although industry-wide cigarette sales volume dropped 2.1% in 1986 from a year earlier, volume losses at Lorillard were smaller. Lorillard ended the year with record sales and profits, with net income up 28% over 1985. It was the division's 11th straight year of record profits, despite consumer health concerns, a declining cig-



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See page 143

arette-smoking population, the high price of cigarettes and a depressed market.

Lorillard's sales performance was spurred by the impressive growth of the Newport brand, which posted a 3.8% market share, an increase of almost 10% over 1985. Lorillard's share of the total cigarette market remained at 8.1%, unchanged from a year earlier. Excluding generic and price/value brands, Lorillard's share of the market stood at 8.7%, up from 8.8% in 1985.

Newport remained Lorillard's leading brand in 1986, winding up the year as the eighth largest selling brand in the industry, with a 3.9% share, behind Marlboro, the perennial leader at 22.9%. Others in the top 10 brands were RJR Nabisco's Salem menthol at 7.8%, Brown & Williamson's Kool menthol at 6.4%, Philip Morris' Benson & Hedges at 4.4% and its Merit brand at 4%, RJR's Camel at 4.3% and its Vantage at 3.2% and American Brands' Pall Mall at 3.2%.

Loews spent more to advertise Newport —$33.7 million for the brand line, up 5.6% from 1985—than on any of its other brands or non-cigarette products. Newport menthols had the support of $23.1 million in measured spending, more than half of that in outdoor advertising, according to BAR/LNA.

First half market share reports for 1987 found Newport extending its gains, moving ahead of Benson & Hedges and into sixth position, with a 4.2% share. At the same time, Lorillard went into two test markets with Newport Stripes, a new entry with a white filter tip (other Newport brands are cork-tipped) designed to appeal to women. The test products are being offered in 100mm lengths and in slim and regular. Yet another Lorillard product tested this summer is a cigarette named Harley-Davidson, a king-size regular offered in a black package with a golden eagle logo.

Measured media spending for Lorillard's True cigarette line in 1986 rose slightly to $13.9 million, most of it devoted to the new True Gold brands introduced a year earlier. Magazines and newspaper supplements accounted for the major media expenditures, while use of outdoor amounted to about $2 million, a bit less than in 1985.

First half 1987 also saw the introduction of new packaging for Lorillard's True cigarette brand. Instead of the familiar white packaging with blue (non-menthol) and green (menthol) circles, Trues are now sporting a more contemporary silver packaging, retaining the blue and green circles motif to denote non-menthol and menthol versions. The new packaging reportedly rates high in consumer acceptance.

Measured media expenditures for Kent, Lorillard's one-time flagship cigarette line, dropped to $10.6 million, down 28.4% from 1985. Most of the 1986 outlay for Kent came in the third and fourth quarters, a marketing and promotional effort that helped reduce the brand's declining sales. At year end, Kent brands represented one-third of Lorillard's total cigarette sales and were the 12th largest seller in the industry.

Media spending on behalf of Lorillard's Beech-Nut chewing tobacco was measured at $2 million, of which $1.3 million went to spot TV, the company's only and probably final use of broadcast to promote its tobacco products. Expenditures remained virtually unchanged from year-earlier figures, and Lorillard loose-leaf chewing tobacco products maintained market share in 1986.

The year saw enactment by Congress of the Comprehensive Smokeless Tobacco Health Education Act, which eliminated all broadcast advertising for smokeless products. It also requires warning notices be placed on all packaging, print advertising and point-of-sale materials beginning in 1987.

Loews' financial arm, CNA Financial Corp., which made up 37% of Loews' revenue and 41% of its net income in 1986, reported record sales and earnings for the year. Net operating income was up 45% over 1985, net income up 32% and revenues up 39%. While most insurance lines showed gains, commercial property and casualty reported the largest increases, up 45% in profit. Life insurance sales also showed a healthy gain, with net income at $51.3 million, up 15.6% from 1985.

The company's Bulova watch and clock operations, restructured and moved into new facilities, posted a third straight profitable year. Bulova's timepiece advertising, which accounted for about $1.8 million in measured media in 1986, also took a new direction. Set to the theme of "Bulova, it's America's Time," ads and promos for watches and clocks depicted special moments in a person's lifetime and linked them with Bulova. Increased exposure through national publications and spot TV marked the 1986 ad effort.

Loews Hotels division marked an eventful year highlighted by the appointment of Preston R. Tisch, former president of Loews Hotels, as Postmaster General of the United States. The division's net income of $11.1 million remained virtually unchanged from 1985, despite a 10% increase in revenues to $175 million. Another high point of 1986 was the formation of the Grande Collection of Hotels, a marketing and reservation company representing international luxury properties, including Campton Place, San Francisco; the Regency, New York, and Westwood Marquis, Los Angeles.

Loews gained $11.1 million in income from its 24.91% holdings in CBS Inc. Laurence A. Tisch, Loews' chairman-ceo, who spearheaded the purchase of CBS stock in 1985, wielded his power in engineering the replacement at CBS of CEO Thomas H. Wyman. Mr. Tisch claimed the position for himself.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,114	13,815
Magazines	34,433	36,041
Newsp. supp.	6,861	4,024
Bus. pubs.	197	27
Spot TV	1,597	1,865
Spot radio	40	937
Outdoor	25,000	25,171
Network cable	222	72
Total measured	76,467	81,952
Unmeasured	69,980	75,000
Total	146,447	156,952

LOEWS CORP.
666 Fifth Ave.
New York, N.Y. 10103
(212) 841-8100

LORILLARD DIV

Corporate Personnel

J.R. Ave, president-ceo

Marketing Personnel

R.H. Orcutt, sr vp-sales
T.H. Mau, sr vp-adv & brand mgmt
S.R. Ridgway, vp-pr
J.P. Mastandrea, vp-sales
L. Gordon, vp-trade devel
G.R. Telford, vp-adv & brand mgmt
J.E. Daghlian, group brand dir
W. Sands, media dir
P.A. Lawless, sales promo dir
S.T. Jones, mktg rsch dir
R.D. Hammer, group brand mgr
A. Pasheluk, group brand mgr
K.P. Augustyn, brand mgr
V.D. Lindsley, brand mgr
C.D. Ray, brand mgr
J.A. Guardino, assoc brand mgr
J. Arato, asst brand mgr
W. Leong, asst brand mgr
M. Liebow, asst brand mgr

Advertising Agencies

Ally Gargano/MCA Advertising, New York —Newport, new prods—Warren Dechter, exec vp; Ed Ricci, sr vp.

BBDO, New York—Kent, Kent III, Kent Golden Lights, new prods—Joe Barrett, vp-sr mgmt rep; Ken Angel, sr vp-mgmt super; John Marchese, vp-acct super.

Saatchi & Saatchi DFS Compton, New York —True, Triumph, Beech-Nut chewing tobacco, new prods—Tom Bohan, mgmt dir.

LOEWS HOTELS

Corporate Personnel

Robert J. Hausman, chmn-ceo
Jonathan Tisch, president
William H. Maibach, exec vp-domestic operations

Marketing Personnel

Philippe Borel, vp-mktg
Marian Succoso, dir-adv & sales promo
Michelle Oaklan, dir-pr

Advertising Agencies

Arias & Sarraille, Palo Alto, Calif.—Ed Sarraille, partner.

Cavalieri & Kleier, New York—Ian Kleier, acct exec.

Warren/Kremer Advertising, New York—Christine Marino, acct exec.

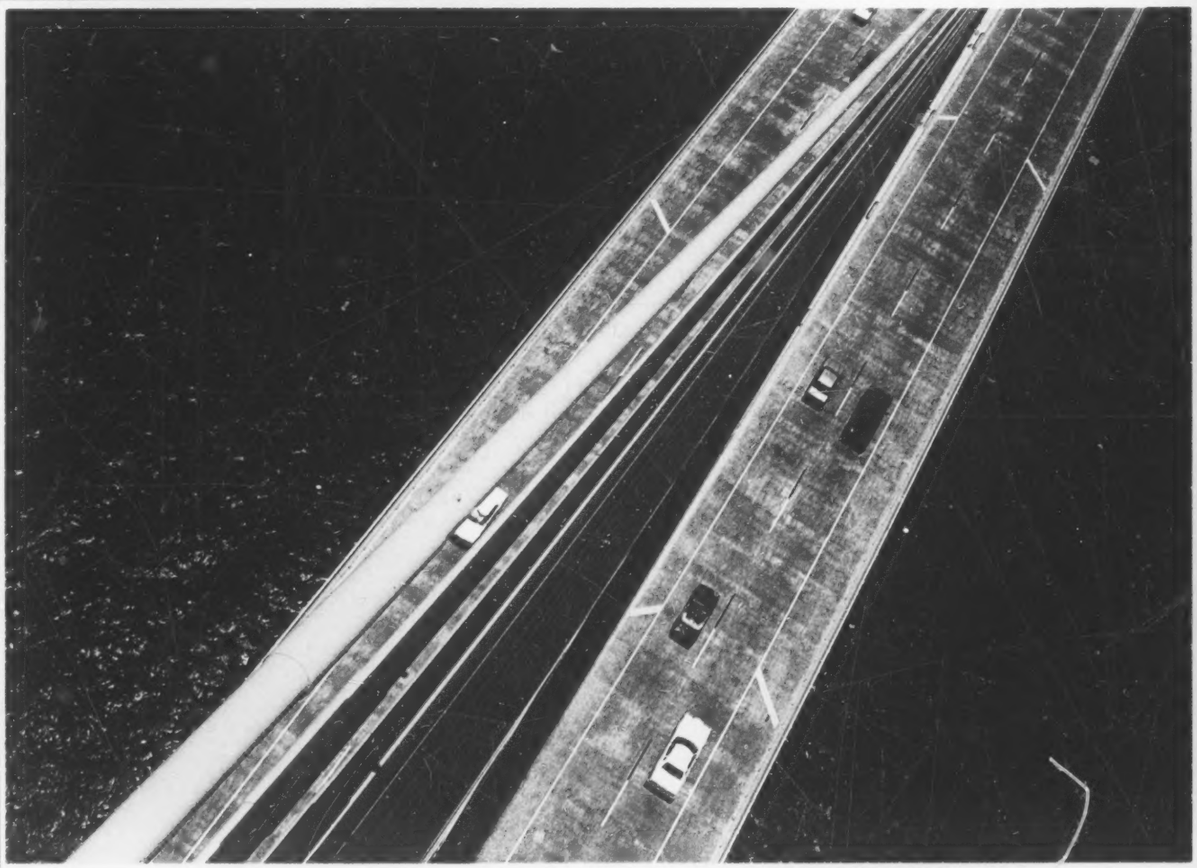
CNA INSURANCE COS.
Chicago

Corporate Personnel

Edward J. Noha, chmn-ceo

Marketing Personnel

Philip L. Engel, vp-mktg



Sunshine Skyway Bridge / *Photo by Douglas Johns*

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Sources: Market statistics from Sales & Marketing Management's 1987 Survey of Buying Power. Readership is from the 1987 Scarborough Report.

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BULOVA WATCH CO.
Woodside, N.Y.
Corporate Personnel

Andrew H. Tisch, president

Marketing Personnel

Robert E. Ryan, vp-mktg
Richard Jamroz, mktg dir
Jane Disanto, mgr-business planning & prod devel

Advertising Agency

McCaffery & Ratner, New York—David Hooper, sr vp-mktg dir.

RANK **27**

Mars Inc.

McLean, Va.

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
U.S. advertising	313	276	13.4

Mars Inc. is overhauling its product lines in all divisions, launching new brands and discontinuing tests of items that haven't captured consumers' fancies, such as gourmet cat food and filled potato chips.

Advertising for all brands in 1986 increased only 13% to $312 million, following 1985's dramatic hike in ad spending of nearly 27%. But Mars continues to be a healthy ad spender, retaining its market lead in candy and rice products.

Its largest division, M&M/Mars, is preparing the introduction of a new bar, P.B. Max, a peanut butter cookie-candy bar, which would be aimed at Hershey's Reese's Peanut Butter Cups, according to sources. P.B. Max is slated for test later this year or in early 1988. Leo Burnett, Chicago, has the assignment.

M&M/Mars, with 37% of the candy market, still retains a slim 1% lead over arch-rival Hershey Foods' 36% share. Hershey in recent years has been more aggressive in launching new candy bars, but Mars appears to be more active in product development.

Mars' latest national introduction, Kudos, is a hit. Barely a year since its launch, chocolate-covered Kudos has snared a 20% share of the $387 million crowded granola bar category. Kudos, which comes in chocolate chip, nutty fudge and peanut butter flavors, has been available nationally since February.

Analysts credit Mars with recognizing that consumers see granola bars more as a confection than as a health-food snack. Kudos is sweeter and more like candy than products of many competitors. Mars also aggressively marketed and advertised Kudos, backing it with $4.5 million in measured spending in the limited market rollout in 1986.

In May, however, M&M/Mars dropped a longtime test of Royals, its M&M-like confection aimed at adults. Mars says next year it will try another product targeting older consumers. "We still believe in the upscale market," says Whitney Hill, M&M/Mars trade relations director. "Royals were probably too close to M&Ms." Royals were available for several years in Washington, Baltimore and Atlanta markets.

In July, M&M/Mars announced a reformulation of the U.S. version of the Milky Way bar to make it less sweet. More like its European version, Milky Way will contain 20% more chocolate and be enclosed in a jazzier wrapper. In September, Backer Spielvogel Bates Worldwide launched an $8 million campaign to tout the virtues of the new bar.

The candy division in June hired its first Hispanic agency, Mendoza, Dillon & Asociados, Newport Beach, Calif., to handle Snickers and M&Ms.

Mars' snack foods lines have not racked up the successes of its candy products. This year the company stopped shipments of Dooley's filled snacks and potato chips, which had been sold for several years in the Midwest. Cornquistos are still available only in the Southwest. The most popular Mars snack, Combos, has expanded to about 80% of the country, up from 60% last year. A new variety, peanut butter Combo crackers, was introduced this summer. Combos' traditional flavors were cheese-filled pretzel and cheese cracker varieties.

M&M/Mars candy measured media spending rose 13.5% in 1986 to $172.9 million. Snack food advertising fell 5% to $5.4 million, according to BAR/LNA. BAR/LNA, which measures spending in seven media, monitored spending for various candy and snack brands: 3 Musketeers, $3.6 million, down 44%; Kudos, $4.5 million (introduction); M&M Candies, $26.8 million, up 6.8%; Mars Bar, $5.9 million, up 11%; Milky Way, $9.2 million, up 31%; Royals Mint Chocolates, $1.2 million, up 200%; Skittles, $7.2 million, up 33%; Snickers, $27.5 million, up 7%; Starburst, $5.8 million, up 4%; Twix, $9.8 million, down 19%; Combos, $3.9 million, up 8%; Cornquistos, $600,000, down 54%; Dooley Filled Snacks, $700,000, up from $11,400; and Dooley Potato Chips, $200,000, down 71%.

Mars' Uncle Ben's division threw 71% more into its ad budget in 1986, spending $27.4 million, according to BAR/LNA. Country Inn Rice mixes now come in 11 flavors, with the addition of four new varieties this year.

And Uncle Ben's has entered the fast expanding ethnic-seasonings mixes market, with the national launch this summer of Susie Wan, four flavors of dry packaged dinner mixes. Consumers may add chicken or beef to such flavorings as sweet and sour, teriyaki or oriental. Another product, Susie Wan fried rice mix, is also new this year. Backer Spielvogel Bates Worldwide handles Susie Wan.

Uncle Ben's Country Inn Rice was backed by $13.2 million in advertising in 1986, up from $1.4 million. Spending for Uncle Ben's Rice fell 12% to $12.9 million. The division spent $1.2 million, down 14% for Uncle Ben's Side Dishes.

Mars' Kal Kan pet food division hiked spending by merely 0.8%. It discontinued Kal Kan Pet & Glamour Kitty Food, a gourmet cat food introduced in March 1986 in savory white fish, tender veal and chicken liver dinner flavors, and it axed Petcraft Dog Treats, also tested in 1986. The only addition to the lineup this year is Feathers, a wild birdseed in test in New England. No agency is assigned.

Market share for the Kal Kan division grew to 9.3% in 1986 from 8.4% of the pet food category in 1985, according to John Maxwell, analyst for Furman Selz Mager Dietz & Birney, New York. He estimated its sales rose to $522.9 million, from $453.3 million in 1985.

Kal Kan Cat Food continued to hold second place in the category, with 1986 sales estimated by Mr. Maxwell at $226 million. Crave dry cat food moved back into fourth place with sales of $66.5 million, while Heinz' 9-Lives fell from fourth to fifth place. Kal Kan canned dog food continues to hold the No. 2 slot in the category, with $155 million in 1986 sales, behind market leader Alpo ($230 million).

Mealtime dry dog food continues to slip in its market share. It dropped yet another notch in 1986, to seventh place, as sales fell slightly to $66 million, says Mr. Maxwell. He estimates 1986 sales of $7.4 million for Kal Kan Marrow Bones dog treats, making it ninth in the dog treat category.

Measured spending for Kal Kan division products includes: Crave Cat Food, $10.9 million, up 38%; Kal Kan Canned Cat Food, $8.2 million, down 2%; Kal Kan Canned Dog Food, $9.7 million, up 3%; Kal Kan Pet & Glamour Kitty Food, $20,000 (new); Mealtime Dry Dog Food, $4.8 million, down 44%; Petcraft Dog Treats, $900,000, up 125%; Petcraft Marrowbone Dog Biscuits, $400,000, up from $14,800.

In August 1986 Mars purchased DoveBar International, Chicago, maker of expensive, hand-dipped chocolate and ice cream bars. Dove is operating as a separate Mars division, but this July the company moved its estimated $4 million account for the main DoveBar product to a Mars agency, Leo Burnett USA, Chicago, from Zechman & Associates, Chicago. Dove's other two products, Forever Yours and Rondos, continue to be handled by Tatham-Laird & Kudner, Chicago.

This year Dove renamed Dove Delight, its ice cream dessert, dubbing it Forever Yours, the name of a discontinued Mars candy bar. And Rondos, bite-size chocolate-covered ice cream confections, were introduced this year. Measured spending for Dove in 1986 was $1.6 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	507	377
Magazines	15,443	5,820
Newsp. supp.	0	347
Bus pubs.	184	2,091
Network TV	84,983	87,216
Spot TV	48,065	40,457
Network radio	4,765	3,991
Spot radio	1,255	535
Outdoor	102	0
Network cable	17,668	11,605
Total measured	172,872	152,438
Unmeasured	139,735	123,218
Total	312,607	275,656

MARS INC.
1651 Old Meadow Rd.
Westgate Park
McLean, Va. 22102
(703) 821-4900
M&M/MARS DIVISION
Hackettstown, N.J.
Corporate Personnel

Howard L. Walker, president

Marketing Personnel

J. Langdon, sr vp-brands & sales
Randy Webb, vp-sales
Ted Lusher, dir-broker sales
Joseph Stallenhoef, vp-non-chocolate prods
Jim Conlan, dir-trade devel
Whitney Hill, trade relations dir

UNCLE BEN'S INC.
Houston, Texas
Corporate Personnel

Bill Hellegas, president

Marketing Personnel

Al Aragona, vp-mktg & sales

KAL KAN FOODS
Vernon, Calif.
Corporate Personnel

Thomas Armstrong, president

Marketing Personnel

John Murray, vp-brands

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—pet foods, Kal Kan canned dog and cat food—Norman Bierman, exec vp; Simon Turner, mgmt rep. Candy & snacks, Kudos, M&M's chocolate candies (plain and peanut), Snickers, Milky Way, Starburst fruit chews, —Larry Light, Sheila Patterson, acct dirs; Alice Uniman, Pan Marcus, Dana Tower, sr vp-mgmt reps. Uncle Ben's—Randy Hackett, exec vp; Alan Kellam, sr vp-mgmt rep.

Leo Burnett USA, Chicago—candy, snacks, 3 Musketeers bar, Twix caramel cookie bar, Mars almond bar, P.B. Max, DoveBar—Dan Reid, exec vp-acct dir.; Brad Brinegar, acct super (candy); Peter Picard, acct super (DoveBar).

DMB&B, New York—Crave cat food, new pet food projects—Rod Torrance, sr vp-acct dir; Andrew Salzman, vp-acct super.

DMB&B, St. Louis—Skittles, Combos, Cornquistos— Rick Spatz, sr vp-acct dir; Dave Gulick, Steve Kempf, vp-acct supers.

Mendoza, Dillon & Asociados, Newport Beach, Calif.—hispanic adv, Snickers, M&Ms—Robert Howells, sr vp-acct dir; Sergio Ruiz, acct super.

Tatham-Laird & Kudner, Chicago—DoveBar's Rondos, Forever Yours—Kirk Borland, sr partner-acct dir; Melissa Connolly, acct super.

RANK **99**

May Department Stores

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	10,400	9,500	9.5
Net income	381	347	9.8
U.S. advertising	85	68	24.1
Division sales	**1986**	**1985**	**% chg**
Department stores	6,503	6,128	6.1
Caldor	1,411	1,339	5.4
Venture	1,129	1,004	12.5
Discount stores	2,540	2,343	8.4
Volume shoes	934	697	34.0
Loehmann's	351	322	9.0
Specialty stores	1,285	1,019	26.1
Real estate	48	52	(7.7)

Several days following the October 1986 acquisition of Associated Dry Goods by May Department Store Co., Joseph Brooks, the chairman-ceo of Associated's Lord & Taylor division retired, signaling the first of several changes to occur at the upscale, New York-based retail chain.

The acquisition diminished Mr. Brooks' hope of becoming ceo of Associated, a job he was being groomed to assume from Joseph Johnson. Mr. Johnson, unhappy over the acquisition, retired from his post one week before Mr. Brooks, but he remains on May's board of directors.

Marshall Hillsberg has replaced Mr. Brooks as chairman-ceo at Lord & Taylor, May's largest department store division, which in 1986 recorded sales of $825 million, up 17.5% over 1985. Mr. Hillsberg held the same title at May's G. Fox & Co., Hartford, Conn., where he was promised a significant promotion once the acquisition was final.

James Guinan, chairman-ceo, Norwalk, Conn.-based Caldor discount store unit, also resigned last October. He was replaced by Don Clarke, who had been chairman of May's Venture unit.

The acquisition, which added 440 stores to May's 145, gives May Co. a stronger presence in the Northeast, where Lord & Taylor operates most of its stores. Also included in the deal were Caldor discount stores, J.W. Robinson retailers and Loehmann's offprice clothing stores.

As a result of the acquisition, May had record sales of $10.4 billion in 1986, up 9.5% from 1985, while its measured advertising budget leaped from $24 million to $39.4 million.

May divides its stores into three divisions: department stores, discount stores and specialty stores. In 1986, total May department store sales increased 6.1% to $6.5 billion—a 4.5% increase on a store-for-store basis.

A record 12 department stores, comprising approximately 1.7 million sq. ft. of retail space, opened in 1986, marking the most department stores ever opened by May during a single year. The company also closed 13 department stores, only two of which were replaced by new May-owned stores.

Additionally, May agreed to sell its Pittsburgh-based Joseph Horne Co. department stores in a leveraged buyout led by Robert O'Connell, Horne's president-ceo. May had earlier promised to sell Horne in return for an agreement by the city of Pittsburgh, Allegheny County and the state of Pennsylvania to drop their lawsuit seeking to prohibit May from acquiring Associated Dry Goods. The suit was filed in July 1986 charging that the acquisition would be anti-competitive by giving May control of virtually all of the department stores in Pittsburgh and Allegheny County. At the time of the spinoff, Horne operated 15 stores. The chain's 1985 sales were $209 million.

Caldor and Venture are May's two discount store chains, responsible for 1986 sales of $2.5 billion.

Caldor's sales were $1.4 billion in 1986, a 5.4% increase over 1985. The chain grew 1.1% on a store-for-store basis. Because May management was disappointed in Caldor's performance in 1986, the company took steps to realign its inventory position through liquidation sales aimed at improving inventory currency. Caldor also reduced significantly the number of stock-keeping units carried.

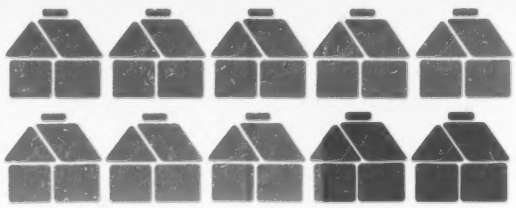
Venture sales were $1.1 billion in 1986, an increase of 12.5% over 1985. The chain grew 8.8% on a store-for-store basis. Three more stores were recently added to Venture's largest market area, Chicago, with a fourth store introduced in Manchester, Mo. At year-end, Venture operated 65 stores in seven midwestern states. The company continues to support the chain with the ad theme, "Save at Venture, save with style."

May's two specialty retail operations, Volume Shoe Corp. and Loehmann's offprice women's clothing stores, contributed $1.3 billion to the company's total revenues.

Volume, May's fastest-growing unit, operates under the name Payless ShoeSource in many states. The stores had 1986 sales of $934 million, an increase of 34.1% over 1985 and 14.3% on a store-for-store basis. This tremendous growth was attributed to the opening of 343 new Payless ShoeSource outlets, including the 129 acquired from SCOA Industries in early 1986. There are 2,210 Volume Shoe stores in 40 states and Washington, D.C., with plans to open 235 new outlets by the end of 1988.

Payless is supported with a TV and radio campaign themed "You could pay more, but why," via Foote, Cone &

ON THE GO BUFFALO



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THE BUFFALO NEWS

Sources: S & MM, Survey of Buying Power, 1986. ABC Fas-Fax for 6 months ended 3/31/87.

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Loehmann's sales were $351 million in 1986, up 9% from 1985 and 2.2% on a store-for-store basis. The division opened 12 new stores in 1986, located primarily in the mid-Atlantic and southern states.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	9,858	5,609
Magazines	1,807	1,872
Newsp. supp.	805	57
Network TV	3,738	3,513
Spot TV	32,364	28,723
Spot radio	848	187
Outdoor	687	418
Total measured	50,107	40,379
Unmeasured	34,746	28,000
Total	84,853	68,379

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CALDOR
Norwalk, Conn.
Marketing Personnel
Al Buczko, sr vp-adv & sales promo
Advertising Agency
(In-house).

FAMOUS-BARR
St. Louis, Mo.
Marketing Personnel
Jo Lawley, sr vp-adv & sales promo
Michael Wolf, vp-adv dir
Advertising Agency
Stolz Advertising Co., St. Louis—Ellen Horn, acct super; Lori Berman, media.

G. FOX & CO.
Hartford, Conn.
Marketing Personnel
Bernard Sklar, sr vp-sales promo
Advertising Agency
(In-house).

GOLDWATER
Scottsdale, Ariz.
Marketing Personnel
William Heckman,vp-sales promo & mktg
Advertising Agency
(In-house).

HAHNE & CO.
Newark, N.J.
Marketing Personnel
Donald Ziccardi, sr vp, dir-sales promo
Advertising Agency
(In-house).

HECHT & CO.
Washington, D.C.
Marketing Personnel
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Don DeFabio, sr vp-mktg
Advertising Agency
Rosenthal, Greene & Campbell, Bethesda, Md.—Judith Greene, president.

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Marketing Personnel
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(In-house).

KAUFMANN'S
Pittsburgh
Marketing Personnel
Jerry Eccher, sr vp-sales promo & adv
Advertising Agency
(In-house).

LOEHMANN'S
Bronx, New York
Marketing Personnel
Hy Leder, vp-adv & pr
Advertising Agency
Weissberg & Associates, New York—Marty Weissberg, president.

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New York, N.Y.
Marketing Personnel
Gerald H. Blum, exec vp-mktg & rsch
Rita Lennick, sr vp-adv
Patricia Doyle Burgevin, vp-adv mgr
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(In-house).

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Marketing Personnel
Paul Cavelli, sr vp-dir-mktg
Kathryn Kish, vp-sales promo
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Stephen D. Thorpe, sr vp-sales promo
Penelope Burns, vp-adv dir
Advertising Agency
(In-house).

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North Hollywood, Calif.
Marketing Personnel
Harry Wendland, sr vp-sales promo
Advertising Agency
(In-house).

MEIER & FRANK
Portland, Ore.
Marketing Personnel
David Miller, senior vp-sales promotion
Advertising Agency
(In-house).

O'NEIL'S
Akron, Ohio
Marketing Personnel
Terry McDonald, sr vp-sales promo
Advertising Agency
(In-house).

SIBLEY'S
Rochester, N.Y.
Marketing Personnel
Susan Lapple, vp, dir-adv
Advertising Agency
(In-house).

VENTURE
O'Fallon, Mo.
Marketing Personnel
Ann Armbuster, sr vp-mktg
Thomas Gent, vp-adv
Advertising Agency
(In-house) Corinthian Advertising, New York.

VOLUME SHOE CORP.
Topeka, Kan.
Marketing Personnel
Greg Jones, vp-sales promo & adv
Advertising Agency
Foote, Cone & Belding, Chicago—Dan Ziguelich, acct exec.

Mazda Motors Corp.

RANK **54**

Hiroshima, Japan

($ in millions)

Worldwide	1986	1985	% chg
Sales	10,100	9,748	3.6
Net income	50	193	(74.1)
U.S. advertising	157	119	32.2

Mazda Motors of America Inc. found its limited offerings, the declining dollar and U.S. import restrictions a severe drain on profits in 1986-87. Ad spending only matched prior year levels, although that is likely to change as Mazda's U.S. output increases and it introduces its four-wheel-steering models this year.

Although worldwide sales showed a 3.4% increase over year-earlier figures, profits took a precipitous 74% drop, mainly because of the rise in value of the yen against the dollar. This particularly affects its top export market, the U.S., where its sales have been limited by voluntary import restraints and its margins are thinning as the differential between the price Mazda gets for its cars in the U.S. comes closer to the cost of producing them in Japan.

Sales and earnings of the parent company, Mazda Motor Corp., Hiroshima, Japan, which appear in the accompanying box for fiscal years ending Oct. 31, were converted from yen to dollars at a rate of Y161=$1.

Mazda will get relief from its reliance on exports and dollar dependency this fall when its cars start rolling out of the newly built $450 million plant at Flat Rock, Mich. The two cars that will be produced at the plant will be marketed separately by Mazda and Ford. Ford owns 25% of Mazda. The models include a front-wheel-drive Mazda 626 and a front-wheel-drive compact car for Ford, names Probe, that originally was planned as the replacement for the Mustang.

Mazda's long-awaited four-wheel-steering system was introduced in September 1987 in the 626GT. It is likely that 4WS will be offered on the 626 model produced at Flat Rock this fall. Mazda and Honda are in a dead-heat to see who can beat the other in offering the 4WS option stateside.

Mazda's worldwide factory sales were up 6.4%, to 1,405,170 units, a figure boosted by a 4.5% sales increase to 357,223 units domestically in Japan. Total exports increased 7.1%, to 1,047,947 units. Consumer acceptance of the redesigned Mazda 323 and RX-7 models helped maintain a strong flow of vehicles to North America during fiscal 1986. Shipments were up 19.2% to 430,889 units.

In the U.S., sales of imported Mazdas totaled 379,843 units—222,716 cars, up 5.2% from a year earlier, and 157,127 trucks, up 26.5% over 1985. Unit car sales gave Mazda a 6.8% share of the import car market, down from 7.4% in 1985.

Mazda auto sales represented 2.0% of the total U.S. market, behind Honda at 6%, Toyota's 5.7% and Nissan with a 4.8% share. The popular 626 models, priced from $10,000-$14,000, accounted for 92,411 unit sales, followed by the 323 models (priced at $6,009-$8,899) at 74,062 units and the top-of-the-line, high-performance RX-7s (priced at $14,199-$20,399) at 56,203 units.

High demand for the Mazda B2000 pickup trucks produced sales of 157,127 units, up 26.5% over 1985, giving Mazda a 16.7% share of the light truck import market and a 3.3% share of the total U.S. market. Mazda ranks third in light truck sales among imports, behind Toyota with a 41% import share (8.3% U.S.) and Nissan with a 23.8% import share (4.8% of the U.S. market.)

Mazda in the U.S. is a combination of Mazda Motors of America (Central), Rancho Dominguez, Calif., and Mazda Motors of America (East), Jacksonville, Fla. The California company is a joint venture of Mazda Motors Corp. (known as Toyo Kogyo Co. Ltd. until 1984) and Su-

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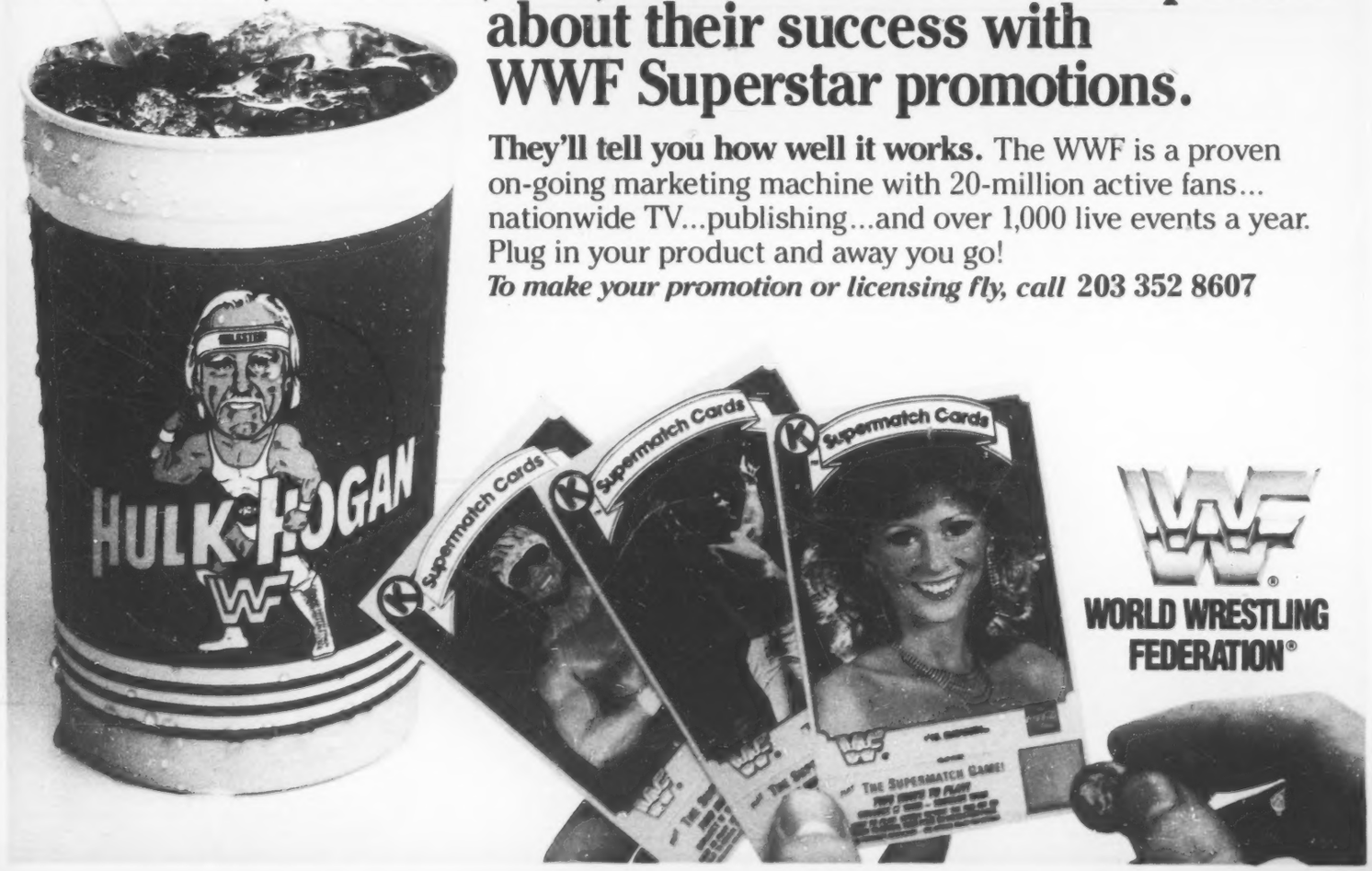

mitomo Corp. and handles car and truck imports to the Great Lakes, Gulf regions and western U.S. The Florida operation is a subsidiary of C. Itoh Co. and handles imports to an 18-state region in the East and Southeast.

With only one major change for 1987—a new wagon in the 323 subcompact series—the company's ad strategy for the 1987 models closely resembled that of previous years. Measured media spending totaled $72.1 million, some 68% in network and spot TV and 30% in enthusiast and newsweekly magazines. TV and print ads continued to keep the price/value theme of previous model years and stressed "total performance" of the full Mazda line.

Actor James Garner continued as company spokesman for the 1987 models. A new series of ads play on his serious, no-nonsense, dry approach.

Media buying, largely on TV, is geared for weekend sporting events and magazine-format programs (such as "60 Minutes"). Mazda sponsored NFL football, NCAA basketball, women's and senior professional golfing and was the sole auto sponsor of the post-season Mazda Gator Bowl. It continued for a seventh straight year the "Mazda Sportslook" series of sports journalism cable programs on ESPN.

Mazda strengthened its small truck lineup with the mid-year introduction of its first four-wheel-drive model. The company also unveiled the B2200, a new two-wheel-drive pickup with a 2.2 liter four-cylinder engine.

The company continued its strategy of marketing its compact pickup trucks the same way it sells cars: zero in on wealthy, urban consumers. Mazda spent $24.7 million in measured media on trucks. The B2000 line of light trucks took the lion's share of the 1986 ad budget, $15.5 million of the measured spending in network TV and $6.7 million in magazines. The pickups were positioned as maneuverable, fun to drive and loaded with creature comforts.

Mazda pickup truck sales reached record highs in calendar '86 with the help of special value packages. One such package, attached to the SE-5 model and called the "SE-5 plus Five," offered $500 worth of extra features and equipment at no extra charge for a limited time. Later in the 1987 model year, the package was modified to become the "SE-5 plus Seven," offering $700 worth of extra freebies.

In late July, as sales of the '87s lagged and time for the 1988 model introductions grew near, Mazda also offered a special value package to spark sales of its 626 and 323 models. Full-page newspaper ads proclaimed "$900 in options free or $900 cash back on all Mazda 626's." On 323 models, the offer was $500 in options or a cash rebate.

Mazda continued its involvement in auto racing with its RX-7 high-performance rotary engine sports passenger car. Measured media spending behind the RX-7 in 1986 was $16.2 million, unchanged from the previous year. The car was named 1986 Import Car of the Year by *Motor Trend* magazine.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,514	5,029
Magazines	31,524	28,890
Bus pubs	1,265	—
Network TV	45,075	44,153
Spot TV	25,281	10,006
Network radio	315	0
Spot radio	788	33
Outdoor	6	12
Network cable	1,756	2,244
Total measured	119,524	90,440
Unmeasured	37,322	28,241
Total	156,846	118,681

MAZDA MOTORS OF AMERICA (CENTRAL)
3040 E. Ana St.
Rancho Dominguez, Calif. 90221
(714) 537-2332
Corporate Personnel

Y. Taura, president
Rod Hayden, sr vp-genl mgr

Marketing Personnel

Duane Bowen, vp-mktg
Robert Parker, vp-sales

(EAST)
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(904) 731-4010

Corporate Personnel

M. Katsube, president
James Trado, sr vp-genl mgr
George McCabe, vp-regional operations

Marketing Personnel

James Weisner, vp-sales & mktg

Advertising Agency

Foote, Cone & Belding, Los Angeles—Welton Mansfield, exec vp-genl mgr; James Arnold, vp-mgt dir; Brad Fogel, vp-natl adv sr acct dir-cars; Steven Morrissey, vp-natl adv acct dir-trucks; Robert MacDonald, vp-media dir; James Barr, exec vp-creative dir; Henry Caroselli, sr vp-creative dir.

MCA Inc.

RANK **86**

Universal City, Calif.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	2,441	2,099	16.3
Net income	155	150	3.5
U.S.			
Sales	1,926	1,786	7.8
Operating profits	103	175	(41.4)
Advertising	102	102	(0.0)
Division sales			
Film	1,311	1,169	12.1
Music	386	326	18.4
Retail, mail order	302	296	2.0
Toy products	208	77	170.1

The news of MCA Inc.'s 1986 record revenues was almost overshadowed in July 1987 when the three-week hospitalization of 74-year-old Chairman-CEO Lew Wasserman fueled rumors that the company might be vulnerable to a takeover bid.

MCA stock traded heavily, and the board took measures to thwart a hostile takeover attempt. As of early August, however, Mr. Wasserman—who owns 6.9% of MCA shares and exerts control over another 8.4%—was back at work. Although there is continued speculation about eventual restructuring, MCA was back to making news through its movies, television shows and other products.

MCA reported the highest revenues in the company's history in 1986. Among the strongest moneymakers were a 50% interest in a Toronto-based theater chain, Cineplex Odeon Corp., acquired in May; record-high revenues from the Universal Studios Tour; and a full year's income from the toy products division, acquired in mid-1985. Nevertheless, a disappointing year for MCA's theatrical films and, especially, a shaky television syndication market resulted in lower operating profits than in 1985. Total measured advertising was held constant with 1985 levels.

Filmed Entertainment accounted for 53.7% of the company's total sales, down from 55.7% the previous year. However, the division's operating income dropped precipitously in the two-year period, from 67% of the total in 1985 to 42% in 1986.

Among Universal Pictures' 1986 releases, only "An American Tail" was a strong performer; a November release, it earned $22 million in rentals to domestic theaters by the end of the year. Notable disappointments were "Howard the Duck," which earned $9.8 million in rentals; "Psycho III," at $6.1 million, and "Legal Eagles," at $26.5 million. In comparison, the top earner, Paramount's "Top Gun," pulled in $82 million in rentals last year. The failure of "Howard the Duck," in particular, is thought to have spurred the resignation last September of Frank Price, who headed the motion picture group. He was replaced by Thomas Pollock.

Universal had a 9% share of the 1986 movie market, putting it behind Paramount (22%), Warner Bros. (12%) and Disney (10%).

A better year is shaping up for 1987, with strong showings so far for "The Secret of My Success," "Dragnet," and "Jaws: The Revenge."

Universal Pictures released 12 films last year, compared to 14 in 1985, and spent less on advertising—$38 million measured spending, down 9.5% from 1985. Ad spending patterns were similar both years. In 1986, new releases received from $2.5 million to $5 million in measured advertising.

Of the television spending, network got 83%, cable 9% and spot 8%.

Problems in the TV syndication market, particularly the bankruptcy filing of Grant Broadcasting, forced MCA Television to increase amortization costs for some series and increase its bad debt reserve, resulting in an approximate $50 million charge against 1986 operating income.

Syndication woes have caused MCA to shift toward producing less costly half-hour, rather than hour-long, programs.

The good news for the company was that "Magnum, P.I." went into syndication last fall; "The A-Team" and "Simon & Simon" will become available in 1987. Last year syndication licensing agreements were signed for "Kate and Allie," an additional season of both "Magnum, P.I." and "Gimme A Break," and additional licensing of the "Universal Pictures Debut Network II" package of theatrical films.

These syndication agreements are expected to produce more than $350 million in future revenues. MCA also signed an agreement last year with Arthur Co. to make its tightly budgeted comedies for the company.

Ad spending by MCA Home Video skyrocketed last year. Measured spending totaled $3.3 million, up from $273,000 in 1985.

In 1986, MCA Home Video offered nearly 100 first-time releases, including "Back to the Future," "Out of Africa," "Mask," "Weird Science," "The Money Pit," "Legend," "Sweet Liberty," "Brazil" and "Marnie." Home video and pay TV brought in $250 million in revenues in 1986, up 4.8%.

MCA's 50% investment in Cineplex Odeon in March 1986 resulted in what the company called substantial earnings. This year an 18-screen Cineplex Odeon complex opened in Los Angeles. The two companies have announced a joint venture to develop a Universal Studios Tour in Orlando, Fla., scheduled to open in 1989. The tour in Universal City produced a record $85 million in revenues last year, 31% higher than in 1985.

The music entertainment division expanded last year with MCA's purchase of Facility Merchandising Inc., Front Line Management and Full Moon Records. In the fourth quarter it entered the radio syndication market by forming MCA Radio Network and acquiring Barnett-Robbins Enterprises, syndicator of six weekly radio programs.

MCA Records continued last year's strong showing as albums by Patti LaBelle, New Edition and Ready for the World attained platinum status (over 1 million sold).

Boston received a triple platinum. The 1985 soundtrack album from MCA TV's program "Miami Vice" received a quadruple platinum (more than 4 million in sales).

The retail and mail order division, which includes Spencer Gifts, Intrigue jewelry stores and A2Z-The Best of Everything shops, rebounded from disappointing years in 1984 and 1985 and showed $15.5 million in operating income, up 10.7% over 1985.

The toy products division, created when MCA acquired LJN Toys in mid-1985, benefited from the continued success of "The World Wrestling Federation" and "Thundercats" products, introduced in 1985, the new "Photon" interactive game line and "Entertech" motorized waterguns. Measured ad spending for the division's first full year reached $10.5 million.

In 1986 LJN bought Grand Toys Ltd., a Canadian toy marketer, making it one of the dozen largest U.S. toy companies in revenue. MCA's toy interests also include a 9% interest in Coleco Industries Inc., acquired early this year to settle a dispute between the two companies over rights to the "King Kong" name.

Revenues in the book publishing division (Putnam Publishing Group) totaled $132 million, down 4.6% from 1985.

The purchase of WOR-TV in Secaucus, N.J., which was in litigation at the end of 1986, has now been completed. In anticipation of owning the station, MCA formed a broadcasting group last year.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,581	1,421
Magazines	3,027	808
Newsp. supp.	20	565
Bus pubs	19	0
Network TV	31,342	38,863
Spot TV	15,052	7,904
Network radio	765	545
Spot radio	4,127	6,419
Outdoor	629	417
Network cable	4,206	3,845
Total measured	60,768	60,786
Unmeasured	40,903	40,915
Total	101,671	101,701

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(818) 777-1000
Corporate Personnel

Lew R. Wasserman, chmn-ceo
Sidney J. Sheinberg, president-coo
Thomas Wertheimer, exec vp

MCA MOTION PICTURE GROUP
Corporate Personnel

Thomas Pollock, chmn
Joseph Fischer, sr vp

UNIVERSAL PICTURES
Marketing Personnel

Edward M. Roginski, president
Paula Kelley, sr vp
Suzanne Barton, vp, dir-east coast publicity
Nadia Bronson, vp, intl publicity & adv
David Sameth, vp, creative adv & creative dir
Teri Korban-Seide, vp, media & co-op adv
Sally Van Slyke, vp, west coast publicity, promo & ntl field operations

Advertising Agency

DDB Needham Worldwide, Los Angeles—Simon Kornblit, exec vp-genl mgr; Victoria Gilbert, sr vp, dir-media; Sandra Busch, media super; Ann-Marie Whitman, acct super; Laura Lucas, acct exec.

MCA HOME ENTERTAINMENT GROUP
Corporate Personnel

Eugene Giaquinto, president

Marketing Personnel

Jerry Sharell, sr vp-mktg
Craig Relyea, dir adv
Paul McIntire, dir-promo mktg

Advertising Agency

Cavalieri & Kleier Advertising, New York—Ian Kleier, vice chmn-mgmt super; John Cavalieri, chmn-creative dir; Mark Siegfried, acct super.

MCA RECREATION SERVICES
Marketing Personnel

Jay S. Stein, vp-MCA Inc., president-MCA Recreation Services
Gordon Armstrong, exec vp-mktg
Joan Bullard, vp-publicity

Advertising Agency

FCB/Entertainment, Los Angeles—Universal Studios Tour, Universal Amphitheatre, Yosemite Park & Curry Co., MCA Concerts, Universal Studios Fla.—Steve Hayman, genl mgr; Hal Kaufman, creative dir; Denise Hitchcock, acct dir; Liza Pompan, media super.

SPENCER GIFTS
Atlantic City, N.J.
Corporate Personnel

J. Eugene Brog, chmn
John P. Hacala, president
George R. Ziling, exec vp
S. Gary Stern, exec vp, mail order div
Richard Steinberg, exec vp, retail stores div

Advertising Agency

(In-house)—Edward Israel, adv dir

MCA MUSIC ENTERTAINMENT GROUP
Corporate Personnel

Irving Azoff, president

MCA RECORDS

Myron Roth, exec vp

Marketing Personnel

Richard Palmese, exec vp-mktg & promo
Larry Solters, sr vp-artist devel
Glen Lajeski, exec dir-mktg admin
Jeff Adamoff, dir-creative svcs
Steve Meyer, sr vp, promo

Advertising Agency

(In-house) Lankershim Advertising

MCA DISTRIBUTING
Corporate Personnel

John Burns, sr vp

MCA CORPORATE PUBLIC RELATIONS
Corporate Personnel

Linda Weitzler, dir

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RANK 8

McDonald's Corp.

Oak Brook, Ill.

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,240	3,761	12.7
Net income	480	433	10.9
U.S.	**1986**	**1985**	**% chg**
Sales	3,077	2,864	7.4
Operating profits	808	757	6.7
Advertising	592	550	7.6
Division sales	**1986**	**1985**	**% chg**
Owned restaurants	3,109	2,770	12.2
Franchises	1,037	924	12.2
Other	97	66	47.0

McDonald's Corp.'s history is proof that success breeds success. As its number of stores has steadily grown, its marketing budget has increased, giving it unprecedented clout with media and promotional companies. That budget in turn continues to fuel additional growth.

McDonald's claimed the title as the world's largest foodservice operation years ago, and no competitor has come close to wresting that title from it. Total U.S. sales (from company *and* franchised stores) grew 7.8% to $9.53 billion in 1986. Meanwhile, the industry was growing barely 2% to approximately $46 billion. McDonald's captured a 20.7% share. Figures in the accompanying box represent only company-owned units.

McDonald's boasts the highest per-store sales of any chain. Restaurants open for at least one year took in an average of $1.369 million in 1986, up 5.6% from $1.296 in 1985.

In 1986, the global McDonald's system (comprising company- and franchisee-owned stores as well as joint-venture or "affiliate" stores) spent $789 million on advertising worldwide, a 15% increase over 1985. An estimated $592 million, or 75%, of that budget was spent in U.S.

That U.S. spending estimate is 7.6% above the $550 million estimated spending for 1985, lower than the global percentage increase because of an acceleration in marketing expenditures in foreign markets.

The 1986 global marketing budget of $789 million represents 6.3% of systemwide sales, compared with the 6.2% of systemwide sales allocated to marketing during the previous year and the 6% allocated in 1984.

Increasingly, McDonald's media plan has become dominated by its TV presence. In fact, in 1986, McDonald's increased its spending on network and spot TV and cable TV while decreasing its spending on all other measured media (print, spot radio and outdoor).

The only category in which McDonald's spending is increasing faster than in TV is unmeasured marketing, especially sales promotion. The McDonald's system has moved from being an occasional in-store promoter to a nearly constant one. Food items or special premiums now are offered nearly every week, backed by point-of-sale, direct mail or other promotional marketing programs.

Its promotional programs are becoming more grandiose and are receiving more extensive media-advertising backing. In September 1986, McDonald's launched the first fast-food promotion tied to the National Football League, a scratch-card game backed by an estimated $10 million in TV support. In 1987, McDonald's was back with a game linked to the board game Monopoly. Prizes were valued at $40 million, including a grand prize of $1 million.

McDonald's continues to be one of the 10 largest TV advertisers in the U.S. and the largest by far of any restaurant company. The $193 million it spent on network TV in 1986 represented nearly 44% of the $439.4 million spent on TV by all U.S. restaurant companies. It exceeded the combined network TV budgets of the next four chains (Burger King, Kentucky Fried Chicken, Wendy's and Red Lobster).

McDonald's spot TV expenditures of $128.2 million represent "only" 17% of the industry's total spot spending, but still exceed the budgets of Burger King and KFC combined.

The national creative funded by that TV budget is a mixture of "image" advertising (McDonald's motto of "Food, fun and folks") and product/price promotion. The company skillfully alternates between the warm approach of a dad taking his daughter to McDonald's and the hard sell offer of larger fries or free soft drinks with purchase of, say, a Big Mac.

Two commercials stood out in 1987. One, titled "New kid," aired first during the 1987 Super Bowl. It spotlighted an elderly man's first day as a McDonald's counter worker. In addition to being a likable, sentimental commercial, "New kid" also functioned as a gentle recruitment ad.

McDonald's set a precedent for the company in late August when it aired nationally a commercial called "Mac Tonight." The spot, which features a moon-faced character playing a piano atop a giant Big Mac and which targets dinner business, was created by Davis, Johnson, Mogul & Colombatto, Los Angeles, agency for the McDonald's Operators Assn. of Southern California. McDonald's has in the past run nationally local-market creative for promotional efforts such as children's meal premiums. But "Mac Tonight" is believed to be the first mainstream commercial to air nationally that was not created by national agency Leo Burnett USA, Chicago, in the six years Burnett has had the account.

The next step could be the use in the U.S. of a foreign commercial as McDonald's becomes a truly global marketer. In 1986, McDonald's opened its first stores in Argentina, Cuba (on the U.S. Naval base there) and Turkey, bringing to 45 the number of countries in which it is represented. The highest-volume store in the McDonald's empire last year was a Rome outlet that took in nearly $5 million in sales during only 9 months in operation.

McDonald's next targets are the Eastern Bloc countries. By the end of 1987, the company is expected to reach agreement to open its first stores in Yugoslavia, and it continues to negotiate a possible breakthrough in the Soviet Union.

McDonald's already is an international sponsor of amateur competition in gymnastics and swimming and is seeking similar arrangements in other sports, such as soccer.

The chain continues to consider refinements in its menu. In August 1986 it introduced for a limited time a Shanghai Chicken McNuggets variation on its chicken finger foods, followed in fall 1987 with a Mexican variation called Fiesta McNuggets. In test is a chicken version of the McD.L.T. sandwich introduced in 1985, and the company is looking at different formulations of a McPizza product.

The most important new menu item has been packaged salads. Tested regionally for several years, the salads were rolled nationally in May 1987. The salad rollout was part of McDonald's intensified focus on nutrition, a stance that has won it both applause and criticism.

The applause came in the form of quick consumer acceptance of the salads. The criticism was directed to a $12 million-$15 million print campaign launched in January 1987. The print ads, appearing throughout the year in a variety of consumer and medical-trade magazines, discuss the quality of McDonald's foods and how they fit with a balanced diet.

The first criticism of the campaign came from Center for Science in the Public Interest, a Washington, D.C.-based consumer watchdog organization. Calling the ads "misleading" because they contained incomplete information, CSPI called for McDonald's to halt the campaign. It did not.

The attorneys general of California, New York and Texas voiced similar reservations about the nutrition ads, and in April 1987 asked McDonald's to "cease and desist" continued use of the campaign. McDonald's did not halt the campaign, but the focus of its ads changed from nutritional composition of foods to the broader health benefits of its salads.

McDonald's proved it can go on the legal offensive as well. Continuing its history of jealously guarding its exclusive use of the "Mc" prefix for food products, McDonald's in August 1987 filed suit

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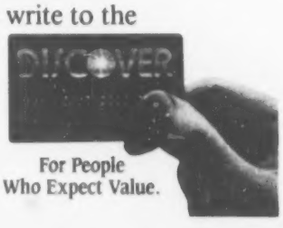

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against Alberto-Culver, Chicago, seeking to halt that company's planned introduction of a butter substitute branded "Molly McButter."

What may be McDonald's marketing move with the most significant long-term ramifications has been the development of close ties with the nation's No. 1 retailer, Sears, Roebuck & Co. The two first joined for a Christmas 1986 promotion that offered a stocking bearing the likeness of a character from Steven Spielberg's animated film "An American Tail" and a reduced-price coupon for Sears toys tied to the same film.

The McDonald's-Sears bond deepened in 1987 with a new joint venture: a "McKids" line of apparel available only at Sears and carrying the unmistakable McDonald's "Golden Arches" logo. That venture could blossom in apparel for teens and adults as well, and may become a standalone retail chain of its own in coming years.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	609	892
Bus pubs	0	7
Network TV	193,002	184,882
Spot TV	128,380	118,046
Network radio	0	195
Spot radio	4,654	5,412
Outdoor	5,544	6,914
Network cable	1,820	1,425
Total measured	333,808	317,773
Unmeasured	258,192	232,227
Total	592,000	550,000

MCDONALD'S CORP.
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Ronald W. Miessler, vp-comm svcs
Richard G. Starmann, vp-comm
Laurie Grace, asst vp, dir-media
Jim Rand, asst vp, dir-mktg svcs
Thomas A. Gruber, vp-intl mktg
Charles L. Rubner, asst vp-comm
Emil Terri, asst vp-mktg & media svcs
Dean Barrett, dir-natl mktg
Ken Barun, exec dir-Ronald McDonald Children's Charities
David Dandurand, dir-sports mktg
Chuck Ebeling, dir-corp comm
Court Kenaston, dir-field mktg
Linda Kravitz, dir-youth mktg
Don Lorr, dir-mktg rsch
Jerry Powers, dir-mktg svcs
Stephanie Skurdy, dir-media relations
Vic Trela, dir-new prods mktg

Advertising Agencies

Leo Burnett USA, Chicago—Jim Shymkus, exec vp-McDonald's; Linda Wolf, Jerry Conner, sr vps-acct dirs; Barry Krause, vp-acct super, adults, sports; Deborah Stowe, acct super, adult nutrition; Kathy Warman, acct super, field nutrition; Ann Kramer, acct super, youth recruiting; Susan Farrend, acct super, field reputation; David Heggen, Tom Claggett, acct supers, field nutrition comp; Tom Roth, acct super, new prods, intl.

Burrell Advertising, Chicago—Black consumer mktg—Alan Dinwiddie, vp-acct dir; Barbara Jackson, acct super; Robert Jackson, acct exec; Deborah Swain, asst acct exec.

Conill Advertising, New York—Hispanic consumer mktg—Charles McGee, acct super.

Frankel & Co., Chicago—sales promo—James Mack, vp-acct dir; Roger Lipker, acct dir-sports mktg; Robert Schneider, acct dir-youth mktg; Rick Bollinger, acct dir-adult mktg.

RANK **50**

Mobil Corp.

New York

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	49,865	60,609	(17.7)
Net income	1,407	1,040	35.3
U.S.	1986	1985	% chg
Sales	18,717	23,594	(20.7)
Earnings	514	942	(45.4)
Advertising	168	196	(14.1)
Division sales	1986	1985	% chg
U.S. petroleum	12,085	16,052	(24.7)
Foreign petroleum	30,088	35,586	(15.4)
Chemical	2,553	2,457	3.9
Retail merch.	5,065	6,073	(16.6)

The two big advertising divisions at Mobil Corp.—Mobil Chemical and retail merchandise (Montgomery Ward)—each reported earnings increases of more than 150% in 1986 over 1985. At the same time, aggregate ad spending for the parent dropped 14.1% in 1986.

Mobil Chemical earnings, the division's highest ever, were up 164% in 1986 as sales of premium petrochemical products, especially polyethylene and polystyrene resins, rose 70% last year.

Mobil has developed a more resilient resin for plastic grocery sacks, as well as a high-quality resin for blow-molding plastic bottles for household detergents, automotive lubricants and other products. It is the market leader in plastic grocery sacks. With more supermarkets switching from paper bags to plastic sacks, sales of the sacks rose 31% in 1986, the company says. Sales of Mobil's Hefty brand drawstring trash bag, the Cinch Sak, grew 37% in 1986. The drawstring closing also was added to other Mobil brands, including Hefty Steel Sak, Lawn & Leaf bags and medium-size trash bags, and the Kordite housewares brand. Wells, Rich, Greene, New York, created a TV campaign themed, "Hefty Hefty Hefty—Wimpy Wimpy Wimpy," for the Hefty brand in 1986. The company spent $10.8 million in measured media—mostly network and spot TV—advertising Hefty products, down 30.8% from 1985 for the line that includes garbage, kitchen, trash and diaper disposal bags.

Mobil's Baggies brand twist-tie plastic bags are the overall food storage bag market leader, with about 35% of the plastic storage bag market. Dow Chemical's Ziploc brands hold about 20% of market. Only $883,100 was spent, all on spot TV, in advertising Baggies in measured media, compared with virtually nothing in 1985.

Hefty brand disposable foam-plates, with a sales gain of 12% in 1986, lead the disposable foam-plate market. Further expansions are planned this year, the company says.

Chicago-based Montgomery Ward retail division, the ninth-largest U.S. retailer, benefiting from its 1985 restructuring, reported its earnings soared 152% in 1986, to a level that equaled its 1978 returns, previously its best performance.

In 1985, Mobil announced it planned to spin off Montgomery Ward as a separate company, and began restructuring the retail unit to that end. However, Montgomery Ward's status under the Mobil umbrella did not change in 1986 or so far in 1987. In 1986, the restructuring contributed a 21% reduction in work force, a 24% cut in administrative overhead and a 21% cut in inventory levels. MW's restructuring included the closing and/or sale of its Jefferson Ward discount chain in the Southeast, shutdown of 25 unprofitable MW stores and closing its 113-year-old Montgomery Ward catalog operations.

In March 1986 MW began converting 116 stores (40% of its 290 stores nationwide) into specialty stores. Under the banner "Seven Worlds of Ward's," the stores concentrate on seven core businesses—apparel, appliances, electronics, automotive, homecare, home furnishings and recreation—in seven separate areas under one roof. Not every store, however, houses all seven product categories.

Ward's also scaled back or eliminated product lines, especially in the recreation, leisure and homecare segments. Those lines accounted for $250 million, or 6%, of the company's total sales in 1985. This helped contribute to a 16.6% drop in division sales in 1986.

Advertising for the retail chain was restructured as well, from a broad-based national campaign to specialty efforts in local markets. Young & Rubicam's Chicago office handles the $10 million account; Ward's does its own print advertising in-house. Ads focus on Ward's service and merchandise values in local markets.

Last year the company signed a deal with Toys 'R' Us, a 236-store chain, to open joint stores around the country, the first in Gaithersburg, Md. Also, Ward signed National Car Rental, Minneapolis, to open rental counters in several Ward automotive care centers in the West. The moves were meant to fill retail space left unused when Ward dropped product lines and categories or closed stores altogether.

The bottom fell out of MW's measured media budget, as only a $3[illegible]lion made its way into national measured media compared with $9.3 million in 1985.

Mobil spent $47 million last year to update its gasoline service stations in the Northeast, where it owns or operates about 1,000 stations. New high-speed pumps were added, and fully-automated Automatic Teller Machines were installed in 3,600 U.S. locations. The point-of-sale terminals electronically process debit and credit-card transactions. They also are available in Mobil stations throughout Europe, Australia and the Far East.

Overall, Mobil reduced its number of gas stations worldwide by 6% in 1986, while increasing sales per outlet by 21%.

Sales of more profitable fuels—gasoline, diesel and jet fuel—have continued to rise. Sales of Mobil Super-Unleaded gasoline rose 46% last year, and newly formulated premium gasolines were launched in 10 countries, including the U.S., France and Australia.

The company spent $7.4 million in measured advertising on Petro gasoline, equal to expenditures in 1985, and $6.3 million on Mobil 1 Motor Oil, down 4.5%.

Mobil also continued its 15-year campaign of "advertorials" on op-ed pages of nine major market newspapers. Herbert Schmertz, VP-public affairs, says the company spends about $4 million on these annually. The ads are written in-house and placed through DDB Needham, New York, Mobil's main agency.

Mobil continues to sponsor public television's "Masterpiece Theater," as well as the record-setting around-the-world flight of the Voyager aircraft. Mobil's biggest plug came when the Voyager landed last December, and NBC's video feed carried the superimposed words "Courtesy of Mobil Oil."

Annual earnings included a charge of $150 million on the sale of the paperboard packaging division, Container Corp. of America in 1986. In 1985, Mobil charged to earnings $508 million for the restructuring of Montgomery Ward. Mobil reduced its heavy debt by $1.1 billion with proceeds from the sale of Container Corp. in July 1986. Also gained was $800 million from the sale of other assets, bringing to $3 billion the proceeds from selling assets in the past two years. Two-thirds of the debt incurred in 1984, when Mobil purchased Superior Oil, has been paid off.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,912	7,668
Magazines	3,957	7,980
Newsp. supp.	415	362
Bus pubs	2,564	2,625
Farm pubs	265	487
Network TV	10,619	12,865
Spot TV	16,285	22,859
Network radio	90	60
Spot radio	9,598	5,320
Outdoor	66	347
Network cable	1,103	1,574
Total measured	52,874	61,536
Unmeasured	114,903	133,726
Total	167,777	195,262

MOBIL CORP.
150 E. 42nd St.
New York, N.Y. 10017
(212) 883-4242
MARKETING & REFINING DIVISION

Herbert Schmertz, vp-public affairs
MOBIL OIL CORP.

Marketing Personnel

Joe L. Cooper, exec vp, U.S. mktg & refining
MOBIL CHEMICAL CORP.
Marketing Personnel

Robert G. Weeks, president
MONTGOMERY WARD & CO.
Chicago
Marketing Personnel

Bernard F. Brennan, chmn-ceo-president
Jack Daynard, sr vp-mktg
Advertising Agency

DDB Needham Worldwide, New York—Mobil Oil Corp.; Mobil One motor lubricants—Larry Iammuzzelli, exec vp-acct super.

Young & Rubicam, Chicago—Montgomery Ward & Co.—Tom Perlitz, sr vp-asst genl mgr; Mike Bennett, vp-mgmt super.

RANK **96**

Monsanto Co.

St. Louis

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	6,879	6,747	2.0
Net income	433	(98)	541.8
U.S.	1986	1985	% chg
Sales	4,638	4,794	(3.3)
Operating profits	506	(784)	164.5
Advertising	89	86	2.8
Division sales	1986	1985	% chg
Chemicals	3,548	4,051	(12.4)
Agri. prods.	1,153	1,152	0.1
Electronics	154	137	12.4
Fisher controls	645	652	(1.1)
NutraSweet	711	317	124.3
Pharmaceuticals	665	262	153.8
Oil & gas	N/A	172	N/A
Other	3	4	(25.0)

Monsanto kept its promise of a better 'Year to Come' in 1986 following one of the most sweeping strategic repositionings ever of a major corporation in 1985.

The St. Louis-based company, which moved boldly into markets for sweeteners and prescription pharmaceuticals with the $2.75 billion acquisition of Skokie, Ill.-based G.D. Searle in July 1985, continued to reduce its reliance on the highly cyclical commodity-type chemicals, plastics and man-made fibers businesses.

Monsanto stated its advertising costs at $198 million worldwide for the calendar year, up 51% over 1985. The 1986 spending figure was up 108% over 1984, the last full year prior to the Searle acquisition. Monsanto's totals include all spending for media, research, agency work and salaries. AD AGE's estimates the company spent $88.6 million alone in measured media and unmeasured forms of advertising in the U.S., up 3% over 1985.

Monsanto's measured spending for the seven BAR/LNA media in 1986 fell to $48 million, down 8% from 1985, as the company decreased spending on brand awareness campaigns for the aspartame-based sweetener marketed under the brand name NutraSweet.

NutraSweet still accounted for the largest share of measured spending, with $24.6 million in seven-media measured totals in 1986, down 13% from 1985. Network TV took 89% of the NutraSweet spending, according to BAR/LNA. NutraSweet comprised 51% of Monsanto's measured seven media total.

Monsanto focused more heavily in 1986 on promoting the aspartame-based tabletop sweetener marketed under the Equal brand name. Equal received $16.2 million in measured spending for seven-media, up 67% over 1985, according to BAR/LNA. Equal's spending was largely in network TV (82%) and network radio (17%), and accounted for 33% of Monsanto's seven-media total.

Ogilvy & Mather, New York, was awarded the Equal account in August 1987, replacing an assortment of agencies handling various aspects of the account. O&M-Chicago continues as the incumbent agency for NutraSweet.

In the six years since the introduction of aspartame, sales of NutraSweet have gone from zero to more than $700 million in 1986. The product was first approved for use in dry products in 1981, and in diet carbonated beverages in 1983, a market it has literally revolutionized.

In 1987, the U.S. Food & Drug Administration approved the use of NutraSweet as an additive in four new categories. In juices and frozen novelties, FDA approved joint petitions by Coca-Cola Foods division of Coca-Cola Co., and the Tropicana Products division of Beatrice Cos. FDA also approved the use of aspar-

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tame in ready-to-drink teas, following a petition by the Thomas J. Lipton Co. Shaklee Corp.'s petition was approved for breath mints.

The four new markets have total annual commercial sales of about $6 million, according to Robert B. Shapiro, chairman-ceo of Monsanto's NutraSweet unit. Currently, some 130 products in the U.S. and hundreds more around the world are sweetened by aspartame.

Analysts and a NutraSweet spokesman say that getting approval now for as many products as possible is important to NutraSweet Co., the only U.S. producer of aspartame. The aspartame patent in the U.S. expires in 1992, and each new approval gives it a head start, contracts, and business ties with major food and beverage producers before potential rivals can enter the field.

Monsanto also had significant spending for its Lasso and Roundup herbicides in 1986, promoting price cuts, new product mixes, and an economic message about better yields to gain market share among corn farmers. The depressed farm economy and uncertainty about acreage that will be planted in the U.S. as a result of set-aside programs announced in 1986 caused a drop in herbicide sales. However, international sales of Monsanto's herbicides were brisk.

Monsanto's spot TV spending for Lasso was $3.4 million in 1986, up 47%. Roundup received $1.7 million in measured spot TV for the year, up 5%. Bronco and Landmaster herbicides received a combined $600,000 in measured spot tv in 1986, up 11%. These products received support in farm publications, which as a medium was down 24% to $5.5 million in 1986. Farm spending supplied by AGRICOM does not include brand spending.

Combined spending for Monsanto's wear-dated fibers for apparel and home markets recorded a measured $700,000 in 1986, down 58% from 1985 levels. Seven-media measured spending for Monsanto carpet fibers was $1.1 million in 1986, down 41%.

Monsanto's restructure involved divesting numerous low-return, non-strategic businesses and assets beginning in 1985 and continuing in 1986. Monsanto also reduced employment by nearly 2,400 in 1986 through an early retirement program. The company took an operating loss in 1985, based on a net restructuring expense of nearly $1 billion.

Included in Monsanto's 1986 operating income was $160 million in restructuring income related to the sale of a petrochemicals facility and products in Texas City, Texas.

Two factors also affected comparisons between 1985 and 1986. Net sales of divested products were included only in 1985 operating income. Second, sales from the Searle and NutraSweet businesses were included only for the final five months of 1985, versus a full 12 months during 1986.

As a result, Monsanto's real sales volume in 1986 increased by 3%.

Monsanto also announced in May 1986 the appointment of Earle H. Harbison Jr. as president-chief operating officer. Mr. Harbison, a vice-chairman in charge of the G.D. Searle and NutraSweet subsidiaries, succeeded Francis J. Fitzgerald, who died a month after taking office.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	380	203
Magazines	3,723	4,191
Newsp. supp.	61	84
Bus. pubs.	2,639	2,012
Farm pubs.	5,501	7,234
Network TV	35,217	33,022
Spot TV	6,142	5,779
Network radio	3,133	2,895
Spot radio	1,428	1,230
Outdoor	21	80
Network cable	418	265
Total measured	58,563	56,942
Unmeasured	30,098	29,265
Total	88,660	86,206

MONSANTO CO.
800 N. Lindbergh Blvd.
St. Louis, Mo. 63167
(314) 694-1000
Corporate Personnel

David L. Slincy, corp vp-mktg

MONSANTO AGRICULTURAL CO.
St. Louis, Mo.
Marketing Personnel

Nicholas L. Reding, president, exec vp
Robert W. Reynolds, vp-N.A. Div.-Roundup, Lasso
Lee Miller, vp, animal sciences
Lyman H. Johnson, mgr-comm, animal sciences
Jerry L. Neff, dir, row crops-Lasso
Ted Ziemann, dir, small grains
J. Rick Darnaby, dir, industrial/residential
Arnold W. Donald, dir, specialty crops
M. James Robertson, dir-mktg comm, Lasso
Charles S. Crivello, dir-mktg comm, Roundup

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genrl mgr; Christopher Vincent, acct super; Steve Zirkle, acct exec. New York-John Jordan, ceo; George Handley, acct super.

MONSANTO CHEMICAL CO.
St. Louis, Mo.
Marketing Personnel

Robert G. Potter, president
David L. Slincy, vp-mktg
Joan Cornwall, dir-mktg comm

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genl mgr; Steve Zirkle, Scott Meyer, acct execs.

MONSANTO ELECTRONIC MATERIALS CO.
Palo Alto, Calif.

Roger McDaniel, vp-intl mktg
Haskell Waddele, vp-commercial mktg
Richard C. Brown, dir-comm

Advertising Agency

(In-house).

FISHER CONTROLS INTL.
Clayton, Mo.
Marketing Personnel

Claes Hultman, group vp-worldwide sales
Gary Brown, dir-mktg

Advertising Agency

(In-house).

G.D. SEARLE & CO.
Marketing Personnel

Sheldon G. Gilgore, M.D., chmn-president-ceo
William I. Greener, sr vp-public affairs
Grant W. Denison Jr., vp-mktg, planning, strategic devel

Advertising Agency

William Douglas McAdams Inc., New York —Eugene Fine, sr vp-acct super.

NUTRASWEET CO.
Skokie, Ill.
Marketing Personnel

James D. Morales, exec vp-coo
William Wolfield, vp-mktg

Advertising Agencies

Ogilvy & Mather, New York—Equal—David Warden, sr vp-group dir; Mark Greene, vp-mgmt super; Marc Kravitz, acct exec.

Ogilvy & Mather, Chicago—NutraSweet—Ian Miller, sr vp-group dir, NutraSweet U.S. & worldwide. NutraSweet U.S.-Barbara Elmendorf, vp-mgmt super; Jim Mitchel, acct super; Charles Day, acct exec. NutraSweet International-Jack Giroux, vp-mgmt super; Ann Rother, acct super; Evelyn Moore, acct super-new prods; Tim Koelzer, asst acct exec.

RANK **30**

Nestle S.A.

Vevey, Switzerland

($ in millions)

Worldwide	1986	1985	% chg
Sales	21,900	24,300	9.9
U.S. advertising	305	319	(4.3)

The precipitous decline in the value of the U.S. dollar and the collapse of coffee prices were two major developments that forced Nestle SA's to re-evaluate its international and U.S. marketing approach and to streamline its operations, particularly its U.S. units, Nestle Enterprises and Carnation Co.

Nestle SA in March 1986 began serious consideration of a worldwide agency fee system to replace commissions. A year after that proposition, Carnation slashed its commissions to agencies by 2-3 percentage points. The consideration of a fee compensation system was prompted partly by Nestle's new emphasis on marketing, which the company believed had begun to lean more toward promotion rather than brand-building advertising.

Says Camille Pagano, exec VP-products and marketing at the Vevey, Switzerland, headquarters, "We were getting too bureaucratic, forgetting we were a consumer goods company and that marketing —branding—is really the engine of our business."

Although 1986 sales figures have not been reported by privately-held Nestle, its worldwide sales in 1985 were up 35%, largely because of its acquisition of Carnation. One-third of Nestle's sales are from the U.S., according to the company,

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but the recent drop in the value of the dollar has caused the bulk of profits to come from European operations. Worldwide sales in 1985 were 42 billion Swiss francs ($21.9 billion in U.S. dollars as of May 1986 using exchange rate ISF = $0.52). It is estimated that Nestle SA sales in 1986 were down 9.9% because of low exchange rates. Profits in 1986 increased by an estimated 2.2%.

In May 1986, Nestle managing director Helmut Maucher took on direct line responsibilities for the company's North American operations and restructured the reporting system from a four-man executive committee to seven senior VPs reporting to him.

Carnation, acquired by Nestle in 1985, posted a profit of $200 million in 1986, up 5% from the previous year. Its cost-conscious parent, however, moved to hike that figure by cutting the "fat" at Carnation, including company personnel and agency commissions. In July 1986, Carnation trimmed its staff by as much as 10%, eliminating nearly 100 positions.

Less than a year later, Carnation cut its ad agency commissions to 12-13% from 15%. The major commissioned agencies affected were FCB, Los Angeles; SSC&B:Lintas Worldwide, New York; and Dailey & Associates, Los Angeles.

Nestle had a brush with ad agency merger-mania in 1986, when in late October Saatchi & Saatchi, London, resigned $5.6 million in overseas billings for Carnation pet foods business as a result of pressure from S&S client Mars Inc. Mars maintained that a conflict existed after Saatchi's acquisition of Ted Bates, a primary agency for Hackettstown, N.J.-based M&M/Mars.

Nestle began a no-holds-barred battle in the decaffeinated coffee segment in 1986, with new spots for its Taster's Choice line, via HBM/Creamer, Pittsburgh, and for Nescafe Decaf via McCann-Erickson. Both campaigns were brought before the National Advertising Division of the Better Business Bureau. The latter spots—which claimed Nestle used an exclusive Swiss patented process to decaffeinate Nescafe—were dropped, but the Taster's Choice spots had more significant repercussions.

These spots, which claimed only Nestle coffee brands, Taster's Choice and Nescafe Decaf, were naturally decaffeinated, were challenged by decaf competitors General Foods and Procter & Gamble. GF, the leading decaf marketer with a 9.5% share for its Sanka brand, brought the issue before the networks, who asked Nestle to delete mention of Sanka from the ads.

GF then countered with its own Sanka spots, via Young & Rubicam, New York, which featured a woman saying, "They say decaffeinated coffee is good for you. Then they turn around and get you wondering about the way it's decaffeinated. Well, the people who make Sanka want you to know you can enjoy cup after cup of Sanka without a drop of worry." The spots end with a woman talking about GF's natural decaffeination process and commenting, "Now, what are they gonna say about that?"

Nestle's Nescafe Decaf finished 1986 with a 2.1% share of market and Taster's Choice Decaf with 6.2%, according to John C. Maxwell Jr., analyst with Furman Selz Mager Dietz & Birney, New York. P&G's Folger's Decaf came in with a 3% share, and its High Point had a comparable share.

Overall, Nestle had a 26.8% share of the instant coffee market, well ahead of P&G's 19.5%, but trailing Rye Brook, N.Y.-based GF's 42.6% share. In regular coffees, GF also led in 1986 with a 37.8% overall share, as compared to Nestle's 8.6% for its Hills Bros. brand. P&G's regular coffee share in 1986 for Folger's was 27.5%.

Nestle spent $4.8 million in measured media on its Nescafe line, substantially down from $13.0 million the prior year. Nestle's spending, measured at $18 million in 1985 for Taster's Choice, was also down to $12 million, according to BAR/LNA.

Nestle's Hills Bros. was merged with its San Francisco-based MJB Coffee unit in March 1986. Hills Bros. support, at $3 million in measured spending, was the same as in 1985. Cohen & Johnson, Los Angeles, handles. Hal Riney & Partners handles MJB, which was supported with $3.7 million in measured spending, up 48%. Nestle also added a Nescafe Mountain Blend variety to its Nescafe instant line. The brand is supported only by couponing, which is handled in-house.

A busy new product arena for Nestle in 1986 was the frozen novelty segment, where its Carnation unit spent an estimated $40 million to introduce four products. Heaven Bars and a separate product, Heaven Sundaes, were moved national from 35% U.S. distribution. Advertising, from FCB, Los Angeles, broke in May. Measured 1986 spending was only $1.1 million, but still much higher than the $622,000 spent in 1985.

The company also introduced Fruit Scoops, a chocolate-covered, bite-sized fruit ice nugget, and Berry Swirl Bars, stick-held premium ice cream with fruit swirls. Bon Bons, Caranation's success story in this category in 1985, was supported with $4.8 million in measured media in 1986, up 129%.

Nestle Enterprises also rolled out its Premium Ice Cream bars, capitalizing on the success of its premium chocolate lines. The ice cream bars are covered in white, milk or semi-sweet chocolate. The company says it will support the product with a $15 million budget. HBM/Creamer handles.

In the $8 billion candy market, Nestle rode the gourmet trend toward adult chocolate consumption with several approaches, including Henri Nestle, a premium line of bagged chocolates wrapped in gold foil, tested in San Francisco. Local TV spots and magazine ads supported, with $614,800 in measured spending. J. Walter Thompson USA, the agency whose 1985 "Sweet Dreams" campaign for Nestle's Alpine White chocolate achieved critical acclaim, handles.

Nestle runs a close race with Cadbury for the third-ranking position in chocolates, but Hershey Co. and M&M/Mars continued their stranglehold on the market in 1986, together owning half of the category. Nestle's chocolate bar spending rose to $13.6 million in 1986, up 27.1%.

The company's Chicago-based Nestle Confections unit made strides to tap a new candy market in 1986—the video rental industry. With a new program, the company targeted the video rental market by offering three of its best-selling theater brands—Goober's, Raisinets and Nestle Crunch—for sale at video concessions. Support included ads on "Coming Attractions" posters distributed to video stores by an industry magazine called *Coming Attractions*.

Although Nestle has long been selling chocolate chips for baking, in early 1987 the company began expanding that business with a frozen cookie dough under the Nestle Toll House label. The dough, in tests in Boston, Denver and Indianapolis, is made with real butter and is premium-priced. Made in pre-formed pieces, the cookies can be baked one or two at a time. Flavors include Toll House chocolate chip, double chocolate chip, peanut chip and oatmeal-raisin. JWT, New York, handles the spot TV, couponing and print campaign.

Nestle also has been expanding its baking morsel line with a mint-chocolate variety and, in 1987, a line of premium baking bits called Toll House Treasures. The Treasures line includes semi-sweet, milk chocolate and white varieties. Direct mail and coupon mailings are scheduled for late 1987, also handled by JWT.

Scandal hit Nestle's Beech-Nut Nutrition in November 1986 as two execs of the Fort Washington, Pa.-based unit were indicted by a federal grand jury in Brooklyn, N.Y., for conspiring to sell adulterated apple juice for infants. Niels Hoyvald, Beech-Nut president-ceo and John Lavery, VP-manufacturing at the company's Canajoharie, N.Y., plant were indicted for allegedly "trying to minimize a potential loss of $3.5 million" by delaying market withdrawal of the juice, made of various sugars, colorings and apple flavor rather than pure juice.

Ironically, Beech-Nut's advertising theme line at the time, created by agency-of-record Sherwood & Schneider, New York, was "Quality is our main ingredient." Beech-Nut, second runner in baby foods to Gerber Products Co., Fremont, Mich., was supported with $3.6 million in measured spending, down 5.3%.

In capitalizing on the trend toward fruit-flavored beverages, Nestle expanded its iced tea line with Nestea Ice Teasers, a cross between powdered soft drinks and iced tea, pitting it against General Foods' Crystal Light and Unilever's T.J. Lipton unit, both of whom introduced fruit teas at the same time. Nestle's introductory spending on the line, via JWT, was $8 million in 1985.

By 1987, however, the fruit tea market flattened out to $48 million—about half of what had been expected by Lipton. Although Ice Teasers took the No. 1 spot in fruit teas, with about 50% of the segment, it spent more heavily than the other players. Nestle spent $5 million on Ice Teasers in 1986, more than double Lipton's $2.4 million and GF's $1.7 million. Comparatively, Nestle's iced tea spending in 1986 was only $1.4 million.

In pet foods, Carnation's overall share in 1985 was 12.2%, up from 11.9% in 1985 and second only to Ralston Purina Co.'s 26.9%, according to Mr. Maxwell. Friskies Buffet was the third largest cat food brand by sales, followed by Carnation's Fancy Feast. Its dry Friskies brand ranked third behind Ralston's Cat Chow and Meow Mix, and Chef's Blend came in seventh. In dry dog foods, Carnation's Come 'N Get It, supported with less than $350,000 in 1986, nonetheless ranked sixth in sales, behind three Ralston brands, Gaines' Gravy Train and Grand Met USA's Alpo. In canned dog food, Mighty Dog came in third behind Alpo and Mars' Kal Kan.

Fancy Feast canned and Mighty Dog canned dog food were the biggest spenders in the Nestle pet food line-up in 1986, with $6.9 million and $5.8 million in measured media, respectively. Friskies dry cat food came in a close third with $5.7 million.

In September, 1986, Nestle moved its Juicy Juice fruit juice line, billing $4 million, to the Bloom Agency, New York, from Tatham-Laird & Kudner, Chicago. TLK resigned the account to pick up Del Monte's Hawaiian Punch, billing $8.5 million.

Libby, McNeil & Libby's produce products division was acquired in April 1986 by Len Judy, former Libby president, and other management at Chicago-based Libby. The line sold, including Salad Crunchies, Vegetable Batter and Stir Fry mix, was handled by Bloom Agency, Dallas, but was supported only minimally. Combined measured spending for the Libby's line of canned beans, pasta, salmon, meats and pumpkin still held by Nestle was $3 million in 1986, up 20% from the prior year.

Stouffer Foods, known primarily for single-dish frozen foods, expanded its line with Dinner Supreme, an eight-item line of entrees. In the overall frozen segment, Stouffer led the category with a 25% share for all its brands. Campbell Soup Co. held a close second with 22%, and ConAgra was third with 14.9% share. Stouffer's Dinner Supreme was supported with $3.1 million in measured media in 1986, while its frozen side dishes received $3.7 million. Lean Cuisine, its low-calorie frozen entrees, was backed by $13 million, up 8.3%.

Lean Cuisine, which was a runaway success in the low-calorie segment, has lately come under the gun from rival Heinz' Weight Watchers line. Weight Watchers has been inching up on Lean Cuisine's 13% share of the $3.7 billion single-dish frozen dinner category. Through 46 consecutive monthly share gains, Weight Watchers, which was once outsold three-to-one by Lean Cuisine, trailed its Solon, Ohio-based rival by only two share points by July 1987. Weight Watchers' advertising, themed "More Satisfaction," is handled by HBM/Creamer, Pittsburgh, also the Dinner Supreme agency.

Stouffer Hotels in February 1987 spent about half its annual budget on weather-related media buys in a new strategy. The $6 million account is handled by Wyse Advertising, Cleveland. The spots broke on cable's the Weather Channel, Cable News Network and on NBC-TV's "Before Hours" early morning news and weather show. Print buys included the *Wall Street Journal* and *USA Today*.

USA Today became a prime ad vehicle for Nestle Enterprises, when, in 1986, it contracted for exclusive sponsorship of that paper's weather page. The 255-ad, one-year package—a deal estimated at between $3.5-$4 million—was the largest single contract made by the Rosslyn, Va.-based Gannett paper. Nestle's food products were featured four times weekly, and Stouffer Hotels once a week.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,110	1,250
Magazines	21,715	21,777
Newsp. supp	148	771
Bus. pubs.	1,096	2,976
Farm pubs.	0	303
Network TV	88,131	76,754
Spot TV	40,913	54,327
Network radio	3,171	4,004
Spot radio	1,537	3,615
Outdoor	611	78
Network cable	3,505	3,400
Total measured	161,936	169,254
Unmeasured	143,514	150,000
Total	305,451	319,254

NESTLE ENTERPRISES
100 Manhattanville Rd.
Purchase, N.Y. 10577
(914) 251-3000
Marketing Personnel

B.E. Gensamer, sr vp-mktg & strategic planning

Advertising Agencies

Bloom Agency, New York—Juicy Juice—Kay Fowler, acct exec.

HBM/Creamer, Pittsburgh—Taster's Choice—Eric Fischer, mgmt super; Kitty Hillman, acct super; Deborah Ioli, Ken Spahn; acct execs.

Jordan, McGrath, Case & Taylor, New York—Crunch bar and Crunch ice cream bar, Bit-O-Honey, Goobers, Raisinets, $100,000 bar, Nestle hot cocoa mix—Jack Taylor, exec vp; Stephen Badenhop, Tom Magnus, acct supers; Laurie Rossman, Dara McGrath, acct execs.

McCann-Erickson, New York—Nescafe—Peter Heinz, vp-group mgmt dir; Dennis Jordan, acct super; Sylvia McCarthy, acct exec. Quik—Peter Heinz, vp-group mgmt dir; Mike Mainthow, mgmt dir; Richard Roberts, acct super.

J. Walter Thompson USA, New York—Nestea instant tea and tea bags, Nestea Ice Teasers, Nestle chocolate bars, Alpine white bar, Chunky, O Henry! bars—Steve Dworin, sr vp-mgmt super; Bill Gross, vp-acct dir; John Mittnacht, vp-acct super; Judi Francis, sr acct super. Nestle Toll House morsels, Toll House ready-to-bake cookies—Steve Dworin, sr vp-mgmt super; Eileen Laymon, vp-acct dir; Esther Lee, acct super.

BEECH-NUT NUTRITION CORP.
Fort Washington, Pa.
Marketing Personnel

Joe Goeto, vp-mktg
Robert Bartz, dir-new business
Marian Ferreri, mgr-consumer svcs

Advertising Agency

Sherwood & Schneider, New York—Marv Schneider, chmn-ceo; Lew Sherwood, president.

CARNATION CO.
Los Angeles, Calif.
Marketing Personnel

John McMennamin, vp-mktg svcs
A.W. Fox, media dir
J.R. Richards, production & promo dir
J. Davidson, art dir
Z. Trujillo, art dir

GROCERY PRODUCT DIVISION
Marketing Personnel

Al Piergallini, vp-PetCare div
Miguel Osborne, dir-SIS
H.R. Chamberlin, dir-new prod devel

INSTANT/EVAPORATED MILK
Corporate Personnel

John Harris, asst genl mgr

CONTADINA/LIBBY DIVISION
Chicago
Corporate Personnel

Jim Dintamin, sr vp
Gene Boykins, group prod mgr

FOODSERVICE
Marketing Personnel

Carl Dienst, dir
Bob Miller, assoc dir

SPECIALTY FOODS
Marketing Personnel

Glynn Morris, vp

Advertising Agencies

Bloom Cos., Dallas—canned juices & drinks, canned pumpkin, canned meats, nectar prods, produce prods, Cross & Blackwell specialty prods, new prods—Kay Fowler, acct exec.

Dailey & Associates, Los Angeles—Evaporated Milk, promo adv—Linda Krakowsky, acct super; Caroline Kondo, acct exec.

Foote, Cone & Belding, Los Angeles—Fancy Feast canned cat food—Bill McCann, vp-group mgmt dir; Melissa Russell, mgmt dir; Trish

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See page 57

June, acct exec. Specialty foods (Bon Bons, Heaven bars and sundaes, Berry Swirl, Fruit Scoops)—Bill McCann, group mgmt dir; Craig Silver, Betsy Salzman, acct dirs. Instant prods (Do-It-Yourself Diet)—Bill McCann, group mgmt dir. Dairies div (Creme Delights)—Bill McCann, group mgmt dir; Melissa Russell, mgmt dir.

SSC&B, New York—pet food—Terry Rosenquist, exec vp; Russ Shaffer, mgmt super; Russal Nype, Terry Nicholas, Anna Koules, acct execs. Instant/Contadina foods—Terry Rosenquist, exec vp; Russ Shaffer, mgmt super; Helen Blohm, acct super; Debra Burke, acct exec.

HILLS BROS.
San Francisco, Calif.
Marketing Personnel

Barry Reis, vp-mktg

Advertising Agency

Cohen & Johnson, Los Angeles—Paula McSpadden, acct super.

STOUFFER FOODS CORP.
Solon, Ohio
Marketing Personnel

David Jennings, president
Gerald V. DeCroce, vp-mktg
Jeff Peck, natl sales mgr
Mark Hannay, mktg mgr-side dishes
Richard B. Annett, mktg mgr-Lean Cuisine
Michael Audette, mktg mgr-new ventures
Chris Lutjen, mktg mgr-pizza
Bill Biggar, mktg mgr-Dinner Supreme

Advertising Agency

HBM/Creamer, Pittsburgh—Lean Cuisine—John O'Leary, sr vp; Rick Radermacher, acct super; Greg Campana, Rick Corcoran, acct execs. Entrees/side dishes—Tim Barr, acct super; Beth Beazley, acct exec. Dinner Supreme—Richard Grinberg, sr vp; Tim Ronan, acct super; Patty Hurley, acct exec. Pizza—Richard Grinberg, sr vp; Ronald Arachingi, acct mgr. Foodservice, military, special mkts—Greg Campana, acct exec.

STOUFFER HOTEL CO.
Solon, Ohio
Marketing Personnel

William N. Hulett, president
Ronald A. Nykiel, sr vp-mktg
Robert Nance, dir-adv & promo

Advertising Agency

Wyse Advertising, Cleveland—Jim Hunt, vp-acct super; Tom O'Toole, acct super; Phil Bertel, John McCormick, Joe Fianecki, Bill Smith, acct execs.

STOUFFER RESTAURANT CO.
Solon, Ohio
Marketing Personnel

Rick Cassara, dir-mktg

Advertising Agency

Wyse Advertising, Cleveland—Rosemary Breehl, vp-group super; Jane LeSueur, acct exec; Alicia Arnold, asst acct exec.

WINE WORLD
St. Helena, Calif.
Marketing Personnel

Mike Moone, president
J.F. Tonjum, vp-sales & mktg
E.R. Wallingford, genl mgr-C&B Vintage Cellars
Richard Carter, vp-natl sales mgr
J.E. Thompson, group prod dir

Advertising Agency

Mojo/MDA, San Francisco—John Galbraith, sr vp; Barbara Frazier, vp-acct dir; Janet Earley, acct exec.

Nissan Motor Co. Ltd.

RANK **47**

Tokyo

($ in millions)

Worldwide	1987	1986	% chg
Sales	23,675	25,918	(8.7)
Net income	322	447	(28.0)
U.S. advertising	180	163	10.8

Nissan Motor Corp. USA, a subsidiary of Nissan Motor Co. Ltd., Tokyo, will look to a new ad agency to establish its corporate identity in the U.S. this year. And a fresh stream of new products, including a new luxury car line to be introduced in the fall of 1989, is expected to bolster shrinking sales and income.

The parent, which does not break out sales figures for its U.S. subsidiary, reported worldwide earnings in fiscal 1987 ended March 31 of $322 million, down 28% from 1986, on sales of $23.6 billion, down 8.7%. Sales and earnings figures for both fiscal years were converted from yen to dollars at an average annual exchange rate of Y144.85 = $1.

Nissan also reported worldwide production for fiscal 1987 at 2,275,098 units, down 6.7% from fiscal 1986. In Japan, calendar year figures compiled by the Japan Automobile Manufacturers Assn. place Nissan's 1986 domestic production at 2,235,382 units—1,769,484 cars and 465,898 trucks—down 10.1%. In Japanese production Nissan ranks second, behind Toyota and followed by Mazda, Mitsubishi and Honda.

Changing market conditions have made it difficult for Japanese automakers to make a profit in the U.S. The appreciation of the yen since 1985 has cut deeply into U.S. profits, forcing them to go after higher profit margins with costlier "upscale" cars. Company-wide, Nissan has instituted cost-cutting procedures, streamlined the production process and redesigned parts to cut material costs.

Aggravating the situation for the Japanese has been the move of South Korea into the low end of the car market with the dramatic first-year success of the Hyundai. Other developing nations are expected to enter the less-expensive end of the market.

Squeezed by lower profits and the intense competition among economy models, Nissan will launch in the fall of 1989 a separate U.S. dealer network to market a line of luxury cars under the Infiniti nameplate. Models will include a V-8 engine, four-door sedan and a six-cylinder sports car with leather seats and four-wheel steering priced between $30,000 and $35,000. Infiniti dealers will be asked to make a multimillion-dollar investment for separate showrooms and sales facilities. Nissan expects to have between 60 and 70 signed up by January 1988.

The move makes Nissan the second Japanese automaker to establish a separate dealer network. Honda launched the Acura dealerships in 1986, and after a spotty start, sales have begun to perform well. Toyota also is expected to announce plans to import a luxury car line to the U.S. in 1988 for the 1989 model year.

Nissan continues to be dogged by its name. Nissan studies have shown that despite heavy advertising since it changed its U.S. name from Datsun in 1984, only 45% of the general public recognizes the Nissan moniker. That compares with 65% when its vehicles were called Datsun. This "identity" crisis was addressed upfront by Nissan's new agency, Chiat/Day, Los Angeles, which won the account in early August 1987 from William Esty Co., whose 10-year association with Nissan was terminated in July 1987. Chiat principals say they will give top priority to creating a strong "brand personality" for Nissan and ridding it of the confusing Datsun identity once and for all.

Import sales of the best-selling Sentra, priced at $6,399 for the standard five-speed, two-door sedan, accounted for 158,890 units, down 11.3% from 1985. Add to that sales of 52,602 U.S.-built Sentras. U.S.-produced Sentras and pickups (108,116 in 1986) from the Smyrna, Tenn., plant have enabled Nissan to import additional upscale models from Japan and meet the self-imposed restrictions of the Voluntary Restraint Agreement on all Japanese cars.

Unit sales of other imported Nissan models in 1986, compared with the previous year, were Maxima 112,756 (99,051), Stanza 67,804 (64,398), 300-ZX 52,936

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(67,409), Pulsar 47,350 (49,816), 200-SX 45,952 (65,792).

As reported by Nissan, the 1986 unit sales of imported Nissan cars and trucks totaled 620,157 units—493,549 passenger cars and 126,608 compact trucks—down 8.8% from 1985.

The import total, when added to the company's domestic production, gave Nissan a calendar 1986 sales total of 769,702 units, down 7.9% from 1985. The company has a 6.2% share of the U.S. market car/truck market, behind Toyota at 8.9%, and followed by Honda at 3.5% and Mazda at 3.3%.

Nissan truck sales in the U.S., down 12.5%, represented 29% of all Nissan units sold in the U.S. in 1986, down from 30.7% the previous year. Truck production at Smyrna accounted for 43% of all Nissan trucks sold in this country during 1986. The company forecasts combined auto and truck sales of 1 million per year by 1990 in this country.

In spite of reports that the rising yen would result in an operating loss for its Japanese parent, Nissan continued with its 1987 ad plans as scheduled, based on a budget estimated at the previous year's level of $180 million. Measured media expenditures topped out at $142 million.

While facing up to a more competitive market with the introduction of three new models—the all-new Pulsar NX, the sports/utility Pathfinder and an all-new van, Nissan also continued its corporate name-change campaign (from Datsun) under the banner, "The Name is Nissan." In a two-way approach—print and TV—print addressed itself to specific models, building an emotional appeal for Nissan products, while TV spots focused on both product and corporate identity.

Nissan compact trucks accounted for more than $40.7 million in measured media spending, the most of any Nissan product, according to BAR/LNA. Most went into spot and network TV. As in 1985, truck promotions relied heavily on an interest rate subvention program designed to overcome high interest rates on financing.

The budget saw reduced spending on televised sports, especially football. Nissan skipped the 1987 Super Bowl because of what was termed "overexposure on the sport."

However, at the start of the 1987 model year, Nissan agreed to a multiyear sponsorship of coverage of National Basketball Assn. games by CBS-TV. In February, Nissan became the major sponsor of the Greater Los Angeles Open on the Professional Golfers' Assn. tour.

Spots highlighting the introduction of the new Pathfinder SE 4x4 sport utility vehicle broke in September as the company jumped off quickly in an effort to boost truck sales. Print ads headlined "breakaway" steered clear of the "Hardbody" theme of previous truck ads and stressed styling, roominess and plushness of the 4WD vehicle's interior. TV spots were run on sporting events, and a four-page preprinted insert was used in enthusiast magazines.

Nissan anticipates selling 30,000 Pathfinder E models, priced at $12,899 each, in 1987 model year, about 8% of the 400,000-unit sport/utility market. The vehicle accounted for $6 million in measured media costs (network and spot TV and magazines) during its fall launch.

Early 1987 also saw the introduction of a van whose interior creature comforts included swiveling/reclining captain's chairs and a cold/hot storage box. The van, based on the Japanese home market Largo, bears a strong resemblance to the Toyota van. Nissan projects 24,000 to 36,000 first-year sales.

New products like the Pathfinder and the van are expected to boost Nissan sales to 870,000 units for the 1987 model year.

Besides highlighting the three new vehicles, ongoing support was provided for carry-over products—the Sentra, which had a budget of $20.5 million in measured media, the Stanza at $9 million and the Maxima at $5 million. Once again, Maxima was positioned as a luxury/performance car with A-class luxury and Z-class performance, and Stanza was positioned as a quality/value entry.

The restyling of the 1987 Pulsar NX, priced at $11,399 for the XE two-door hatchback (5-speed), is another product of Nissan Design International in San Diego. With a change of the rear hatch, the car can be changed from sporty hatchback to convertible or a mini-wagon. New TV spots were used to reposition the redesigned Pulsar sports car to appeal to men aged 18 to 34.

Since its introduction in 1983, the Pulsar has the highest percentage (64%) of female buyers of any car in the U.S., sparking the nickname "the secretary's sports car." The company hopes to broaden the product's appeal while keeping its female customer base.

A redesigned version of the best-selling Sentra was on the receiving end of heavy promotion in the spring, with ad spending at levels comparable to the $20.5 million in measured media recorded in 1986. Network and spot TV accounted for about $15 million and magazines most of the rest.

Cash-to-dealer incentives on Stanza, Sentra and Maxima began in January, but Nissan told dealers it would not follow domestic automakers in lengthening warranties. Nissan started giving dealers $300 to $600 for each subcompact Sentra, compact Stanza and luxury Maxima that sold between Jan. 7 and April 2. The exact amount depended on their ability to reach certain sales goals.

Nissan's racing program, which showcases actor/driver Paul Newman in the Trans Am series, continued during 1987. Nissan reportedly will enter the Indy-car on Formula One circuits in the near future.

ADVERTISING EXPENDITURES

($in thousands)	1986	1985
Newspapers	17,627	16,504
Magazines	20,297	17,199
Newsp. supp	34	0
Bus pubs	1,248	623
Farm pubs	149	0
Network TV	46,266	34,860
Spot TV	44,426	44,974
Spot radio	10,382	11,663
Outdoor	1,020	1,385
Network cable	592	980
Total measured	142,042	128,187
Unmeasured	38,095	34,379
Total	180,136	162,566

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Terry Foutz, natl auto adv mgr
David Hubbard, natl truck adv mgr
Tom Hushek, natl sales promo mgr
Susan Furedi, media planning mgr
Scott Fessenden, natl dealer adv mgr

Advertising Agency

Chiat/Day, Los Angeles—all Nissan vehicles —personnel unavailable at time of publication.

RANK **79**

Noxell Corp.

Baltimore

($ in millions)

Worldwide	1986	1985	% chg
Sales	439	382	14.8
Net income	37	32	14.7
U.S.	**1986**	**1985**	**% chg**
Sales	377	327	15.3
Operating profits	67	58	15.8
Advertising	112	107	5.0

Noxell Corp., marketer of cosmetics, toiletries and household products including Cover Girl, Noxzema and Lestoil, generated slightly increased advertising spending in 1986, partly attributed to the launch of its Clarion line of cosmetics.

Introduced nationally in September 1986, the 85-item Clarion line of sensitivity-tested and fragrance-free products is designed for women with sensitive skin—a group Noxell estimates at more than half of all women.

Clarion is priced 20%-30% higher than Noxell's popular Cover Girl line. It includes foundation, lip and eye products, all of which are packaged with a system coded for color selection and coordination. In-store displays include a self-service computer to assist customers with personalized analysis.

Backed by $15 million in marketing support from SSC&B, New York, Clarion is "the most successful new product line in the market for decades," according to Jack Salzman, analyst for Goldman Sachs.

Lynne Hyman, an analyst with E.F. Hutton, says Clarion "is doing well. I think the expectation is that it will do $50 to $55 million this year." But she adds that Noxell was looking for sales closer to $60 million for Clarion.

According to a Goldman Sachs market study, most buyers rated the initial launch of the line as excellent, with heavy advertising support a key factor. The major problem with the line, according to a few buyers, is that it is too frequently out of stock. What's more, the Cover Girl line does not appear to have lost any shelf space to its new sister line. Nor is there any evidence that Clarion has cannibalized Cover Girl.

Total sales for 1986 were $439 million, based on the introduction of Clarion and increased market share for most of the Cover Girl line. Net income was $37 million, or $1.85 a share. Ms. Hyman predicts earnings per share of $2.10 in 1987 and $2.65 the following year.

In the toiletries division Noxzema Skin cream appeared on the shelves in a new pump container that Noxell says encourages increased consumption among current users. It also attracted some new users, which increased the product's market share.

A new blemish treatment product called On-The-Spot hit the market in March. Existing products in the line, Acne 12 and Clear-Ups, also posted unit and dollar growth.

Noxzema Aerosol Shave also gained share, with marketing aimed at men with specific skin and beard types. A shave cream for heavy beards came out in January, and an aloe and lanolin formula was introduced in June. The extra-sensitive shave cream was supported by separate campaigns directed at men and women; the campaigns were created by SSC&B.

The traditional liquid segment of the household cleaner market declined primarily as a result of the introduction of trigger spray products. Lestoil sales dipped, but profit margins remained high because of reductions in raw material costs. Ms. Hyman says, "Lestoil has been pretty flat, although I think it grew a little in the second quarter."

Athough dollar volume for Cover Girl slipped in several categories, it made overall gains against the rest of the market. "Cover Girl advanced, based on smart moves on their part and not-so-smart moves on their competitors' part," Ms. Hyman says. "Their advertising has always been very good; their marketing has always been very good."

Mr. Salzman says Noxell made a few small changes in the Cover Girl line but not enough to account for the changes in market share. "They're always keeping their line fresh and exciting," he says, "but it's coming from strong marketing. They've been strong in virtually every category. Their only weak category right now is lips."

Revlon led unit sales in lipsticks with a 20% share of the market. Maybelline held onto second place, but it dropped three points to a 13% share. Cover Girl rose three points during the same time period to claim 11% of the market, based on changes in the marketing plan for Continuous Color and continued strength in the Luminesse line.

Cover Girl advanced five points for a 26% share of mascara unit sales, while No. 1 Maybelline dropped four points to claim a 35% share. Revlon also dropped a point to finish with 9% of the market. Cover Girl's growth in this segment was due in part to the introduction of Clean Lash Washable Waterproof Mascara.

Maybelline topped Cover Girl for sales of eye pencils with 38% of the market, but it dropped three points from the previous year. Cover Girl gained two points to claim a 17% share. Revlon has 6%.

In the blusher market, Cover Girl is slowly stretching its lead over Maybelline. It gained one point for 25% of the market vs. Maybelline's two-point drop to a 20% share. Revlon was unchanged at 18%.

Maybelline tumbled eight points in the eye liner department but retained dominant share of the market with 29% of unit sales. Cover Girl, however, advanced seven points for a 23% market share. Revlon had 14% share.

The liquid makeup market was virtually unchanged in 1986, with Cover Girl on top with a 38% market share. That compares with Maybelline's 16% share and Revlon's 14% share.

Cover Girl and Revlon tied in the nail polish market with 17% of the market apiece. But, once again, Cover Girl increased four points while Revlon dropped three points. L'Oreal dropped two points, and Cutex was unchanged; each accounted for 9%. Maybelline was fifth with 6%.

Cover Girl is in third place for market share of eye shadows, but it advanced against its two main competitors. Maybelline was down three points to a 24% share; Revlon gave up four points to claim a 16% share. Cover Girl increased market share to 15% from 13% the previous year. More than 8 million women received free eye shadow samples in fall fashion magazines.

For loose powder sales, Cover Girl posted a commanding lead over Revlon, its nearest competitor. Cover Girl claimed 28% share vs. Revlon's 10%. Noxell attributed the gain to the successful introduction of Professional Finishing Powder, which became second in its market after just four months and exceeded initial sales projections.

In compressed face powders, Cover Girl increased unit sales to 53% of the market. Revlon was unchanged with an 11% share, and Maybelline slipped two points to a 9% share.

For total face makeup, Cover Girl had 37% of unit sales compared with 34% in 1985. Maybelline dropped to 15% from 17%, and Revlon surrendered one point for a 14% share.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	22,485	17,401
Newsp. supp	0	126
Bus pubs	144	0
Network TV	37,361	38,740
Spot TV	2,749	3,525
Network radio	3	502
Spot radio	1,046	0
Outdoor	38	10
Network cable	1,045	1,492
Total measured	64,871	61,795
Unmeasured	47,240	45,000
Total	112,110	106,795

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Marvin L. Hathaway, president-coo
F.J. Harrison, sr vp-mktg
Peter M. Troup, vp-mktg, Cover Girl prods
R.H. Yeager, dir-new prods
E.H. Levering, sr vp-sales
D.J. Gallow, dir-mktg rsch
C.J. Busta, mktg dir, toiletries
B.F. Nelson, exec vp-genl mgr-Caliente Chili
E.M. McNamara, mktg dir-Clarion & new prods

Advertising Agencies

William Esty Co., New York—Noxzema shave cream, Lestoil, new prods—Rand Pearsall, vp-acct super; Peyton Sise, vp-mgmt super.

GSDM, Austin, Texas—Wicks Famous Two Alarm Chili and other Caliente Chili, Inc. products.

SSC&B, New York—Noxzema skin cream, Cover Girl prods, Clarion, new prods—Ian McGregor, exec vp, Noxell prods; Neill Myers-mgmt super, sr vp, Noxell prods; Patrick Keough, acct super-Noxzema skin cream & toiletries prods; Sheri Colonel, sr vp-mgmt, acct exec, nails, lips; Lynne King, vp-mgmt super, Clarion nails, lips, eyes & colors; Megan O'Shaughnessy, acct super, Clarion makeup & mascara; Mason Wiley, acct exec, Clarion mascara & makeup; Becky Broers, vp-acct super, Moisturewear; Caroline Simko, asst acct exec, Moisturewear; Craig Martin, acct exec, Cover Girl eyes; Daniel McLaughlin, vp-acct super, Cover Girl makeup; Wendy White, asst acct exec, Cover Girl makeup; Jacalyn Brecher, acct exec, lips & nails; Sheila Dailey, acct super, new prods; Sarah Bell, acct exec, Cover Girl makeup.

RANK **78**

Nynex Corp.

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,340	10,310	10.0
Net income	1,215	1,095	11.0
U.S. advertising	112	103	8.7

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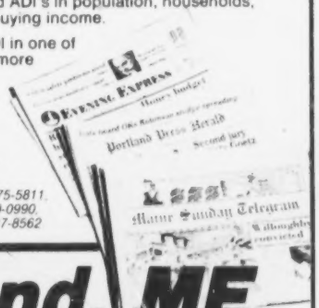

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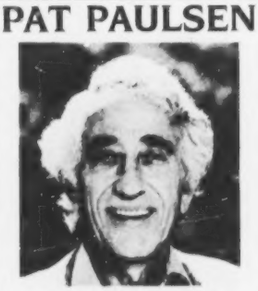

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Contact: Linda D. Chaney
Publicist, Promoter

Nynex Corp., New York, set a strategy in 1986 of reaching into the four information industry markets—telecommunications, office equipment, information and support systems—and a fifth market of linking the four into integrated systems.

Nynex put its total advertising costs in 1986 at $117.4 million in its 10-K for media, research and agency work. The company did not report ad spending for 1985.

AD AGE estimates Nynex measured and unmeasured media spending at $112 million. Estimates for 1985 have been revised to $103 million to reflect a year-to-year 8.7% increase that is more characteristic of the industry. Nynex concentrated on its core business, the telephone network, in 1986, devoting 60% of $29.7 million in measured spending for seven media to its two main subsidiaries, New York-based New York Telephone, and Boston-based New England Telephone & Telegraph.

Nynex invested $2.1 billion to expand and upgrade networks of the two telephone subsidiaries in 1986, adding more than 50,000 miles of optical fiber lines.

Measured spot TV for New England Telephone increased 12.5% to $8.1 million in 1986. New York Telephone's measured spending jumped 48% in 1986 to $9.8 million, mainly in spot TV.

Because New York Telephone serves Nynex's most vital market, Nynex laid the groundwork for advanced voice, data and visual communications with brand awareness advertising, says Harriet Norris, director of corporate advertising.

Beginning 1986 with a user-stimulative campaign, "New York Lives on New York Telephone," agency Bozell, Jacobs, Kenyon & Eckhardt repositioned the advertising in June 1987 to focus on advanced network capabilities with a new campaign, "The power behind the phone." Nynex cut spending 20% on corporate general advertising in 1986, spending $2.7 million mostly in magazine and spot TV.

In office automation, Nynex increased spending 33% to $2.6 million—all in spot TV—in 1986 for Nynex Business Information Systems. Nynex has set a goal of becoming one of the nation's leading suppliers of networked computer and telecommunications equipment. This explains the acquisition for an undisclosed price of 81 International Business Machines Corp. Product Centers in 33 states and the District of Columbia on June 30, 1986. The centers were merged with 21 Datago Business Centers as Nynex Business Centers.

With 92 outlets in the U.S., Nynex is a powerhouse in company-owned office automation retail centers, ranking second only to San Jose, Calif.-based Businessland, with 94 outlets. Chicago-based Sears, Roebuck & Co. is third with 60 Sears Business System Centers., says Alice Brown, president of StoreBoard Inc., a Dallas-based industry consultant.

Revenues are another story, however, Ms. Brown says. Nynex does not release figures, but its operating revenues are believed to be well below those of Businessland, which had revenues for the year ending June 30, 1987 of $600 million, up 48% over 1986, she says. Nynex has to follow Businessland's lead by developing a strong outside sales force and paring back its high priced retail store fronts, which once were simply showcases for IBM, Ms. Brown says.

Nynex appears to be digging in, hiring James N. Turner, IBM's former VP-retail sales, among three other top IBM executives.

Nynex is looking beyond its territory for new uses of its information resources-directory assistance, customer databases and publishing. In late 1986, Nynex agreed to provide some of AT&T's billing and collection. Nynex began publishing three directories outside its territory. Nynex also purchased for undisclosed terms United Publishers Corp., Los Angeles-based independent directory publisher.

Measured spending for information resources in 1986 jumped 58% to $6.3 million, virtually all in spot TV.

Nynex boosted efforts to integrate products and services with the Feb. 25, 1987, acquisition for $107 million of Business Intelligence Services Ltd., a London-based computer software company specializing in financial services. In April, 1986, Nynex acquired Telco Research, Nashville, Tenn., a specialist in integrated telecommunications software.

Nynex also received approval in April 1987 from the FCC to enter the long-distance market by buying a stake in a transatlantic fiber-optic cable. Nynex hopes to acquire Private Transatlantic Telecommunications System Inc, Washington D.C., which has regulatory approval to provide a telephone and data link between New York and London. PTT is a 50% partner with Cable & Wireless PLC, London, in building two fiber optic cables at a cost of $300 million. The cables are scheduled to begin operating in 1989 and 1992.

Nynex successfully petitioned for the U.S. Justice Department for permission to begin transatlantic services, the first request by a regional Bell company to engage in services directed overseas. The request eventually requires approval from Judge Harold Greene, who oversaw the breakup of the Bell system, and who earlier this month banned Bell companies from entering the long-distance market within the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	18,614	15,133
Magazines	3,425	3,913
Newsp. supp	980	746
Bus. pubs.	415	593
Network TV	44	0
Spot TV	24,796	0
Spot radio	3,591	3,244
Outdoor	415	0
Network cable	89	0
Total measured	52,369	23,629
Unmeasured	59,840	27,000
Total	112,209	50,629

NYNEX CORP.
335 Madison Ave.
New York, N.Y. 10017
(212) 370-7400
Corporate Personnel

James Hennessey, exec vp
Ivan Seidenberg, vp-external affairs
Don Sacco, vp-corp mktg
Emery Westfall, dir-external affairs

Advertising Agency

Young & Rubicam, New York—Robert Gleckler, mgmt super; Terry Pranses, acct super; Brad Most, acct exec.

NEW YORK TELEPHONE
New York

Joseph M. Walsh Jr., vp-regulatory, planning
Walter I. Rickard, vp-technology
Louis Kruh, dir-sales & adv
Harriet Norris, dir-corp adv

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—public telephone—Neil Tergesen, vp mgmt super; Gary Andrews, sr vp-dir accts; Carl Teittelman, acct super; Debbie Halligan, asst acct exec; Jim Kennedy, acct coord.

Chapman Stone & Adler, New York—Frank Galey, vp-group mgmt super; Usha Krishman, acct super; Lorraine Salta, acct exec.

Conill Advertising, New York—Hispanic mkts—Charley Magee, sr vp-acct svcs dir; Gloria Tuero, acct exec.

Young & Rubicam, New York—Larry Shapiro, vp-group dir; Tom Spangenberg, mgmt super; Mary Ellen Kenney, acct super, residence usage; Richard Kebbon, acct super, business prods & svcs; Margaret McKinley, acct exec, business prods & svcs; Hugh Nesbitt, acct exec, residence usage.

NEW ENGLAND TELEPHONE
Boston
Marketing Personnel

Walter E. Bartlett, vp-mktg & tech

Advertising Agency

Harold Cabot & Co., Boston—William H. Monaghan, president; Carolyn Smith, acct super; Peter Hathaway, acct exec; Arthur Sweetser, acct exec; Natalie Cox, acct exec.

NYNEX INFORMATION RESOURCES CO.
Marketing Personnel

Harold Dakin, vp-business devel
Bernie Bloomfield, vp-mktg & staff

Advertising Agencies

Chiat/Day, New York—Yellow Pages—Amy Saypol, mgmt super; Mary Maroun, acct super; Melissa Bernhardt, acct exec.

Conill Advertising, New York—Hispanic mkts—Charley Magee, sr vp-acct svcs dir; Gloria Tuero, acct exec.

NYNEX BUSINESS INFORMATION SYSTEMS
New York
Marketing Personnel

Doug Martin, vp-office systems
Tom Philie, asst vp-mktg

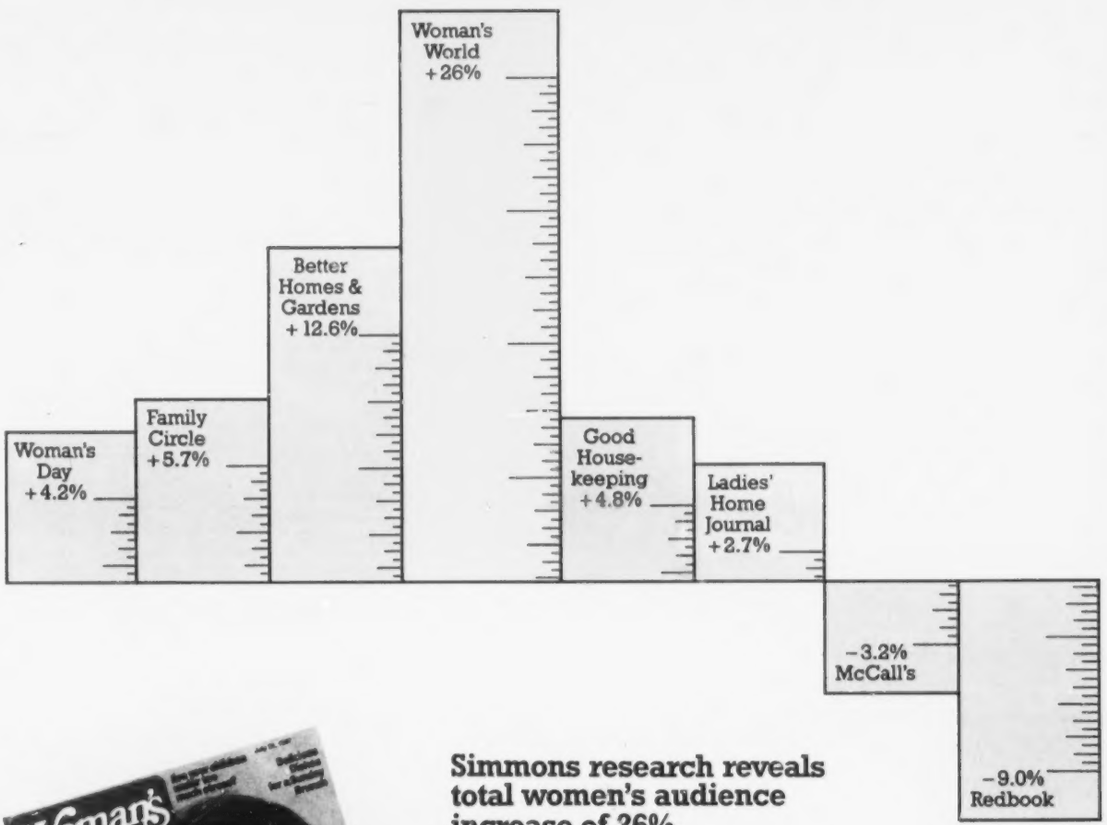
NYNEX BUSINESS CENTERS
Atlanta, Ga.
Marketing Personnel

James N. Turner, sr vp
Warren Pillsbury, vp-mktg
James Harper, dir-industry mktg
Dawn Barrs-Elkourie, mgr-adv

Advertising Agency

Hill, Holliday, Conners, Cosmopulos, Boston

WOMAN'S WORLD OUTGROWS HER SISTERS



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—Scott Cheyne, sr vp-group dir; Beth Broderson, vp-mgmt super; Jonathan Brody, vp-acct super; Robert O'Leary, asst acct exec.

NYNEX MOBILE COMMUNICATIONS
White Plains, N.Y.
Marketing Personnel

Robert Martin, vp-coo
Dennis McManus, vp-mktg & technology

Advertising Agencies

Lohmeyer, Simpson Communications, Morristown, N.J.—collaterals—Richard Ricciardi, exec vp; Rob Brigham, acct exec.

Rizzo Simons & Cohn, Boston—Philip Mathews, acct super.

NYNEX MATERIEL ENTERPRISES CO.
New York
Marketing Personnel

P.L. Haynes, president
Joe Timpanaro, vp-mktg

Advertising Agency

Frank Barth Inc., New York—Kathrine Barth, president; Martin Silver, acct super.

Pacific Telesis Group

RANK **97**

San Francisco

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,977	8,499	5.6
Net income	1,079	929	16.2
U.S. advertising	88	62	41.5
Division sales	**1986**	**1985**	**% chg**
Local service	2,957	2,820	4.9
Interstate access	1,733	1,670	3.7
Intrastate access	962	1,045	(8.0)
Toll service	1,999	1,743	14.7
Other	1,326	1,220	8.7

Pacific Telesis Group dramatically increased measured media spending in 1986 to establish its brand name and boost usage of its network, and to tap into competitive markets for communications, information services and publishing.

Receiving the largest increase was corporate general promotion, up 162% to $6.8 million in seven-media measured spending, divided 66% spot TV, 33% magazine, 1% magazine. PacTel's total, including measured and unmeasured spending, was $87.5 million in 1986, up 42%. Totals include $31.1 million in spot TV, up 75%, and $8.9 million in measured newspaper, up 15%.

San Francisco-based Pacific Bell, PacTel's largest subsidiary, again dominated spending with $21.6 million in 1986 measured media, up 64%. Spending for Pacific Bell represented 62% of the seven media total, according to BAR/LNA. Almost all of the spending was for spot TV, supported by magazine and outdoor.

The California Public Utilities Commission continues to be a thorn in side of the Pacific Bell unit. CPUC, which is recommending rate reductions of up to $225.1 million a year retroactive to March 1986, ordered cuts totaling $191 million in March 1987 that PacTel cited as the main reason for a 3.8% slide in earnings to $272.3 million during the second quarter of 1987 on revenues of $2.8 billion. PacTel's first quarter profits were $293 million, up 7% over the same period in 1986, on revenues of $2.24 billion, up 1%.

Fritz Ringling, principal with New York-based Booz, Allen & Hamilton, says Pacific Bell "shot itself in the foot" in its dealings with CPUC. The company was ordered in mid-1986 to revise its "packaged selling" methods of marketing enhanced services. The commission charged that sales representatives were passing off as basic service a package that included extras such as call-waiting and call forwarding. CPUC also charged the company did not attempt to find out if customers were eligible for the Lifeline basic service, at $1.48 a month, which is designed for the poor and elderly. Particularly vulnerable were Hispanic and other minority customers because of language barriers.

"Pacific Telesis has one of the most conservative public utility commissions in the nation," says William Rich, senior analyst with Northern Business Information, a New York-based consultant. "It prevents them from being more competitive with the services they offer, from modernizing their systems to offering competitive services in non-regulated areas."

PacTel has been active in competitive markets for communications and office automation. Dallas-based Communications Industries, a marketer of paging and cellular services with operations in Dallas, Atlanta, Tampa and other markets was bought by PacTel for $431 million in 1985 and renamed PacTel Cellular. In December 1986, PacTel paid $316 million for cellular operations in five cities in Michigan and northern Ohio. Measured magazine spending for PacTel Mobile Access increased 117% to $420 million in 1986.

PacTel also is making moves to capitalize on international markets through a partnership with London-based Cable & Wireless PLC and C. Itoh & Co. of Japan. The partnership is vying for rights to build a second transpacific cable link between the U.S. and Japan.

"International presents some big growth opportunities. It's an area that all the Bell companies are looking at. So far, most are taking a slow, logical approach beginning in a consulting capacity for network design," NBI's Mr. Rich says. The regional Bell companies have been banned for the next three years from engaging in offering long-distance services (other than transmission) within the U.S.

In the market for office automation, PacTel InfoSystems acquired late in 1986 the western direct sales and services unit of the integrated office systems group of Northern Telecom. The acquisition gives PacTel a presence in 11 western states selling and servicing customer premise equipment. The purchase price was not disclosed.

The purchase solidify's PacTel's position in office automation through its 26 PacTel InfoSystems stores in California, Oregon and Washington, which include eight stores acquired in the May 1985 acquisition of Portland, Ore.-based Byte Shops Northwest.

In Jan. 1, 1986, Pacific Bell Directory became a separate subsidiary of Pacific Telesis. The company publishes 96 white and yellow page directories in California and Nevada. The subsidiary broadened its product line in August 1987 with six new directories geared to local small business in the Los Angeles area. The directories unit received $6 million in measured spot TV in 1986, up 12%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,896	7,706
Magazines	3,628	3,503
Newsp. supp.	62	213
Bus. pubs.	48	96
Spot TV	31,066	17,727
Spot radio	1,472	2,736
Outdoor	225	98
Total measured	45,397	32,079
Unmeasured	42,454	30,000
Total	87,851	62,079

PACIFIC TELESIS GROUP
140 New Montgomery St.
San Francisco, Calif. 94105
(415) 882-8000
Corporate Personnel

Donald E. Guinn, chmn-ceo
Theodore J. Saenger, president

PACIFIC BELL
San Francisco
Marketing Personnel

C.L. Cox, exec vp-mktg
Lee Camp III, vp-mktg
A.F. Boschulte, vp-business mktg
D.C. Rathbone, div Starr mgr-adv

Advertising Agencies

Cohn & Wells, San Francisco—Laurie King, Sandi Hicks, acct execs.

Foote, Cone & Belding, San Francisco—W.J. Kelley, mgmt super.

Ketchum Advertising, San Francisco—Lynn Upshaw, acct exec.

Mendoza, Dillon & Associados, Newport Mendoza, Dillon & Asociados, Newport Beach, Calif.—Richard E. Dillon, president; Robert Howell, vp-client svcs; Sergio Ruiz, acct super.

Carol H. Williams Advertising, Oakland, Calif.-Karen Merguson, acct exec.

NEVADA BELL
Reno, Nev.
Marketing Personnel

R.K. Van Allen, vp
Rich Epifani, dir-mktg, external affairs
Les Mathson, dir-sales

Advertising Agency

Dunn Draper Glenn Marz, Reno, Nev.—Diana Cunningham, acct coord; Tim Grandt, Rick Atchison, acct execs.

J.C. Penney Co.

RANK **15**

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	14,740	13,747	7.2
Net income	478	397	20.4
U.S.	**1986**	**1985**	**% chg**
Sales	14,117	13,228	6.7
Advertising	496	479	3.3
Division sales	**1986**	**1985**	**% chg**
J.C. Penney	13,390	12,634	6.0
Other retail	1,350	1,113	21.3

J.C. Penney Co., the nation's third largest retailer and the third largest mail order company after Sears, Roebuck & Co. and Time Inc., for the second year held advertising increases below 5% even though both its earnings and sales showed marked improvement over 1985.

Penney reportedly improved the quality, presentation and merchandise mix of its weekly advertising circulars, a program it intends to expand by the end of this year.

In 1986, Penney spent $16.7 million in measured advertising to back men's and women's clothes, another $4.4 million for men's by itself and $2.7 million for women's. While the combined budget was up from the $15.8 million spent in 1985, both men's and women's individual budgets were down. However, general advertising, according to Leading National Advertisers, rose 9.4% to $26.7 million, and budgets for jewelry jumped 33% to $4.8 million.

Catalog operations were a strong contributor to Penney's record performance in 1986. While Penney store sales increased 6% to $12.8 billion, catalog sales increased 16.6% to $2.3 billion, and profits more than doubled. The $340 million increase in sales was achieved with 235 fewer catalog pages. The company attributed enhanced productivity to better presentation and organization, as well as fashionable but functional goods sold at competitive prices.

To address mediocre sale growth at its retail stores, Penney reorganized its marketing and merchandising operations this summer. Penney President David Miller was named vice chairman, and W. Barger Tygart, central regional VP, was named exec VP for merchandising.

As part of the restructuring, Penney also established four major merchandise categories: women's, children's, men's and home and leisure.

Each new merchandise unit will be responsible for buying and marketing functions for that category. And each will be headed by its own president: John A. McConville for women's; Thomas D. Hutchens for men's; James L. Hailey for children's, and James J. Kennedy for home and leisure.

The streamlined organization is expected to improve Penney's ability to respond quickly to changing consumer needs and tastes.

To date, the financial improvement begun in 1986 has continued into 1987. Fiscal first quarter net income declined 14% to $54 million as a result of an $82 million after-tax charge related to Penney's upcoming move of its headquarters from New York to Dallas' Plano, suburb, but profit from operations actually rose 56% and sales climbed 5.9% to $3.22 billion from $3.05 billion.

The relocation to Texas was one of the recommendations of a study begun in 1974 to reposition Penney for the future. Besides recommending that Penney move out of New York to give it easier access to its national store network, the study said Penney should develop stronger internal communications, encourage regional identities and restructure its merchandise and marketing mix to make both more compatible with regional consumer buying patterns.

In the 1970s and early 1980s Penney began implementing its new strategy by adding more fashionable apparel to its merchandise mix and modernizing its stores. The modernization continues, and, in the last year, Penney fine-tuned its merchandise mix to include a better balance of private label as well as designer brands so that Penney's core customers would not be turned off by too trendy or too expensive clothing. At the same time, it has targeted more fashion-aware customers such as the working woman, trendy teens and fashion-conscious men.

To further refine its merchandise mix, Penney's has continued to decentralize its buying programs. The company's satellite TV network, operating since July 1985, is now used in 175 locations, up from 165 last year. The network allows buyers to show clothes and other products to local stores, which can then decide what is suitable for their region's tastes.

Programs such as the satellite connection have been designed not only to better serve the consumer but to save Penney money. Savings are made in travel-related expenses and in the markdowns necessary when merchandise won't sell in a certain area.

The headquarters move to Dallas should also improve communication and reduce costs. Penney Chairman William Howell says, "The relocation will further enhance communications and reduce travel time by up to 50% between headquarters and our five regional offices. Approximately 50% of our people now work in central and southern locations. The remaining 50% are divided evenly between the West and East Coasts, putting Dallas at the halfway point."

The costs of relocating were projected at $140 million before taxes, taken as a one-time, non-recurring charge to earnings in the first quarter ended May 2, 1987. Reduced occupancy, labor costs, savings on travel and taxes, increased productivity and efficiency are expected to offset that expense over several years. Also, a permanent reduction of $60 million to $70 million in administrative costs is anticipated.

In 1987, Penney announced a $40 million investment in its startup of Telaction, a consumer-controlled, cable TV-delivered and home-phone-activated home shopping and information service. The system is testing in Chicago with 125,000 cable TV subscribers, and more than 40 companies are paying an undisclosed fee to participate in the test. These include American Express, Ticketron, Spiegel and Nash & Finch, a Minneapolis-based wholesale food grocer.

Telaction has come out in advance of three other videotex ventures: White Plains, N.Y.-based Trintex, which involves a Penney competitor, Sears, Roebuck; CNR Partners, New York, and Covidea, Jericho, N.Y.

Other areas of new business for Penney include its new subsidiary, Telemarketing Network Inc., which provides telemarketing services to other companies. Penney's network consists of 14 telemarketing centers established since 1982 as part of its catalog operation.

Another service is J.C. Penney Communications Inc. Through Penney's satellite TV network, companies can use this system for direct broadcasting via satellite to domestic and international audiences. Other services include videotape production and full-motion videoconferencing between New York, Pittsburgh, Atlanta, Dallas and Los Angeles; audio recording and mixing; graphic and slide art; meeting planning and management; employee communications programs; printed and electronic reference manual publishing, and communications research. Clients include General Motors, Squibb Corp., NBC, ABC and Saatchi & Saatchi.

Penney also has formed the J.C. Penney Travel Services subsidiary, which initially is marketing travel services to Chicago-area consumers. The service operates via the phone and is open 24 hours a day, seven days a week.

The Thrift Drug division, purchased by Penney in 1969, has been earmarked for expansion. One growth route is expected to be mail-order drugs for senior citizens.

Penney also is expanding into the specialty store business. When, in 1986, it bought a 20% interest in Alcott & Andrews, the regional specialty store chain, a spokesman said the investment "shouldn't be read as a desire on our part to get into the specialty store business." But

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subsequent purchases have disproved that disclaimer.

In April 1987, Penney announced it has signed a letter of intent to buy a 20% equity interest in Beeba's Creations, a San Diego-based junior sportswear supplier. Penney is now working with Beeba's to establish junior specialty shops in its stores and is planning free-standing stores that will sell the same private label coordinated apparel.

Penney also has made a capital investment in Los Angeles-based Stinu Corp.'s Units women's specialty store division. Notes Don Rhoden, president, "Our expansion program has been given a major impetus by Penney's capital investment, which is part of its strategy for participating in the specialty store segment of the retail business."

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	8,487	9,280
Newsp. supp.	906	54
Bus. pubs.	3	0
Network TV	46,867	44,552
Spot TV	14,929	17,640
Network radio	1,218	0
Spot radio	875	61
Outdoor	22	360
Network cable	1,616	358
Total measured	74,924	72,305
Unmeasured	421,317	406,587
Total	496,241	478,892

J.C. PENNEY CO.
1301 Avenue of the Americas
42nd Floor
New York, N.Y. 10019
(212) 957-4321

Marketing Personnel

W. Barger Tygart, exec vp, dir-merch.
Ronald Shuler, dir-mktg comm
James Boyton, mgr-media svcs
Darryl Erickson, sales plans mgr
Robert Jung, mktg publicity coord
Edward Hayward, adv mgr
Arthur Kapplow, mgr-publicity, special events
Thomas Jewell, mgr, corp special events
Gerald Shores, dir-vis merch
Malcolm Bliss, mgr, packaging & labeling
William Speer, mgr, store design
Gerald Testor, mgr, presentation
John O'Brien, dir, geographic merch
Sidney Stein, mktg rsch dir
Charles Lipscomb, dir pers merch
Robert Burke, controller, merch

WOMEN'S DIV

Marketing Personnel

John A. McConville, president
Kenneth T. Russo, div vp, dir-mktg

MEN'S DIV

Marketing Personnel

Thomas D. Hutchens, president
J. Raymond Pierce, div vp, dir-mktg

CHILDREN'S DIV

Marketing Personnel

James L. Hailey, president
Andrew Cumming, div vp, dir-mktg

HOME AND LEISURE DIV

Marketing Personnel

James J. Kennedy, president
J. Thomas Arthur, div vp, dir-mktg

Advertising Agency

N W Ayer, New York—natl adv—Chuck Meding, sr vp-exec acct dir; Agi Clark, exec dir-creative svcs; Christina Anderegg, sr vp-mgmt super; Jeanne Chenard, sr vp-group creative dir; Meryl Nierman, vp-acct super.

RANK **10**

PepsiCo Inc.

Purchase, N.Y.

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	9,291	7,653	21.4
Net income	458	420	9.0
U.S.			
Sales	8,065	6,702	20.3
Operating profits	616	602	2.3
Advertising	581	558	4.1
Division sales			
Soft drinks	3,588	2,725	31.7
Snack foods	3,018	2,847	6.0
Restaurants	2,684	2,081	29.0

PepsiCo is slicing ever larger shares of the business in its three chief segments: soft drinks, snack foods and restaurants. The company reports sales of $9.3 billion in 1986, a 21% gain over the year before.

Its Mandarin Orange Slice, though available last summer in only about half the U.S., nonetheless took the top spot in the orange-flavor segment of the soft-drink market. At a 24% share of market, Mandarin Orange has captured twice as many pocketbooks as archrival Coca-Cola's Minute Maid. PepsiCo scored another coup for Slice when the Slice blimp became the official dirigible of the Super Bowl, flying above the Rose Bowl and shooting pictures of the action.

PepsiCo further enhanced its business outlook with the $841 million purchase last October of RJR Nabisco's Kentucky Fried Chicken, leader in the fast-food chicken market. With it, PepsiCo became the largest restaurant system in the world, with 14,664 restaurants including Pizza Hut and Taco Bell outlets.

While Pepsi also picked up additional KFC units served by Coca-Cola, it lost a big client in the fast food industry in Wendy's, which in October 1986 switched its fountain allegiance to Coca-Cola from Pepsi. Wendy's, in explaining its decision, said PepsiCo had become a major restaurant competitor through its ownership in KFC.

PepsiCo also spent $591 million to buy MEI Corp., its third largest bottler, and $246 million for Seven-Up International from Philip Morris Inc.; Kentucky Fried Chicken from RJR Nabisco Inc.

PepsiCo remains a leader in the $6 billion salty snack food business with its Frito-Lay products claiming $3.5 billion of that market.

But it is soft drinks that account for most of PepsiCo's sales, nearly $3.6 billion in 1986. Pepsi claims to be the largest-selling soft drink in supermarkets, though Coca-Cola holds the edge in vending and fountain sales. PepsiCo, in its own analysis of market share, claims $12 billion of the $39 billion in U.S. soft drink retail sales.

But an analysis done by *Beverage Industry* finds Pepsi's cola brands lagging behind those of Coke. The magazine pegs Pepsi brands of cola at a 25% market share, while Coke is at 32.2%. Pepsi was only slightly behind, with its lead brand, Pepsi-Cola, Coca-Cola Classic garnered 19.1% of the market in 1986, compared with a 18.6% share for Pepsi. But overall, Coca-Cola's market share reached 39.8%, compared with Pepsi's 30.7%. Shares include all the different brands made by these two soda megacompanies, and compare with 38.6% Coca-Cola and 29.8% Pepsi in 1985.

PepsiCo is moving to close the gap. It got Burger King, the second-largest restaurant system in dollar sales in the country, to continue serving Pepsi products despite intense wooing from Coca-Cola.

PepsiCo is also serving its own drinks at its large stable of restaurants. The company reports a 20% share of the highly competitive pizza market, one quarter larger than its closest competitor, Domino's. PepsiCo also says it commands 45% of the $5.5 billion dollar quick service chicken segment with KFC. Taco Bell, the company reports, has over half of all the quick service sales in the $2.3 billion Mexican food category.

PepsiCo, which has the right of approval in the ownership transfer of independent Pepsi bottling franchises, in August 1987 nixed the planned sale by GenCorp of its RKO Enterprises operation to IC Industries' Pepsi-Cola General Bottlers, the second largest independent bottler in the Pepsi lineup. The combo would have become the largest independent Pepsi bottler. IC and GenCorp filed suit, which is pending. Analysts theorize that the PepsiCo move is a response to the concentration of bottling operations taking place at Coca-Cola, which acquired many of its bottlers in 1986 and formed Coca-Cola Enterprises, spun off as a publicly held company in 1986 (Coke retained 50% ownership).

In its 1986 10-K report to the Securities and Exchange Commission, PepsiCo reports spending $688.7 million on advertising worldwide, up 26% from the year before. PepsiCo says that figure includes all direct advertising costs, including time charges for broadcast and space charges for print. It also includes production costs.

The BAR/LNA multi-media service, which monitors seven media, says $72.8 million of PepsiCo advertising backed Pizza Hut and its delivery service. PepsiCo, which says the Pizza Hut campaign was working out, recently dropped Chiat/Day, Los Angeles, as its agency on the account. Pizza Hut says it was by mutual agreement and referred inquiries to Jay

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Chiat of Chiat/Day. He had no comment.

Some in the advertising industry say the public and PepsiCo management as well were not responding to the Pizza Hut ads, many of which devoted their thrust to portraying the competition in a negative light.

Pizza Hut is second to Kentucky Fried Chicken in total dollars spent on a brand. KFC spending was pegged at $81.3 million. Taco Bell follows with $50.4 million.

Spending for Slice, both diet and regular, topped $32 million in 1986, up from $18.8 million in 1985. PepsiCo this year has also moved into the bottled water business with its Ice Mountain Maine Water, a division of its Great Spring Waters of America company. Tests are under way in Boston, Hartford, Providence and New Haven.

A PepsiCo spokesman, who says the company estimates per capita consumption of bottled water has increased 500% since 1980, says the company owns a mountain in Maine, Mt. Zircon in Rumford, which has been a source of bottled water since the mid-1800's.

Not everything PepsiCo has touched has, like Slice, meant a resounding success. Frito-Lay rolled out three products —Stuffers, a potato chip with dip inside; Rumbles, a granola ball; and Toppels, a potato cracker with melted cheese—and soon canceled them.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,806	5,926
Magazines	1,082	2,726
Newsp. supp.	65	35
Bus.pubs.	399	337
Network TV	115,128	127,021
Spot TV	257,033	217,412
Network radio	874	5,296
Spot radio	22,342	29,925
Outdoor	3,213	4,107
Network cable	5,107	4,885
Total measured	414,050	397,669
Unmeasured	167,260	160,643
Total	581,309	558,311

PEPSICO INC.
Anderson Hill Rd.
Purchase, N.Y. 10577
(914) 253-2000

PEPSI-COLA WORLDWIDE BEVERAGES
Somers, N.Y.
Corporate Personnel
Roger Enrico, president-ceo, Pepsi-Cola Co.

PEPSI-COLA USA
Corporate Personnel
Ron Tidmore, president-ceo
John Cranor, president, Pepsi-Cola Fountain Beverage div

Marketing Personnel
Michael Lorelli, sr vp-brand mktg
Alan Pottasch, sr vp-creative svcs
John Moorhead, vp-mktg svcs
Rick Rock, media dir

Advertising Agencies
BBDO, New York—Pepsi-Cola, Diet Pepsi, Pepsi Free, Mountain Dew, packaging & promo —Gary dePaolo, sr mgmt rep; William Katz, mgmt super; Andy Russem, Jeff Mordos, acct supers.

Lockhart & Pettus, New York—domestic black adv-all brands—Keith E. Lockhart, president.

Siboney Advertising, New York—domestic hispanic adv-all brands—Carla Trum, acct dir.

J. Walter Thompson USA, New York—Slice, Diet Slice, Jake's—Jerry Gottlieb, mgmt dir; Jeremy Birkbeck, acct super.

Tracy-Locke, Dallas—Pepsi-Cola USA—Pepsi Light, fountain beverages—Lanny Houillon, sr vp; Bruce Orr, acct exec.

Waring & LaRosa, New York—Ice Mountain bottled water—Dick Upson, acct mgr.

PEPSI-COLA BOTTLING GROUP
Corporate Personnel
Craig Weatherup, president

Marketing Personnel
Chris Hallenbeck, sr vp-sales & mktg

Advertising Agency
Tracy-Locke, Dallas—Pepsi-Cola Bottling Group—Jim Wilson, sr vp-mgmt super.

PEPSI-COLA INTERNATIONAL
Corporate Personnel
Robert H. Beeby, president

Marketing Personnel
John Hetterick, vp-mktg
Rod B. Malcolm, group dir, cola brands
Peter Wakeham, group dir, lemon-lime flavors
Mark B. Young, mgr-adv

Advertising Agencies
Leo Burnett USA, Chicago—7-Up, Mirinda —Skip Long, mgmt super.

Ogilvy & Mather, New York—Keith Bainbridge, vp-mgmt super; Maggie McDermott, acct exec.

J. Walter Thompson USA, New York—Tony Claravall, acct dir.

PEPSICO WORLDWIDE FOODS
Corporate Personnel
Michael Jordan, president

PEPSICO FOODS INTERNATIONAL
Corporate Personnel
John S. Pingel, president

Marketing Personnel
Jim Postal, area vp

Advertising Agencies
Tracy-Locke, Dallas—Jake Schroepfer, acct dir-super; Mike Rawlings, mgmt super; Lydia Kennedy, acct coord; George Hermelink, creative dir.

Young & Rubicam, New York—John McGarry, chmn, worldwide accts; Gary Payne, worldwide acct dir.

FRITO-LAY
Dallas, Texas
Corporate Personnel
Michael Jordan, president-ceo

Marketing Personnel
Leo Kiely, sr vp-sales & mktg
Dennis Freezo, vp-sales operations & planning
Dale Stortz, vp-natl sales, west & south
Tom Kuzio, vp-natl sales, east & central
Chris Sinclair, vp-mktg

Advertising Agencies
DDB Needham Worldwide, Chicago—Ruffles potato chips, CheeTos—Al Wolfe, president; Tim Scott, acct exec, Ruffles; Wendy Wallis, acct exec, CheeTos.

Foote, Cone & Belding, Chicago—Fritos, O'Grady's, Delta Golds—William McDonough, sr vp-group, Frito-Lay acct exec; Michael Colacchio, acct exec, Frito-Lay, O'Grady's; Steve Little, acct exec, Delta Gold.

Tracy-Locke, Dallas—Doritos, Tostitos, Lay's potato chips, Santitas, allied brands—Howard Davis, president; Mike Rawlings, sr vp-overall acct exec, Janet Buston, Eileen Little, Tom Gooch, acct execs.

KENTUCKY FRIED CHICKEN CORP.
Louisville, Ky.
Corporate Personnel
Richard P. Mayer, chmn-ceo
Steven V. Fellingham, president, KFC Intl
Donald E. Doyle, president, KFC/USA
Donald E. Parkinson, exec vp, home delivery group
Fredric Reynolds, sr vp-finance & control, cfo
Olden C. Lee, sr vp-human resources
Gregg M. Reynolds, vp-public affairs

Marketing Personnel
Michael J. McGraw, exec vp-worldwide svcs
Roger H. Kramer, vp-strategic planning
Lawrence E. Beeson, vp-mktg

Advertising Agency
Young & Rubicam, New York—Fernan Monteiro, group dir; Christopher Becker, Peter Nicholson, Norma Kappler, mgmt supers.

PIZZA HUT
Wichita, Kan.
Corporate Personnel
Steven S. Reinemund, president-ceo
David Novak, sr vp-mktg
David Ropes, vp-adv
Larry Whitt, vp-public affairs
Allan Huston, vp-finance

Advertising Agency
Agency unavailable at time of publication.

TACO BELL
Irvine, Calif.
Marketing Personnel
John E. Martin, president-ceo
Jim Loser, sr vp-mktg
George Reynolds, vp-adv
Steve Carley, vp-field mktg
Art Redmond, dir-mkt rsch

Advertising Agency
Tracy-Locke, Los Angeles—Ted S. Burnett, president-ceo; Jim Walker, exec creative dir; Lisa Kleckner, creative dir; Tom Morris, dir-client svcs; Blaise Bercadante, dir-strategy & rsch; Ronnie Greenfield, media dir; Ken Gal, Mary Amani, Janine Seehoff, acct supers.

RANK **49**

Pfizer Inc.

New York

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	4,476	4,025	11.2
Net income	660	580	13.8
U.S.			
Sales	2,483	2,343	6.0
Operating profits	684	613	11.6
Advertising	171	158	8.0
Division sales			
Health care	2,878	2,516	14.4
Agriculture	492	473	4.0
Specialty chemical	416	392	6.1
Materials science	327	301	8.6
Consumer	365	343	6.4

Pfizer Inc., best known among consumers for its heavily advertised consumer products lines such as Ben-Gay and Barbasol, ventured into a new advertising area in 1986—advertising ethical pharmaceutical products in consumer publications.

Pfizer broke into new territory in 1986 when it advertised Diabinese in the February issue of *Reader's Digest*. The one-page ad for the oral hypoglycemic drug marked the first time a pharmaceutical company had run an ad naming a prescription drug in a major magazine. The ad was an attempt to stall market erosion and to promote the brand name. The ad also ran in *50 Plus* and *Mature Outlook*. According to measured ad figures, Pfizer devoted a budget of $80,000 to Diabinese.

Pfizer's Roerig division also used ads for Glucotrol, a hypoglycemic, in *Golden Years*, a magazine targeted at the elderly in Florida. These campaigns result from the lifting of a moratorium on these types of ads by the Food & Drug Administration.

In Pfizer's consumer products division, its fourth largest segment in sales, spending remained strong behind Visine, up 5.6% to $13.3 million, according to BAR/LNA. Although Visine is the market leader in ocular decongestants, that segment of the market is in a competitive battle against ocular tears, and Visine will have a tough fight ahead, say industry analysts.

Media spending for the Barbasol brand was $1.9 million, down 26.9%. As a brand, including deodorants (launched in 1983), Barbasol's sales rose 15%.

Total spending behind Ben-Gay was also down, declining 15.9% to $6.9 million. Sales climbed 8%, boistered by line extensions including Ben-Gay Sports-Gel and Ben-Gay arthritis foam. The greatest spending was behind the ointment, although $3 million was earmarked for the sports gel. Ben-Gay, which is handled by McCaffrey & McCall, New York, will add Extra Strength Ben-Gay Sports-Balm in 1987.

For Desitin and Rid—other brandnames falling under Pfizer's consumer products umbrella—spending jumped from only $172,000 to almost $1 million. Rid is the market leader in the $50 million pediculosis market, with an estimated 50%-plus share in the over-the-counter segment of the business.

For Coty U.S., weak retail sales during Christmas 1985 dampened new orders. However, the $5 million ad launch of Lady Stetson, plus the Chateau Collection of fragrances, helped fuel a 17% sales growth for the division. The Chateau Collection was backed with measured spending of $3.3 million. Lady Stetson received just over $5 million in measured support —primarily in network TV. Total Coty brand spending, including Emeraude and Stetson, reached $23.2 million.

According to retailers, Stetson was the No. 1 mass brand of fragrances during Christmas 1986. Lady Stetson placed among the top eight women's fragrances at mass retailers. The division's Emeraude appears to be enjoying a resurgence in popularity. Some of that may be tied to an increased spending budget of $3.6 million, up 33.3%. For 1987, Coty will launch a new men's fragrance called Iron, to be backed by an estimated budget of $4 million.

Unisom, a sleep aid, experienced an increase of 15% in sales in 1986, aided by the successful launch of Unisom Dual Relief, a product that addresses headache and sleeplessness. Dual Relief received $2 million in support. Unisom sleep aid was backed by almost $5 million—a slight increase over 1985.

During the year, Pfizer, which had lost out in the bidding for Richardson-Vicks in 1985, purchased Infusaid Co. and Intermedics/Infusaid Inc. for $21 million, and paid $56 million for the remaining interest in Angiomedics Inc. Infusaid produces implantable and external infusion pumps; Angiomedics is a manufacturer of diagnostic and therapeutic products used in the treatment of cardiovascular disease.

Pfizer's healthcare business grew 14.4% in sales, outpacing all other Pfizer divisions. That segment accounted for 64% of corporate net sales.

Major drugs in the division include Feldene, Procardia, Minipress, Cefobid and Glucotrol. Feldene's sales rose 17% in 1986, to $509 million, to remain the world's largest-selling prescription anti-inflammatory drug. Sales of Procardia, a calcium channel blocker used in the treatment of angina, were up 23% to $269 million. Sales of Minipress, an alpha blocker, rose 12% to $233 million. Cefobid's sales jumped 23% to $178 million.

Diabinese sales declined slightly in spite of advertising, probably due to continued introductions of generic versions of Diabinese, which is no longer covered by patent. Sales of Glucotrol, an oral hypoglycemic, jumped 87% worldwide to $56 million.

The Pfizer Chemical Products division submitted its sweetening agent, alitame, to the FDA for marketing approval. Alitame is said to be sweeter than other sweetening agents, and it's reportedly easier to use in low-calorie foods for which artificial sweeteners are not currently used.

In Pfizer's agricultural division, Terramycin led the pack and helped contribute to a 7% increase in sales. In mid-1986, Rumatel, a dewormer, was launched.

There were numerous account changes at Pfizer, especially in the pharmaceutical, laboratory and Roerig divisions, where promotion is made very difficult by the specialized nature of the products. Carrafiello, Diehl & Associates, Irvington, N.Y., was dropped from the advertising roster, as was John Paul Itta Inc., New York, and Klemtner Advertising, New York.

There was less upheaval in the corporate suites with the management team of Chairman Edmund T. Pratt and Gerald D. Laubach, president, retaining most key personnel. That was a pleasant change following the blow in 1985 of losing pharmaceutical division President Sheldon G. Gilgore to G.D. Searle—a company Pfizer had unsuccessfully attempted to purchase in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	225	720
Magazines	20,775	16,729
Newsp. supp.	75	72
Bus.pubs.	3,294	3,166
Farm pubs.	1,067	914
Network TV	41,548	38,552
Spot TV	1,258	2,653
Outdoor	2	99
Network cable	296	531
Total measured	68,540	63,463
Unmeasured	102,600	95,000
Total	171,139	158,463

PFIZER INC.
235 E. 42nd St.
New York, N.Y. 10017
(212) 373-2323

Corporate Personnel
Edmund T. Pratt Jr., chmn-ceo
Gerald D. Laubach PhD., president

PFIZER AGRICULTURAL PRODUCTS
Corporate Personnel
R.M. Hendrickson, president
W.P. Crawford, exec vp

Marketing Personnel
E.T. Hughes, vp-sales
R.N. Fountain, vp-mktg
J.F. Muren, vp-operations
J.H. Hughes, mktg mgr, comm
R.G. Klein, mktg mgr-rsch
L.W. Seim, group prod mgr
E.C. Iannazzi, adv mgr
W.C. Wehr, adv mgr

Advertising Agency
Rumrill Hoyt, Rochester, N.Y.—Jim Baxter, acct super; Jeff Rudd, acct exec.

PFIZER CONSUMER PRODUCTS
Corporate Personnel
J.F. Harmon, president

LEEMING/PACQUIN DIVISION
Marketing Personnel
J.F. Anderson, sr vp
R.L. Unger, vp-mktg
T.F. Coughlin, vp-sales
H.K. Gray, vp-purchasing & packaging devel

Advertising Agencies
Avrett, Free & Ginsberg, New York—Unisom, Don Bandman, exec vp, Marlene Wheeler, acct super.

Backer Spielvogel Bates Worldwide, New York—Visine, Visine A.C., Rid, Bonine—Lee Hines, exec vp; Zealie Van Raalte, acct super.

McCaffrey & McCall, New York—Ben-Gay, Desitin, Pacquin, Rheaban—Burtis Flounders, mgmt super.

COTY DIVISION
Marketing Personnel
J.T. Markowski, vp-mktg
J.L. Abernathy, sr vp-sales
J. Webster, vp-sales
W.T. Doran, vp-rsch & devel

Corporate Media Buying
Adforce Inc., New York—media planning & buying activities—Robert Geller, president;

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John McAvity vp-broadcast; Martin Gennusa, vp-media.

Advertising Agencies

Hicks & Greist, New York—Lady Stetson, Sophia, Iron, Overnight Success, cosmetics—Jose Schreick, acct exec.

Warwick Advertising, New York—Emeraude, Stetson—Mary Nugent, acct exec.

PFIZER CHEMICAL PRODUCTS

Corporate Personnel

D. E. Kolowsky, president

Marketing Personnel

D.F. Farley, sr vp-operations
P.J. Regan, vp-operations
W.D. Benfer, vp-U.S. sales
F.P. Chapman, vp-field operations
Vincent DeGennaro, dir-adv & promo

PFIZER PHARMACEUTICAL PRODUCTS

Corporate Personnel

William C. Steere Jr., president
P.G. Tombros, exec vp

Marketing Personnel

J.T. Curti, sr vp-medical & pharmaceutical devel
J.N. Arvesen, dir-mktg rsch & planning

PFIZER LABORATORIES DIVISION

Marketing Personnel

G.N. Jortner, exec vp-dir opertions
W.J. Robison, vp-sales
W.B. Surran, dir-mktg services

Advertising Agencies

Cline Davis & Mann, New York—Diabinese, Minizide—Jack Slonaker, vp-acct super.

Dorritie & Lyons, New York—Minipress, Feldene, Procardia, Navine, Protropin, Toranaite—John Dorritie, president; Jim Stroup, sr vp, dir-client relations.

ROERIG DIVISION

Marketing Personnel

K.L. Katen, vp-dir operations
H. McCrorie, vp-sales

Advertising Agencies

Cline Davis & Mann, New York—Glucotrol, Sinequan, Unasyn, branded ethical prods—Jack Slonaker, vp; Jed Beitler, vp-acct super; Phill Roselin, acct super; Susan Miller, acct exec.

Dorritie & Lyons, New York—Cefobid—John Dorritie, president.

PFIZER HOSPITAL PRODUCTS

Corporate Personnel

E.C. Bessey, president-ceo
D.M. Fitzgerald, sr vp-worldwide orthopedics, president-Howmedica Inc.
R. DiDomenico, vp-mktg planning

PFIZER MATERIALS SCIENCE PRODUCTS

Corporate Personnel

D.R. Thacker, president

MINERALS, PIGMENTS & METALS DIVISION

Corporate Personnel

D.R. Thacker, president
W. Nazarewicz, vp-minerals
P.A. Guercio, vp-metals

Marketing Personnel

W.A. Wilkinson, vp-pigments, magnetics, iron oxide

Corporate Media Buying

Adforce Inc., New York—Robert J. Geller, president; John M. McAvity, vp-broadcast; Martin J. Gennusa, vp-media.

QUIGLEY CO.

Corporate Personnel

D.R. Thacker, chmn
J.C. O'Donoghue, president
D.R. Holmes, vp-intl operations

Marketing Personnel

R.M. Galloway, vp-sales & mktg

AD FORCE INC.

Corporate Personnel

Robert J. Geller, president
John M. McAvity, vp-broadcast
Martin J. Gennusa, vp-media

Philip Morris Cos.

RANK **2**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	25,409	15,964	59.2
Net income	1,478	1,255	17.8
U.S.	**1986**	**1985**	**% chg**
Sales	17,568	11,496	52.8
Operating profits	3,278	2,540	29.1
Advertising	1,364	1,359	0.4
Division sales	**1986**	**1985**	**% chg**
Tobacco	12,691	10,500	20.9
Beer	3,054	2,925	4.4
Food	9,664	1,600	504.0
Other	N/A	868	N/A

Advertising growth at Philip Morris Cos. was minimal in 1986 as its General Foods division threatened to cut commissions and sought greater regional input in advertising and as P-M sold off its heavily-advertised 7UP unit.

PepsiCo was the intended home for 7UP at a price of $380 million, but the plan was scuttled by the Federal Trade Commission in January 1986 on antitrust grounds. Cutthroat competition in the $30 billion soft drink market prompted P-M's decision to divest 7UP, bought in 1978 for $520 million. 7UP's share has been declining annually to its current (in 1986) 5.2% share.

Dallas-based investment group Hicks & Haas ultimately bought the domestic-only operations of 7Up for $240 million. Added to H&H's Dr Pepper business purchased in 1985, the two give H&H a solid No. 3 share in soft drinks. In July 1986, P-M sold 7UP's international soft drink business to PepsiCo.

By far P-M's largest business is its tobacco products. With $12.7 billion in 1986 sales, P-M's cigarette unit sales grew 0.5% in a market declining at an annual rate of 2.1%. Marlboro, the No. 1 brand in U.S., with sales of more than $4 billion a year, continued to command 22.9% of the category in 1986. Measured spending for the Marlboro line topped $84 million, according to BAR/LNA, about equal with 1985 spending.

According to John Maxwell Jr., analyst with Furman, Selz, Mager, Dietz & Birney, New York, P-M's brands held 36.8% of market vs. 35.9% in 1985. Two other P-M brands were among the top 10 sellers—Benson & Hedges and Merit holding with 4.4% and 4.0% shares, respectively. Overall, rival R.J. Reynolds' brands held 32.4% of market, followed by Brown & Williamson with 11.5%, Lorillard with 11.5%, American Brands with 7.2% and Liggett & Myers with 4.0%.

Generic and low-price cigarette brands continued to grow, accounting for $876 million in sales, or 8.9% of the market in 1986. P-M competitor RJR's success with Doral, which gained a 1.3% share since its introduction in late 1984, encouraged P-M to roll out Cambridge Lights and Player's Lights 25's in 1986. Combined with its Century 25 line, P-M rival RJR held nearly 26% of all cut-rate cigarette sales, representing $225 million in sales.

By the end of the year, however, P-M had made strides toward evening the stakes. Its Cambridge and Players brands captured 11.6% of the off-price category. P-M had to spend heavily to carve its niche, spending $10 million in 1986 measured spending via agency Leo Burnett.

P-M put its $55 million ad budget for Benson & Hedges, the fifth largest selling cigarette brand, up for review in June. The brand had lost market share equaling about $100 million in sales over several years. Wells, Rich, Greene, New York, retained the account, fending off pitches from Backer & Spielvogel (now Backer Spielvogel Bates), agency for the $11 million Parliament business, and Burnett, agency for some $235 million in measured spending for Merit, Virginia Slims, Alpine, Saratoga, Marlboro and Cambridge.

In May 1986, P-M's Milwaukee-based subsidiary, Miller Brewing Co., rolled out Miller High Life Genuine Draft. Miller, the nation's second largest brewer with a 21.3% market share, is led by No. 2 ranking Miller Lite (10.5% share) and No. 3 Miller High Life (5.9% share), according to Emanuel Goldman, partner at Montgomery Securities, San Francisco. Anheuser-Busch's Budweiser continued its chokehold on the market with 26.8% of all domestic beer production. Miller's shipments of 38.7 million barrels in 1986 was a 4.3% increase over the prior year, its first significant gain in four years.

Genuine Draft, handled by Backer Spielvogel Bates, New York, received $37.7 million in measured spending in 1986, compared to Miller Lite's $76.8 million, up 9.7% from 1985.

Miller High Life barrelage fell 14% as market share dropped from 7.1% to 5.9%. Still sporting the "Made the American Way" campaign begun in 1985 by J. Walter Thompson, Miller High Life was supported with $56.3 million in measured spending, down 10.2%.

Miller's second-tier price-brands, Meister Brau and Milwaukee's Best, also are handled by Backer Spielvogel Bates. Meister Brau received $11 million in measured 1986 spending, according to BAR/LNA, down 17%. Testing began on premium entry, Gettleman Lager Beer and on Plank Road Original Draft. Backer handles Gettleman and Chiat/Day, New York, handles Plank Road. Despite $3 million in

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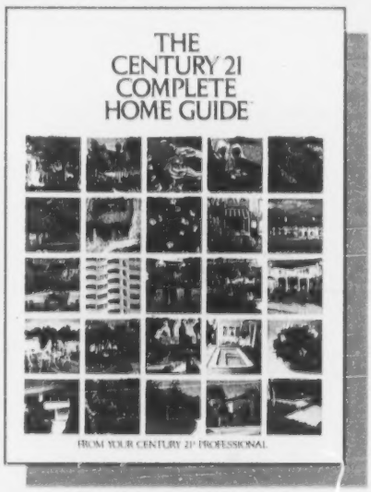

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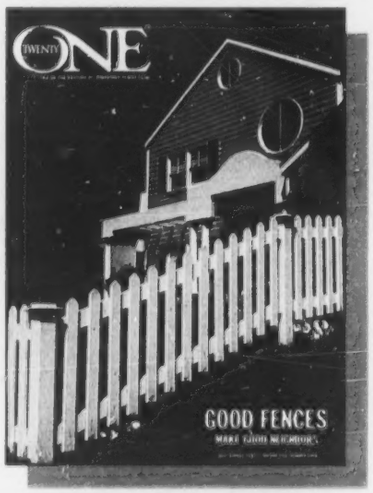

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*SMRB, 1985/1986 SURVEY **SOURCE: N.A.R., AUGUST, 1985 SURVEY

spending for Plank Road, testing discontinued. Gettleman remains in test.

P-M's food sales for 1986 were $9.66 billion, the company's first full year of results from General Foods Corp. since it was purchased by P-M in 1985.

In June 1986, the GF unit shifted its Maxim and Mellow Roast coffee brands out of Ted Bates Worldwide (now Backer Spielvogel Bates) to Ogilvy & Mather, New York, as a result of Bates' acquisition by London-based Saatchi & Saatchi PLC. Another of S&S's units, Saatchi & Saatchi DFS Compton, handles rival P&G's High Point coffee.

Three months later, GF also moved from Bates $5 million in Log Cabin syrup billings and $20 million in Louis Rich turkey, luncheon meats and Good Seasons dressings advertising to D'Arcy Masius Benton & Bowles, New York.

The second move was said to be an indirect response to the acquisition, since GF felt it could not grow further with Bates, because of conflicts with other Saatchi agencies.

In November 1986, citing "cost efficiencies," Rye Brook, N.Y.-based GF consolidated its $60 million spot TV buying assignments at Grey Advertising and Ogilvy & Mather, both New York. As a result, Y&R and DMB&B lost $8 million each in spot assignments, but retained network TV daytime and prime-time buying, respectively.

GF also became one of the first advertisers on Rupert Murdoch's Fox Network, committing $750,000 for Joan Rivers' late night talk show.

In 1987, GF began considering cutting its agency commissions to below the 15% level. Its major agencies, DMB&B, Grey, Ogilvy & Mather and Y&R would be affected.

As a result, these agencies were said to be formulating contingency plans to take to GF that included a more relaxed conflict policy.

GF's bottom line growth was hampered by fluctuations in the international coffee market, which suffered from underproduction (and resultant high prices) in 1985, then from overproduction (and low prices) in 1986. Activity was particularly hot in the decaf segment, where GF went to war with Nestle. In early 1987, Nestle broke Taster's Choice spots hailing its natural decaffeination—and disparaging its competitors decaffeination process—via HBM/Creamer, Pittsburgh. GF then began a $20 million campaign for Sanka, the decaf market leader, touting its "pure mountain water and natural effervescence." Young & Rubicam, New York, handles Sanka. GF complained about the Nestle spot to the networks, which required Nestle to drop any mention of Sanka in its ads, and brought the spots to the attention of the National Advertising Division of the Better Business Bureau.

General Foods' brands held 37.8% of the regular coffee segment in 1986, compared to 27.5% for Procter & Gamble's lone entry Folgers, and 8.6% for Nestle's Hills Bros. brands. GF holds 42.6% of the instant coffee segment, according to Mr. Maxwell, compared to Nestle's 26.8% and P&G's 19.5%.

In December 1986, GF rolled national with Brim Roasted Buds, a new product that replaced freeze-dried Brim. The entire Brim line was supported with $10.4 million in measured media in 1986, down 29%. DMB&B handles.

In 1987, GF's Yuban faced a new competitor in the premium coffee segment: P&G's Folger's Colombian Supreme. Yuban, primarily a West Coast brand, was supported with $4.6 million in measured spending in 1986, up from $2.2 million. DMB&B handles. GF's Maxwell House Master Blend was also buffeted with competition when P&G introduced a high-yield brand, Folger's Special Roast Flakes, in March 1986.

By 1987 the failure of the International Coffee Assn. to maintain export quotas of coffee beans led to plummeting coffee prices. GF's Maxwell House, the No. 1 coffee brand with an 19% share in 1986, was particularly hard hit by this development, which forced it to increase promotional spending to the grocery trade at the expense of advertising.

Trying to raise coffee margins, GF began marketing a higher-priced gourmet whole bean roast coffee called Maxwell House Private Collection, to compete in the $330 million gourmet coffee segment. The product, supported by print only via O&M, received $1.2 million in measured spending in 1986. Its primary competition came from Montvale, N.J.-based Great Atlantic & Pacific Tea Co., which introduced Eight O'Clock Royale Gourmet, a 14-variety line, scheduled to roll national by year's end.

The first sign of a Maxwell House divided occurred in April, when Stephen Morris, division president, suddenly resigned due to "philosophical differences" with Robert Seelert, senior exec VP at GF. Mr. Morris was succeeded by Ray Viault, former pet foods division manager. Mr. Viault turned around the pet foods division (Gaines) prior to its sale to Anderson, Clayton & Co.

Ironically, GF's advertising cutback at O&M came not long after that agency had developed spots for Maxwell House Instant Coffee featuring youthful actors and actresses, including Justine Bateman and Mariel Hemingway. The commercials took top honors in ADVERTISING AGE's Adwatch Survey for October 1986, which measures top-of-mind advertiser awareness among the public.

Tampering again haunted GF in 1986. Jewel Food Stores, Chicago, received an anonymous call claiming sugar-free Jell-O packages in its Chicago stores had been laced with cyanide. None was found as GF pulled the products in Chicago and several other markets.

The Jell-O name was extended in the $150 million and growing frozen novelty segment in 1986. Jell-O Fruit & Juice Bars were moved into 80% of the country, and Jell-O Gelatin Pops joined Jell-O Pudding Pops. In early 1987 another GF franchise—Crystal Light Fruit & Juice Bars—joined the frozen novelty fray.

GF spent $10.1 million in measured spending on Jell-O Fruit Bars in 1986. Spending for Gelatin Bars was $5.6 million, down 37% from 1985. Frozen Pudding Pops were supported with $5.2 million in measured spending, down 42%.

The Jell-O name also moved from food to clothing as GF licensed the moniker for a line of children's sportswear to Garan Inc., marketer of Garanimals, for fall 1987. Marketing/Trade Communications handled the licensing effort.

GF's Post cereal lines, holding 12% of the $4.5 billion cold cereal category, continued to rank third behind No. 1 Kellogg (42%) and No. 2 General Mills (24.1%). The company moved to strengthen its position by reviving its Crispy Critters children's cereal with an effort breaking in August 1987.

GF also is reviving Sugar Bear, its mascot for Super Golden Crisp cereals, with an ad and promotion campaign sponsored with the American Film Institute. O&M handles Super Golden Crisp; the promotion was handled by Markham/Novell Communications, New York. Measured spending for Super Golden Crisp was $1.2 million in 1986.

In adult cereals, GF broke a new campaign via Grey Advertising for Post Natural Brand Flakes, estimated at $7 million. The spots targeted the over-50 age group with celebrities Steve Allen and "Golden Girl" Rue McClanahan. The company also extended its Post Fruit & Fibre with a peach-flavored variety in August 1987. GF's Fruit & Fibre held a 1.6% dollar share of the cold cereal market in 1986, third in the Post line-up behind Raisin Bran's 2.0% and Grape-Nuts' 1.7%. Measured spending for Fruit & Fibre was $15.3 million in 1986, down 11%. Grey handles.

Post held the second-largest share behind Kellogg of the bran/fiber segment in 1986, with 32.7% share.

In powdered soft drinks, GF's Kool-Aid, with a 70% share of the $800 million market, extended its line with Kool-Aid Koolers, a 20%-juice added aseptic drink. The rollout in August was supported with $10 million in advertising and $6 million in promotion, featuring teen rock group The Jets.

Although Grey is Kool-Aid agency of record, in July 1986 GF assigned a local TV campaign in New York to the Garth Group, a New York-based political consultancy. The assignment could prove to be a precursor for GF, which is trying to expand its businesses regionally beginning with a test in Denver. According to GF President-CEO Philip Smith, the test, if successful, could result in brands being handled by regional managers who would control a portion of the marketing, promotion and ad budgets traditionally handled by a home office brand manager. It could also result in local agencies handling local advertising and promotional campaigns.

GF also began a Dallas test of Supri, a calcium-fortified, sugar-free drink mix in five fruit flavors. Support is provided by TV and print ads, via O&M. Measured spending was $1.1 million in 1986. The company also tested Tang Fruit Boxes, an aseptic entry with 30% fruit juice, in the Southwest. O&M is the agency.

Lipton, Nestle and GF raced to market with fruit teas, a cross between iced tea and fruit-flavored powdered soft drinks, in 1986. GF markets its fruit tea under the Crystal Light name, introducing the line with $8 million in spending. By 1987, however, the market had failed to produce significant results, accounting for only $48 million in sales for all three brands, and GF took a distant second place in the segment with 25% behind Nestle's 50%. As a result, GF trimmed its measured ad spending for the line to $1.7 million in 1986. D'Arcy Masius Benton & Bowles, New York, handles.

In the prepared foods category, GF introduced three new lines in 1986. In the frozen dinner segment, the company via Y&R began a Rockford, Ill., test of Birds Eye Fresh Creations, frozen dinners packaged in a three-pouch cooking system. In fresh prepared foods, it regionally marketed Culinova, a pricey refrigerated dinner line, via a Hawthorne, N.Y. venture group of GF execs and DMB&B. And in shelf-stable foods, the company via Grey began testing a shelf-to-oven dinner, Impromptu.

GF also began marketing a frozen Ronzoni dinner line in 1986, handled by Y&R, and expanded its Ronzoni offerings with a refrigerated pasta and sauce line testing in Cincinnati.

Philip Smith, president of P-M's General Foods unit, was named chairman GF, succeeding James Ferguson as of Jan. 1, 1987. The following month, Mr. Smith was named a vice-chairman of the corporate parent. The succession suggested that Mr. Smith is a serious contender to succeed Hamish Maxwell, P-M chairman-ceo, now 60, when he retires.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	57,590	78,031
Magazines	230,130	214,512
Newsp. supp.	17,807	19,601
Bus pubs	2,986	1,439
Farm pubs	267	0
Network TV	342,444	323,144
Spot TV	134,725	126,541
Network radio	7,750	2,076
Spot radio	33,226	25,808
Outdoor	61,283	65,479
Network cable	22,186	20,732
Total measured	909,893	877,362
Unmeasured	454,573	481,209
Total	1,364,467	1,358,571

PHILIP MORRIS CO.
120 Park Ave.
New York, N.Y. 10017
(212) 880-5000
PHILIP MORRIS USA
Marketing Personnel

William I. Campbell, exec vp-mktg & sales
David E.R. Dangoor, vp-mktg
James L. Thompson, vp-media
Vincent J. Buccellato, vp-sales
John J. Gillis, sr vp-trade devel
Edwin J. McQuigg, vp-sales devel
Jon N. Zoler, dir-mktg rsch
Ellen Merlo, group dir-mktg promos
Richard L. Stirlen, dir-brand mgmt, Marlboro, Benson & Hedges
James Spector, dir-brand mgmt, Merit, Virginia Slims
Louis Suwarna, dir-brand mgmt, new prods
Daniel Tso, dir-brand mgmt, Cambridge, Players
Lawrence S. Wexler, dir-mktg planning
Claude A. Beck, dir-media
Barbara A. Reuter, asst to vp-sales
Esther L. Fortner, mgr-special media
Carolyn J. Levy, asst dir-consumer rsch
Arthur J. Goldfarb, mgr-mktg analysis
William K. Cutler, dir-merch materials
Howard S. Goldfrach, dir-consumer promos
Cathy L. Leiber, dir-event promos
J. David Mackey, mgr-direct mktg
Diane Desfor, mgr-mktg promos, Virginia Slims
Celesta L. Kohl, mgr-mktg promos, Marlboro
Emmie Sue LaBauve, mgr-mktg promos, Benson & Hedges, Merit
Nancy E. Brennan, brand mgr, Marlboro
Renee V. Simons, brand mgr, Benson & Hedges
James A. Scully Jr., brand mgr, Merit
Herbert H. Foster III, brand mgr, Virginia Slims
Susan H. Alter, brand mgr, new prods
Irene Y. Bick, brand mgr, Parliament
Arthur J. Raporte, brand mgr, Cambridge
Richard J. Camisa, brand mgr, Players

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Parliament—Joe Prior, sr vp-group mgmt rep; Chuck Nemetz, mgmt super; Patricia Hartigan, asst acct exec.

Leo Burnett USA, Chicago—Marlboro, Merit, Virginia Slims, new prods—James Oates, exec vp-acct dir; Peter Volz, acct dir.

Wells, Rich, Greene, New York—John Costello, exec vp-acct group head; Ila Clarkson, sr vp-mgmt super; Arnold Weinrib, sr vp-promo dir; Vince Minicucci, sr vp-acct controller; Lisa Patrick, acct super, B&H; Mark Lane, acct super, new prods; Harry Kannar, asst acct controller; Meg Malone, acct exec, B&H; Irene Cyprus, acct exec, B&H, new prods.

PHILIP MORRIS INTERNATIONAL
New York
Marketing Personnel

Elizabeth Butson, vp-mktg svcs
Franklin Caton, mgr-mktg support svcs
Alice Liu, mgr-mktg rsch

Advertising Agency

Leo Burnett USA, Chicago—William Whitman, acct dir.

MILLER BREWING CO.
Milwaukee, Wis.
Marketing Personnel

Robert A. Toledo, vp-brand mgmt
Leonard J. Goldstein, sr vp-sales
Jerome F. Schmutte, group prod dir, Miller High Life, Genuine Draft, new prods
William H. Barrett, dir-mktg services
Tamara J. Hauck, brand mgr, Lowenbrau
Michael J. Boykin, brand mgr, Meister Brau, Milwaukee's Best, Magnum
Thomas M. Gresk, new prod brand mgr

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Lite, Meister Brau—Robert Calderin, acct dir; Jeffrey Palmer, group mgmt super; Bernie Desmaris, acct exec; Greg Deligolish, asst acct exec. Miller Genuine Draft—Dean Scaros, mgmt super; Andrew Rider, acct super; Mike Russell, acct exec. Milwaukee's Best—Bernie Desmaris, acct exec. Miller Lite—Don Moriarity, acct super; Crosby Renwick, acct exec. Miller corporate—Paul Daniuuis, acct super.

Leo Burnett USA, Chicago—new prods—John Kovos, acct dir.

Mendoza, Dillon & Associados, Newport Beach, Calif.—Hispanic adv, Miller Light, Miller High Life, Lowenbrau—Eduardo Del Rivero, vp-acct svcs.

Mingo Jones Advertising, New York—genl & black mktg, Miller High Life, Lite beer—Sam Chisholm, exec vp & genl mgr; Bill McGugins, vp-mgmt super, Miller High Life; Steve McDonald, acct super, Miller High Life & Miller Genuine Draft; Larry Glover, vp-acct dir, Lite; Mark Strachan, acct super, Lite.

J. Walter Thompson USA, Chicago—Lowenbrau—William Howard, sr vp-acct dir; Michael Kahn, Dermid Eagen, acct supers.

J. Walter Thompson USA, New York—Miller High Life—Steven Bowen, genl mgr, exec vp; Tim Arnold, mgmt dir; Marty Susz, acct dir; Janet Coffman, acct super; Karin Render, acct rep.

MISSION VIEJO REALTY GROUP
Mission Viejo, Calif.
Corporate Personnel

Philip J. Reilly, ceo
James G. Gilleran, president
Jack G. Raub, exec vp

Advertising Agency

Green, Martin & Nevins, Costa Mesa, Calif.—William Green, president.

GENERAL FOODS CORP.
250 North St.
White Plains, N.Y. 10625
(914) 335-2500
Corporate Personnel

Philip L. Smith, president-coo
E.R. Shames, sr exec vp
J.W. McVey, group vp-ceo, Oscar Mayer Foods Corp.
R.L. Seelert, sr exec vp
J.C. Tappan, group vp
R. Sansone, group vp
D.W. Johnson, vp-president, ceo Entenmann's

Marketing Personnel

D.F. Hurwitt, vp-mktg svcs
R.E. Haynes, creative svcs dir
D.K. Braun, media svcs dir
W. Shaw, promo svcs dir

BREAKFAST FOODS DIVISION
Corporate Personnel

W.H. Korab, vp-genl mgr

Marketing Personnel

M. Crosby-Jacobs, mktg mgr-cereals
D.J. Justin, devel dir

Advertising Agencies

Grey Advertising, New York—Post Raisin Bran, Grape Nuts, Honeycomb, Grape Nuts Flakes, Fruit & Fibre, 40% Bran Flakes, Crispy Critters—Malcolm Mace, sr vp-mgmt rep; Carolyn Carter, Peter Isaia, mgmt supers. Raisin Bran, Honeycomb, Grape Nuts—Christy Graf, acct super.

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Ogilvy & Mather, New York—Peter Barnet, group dir; Pebbles—Rick Roth, mgmt super; Jill Vellinger, Mary Lynn Vance, acct execs. Super Golden Crisps—Bob Hay, acct super; James Bell, acct exec. Alpha Bits—Rick Roth, mgmt super; Jill Vellinger, Susan Rice, acct execs. New prods—Bob Hay, acct super.

ENTENMANN'S INC.

Corporate Personnel

D.W. Johnson, GF vp, president-ceo
T. Romig, vp-mktg & sales

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—Abraham Dan, acct dir; Tom Lentz, acct super; Tom Whitesell, acct exec.

MAXWELL HOUSE DIVISION

Corporate Personnel

R.G. Viault, president

Marketing Personnel

P.W. Robinson, mktg mgr

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Brim, Yuban—William Badger, acct dir; Lance Smith, acct super.

Ogilvy & Mather, New York—Master Blends—Peter Barnet, group dir; Mary Ellen Kiselick, mgmt super; Mark Greene, Christina Schneider, acct execs. Private Collection—Peter Barnet, group dir; Mary Ellen Kiselick, mgmt super; Marjorie Kaplan, acct super; Christina Schneider, acct exec.

Young & Rubicam, New York—Sanka, International coffees, Gevalia—Larry Shapiro, group dir; Steven Brookstein, mgmt super; Kim Bealle, acct super.

FOOD SERVICE PRODUCTS DIVISION

Corporate Personnel

A.R. Plassche, GF vp, div president

Marketing Personnel

E.S. Caso, operating & logistics dir
J.M. Harran, planning & devel dir

BEVERAGE DIVISION

Corporate Personnel

W. Korab, GF group vp, genl mgr

Marketing Personnel

D.A. Smith, business unit mgr
A. Fudge, mktg mgr

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Crystal Light, new prods—Tom Carey, mgmt dir.

Grey Advertising, New York—Kool-Aid, Diet Sun—Malcolm Mace, mgmt rep; Carol Herman, mgmt super; Hal Fass, acct super, Kool-Aid.

Ogilvy & Mather, New York—Country Time—Peter Barnet, group dir; Curtis LeSage, mgmt super; Matt Thornhill, acct super; James Bell, acct exec. Tang—Peter Barnet, group dir; Curtis LeSage, mgmt super; Alice Wheelwright, acct exec.

DESSERTS DIVISION

Corporate Personnel

B.G. Laragh, GF vp, group exec
G.J. Hermann, vp-established brands

Marketing Personnel

D.A. Smith, mktg mgr-established brands
Rick DeSantis, mktg mgr-frozen novelties

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Tom Carey, mgmt dir; William Badger, acct dir; Lance Smith, acct super.

Grey Advertising, New York—Baker's chocolate, coconut, D-Zerta, Dream Whip, Minute Tapioca, Sure-Jell, Whip, Soft Swirl—Jack Frantz, sr vp-mgmt rep; Brenda Hanrahan, Peter Scott, acct supers.

Young & Rubicam, New York—Jell-O desserts, Jell-O frozen novelties—Larry Shapiro, group dir; Rick Bodge, mgmt super; Christopher Ponzio, Fran Gormley, acct supers.

MEALS DIVISION

Corporate Personnel

C.J. Bowen, group vp, genl mgr
L.D. Juliber, vp-convenience meals

BIRDS EYE AGRICULTURAL UNIT

Corporate Personnel

C.A. Adamo, mgr

Advertising Agency

Young & Rubicam, New York—Birds Eye frozen vegetables, fruits—Larry Shapiro, group dir; Neils Menko, mgmt super; Eddie Bender, acct super.

DRY GROCERY PRODUCT UNIT

Marketing Personnel

L.D. Juliber, mgr

Advertising Agency

Grey Advertising, New York—Minute Rice, Minute Rice mixes, Stove Top stuffing mix, Oven Fry coating, Impromptu—Jack Frantz, sr vp-mgmt rep; Jerry Zaret, mgmt super.

RONZONI FOODS CORP.

Corporate Personnel

R. Ronzoni, president

Marketing Personnel

R.J. Pizzuti, mktg mgr

Advertising Agency

Young & Rubicam, New York—pasta, other prods—Larry Shapiro, group dir; Neils Menko, mgmt super; Sheldon Lipton, acct super.

OSCAR MAYER FOODS

Madison, Wis.

Corporate Personnel

J.W. McVey, GF vp, div president

Advertising Agency

J. Walter Thompson USA, Chicago—Jerry Johnston, vp-acct dir; Kimberly Miller, Corrine Sidler-Donewald, Clark Murray, acct supers; Eric Huvendick, Diane Kucera, Jennifer Lord, John McGrath, acct execs.

LOUIS RICH

Marketing Personnel

Bryan Stockton, mktg mgr

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—Ray Marione, acct dir; Stu Upton, acct super; Allen Bosworth, acct exec.

Pillsbury Co.

RANK **16**

Minneapolis

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	6,128	5,848	4.8
Net income	182	208	(12.5)
U.S.	**1986**	**1985**	**% chg**
Sales	5,510	5,374	2.5
Operating profits	437	484	(9.7)
Advertising	495	477	3.7
Division sales	**1986**	**1985**	**% chg**
Food	3,364	3,185	5.6
Restaurants	2,764	2,663	3.8

Despite its first decline in net income in 16 years, Pillsbury Co. continued to increase—if moderately—its overall advertising and promotion budget in fiscal 1987 over the prior year as it made major changes in its agency lineup.

The sudden end to Pillsbury's 15-year streak of earnings increases was caused by problems in the restaurant division, associated restructuring charges in that division and a higher federal tax rate for the year. In the restaurant division, sales increase 3.8% and operating profits skidded 28% to $219 million for the fiscal year.

Results were better in the foods division, which showed a 6% increase in sales although a substantial 18.8% jump in operating profit to $246 million. In a restructuring that reflects the continual shrinking of its commodities business, Pillsbury moved this year to incorporate that segment into its foods division.

During calendar 1986, measured advertising rose 5.4% to $260 million—with 88% of total spent on TV alone, according to BAR/LNA, which monitors network TV and spot TV in addition to four other media. Of the TV expenditure, $165 million was spent on Burger King.

Nevertheless, Pillsbury spent less money on TV advertising in 1986 than it did in the previous year. BAR/LNA shows a 1% drop in spending between the two years.

Pillsbury itself reported it spent $570 million for domestic advertising and promotion in fiscal 1987, an increase of 1% over fiscal 1986. Worldwide advertising and promotion expenditures, which include some selling costs, remained comparatively flat, increasing only 3% to $637 million—considerably lower than the 28% growth from 1985 to 1986.

It was a quiet year for Pillsbury in acquisitions. "We're paying down our debt and digesting our fiscal 86 purchases," a company spokesperson reported. Pillsbury made the largest acquisition in its history in May 1985 when it purchased Diversifoods, an Itasca, Ill.-based restaurant holding company that included the nation's largest Burger King franchisee. Jeno's pizza, Joan of Arc canned goods and French's potatoes also came aboard in fiscal 1986.

In consolidating its acquisition gains, Pillsbury was kept busy in fiscal 1987, especially in the restaurant division which showed signs in the second quarter of turning in a lower profit than expected.

The restaurant division breaks down into two segments: fast-food restaurants such as Burger King and Godfather Pizza, and full-service restaurants, such as Steak & Ale and Bennigan's.

During the past five years, restaurants have provided an increasing percentage of the company's operating profit, reaching the 60% mark in fiscal 1986. In fiscal 1987 that percentage dropped sharply to 47%, prompting one company executive to claim, "If you are not a little concerned, then you don't understand the situation."

Of Pillsbury's three major restaurant chains, only Godfather Pizza showed improvement. The pizza chain has pulled off a turnaround, with average restaurant sales

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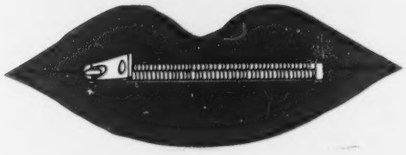

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POPAI Marketplace '87

*Ref: POPAI's 1986 Supermarket Consumer Buying Habits Study

up 11% from the prior year. By contrast, Burger King's average domestic restaurant sales were unchanged from 1986 and average unit sales declined 2%. Steak & Ale posted a loss in the fiscal year.

While the Restaurant Group was having a disappointing year, the Foods Group was having an excellent one. Market leadership, a diversified product mix and successful integration of prior-year acquisitions contributed to a 19% increase in operating profit to $246 million. The industry leader in microwave technology, Pillsbury continues to capitalize on this experience with new products.

Products in the Foods Group continue to dominate market share in most of their market segments. For example, in the prepared dough division, referred to by one analyst as the gem of the company, market share levels of key products reached 10-year highs.

Each of the company's major products in this division holds the No. 1 market position and all, with the exception of refrigerated biscuits, have at least 80% of market share. Pie crust, bread dough and cookies lead the charge with 99%, 96% and 93%, respectively.

The meals and snacks division has recorded steady growth in sales, volume and profit for the past three years from its diverse mix of product offerings: Totino's and Jeno's frozen pizza, Van de Kamps frozen fish, Pillsbury Microwave and Toaster branded products, and the Azteca line of refrigerated Mexican items.

In agency news, there were major shifts in accounts. Most recently, Pillsbury announced that its Burger King account, held by J. Walter Thompson USA, is up for review with JWT on the shortlist.

Earlier, Young & Rubicam took the $15 million Pillsbury cake mix and frosting business resigned by BBDO Worldwide because of an account conflict caused by its merging into Omnicom Group. Omnicom sister agency Needham Harper (now DDB Needham) holds the $35 million Betty Crocker account from General Mills. Pillsbury followed that move by also transferring to Y&R its $12 million microwave and toaster product accounts.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,346	769
Magazines	7,011	4,675
Newsp. supp	134	0
Bus. pubs.	323	254
Network TV	105,052	118,744
Spot TV	125,218	113,426
Spot radio	18,178	11,006
Outdoor	1,340	1,201
Network cable	1,549	728
Total measured	260,150	250,802
Unmeasured	234,727	226,293
Total	494,877	477,095

PILLSBURY CO.
200 S. 6th St.
Minneapolis, Minn. 55402
(612) 330-4966
FOODS
Corporate Personnel
Tom McBurney, chmn
Kent Larson, president

Marketing Personnel
Tom Gartner, vp, growth & devel
Don Osell, vp-mktg svcs
Ron Kos, dir-adv svcs

BAKERY/SWEET FOODS DIVISION
Corporate Personnel
Bob Lindsay, vp-genl mgr
Dan Locke, vp
Marketing Personnel
David Webber, dir-mktg

MEALS & SNACKS DIVISION
Corporate Personnel
Dick Nickel, vp-genl mgr
Marketing Personnel
Dick Anderson, dir-mktg, pizza
Linda Keene, dir-mktg, microwave & toaster prods
Brent Bailey, dir-mktg, fish

VEGETABLE & SIDE DISH DIVISION
Corporate Personnel
Gary Klingl, vp-genl mgr
Marketing Personnel
Larry Wheeler, dir-mktg, shelf stable vegetables
Rebecca Roloff, dir-mktg, frozen & fresh vegetables

PREPARED DOUGH PRODUCTS DIVISION
Corporate Personnel
Mike Paxton, vp-genl mgr
Marketing Personnel
Dudley Hauser, dir-mktg
Jerry Hanna, group vp-industrial foods

HAAGEN-DAZS ICE CREAM
Teaneck, N.J.
Marketing Personnel
Beth Bronner, vp-mktg
James E. Richards, vp-sales

RESTAURANTS
Corporate Personnel
Jeffrey Campbell, chmn

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Corporate Personnel
Charles Olcott, president

S&A RESTAURANT CORP.
Dallas, Texas
(Steak & Ale, Bennigan's)
Corporate Personnel
Kyle Craig, chmn
Donald J. Slater, president
Marketing Personnel
Lane Cardwell, sr vp-strategic planning
Scott Burcham, vp-mktg, Bennigan's
Holly Young, dir-mktg, Bennigan's
Ginna Domm, mktg mgr, Bennigan's
Norma Karter, mktg mgr, Bennigan's
Nick Castaldo, vp-mktg, Steak & Ale
Ruth Reed, dir-mktg, Steak & Ale
Michael Wille, mktg mgr, Bay Street

GODFATHER'S PIZZA
Omaha, Neb.
Corporate Personnel
Herman Cain, president

Advertising Agencies

Leo Burnett USA, Chicago—Green Giant prods, refrigerated foods, Hungry Jack potatoes & pancakes, Totino's pizza, Jeno's pizza—Bill Boris, exec vp; Edson Sessions, acct dir.

Castor Spanish Int'l—Burger King—Hispanic adv—Castor A. Fernandez, president, creative dir.

D'Arcy Masius Benton & Bowles, Los Angeles—Van de Kamp's frozen seafood and entrees—Andy Bielansky, vp-mgmt supervisor.

GSD&M, Dallas—Quik Wok—Stephen Gurasich, chmn.

McCann-Erickson, New York—Haagen-Dazs—John Dooner, head acct rep; Steve Hurwitz, sr vp-group dir; Dana Ferguson, vp-acct super; Kendra Haaland, acct exec.

Pride, Barber & Pride, Minneapolis—bakery flour, mixes & equipment—William Barber, president, dir client svcs.

SSC&B, New York—Steak & Ale, Bennigan's restaurants—Robert D. Wadsworth, exec vp.

J. Walter Thompson USA, Chicago—Godfather's Pizza—Mark Pearson, sr vp-group acct dir.

J. Walter Thompson USA, New York—Burger King—Stephen G. Bowen Jr., sr vp.

Rosenberg & Co., Dallas—Bennigan's—Trey Morgan, acct exec.

UniWorld Group, New York—Burger King minority adv—Byron Lewis, chmn; Andy Bonaparte, acct exec.

Young & Rubicam, New York—all ready pie crusts, cake and frosting mixes, Pillsbury microwave prods, artificial sweeteners, Figurines.

Procter & Gamble Co. RANK **1**
Cincinnati

($ in millions)

Worldwide	1987	1986	% chg
Sales	17,000	15,439	10.1
Net income	327	709	(53.9)
U.S.	**1987**	**1986**	**% chg**
Sales	11,805	10,243	15.2
Operating profits	354	634	(44.0)
Advertising	1,435	1,600	(10.3)
Division sales	**1987**	**1986**	**% chg**
Cleaners	5,784	5,348	8.2
Personal care	7,512	6,451	16.4
Food & beverage	2,976	2,923	1.8
Other	1,186	1,161	2.2

Procter & Gamble Co., in its sesquicentennial year, remained the largest national advertiser, although U.S. advertising and promotion expenditures dropped 14.3% to $1.4 billion during calendar 1986. Industry sources note that media expenditures dropped as the company realized savings from its first full-year integration of Richardson-Vicks Inc.

P&G, in the fourth-quarter of its fiscal year, ended June 30, 1987, set the stage for more vigorous growth, restructuring its worldwide manufacturing operations. The cost of restructuring reduced net income by $459 million. Excluding the impact of the reserve to restructure manufacturing operations, net earnings amounted to $786 million, up 11% over net earnings of $709 million the previous year.

John Smale, chairman-CEO, says, "Over the long-term, the restructuring program will result in a stronger, more competitive company and will set the stage for more vigorous growth in the current year and beyond."

A significant portion of the restructuring reflected a sharp curtailment of P&G's Duncan Hines ready-to-eat cookie manufacturing operations, which the company says is related directly to the infringement of P&G's patent technology by three major U.S. cookie marketers—Nabisco Brands, Keebler Co. and Frito-Lay. P&G three years ago filed suit against the three companies in U.S. District Court in Wilmington, Del., charging them with "unfair competitive practices" to obtain information about P&G's baking process.

P&G currently holds a 28.9% share share of the $250 million soft cookie segment, behind Keebler Co.'s 31.3% share for its Soft Batch brand and 38% for Nabisco's Almost Home and Chewy Chips Ahoy brands. Advertising for the Duncan Hines ready-to-eat cookie line was moved in April 1987 to Wells, Rich, Greene, from Grey Advertising, both New York. Measured media spending was $11 million, approximately half the 1985 measured media spending budget.

The restructuring also helps pave the way for P&G's transformation into a healthcare marketer. After spending close to $2 billion in the last five years to acquire Richardson-Vicks, Norwich Eaton Pharmaceuticals and some product lines from G.D. Searle & Co., P&G claims to be the No. 1 over-the-counter drug company. P&G President John Pepper says the company plans in the next decade to boost the ratio of profits from health-related products to 30% from its current 20% contribution level.

Vicks, which consolidated operations in Shelton, Conn., continues to operate as a separate P&G subsidiary, Richardson-Vicks USA, with its president William I. Bergman reporting to P&G's group VP for health and beauty care. John S. Scott, who headed Richardson-Vicks when it was acquired, remains chairman of the subsidiary. He reports to Mr. Pepper.

In June 1987, Vicks added the Bain de Soleil skincare line, acquired from the Revlon Group, to its category-leading Oil of Olay beauty fluid product line.

P&G's other major growth area centers on sucrose polyester, called olestra by the company. In May 1987, the company filed a petition with the Food & Drug Administration seeking approval to market the liquid, which reportedly looks, acts and tastes like a fat, but moves through the body without leaving behind any calories. Industry analysts say olestra could be a $1.5 billion product for the company. FDA action is expected within two years, when P&G would begin marketing olestra as an ingredient of its Crisco and Puritan oils, as well as using it to fry Pringle's potato chips.

P&G says a new unit volume record was established for the domestic consumer product divisions "despite a business climate that was particularly competitive." The company identifies dentifrice and deodorant categories, coffee and fruit juices as recording "notable volume and market share increases."

P&G's three core businesses—soaps and detergents, diapers and toothpaste—still contribute the major portion of sales and profits. And, despite a companywide spending drop, those categories received the greatest portion of measured media spending. According to 11 media measured, P&G advertising for 1986 totaled $883.9 million, down 4.5%. P&G still spends $456.3 million in BAR-measured TV expenditures, $114 million more than No. 2 advertiser Philip Morris Cos.

P&G in 1986 put action behind its tough advertising policies, pulling about $85 million in billings from Saatchi & Saatchi PLC's U.S. units due to conflicts resulting from the Saatchi acquisition spree. The New York agency, Saatchi & Saatchi Compton, which became Saatchi & Saatchi DFS Compton in a merger with sister agency DFS Dorland Worldwide, lost Crisco oil and shortening to Grey Advertising, New York, and lost the Duncan Hines baking mix line to Cunningham & Walsh, New York. Leo Burnett USA Chicago, picked up the Luvs disposable diapers account, and Jordan, McGrath, Case & Taylor, New York, won Bounty paper towels. Both Luvs and Bounty were former DFS Dorland accounts.

P&G's former VP-advertising, Robert Goldstein, who died in an Aug. 1, 1987 rafting accident in British Columbia, explained in an earlier interview that the company's actions were made "due to competitive conflict considerations arising from recent agency acquisitions. We have decided it is in our best interests to assign these brands to other P&G agencies."

Despite the "slap on the wrist" given to Saatchi, the agency still has about $120 million in P&G business, including Ivory, Tide, Cascade, Comet and Camay brands.

In March 1987, P&G appointed Slater Hanft Martin, New York, as the agency for Dramamine motion sickness treatment product and Icy Hot, a pain relieving ointment. Both former G.D. Searle & Co. products were merged into Richardson-Vicks as part of a consolidation and realignment of P&G's health and personal care business. Agencies for the two products had been unassigned since they were purchased in 1985. Slater Hanft Martin, an R-V agency which became a P&G agency as a result of the acquisition, also handles Percogesic, an aspirin-free pain reliever.

The company reversed a trend of declining market shares in 1985. Jay Freedman, household products analyst with Kidder, Peabody & Co., New York, says the company's industrywide market share for all household products rose to 37% from 35.8% at the end of 1985, with the majority of the increase traceable to new-product successes in disposable diapers (Ultra Pampers) and toothpaste (Tartar-Control Crest).

P&G also benefited from the continued success of Always sanitary napkins, which increased its market share to 18%-20% from 13% of the $1.5 billion category. Category leader Johnson & Johnson remains the No. 1 feminine hygiene marketer, with an estimated 38%-40% share. P&G in April 1987 introduced Always Slender for Teens, a thin maxi pad for teenagers, and rolled nationally Always Plus, with panti-protectors. P&G supported the eight-item line with $22.6 million in measured media spending, up 13% from 1985.

In the $3 billion U.S. disposable diaper category, P&G devoted $23.1 million in measured media spending for Pampers "Blue Ribbon" regular absorbency and $2.4 million behind Ultra Pampers thin, superabsorbent diapers, which incorporate a chemical compound that absorbs wetness into a "lockaway core," leaving the top layer next to baby's skin dry. Advertising for Ultra Pampers claims it's "the driest diaper ever made."

P&G in May 1987 began shipments of Luvs Deluxe, an upgraded, thin, superabsorbent premium diaper, to help stop the brand's continued share decline. Pampers and Luvs together hold an estimated 52% share, down 6.5 share points from mid-1986, with Luvs contributing only a 14% share of the total. Kimberly-Clark Corp.'s Huggies disposable diapers hold a 30% share, up 5 share points from a record low 25% share in mid-1986.

P&G suffered a further blow to its image as the untouchable leader in the category, losing a patent infringement suit filed last year against Irving, Tex.-based K-C, its primary competitor in the category.

The company's 1986 measured spending on its other consumer paper products dropped 18.5% to $23.7 million as P&G scaled back spending behind Banner, a value-priced toilet paper and paper towel line, Charmin and White Cloud bathroom tissues. P&G, the leading marketer of bathroom tissue, holds a 27.5% share of the $2 billion (manufacturers' level) category. The company in October 1986 introduced Charmin Free bathroom tissue with TV spots themed "Charmin Free, it's got plenty of nothing," and put a new stronger and thicker Charmin into limited distribution in southern states. Mini Bounty paper towels, a reduced size, 2-ply towel, also was put into limited distribution in western states.

P&G supported its Puffs facial tissues with $7.2 million in measured media spending, up 16.1% from $6.2 million last year. In this $1 billion category, P&G is the No. 3 brand behind Scott Paper Co. Kimberly-Clark's Kleenex is the undisputed market leader with an estimated 45% to 50% share.

P&G continued holding the leadership slot in the $300 million incontinence category, with a 58% share for Attends adult briefs, undergarments and pads. P&G supported Attends with $4.5 million in measured media spending, up from $1.05 million the prior year. Most of the spending increase supported the retail introduction of Attends undergarments. The incontinence market is skewed toward nursing home usage. Kimberly-Clark's Depend incontinence products hold less than a 20% share.

On the strength of its Tartar-Control Crest, P&G claims more than a 39% share of the $1 billion dentifrice category, up at least 7 share points from last year's low-30's share. P&G's primary competitor, Colgate-Palmolive Co.'s Colgate, holds a 23% share. Lever Bros.' Aim, at 7%, trails Beecham Products' Aqua-Fresh with 10.5%.

P&G supports Crest regular and Tartar-Control with $31.7 million in measured media spending, $22.1 million alone for

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Tartar-Control Crest, positioned as "the dentists' choice."

In 1987, the company introduced Crest Super Cool for Kids, a mint-flavored toothpaste, and Peppermint Scope, an extension of its Scope mint-flavored mouthwash.

Measured media support behind Scope totaled $15.4 million, up 13.2%. Scope holds a 26% share in the $600 million category, behind Warner-Lambert's Listerine, with a 28.5% share.

P&G in August 1986 announced the introduction of Peridex plaque-removing oral rinse, the first dental-care product to get the much sought-after American Dental Assn. seal of approval for plaque removal. Although it currently is sold by prescription-only, analysts believe P&G eventually will market Peridex as an over-the-counter plaque remedy.

In the nearly $3 billion haircare category, P&G's Head & Shoulders dandruff shampoo remained the leader in the $1.29 billion shampoo segment with a 10.9% share and $18.6 million in measured media support. In September, the company introduced nationally a reformulated Head & Shoulders after testing a fresh-scent version in normal-to-oily and normal-to-dry formulations.

P&G introduced nationally Pert Plus, a combination shampoo and conditioner, and expanded distribution of Pantene haircare products from department stores to drug stores. Ads used the tag line, "Don't hate me because I'm beautiful." FCB/Leber Katz Partners, New York, handles the $10.5 million account.

P&G supported Ivory, Pert Plus, Prell, Lilt, Sassoon and Pantene with $68.3 million in advertising. The company holds a 26.9% share of the shampoo segment, down 3.9 share points, and a 16.4% share in conditioners, down 1.7 share points from the previous year.

P&G supported its Wondra hand and body lotion with $483,100 in measured media spending. The brand has a 4% share of the $500 million category. Oil of Olay, the leading facial lotion in the $450 million category with a 24.3% share, received more than $25 million in measured media support. The Bain de Soleil suntan products bought from the Revlon Group in June 1987 will give the company the third-leading position in the $400 million suncare category.

Acne preparation sales grew 2.1% during 1986, and new-product activity is expected to encourage further growth. However, sales of Norcliff-Thayer's Oxy outpaced P&G's Clearasil. Clearasil, backed with $5 million in measured media spending, holds a 19.1% share of food store sales, while Oxy has a 21.4% share of the more than $140-million acne preparation category.

P&G's measured media spending for its bar soaps slipped 4.7% to $51.7 million. P&G holds an estimated 35% share of the $1.2 billion category, with its Camay, Coast, Ivory, Lava, Monchel, Safeguard and Zest brands, down almost 2 share points from its 1985 36.9% share of the category.

P&G's 53.1% share of the $3.25 billion laundry detergent business came under increased pressure from Lever Bros.' newly introduced Surf liquid and powder detergent and new campaigns for Colgate-Palmolive Co.'s Dynamo 2, Fab and Fresh Start detergents.

However, P&G's Liquid Tide overtook Lever's Wisk as the leading heavy-duty liquid laundry detergent. Lever soon responded by introducing a reformulated Wisk that "wasn't just for collars."

In 1986, P&G introduced "Clothesline-Fresh" Tide powder to further counteract Lever's floral-scented Surf, as well as an Unscented Tide powder to appeal to consumers who don't want a noticeable scent. P&G also introduced a reformulated Lemon Dash liquid and powder detergent nationally.

In mid-1987 it expanded the test of Cheer Power Pouches from Atlanta, Ga., to Denver, Colo.

P&G supported its detergents with more than $114.5 million in measured media spending, with the Tide flagship brand receiving more than $30 million in measured media support.

The $450 million automatic dishwasher detergent market remains dominated by P&G's Cascade, although the brand for the first time in many years has dipped below a 50% share of the category. New liquid entries from EcoLabs, St. Paul, Minn., and Palmolive from Colgate-Palmolive Co. have taken share away from Cascade, which has responded with its own liquid variety. A lemon-scented liquid Cascade in mid-1987 was introduced into upstate New York test markets. P&G supported Cascade with $18.8 million in measured media support in 1986, up 18.2%.

P&G's Bounce sheet and Downy liquid fabric softener brands continued leading the $550 million category with a 52% share, although Lever Bros.' Snuggle sheets and liquid fabric softeners continued gaining market share with a combined 21.1% share, up from an 11.1% share in 1985.

P&G in August 1986 introduced "Deep Down Soft" Downy Liquid, rolling the reformulated brand nationally by early 1987. P&G currently is testing Bounce StainGard dryer sheets, which contain ingredients meant to help polyester and polyester-blend fabrics resist staining, as well as Downy dryer sheets, the first dryer-sheet extension of the "April Fresh" Downy brand. P&G spent more than $35.7 million in measured media spending, up 46.3%, behind its fabric softener brands.

In light-duty dishwashing liquids, P&G holds a 51% share of the $750 million category with its Dawn, Ivory and Joy brands, up 6 share points from its 45% share last year.

The company put more than $35 million of measured media spending behind the three brands, comparable to last year's support level.

In the $1 billion general household cleaning category, P&G introduced spray-bottle versions of Top Job, Mr. Clean and Spic & Span Pine Fresh into upstate New York test markets.

The cleaners, including Mr. Clean soft-abrasive and Comet cleanser, were supported with $31.5 million in measured media. P&G, the leading household-cleaner marketer, holds an estimated 23.8% of the category.

P&G backed its Citrus Hill franchise with more than $15 million in measured media spending in 1986. The company injected a shot of calcium into Citrus Hill orange juice brand, rolling nationally in mid-1987 Citrus Hill Plus Calcium in orange and grapefruit flavors.

P&G holds an 8% share of the $3 billion category with Citrus Hill, and it expects to increase its share with the new calcium-added variety.

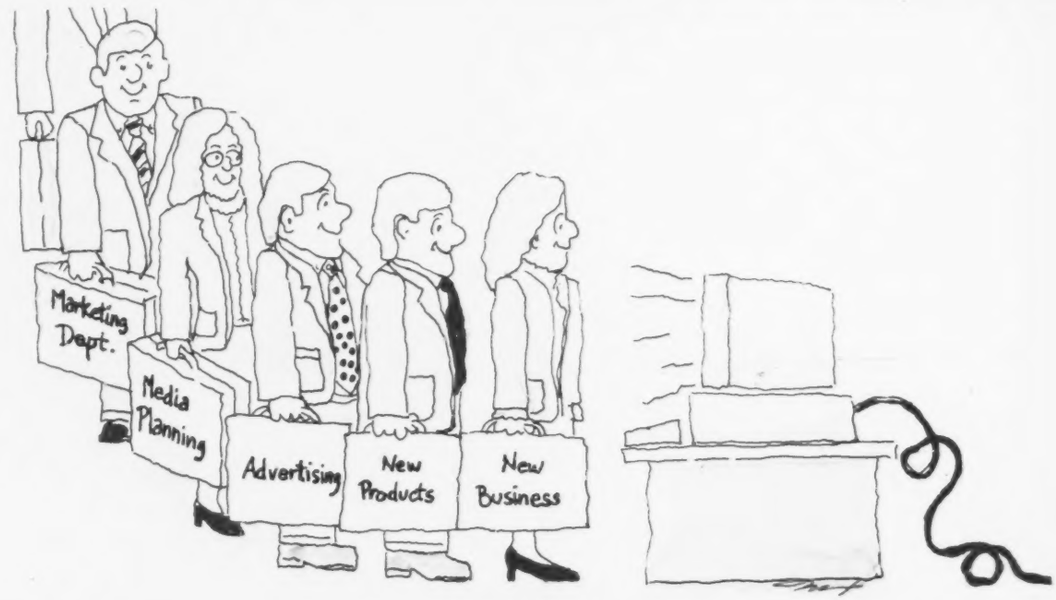
The new brand received the endorsement of the American Medical Women's Assn. (AMWA), and the seal will be carried on Citrus Hill Plus Calcium labels. Coca-Cola Co.'s Minute Maid is the No. 1 orange-juice marketer.

P&G and General Foods Corp. control more than 60% of the instant coffee market, and both are moving new technologies and brands into market. GF is rolling national with Brim Roasted Buds, while P&G is testing Folgers Singles, fresh-roasted and "freeze concentrated" coffee in individual coffee bags, in parts of Maine and West Virginia. With consumer interest skewed toward quick, convenient products, flavor improvements could help reverse a sales decline in the instant coffee market.

Coffee consumption, declining since 1962, now appears to be leveling off. Per capita consumption of instant coffee is about 0.4 cups per day, compared with 1.4 cups of ground coffee.

P&G's Folgers instant and ground coffees have an estimated 16.3% share, while GF brands have a 45.5% share of the $4.5 billion coffee category. The company supported Folgers with more than $38.5 million in measured media spending.

P&G in early 1987 added to its "finger-foods" marketing strategy in the $711 million baking-mix market with the introduction of three new Duncan Hines brownie mixes—turtle brownie, truffle brownie and cherry fudge—and three new "Bakery Style" muffin mixes. P&G ranks second to Pillsbury Co. in overall baking mix sales (including cake, brownie, muffin and bread mixes) and second to General Mills' Betty Crocker brand in the



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$168 million brownie-mix segment.

P&G supported its Duncan Hines line, excluding its ready-to-eat cookies, with $18.1 million in measured media, down 47.7%.

P&G in late-1986 introduced a reformulated Puritan oil, changing from a soybean/sunflower blend to low erucic acid (glyceride) rapeseed oil, unofficially called canola oil. Puritan holds a 3.8% share of the $823 million salad oil category. As the leader in the category with a 21% market share, Crisco gets close to $15 million in measured ad spending annually, with another $20 million going to Crisco shortening.

P&G's Crush, Hires and Sundrop soft drink lines hold an estimated 2% of the $39 billion soft drink category, although Orange Crush is said to hold a 19% share of the orange-flavor segment. Crush was supported with more than $6 million in measured media spending last year. P&G sold its bottling operation to Johnson Coca-Cola Bottling Group.

In the $300 million cough remedy category, leader A.H. Robins Co.'s Robitussin and No. 2 Vicks Formula 44, a product of P&G's Richardson-Vicks unit, together have more than a 55% market share. R-V's Nyquil remains the leader in the $800 million cold remedy market with an estimated 12% share, followed closely by Burroughs Wellcome's Actifed and Sudafed brands, which together hold a 20% share of the category. Vicks cough drops hold 16% of the $1.25 million cough drop category. P&G supported its cough-cold remedies with more than $25.7 million in measured media spending.

P&G in mid-1986 discontinued marketing Encaprin, an encapsulated pain reliever which never managed to earn more than a 1% share of the $1.6 billion analgesic category.

Tomorrow'' brought to three the number of soap operas P&G has canceled in the last three years, joining ''Texas'' and ''The Edge of Night.'' P&G, like other major TV producers, is feeling the squeeze of higher production costs and network pressure to cut license fees. Industry sources believe P&G will get out of soap-opera production entirely, but will not give up its dominant position in daytime network TV.

B. Jurgen Hintz was named group VP with responsibility for beverage and food products, crushed products and soft drink bottling, succeeding Gerald V. Dirvin, who was named group VP overseeing paper and patient-care products, and worldwide coordination of the company's disposable diaper business. Mr. Dirvin succeeds Sanford G. Weiner, who died. Robert T. Blanchard was elected to succeed Mr. Hintz; he previously was VP-northern Europe.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,030	7,345
Magazines	86,506	93,775
Newsp. supp.	640	2,107
Bus. pubs	3,194	3,170
Network TV	456,324	490,821
Spot TV	233,932	284,395
Network radio	13,879	13,423
Spot radio	7,471	5,677
Outdoor	293	150
Network cable	27,673	28,534
Total measured	833,943	929,395
Unmeasured	601,512	670,360
Total	1,435,454	1,599,755

PROCTER & GAMBLE CO.
P.O. Box 599
Cincinnati, O. 45201
(513) 983-1100
Marketing Personnel

L.A. Pritchett, vp-sales
W.P. Nock, sales mgr-beverage div
B.A. Kindem, sales mgr-beauty care div
W.J. Lewis, sales mgr-bar soap & household cleaning prod div
A.H. Welch, sales mgr-packaged soap & detergent div
G.E. Lawton, sales mgr-paper prod div
T.A. Muccio, sales mgr-food prod div
S.L. Zimbler, sales mgr-health & personal care div
H. Tecklenberg, senior vp-Norwich div
J.F. Orr, sales mgr-soft drink div
R.D. Haasnoot, adv mgr-foodservice & lodging
L.R. Love, adv genl mgr
R.L. Wehling, genl mktg svcs mgr
M. Upson, adv mgr-beverage div
J.N. Lilly, adv mgr-food prods div
B.J. Buchan, adv mgr-food prods div
A.G. Lafley, adv mgr-packaged soap & detergent div
R.H. Van Wagener, adv mgr-bar soap & household cleaning prods
R.M. Malcolm, adv mgr-health & personal care div
M.A. Thompson, adv mgr-beauty care div
M.A. Collar, adv mgr, health & personal care div
J.H. Bess, adv mgr-paper prods div
J.D. Jones, adv mgr-paper prods div
R.E Gill, mktg mgr-soft drink div
R.J. Herbold, mgr-mkt rsch dept
V.O. Hamilton, div mgr-genl adv dept

Advertising Agencies

Leo Burnett USA, Chicago—Cheer, Chloraseptic spray and throat lozenges, Era Plus, Head & Chest cold remedy, Lava, Lilt shampoo & conditioner, Lilt home permanent, Luvs disposable diapers, Secret, Gleem, Cinch, Pert, White Cloud, Pepto-Bismol, Tempo—Mary Bishop, sr vp-client svcs dir.

Burrell Advertising, Chicago—Crest—Linda Pharr, vp-mgmt super; Alisa King, Fay Ferguson, acct execs.

Cunningham & Walsh, New York—Folgers, Crush, Hires, Special Touch by Puffs, Citrus Hill Select, Certain, Duncan Hines Baking Mix line—W. Albright, exec vp-acct group dir; Jack Snow, vp-mgmt super.

D'Arcy Masius Benton & Bowles, New York—Vicks Formula 44, Complete, Clearasil, Fasteeth, Fixodent, NyQuil, Lifestage vitamins, Cremacoat cough medicines, DayCare cold medicine, Vaporub, Vicks cough drops, Sinex, Dawn, Ivory Snow, Dash, Bounce, Crest, Scope, Norwich aspirin, Ivory shampoo & conditioner, Wondra, Always, Attends, Charmin, Pampers—T. Carey, R. Hopple, sr vps-acct dirs.

Grey Advertising, New York—Downy, Joy, Bold 3, Crisco & Crisco oil, Liquid Bold 3, Jif, Puffs, Duncan Hines cookie mix, Puritan oil.

Jordan, McGrath, Case & Taylor, New York—Bounty, Zest—Alice Bond, vp-mgmt super.

Klemtner Advertising, New York—professional Highpoint coffee, Ivory soap—Chris Woodbury, acct super; Mark Fine, acct exec.

Lally, McFarland & Pantello, New York—ethical pharmaceutical prod, Denquel—Ron Pantello, president; Beverly Breitenback, acct exec.

Leber Katz Partners, New York—Saxon aftershave, Pantene prods—Cynthia Perry, acct group super; V. Loewenstein, acct exec.

Mandabach & Simms, Chicago—cleaning prods for foodservice, coin vending—Lee Lippman, sr acct super; William Schoenwald, Andrea Mallen, acct supers; John Corbett, acct exec.

Northlich, Stolley, Cincinnati—shortening & oils, coffee, bar soap & amenities—Bruce Mackey, vp-acct super.

Peter Rogers Associates, New York—Sassoon shampoos, conditioners, rinses, coordinators—P. Rogers, president; L. Favara, creative dir; G. Tabaczyk, sr vp-acct svcs dir.

Rosenfeld, Sirowitz & Humphrey, New York—Bain de Soleil suncare line.

Saatchi & Saatchi DFS Compton, New York—Tide, Cascade, Camay, Top Job, Comet, Comet Liquid, Ivory bar & liquid, High Point, Oxydol, Dreft, Solo, Tender Leaf tea—J. Fuller, mgmt group dir; T. Love, R. Pounder, mgmt supers; D. O'Brien, J. Plumez, mgmt group dirs.

Slater Hanft Martin, New York—Percogesic analgesic, Dramamine, Icy Hot—Jerry Martin, chmn-mgmt super; R. Dorin, acct super.

Tatham-Laird & Kudner, Chicago—Biz, Mr. Clean, Coast, Head & Shoulders, Metamucil.

Wells, Rich, Greene, New York—Oil of Olay, Pringle's, Safeguard, Sure, Prell, Spic 'N Span, Gain, Banner bathroom tissue and paper towels, Spic 'N Span Pine—Dick Byrne, Bruce Kelley, acct group dirs.

Quaker Oats Co.
Chicago
RANK **28**

($ in millions)

Worldwide	1987	1986	% chg
Sales	4,420	3,671	20.4
Net income	244	180	35.6
U.S. advertising	309	269	14.8
Division sales	**1987**	**1986**	**% chg**
Grocery prods.	2,830	N/A	N/A
International	991	N/A	N/A
Fisher Price	597	585	2.1
Other	N/A	N/A	N/A

Quaker Oats Co., represented by the pacifist ''Quaker man'' for a century, went cheerfully to war this year, boosting its marketing budget by almost 37% to fight off competitors and take new turf.

Quaker says it spent $961.1 million worldwide on marketing and advertising in fiscal 1987, up 36.6% over the prior year, according to its 10-K. Measured media and unmeasured advertising forms in the U.S. account for about 32% of the total, according to AD AGE estimates.

Quaker's aggressive plans were signaled by its acquisition of Golden Grain, San Leandro, Calif., and Anderson, Clayton & Co., Houston. The Golden Grain purchase, for $278 million, gave Quaker Rice-A-Roni and Noodle-Roni.

Chairman-CEO William D. Smithburg paid for Golden Grain in part by selling Quaker's specialty retailing business. The division, made up of Jos. A. Banks Clothiers, Brookstone and Eyelab, had difficulty competing with larger chains that enjoyed greater economies of scale.

With the acquisition of Anderson, Clayton's pet food lines (Quaker sold Anderson, Clayton's food businesses—Chiffon margarine, Seven Seas et. al.—to Kraft in May 1987), Quaker became the No. 2 U.S. marketer of pet food, behind perennial leader Ralston Purina Co., St. Louis.

Quaker's position in the growing premium canned dog food segment was boosted with the acquisition of Anderson, Clayton's Gaines line. Quaker's lead line has been Ken-L-Ration.

Quaker also bought Kretschmer Cereals, maker of Kretschmer Wheat Germ, from International Multifoods Corp. in November at an estimated price of $40 million. The sales and acquisitions reflect Mr. Smithburg's intention of returning to the core food business, and focusing on No. 1 and No. 2 brands.

The exception to the food-only rule is Quaker's Fisher-Price unit, one of the company's biggest success stories. Fisher-Price, producer of infant and pre-school toys, is searching out pre-teens with the new PXL 2000 camcorder, a toy that allows children to create their own 15-minute, b&w videos. The camcorder, to be introduced to shoppers this Christmas, will be marketed with a 4½-inch TV, which can be used as a monitor or as a standard TV. Fisher-Price predicts the pricy $200 system will be a best-seller.

Despite the vitality of the Fisher-Price division, Quaker continues its policy of focusing primarily on its U.S. Foods division, protecting its traditional turf and carving out new territory.

Quaker fired a shot at General Mills this year when it rolled national with its Ohs! cereal—a ring-shaped ready-to-eat product directly based on Big G's Cheerios. The Minneapolis-based food giant volleyed back hard, announcing plans to enter the $500 million hot cereal market with Total Oatmeal. General Mills plans to stress Total Oatmeal's vitamin fortification in an $24 million introductory campaign.

The new Total hot cereal was to include an on-box comparison with the vitamins and minerals in Quaker oatmeal, but Quaker scotched that with a lawsuit charging unfair use of its trademark. In an out-of-court settlement, General Mills agreed to stop using the ''Quaker man'' logo without a disclaimer. Quaker also announced plans to fortify one flavor of its Instant Oatmeal, countering Total Oatmeal's claim to ''more nutrition than any hot cereal.''

In the wake of the Total Oatmeal announcement, Quaker shot back with a $45.6 million hot cereal campaign, with Wilford Brimley as its new celebrity spokesman. Quaker denied any connection between the Total Oatmeal threat and the decision to make a 76% increase in TV spending behind hot cereal.

Quaker also beefed up advertising behind Gatorade, targeting the ''point of thirst'' in sports-related promotions and TV spots. That strategy has taken Gatorade from a $90 million-a-year business (which it was when acquired in the 1984 purchase of Stokely-Van Camp) to a brand with $300 million in annual sales. Gatorade benefited this year from the rollout of a lemon-flavored line extension. Quaker also announced plans to expand the category with Refresh, a lightly carbonated drink containing 25% fruit juice.

Bayer, Bess, Vanderwarker & Flynn, the Chicago agency that handles Gatorade, was one of the winners in a reshuffling of accounts following a slew of mergers. Jordan, McGrath, Case & Taylor, New York, took on hot cereals and some pet foods when BBDO merged with DDB Needham Worldwide, which handles a large amount of General Mills business.

Quaker also moved an estimated $55 million in business from Backer & Spielvogel when it was acquired by Saatchi & Saatchi. The Saatchi takeover rankled Quaker because other Saatchi agencies handle a combined $150 million in business for General Mills. In the shuffle, Bayer, Bess won Cap'n Crunch, Corn Bran, Ohs! and Kretschmer Wheat Germ.

Quaker lost ground in the cold cereals market in 1986, dropping from 7.7% of the dollar market in 1985 to 7.4% in 1986, according to John C. Maxwell Jr., analyst with Furman Selz Mager Dietz & Birney, New York. Cap'n Crunch remained its leading player with a 3.1% share of market for both years.

There was some shuffling in-house at Quaker as well. With the resignation of Hedric E. (Pete) Rhodes, exec VP-U.S. Foods, Quaker decided to reorganize its entire U.S. and Canadian Grocery Products area. The U.S. Foods area now is limited to cereals and convenience foods. A new unit, Grocery Specialties and Market Development, was added; the new unit includes responsibility for U.S. grocery product sales. The Diversified Grocery Products continues to have responsibility for pet foods and foodservice, and takes on the Golden Grain division.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,671	1,972
Magazines	18,688	13,082
Newsp. supp.	233	1,295
Bus. pubs	1,748	1,956
Network TV	88,322	85,337
Spot TV	41,726	27,108
Network radio	1,450	928
Spot radio	3,847	6,580
Outdoor	0	10
Network cable	2,356	1,177
Total measured	160,040	139,445
Unmeasured	149,199	130,000
Total	309,239	269,445

QUAKER OATS CO.
Merchandise Mart Plaza
Chicago, Ill. 60654
(312) 222-7111
Corporate Personnel

William D. Smithburg, chmn-ceo
Frank J. Morgan, president-coo

U.S. GROCERY PRODUCTS
Marketing Personnel

Charles E. Decker, vp-adv
J. Byron Felter, group vp-sales
Max M. Lomont, vp-art & packaging
Katherine E. Smith, vp-consumer affairs

U.S. FOODS
Corporate Personnel

James R. Tindall, exec vp

Marketing Personnel

Lawrence K. Hathaway, president, cereals div
Peter J. Vitulli, vp-prod mgmt, ready-to-eat cereals
Kenneth J. Fedor, president, convenience foods div
Barbara R. Allen, vp-prod mgmt, snacks

DIVERSIFIED GROCERY PRODUCTS
Corporate Personnel

Douglas W. Mills, exec vp

Marketing Personnel

Verinder K. Syal, president, Golden Grain
Serafino Posa, vp-prod mgmt, Golden Grain
George J. Yapp, pres, Pet Foods div
Nancy Pitz, vp-prod mgmt, Pet Foods div
Russell L. Jones, president, foodservice
Paul Baron, vp-mktg, foodservice
John R. Blair, vp-mktg rsch
John L. Patten, vp-genl mgr
Robert D. Stoothoff, dir-natl sales, foodservice

WOLF BRAND PRODUCTS
Dallas, Texas
Corporate Personnel

U.B. Shockley, president

Marketing Personnel

Kenneth R. Barrons, mktg dir

QUAKER OATS CO. OF CANADA LTD.
Corporate Personnel

Jon K. Grant, president

Marketing Personnel

David L. Morton, vp-mktg & sales

INTERNATIONAL GROCERY PRODUCTS
Corporate Personnel

Paul E. Price, exec vp

FISHER-PRICE TOYS
Corporate Personnel

R. Bruce Sampsell, president

Marketing Personnel

David B. Fisher, vp-sales & mktg

Advertising Agencies

Backer Spielvogel Bates, New York—Celeste pizza, Fisher-Price toys, new prods—G. Robert Holmen, exec vp-coo.

Bayer, Bess, Vanderwarker & Flynn, Chicago—Cap'n Crunch, Corn Bran, Gatorade, Oh!s, Kretschmer Wheat Germ, new prods—Gary Bayer, chmn-ceo; Ron Bess, president-coo; Tony Vanderwarker, creative dir; Andrea Trotenberg, Greg Gwynne, Susan Emerson, sr vps, creative dirs; Brian Goodall, sr vp-group acct dir; Bob Irvine, exec vp, dir-media svcs.

BBDM Advertising, Chicago—industrial cereals, Mother's Oats—Richard B. Sanderson, exec vp-dir.

Berry-Brown Advertising, Dallas—Wolf Brand prods, Quaker Corn Goods & Grits, Van Camp's pork & beans & specialty prods—Robert E. Berry, chmn.

Chiat/Day, New York—Gaines dog foods—Bob Perkins, acct mgr; Rich Lobel, acct exec.

Chiat/Day, San Francisco—Rice-A-Roni, Noodle-Roni—Bill Fanning, mgmt super; Brooke Baker, acct exec, Cindy Lee, acct coord.

Geers, Gross, New York, Quaker Puffed Wheat, Puffed Rice, new prods—Tom Jasinski, mgmt super; P.J. Lehrer, acct exec.

Jordan, McGrath, Case & Taylor, New York—Quaker Oats, Instant Oatmeal, Life, 100% Natural Cereal, Quaker Oat Squares—Bruce Guidotti, mgmt super.

Norton Associates, Los Angeles—food service prods—Patricia Venuso, mgmt super.

J. Walter Thompson USA, Chicago—Granola Dipps, Chewy Granola Bars, Aunt Jemima breakfast prods, mixes & syrup, Ken-L Ration dog foods, Rice Cakes, grain-based snacks, new prods—Alan Moser, sr vp-group acct dir; Bill Minor, vp-acct dir; Jackie McCauley, sr acct super; Nancy Limberg-Meyer, sr acct super; Kathy Valdiserri, Dan Stumpf, Marguerite Chiang, acct supers. Fisher-Price toys-Bruce Beach, group acct dir; Matt Kurz, acct dir; Jim Yardley, acct super; Lorraine McGill, acct rep.

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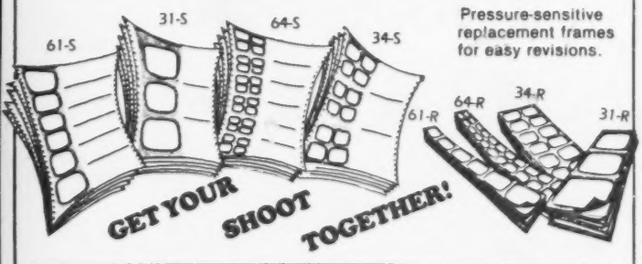

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Ralston Purina Co.

RANK 17

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,515	5,299	4.1
Net income	389	256	51.6
U.S. advertising	478	521	(8.2)
Division sales	**1986**	**1985**	**% chg**
Human, pet foods	3,694	3,555	3.9
Agri. products	1,435	1,601	(10.4)
Other products	386	143	170.0

Ralston Purina, which started life in 1894 as an agricultural animal feed company, a few years ago began transforming itself into a consumer package goods company. Last year, with the $1.42 billion purchase of Eveready Battery Co. in June, followed by the jettisoning of its domestic agricultural products subsidiary in October, the process seemed nearly complete.

Chairman William Stiritz says more than half of Ralston Purina's assets have been added since 1984—and businesses that made up 28% of its assets at that time have since been divested. He says branded consumer products are expected to account for at least 90% of operating profit in the near future, up from about 70% three years ago.

The purchase of Continental Baking Co. in 1984 and Eveready last year also helped reduce the company's reliance on the $5.6 billion pet foods category, generally regarded as a mature market. Ralston Purina leads the industry with a 27.3% share, according to analyst John C. Maxwell Jr., of Furman Selz Mager Dietz & Birney, New York. However, it faces tough competition from Quaker Oats Co., which vaulted into pet foods' No. 2 slot when it added Anderson, Clayton & Co.'s Gaines products to its lineup late last year.

Ralston made a bid for Anderson, Clayton, too, but Quaker topped its offer in what one analyst described as a defensive move. Had Ralston acquired Anderson, Clayton, it would have controlled 33.5% of the pet food market, nearly three times the share of the next competitor, Nestle's Carnation unit. Some observers think the Federal Trade Commission would have nixed the deal, and they say Ralston dropped out of the contest because it feared a long antitrust dispute. Others say Ralston simply didn't want to pay a premium price for Anderson, Clayton, which cost Quaker about $800 million.

Ralston Purina's ad spending in measured media dropped 16.4% to $178 million in 1986. Spending was noticeably down or absent in 1986 for Purina cat food in which measured spending dropped 32% to $27.2 million, the divested Jack in the Box restaurants on which Ralston spent $13.2 million in measured media in 1985, and S'mores Chewy Granola Bar, discontinued in 1986 after Ralston spent $7.6 million in measured media on the product in 1985.

The biggest part of the decline came from network TV, down 24% to $97.6 million.

The $3.45 billion dog food market grew only slightly last year, but Ralston continued its strategy of trying to grab extra shares by segmenting the market and placing products in as many niches as possible, especially at the high-margin levels. Since January, it has introduced Purina Gravy (to compete with Gaines' Gravy Train), Purina O.N.E., a superpremium dry dog food, and Purina Pro Plan, a superpremium line of cat and dog foods sold through veterinarians' offices and specialty outlets. Bone Appetit, Ralston's first entry in the canned dog food category, seems to be stalling out. It has been in test in Houston and Pittsburgh since March 1986. Ralston spent $53 million in seven measured media on dog food, about same as in 1985. The heavy ad expenditures went to Chuck Wagon, Dog Chow, Hi Pro, Kibbles & Chunks, Lucky Dog and Puppy Chow.

The $2.17 billion cat food market faces a healthier outlook, with growth pegged at about 5% this year and beyond. Ralston's Cat Chow maintained its dominance of the dry segment in 1986, and Alley Cat made strong gains. The company introduced a new premium dry food, Smart Cat, in November. Cat food pulled $27.2 million in measured spending, with the larger chunks backing Tender Vittles, Meow Mix and Cat Chow. Cat food pulled $40.1 million in measured spending in 1985.

Pet foods generated nearly $1.4 billion for Ralston in fiscal 1986, but bakery products are its biggest business, with sales of $1.66 billion. Ralston's Continental Baking Co.—the nation's largest wholesale baker of fresh goods—introduced several new products in the past year, including Wonder Light bread and Wonder Soft 100% Whole Wheat, Wonder Family Italian, Hostess Choco-Bliss snack cakes and Hostess Chocolate Pudding Pies. As an extention of Wonder Bread, which received $6.2 million in measured advertising in 1986, down 15%, Wonder Light got $2.5 million. Home Pride Bread, however, was the largest advertised bread at $7.6 million, up 73%. The entire Hostess line received $14.3 million, up 51%.

According to Bakery '86 Red Book, published by Chicago-based *Bakery Production & Marketing* magazine, breads contribute 45% of Continental's sales; rolls and buns 15%; cakes 15%; doughnuts 10% and pies 5%. Continental leads the bread market, followed by Anheuser-Busch's Campbell Taggart.

Meanwhile, Hostess leads the $1.24 billion snack cakes and pies segment with dollar sales estimated at more than 30%, but this highly competitive category saw only a 2% growth in 1986, according to *Snack Food* magazine.

In March Ralston took the last two Continental accounts away from Ted Bates, New York (now Backer Spielvogel Bates), and gave them to Tatham-Laird & Kudner, Chicago, which got Hostess, and Grey Advertising, New York, which took the Beefsteak bread account. Wonder Bread had moved from Bates to TLK in May 1986.

Ralston recently resold Wayne, N.J.-based Drake Bakeries Inc. to a management group just a year after picking it up from Borden Inc. The price of the leveraged buyout was $176 million. Ralston paid $115 million for Drake in July 1986. An antitrust suit filed by Philadelphia-based Tasty Baking Co. had prevented Ralston from integrating the regional snack cake company into its Continental Baking subsidiary.

Eveready Battery Co., which Ralston bought from Union Carbide in June 1986, leads an industry that's growing at 7% to 9% per year, and some analysts believe it will become Ralston's biggest business in the future. Industry sales, now at nearly $3 billion, are expected to top $3.8 billion by 1990. Ralston claims to own 60% of the domestic dry-cell battery market and 30% worldwide, with Dart & Kraft's Duracell the only major competitor.

Eveready will bring out two new products for Christmas: the Energizer Gift Mate, a battery with a holiday-decorated casing to be used as a gift companion and Clear Mate, a standard-size flashlight with a clear plastic body. Eveready received $25 million in measured ad backing in 1986, compared with $27.6 million under Union Carbide in 1985.

Ralston is the fifth largest cereal marketer behind Kellogg, General Mills, General Foods and Quaker Oats. It commands a 6% brand share of the $5 billion cold cereal market, says analyst John Bierbusse of A.G. Edwards & Sons, St. Louis. Ralston is one of the industry's largest producers of private-label cereals.

During 1987 Ralston introduced Fruit Islands, a presweetened cereal for children, and Honey Graham Chex, an all-family cereal. The company appears to be moving away from licensed children's cereals, having recently discontinued Rainbow Brite, Ghostbusters, Nerds and Cracker Jacks. Ralston put Chex Snack Mix into national distribution in April, but abandoned the granola bar market by dropping its only entry, S'mores Chewy granola bars. Chex cereals are backed more extensively than other Ralston cereals, receiving $7.5 million in measured media in 1986, up 71%.

Seafood, which accounted for $270.8 million in company sales, isn't getting much ad play at Ralston. Chicken-of-the-Sea tuna's market share has dropped steadily from 31% in 1981 to less than 20% last year, and no agency currently is assigned to the brand. Heinz' Star-Kist, which has been gaining ground gradually, last year controlled an estimated 36% share of the $1.4 billion market.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,512	2,345
Magazines	24,653	22,030
Newsp. supp.	329	1,204
Bus. pubs.	456	446
Farm pubs.	1,229	1,624
Network TV	97,572	128,245
Spot TV	43,532	44,155
Network radio	5,944	2,467
Spot radio	8,013	6,902
Outdoor	547	443
Network cable	3,245	2,904
Total measured	178,031	212,763
Unmeasured	300,000	308,139
Total	478,031	520,902

RALSTON PURINA CO.
Checkerboard Square
St. Louis, Mo. 63164
(314) 982-1000
GROCERY PRODUCTS
Corporate Personnel

William H. Lacey, president, grocery prods group

Marketing Personnel

A.R. Bresler, vp, cat food group
T.E. Block, vp, dog food group

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Mainstay dog food, Hi-Pro dog meal, new prods—Patricia Prozzi, acct dir. Bill Spencer, group acct dir.

Avrett, Free & Ginsberg, New York—Kitten Chow, Cat Chow, new prods—Janet Bellin, acct exec.

(In-house) Centra Advertising Agency, St. Louis—Kibbles & Chunks dog food, Hearty Chews dog snack, Purina 100 cat food, new prods—R.L. Anello, president, exec creative dir.

Gardner Advertising Co., St. Louis—Puppy Chow, Bonz—Judy Cuchro, acct exec. Alley Cat, Smart Cat—Bill Salzman, acct exec. Fit & Trim—Aly Johnsen, acct super. Chuck Wagon, Pets for People—Matt Andrew, acct exec. New prods—William A. Lahrmann Jr., John Fox, exec vps-mgmt reps.

Scali, McCabe, Sloves, New York—Purina O.N.E. dog food, Grravy brand dog food—Cynthia Rhea, acct exec. New prods—Stuart Epstein, exec vp; Bob Taber, acct super; Stacey Baron, acct exec.

Tatham-Laird & Kudner, Chicago—Happy Cat cat food, Lucky Dog dog food, new prods—Kirk Borland, acct dir.

Wells, Rich, Greene, New York—Purina Dog Chow, Butcher's Blend dog food, Tender Vittles cat food, new prods—Tom Hayes, exec vp.

BRANDED FOODS
Corporate Personnel

W. Patrick McGinnis, president
P.M. Grieve, exec vp, dir—R-P grocery prods, Canada
Donald W. Rupprecht, president, Van Camp Seafood Co.
Thomas J. Caskanett, vp, dir-specialty foods

Marketing Personnel

J.A. Nichols, vp, cereal group
John Haley, vp, Van Camp Seafood

Advertising Agencies

Avrett, Free & Ginsberg, New York—Almond Delight cereal—personnel unavailable at time of publication.

(In-house) Centra Advertising Agency, St. Louis—Honey Graham Chex, new prods—R. L. Anello, president, exec creative dir.

Tatham-Laird & Kudner, Chicago—Sunflakes, Chex Snack Mix, new prods—Kirk Borland, acct dir.

Don Tennant Co., Chicago—Cookie Crisps, Fruit Islands, new prods—Uwe Wende, mgmt super; Judy Steele, acct exec.

Wells, Rich, Greene, New York—Chex cereals, new prods—Tom Hayes, exec vp.

CONTINENTAL BAKING CO.
St. Louis, Mo.
Corporate Personnel

J.W. Brown, chmn-ceo
J.A. Signore, president-coo

Marketing Personnel

M.S. Herrick, corp vp, dir prod mktg
R.M. Proctor, corp vp, dir mktg devel

Advertising Agencies

Grey Advertising, New York—Beefsteak bread—Mike Gaetner, mgmt super. Home Pride bread—Robert Schoenfein, Jeffrey Stein, exec vps; George Ruthauser, mgmt super.

Tatham-Laird & Kudner, Chicago—Wonder Bread, Hostess snack cakes—Tom Schafer, acct dir.

EVEREADY BATTERY CO.
St. Louis, Mo.
Corporate Personnel

J. Patrick Mulcahy, chmn-ceo
Philip J. Kennedy, president-coo

Marketing Personnel

Susan J. Obenhouse, vp-dir primary batteries
John T. Sweetwood, vp-dir lighting, new prods

Advertising Agencies

DDB Needham Worldwide, Chicago—Energizer—Doug Rothrock, acct super; Mary

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S. bless, acct exec. New prods—Dawn Hudson, gro.up acct dir; Charlotte Austin, acct super; Debra Rosenberg, acct exec.

R-P Advertising & Creative Resources Group, St. Louis, Mo.—T.E. Touhill, vp-dir; J.I. Shubert, dir-media & ad svcs; D.R. Martin, dir-corp media.

RANK **57**

Revlon Group

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,600	2,120	22.6
U.S. advertising	149	179	(16.6)

Molding, shaping, streamlining—words that apply to cosmetics use also apply to the corporate activity of this cosmetics giant one year after a daring takeover by Ronald O. Perelman, then chairman and ceo of Pantry Pride Inc.

Mr. Perelman's commitment to molding, shaping and streamlining Revlon Group's presence in the market seems to be paying off, as Revlon, which is second only to Avon in mass market cosmetics, improved its share of supermarket dollars in 1986.

According to Salomon Brothers cosmetics industry analyst Diana Temple, Revlon continued to improve its food store share into the first quarter of 1987. Nail polish share rose to 12.3% from a 10.7% share in 1986 and 9.7% share in 1985. Lipstick share increased to 12.7% during the first quarter; it had been 11.6% in 1986 and 10.6% in 1985. Face cream share, which was 3% in 1986 and only 1.5% in 1985, continued its market gains into the first quarter of this year. Revlon's improved performance in individual product categories applied as well to the success of its Natural Wonder line, according to Ms. Temple.

Natural Wonder received $1.3 million in measured media spending in 1986, and Revlon mascara got the single largest measured push of all products in 1986 with $4 million in spending, according to BAR/LNA.

A new campaign for Revlon, designed by photographer Richard Avedon, debuted in December. The theme is "The most unforgettable women in the world wear Revlon." Several older products have been revived or rejuvenated to lend additional familiarity to the famous Revlon name. Charlie, the 13-year-old mass market fragrance, remains a best-seller in the $2.5 billion retail fragrance market, as it continues to appeal to a target audience of women in their 20s. Charlie moved to a new agency last year, Hill, Holliday, Connors, Cosmopulos, New York, and was supported by $3.6 million in measured spending. Charlie had previously been handled in-house.

A dormant fragrance was revived when Revlon relaunched a reformulated version of Intimate in April 1987. The fragrance is being promoted to a 10-to-20-year-old audience, backed by a $5 million advertising budget. A musk version of Intimate was introduced a year earlier.

Scoundrel fragrance received a younger, "naughty girl" spokeswoman: Soap-opera actress Susan Lucci of "All My Children" replaced actress Joan Collins.

Mark Goldstein was named Revlon's new VP-marketing, worldwide fragrances/skincare products. Under his leadership, Revlon is seeking to find market niches for the company's 10 fragrance brands that are specific enough not to cannibalize each other.

Two new fragrances were launched under the Borghese banner's new Giardini de Montecatini line in March of this year.

Revlon made a foray into the children's market in February 1987 when it unveiled Care for Kids Mousse baby shampoo, plus personal-care implements such as toenail and fingernail scissors. Joan Lunden, co-anchor of ABC's "Good Morning, America" was signed as spokeswoman. The category is led by Johnson & Johnson's Baby Shampoo, which holds an impressive 5%-plus share of the overall $3 billion haircare category.

After acquiring Max Factor, Almay and Halston a year ago from International Playtex, Revlon has continued to add to its holdings. To that end, J. Eric Hanson was named senior VP-mergers and acquisitions. He had held a similar position at Hanson Industries.

During its flurry of acquisitions, Revlon settled a dispute that had been simmering since the buyout. Two of the three principals who had bid for the Revlon business and had lost to Mr. Perelman and his holding company, McAndrews & Forbes, received $21.3 million from Revlon to resolve all claims to the company and to end all litigation. The third principal, the investment firm of Adler & Shaykin, agreed to accept $23.7 million from Revlon to settle its claims.

Revlon made an unsuccessful bid to acquire the 86.1% share of the Gillette Co., Boston, that it did not already own, for between $3.8 billion and $4.1 billion. Gillette dug in its heels and managed to wrestle out of the deal, though at some cost. According to the terms of the agreement hammered out between the two personal-care product companies, Gillette paid Revlon a premium of $558 million to buy back its own stock from Revlon, which amounted to 13.9% interest. Revlon, which netted $34 million in the arrangement, promised not to buy Gillette stock for the next 10 years. Despite the agreement, Mr. Perelman made yet another attempt in August 1987 to purchase Gillette.

Gillette wasn't Revlon's only target. The company in 1986 tried to take over Transworld, a hotelier and food vendor, and CPC International, a food processor.

Successful bids didn't come until March 1987, when Revlon completed its acquisition of the Germaine Monteil subsidiary of Beecham Group PLC, a U.K.-based multinational company. Beecham had for some time been sending out signals of its intent to sell U.S. Germaine Monteil because it felt the unit had not been performing up to par. The Monteil acquisition marked the second time in a year that Beecham and Revlon did business. Beecham purchased Revlon's Norcliff Thayer subsidiary a year earlier for $395 million.

In June 1987, Revlon set its sights on the major brands of the Charles of the Ritz division of Yves St. Laurent International S.A. Soon to be finalized, the deal gives Revlon ownership of such brand names as Alexandra de Markoff cosmetics, which are sold in department stores, and mass market lines like Jean Nate, Enjoli and the Dynasty fragrances, in addition to the Charles of the Ritz product entourage. Revlon already has agreed to sell one of its soon-to-be-acquired names from the purchase, the Bain de Soleil sun treatment line, to Procter & Gamble's Richardson-Vick's division for an estimated $125-$150 million.

Not neglecting its vision-care segment in 1986, Revlon bought Frigitronics Inc. of Shelton, Conn., for about $116 million. Frigitronics, specializing in eye-care and surgical products, fits well in Revlon's existing Barnes-Hind and Coburn Optical subsidiaries.

In personnel changes, Arthur I. Cohen became exec VP-advertising of the Revlon Beauty Group, replacing Sanford Buchsbaum, who left to form his own agency, Stevens & Buchsbaum. Arnold Zimmerman became president of Revlon Beauty Group I, replacing Ben Sottile. His goal will be to restore Revlon to a premier position in department stores.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	534	0
Magazines	31,936	32,156
Newsp. supp.	1,141	1,303
Bus. pubs.	219	0
Network TV	29,075	48,608
Spot TV	9,851	6,136
Spot radio	1,269	799
Outdoor	0	3
Network cable	988	932
Total measured	75,014	89,936
Unmeasured	74,211	84,973
Total	149,225	174,910

REVLON GROUP
767 5th Ave.
New York, N.Y. 10022
(212) 572-5000
Corporate Personnel

Ronald O. Perelman, chmn & ceo
Howard Gittis, vice chmn
Sol Levine, president
Lawrence Wechsler, president, Revlon Beauty Group

Marketing Personnel

Arthur I. Cohen, exec vp-adv
George W. Feld, vp-adv svcs
Richard Kressler, adv dir
Stephen Gebb, adv dir
Anthony Cozzolino, budget media dir
Arnold Zimmerman, president, Group I
Paul Bloch, sr vp-mktg, Group I
Neil Katz, president, Group II
Roy Stephens, president, Group III

Advertising Agencies

(In-house) Beebe & Sons, New York—Germaine Monteil Cosmetiques—Brook Betts, creative dir.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Classic Revlon, Natural Wonder—Keith Bunnell, acct super; Meg Lynch, acct exec; Carol Wood, acct coordinator; Gloria Appel, mgmt super; Lillian Kennedy, assoc media dir; Barbara Falvo, media super; Janice Landis, sr planner; Christina Pascucci, asst planner.

(In-house) 50th Floor Workshop—Revlon lipstick, nail enamel & face makeup, Care for Kids Mousse, Chaz, Ultima II, Ciara, Norell, Princess Marcella Borghese, Bill Blass—Martin Stevens, sr vp-creative svcs; George W. Feld, vp-adv svcs; Rita Grisman, vp-creative dir.

Grey Advertising, New York—Flex, Jontue—Meg Berrigan, group head; Russ Booth, assoc media dir.

Hill, Holliday, Connors, Cosmopulos, New York—Charlie, Intimate, Super Lustrous lipsticks and nail color—Malcolm MacDougall, president; Linda Berres, acct exec.

Korey Kay & Partners, New York—Almay—Andrea Cautela, acct super; Janet Finkel, asst acct super; Harris Lefkon, media dir; Hans Zucker, assoc media dir.

Wagner & Associates, Chicago—Jovan cosmetics & perfumes, Yardley of London, Lentheric, Tuvache, Vitabath—Gayle Matthies, acct mgr; Mary Koelle, team dir.

PROFESSIONAL PRODUCTS GROUP
Jacksonville, Fla.
Corporate Personnel

Irving J. Bottner, president
Robert Crane, sr vp

Marketing Personnel

Andrew Roberts, vp-creative svcs

Advertising Agency

Merchandising Workshop, New York—Joanie Curcio, sr vp.

BARNES-HIND/HYDROCURVE
Sunnyvale, Calif.
Corporate Personnel

Kevin J. Ryan, president
Richard Wright, exec vp

Marketing Personnel

George McCrary, vp-mktg
Robert Pace, vp-sales

Advertising Agencies

Grey Advertising, New York—extended wear contact lenses & contact lens solution prods—Mike Ouimette, William Deval, vps-acct supers.

Zechman & Associates, Chicago—specialist prods—Bud Davis, vp-acct svcs.

NATIONAL HEALTH LABORATORIES
San Diego, Calif.
Corporate Personnel

Robert E. Draper, president

Advertising Agency

(In-house).

RANK **4**

RJR Nabisco

Winston-Salem, N.C.

($ in millions)

Worldwide	1986	1985	% chg
Sales	15,975	12,388	29.0
Net income	1,064	1,001	6.3
U.S.	**1986**	**1985**	**% chg**
Sales	15,978	12,557	27.2
Operating profits	1,080	1,848	(41.6)
Advertising	935	996	(6.2)
Division sales	**1986**	**1985**	**% chg**
Tobacco	5,700	5,300	7.5
Food & beverages	10,100	6,900	46.4

Since F. Ross Johnson was named ceo of RJR Nabisco in August 1986 the tobacco and food company has been in a state of perpetual change. The company headquarters is being moved to Atlanta, Heublein Inc., the wine and liquor business, has been sold, the corporate structure reorganized, and RJR announced test of a smokeless cigarette.

When the move from Winston-Salem, N.C., to Atlanta, to be completed this month, was announced in January 1987, it prompted speculation that tobacco would no longer be RJR's dominant industry. RJR, however, says the move is for administrative reasons. "RJR Nabisco needed to assume the role of a holding company, a separate parent company, to give the individual units more flexibility and elbow room," says a spokesperson.

RJR also has experienced extensive internal changes since the beginning of the year. Two months after Mr. Johnson, the former Nabisco president, became RJR Nabisco's new chief, his predecessor J. Tylee Wilson announced he would resign his post as chairman several months earlier than expected. Mr. Wilson had originally planned to continue serving as chairman of RJR until June 1988. RJR would not elaborate on Mr. Wilson's early departure, but other industry sources say Mr. Wilson had become little more than a figurehead in the wake of Mr. Johnson's sweeping changes.

Shuffling continued in March 1987 when retired RJR executive J. Paul Sticht was brought back to succeed Mr. Wilson as chairman. Many say the appointment of Mr. Sticht was made, in part, as a stabilizing influence in the months of changes.

The company kept homing in on its tobacco and food business in 1986 and early 1987, as it continued to divest fastfood and non-tobacco operations. It sold Kentucky Fried Chicken to PepsiCo, Canada Dry and Sunkist to Cadbury Schweppes PLC in 1986, and in early 1987 sold Heublein Inc.

These divestitures have influenced RJR Nabisco's 20% decline in measured advertising spending in 1986 from 1985, while RJR Nabisco recorded worldwide sales up 29% over 1985 and a 19.1% growth in net earnings from continuing operations. The year-to-year difference of $131.1 million between 1986 and 1985 spending in the seven media monitored by BAR/LNA is basically accounted for by the absence of spending in 1986 of the divested operations. Gone from the 1986 spending totals was Kentucky Fried Chicken, which spent $76.4 million in 1985, and Canada Dry and Sunkist fruit drinks, which recorded expenditures of $12.4 million and $7.2 million, respectively, in 1985.

During 1986, RJR remained the No. 2 U.S. cigarette marketer with 32.4% of the market, up from 31.6% last year. The small share gain was the company's largest annual increase since 1975. Philip Morris Cos. widened its lead slightly, growing from 35.9% to 36.8%. Sales on the tobacco side at RJR were up 6% to $4.7 billion and earnings from operations reached $1.4 billion, up 13%.

However, none of Reynold's major brands scored significant share increases in 1986, as measured advertising on most brands declined. Winston's market share dropped from 11.4% in 1985 to 11.3% in 1986. Winston Lights Box 100s was introduced and distribution of Winston Lights Box King cigarette was expanded to become available to consumers throughout the country. The company spent $42 million in measured media advertising the Winston brand, down 13.4%, according to BAR/LNA, which monitors seven media.

Spending on all cigarette brands actually is a good deal higher than BAR/LNA, because RJR Nabisco spends heavily ($50.4 million) in national newspapers—a popular cigarette medium—which is not broken out into brand spending by Media Records, the monitoring service for newspapers.

Vantage cigarettes' share dropped from 3.3% to 3.2%. Vantage introduced new packaging in an effort to bolster the brand's high-quality contemporary image. Measured media spending was $35.5 million for Vantage, down 9%.

Doral, the country's first branded cigarette to sell at generic level prices, had strong results with sales up almost 70% from last year, now holding 2.1% of the overall cigarette market. In January 1987, Reynolds Tobacco USA introduced Doral in three new styles—Doral full-flavor 85s, Doral full-flavor 100s and Doral ultra-lights 100s. Measured spending was only $280,000 in 1986.

Century, the first U.S. brand to offer 25 cigarettes at the same price as traditional 20-packs is outselling all other 25-per-package brands. The success of Century and Doral made Reynolds Tobacco USA the leader in the savings segment with a 33% share of market. Reynolds spent $3.5 million on Century, down from $11.4 million in 1985.

In the market segment targeted to consumers seeking the lowest possible tar and nicotine levels, Reynolds Tobacco USA's share increased 1.9 points due to the performance of Now cigarettes. Now drew $24.8 million in measured advertising, up 15.9%. It achieved a 1.16% share of market, up a tenth of one per cent from 1985.

Camel's share held at 4.3%. In March 1987, Camel Filter 100s were introduced in selected sales regions representing about 28% of the country. The Camel brand received $20.7 million in measured

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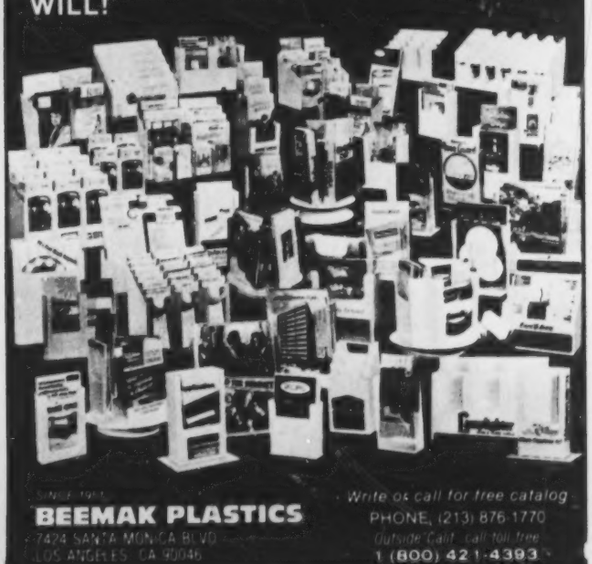

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spending, down 39.1%. More received $19.3 million in measured ad spending, down 27%, as market share rose to an estimated 1.4% from 1.3% in 1985.

Also in March 1987, Reynolds Tobacco USA began test marketing Magna in the savings segment of the cigarette market. The brand, introduced in 10 areas of the country, is available in full-flavor, box and lights styles. Tests also will begin in 1988 on perhaps RJR's most revolutionary product—a "smokeless" cigarette. When lit, warm air is emitted from a carbon segment at the tip of the cigarette and passes through tobacco, tobacco extract, flavorings and glycerine before exiting as smoke to be enhaled by the smoker.

Salem, the nation's leading menthol cigarette, also dropped from 7.9% to 7.8%, while measured advertising dropped 10% to $32.4 million for the brand.

The foods line of business includes operations of Nabisco Brands Inc. and Del Monte Corp. Food sales were $9.2 billion, up 49% from last year, an increase principally credited to the inclusion of a full-year of results from Nabisco Brands Inc. Earnings from operations increased to $820 million vs. $549 million the previous year.

Heublein, the beverages unit was sold in early 1987 to Grand Metropolitan PLC, the British conglomerate, for $1.2 billion. Heublein had been profitable, and a spokeswoman for RJR says the sale reflected the company stategy to focus on tobacco and food operations. "We want to home in on what we do best," she says.

Nabisco Brands introduced 18 new cookie and cracker products, presented under the heading of New Stars. They include two new crackers, American Classics and Quackers, as well as several line extensions such as Fudge Covered Oreos and new flavors of Almost Home. RJR Nabisco spent $284.1 million in measured spending advertising food products, according to BAR/LNA.

Nabisco backed its crackers with $31.8 million in measured advertising, with Wheat Thins ($9.3 million), Ritz Crackers ($9.4 million) and Better Cheddar Crackers ($5 million) drawing the larger expenditures. Cookies received $38.3 million in 1986, up 18.9%.

Nabisco Shredded Wheat, backed with $19.4 million in measured spending, up 61.7% from the prior year, built its dollar market share in cold cereals from 4% in 1985 to 4.1% in 1986, while the other participants in the category, Shredded Wheat 'n Bran and 100% Bran, maintained their cumulative 0.9% share.

Del Monte measured spending dropped 5.7% to $24.7 million, with Fruit Snacks receiving the largest backing—$10.6 million ($4.2 million in 1985) among the brand. Del Monte pulled back from spending in the "trend" areas such as Lite Canned Fruits, $3.5 million in 1986, down from $7.1 million, and Salt Free Canned Vegetables, down to virtually nothing from $4.7 million in 1985.

In confectionaries, Nabisco maintained its joint promotion for Butterfingers and Baby Ruth candy bars with $7.5 million in measured spending, although the expenditure was down 9.6%.

Carefree gum pulled the big ad dollars among chewing gums with $10.5 million, the same as in 1985. Bubble Yum, regular bubble gum and sugar-free, received $4.2 million, down 26.3%. Life Savers regular candy and sugar-free pulled $8 million, up 5.3%.

Planters line of nuts was backed with $11.6 million in measured media, up from only $3.7 million in 1985.

A-1 Steak Sauce continued to be heavily advertised, at levels just above $12 million for both 1985 and 1986.

There were no advertising account moves in 1987 among Nabisco agencies.

RJR's tobacco products did see some account shifting though, with the Salem account moving from William Esty Inc. to FCB/Leber Katz Partners, NY. More went to Young & Rubicam, N.Y. from FCB/Leber Katz Partners. Ad spending for tobacco products was $179.9 million.

In June 1987, RJR announced H. John Greeniaus, exec VP of Nabisco Brands Inc., and president of International Brands, had been named president-ceo of Nabisco Brands Inc., and president-ceo of R.J. Reynolds Tobacco USA and had been given the additional title of chairman of R.J. Reynolds Tobacco USA.

Mr. Greeniaus reports to James O. Welch Jr., vice chairman of RJR Nabisco and chairman of Nabisco Brands Inc. Charles J. Chapman, previously president and chief operating officer of Nabisco Brands, was named to the new position of president, Nabisco Brands North America. Replacing Greeniaus as president of International Nabisco Brands is Peter N. Rogers, previously president of Nabisco Brands USA.

RJR assigned the Planters & Life Savers operation to R.J. Reynolds Co. from its current reporting structure in Nabisco Brands USA. The Planters and Life Savers business is headed by Martin L. Orlowsky, president, who reports to Edward A. Horrigan, vice chairman of RJR Nabisco and chairman-ceo of R.J. Reynolds Tobacco Co.

In addition, Del Monte Corp. will report to Mr. Welch. Del Monte, headed by President and Chief Operating Officer Paul J. Bott, previously reported to Robert J. Carbonell, senior exec-VP and chief administrative officer, RJR Nabisco.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	50,347	73,321
Magazines	135,657	164,123
Newsp. supp.	36,930	35,883
Bus.pubs.	2,618	1,835
Network TV	155,715	127,814
Spot TV	38,455	37,485
Network radio	3,954	9,334
Spot radio	9,286	7,935
Outdoor	82,820	94,701
Network cable	10,455	8,339
Total measured	526,237	560,770
Unmeasured	408,799	435,625
Total	935,036	996,395

RJR NABISCO
1100 Reynolds Blvd.
Winston-Salem, N.C. 27105
(919) 773-2000
R.J. REYNOLDS TOBACCO CO.
Marketing Personnel

Edward A. Horrigan, Jr., chmn-ceo
Jack J. Manning, sr vp-mktg
Gerald W. McKenna, vp-mktg planning
Richard A. Kampe, president, R.J. Reynolds Development Co.

R.J. REYNOLDS TOBACCO USA
Marketing Personnel

Gerald H. Long, chmn-president-ceo
Clyde W. Fitzgerald, Jr., sr exec, vp-sales & mktg
John T. Winebrenner, sr vp-mktg
Lawrence W. Hall, Jr., vp-mktg devel
David B. Fishel, vp-pr
Richard Sanders, mktg dir
John Herberger, mktg dir
David Iauco, mktg dir
George Baroody, group dir-mktg svcs
Al Barnett, dir-promo
Dan Pearson, dir-media

Advertising Agencies

FCB/Leber Katz Partners, New York—Salem, Vantage, Ritz—Stanley H. Katz, chmn; Robert T. Hirsch, exec vp-mgmt rep; Angelika Adler, Janice C. Lee, vps-mgmt supers; Alexander Mohtares, Jack Silverman, sr vps-exec creative dirs.

Long, Haymes & Carr, Winston-Salem, N.C. —Doral, special events—Donald N. Adams, chmn-ceo; Bob Graham, vice chmn-chief creative officer; Logan McCabe, Francie Thompson, acct supers.

McCann-Erickson, New York—Camel, Winston—Greg Bathon, exec vp; Simon Marlow, Barry Schweig, sr vps-mgmt reps; Lonnie Soury, David Matthews, acct supers; Dave Pastore, Charlotte Rashti, acct execs; Bob Summers, Mike Koulermos, Hy Varon, sr vps-assoc creative dirs; Abbe Bates, acct exec-promos.

Tatham-Laird & Kudner, Chicago—Century —Charlotte Beers, mng partner-ceo; William Youngclaus, mng partner-coo; James R. Hill, mgmt super; Peg Martin, acct exec.

Young & Rubicam, New York—More, Now —Jane Brite, sr vp-group dir; Mike Feldman, vp-mgmt super; Mitch Hershey, Tony Pace, mgmt supers.

R.J. REYNOLDS INTERNATIONAL
Corporate Personnel

Lester W. Pullen, chmn & ceo
Dale F. Sisel, president
Edward J. Lang, exec vp
Klaus D. Langner, exec vp

Marketing Personnel

Howard M. Banwell, vp-mktg
Ronald J. Field, dir-pr

Advertising Agency

McCann-Erickson, New York and international affiliates-Camel worldwide. Other brands handled through a variety of agency assignments country by country.

DEL MONTE CORP.
Corporate Personnel

Dr. Robert J. Carbonell, chmn
Paul J. Bott, president & ceo

DEL MONTE USA
Marketing Personnel

Fernando R. Gumucio, president & ceo
Ewan MacDonald, sr vp-mktg
Bob Gibson, sr vp-sales
Stephan Rothchild, vp, strategic business unit dir-Del Monte veg & tomato prods
Gordan Chapple, strategic business unit dir-fruits
Ted Taft, strategic business unit dir-beverages
Deb Edwards, strategic business unit dir-fruit snacks
Doug Bargengvast, strategic business unit dir-Hawaiian Punch
Dee Ann Campbell, dir-mktg svcs
Bob Motzl, group mng consumer promo
Kristi Outzem, mng-adv svcs
Karen Bachmann, dir-pr

DEL MONTE TROPICAL FRUIT CO.
Marketing Personnel

John P. Polychron, president-ceo
Robert Guldin, vp-North American mkts
Ben E. Klein, sr vp-North American mkt devel
Donald L. Lund, vp, general sales mng

Advertising Agencies

Lowe Marschalk, New York—A1 Steak Sauce, Grey Poupon Dijon mustard, Chun King —Dan Cohen, mgmt svc dir; John Most, mgmt super.

McCann-Erickson, San Francisco—canned fruits & vegetables, Del Monte juices, fruit snacks, tomato prods, pickles and relishes, fresh fruit—Arkie Koehl, Walter Menzel, sr vps-mgmt supers.

NABISCO BRANDS
East Hanover, N.J.
Corporate Personnel

James O. Welch, Jr., chmn
H. John Greeniaus, president-ceo

NABISCO BRANDS NORTH AMERICA
Parsippany, N.J.
Corporate Personnel

Charles J. Chapman, president

Marketing Personnel

Bruce J. Wood, vp-planning & mktg svcs
Melvin Perlmutter, sr dir-mktg svcs
Robert Garguilo, dir-mktg svcs
Robert Springer, dir-adv svcs
Dante Bonardi, dir-broadcast commercial production
Louis J. Rubinacci, dir-natl tv
Teri Guarasci, mng-spot tv/radio/print

BISCUIT DIVISION
Corporate Personnel

William B. McKnight, Jr., president

Marketing Personnel

Harold J. Lees, vp-mktg
Sharon Fordham, sr dir-new business
William Stuart, sr dir-mktg svcs
Carol Lewbell-Grey, category business dir-Oreos/Chip Ahoy
Mark Kapsky, category business dir-Almost Home
George Pace, category business dir-Nilla/Newton/Graham
Didier Foulon, category business dir-snack crackers
Eric Shullman, category business dir-Ritz
Fran Rose, sr dir-strategic planning
Michael Perry, dir-media, adv production

Advertising Agencies

McCann-Erickson, New York—crackers—Hank O'Brien, sr vp, group dir; Rob McKinley, mgmt rep, established brands.

Saatchi & Saatchi DFS Worldwide, New York—cookies, crackers—Joseph Mack, president; Raymond Caro, mgmt dir-biscuit div.

GROCERY DIVISION
Corporate Personnel

Ellen R. Marram, president

Marketing Personnel

John C. Mitchell, vp-mktg
Bruce Campbell, dir-breakfast foods
Roger L. Wagner, dir-margarine, desserts, pet snacks, reg brands

Advertising Agencies

FCB/Leber Katz Partners, New York—cereals, desserts, dog biscuits—Samuel Eisnitz, group mgmt dir; Linda Garrison, sr partner.

Tatham-Laird & Kudner, Chicago—Ortega, Fleischmann's Blue Bonnet, Egg Beaters.

PLANTERS & LIFE SAVERS
Corporate Personnel

Martin Orlowsky, president

Marketing Personnel

Robert W. Denny, vp-mktg
Sandy Putnam, dir-mktg, Planters
Valerie Friedman, dir-mktg, vend/single serve
William A. Pelicot, dir-mktg, hard roll candy/chewing gum
Wallace Meyers, dir-mktg, chocolate bars, chewy candy, brokered brands

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—candy, nuts, snacks—Ron Benza, sr vp, group acct dir.

Saatchi & Saatchi DFS Compton—candy, gum—Joseph Mack, president; Robert M. Egan, sr vp mgmt super.

Sara Lee Corp.
Chicago

RANK **32**

($ in millions)

	1987	1986	% chg
Worldwide			
Sales	9,155	7,938	15.3
Net income	267	223	19.5
U.S.	**1987**	**1986**	**% chg**
Sales	6,985	6,060	15.3
Pre-tax income	445	376	18.4
Advertising	272	286	(4.9)
Division sales	**1987**	**1986**	**% chg**
U.S. foods	3,185	2,797	13.9
Int'l cons. foods	1,472	1,335	10.3
Food service	1,893	1,523	24.3
Personal prods.	1,631	1,440	13.3
Household prods	1,087	943	15.3

Continuing to develop more of the value-added products for which it is noted, Sara Lee Corp. in 1986-87 claimed market-share leadership in several major categories.

Sara Lee, whose total U.S. advertising spending dropped 5% in 1986 to $271.6 million, largely because of cutbacks in print, claims market leadership in its big categories—frozen baked sweet goods, Hanes and L'eggs women's hosiery, Jimmy Dean and Hillshire Farm sausage and Kiwi shoe-care products. In other areas, its ranking is either very high, as in Hanes men's underwear (where it is No. 2 to Fruit of the Loom) or it has a high-profile position in its field, as in Fuller Brushes, Coach Leatherware, Electrolux vacuum cleaners, Aris Isotoner gloves and Bali bras.

The big marketing push at Sara Lee is on branded products. And the company is moving to use its full spectrum of distribution channels and interconnects its companies to gain efficiences.

For example, Hanes Hosiery, Winston Salem, N.C., recently applied New York-based Aris Isotoner's lycra-spandex stretch fabric to making women's panty hose. And rather than seeking exposure through national media, leaving the local promotion to local retailers—the more common hosiery-marketing practice—Hanes went directly into 20 markets across the U.S. with outdoor, both painted and poster, plus local market magazines such as city magazines. Start of the $1.6 million campaign was in October 1986; both Long Haymes & Carr, Winston Salem, and DFS Dorland (now Saatchi & Saatchi DFS Compton), New York, have contributed to Hanes Isotoner advertising.

In January 1987 Bali began test marketing what it terms a "revolutionary" new line of four brassieres and three pant-

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ies made of Isotoner fabric. Current testing is in Boston, Dallas and San Francisco, where local magazine print carries the message. In Boston, TV is supplementary. Saatchi & Saatchi DFS created the advertising.

At L'eggs, a reverse cross-breed is underway. That big hosiery maker, in marketing its first-ever non-hosiery product, is expanding its Sheer Energy pantyhose technology to gloves that gently massage the hands. The gloves carry the Sheer Energy brand and will debut in November 1987. Saatchi & Saatchi DFS Compton is the agency for L'eggs, along with Burrell Advertising, Chicago. And the same tough standards that Inspector 12 applies to Hanes men's underwear now go for the new line of Hanes Her Way ladies cotton panties, Hanes' first entry in women's undergarments. (Hanes says about 70% of its men's underwear is now purchased by women.) Ads, in print, from Long, Haymes & Carr, kicked off in May 1987.

Integration also has come to the company's food units. Kitchens of Sara Lee, Deerfield, Ill., in July 1987 introduced its Sara Lee Snacks, five varieties of microwaveable, single-portion, hand-held entree or sandwich items. These are sold retail at convenience stores for "a meal on the go." Also in July this year, piemaker Chef Pierre Inc., Traverse City, Mich., introduced for foodservice use an eight-item line of microwaveable, hand-sized "sandwiches to go." They include four breakfast items with eggs and four lunch versions such as a reuben complete with corned beef and sauerkraut. In addition, Chef Pierre made a July 1987 introduction of its frozen foodservice Tarts, a line of four hand-sized desserts in raspberry, blueberry, peach and lemon.

Sara Lee's meat companies also are moving onto the convenience store carryout counter. Hi-Brand Foods, Peachtree City, Ga., is marketing its Burger Fleet 100% beef patty in a bun and its line of 12 Biscuit Fixin's sandwiches in a biscuit, both microwaveable.

Underlying these product integrations are Sara Lee's moves to begin coalescing its companies into workable product groups. The company transferred the marketing and sales responsibilities of Chef Pierre to Kitchens of Sara Lee in 1987. Both operations make frozen baked goods. Rudy's Farm, Nashville, Tenn., packer of a line of sausage and biscuits, now includes in its jurisdiction R.B. Rice of Summit, Mo., a sausage packer. Hillshire Farm Co., New London, Wis., and Kahn's & Co., Cincinnati, cooperate in advertising and other marketing efforts. With Jimmy Dean they are Sara Lee's national meat marketers in contrast to the corporation's many regional retail and foodservice meat suppliers. In mid-1987, two Sara Lee packers of Italian-style and other processed meats, Gallo Salame, San Francisco, and Galileo Capri Salami, San Lorenzo, Calif., combined operations to form a new company, Gallo/Galileo Salame.

This July, Sara Lee pulled together three of its companies into a strategic business unit called Hosiery Group of Sara Lee Corp., based in Winston-Salem, N.C. Participants include Hanes Hosiery, L'eggs and Hanes DSD, the latter a distributor of L'eggs and other Sara Lee and non-Sara Lee products. Chairman/ceo is Weldon Schenck, who moves up from the presidency of Hanes Hosiery. President/chief operating officer is Walt Pilcher, formerly L'eggs president. John Piazz, former L'eggs marketing VP, is the new L'eggs Products president, and Phil Hiscock is new Hanes Hosiery president, moving from the same post at Hanes DSD.

In a related efficiency move that crosses business segment lines, Fuller Brush Co. moved its headquarters from North Kansas City, Mo., to Winston-Salem to take advantage of the efficiencies of growing Sara Lee operations there, which, for example, include in-house advertising services.

Most Sara Lee divisions showed strong growth in operating income for 1987. For U.S. Consumer Foods, Sara Lee's biggest segment, operating income was up 40.7% to $184.9 million. Consumer Personal Products bettered its operating income figure by 23.5%, rising to $178.6 million in 1987. International Consumer Foods made a 39.3% jump in operating income to $98.1 million. Consumer Household Products made a modest operating income gain, rising 2.4% to $120.4 million. Foodservice was almost flat in operating income, making about $49.8 million both years.

In acquisitions, Bil Mar Foods, Zeeland, Mich., was acquired in May 1987. Bil Mar, with distribution in the Midwest, produces Mr. Turkey brand turkey products and other table-ready meats at retail and Bil Mar brand for foodservice customers. Seitz Foods, a Midwest luncheon meat and hot dog producer based in St. Joseph, Mo., was acquired in July 1987.

Other additions were Green Hill Inc., a sausage-maker selling in the Mid-Atlantic region; Landlock Seafood Co, which distributes fresh and frozen seafood; Ralston Foodservice, added to Standard Meat Co.; Ozark Salad Co., added to R.B. Rice, and Wolferman Inc., Kansas City, Mo., an English muffin maker.

After divesting six branches last year, Sara Lee's big entry in the $73 billion foodservice industry, PYA/Monarch, based in Greenville, S.C., added four new distributors.

In December 1986, Sara Lee acquired the 86% balance of Nicholas Kiwi of Australia not acquired in its 1984 purchase. Kiwi sells in more than 145 countries. Sara Lee is working to make its personal care and household care line mesh with Intradal, the Dutch personal-care products producer which is strong in Europe.

Early in 1987, Sara Lee bought 24% of Europe's biggest hosiery maker, DIM S.A., Paris, for $86 million.

Sara Lee's big divestment was its sale in January 1987 of Popsicle Industries Inc., Englewood, N.J., to Gold Bond Ice Cream Inc., Green Bay, Wis. for an undisclosed sum. Popsicle is the market leader with about a 17% share of the frozen novelty confection field. A Sara Lee source explains that frozen confections, with their need for a dedicated distribution system and an extra-cold environment, did not fit in with the company's systems for frozen baked goods.

While personal products advertising was off for the year, food advertising dollars were strong. Popsicle spending, in the Sara Lee count for the last time in 1986, was $6.7 million, up 15% from 1985. The company's commitment to Popsicle's success was evident in the measured media backing it gave, 66% higher than 1986 spending of $4.02 million for its new Bagel Time bagel entry (that product's first full year of spending) and 1% higher than combined spending of $5.98 million in 1986 for Kitchens of Sara Lee's brand new Hearty Fruit Muffins, its croissants, frozen cakes and other desserts. Kitchens of Sara Lee in 1987 holds a 39% share of the frozen baked sweet goods market, up from 38% in 1986.

The bulk of the bagel spending, up nearly fourfold from 1985, was for network TV. Croissant ad spending, largely on network TV, was down sharply in 1986, to $1.98 million vs. $6.1 million in 1985.

Sara Lee's meat expenditures jumped an impressive 71% to $25.4 million in 1986. The advertising relies heavily on spot TV because most of the producers are regional. The national meat companies among them spend heavily on network TV. Hillshire Farms spent $8.8 million on network TV, promoting products including its new 6-inch bun-size wieners and its new Mild and Country Smoked Bacon packed in convenient one-pound sizes.

For 1986, Hanes and L'eggs hosiery advertising was down 31%, to a combined $42.3 million. Separately, Hanes spending was off 29.3% to $16.6 million, and L'eggs was down 32.4% to $25.7 million. The L'eggs hosiery lines currently hold a 48.6% share of market, compared with 47.9% a year ago. Hanes hosiery is the leader in department and specialty stores and currently holds a 40% share of market, down from 42.4% in 1986, a drop that reportedly puzzles Hanes management since shipments have been high. Bali spending dropped 150% to about $646,000 in the seven-media media totals compiled by BAR/LNA. Aris Isotoner advertising was up sharply, rising 30% in 1986 to $14.2 million. Hanes Underwear leaped 83%, reaching $19.9 million.

Major management changes at Sara Lee in 1986 included Robert E. Elberson moving from president/chief operating officer to vice-chairman of international operations; John B. McKinnon advancing from exec VP to president in charge of all U.S. operations, and Paul Fulton, formerly senior VP in charge of all Hanes divisions, moving up to senior VP in charge of all packaged apparel and frozen baked goods operations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,881	3,350
Magazines	22,531	27,819
Newsp. supp	421	830
Bus pubs	90	0
Network TV	71,879	64,129
Spot TV	25,284	26,175
Network radio	3,091	2,313
Spot radio	2,078	10,147
Outdoor	782	18
Network cable	1,928	1,974
Total measured	129,965	136,755
Unmeasured	141,658	149,059
Total	271,623	285,814

SARA LEE CORP.
Three First National Plaza
Chicago, Ill. 60602-4260
(312) 726-2600
Marketing Personnel

Joy Sardinsky, prod mgr-women's and men's gloves & knitwear, Aris Isotoner
Adrienne Kuman, prod mgr-Isotoner slippers, new prods
Jean Gariepy, vp & genl mgr, Bali Co.
Doug Jotcham, dir-mktg, Bali Bras
Karyl Chongas, dir-mktg, Bali Panties
Randy Fluharty, dir-mktg, mass brands, Bali Co.
Robert B. Crawford, vp-sales & mktg
E. James Weber, vp-sales & mktg
Ken Houskamp, mktg mgr
Joe Gordon, prod mgr, beef
Tim Howlett, prod mgr, convenience foods, foodsvcs div
Warren Waters, vp
Georg F. Kent, prod mktg mgr, self svc
Michael Briggs, prod mktg mgr, svcd deli, retail prod div, Bil Mar Foods, Inc.
Steen A. Metz, vp-business planning & devel, Booth Fisheries
John Lox, vp-mktg, Bryan Foods
Bob Hughes, dir mktg, Bryan Foods
Jay Leigeber, group prod mgr, Bryan Foods
Billy Brown, vp-sales & mktg, Buring food group
George Cook, dir, creative svcs, Canadelle
David Authier, dir mktg, Canadelle
Tom McCavley, sr vp, genl mgr foodsvc, Chef Pierre
Joyce Tyrrell, mktg mgr, Chef Pierre
Steve Kunkler, mktg mgr, Chef Pierre
Jonathan W. Landers, vp-mktg, Coach
Helen Chafkin, dir adv, Coach Leatherware Co.
Hans Damen, genl mktg mgr, Douwe Egberts, The Netherlands
Vells Wim, promo mgr, Douwe Egberts, The Netherlands
Michael Romer, coffee mktg mgr, Douwe Egberts, The Netherlands
Marcel Rykenberg, coffee mktg mgr, Douwe Egberts, The Netherlands
Menno Has, tea mktg mgr, The Netherlands
Steven Cooper, sr vp-planning & genl counsel, Electrolux Corp
Derek J. Stryker, vp-mktg/household, Fuller Brush Co.
Robert F. Balsdon, vp-mktg/commercial, Fuller Brush Co.
Ralph Nutter, vp-retail sales & mktg
Bob McHenry, genl mgr, deli foodsvc div, Gallo/Galileo Salame
Paul F. Wold, vp-mktg, Hanes Hosiery
Cathy Volker, vp-fashion, Hanes Hosiery
Carol Mabe, dir, Hanes brand
Pranay Shah, special project mgr, Hanes Hosiery
Steve Halbreich, adv mgr, Hanes brand
Jon Letzler, dir, Underalls brand
Molly Hughes, prod mgr, Underalls brand
Randy Royer, prod mgr, Fitting Pretty, Isotoner & Today's Girl brands
John Wigodsky, vp-mktg
Barry Boyd, vp-mktg, Hanes underwear
John Ceneviva, dir-mktg, Hanes underwear
Fran Braun, prod mgr, Hanes HerWay
Don Fought, prod mgr-fashion underwear, Hanes
Collett Thach, prod mgr, men's and boy's cotton, Hanes
Bob Moser, prod mgr, classics, pocket t's Hanes Underwear
Debbie Sills, prod mgr, ShowToons, Hanes Underwear
Steve Lineberger, prod mgr-boxers, blend, thermals, Hanes Underwear
Kirk Beaudin, president, Hanes Printables
Jim Ostrowski, vp, Hanes Printables
Daniel Ness, adv mgr, Hanes Printables
Jan Kissimon, prod mgr, Hanes Printables
Teri D. Burgess, mktg mgr, Hi-Brand Foods
James M. Williams, vp-retail sales & mktg (Heartland state region)
William G. Klump, natl dir-mktg, Hillshire Farm Co. (natl)
Jack Sletten, vp-mktg, Hollywood Brands
Walter Balden, dir-mktg, Hollywood Brands
Maria Pavia, mktg admin, Hollywood Brands
W.L.M. Van Der Mee, genl mgr, Hollywood Brands
A.J.E. Van Charldorp, mktg dir-Netherlands, Intradal
Ed Jenkins, vp-mktg, Jimmy Dean Co.
Dan Anderson, dir-mktg, Jimmy Dean Co.
Elizabeth Young, brand mgr, Jimmy Dean Co.
Dini Hogeweg, mktg coord, Jonker Fris, The Netherlands
Martin Beyer, prod mgr
Rini Buys, sales mgr
M.T. Sherlock, vp-mktg, Kiwi Brands
I.T. Plane, prod mgr, HBA prods, Kiwi Brands
J.H. Phillips, prod mgr, shoe care, Kiwi Brands
J.T. Rickenbach, household, Kiwi Brands
J.P. Greenleaf, new prods, Kiwi Brands
Michael Flatow, vp-mktg, L'eggs
Ted Cooper, dir-new prods & base brands
Suzanne Clark, dir, Just My Size
Bill Muarry, dir-promo
Dave Hauber, dir-rsch & retail admin
Robert Fraser, vp-mktg, Lyon's Restaurants
Derek Johnson, vp-mktg
Llora Kendell, prod mgr, Moccomatt
Robert Wunder, bus devel mgr, Suntipt, Moccomatt USA (unit of Douwe Egberts)
Bob Alstrin, vp-sales & mktg, Peck Meat Packing Corp
Kathy Klopfenburg, dir-mktg, Emmber Brands, Peck Meat Packing Corp.
John Gates, vp-corp programs, PYA/Monarch
Phil Caruth, president, Poultry Specialties
Larry Wucher, vp-sales & mktg, R.B. Rice
Jerry Pattillo, dir-mktg, R.B. Rice
Greg Morre, vp-retail sales & mktg
Bob Roberts, foodsve prod mgr
Julie Simonds, retail asst brand mgr, Rudy's Farm
Thomas G. McCarly, vp-mktg & res/devel foodsvc, Kitchens of Sara Lee
Bruce Williamson, vp & genl mgr, bakery/deli, Kitchens of Sara Lee
Russel Applevard, dir-retail mktg, Kitchens of Sara Lee
Robert Tarkington, group mgr-retail adv, Kitchens of Sara Lee
Tom Colle, vp-sales & mktg, Seitz Foods
Joe Kaminsky, sr vp-sales & mktg, Sirena
Patty D. Lucia, sales coord, Sirena
Charles Stacey, exec vp-sales & mktg, Standard Meat Co.
Hal Carper, dir-mktg, Standard Meat Co.
Edward W. Breclaw, vp-mktg
Pamela Johnson, vp-gourmet sales
Mary Kay Buettgen, prod mgr, coffee
Michael E. North, prod mgr, foods, Superior Coffee & Foods

Advertising Agencies

Ally & Gargano/MCA Advertising, New York—Bryan/Smoky Hollow (all refrigerated processed meats)—Jim Feeney, sr vp-mgmt super; George Bauerschmidt, vp-acct dir; George Euringer, exec vp, creative super.

(In-House)—Aris Isotoner.

Barkley & Evergreen, Kansas City, Kansas—R.B. Rice creative & pr; Connie Bookmyer, acct exec.

Berry*Brown, Dallas—Jimmy Dean Sausage, Jimmy Dean Biscuits—Bob Berry, chmn.

Burrell Advertising, Chicago—Black adv, L'Eggs hosiery—Linda Pharr, sr vp-mgmt super.

Campbell Ewald, Detroit—Bil Mar Foods, Mr. Turkey brands—Dan Kiefer, acct exec.

Chiat/Day, New York—Kitchens of Sara Lee, retail—Ira Matathia, vp-mgmt super; Nigel Carr, vp-acct planner; Lauren Press, vp-acct super; Lynn Varsell, asst acct exec; Bob Zach, vp-media dir; Rob Pellizzi, media super.

Cramer Krasselt, Milwaukee—Peck Meats—Cory Block, acct exec.

Saatchi & Saatchi DFS Compton, New York—Hanes Brand—Michael Donahue, acct super; Lyn Salzberg, mgmt super; Susan Keating, acct exec. Bali Brand—Michael Donahue, exec vp & exec mgmt dir; Wahid Cheng, vp-acct super; Susan Keating, acct exec, Bali brands and panties, Isotoner bras and panties. L'eggs brands—Michael Donahue, exec vp-mgmt dir; Michael Leahy, sr vp-mgmt super. Coach—Lyn Salzburg, mgmt super; Elizabeth Peay, acct exec.

Martin Daylor, Schaumburg, Ill.—Moccomat coffee (by Douwe Egberts)—Marty Miller ,president.

D'Arcy Masius Benton & Bowles, Chicago—Hillshire Farm natl mktg—Clark Hine, exec vp, creative svcs; Bob Meuser, sr vp-mgmt super.

H.J. Delaney, New York—PYA/Monarch—Harry Delaney, president-acct exec; Booth Fisheries—Harry Delaney, president.

Dillard & Lavine, Dallas—Standard Meat Co.—Steve Lavine, acct exec.

Evans Advertising, San Francisco—Lyon's Restaurants—Tod Norgaard, exec vp-acct svcs; Martin D. Rockey, creative dir.

FHV-BBDO, Amstelveen, The Netherlands—Douwe Egberts Coffee—Bert Duynstee, Rob Troost, acct dirs, coffee.

Frankenberry, Laughlin & Constable, Milwaukee—Hillshire Farm heartland state region

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—Tami Quinlan, acct exec; Dick Papke, acct super; Steve Laughlin, creative dir.

Henderson Advertising, Greenville, S.C.—Hanes Printables consumer adv—Jim Brandhorst, president; Gordon McDonald, acct dir; Heyward Whetsell, mgmt super; Sharon Boretsky, acct exec.

Bill Hudson Inc., Nashville—Rudy's Farm—Nick Damico, acct exec.

Jordan, McGrath, Case & Taylor—New York—Underalls (Hanes)—Don Gilbert, acct super; Anne Kirkwood, acct mgr; Jeanine Hirschfield, acct exec.

Lewis, Gilman & Kynett, Philadelphia—Kiwi Brands, Kiwi, Bloo, Miracle White, Jonny Blue/Jonny Green, Toilet Duck, Sting Kill, Wood Preen—Joseph Barone, vp-mgmt super; Roger Farabee, Joe Fisher, acct exes.

Long, Haymes & Carr, Winston-Salem, N.C.—Mass Foundations Group (Bali, L'eggs, Hanes)—Loren Chamberlin, exec vp; Myra Faulkenberry, acct exec. Fitting Pretty, Isotoner—Don van Erden, mgmt super; Brian Marshall, acct super; Lynne Patram, acct exec. Hanes Underwear brands of mens, boys, girls underwear—Loren Chamberlain, vice chmn, chief mktg officer; Bill Britt, vp-mgmt super.

Malcy Spivak Inc., Kansas City, Mo.—Seitz Foods—Dennis Spivak, president, acct super; Melanie Thomas, acct exec.

John Malmo Advertising, Memphis—Buring Food Group—Bob Wittich, acct exec.

Ketchum/Mandabach & Simms, Chicago—Sara Lee foodsvc—B. Bentkover, sr vp-creative div; A. Mallen, acct super; C. Caravello, asst acct exec.

Maris West & Baker, Jackson, Miss.—Bryan canned meats—Gerrit Maris, president; Henry B. Ford, acct super.

Howard Marlboro Group, New York—Superior Coffee & Food, gourmet div—Jim Rowe, acct exec.

Lynn Medberry Associates, Los Angeles—Sirena swimwear line, Wear About beachwear line—Lynn Medberry, owner-acct exec; Edward Freeman, acct exec.

Media That Works, Cincinnati—Gallo—Eileen Wienert, acct mgr. Jimmy Dean, (all prods)—Mary Beth Price, president.

Mendenhall & Leistra, Grand Rapids, Mich.—Bil Mar and Deli Perfect brands—Bill Mendenhall, acct exec.

Noble & Associates, Chicago—Superior coffee & foods—Raymond Jorns, vp-acct service.

Northlich Stolley, Cincinnati—Chef Pierre—Bruce Mackey, acct exec.

Proctor & Gardner Advertising, Chicago—R.B. Rice media svcs—Rolfe Kolconay, acct exec.

Puskar, Gibbon, Chapin, Dallas—Jimmy Dean Mesquite smoked sausage, muffins, microwave sausage, chili, new prods—Jim Gibbon, president; Tony Dammicci, acct super.

Scott Advertising, Milwaukee—Emmber Brands, Peck Meat Packing—Chuck Reynolds, Kathie Cavallo, acct execs.

Simmons, Durham & Associates, St. Louis—Hollywood Brands—Ted Simmons, president, creative dir; Tim Tulloch, vp-creative; Mike Eckerd, vp-creative.

Sive Associates, Cincinnati—Kahn's & Co.—Hillshire Farm, natl mktg, media services—Phil Mandel, vp-mktg planning; Linda Jackson, acct exec.

Sullivan & Findsen, Cincinnati—Hillshire Farm natl mktg, sales promo, merch—Kirby Sullivan, president; Mike McCalmont, acct exec.

Uniworld Group, New York—Kiwi Brand, Kiwi Brands, Inc., Ambi, Mia—Herb Kemp, president; Miriam Muley, Maritza Roche, Rita Young, acct execs.

Carol H. Williams Advertising, San Francisco—Gallo, Galileo Salame—Robert Brown, exec vp, dir-client svcs.

Schering-Plough Corp.

RANK **43**

Madison, N.J.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,399	2,079	15.4
Net income	398	310	28.4
U.S.	**1986**	**1985**	**% chg**
Sales	1,416	1,257	12.6
Operating profits	313	240	30.4
Advertising	203	171	18.6
Division sales	**1986**	**1985**	**% chg**
Pharmaceutical	1,558	1,274	22.3
Consumer prods.	841	805	4.5

Schering-Plough, which pulls the lions share of its sales and earnings from ethical drugs, continued to build market strength in its consumer product lines, particularly Fibre Trim diet aid product and DuraSoft contact lenses by spending 18.6% more on advertising in 1986 than in 1985.

Fibre Trim, Schering-Plough's natural diet aid product, helped boost company over-the-counter sales by 28% in 1986. Introduced in December 1985 at a cost of $25 million, Fibre Trim is the largest single advertised product in S-P's lineup. Its measured media expenditure in 1986, according to BAR/LNA, was $16.5 million, which is expected to double in 1987, partially because of a calcium-added version introduced in December.

Also in 1987, a new OTC ophthalmic pharmaceutical, Ocuclear Eye Drops, was launched in January, backed by $10 million, largely network TV and print.

St. Joseph aspirin got a line extension, an aspirin-free liquid fever reducer, as did Drixoral with Drixoral Plus—a combination of symptom relief that includes a pain reliever and fever reducer in a long-acting OTC cold medication. Drixoral, formerly a prescription drug, is tied with Smith-Kline Beckman's Contac for No. 4, with a share of 8% in $1.1 billion cold-remedy market. Procter & Gamble's (Richardson-Vick's subsidiary) Nyquil leads with a 12% share, followed by two products from Burroughs Wellcome, Actifed (10%) and Sudafed (9%).

The company says expectations have been met for the first full year on the market for Afrin nasal spray and Tinactin antifungal medication. Afrin spending was boosted in 1986 to $3.5 million, up from $176,200, and Tinactin to $4.5 million, up from $1.7 million in 1985.

Maybelline cosmetics fought off strong competition from Noxell's Cover Girl at the beginning of 1986, coming out with an 18% share of the $2.43 billion color cosmetics category, down from 20.9% the prior year. Cover Girl claimed 15%.

Although Maybelline sales were down for the first three quarters and for the full year, they began to move upward again in the fourth quarter as product introductions and new advertising reached the market—a pace continued into 1987.

Maybelline launched 14 new products in the first quarter of 1987. Two of them, Maybelline aerosol mousse makeup and Eye Pearls eye shadow, were the first of their kind to reach the U.S. market.

Overall, Maybelline received $35 million in measured media support in 1986. Maybelline mascara received the largest expenditure of $9.1 million, down 5.2%; $4.9 million was spent on nail color, even with 1985, and $4.5 million supported Moisture Whip Lipstick, up 55%.

DDB Needham, Chicago, was named the major agency for the Maybelline USA division with an estimated $40 million in 1987 billings, replacing Ted Bates Advertising (now Backer Spielvogel Bates).

Suncare products turned in a record sales performance, largely because of the introduction of several new and reformulated products. The Coppertone line, which drew $4 million in measured media, down 27.2% from the prior year, was reformulated and repackaged in 1986, while Tropical Blend introduced a waterproof oil. Coppertone launched a spray version of sun protection for the tan-with-protection market, one of the groups of sun-conscious consumers the company had identified a year earlier. Water Babies, a non-stinging suncare product, entered the children's market. Solarcaine added a cooling aloe vera spray version, while a neon-tinted waterproof sunscreen, called Zinka, appealed to the fashion-conscious.

The Dr. Scholl's footcare line maintained its No. 1 market position as sales rose by 13%, to $135 million. The company expects to complete the sale of Scholl International during the third quarter. European Home Products PLC will pay Schering-Plough $160 million for the European, Latin American and Far Eastern portions of the Scholl business. Schering-Plough will retain the U.S., Canadian and Caribbean business. Dr. Scholl's products drew $6.9 million in measured spending, up 7.8% in 1986.

Wesley-Jessen, Schering-Plough's vision-care subsidiary, saw its sales skyrocket by 200% from $40 million in 1986. Company sources attribute the boost in sales to the enormous success of the DuraSoft 3 Colors soft contact lenses, which in one year have amassed a 15% share of the $450 million contact lens market. First to alter the appearance of any eye color, the product appealed to the fashion-conscious. It was backed by $8 million. DuraSoft 3 is being bolstered by new line extensions. A hazel opaque color version already has appeared on the market, while at least three other colors are on the drawing boards.

Pharmaceuticals account for 65% of Schering-Plough's sales. Several of these products—including Nitro-Dur, Theo-Dur, Lotrisone, Proventil and Normodyne—turned in especially strong performances, contributing to a 20% increase in pharmaceutical sales. Theo-Dur, an asthma medication, is the company's leading prescription product, with 1986 sales exceeding $120 million worldwide. Another asthma prescription medication, Proventil, had 1986 sales of $79 million, a 36% increase over 1985. The company expects total Proventil sales to exceed $100 million in 1987. A long-acting version of this product, Proventil Repetabs, was introduced in August.

Two cancer medications, Eulexin and Intron A, continued to be sold in the U.S. and abroad. Combined sales for the two products could hit $100 million by 1990, according to Rudolph C. Carryl, analyst with Value Line Investment Survey.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	141	200
Magazines	21,863	24,822
Newsp. supp	135	129
Bus. pubs.	1,236	1,392
Farm pubs.	436	560
Network TV	55,940	39,308
Spot TV	3,306	4,117
Network radio	11,442	4,847
Spot radio	1,694	5,871
Outdoor	679	1,030
Network cable	3,151	2,062
Total measured	100,023	84,337
Unmeasured	103,337	87,131
Total	203,359	171,468

SCHERING-PLOUGH CORP.
One Giralda Farms
Madison, N.J. 07940-1026
(201) 822-7000
CONSUMER OPERATIONS
Memphis

Corporate Personnel

R. Lee Jenkins, exec vp

Corporate Media Buying

Lake-Spiro-Shurman, Memphis—media placements for U.S. Consumer Operations, including Maybelline USA and Personal Care Group—Avron Spiro Jr., president; Gene Camerik, vp-media resources; Robert Maxwell, dir-mktg svcs; Ron Mednick, vp-media planning; Lewis Nolan, vp-comm; Lynn Sanders, vp-natl media.

MAYBELLINE USA

Corporate Personnel

David Brittain, president
Hank Pellegrin, exec vp

Marketing Personnel

Gary Mulloy, sr-vp-mktg, adv & mktg rsch
Bob Schreiber, vp-adv
Chris Berry, vp-new ventures
Roz Daiboch, vp-prod devel
Geoff Crane, group mktg mgr-Blooming Colors, Long Wearing, special projects
Cathy Wills, group mktg mgr-Moisture Whip, Expert Eyes, face & lips prods
Ken Goff, group mktg mgr-Shine Free, Mascara & Liner prods

PERSONAL CARE PRODUCTS (Plough USA, Scholl USA)
Chicago

Corporate Personnel

Mike Pietrangelo, president

Marketing Personnel

Gerry Nobrega, sr vp-mktg & adv
Russell Elliot, sr vp-mktg & adv rsch
Robert Cullen, vp-new prods
Tony Guiliano, vp-suncare prods
Jim Roudebush, vp-footcare prods
Steve Bobowski, sr business dir, proprietary drugs
Don Anderson, dir-mktg foot health prods
Tim Ballage, dir-mktg specialty footcare prods
Miller Slaughter, dir-mktg insoles, Legatrin, sports medicine prods

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Dr. Scholl's—Lynn King, acct super; Joan Rothberg, exec vp.

Robert A. Becker Inc., New York—prescription prods—Robert A. Becker, president; Raymond Perry, sr vp-mgmt super; Doug Frank, acct exec.

Bergelt Advertising, New York—Schering veterinary ethical prods—Edward Bergelt, chmn; Robert Trybus, president; John Fraoli, vp-art dir; Jay Levy, acct exec.

Bloom Cos., Dallas—Di-Gel, Aftate, Feen-a-mint, Solarcaine, Shine Free, Tropical Blend—Sherri Babcock, acct super.

Bryant, Lahey & Barnes, Overland Park, Kan.—Continental Animal Health, American Scientific Laboratories—Forrest Bryant, president; Lorraine Barnes, vp-acct super.

DDB Needham Worldwide, Chicago—all Maybelline cosmetics, incl. Moisture Whip—Dawn Hudson, group acct dir; Mary Conrad, mgmt rep; Nancy Bernstein, Catherine Schulte-Herrman, acct supers; Beth Kennedy, Patrick Collins, acct execs.

Della Femina, Travisano & Partners, New York—Coppertone—Michael Meyer, group dir; Barbara Carr, acct super; Karee Rubinstein, asst acct exec.

Ketchum Advertising, New York—medical, paramedical, trade & consumer promo, otc prods—Paul J. Abrams, sr vp-dir, sales promo.

Lewis, Gilman & Kynett, Philadelphia—prescription prods—Charles Mathias, vp-acct super; Warren Dordine, acct exec.

William Douglas McAdams, New York—prescription prods—Irwin Gerson, president; Anthony D'Onofrio, sr vp; Joseph Carobene, vp-acct super; Irving Swab, acct super.

Ogilvy & Mather, New York—Chlor-Trimeton, Fibre Trim, new prods—Doug Bruce, sr vp-mgmt super.

Rolf Werner Rosenthal, New York—prescription prods—Rolf W. Rosenthal, president-ceo, Ronald J. Souza, sr vp-dir, client svcs; Phil Brady, vp-acct group super; Paul Schneider, acct super.

Warwick Advertising, New York—St. Joseph's prods, Duration, Sardo, Artra, Sulfer-8 line, Black & White line, QT prods, Correctol

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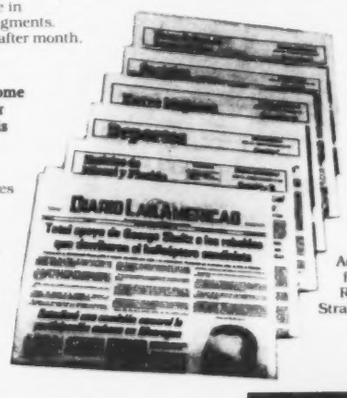

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Represented nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

laxatives, Mexsana medicated powder, Aspergum, Sudden Tan.

Young & Rubicam, Chicago—Dana Anderson, vp-mgmt super; Blake Thomas, acct super; Michael Powers, acct exec; Mary Hasten, assoc media dir; Linda Cyza, media super; Jo Ann Relland, media planner.

INTERNATIONAL GROUP
Corporate Personnel

Ron Mohling, president
Ricardo Borserini, dir-southern Europe
John Conte, genl mgr-Rimmel Cosmetics (U.K.)
Harold Kleber, genl mgr, Chicago Cosmetics (W. Germany)
Raul Ordonez, dir-Latin America
Michael Scholl, dir-northern Europe
Ake Tahti, dir-Scandinavia, central Europe
Doug Witherspoon, dir-Canada, South Africa, Australia, New Zealand
Peter Wrightson, dir-Pacific Asia

Marketing Personnel

J. Richard Briscoe, sr vp, mktg & adv
Pat Trezona, vp-mktg

PHARMACEUTICAL OPERATION
Schering Laboratories
Kenilworth, N.J.
Marketing Personnel

J.P. Garnier, sr vp-otc
Rogers Campbell, dir-new prods
Robert Nissen, dir-mktg
Kent Stephan, dir-mktg
Steve Schneider, sr vp-Rx
Edward Heimers, dir-mktg
Joshua Weinstein, dir-mktg

WESLEY-JESSEN
Chicago, Ill.
Marketing Personnel

Grady A. Deal, president
Fred Fritz, vp-mktg & sales
Thomas Steiner, dir-mktg

Seagram Co. Ltd.

RANK **91**

Montreal

($ in millions)

Worldwide	1987	1986	% chg
Sales	3,346	2,971	12.6
Net income	423	319	32.7
U.S.	**1987**	**1986**	**% chg**
Sales	1,778	1,739	2.2
Operating income	(67)	14	(578.6)
Advertising	95	109	(13.3)

While Seagram Co. Ltd., Montreal, continued to prosper, the wines and spirits marketed by its principal U.S. subsidiary, Joseph E. Seagram & Sons, New York, suffered from an overall slump in the U.S. industry brought on by lower consumption, increased competition and the need to support product lines with heavy promotional dollars.

The slump is reflected in a decline in operating income in the U.S. from $14 million in the fiscal year ended Jan. 31, 1986, to a loss of $67 million for fiscal 1987. Part of the loss included $35 million in restructuring costs related to the sale of some of its U.S. wine business and reorganization of its U.S. spirits marketing division.

The company has stepped up its advertising and sales promotion spending worldwide, boosting its fiscal 1986 outlays 10.3%, to $344.2 million for fiscal 1987, an increase reflected largely in stepped up spending in the wine and spirits cooler categories.

Seagram Co. Ltd., controlled by Canada's Bronfman family, is the world's largest producer and marketer of distilled spirits and wines, with affiliates in 27 countries. The company also owns a 22.5% stake in E.I. du Pont de Nemours & Co., from which it folded into its net income $154.1 million in dividends and $169.1 million in unremitted earnings in fiscal 1987.

In April 1987, Joseph E. Seagram & Sons reorganized its House of Seagram unit, replacing the House's four national spirits companies with a single sales force, one marketing unit and centralized finance and administration. House of Seagram is the New York-based company's domestic marketing arm for distilled spirits and wine coolers. The four companies, Seagram Distillers Co., 375 Spirits Co., Perennial Sales Co. and Summit Sales Co., in effect, were eliminated.

The group that markets Seagram's wine coolers, Seagram Beverage Co., was unaffected by the reorganization, and it remains inside the House of Seagram but separate from the spirits unit. It is headed by C. Richard Coffey, president. Also not affected by reorganization were the subsidiaries that market California and imported fine wines: Seagram Classics Wine Co. and Seagram Chateau & Estate Wines Co. Both are separate from the House of Seagram and no longer under Seagram Vintners, which was dissolved with the sale of Seagram's mass market wines.

The restructuring is meant to fine tune Seagram marketing on the local level where grocers, liquor store chains and large independent stores have grown highly influential in retailing of distilled spirits and wines.

The big ad money at Seagram in 1986 chased the wine cooler market in which it spent $26.7 million on Seagram's wine coolers with $16.3 million of that total spent on Seagram's Golden wine cooler. These were among the few products that received greater measured spending in 1986 compared with 1985, when companywide measured spending was 13.4% higher.

The $1.2 billion wine cooler industry is dominated by the big ad spenders. According to *Impact*, M. Shanken Communications' New York-based trade journal for the wine and spirits industry, Seagram, with three cooler entries, held a combined estimated share of 13.6% in 1986 (up from 9.3%). This compares to Gallo's Bartles & Jaymes 22.9% (17.5% in '85), Brown-Forman Corp.'s California Cooler, 17.5% (26.8% in '85) and Canandaigua Wine Co.'s Sun Country, 14% (13.8% in '85). Seagram and Gallo both supported their coolers with $30 million in advertising, while Canandaigua spent $29 million, and Brown-Forman spent $25 million.

Seagram's original and premium wine cooler brands were joined in 1986 by Golden wine cooler, whose sales rose to 4 million cases as a crooning Bruce Willis, of ABC-TV's hit series "Moonlighting," became spokesman for the brand. A spirit-based line of coolers, Seagram's Golden Spirits, also was introduced.

Among its spirits, the biggest Seagram ad outlay in measured media went to Seagram's Crown Royal Whisky. Ad spending of $6 million, up 3.4% from 1985, backed the premium brand, which had case depletions of 1.3 million, down 1.5% from 1985, according to *Impact*. Crown Royal and Seagram's V.O. Canadian Whisky together amassed a combined 62% share of the premium whiskey market. V.O.'s measured spending of $3.4 million was down 49%.

Seagram's Extra Dry Gin remained a top-seller with a 20% share of U.S. gin sales, backed by $3.2 million in measured support, down 17.9%. Seagram cut media spending 55% to $1.3 million for Seagram's Imported Vodka, which experienced a sales decline of 38%.

Chivas Regal premium scotch, which holds a 60% share of its category, was supported by $3.2 million in measured media spending, down 39.6%. Advertising, directed to a consumer who now consumes less spirits, stated, "Drinking less? Then drink better." The brand's first full-scale campaign targeted to blacks was launched by Mingo Jones, New York. Ads feature such well known people as Diahann Carroll as "Regal Women."

Seagram reassessed its role in the wine industry with the March sale of its mass market wine holdings, leaving the company to concentrate on two wine product categories—premium wines, which it considers to be the most successful segment of the wine business, and wine coolers.

Its popular-priced wine brands—Taylor California Cellars, Taylor New York, Great Western, Gold Seal Wines, Partager, a French table wine brand, and Paul Masson (to which the company retained Canadian rights)—were sold for $220 million to newly formed Vintners International Co. Seagram now focuses on such premium brand names as Domaine Mumm, Sterling Vineyards and Bandiera Winery.

As a result of the sale, Seagram Classic Wine Co. has relocated to San Francisco from New York, while Seagram Vintners was dissolved. Former Seagram Vintners chairman Abdallah H. Simon, now serves as chairman of Seagram Chateau & Estate Wines Co., which remains in New York. Brands in this group include company-owned Sandeman ports and sherries, Perrier-Jouet champagnes and Torres Spanish wines.

In May of this year, the Seagram Co. Ltd. committed $12 million to create an industry-sponsored insurance group to provide liability insurance to spirits and wine retailers. Retailers have been affected by rising insurance liability premiums connected to driving-while-intoxicated accidents and related incidents.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,417	7,054
Magazines	23,369	29,685
Newsp. supp.	3,177	1,931
Bus pubs	603	1,053
Network TV	21,124	15,630
Spot TV	3,166	8,785
Network radio	1,959	521
Spot radio	519	1,092
Outdoor	10,140	15,370
Network cable	567	769
Total measured	71,038	81,890
Unmeasured	23,893	27,543
Total	94,932	109,433

JOS. E. SEAGRAM & SONS
375 Park Ave.
New York, N.Y. 10152
(212) 572-7000
Marketing Personnel

Edgar M. Bronfman, chmn
David G. Sacks, president
Richard K. Goeltz, exec vp-finance
Stephen E. Herbits, exec vp-corp devel
Stephen E. Banner, legal counsel to corp
Charles M. Andolsek, vp, Seagrams Co. Ltd.
Earl Axelson, vp-Human Resources, corp
Leslie Bluhm, vp-rsch & devel
John L. Brady, vp-pr
Ronald P. Carzoli, vp-human resources
Robert Cherundolo, vp-human resources-U.S.
Robert L. Cook, vp-labor relations
Wesley A. Corner, vp-packaging
Edward Falkenberg, vp-controller
William K. Friedman, vp-corp affairs
Alain deGunzburg, vp-acquisitions & devel
Kenneth Levine, vp-govt affairs
Arthur S. Margolin, vp-special asst to office of chmn & president
M. Jacqueline McCurdy, vp-state & industrial relations
Edward F. McDonnell, president, Seagram International
Russell W. McLauchlan, vp-quality mgmt
Anthony L. Paalz, vp, dir-taxes
Daniel R. Paladino, vp-genl counsel & secty
Stephen Shechtman, vp-financial planning
Hannah S. Sistare, vp-public policy
Richard P. Swigart, vp-corp pr
Thomas Trainer, vp-mgmt info systems

HOUSE OF SEAGRAM
Marketing Personnel

Edgar Bronfman Jr., president
Peter Dimsey, exec vp-mktg
Jerome S. Mann, exec vp-sales
Martin H. Bart, sr vp-sales
Joel Boyarski, exec vp-finance & admin
James L. Chadwick, vp-new prod devel
C. Richard Coffey, president, Seagram Beverage Co.
Andrew Harman, vp-sales svcs
Sheldon Katz, vp-sales promo
Thomas K. McInerney, vp, dir-mktg, Seagram brands
Donald Nickless, vp-mfg
Arthur Shapiro, vp-mktg rsch & planning
Michael R. Stagliano, vp-control states relations
Bernard Solbof, vp-media
John Vandervort, vp-sales devel & svcs
Richard P. Shaw, vp, dir-mktg, 375 spirits brands
Angelo Vassallo, vp, dir-mktg, Perennial brands
Lawrence J. Weiss, vp-natl acct sales

SEAGRAM CLASSIC WINE CO.
Marketing Personnel

Sam Bronfman II, president
James L. Bareuther, exec vp-mktg & sales
Michael Harbison, exec vp-finance & admin
Louis Keyes, vp, dir-mktg
Bernard Ganter, dir-Mumm, N. America
Russell Ach, prod mgr
John Esposito, vp-natl sales mgr
John Agate, prod group dir
George Sandeman, prod mgr
Arnould Despointes, dir-import operations, B&G, N. America
Yoram Kafkafi, dir-Carmel wines, N. America
Louis Keyes, vp, dir-mktg
Barbara Edelman, pr dir

SEAGRAM CHATEAU & ESTATE WINES CO.
Marketing Personnel

Abdallah H. Simon, chmn
David S. Milligan, president
John W. Laird, vp-sales mgr, metro N.Y.
Maurice Lartigua, sr vp

Advertising Agencies

DDB Needham Worldwide, New York—Captain Morgan Rum, Chivas Regal, Crown Royal, John Jameson, Jameson 1780, Leroux, Mumm V.S.O.P. Cognac, Myers's Rum, Lord Calvert Canadian, Royal Salute—David Sklaver, exec vp, Mark Abrams, vp-mgmt super; Rick DeNatale, vp-acct super; Tom Dean, Chris Abelt, acct execs; Sue Finnigan, Brian Mulhern, asst acct execs.

Levine, Huntley, Schmidt & Beaver, New York—Armagnac DeMontal, B&G, Bersano, Broglio, Burnett's Gin, California Boutiques, California Estates, Calvert Extra, Carmel Wines, Crown Russe Vodka, Julius Kayser, Kessler, Kessler whiskey, Monterey Vineyard, Mumm Champagne, Nikolai Vodka, Passport Scotch, Ronrico Rum, Sterling Vineyard, Tuaca Liqueur, Wolfschmidt Vodka—Jane Pack,sr vp-mgmt super; Steve Barcan, vp-acct super; Paul Meyer, acct exec; Karen Kaun, asst acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Calif.—hispanic adv—Richard E. Dillon, president.

Mingo-Jones, New York—ethnic adv for various brands—Samuel Chisholm, sr vp-client services; Roland Chandler, vp-mgmt super; William McGuins, mgmt super; Marla Currie, Darrell Hilliard, acct supers; Ray Brown, media dir; Kalvin McDowell, acct dir.; Chestnut Crandell, asst acct exec.

Ogilvy & Mather, New York—Boodles Gin, Canadian Hunter, Golden Spirits, House of Seagram corporate, Seagram's Gin, Seagram Wine Coolers, 7 Crown, The Glenlivet, V.O.—Norman Berry, president-NY office, creative head-worldwide; Clifford Angers, sr vp-acct group dir; Michael Newbrand, sr vp-group dir; Joel Barad, vp-mgmt super; Jed Bernstein, Mark Goldman, mgmt supers; Harold Sogard, Greg Stern, Steve Kenety, Bruce Nathanson, acct supers; Paul Hesser, Betsy Lovejoy, Cathleen Frick, Marion Macaro, Tony Nieves, acct execs.

Sears, Roebuck & Co.

RANK **3**

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	44,281	40,715	8.8
Net income	1,351	1,303	3.7
U.S. advertising	1,005	800	25.6
Division sales	**1986**	**1985**	**% chg**
Sears	27,667	26,557	4.2
Allstate	12,638	10,379	21.8
Dean Witter	3,415	2,857	19.5
Coldwell Banker	1,152	949	21.4
Sears World Trade	N/A	236	N/A
Other	489	188	160.1

Sears, Roebuck & Co., after successfully diversifying into the growing consumer financial services arena, intends to strengthen its position as the nation's leading retailer by adopting a specialty retailing veneer.

Sears, which reported a worldwide advertising budget of $1.129 billion, up 15.8% from 1985, largely advertises in the U.S., according to a spokeswoman. Sears says its worldwide ad figure excludes catalog costs but includes $500 million for the Merchandise Group's newspaper budget, spent largely on local run-of-press and preprint newspaper ads, and $250 million for the Merchandise Group's broadcast budget. Allstate accounts for $26 million; Coldwell Banker, $10 million; Dean Witter, about $13 million, and more than $35 million for the Discover combination credit/financial services card.

Sears would not further identify what additional costs are included in its worldwide ad figure. Often overhead expenses such as salaries, office costs, rent and travel are included in published figures.

Newspaper preprints continue to be the chain's major advertising medium, and Sears remains ranked as one of the largest network radio advertisers, with a budget of more than $47.6 million in measured media spending.

In 1986 Sears began paying more attention to the Merchandise Group, the division which made it the world's largest retailer. The group includes 807 general retail stores, 24 smaller-sized stores, 658 catalog sales outlets, 52 specialty paint/hardware stores, 59 computer stores and 107 company-owned surplus stores.

Sears also franchises in-store dental, optical and photographic departments in many locations. As of July 1987, franchised dental centers operated in 74 Sears stores, while more than 600 optical centers were located in nearly every major market.

At each of its retail locations, an average 60.6% of 1986 merchandise sales were charged on Sears credit cards, compared with 62% in 1985. Although this percentage declined, a company spokeswoman says the difference was because more charges were made on the company's Discover Card. The Discover Card is Sears' key to cross-sell financial services and investments.

The Merchandise Group's retail credit and international operations in 1986 represented 61% of the company's $44.3 billion total revenues, down slightly from a 65% contribution in 1985. The company says domestic merchandising revenues improved 2.5%, primarily due to stronger sales of housing-related merchandise and apparel.

In 1986, Michael Bozic, formerly president of Sears Canada Ltd., was named chairman-ceo of the Merchandise Group, with the directive to modernize the unit. Mr. Bozic's strategy is to make Sears more of a specialty retailer; his first move was to buy Eye Care Centers of America Inc., a 42-store optical chain based in San Antonio. Mr. Bozic brought in former Sears executive Al Goldstein to oversee

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the company's specialty retailing strategy.

Mr. Bozic intends to upgrade the chain's 807 general merchandise stores to appeal to more fashion-conscious consumers. The strategy includes creating focused clothing "shops," such as McKids for children's casual clothing and Trader Bay, a young men's shop.

One of the Merchandise Group's main objectives is to get more "core customers" into Sears stores. A core customer is defined as one who has a Sears credit card and/or is a regular catalog shopper. A company executive says a typical Sears store gets 65% of its retail sales from 50% of the households in the market.

Last year the Merchandise Group opened 24 small and medium units, designed to serve markets with populations of 75,000 to 100,000, and Sears plans to have 15 more opened by the end of 1987. Many of the 10,000-sq. ft. stores sell Sears appliances and other hard goods exclusively.

Sears in late 1986 consolidated its estimated $125 million broadcast account at Ogilvy & Mather, Chicago. O&M had handled the estimated $75 million Sears appliances, tools and hardlines account, while DDB Needham, Chicago, handled the $50 million apparel account.

The consolidation reflected Sears' restructuring of its field management organization into three zones—North, Temperate and Sunbelt—thereby putting more emphasis on regional marketing programs. A Sears exec says it merely was a recognition "that people in different parts of the U.S. want to buy different goods."

Sears in mid-1987 announced it had agreed to extend its participation in QVC Network Inc.'s home-shopping cable TV program to March 31, 1989. West Chester, Pa.-based QVC has the exclusive TV rights to sell Sears' products.

Sears has expanded into insurance through its Allstate Insurance Group, Northbrook, Ill.; real estate via Coldwell Banker Group, Los Angeles, and stocks and other securities through the Dean Witter Financial Services Group, New York.

Sears remains optimistic that its nearly two-year-old Discover Card can hold the full range of financial services together—from credit to car loans, insurance policies to home mortgages.

The Sears Financial Network, Sears' umbrella name for Allstate, Coldwell Banker and Dean Witter, contributed more than $844 million in profits to Sears' 1986 net income of $1.351 billion. The members of the network each have primary responsibility for promoting the affiliation with Sears.

Allstate made a subtle change in its ad theme during 1986, adding "Leave it to the good hands people" as a preface to its "you're in good hands with Allstate" theme, now nearly 30 years old. Leo Burnett USA has handled the account since 1957. Current budget is about $30 million.

Allstate profits of $750 million on revenues of $12.638 billion helped boost Sears' corporate bottom line in the wake of somewhat disappointing results in the merchandise group.

Allstate is moving away from promoting its products as a convenient way to shop in Sears stores, instead focusing on outside agent locations, which represent the bulk of its business. Allstate has found its biggest success in the property-casualty insurance sector, in which it ranks second to State Farm Mutual Insurance Cos., Bloomington, Ill.

In 1986, Dean Witter Financial Services Group, New York, reported revenues of $3.415 billion but posted a $37 million loss due to the cost of introducing the Discover Card. However, the unit reported a profit of $37.1 million in the first six months of 1987. Discover Card, with more than 15 million cardholders, should begin showing a profit by 1988, says Dean Witter Chairman-CEO Philip Purcell, who notes Discover is well on its way to achieving its 1987 objective of becoming the leading card issued by a single bank. More than 617,000 merchants, including K mart, the nation's second-largest retailer, now accept the card.

J. Walter Thompson USA, Chicago, handles Discover's estimated $50 million account. An ongoing campaign concentrates on selling the practical benefits of using the combination credit/financial services card.

Although Dean Witter's bottom line is improving, a report issued by Paine Webber indicates Dean Witter's average return on equity, 7.7% in 1986, was below the 11.3% average return for national full-line companies. To improve its rate of return, Dean Witter is moving into investment banking, hoping to help fund takeover deals. Last spring, the brokerage house established a $250 million fund for investments in acquisitions in which it is a principal.

Dean Witter also sold 50 Sears Savings Bank retail branches in California to Citicorp. The company says consumer financial services will continue to be offered through the Sears Financial Centers.

Dean Witter, through Lord, Geller, Federico, Einstein, aired a new "You're somebody at Dean Witter" campaign, which featured celebrity siblings giving testimonials about the service they received. The first two siblings featured were TV director Dick Carson, younger brother of TV talk-show host Johnny Carson, and college coach Eddie Payton, younger brother of Chicago Bears running back Walter Payton.

During 1986, Coldwell Banker Real Estate Group continued to expand its market coverage and penetration. Earnings were up 9.8% and revenues jumped 21.3%. In 1986, Coldwell Banker sold 313,000 homes, an estimated 9% of all resale homes sold in the U.S., compared to a 1.3% market share when Coldwell Banker was acquired by Sears in 1981. The company expects its market share to hit 10.8% in 1987, or 350,000 home sales.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	42,934	19,190
Newsp. supp.	3,247	862
Bus pubs	741	875
Network TV	127,804	122,657
Spot TV	29,226	34,421
Network radio	47,658	20,803
Spot radio	21,928	16,505
Outdoor	309	430
Network cable	2,552	4,340
Total measured	276,398	220,083
Unmeasured	728,309	579,917
Total	1,004,708	800,000

SEARS, ROEBUCK & CO.
Sears Tower
Chicago, Ill., 60684
(312) 875-2500
SEARS MERCHANDISE GROUP
Chicago
Marketing Personnel

Michael Bozic, chmn & ceo-merch group
Joseph Batogowski, sr exec vp-merch
Alfred G. Goldstein, president, Sears specialty merch
Thomas E. Morris, vp-mktg
Ralph Hoch, natl retail genl merch mgr
A. Thomas Royal, natl catalog genl merch mgr
William Cora, natl retail adv mgr

Advertising Agencies

Vince Cullers Advertising, Chicago—Black consumer adv—Jeffrey Cullers, mgmt super.

Hispania Advertising (sub. of JWT USA), New York—Caroline Demy, sr vp-genl mgr; Marta Perez Gerdez, acct super, Chicago; Nancy Chaifin, acct rep.

Nellson-Woodward, Chicago—Yellow Pages adv—Garry Woodward, acct exec.

Ogilvy & Mather, Chicago—Apparel, home fashion, merch group, hard lines, Sears Business Systems Centers—Bill Whitney, exec vp-mng dir; Allan Mager, sr vp-group dir. Sears Business Systems Centers—Robert Vail, vp-mgmt super; Brenda Miller, acct super. Automotive and recreation—Robert Vail, vp-mgmt super; Don Campbell, acct super; Ole Riise, acct exec. Home improvements—Dan Delaney, vp-acct super; Paula Serios, acct exec. Appliances and electronics—Randy Seffren, vp-mgmt super; Jeff Totaro, acct super; Colleen Kelly, Bill Valtos, acct execs.

Ogilvy & Mather Promotions, Chicago—sales promotion—Mike Slott, vp-mng dir, James Neidorf, dir mktg; Cathy Parks, Brett Meeker, acct execs.

SEARS FINANCIAL NETWORK
Chicago
Marketing Personnel

Donald Holmes, mktg mgr

Advertising Agency

Marcoa Direct Advertising, Chicago—John Rosenberger, vp-acct super; Camille Thiele, asst acct super.

ALLSTATE INSURANCE GROUP
Northbrook, Ill.
Corporate Personnel

John K. O'Loughlin, sr exec vp

Marketing Personnel

John Flieder, asst vp-adv
Michael Scardina, adv dir
Kenneth Zarzynski, adv mgr
Ellen Steele, mktg mgr

Advertising Agency

Leo Burnett USA, Chicago—Ron Sims, acct dir; Nancy Voorhees, acct super; Jim Gregory, Kenneth Schmid, acct execs.

COLDWELL BANKER
REAL ESTATE GROUP
Los Angeles
Marketing Personnel

Robert A. Rist I, vp-mktg

Advertising Agency

BBDO/West, Los Angeles—Patrick Rogge, sr vp-mgmt super; Karen Sharp, vp-acct super; Madeline Greenberg, acct exec.

DEAN WITTER FINANCIAL
SERVICES GROUP
New York
Marketing Personnel

Nancy S. Donovan, exec vp-mktg dir
William Walsh I, vp-dir adv
Ernest Campo, dir-adv, Discover Card Service
William Salter, vp-mktg svcs, Discover Card
Rosalie Dedo, vp-mktg, Sears Savings Bank (Glendale, Calif.)

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—Dean Witter corp adv—Bruce Albert, sr vp-mgmt dir; Moira Hearne, Judith Ehrlich, mgmt supers; Edra Haynes, acct coord; Brian Magalski, acct exec.

J. Walter Thompson USA, Chicago—Discover Card Service—Bruce Beach, Bill Hooe, sr vp-acct dirs; Dinny Cosyns, vp-acct dir; Nancy Limberg-Meyer, acct super, consumer; Sally Smith, acct super, trade; Tom Condon, Marcie Pollman, acct reps.

RANK **37**

Sterling Drug

New York

($ in millions)

	1986	1985	% chg
Worldwide			
Sales	1,990	1,754	13.5
Net income	172	110	56.3
U.S.			
Sales	1,251	1,144	9.4
Operating profits	207	191	8.5
Advertising	221	232	(4.8)
Division sales			
Pharmaceuticals	304	269	13.0
Proprietary prods.	329	280	17.5
Household prods.	594	566	4.9
Sterling Int'l	781	657	18.9

Sterling Drug Inc. concentrated on its healthcare and consumer product core sectors in fiscal 1986, not only by increased advertising in those areas, although slightly, but through acquisition.

Sterling acquired Thompson & Formby Inc., which makes waterproofing and wood-refinishing products that will complement Sterling's Lehn & Fink's Minwax Co. It also purchased Woodroof Laboratories, which produces patented biosynthetic burn wound dressing that will provide Sterling's Winthrop Pharmaceuticals with entry into the category. Sterling also divested Hilton-Davis Chemical Co., an operation peripheral to its core.

Lehn & Fink, which accounts for 30% of worldwide sales by virtue of dominating the household and "other" products segment, funneled its largest measured advertising expenditure for a brand, $26.6 million, into Lysol. The total, however, was a decline of 27% from 1985. Lysol encountered an overall sales reduction from 1985, which the company credits largely to a heavy year-end sell in the previous year.

Some brand extensions under the Lysol banner had promising starts. Lysol Direct, a multi-purpose cleaner hit the national market in April 1986, supported by $4.5 million in measured spending, mostly network TV. Several Lysol products registered market-share gains such as Lysol deodorizing cleaner and Lysol toilet bowl cleaner. Lysol remained the market leader in its category. Love My Carpet received $2.4 million support, down 33%. Spending the previous year had been higher as a result of the addition of a "new ultra-fresh scent" to the line.

Results at d-Con were mixed. The increased sales of rodenticides were not enough to offset lower sales of d-Con insecticides which were affected by competitive pressures. As a brand, d-Con holds 10% of the $700 million household insecticide market. It trails market leader S.C. Johnson's Raid with about 50% and American Home Products' Black Flag with about 20%. The line was extended to include d-Con Mouse-Prufe II with improved anti-coagulant properties.

Measured spending behind d-Con was down 50.9% to $2.6 million in 1986. Several new products have debuted under the d-Con umbrella, including Logic, a fire ant killer, and d-Con mouse killing station.

Sales were particularly strong for Minwax's newer products such as Minwax Polyshades and Minwax high performance wood filler. The acquisition of Thompson & Formby Inc., with sales of $50 million, adds several growing brands. Already the leader in its field, Thompson's Water Seal scored double-digit sales increases and was backed by a $6.3 million budget.

Mop & Glo liquid floor wax was reformulated in 1986, although it received measured ad backing of only $2.1 million, down 34%.

Lehn & Fink's personal products continued to gain steam during 1986. In spite of a 9.3% dip in measured spending to $4.9 million, Ogilvie haircare products maintained a strong lead in the hair perm market. Ogilvie perms snared the top spot two years ago and have not given up that lofty position. According to a 10-month Nielsen track of perms in 1986, Ogilvie has 21.4% of the perm business, outpacing Unilever's Rave with a 13.7% share, Gillette Co.'s Toni with 12.4%, Procter & Gamble's Lilt with 11.4%, L'Oreal with 9.2% and Bristol-Myer's Kindness (from its Clairol line) with 4.4%. Spending for Tussy antiperspirants, a minor contender in the category, continued to decline—from $3 million in 1985 to only $276,100 in 1986.

The proprietary products division had a stellar year with almost all products recording gains. In addition to greater unit movement, the company enacted other cost-control programs which boosted the bottom line. For example, Glenbrook moved from a geographically oriented sales force to a customer-focused one. As a result, sales to key accounts rose sig-

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nificantly.

Bayer aspirin, marketed by Glenbrook Laboratories, held its own in the highly competitive analgesics category. Called in advertising "The wonder drug that works wonders," Bayer has reaped the benefits of physician awareness of the use of aspirin in prevention of second heart attacks and strokes. Glenbrook has taken this message to healthcare professionals through a medical advertising campaign. Thirteen million booklets concerning health facts about heart ailments were distributed to physicians and 30 million heart attack fact books were distributed to pharmacies last year. Sterling was granted approval in October 1985 by the Food & Drug Administration to advertise to and advise the health profession on the use of aspirin to prevent heart attacks in certain high-risk individuals.

Measured spending behind Bayer jumped 18.6% to $15.4 million. Bayer's challenge has been to retain its share against a host of ibuprofen entries. Glenbrook has opted for ibuprofen only in its Midol formulations.

Bayer's market share of the $2 billion category came in at about 10% in 1986, but it has been as high as 20% and as low as 7%.

Panadol received $11 million in measured support, a drop of 18.5% from 1985. The challenge of competing with market leader Johnson & Johnson's Tylenol continues to be an uphill battle. Analysts peg Panadol's market share at under 5% vs. J&J's 25%-plus. Panadol's positioning as an acetaminophen-based product was increased following February 1986's tampering episodes that again involved Tylenol. Children's Panadol has had greater success in cracking the market. Its measured spending of $4 million was down slightly from 1985.

In the $53 million menstrual remedies market, Glenbrook's Midol is the market leader with over 51% share, well above Pamprin's 30% and Premensyn's 13%, both products marketed by Chattem Inc. Spending behind Midol soared 76% to almost $7 million in 1986. Some $3.3 million of that went to support Midol 200, the new product featuring ibuprofen.

Creative new advertising helped boost Glenbrook's laxative products marketed under the Phillip's line, which received $5.5 million in measured spending, up 56%. Part of the spending included a new campaign for Milk of Magnesia that helped push Phillip's market share from 7.7% to 8.2% of the $625 million laxative market. A shift to saline laxatives could stimulate growth for Phillip's Milk of Magnesia in 1987. During 1986, Sterling also began to market Haley's M.O. to the 5.7 million laxative users who also experience hemorrhoids. Haley's is a combination of milk of magnesia and mineral oil.

The Stri-Dex medicated skin-care name was kept in front of teens with a measured expenditure of $3 million, up 17%. Stri-Dex is No. 3 in a market with an 11.8% share. Leader is Beecham Group's Oxy with a 23.7% share, followed by Procter & Gamble's Clearasil, 22.8%, according to A.C. Nielsen. During 1986, Stri-Dex was extended to include anti-acne cleansing pads in a larger size.

Neo-Synephrine became known as a line with a dosage strength for every member of the family. It was the only brand to show unit growth in the 1986 flu season. The product was backed with $2.1 million in measured spending, up 23.5%.

To augment sales of the Winthrop division's pHisoDerm, two line extensions are on tap. One is a pHisoDerm baby cleanser; the other is a cleansing bar. Launched in 1986, pHisoPuff disposable puffs go head-to-head with 3M Co.'s Buf-Pufs facial cleansing sponges. Spending behind the entire line, despite the extensions, declined 10.8% to $3.3 million.

Among pharmaceutical products, Sterling currently produces Danocrine, the leading medicine for endometriosis, and the popular Omnipaque, a product used in vascular procedures and which outsells the competition by about two-to-one, according to the company.

There were several management changes in 1986 including a turnover in marketing personnel within Glenbrook Labs. Robert Kinelski is now VP-marketing, replacing Robert Perlman.

Sterling solved its trademark case with Bayer AG when Bayer paid Sterling $25 million to buy back partial rights to the Bayer trademark, ending a prohibition dating from the end of World War I. Bayer, which invented aspirin, will still be barred from selling consumer products under its own name in the U.S. Sterling acquired the trademark after Bayer's assets in the U.S. were confiscated at the end of World War I.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	654	701
Magazines	9,595	11,434
Newsp. supp.	980	364
Bus. pubs.	301	179
Network TV	87,019	83,889
Spot TV	5,338	15,721
Network radio	6,158	3,749
Spot radio	851	1,980
Network cable	6,169	4,923
Total measured	117,064	122,940
Unmeasured	103,663	108,867
Total	220,727	231,807

STERLING DRUG
90 Park Ave.
New York, N.Y. 10016
(212) 907-2000
Corporate Personnel

Hillary Hinchman, corp dir-adv svcs

GLENBROOK LABORATORIES
Corporate Personnel

Robin D. Mills, president

Marketing Personnel

Harvey D. Homan, group prod mgr, new prods
Simon Johnson, group prod mgr
Robert S. Kinelski, vp-mktg
William A. Straus, group prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Phillips' line, Calcitrel—James A. Friedman, vp-acct mgmt super; Roger D. Groves, vp-dir acct mgmt; Tara Hansen, Peter Hubell, acct execs.

Dugan/Farley Communications Associates, Montvale, N.J.—medical communications—John P. Dugan, president.

Font & Vaamonde, New York—Spanish adv-Bayer line, Phillips' line, Panadol—Pedro Font, president.

Lowe Marschalk, New York—Diaparene line—Barry R. Linsky, exec vp-dir acct mgmt; Peter A. Detels, mgmt super; Terry S. Levine, acct super; James Overand, acct exec.

SSC&B, New York—Bayer line, Panadol—Alan R. Grazio, exec vp; Elliot G. Dorfman, sr vp-mgmt super; Anne Schoonover, Bruno Velcick, Stephen G. Barrett, acct supers.

Warwick Advertising, New York—Stri-Dex—Wilder D. Baker, president; Sean Driscoll, sr vp-group mgmt super; Victoria M. Amon, vp-mgmt super; Douglas E. Sweetbaum, acct super.

LEHN & FINK PRODUCTS GROUP
Montvale, N.J.
PERSONAL PRODUCTS DIVISION
Corporate Personnel

Herb Waller, president

Marketing Personnel

Peter Stearns, vp-mktg
Mort Weisburd, vp-sales

CONSUMER PRODUCTS DIVISION
Corporate Personnel

Richard F. Gaccione, president

Marketing Personnel

Joseph Healy, vp
Richard A. Bachman, category mgr, disinfectants/air fresheners/rug/laundry
Christine McArdle, category mgr, all purpose cleaners
Jon Krance, category mgr, bath-bowl cleaners/floor, LBD
Kevin Dunn, mgr-new prods

INDUSTRIAL PRODUCTS DIVISION
Corporate Personnel

John J. McAllister, president

Marketing Personnel

James Castello, vp-mktg
Donald Nowlin, vp-sales

MINWAX CO.
Montvale, N.J.
Corporate Personnel

Peter Black, president

Marketing Personnel

Ridgely W. Harrison III, vp-sales
James D. Murphy, vp-mktg

The d-CON CO.
Montvale, N.J.
Corporate Personnel

Earle K. Borman, president
David C. Hoffmeister, exec vp

Marketing Personnel

John J. McFadden, vp-sales dir
William Bassett, mgr-new prods
Marvin Matises, dir-mktg
Barry Lipsy, prod mgr, rodenticides, Rid-X
Thomas Murphy, group prod mgr, insecticides and Resolve

THOMPSON & FORMBY
Memphis, Tenn.
Corporate Personnel

Kenneth M. Evans, president

Marketing Personnel

Bill D. Stewart, vp-sales
Frederick D. Miller, vp-mktg
Fred W. Hundt, mktg mgr
Richard A. Loomis, sr prod mgr

Advertising Agencies

Gilbert, Whitney & Johns, Whippany, N.J.—Minwax consumer & industrial prods—John Mimnaugh, exec vp.

Jordon, McGrath, Case & Taylor, New York—Wet Ones, Chubs—Judy Neidert, acct super.

Ogilvie, Tussy, Dorothy Gray—Don Gilbert, sr vp; Anne Kirkwood, acct super; Suzanne Constantine, Jennifer Graham, acct execs; Ilon Specht, sr vp; Jim Loh, media super; Peggy Shelly, vp, assoc rsch dir.

Lowe Marschalk, New York—Lysol Pine Action, Lysol Laundry Sanitizer—Michael Lesser, chmn-ceo; Andrew Langer, president; Marshall Kapp, exec vp, Barry Linsky, exec vp; Carl Maier, sr vp, mgmt super.

Ramm Advertising—Rid-X Septic Aid, Energine Spot Removers—Ed Ramm, president; Jack Hernish, vp.

Slater Hanft Martin, New York—Thompson & Formby—Jerry Martin, chmn; Terry Koch-Bostic, sr vp-mgmt super; Kathy Callan, acct exec.

SSC&B, New York—Lysol prods, Love My Carpet, Beacon Wax, Mop & Glo, Perk—Robert Watsworth, exec vp; John Barnes, sr vp; Ray Hilton, Tom Perlstein, Doug Harting, acct supers; Kevin Driscoll, David Knise, acct execs.

Warwick Advertising, New York—insecticides, rodenticides and Resolve carpet cleaners—Peter Black, sr vp-mgmt super; Richard Lamley, vp-acct super; Joseph Kensil, Joanne Dionissiou, acct execs.

WINTHROP PHARMACEUTICALS
New York
Corporate Personnel

Harry A. Shoff, president

Marketing Personnel

Thomas L. Harkleroad, vp-sales
Thomas Giordano, dir-mktg planning
Joseph Scodari, dir mktg operations

Advertising Agencies

Carrafiello-Diehl Associates, Tarrytown, N.Y.—Talwin Nx, Talwin Injection—John S. Carlucci, vp-mgmt super.

Klemtner Advertising, New York—Corotrope—Sander Floum, acct super.

KPR, New York—Inocor—Mike Boyer, acct super.

Lavey, Wolff, Swift, New York—Danocrine, Omnipague—Charles Rockefeller, sr vp.

WINTHROP VETERINARY
Corporate Personnel

H. Dwight Koger, exec vp

Marketing Personnel

Michael Beaudrias, prod mgr, ethical
Bron Zienkiewicz, mktg and sales mgr, consumer

Advertising Agency

Sawyer, Riley, Compton, Gainesville, Ga.—veterinary pharmaceuticals & disinfectants, pet care prods—Louis Sawyer, vp-acct svcs; Terri Robbins, acct super.

WINTHROP CONSUMER PRODUCTS DIVISION
New York
Corporate Personnel

William J. Godfrey, president
Karl A. Brautigam, vp

Marketing Personnel

Susan D. Molofsky, dir mktg
Hugh Press, prod mgr
James I. Steinberg, prod mgr
Barry C. Cohen, asst prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Neo-Synephrine brand, pHisoDerm, pHisoPUFF—Roger D. Groves, exec vp; Nat Allen, vp-dir; Diane Whitehead, mgmt super.

Warwick Advertising, New York—Campho-Phenique, new prods—Kyle Felt, exec vp; Walker Berwick, mgmt super.

Stroh Brewery Co. RANK **63**

Detroit

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,499	1,502	(0.2)
U.S. advertising	129	113	13.9

Stroh Brewery Co. continued to redefine itself as a "beverage company" in 1986, as it rolled out Sundance, an all-natural sparkling fruit juice, to help ease the sting of industry-wide flat beer sales.

Additionally, the family-owned Detroit brewer introduced a non-alcoholic malt beverage, Barbican, in 1986, and purchased a share of Sleeman Brewing Co., a Canadian brewery, in May 1987, opening the Canadian market to some of its beer brands. Stroh's malt-based White Mountain Cooler was the fifth-ranked entry in the $800 million cooler market, carving out a 10% market share in 1986.

Stroh Brewery continued to hang onto its No. 3 ranking among U.S. brewers in 1986, despite a slip in market share for the second consecutive year.

Stroh's beer shipments were down from 23.4 million barrels in 1985 to 22.8 million in 1986, according to Emanual Goldman, analyst with Montgomery Securities, San Francisco. Stroh's sales dipped 0.2% to $1.499 billion in 1986. This ran counter to the industry, which experienced a slight movement from 178.7 million bbls. to 181.9 million, ending a three-year decline, according to beer analysts. Anheuser-Busch Co., St. Louis (No. 1), increased its shipments by 6% to 72.3 mil-

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lion bbls. in 1986. Miller Brewing Co., Milwaukee (No. 2), was up 4% to 38.7 million.

In 1986, Stroh's share of the total domestic beer market slipped to 12.5% from 13.1% in 1985. The brewer's 1984 share was 13.4%. Industry behemoth Anheuser-Busch increased its share of the domestic market from 38.1% in 1985 to 39.7% in 1986; Miller Brewing rose slightly, from 20.8% to 21.3%.

Stroh's entry in the soft-drink market, Sundance, was rolled out into seven new markets in the summer of 1987, after a one-year introductory run in California. There, according to John Bissell, VP of Stroh's special products division, sales of the 70% fruit juice-30% sparkling water beverage topped the $12 million mark. Stroh supported the introductory campaign with $7 million in California. The company is spending an estimated $70 million in advertising for the national rollout, which takes Sundance into New York, Chicago, Washington, Philadelphia, Phoenix, Detroit and Miami. The company expects first-year national sales to reach $80 million.

Stroh expects Sundance to become a major player in the fast-growing juice-added soft-drink market, a segment that grew to a 5.3% share of the total soft-drink market from only 1.4% in 1985. That segment is dominated by PepsiCo's Slice, which is 10% fruit juice. The theme for Sundance's ad campaign—"It's a Natural Time for a Sundance"—mimics Van Morrison's "Moondance," a pop song of the '60s. TV spots, with their high-gloss production standards and reflective tone, are aimed at the upscale consumer. The product is premium-priced at $2.50 for four 10-ounce bottles.

Stroh's malt-based White Mountain Cooler increased its market share from 6% in 1985 to 10% in 1986, generating about $80 million in total sales, according to Mr. Bissell. Stroh spent an estimated $14.3 million on its 1986 White Mountain ad program.

Stroh's flagship, Stroh's premium brand beer, continued to struggle as a national brand. In 1986, the Stroh's premium brand held only a 2.8% share, down from 2.9% in 1985 and considerably below its market share prior to its 1984 national rollout, according to Benj Steinman, executive editor of *Beer Marketer's Insights*, a beer industry newsletter. Budweiser dominates the brand charts with a 26.8% share, up from 26.1% in 1985.

Media expenditures by the 136-year-old brewer slipped 2.7% to $46.9 million in 1986, according to BAR/LNA. Support for Stroh's premium brand dropped from $34 million in 1984 to $26.5 million in 1985 to $22.9 million in 1986. By comparison, Anheuser-Busch posted $294 million in media expenditures, which accounted for 46% of total expenditures by the major brewers. Anheuser-Busch's support of its own flagship brand, Budweiser, increased 17.2% to $108.4 million in 1986.

Shipments of Stroh's largest-selling brand, the popular-priced Old Milwaukee, remained even at 7.6 million bbls., according to Mr. Goldman. He reports that media expenditures for the Old Milwaukee brand were up slightly, from $13 million to $13.1 million. Old Milwaukee had made some initial market gains after Stroh's 1982 purchase of Schlitz Brewing Co. But by 1986, Old Milwaukee's market share was back to 18.1% of the low-priced popular beer segment, or 1981 levels.

Meanwhile, the Schlitz brand continued its decline, as media support for the venerable brand fell from $7.5 million in 1982 to just $300,000 in 1986. Schlitz Malt Liquor's market share slipped from 39% in 1984 to 33.6% in 1986. Media support for Schlitz Malt Liquor dipped 65% to $2 million in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	880	704
Magazines	4,569	1,674
Newsp. supp.	69	77
Bus. pubs.	128	135
Network TV	42,207	38,110
Spot TV	14,120	9,629
Network radio	1,378	0
Spot radio	6,991	8,098
Outdoor	882	1,762
Network cable	1,070	3,292
Total measured	72,294	63,480
Unmeasured	56,396	49,520
Total	128,690	113,000

STROH BREWERY CO.
100 River Place
Detroit, Mich. 48207
(313) 446-2000
Marketing Personnel

Roger Fridholm, president
John Bissell, sr vp-special prods div
Christopher Lole, vp-gen mgr, Stroh Intl
John Hellweg, vp-mktg svcs
Dave Martin, vp-corp media
Marsha Bass-Atwater, dir-new prods
Fred Rubner, dir-import beers
Mike Jaeger, dir-adv & consumer promos
Charles Powell, dir-brand planning
Mark Steinberg, Stroh brand planning mgr
Liz Schubiner, Old Milwaukee brand planning mgr
Ed Kopecky, dir, dir-other prods
Peter Cline, vp-sales
William Henry, vp-sales/mktg admin

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Signature, Schaefer, Schaefer Light, Erlanger, White Mountain Cooler, Barbican, Konig—Richard Sellers, exec vp-group acct dir.

Badillo/Saatchi & Saatchi Compton, San Juan, P.R.—Schaefer, Schaefer Light, Puerto Rico—Jose Colon, acct super.

Burrell Advertising, Chicago—Schlitz Malt Liquor—Don Coleman, vp-mgmt super.

Grey Advertising, New York—Old Milwaukee, Old Milwaukee Light—Don Lowy, vp-mgmt super.

Lowe Marschalk, New York—Stroh's, Stroh Light—Paul Norwich, acct super.

Vic Olesen & Partners, Los Angeles—Schlitz, Schlitz Light—Eric Vonderlieth, genl mgr; Jeff Greenberg, mgr-Warren, Mich.

Ross Roy Inc., Detroit—Sundance Sparkler—Bruce Wagner, acct exec.

Wyse Advertising, Cleveland—Goebel, Piels—John Jefferson, acct super.

RANK **33**

Tandy Corp.

Ft. Worth, Texas

($ in millions)

Worldwide	1987	1986	% chg
Sales	3,452	3,036	13.7
Net income	242	198	22.6
U.S. advertising	262	187	40.3

Tandy Corp. last year revamped its computer product line and told its sales force to don white shirts and ties for visits to corporate customers. Today, the Fort Worth, Texas-based electronics company is winning respect and credibility from corporate buyers, although the battle is far from over.

Industry analysts generally laud Tandy as a solid, profitable company. Sales have picked up after nearly three years of lackluster performance. For its fiscal year ended June 30, 1987, Tandy's earnings were up 23% over the same period a year ago.

But uncertainty still revolves around Tandy's business products division.

In August 1987, Tandy marked the 10th anniversary of the company's first computer introduction with a gala celebration in New York. The event was beamed via satellite to Dallas and Anaheim, Calif., where managers and sales force executives were meeting.

At the anniversary celebration, Tandy introduced new computers and two upgraded machines. The company also introduced a host of new products, including a new cellular telephone and two new printers.

The new products are the most extensive additions to Tandy's computer offerings and are intended to give customers more computer power and options at lower prices, say Tandy officials.

"They've substantially strengthened their product line with the new line of personal computers. You should see momentum building between now and Christmas. They do have some difficult comparisons coming up in November and December, however. Tandy had a high number of shipments of personal computers last year; to beat those numbers by a wide margin will be difficult," says Eugene Glazer, VP-research, Dean Witter, New York.

Of the other new products, Mr. Glazer says the portable CT-300 phone is a potential hot item. The lightweight, handheld cellular telephone weighs only 28 oz. and retails for approximately $1,499.

"There are other products similar to Tandy's new telephone, but not at this breakthrough price," says Mr. Glazer.

Long acknowledged as a prime maker of computers for hobbyists, Tandy is trying to increase computer sales among large and small businesses. However, Tandy faces stiff competition from IBM Corp. and Compaq Computer Corp.

Tandy's direct business sales force has encountered difficulty in closing some corporate sales, a setback traceable to the inexperience of the newly formed force. Analysts say the cost of carrying a 1,500-person sales force without resulting sales places Tandy in an uncomfortable situation.

"Obviously, Tandy's strength is in walk-in sales through regular retail outlets. The national sales force has gone more slowly than planned, but it's a new type of business for the company. It will take a while to figure out the right formula to make it successful," says Dean Witter's Mr. Glazer.

Positive factors for the year include the popularity of the Tandy computer line, the introduction of the transportable cellular telephone, the launching of about 800 "Technology Stores" among its 5,000-Radio Shack outlets and the expansion into name brand electronics retailing.

The name brand stores have been integrated, and an ambitious expansion of SuperCenters has been initiated. The first hub of SuperCenters began operating in the Fort Worth area in the fall of 1985. Hubs in San Jose, Calif., Denver, Tampa, Fla., and San Antonio followed. During 1987, openings are planned in Houston and Kansas City, with a target of 300 stores by year end.

The remodeling of Radio Shack stores, which began in 1984, continues. The look of the store has changed from a "nuts and bolts" image to the sleek "Technology Store" image. "We're upgrading the look to make it match what we sell," says Ed Juge, director of market planning.

Central Advertising, Tandy's in-house agency, bills approximately $200 million and employs 150 people. All advertising is handled through Central, with the exception of some production. Radio Shack has never had a formal outside agency of record since the company began in 1921.

Tandy spends 47% of its ad budget on newspaper advertising, both local and national. Direct mail comprises 30% of the budget.

Advertising specifically for Tandy's Radio Shack stores drew the largest expenditure in measured media in 1986. Some $15.5 million was funneled into the line, mostly in network TV and network radio. This was up 19% from 1985.

The Tandy 1000 computer system received spending of $6.1 million, down 15.3% from 1985; the Tandy 3000 system received $8.3 million, up from $1.5 million; and the Tandy computer systems in general tallied $8.5 million, up from $2.8 million. Computer system advertising is weighted toward network TV, with substantial amounts also in magazines.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	9,470	5,546
Newsp. supp.	29	0
Bus. pubs.	2,068	950
Network TV	45,586	29,328
Spot TV	3,185	3,665
Network radio	2,733	3,768
Spot radio	1,293	2,234
Network cable	897	1,025
Total measured	65,261	46,516
Unmeasured	196,900	140,345
Total	262,161	186,861

TANDY CORP.
1800 One Tandy Center
Fort Worth, Tex. 76102
(817) 390-3700
RADIO SHACK
Corporate Personnel

Bernard Appel, president

Marketing Personnel

Robert Myers, vp, business prods
Robert Miller, vp, consumer merch
David Beckerman, vp-adv
Ed Juge, dir-mktg planning
Mike Wood, genl adv mgr
Fred Roeben, admin adv mgr

Advertising Agency

(In-house) Central Advertising Agency, Fort Worth—Gail Graham, media dir.

TANDY NAME BRANDS
Memphis, Tenn.
Corporate Personnel

C.C. Thomas, president

Marketing Personnel

Dan Linder, adv mgr

Advertising Agency

(In-house), Memphis—Dan Linder, adv mgr.

Cream of Hershey's Chocolate

Leading the sales surge at Hershey Inc. in 1986 was Reese's peanut butter cups, one of three products produced by H.B. Reese Candy Co., a company purchased in 1963. Despite all the candy titles bearing the Hershey moniker, Reese's peanut butter cups remain the sales leader among Hershey candy products.

MARKETING—EXECUTIVES

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Texas Air Corp.

RANK 60

Houston

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,407	1,944	126.7
Net income	237	165	44.1
U.S. advertising	132	173	(23.3)
Division sales	**1986**	**1985**	**% chg**
Passenger	4,027	1,766	128.0
Cargo, mail, other	380	179	113.0

Merger frenzy in 1986 made Houston-based Texas Air Corp. bigger than Texas. Counting all of its operations, Texas Air now ranks as the nation's largest air carrier with combined market share of 21.3% based on enplanements at all airports during the first quarter of 1987. That compares with Delta's Air Lines's 13.4% share, following its December 1986 merger with Western Airlines, and the 13.2% share of United Airlines.

In November 1986 Texas Air completed its biggest acquisition to date, Miami-based Eastern Air Lines, at a cost of about $600 million. One of four original trunk airlines, Eastern added the tremendous strengths of its routes, modern aircraft and computerized reservations systems. Eastern continues to operate as a wholly owned subsidiary of Texas Air.

At year's end, Texas Air completed its acquisition of Newark, N.J.-based People Express, parent of People Express Airlines, Britt Airways, Provincetown-Boston Airlines and Frontier Holdings, for about $125 million.

In February 1987 Texas Air plunged its Continental Airlines unit into near chaos by merging People Express into its system, strengthening Continental's presence in the key markets of Newark and Denver. In April 1987, in an internal transaction Continental purchased People Express, New York Air and Rocky Mountain Airways for $765 million from Texas Air, a holding company, merging the public identity of all three under the Continental name.

AD AGE's estimate of measured and unmeasured media spending in 1986 for Texas Air, including combined media from continuing operations of Eastern and Continental, and Continental's newly merged companies, was $172.5 million in 1986, down 23% from 1985. Nearly 65% of the total was for $109.6 million in measured spending for 11 media, down 10% from 1985.

Eastern claimed most of Texas Air's seven media measured spending with $18 million in 1986, down 17%, according to BAR/LNA.

Measured media for People Express was $4.1 million in 1986, down 38%, divided almost equally between spot TV and magazine. Measured seven media totals for Continental were up 59% to $1.5 million in 1986, according to BAR/LNA.

Measured newspaper spending from continuing operations of Continental, Eastern and the merged carriers fell 8% to $63.4 million in 1986. Measured spot radio fell 18% to $18.1 million.

The Continental unit benefitted the most from Texas Air's acquisitions of People Express and Frontier and the integration of New York Air's operations, all of which accounted for a 102% growth in available seat miles from February 1986 to February 1987. Continental solidified its position in Denver, where it now ranks a close second to United. Continental is the largest carrier in Houston, Newark, New Orleans and Washington, D.C.

In mid-1987, Continental also added Newark-London service, formerly operated by People Express, in addition to a number of long-haul routes to Europe and the Pacific. Continental's route system now stretches from London to Sydney, Australia, with 1,500 flights per day.

But the growth has not been easy on Continental, which emerged from a three-year bankruptcy reconstruction on Sept. 2, 1986, with one of the lowest operating cost structures in the industry. Problems merging Continental's route system with those of non-computerized People Express, and its assortment of bankrupt and near-bankrupt companies, created "pure chaos" for Continental, analysts say. Fare wars at its Denver hub during the first seven months of 1986 also hurt Continental's profits.

Continental took a net loss of $23.9 million on operating revenue of $646 million in the first quarter of 1987, compared with a loss of $13.6 million on revenues of $441 million for the same period in 1986. For the second quarter of 1987, which includes consolidated results of People Express, New York Air and Frontier Holdings, Continental took a loss of $71.1 million on revenues of $956 million. That compares with a loss of $56.8 million on revenues of $457 million for the same period in 1986.

Despite downward pressure on revenues as a result of introducing MaxSaver discount fares in the first quarter of 1987, Continental's passenger yields improved from the inclusion of short haul routes belonging to New York Air and People Express. Yield is a critical measure of the revenue gained from flying one paying passenger one mile.

Second quarter 1987 yields improved 4.8%. The key element in improving Continental's profitability lies in further strengthening of passenger yields, according to a report on Texas Air by Julius Maldutis, airline analyst for New York-based Salomon Brothers. "Continental literally cannot afford to engage in predatory pricing policies," Mr. Maldutis writes.

If Continental refrains from predatory pricing, he predicts a loss for 1987 of $31.2 million on operating revenues of $3.9 billion, and a profit in 1988 of $92 million on operating revenues of $4.3 billion.

New York-based N W Ayer, hired in October 1986 as Continental's new agency, replacing Scali, McCabe, Sloves, New York, plans to focus more on image advertising than retail price promotion for Continental late in 1987 and early 1988 in keeping with a general industry trend toward rising fares, sources say.

Eastern's net income improved to $2.1 million during the first quarter of 1987 on operating revenues of $1.17 billion, compared with a net loss of $110 million on $1.1 billion in revenues for the previous year's period. For the second quarter of 1987, Eastern had net income of $27 million on revenues of $1.16 billion, compared with a loss of $44 million on revenues of $1.1 billion for the same period in 1986.

Assuming Eastern engages less heavily in discount fare pricing, Mr. Maldutis predicts Eastern will show a profit of $23.5 million in 1987 on revenues of $4.1 billion, and a profit of $68.9 million in 1988 on revenues of $4.2 billion.

William Dowse, VP-advertising at Eastern, says advertising was heavily retail-price-oriented in 1986, with some quasi-institutional advertising, such as the combination of Eastern and Continental's frequent flyer and bonus programs early in 1987. But the industry is slowly weaning itself from reliance on discount selling, and is gradually setting prices based on service and quality, he says.

For the first six months of 1987, Texas Air took a loss of $139.7 million on revenues of $4.2 billion. The figures are not comparable to 1986. However, the disappointing results led to the resignation of Thomas Plaskett, president-ceo of Continental. For the full year, Mr. Maldutis is predicting net income of $25.8 million on revenues of $8.9 billion in 1987, and income of $153.7 million in 1988 on revenues of $9.4 billion.

Analysts are not certain how a September 1987 proposal by a task force composed of state attorneys general would affect broadcast advertising for discount fares, such as Eastern's MaxSaver.

In a draft of the proposal, obtained by AD AGE, airlines would be required to disclose orally all restrictions in broadcast ads that include fare information. Although the document has not been made public, it is believed to be one of the most sweeping attempt by states to regulate airline advertising and is likely to be challenged by the airline industry.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	63,417	69,125
Magazines	4,074	7,265
Newsp. supp.	97	159
Bus. pubs.	1,142	0
Network TV		
Spot TV	19,489	19,382
Spot radio	18,146	22,017
Outdoor	2,557	4,094
Network cable	218	159
Total measured	109,576	122,551
Unmeasured	22,711	50,000
Total	132,287	172,551

TEXAS AIR CORP.
Capitol Bank Plaza No. 4040
333 Clay Street
Houston, Texas 77002
(713) 658-9588

Corporate Personnel

Francisco Lorenzo, chmn-president-ceo
Frank Borman, vice-chmn

Advertising Agency

Scali, McCabe, Sloves, New York—Mark Messing, mgmt super; Suzanne Secor, acct exec.

CONTINENTAL AIRLINES CORP.
Houston

Corporate Personnel

Francisco Lorenzo, chmn
Howard P. Swanson, vice-chmn
Thomas G. Plaskett, president-ceo

Marketing Personnel

Jeffrey Arida, sr vp-mktg, Continental & Eastern sales
Douglas Birdsall, sr vp-mktg planning
James O'Donnell, vp-mktg svcs

Advertising Agency

Scali, McCabe, Sloves, New York—Mark Messing, mgmt super.

EASTERN AIR LINES
Miami, Fla.

Corporate Personnel

Philip J. Bakes, president-ceo

Marketing Personnel

John W. Nelson, vp-mktg
Richard F. Blake, staff vp-mktg, planning & rsch
George J. Brennen, staff vp-passenger sales
William H. Dowse, staff vp-adv
Jerry Schorr, staff vp-cargo sales
Robert A. Wolf, mgr. vacation adv

Advertising Agency

Campbell-Ewald, Warren, Mich.—Bob Henry, Barbara Bain, sr vps; Howard Zoss, sr vp, mgr-media; Dale McAffy, vp-acct super; Steve Robertson, merch coord.

Time Inc.

RANK 44

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,762	3,404	10.5
Net income	376	200	88.0
U.S. advertising	191	156	21.8
Division sales	**1986**	**1985**	**% chg**
Magazines	1,576	1,482	6.3
Books/Info.	663	552	20.1
Programming	886	786	12.7
Cable TV	637	584	9.1

Time Inc. faced the year with new approaches to old challenges while boosting total ad spending by 22%, most of the increase going into the promotion of its cable operations and Time-Life Books.

Time decreased its reliance on the home-grown approach to finding new titles in 1986 and opted for the less risky business of joint ventures. This shift in strategy reflects corporate management changes and the increasingly competitive

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environment of magazine publishing.

In 1986, magazine publishing accounted for 42% of the company's revenues, but the sector grew only 6.3% in revenue while declining 8% in operating income—the latter including a charge of $32 million to cover staff reductions and other expenses relating to the demise of *Picture Week*.

In July, Time named Nicholas J. Nicholas Jr. as its new president and chief operating officer, replacing J. Richard Munro, who moved up to chairman of the board and remaining ceo. Following this, Kelso Sutton and Reginald Brack switched positions. Mr. Sutton now heads the book group, and Mr. Brack heads the magazine group.

Under the new regime, the magazine division has acted decisively in dropping marginal projects and expanding into new areas with joint venture partners. In May 1987, Time announced the sale of *Discover*, the monthly science magazine, to Family Media Inc. for $26 million. Until early this year, the company pledged continued commitment in the face of lackluster prospects. In 1986, it redesigned the magazine and bought out two competitors, *Science Digest* and *Science 86* to give *Discover* a boost. According to one estimate, Time lost $50 million on *Discover* since its inception in 1980.

Picture Week, the most recent major casualty, did not live as long. After 15 months of testing, Time pulled the plug on the mass-market weekly aimed at women. Time, nonetheless, has not abandoned its efforts to grab a larger readership among women. Through a joint venture with Working Woman Inc., Time has acquired a 50% interest in *McCall's*, *Working Mother*, and *Working Woman*.

In an heretofore uncharacteristic venture for Time, it linked up with entrepreneurial publisher Robin Wolander to put out *Parenting*, targeted to an affluent and educated audience. These additions complement the company's 1985 acquisition of the Southern Progress Co., which publishes *Southern Living*, *Southern Accents*, *Cooking Light*, *Creative Ideas for Living* and *Progressive Farmer*.

Time has ceased courting—at least for now—very narrow audiences. Under the direction of Mr. Brack, it dropped several new titles in various stages of development and testing, including *New York/New Jersey/Connecticut Real Estate* and *Home Office*, both controlled-circulation magazines. *Leisure* and *Quality* were also nipped in the bud.

In a bold move, Time acquired the educational publisher, Scott, Foresman & Co. for $520 million. Although some industry observers criticized the deal as being overpriced, others believe the buy is a sound investment, which will pay off in the long run by lessening reliance on magazine publishing.

Like other media companies contending with the general decline in revenue, Time has responded by reducing staff and cutting back on operations. However, spending in 1986 rose about 22% in 1986. The major share of this went to promote magazine subscriptions for its top three publications: *People*, *Time*, and *Sports Illustrated*.

According to BAR/LNA, *People*'s advertising for subscriptions rose to $18.5 million in 1986, up 3.4% from 1985. Time laid out $15.8 million to promote subscription sales for its flagship newsweekly, *Time*. This was about a 7% increase from 1985. Not far behind, *Sports Illustrated* spent $13.9 million, up 42%, to advertise subscriptions. *Life* received $1.9 million, up 73%, and *Money* got $1.2 million, down 8%. Altogether, measured ad dollars for the Time Inc. magazines and their related products totaled nearly $44 million.

Significant increases in advertising appeared for Time's cable operations. Measured spending for Home Box Office pay service shot up 65% to $16 million, and spending for HBO and Cinemax cable TV grew to a combined $2.3 million from only $610,800 in 1985. Time also began advertising HBO videocassettes in 1986, with an expenditure of $1.5 million.

Measured spending for Time-Life Books climbed 15% to $24 million in 1986. Less dramatically, measured spending rose 2.3% to $4.4 million for the Book-of-the-Month Club and declined 5.7% to $729,400 for the Book-of-the-Month Record and Tape Club.

The overall media ad mix relied most heavily on spot TV and magazines. Spending in magazines rose by about 17%, while spot TV increased 21%. Spot radio also figured more prominently in 1986, going from $383,200 to $4.5 million, and network radio, not used in previous years, drew some support.

Time Inc. reported a 7.4% increase in revenue during the first quarter of 1987, along with a 8% drop in net income, primarily traced to seasonal losses at its newly acquired Scott, Foresman & Co. The company also recently named Jason McManus, managing editor of *Time*, to succeed Henry A. Grunwald as editor in chief of Time Inc. Mr. Grunwald, who will reach the mandatory retirement age of 65 this year, has been nominated to be the U.S. ambassador to Austria.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,951	13,592
Magazines	51,167	43,567
Newsp. supp	2,034	1,697
Bus.pubs.	5,564	5,529
Network TV	4,275	2,903
Spot TV	54,988	45,475
Network radio	936	0
Spot radio	4,503	383
Outdoor	24	9
Network cable	16,037	12,825
Total measured	153,477	125,980
Unmeasured	37,111	30,462
Total	190,587	156,442

TIME INC.
Time & Life Bldg.
Rockefeller Center
New York, N.Y. 10020
(212) 522-1212

TIME

Corporate Personnel

Robert L. Miller, publisher

Marketing Personnel

Richard Heinemann, U.S. adv sales dir
Daniel B. Brewster Jr., promo dir
Katherine M. Bonniwell, circulation dir

Advertising Agency

Wunderman, Ricotta & Kline, New York—circulation promo—Richard Stollenwerck, dir-acct svcs; Adrienne Wax, acct super; Grace Fallon, acct exec.

Young & Rubicam, New York—circulation promo—Brise Ott, acct super; Tom Crimmnos, acct exec; Betsy Latt, traffic.

PEOPLE

Corporate Personnel

Donald M. Elliman Jr., publisher

Marketing Personnel

William S. Myers, assoc publisher, adv sales dir
James J. Donoghue, promo-special projects dir
Lindsay Valk, circulation dir

Advertising Agencies

Holland & Callaway Advertising, New York—circulation promo, adv & circulation promo—Jim Calloway, president; Ron Holland, chmn copywriter; Russ Kaiser, producer.

Young & Rubicam, New York—adv promo—Brise Ott, acct super.

FORTUNE

Corporate Personnel

James B. Hayes, publisher

Marketing Personnel

David L. Nimz, promo dir
John E. Haire, U.S. adv sales dir
Jeremy B. Koch, circulation dir

Advertising Agency

Ogilvy & Mather, New York—David Warden, sr vp-group dir; Denise Johnson, acct super.

MONEY

Corporate Personnel

William M. Kelly Jr., publisher

Marketing Personnel

Charles Rubens II, adv sales dir
Michael Rich, promo dir
Diane Genck Potter, circulation dir

Advertising Agency

John Emmerling Inc.—adv promo—John Emmerling, chmn; James R. Guthrie, president; Russell G. Finley, Arthur Gilmore, sr vps.

Wunderman, Ricotta & Kline, New York—circulation promo—Adrienne Wax, acct super; Carol Abrams, acct exec.

SPORTS ILLUSTRATED

Corporate Personnel

Donald J. Barr, publisher

Marketing Personnel

Thomas J. Hickey Jr., adv sales dir
Michael W. Davey, adv sales mgr
George P. Berger, promo planning dir
Michael Loeb, circulation dir

Advertising Agencies

Ogilvy & Mather, New York—adv promo—David Warden, sr vp-group dir; John Gruen, sr vp-assoc creative dir.

Richards Group, Dallas—circulation promo—Brad Todd, mgmt super.

LIFE

Corporate Personnel

Elizabeth P. Valk, publisher

Marketing Personnel

David L. Long, adv sales dir
Rip Odell, promo dir
Susan L. Caughman, circulation dir

Advertising Agency

Geer, DuBois, New York—adv promo—Doria Steedman, acct super; Kathy Reps, media super. Circulation promo—John Allen, sr vp; David Esbrook, acct super; Dawn Dresher, acct exec; Kathy Breslin, asst acct exec.

PROGRESSIVE FARMER

Corporate Personnel

H.B. Flora, publisher

Marketing Personnel

David V. Hemphill, natl sales mgr (N.Y.)
Ivey Brown, adv svcs mgr
Bill Capps, circulation dir

Advertising Agency

Anderson, Eilers & Blumberg, Atlanta—Denny Eilers, partner, acct exec.

SOUTHERN LIVING

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

Scott Sheppard, natl sales mgr
Jim Hurd, adv svcs mgr
Bill Capps, circulation dir

Advertising Agency

DDB Needham Worldwide—BetsyMcGurick, acct super.

SOUTHERN ACCENTS

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

Sims Bray Jr., adv dir
Jim Hurd, adv svcs mgr
Jeanetta Keller, pr dir
William P. Capps, circulation dir

COOKING LIGHT

Corporate Personnel

Don Logan, president & publisher

Marketing Personnel

Martin Spector, adv dir
Pam Powell, promo dir
Bill Capps, circulation dir

Advertising Agency

Norwest Communications—Bill Silinski, president.

CREATIVE IDEAS FOR LIVING

Corporate Personnel

Richard M. Fontana Jr., publisher-N.Y.

Marketing Personnel

Howard Gurian, natl sales mgr-N.Y.
Jeanetta Keller, pr dir
Pam Powell, promo dir
Bill Capps, circulation dir

Advertising Agency

Norwest Communications, New York—adv promo—Bill Silinski, president.

TIME-LIFE BOOKS

Corporate Personnel

Christopher T. Linen, president-ceo

Advertising Agencies

A. Eicoff & Co., Chicago—Ron Bliwas, president-mgmt super; Rick Sangerman, sr vp.

Direct Inc., New York—John Verdon, president; Spensor Lambert, vp-creative dir.

Wunderman, Ricotta & Kline, New York—Worth Linen, exec vp; Judy Keane, vp-mgmt super.

SAMI/BURKE, INC.
Cincinnati, Ohio

Corporate Personnel

Jack Brown, president
Karl L. Preuss, sr vp

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See page 143

Marketing Personnel
Jane Garvey, vp-mktg comm
Advertising Agency
H. Richard Silver, New York—Harvey Dreyer, exec vp; Dick Silver, president.
AMERICAN TELEVISION & COMMUNICATIONS CORP.
Englewood, Colo.
Corporate Personnel
Trygrve E. Myhren, president & chmn
Marketing Personnel
Stephen B. Ste. Marie, sr vp-mktg & programming
Allan Eisenberg, dir-adv
Tim Evard, dir-mktg, strategy & planning
Advertising Agency
Wells & Evans, New York—Scott Wells, president; Nannel Napp, acct exec.
OXMOOR HOUSE
Birmingham, Ala.
Marketing Personnel
Tom Angelillo, vp, general mgr
Bruce Akin, dir-prod mgmt
Dianne Mooney, dir-promo
Steve Logan, dir-corp devel
BOOK-OF-THE-MONTH CLUB
New York
Corporate Personnel
Al Silverman, chmn
Larry Crutcher, president
Marketing Personnel
John Hall, sr vp, dir-mktg
Betsy Poris, QPB club mktg mgr
Ruth Stevens, mktg mgr, specialty clubs
Karen Kruprick, BOMC mktg mgr
Advertising Agency
Ogilvy & Mather, New York—QPB club—Patty Lyons, acct super.

Wunderman, Ricotta & Kline, New York—Pierre Passavant, group dir; Debbie Elkins, acct exec.
HOME BOX OFFICE
New York
Corporate Personnel
David Pritchard, sr vp-corp affairs
Marketing Personnel
Dan Levinson, vp-adv
John K. Billock, sr vp-mktg
Janice Hoffman, dir-network planning
Advertising Agencies
Backer Spielvogel Bates Worldwide, New York—Cinemax—Shelly Diamond, mgmt dir; Carol Bernbaum, acct exec; Susan Johnson, assoc media super; Lee Hines, exec community rep.
BBDO, New York—HBO—exec vp-mgmt super; John Muchase, mgmt super; Chris Tragos, acct exec; Peter Harrington, media super.
Kobs & Brady, Chicago—HBO & Cinemax—Howard Draft, president; Lynn Fanton, genl mgr; Mary Pat Ryan, vp-mgmt super; Jeannette McClenman, acct super; Sally Florentino, Linda Schwartz, acct execs.
LITTLE, BROWN & CO.
Boston
Marketing Personnel
William A. Gutherie, adv mgr
David Goehring, mktg mgr-trade div
Munro Magruder, trade sales mgr
Advertising Agency
Franklin Spier Inc., New York—Rhonda Hall, acct exec.
WORKING WOMAN-McCALL'S GROUP
New York
Corporate Personnel
Dale Lang, publisher
Marketing Personnel
Walter Ward, natl sales mgr
Richard Selby, promo dir
Andrea Kaplan, dir-corp comm
Mike Owen, vp-circulation
Advertising Agency
Levine, Huntley, Schmidt & Beaver, New York—Joan Sinopoli, acct exec.

Toyota Motor Corp.

RANK 40

Toyota City, Japan

($ in millions)

Worldwide	1987	1986	% chg
Sales	38,211	36,754	4.0
Net income	1,546	1,868	(17.2)
U.S. advertising	209	172	21.4

Toyota Motor Sales USA, a subsidiary of Toyota Motor Corp., Japan, unveiled its largest ad budget in 1986. In the process, the company strengthened its position as the leading car and truck importer in the U.S., despite severe competition in the marketplace and the yen's soaring value.

Toyota Motor Corp., the parent company whose fiscal year is reported in the accompanying box, attributed the dip in profits to the exchange loss caused by the sharp appreciation of the yen. Figures for the comparable fiscal years, ended June 30, were converted at the rate of Y165 = U.S.$1.

Toyota currently ranks third in worldwide auto production—behind General Motors Corp. and Ford Motor Co.—with a total of 3,645,733 vehicles produced in Japan in calendar 1986.

More than half of Toyota cars and trucks are exported worldwide. A record 1,965,138 units, plus 302,490 knockdown sets, were sold in overseas markets during fiscal 1986. The export figure includes 1,231,610 passenger cars, up 8.2% from the previous year. Exports to North America rose 14.8%, to 1,097,946 units. Passenger cars accounted for 62.8% of the vehicles shipped to the region.

Toyota's plans to capture 10% of the world's auto market by the 1990s, a marketing concept the company has dubbed Global 10, call for improving its modest 3% market share in western Europe as well as in Japan. But the U.S. is the key to making Global 10 a success. Toyota marketers report that for the company to seize 10% of the world market, it must have a 10% share of the U.S. market.

In the U.S., Toyota sales topped the million mark for the first time in calendar 1986, reaching a total of 1,024,305 units—647,436 cars (including 7,281 U.S.-built Corolla FX-16s) and 384,150 compact trucks—up 7.2% from a year earlier. The total represented an 8.9% share of the U.S. market, up from 6.7% in 1985, and a 31.5% share of the import market. Toyota ranks first among Japanese car importers, followed by Nissan at 22%, Honda at 12.4% and Mazda, 11.6%.

The company also led importers in total truck sales with an 8.2% share of total U.S. light truck markets, followed by Nissan at 4.8%, Mazda 3.3%, Isuzu 1.9%, Suzuki 1% and Mitsubishi 0.76%.

Despite record sales in fiscal 1986, Toyota is forecasting a 2.3% decline in car shipments for 1987 and a 4.8% drop in revenues. This is because of the strong yen, which has appreciated 40% against the dollar in the last year. A strong yen narrows the margin between the return Toyota gets on its cars and trucks in the U.S. and the cost of producing the vehicles in Japan. The U.S. is Toyota's most lucrative market.

Further squeezed by self-imposed quotas under the Voluntary Restraint Agreement, Toyota has followed Honda, Nissan and Mazda in constructing U.S. production facilities to assure itself an adequate supply of cars in the market.

Toyota and General Motors operate a joint venture plant called New United Motor Mfg. Inc. (NUMMI) in Fremont, Calif., which builds Toyota's Corolla FX and FX-16 models and Chevrolet's compact Nova. Currently, Toyota is building an $800-million plant in Georgetown, Ky., which will produce the upscale Toyota Camry ($14,168 for a top-of-the-line LE 5-door wagon). Capacity will be 200,000 units per year when the plant begins production in mid-1988. At that time the company will also start up a $400 million facility at Cambridge, Ont., which will make up to 50,000 Corolla class cars per year.

Two of Toyota's rivals are marketing upscale luxury cars in the U.S. or have announced plans to do so with separate dealer networks—American Honda through its Acura division and Nissan with its upcoming Infiniti. Toyota has yet to make a formal announcement of its plans to form a second luxury car division in the U.S., but it is planning for one.

However, Toyota already has identified 100 key Toyota dealers who will get first shot at the unnamed new franchise. It reportedly will open the 1989 year with three luxury-performance car lines and eventually set up 250 to 300 new dealerships. Size of the introductory ad budget is expected to be $30 million. Another agency may be chosen to handle the new division, but no advertising decisions have been announced yet.

The Toyota Corolla model, with sales of 152,137 units, was once again the company's best-selling line in the U.S. Sales of the Corolla were down 16,241 units from 1985. Toyota's second best-seller, the Camry, came in at 151,767 units sold, up 23,635 from the previous year. The Camry was followed by the Celica at 106,731 units and Tercel at 76,914.

Of the company's $181.7 million in measured advertising in 1986, 55% went for cars, 45% for trucks. Media was dominated by spot and network TV at 69%, newspapers 12%, and magazines 11.8%.

New introductions for the 1987 model year included the sporty subcompact Corolla FX-16, the low-price leader Tercel (at $5,848 a head-on competitor with South Korea's Hyundai) and new Camry sedan and Camry Wagon models. Besides the new launches, all of which had heavy ad support, Toyota pushed redesigned Celica and Supra models.

Toyota went into the launches in the fall with a 21-spot ad package which was its largest ever. Heaviest media weight was given the Camry, followed by promotion of the Tercel.

The Toyota reputation for quality was further enhanced when an independent study by J.D. Power & Associates, Westlake Village, Calif., gave Toyota six of the 10 top positions in a survey of the most trouble-free cars in the U.S. The Toyota Camry took the No. 1 ranking in the survey, a fact not overlooked in its advertising during the 1987 model year.

The popular Camry accounted for $15 million in 1986 measured media spending, 70% evenly split between network and spot TV, the rest in magazines.

While a shortage of Camrys at dealerships is a problem, at least until the company's Kentucky plant comes on stream in 1988, supplies of the U.S.-built Corolla FX-16 are plentiful, although demand for the car continues to be soft.

Rollout of the FX-16 began with the "getaway" commercial which broke on network and spot TV in fall 1986, supported by the use of Screenvision in theaters and some sports arenas. A second phase spot for the FX focused on its position as the lowest priced Corolla and its roominess, emphasized by a driver dressed as an astronaut in space.

The low-end Tercel models, priced at $5,848 for the EZ three-door liftback model, accounted for $7.6 million in measured media spending in 1986, most of it in spot and network TV, supported by a modest print campaign in magazines.

At mid-year, Toyota introduced a sporty two-door Tercel coupe to broaden the Tercel's appeal to entry-level buyers. Toyota expects to sell 26,000 Tercel coupes, base-priced at $6,548, in the 1987 calendar year.

Carryover TV spots on the top-of-the-line Supra continued the animation creative approach. A total of $12 million in measured media was spent on Supra in 1986. Unit sales of the $20,000 Supra hit 32,823 in 1986, up 28%.

With the price of the two-wheel drive standard pickup now at $6,598, up from $5,998 in 1985, Toyota no longer features low price as a selling point in its truck advertising. This was a category that accounted for about $35 million in measured media expenditures during 1986. As the company looked for a bigger share of the sport/utility truck market, the SR-5 Turbo model, priced at $18,568, got featured treatment in its own TV spot and a full-page ad run in enthusiast magazines.

The company continued its use of celebrity spokespersons. For the third straight year it made use of pro golfer Lee Trevino to pitch the full line of trucks and vans. Actor Eli Wallach continued to discuss qualities of fun and toughness of the truck line, and actor Martin Sheen, long used as voiceover for cars, pitched autos.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	22,878	20,761
Magazines	21,533	16,412
Newsp. supp	444	31
Bus. pubs	932	770
Farm pubs	189	192
Network TV	33,104	27,793
Spot TV	90,292	71,080
Network radio	0	989
Spot radio	6,489	5,210
Outdoor	2,014	2,173
Network cable	3,887	4,355
Total measured	181,761	149,765
Unmeasured	27,116	22,343
Total	208,877	172,108

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Albert W. Wagner, vp-sales
George Borst, corp mktg mgr
Jan Olson, natl adv mgr
Dave Danzer, natl car adv mgr
Don Ceccoini, natl truck adv mgr
James Olson, corp pr mgr
Kevin Flynn, dealer assn adv mgr

Advertising Agency
Saatchi & Saatchi DFS, Torrance, Calif.—Stuart Upson, chmn-ceo-New York; Jim Lindsey, chmn-Southern Cal; Joe Cronin, mgmt dir.

RANK **14**

Unilever PLC/NV

London/Rotterdam

($ in millions)

Worldwide	1986	1985	% chg
Sales	23,368	24,205	(3.5)
Net income	982	748	31.3
U.S.	**1986**	**1985**	**% chg**
Sales	4,842	4,250	13.9
Operating profits	144	108	33.3
Advertising	518	492	5.3

Acquisition-minded Unilever rebuffed in an attempted takeover of Richardson-Vick's in 1985, rebounded in 1986 with a $3.1 billion in cash buyout of personal products giant Chesebrough-Pond's, thereby gaining the ground it had lost to archrival, Procter & Gamble, which had won the race for R-V.

The holding company, Unilever, with joint headquarters in London and Rotterdam, acted as a white knight for Chesebrough, which was facing a hostile takeover from American Brands.

The Chesebrough acquisition may have whetted rather than sated Unilever's appetite for U.S. businesses, because Unilever was rumored as a suitor for both International Playtex and Gillette Co., although neither deal materialized.

The melding of Chesebrough into Unilever caused an inevitable reshuffling of both Lever Bros.'s marketing personnel and the company's ad agency roster.

The ultimate winners in the agency review, finalized in February were Unilever's U.S. agencies Ogilvy & Mather and McCann-Erickson. Ogilvy picked up the lion's share of ad billings, with an estimated $55 million of Chesebrough's $70 million.

O&M gained $13 million in Aziza billings; $17 million in fragrance billings; $6.5 million from Pond's; $8 million in Cutex; $250,000 from Erno Laszlo skincare products and $9 million in haircare product billings. McCann won an estimated $14 million in Vaseline billings.

On the losing side was Waring & LaRosa, New York, which lost Aziza and Cutex, but retained Ragu and Adolph's food products, valued at $19 million. William Esty Co. lost both fragrances and Elizabeth Taylor's Passion perfume, the latter of which had been won from Chesebrough only a month earlier. Lowe Marschalk Inc. also lost the $8 million Q-Tip account to O&M.

In all, Chesebrough products were backed with $78 million in seven measured media in 1986, virtually the same as in 1985, according to BAR/LNA.

Power on the corporate executive side of personal products appeared to shift from Lever to Chesebrough, as evidenced by the appointment of Gary Mallock, Chesebrough's Health and Beauty Products division president, to head a $700 million combined personal products unit of Chesebrough and Lever. The appointment clouded the future of Wayne Nelson, Lever's wunderkind personal products division president who had turned around the company's toothpaste business. Mr. Nelson, a P&G alumnus, joined Lever on the heels of its R-V loss to P&G and had been heralded as Lever's trump card against its Cincinnati-based rival.

Patrick Choel, Lever VP personal care business was named to VP marketing for the combined operation, moving to Chesebrough's Greenwich headquarters.

The acquisition also left two directors running different North American businesses. The two are Gordon Stevens, Lever Bros. chairman, and Morris Tabaksblat, chairman Unilever U.S., who in early 1987 succeeded Ralph Ward as Chesebrough chairman-ceo. Observers say it is unprecedented for Unilever to allow a redundancy such as two directors, and favor Mr. Tabaksblat, 49, for the top post.

Also as a result of the acquisition, Chesebrough's unprofitable G.H. Bass Shoe division and Prince tennis racket business, long-rumored for divestiture, were put on the block.

Prince was sold in June 1987 to Brentwood Associates, Los Angeles-based leveraged buyout firm. Bass was sold to Phillips-Van Heusen in July 1987 for $79 million. Unilever also put Stauffer Chemicals, acquired by Chesebrough for $1.25 billion in 1985, up for grabs.

Chesebrough's U.S. operation is virtually the same size as Unilever's big U.S. operating unit, Lever Bros. U.S. sales for Chesebrough were $2.28 billion, up 23.7%, compared with worldwide sales of $2.73 billion, up 21.8%. Its worldwide net income was $159 million up 94.1%. Sales at Lever Bros. were a record $2.48 billion, up 18%, although it recorded a net loss after taxes of $18.6 million, substantially lower than the $38.6 million projected by the company as a result of investment spending.

In mid-1987 Lever unleashed a powerful weapon—new drug approval from the Federal Drug Administration for its fluoride Extra Strength Aim—in the $1 billion dentrifice war with P&G and Colgate-Palmolive. Hard-hitting spots by Aim agency SSC&B, New York, which won the account from O&M the previous year, began touting Extra Strength Aim's fluoride superiority. One spot shows a Colgate tube being squeezed out under running water in a basin with the voice-over, "Sorry, Colgate. Looks like your 20 years of maximum fluoride protection is going right down the tubes." A second spot says, "No matter how hard you try, you can't squeeze as much cavity-fighting fluoride out of Crest as you can out of this." Shown is a tube of Extra Strength Aim.

P&G disputed Lever's claim, unsuccessfully, at the FDA and both Colgate and P&G took the ads to the National Advertising Division of the Better Business Bureau. All three advertisers gave conflicting reviews of independent studies at the NAD, and Lever, which issued a statement it stood by the truthfulness of its advertising, nonetheless said the spots had run their course.

While Colgate appears to be retreating in the fluoride arena to concentrate on the tartar-control ability of its Colgate Tartar Control brand, P&G is fighting on both fronts.

Although Lever asked both Colgate and P&G to drop their fluoride-superiority claims, only Colgate complied. P&G leads the dentrifice market with a more than 39% share for its Crest lines, followed by Colgate's 23%. Aim still holds the No. 4 spot, with 7%, below Beecham Products' Aquafresh, with 10.5%.

Measured spending for Aim in 1986 was $9.6 million, down 9.4% from 1985. Lever spent $3.3 million on its Aim toothbrush in 1986, according to BAR/LNA Inc.

Lever Bros. and P&G remained staunch contenders for the lead in the $3 billion detergent battleground in 1986. Lever's Wisk maintained its No. 1 share in the liquid detergent category, with a 7.6% share, while Tide liquid moved up to 5.3%. P&G's Tide still holds the No. 1 spot in the powdered detergent market, with a 19.1% share. BBDO Worldwide, New York, handles Wisk.

Lever's Surf, which increased distribution to 33% of the country in 1986, climbed to a 5.9% share (in both powder and liquid forms). Surf liquid, with distribution in only 15% of the country, holds a 7.5% share in its markets—making it the No. 2 brand. Lever said it would increase Surf's distribution to 50% of the country in 1987. The brand is billed as removing "both dirt and odors."

The company also lent an established brand name in liquid detergent, Wisk, to the $2.1 billion powdered detergent segment with a Houston test in 1986. In its test market, powder Wisk attained a 6.5% share. Measured ad spending for powder Wisk in 1986 was $551,000.

In the summer of 1987, Lever dazzled the competition with a summerlong traveling firework exhibition for Wisk staged by Bellport, N.Y.-based pyrotechnics experts The Grucci Bros. During that period, the company spent $10 million in combined advertising and promotion for the brand, including a new TV campaign pointing up the all-purpose cleaning power of New Wisk, a move away from the heavy-duty ability of its long-running "ring around the collar" claims. Total measured ad spending for Wisk in 1986 was $22.8 million, up 33.3% from the previous year. Spending for both liquid and powder Surf was $12.7 million, more than double 1985's measured spending of $5.7 million.

Volume for laundry detergents in the U.S. increased by 18%, the company says, attributing the gain to new product lines and extensions.

Although P&G beat Lever to the punch with Tide Multi-Action sheets, a combination detergent, whitener and fabric softener, Unilever is marketing a detergent and bleach mixture in a water soluble pouch in Paris. The product, called Apollo, will be moved to the U.S. if the test is successful.

Lever's Snuggle fabric softener, which attained a 13.6% share of its category, softened its spending to $12 million, down 21.6%. Lever rolled national in 1986 with its Snuggle softener sheets, and increased measured spending fourfold to $12.2 million, up from $3.2 million. Snuggle sheets had a 7.5% share in 1986. SSC&B handles.

Lever lost some ground to Colgate-Palmolive, as that company's Palmolive liquid automatic dishwashing detergent beat Lever's Sunlight liquid automatic to market. Sunlight had been testing in Milwaukee and Phoenix in preparation for a national launch in mid-1986, but production problems held up its entry into the $550 million segment. As a result, Lever spent only $106,100 on Sunlight liquid dishwasher detergent in 1986. The powder version was supported with $10.2 million in measured spending, according to BAR/LNA. BBDO, New York, handles Sunlight.

In the $1 billion bar soap category, Lever's holds the largest collective share with its brands, and Dove is the No. 1 soap in the category with a 13.9% share. Dove was supported with $12.2 million in measured media via Ogilvy & Mather, New York. Caress, with $10.3 million in measured support, is handled by BBDO, New York, and Shield with $4.9 million via SSC&B.

Lever began testing its Trust brand deodorant in southern markets in 1986, its first entry in that category. The company also extended the Close-Up name to a lip balm product during the year.

Unilever's Thomas J. Lipton unit, Englewood Cliffs, N.J., acquired Wyler's powdered drink mix from Borden Inc. in a swap which gave Borden Lipton's Pennsylvania Dutch Egg Noodle lines. Analysts say Lipton's marketing muscle should build Wyler's—the perennial No. 2 to General Foods' powdered drink business—while strengthening Lipton's position in convenience teas, an allied category.

Lipton says the acquisition expanded its powdered soft drink business more than four times.

Lipton also heated up the $900 million side dish market by overtaking General Mills' Golden Grain division's Noodle Roni as the No. 1 noodle side dish. Lipton spent $2.1 million in measured spending for its Pasta & Sauce line in 1986, and $6.4 million for the Rice & Sauce line, up from $3 million combined for the two brands in 1986. Bozell, Jacobs, Kenyon & Eckhardt, Chicago, handles the side dishes.

Lipton increased its side dish offerings to 40 in 1987 with Potatoes & Sauce and Lipton Cool Side Salad Dishes, a direct challenge to GM's Betty Crocker potato lines and Suddenly Salad cold side dish line.

The fruit snack war became stickier when Lipton spent $24 million to introduce three new fruit snacks in 1987. Sunkist Fun Fruits holds the No. 1 position in the $225 million fruit snack segment, but a 10% share of the larger wholesome snack segment, which includes granola bars, where Lipton has no entry. General Mills holds a 15% share of the larger category, a big dip from its 1985 share of 23%.

During 1986, the popularity of fruit rolls weakened, while the bite-size fruit snack market grew. Fruit rolls/bars dropped 16.8% to $108 million in retail sales while bite-sized fruit products, such as Big G's Fruit Wrinkles, grew from $5 million to $96 million. Lipton, whose strength in the segment in 1985 had been dependent on Sunkist Fruit Rolls, adapted to the trend and in 1986 tested Creme Supremes, a yogurt-covered, bite-sized fruit snack which rolled national the following year.

The company also began testing Sunkist Fruit Surprises, an embossed fruit roll, in Boston and began national distribution of Flavor Tree Fruit Nibbles, an unsupported yogurt-covered snack.

The company also introduced Fun Fruits in new shapes, including letters, animals and numbers, to appeal to the 4-to-7-year-old age group.

Lipton spent $5.8 million on its Sunkist Fun Fruit line in 1986, up 70.6%. For the Creme Supreme rollout, however, the company says it would spend an additional $24 million in 1987. FCB/Leber Katz Partners, New York, handles.

Lipton says its sales gains in 1986 were led by the side dish and fruit snacks lines. Net sales for Lipton in 1986 were $1.30 billion, up 2.4%. Net income for the division was $91.5 million, up 13.8%.

The competition turned healthy in the margarine market, where Lever's Promise and RJR Nabisco's Fleischmann cut right to the heart of the matter. Lever broke a $18 million campaign for Promise themed "Get Heart Smart," pointing up the low-cholesterol properties of the brand. Three weeks later Fleischmann's broke a spot in which a 30-year-old man discusses his recent heart attack.

The Promise campaign, via McCann-Erickson, New York, helped the brand to vault from a 1% national share to a 6% share in its 11 regional markets, prompting the company to roll national by late 1986. Fleischmann's held an 8% share nationally. Tatham-Laird & Kudner, Chicago, handles Fleischmann's, which had earlier been positioned to consumers aged 50-plus.

By the end of 1986, Lever had taken the lead overall in the margarine segment, with nearly 30% of the market, although Kraft's Parkay brand is the brand leader with 16%.

Lever spent $9.7 million on its Shedd Spread in 1986, down 5.8%. Shedd holds a 12% national share. The company spent $4.8 million on Imperial, a premium brand with an 8% share, up substantially from $1.6 million in 1985 measured spending, according to BAR/LNA. Stone & Simons, Southfield, Mich., handles Shedd's Spread; Ogilvy & Mather, New York, handles Imperial.

In 1986 Lipton, along with powdered soft drink competitors Nestle and General Foods jumped into fruit teas. All three companies spent an estimated $8 million each to introduce the combination iced tea/powdered fruit-flavor drinks, but by 1987 the market had failed to achieve satisfactory results.

Lipton, the No. 1 convenience tea marketer with a 42% share, attained less than a 25% share of the $48 million fruit tea segment. Nestle, with a 20% convenience tea share, leads the fruit tea segment with a 50% share. GF's Crystal Light Fruit Teas holds a 25% share of the segment, but has no iced tea entry.

As a result of the fruit tea flop, Lipton says it will concentrate on its core convenience tea business and divert the bulk of its spending there, where it has gained considerable share at Nestle's expense. Fruit teas will be supported primarily in heavy iced-tea consumption areas, with minimal national exposure beyond consumer promotional events in 1987. As a result, measured spending for fruit teas dropped to $2.5 million in 1986. Ally Gargano/MCA, New York, handles.

In convenience teas, Lipton targeted soft-drink consumers with fast-paced national advertising featuring athletes winding down with an iced tea. The company also ran a consumer promotion offering consumers 20% off a pair of Reeboks at Athlete's Foot stores with four proofs-of-purchase of the teas. SSC&B, New York, handles.

In hot teas, Lipton rolled national with its decaffeinated tea bag. SSC&B, also handles.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,427	2,398
Magazines	49,816	39,000
Newsp. supp.	466	993
Bus. pubs.	315	150
Network TV	202,371	195,904
Spot TV	60,808	62,186
Network radio	6,607	9,224
Spot radio	4,312	2,114
Outdoor	104	45
Network cable	5,212	3,787
Total measured	332,438	315,800
Unmeasured	185,308	176,034
Total	517,746	491,834

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Marketing Personnel
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Corporate Personnel
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Marketing Personnel
John R. Speirs, mktg vp
Edward J. Chima, mktg mgr, hard surface cleaners
William J. Gentner, mktg mgr, laundry adds
Charles Kummel, mktg mgr, bar soaps
George T. Mayer Jr., mktg mgr, laundry dtgs
George J. Frazen Jr., vp-sales
Robert E. Norris, natl sales mgr-field sales
Gloria Deragon, mktg rsch dir
Elizabeth Crehan, dir-promo svcs

FOODS DIVISION

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Marketing Personnel
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Michael E. Bauer, mktg dir
Celine Varasano, mktg mgr
Terry Bauer, sales vp
Lynn Johnson, mktg rsch dir
Susan Farrow, promo devel mgr

SPECIAL MARKETS DIVISION

Corporate Personnel
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Marketing Personnel
Frederick Thimmes, mktg dir
Jerry A. Westman, genl sales mgr-armed forces domestic
S. Ray Marks, sales planning dir

INDUSTRIAL DIVISION

Corporate Personnel
Harold Jackson, genl mgr

Marketing Personnel
Riley N. Stone Jr., mgr-mktg & govt sales
Joseph P. Kysel, mgr-detergent prods
Carl Canter, tech mgr, detergent & toiletries

Advertising Agencies
BBDO Worldwide, New York—Wisk detergents, Sunlight dishwashing liquid, automatic powder and automatic liquid detergents, Caress Lux Liquid—Art Unger, sr mgmt rep; Bill Heath, mgmt rep; Don Maurer; acct super. Mrs. Butterworth's syrups and pancakes—Art Unger, sr mgmt rep; Margaret Evans, mgmt rep; Marsha Walyck, acct super. Selected brands in Puerto Rico for special mkts div.

Richard Lewis Corp., Scarsdale, N.Y.—industrial & institutional prods—Richard I. Byer, president.

McCann-Erickson, New York—Promise spreads, I Can't Believe It's Not Butter—Gunnar Wilmot, group dir; Paul Kilbane, mgmt rep; Linda Luca, acct super; Teddy Strain, acct exec, Promise; Francesca Morselli, acct exec, I Can't Believe It's Not Butter.

Moss & Co., New York—military mkt, Hawaii, Alaska, Guam for special mkts div—Harry Reingold, acct super; Marisol Estoy, acct exec.

Ogilvy & Mather, New York—Dove bar soap.

SSC&B, New York—Concentrated All, liquid All detergents, dishwasher All, Snuggle, Shield, Lifebuoy soaps—Claire Berkeley, mgmt super; Cindy Wilford, acct super; Brian Schadt, acct suner; Cynthia Williams, acct exec.

Stone & Simmons, Southfield, Mich.—Shedd's spreads, Country Crock spreads, Mrs. Filbert's margarine—Chris Gaffield, exec vp-acct svcs; Howard Dembs, acct super. Doug Stone, sr acct exec; Lori Young, acct exec, Shedd's, Country Crock; Lori Young, acct exec, Mrs. Filbert's.

Sudler & Hennessey, New York—professional programs—Wayne Traub, acct super.

J. Walter Thompson Co., New York—Lever 2000, Lux soap, Rinso detergent, Dove liquid—Steve Dworin, sr vp-mgmt dir; Bill Gross, acct dir; John Mittnacht, acct super.

THOMAS J. LIPTON INC.
Englewood Cliffs, N.J.

Corporate Personnel
Hubert M. Tibbetts, president-ceo
Blaine Hess, exec vp-consumer dry grocery div
Dolph W. von Arx, exec vp-genl mgmt
Thomas Fuelling, president-ceo, Lawry's Foods

Marketing Personnel
James W. Benson, sr vp-mktg
Gerald B. Boycks, vp-beverage div
Anthony L. Franke, vp-foods div
Elwood L. Qualls, vp-genl mgr-broker, prods/special mkts div
Edmund Ladendorff Jr., vp-mktg support and devel
Angelo LaMantia, vp-new prods, coord div
Robert Livingston, vp-sales div

John Heil, vp-grocery mktg, Lawry's Foods
Max Ballard, genl mgr-Good Humor
John W. Starr, genl mgr, foodservice/bottler's concentrate div
Richard P. Kundrat, genl mgr, grocery broker prods div
Vivian Bruno, dir-mkt rsch
Bruce Hoenig, dir-media svcs
Theodore Labiner, dir-creative svcs
Anthony G. Montuori, dir-sales, promo, coord
Linda Webb, dir, nutrition, consumer svcs
David P. Bell, dir-prod mgmt, regular and specialty teas
Bruce S. Belowich, dir-prod mgmt, convenience teas
Stewart Krentzman, assoc dir- prod mgmt, Wyler's drink mixes
Gregory G. Knoll, dir-prod mgmt, soup and recipe prods
Daniel Morrison, dir-prod mgmt, condiments and snacks
Thomas Keen, project dir, new products
Allen Carlson, project dir, new products

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Lipton Fruit Teas—Warren Dechter, exec vp-dir client svcs; Lloyd Fritzmeier, sr vp-group acct dir.

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Lipton Side Dishes, Lipton Cool Side Salads—Michael Peroff, sr vp-dir, client svcs; Sven Welander, vp-mgmt super.

Dailey & Associates, Los Angeles—Lawry's Foods—Stephen Chabre, exec vp-coo; Brian Morris, mgmt super.

FCB/Leber Katz Partners, New York—Sunkist Fruit Snacks, Wish-Bone salad dressing—David Roethgen, sr vp-mgmt dir.

SSC&B, New York—regular teas, convenience teas, specialty teas, herbal teas—Steve Norcia, exec vp; Ned Parker, mgmt super; John Fraser, acct super; Mitra Mehanian, acct exec, convenience teas. Bob Nadelman, acct super, specialty and herbal teas; Kate Lanigan, Cecily West, acct execs, specialty and herbal teas. Cup-A-Soup—Steve Norcia, exec vp; Dick Ellington, mgmt super; Algernon Greenlee, acct super; Matt Lake, acct exec. Good Humor—Steve Norcia, exec vp; Sharon Treacy, acct super; Stuart Tobin, acct exec.

Young & Rubicam, New York—Lipton soup mix—Fernan Montero, exec vp-group dir; Edward Concannon, Cathy McCarthy, vps-acct supers.

CHESEBROUGH-POND'S
Westport, Conn.
PACKAGED GOODS DIVISION
Marketing Personnel

Charles Strauss, president
John Rice, vp-mktg
David Cooper, group prod mgr, spaghetti sauce
Frances Bainor-Ebner, group prod mgr, all other brands
Fred Huser, group prod mgr, new prods
John Fesen, mgr-sales forecasting/analysis

Advertising Agency

Waring & LaRosa, New York—Ragu spaghetti sauces, Pizza Quick, Pasta Meals, Adolph's meat tenderizer and marinades—Irwin Levy, sr vp-acct svcs; Clark Oliver, mgmt super; Ron Jones, acct super, Ragu; Don Amira, acct super, Ragu Pasta Meals; Ellie Schwartz, acct exec, Ragu Pasta Meals, Adolph's and Pizza Quick.

HEALTH & BEAUTY PRODUCTS DIVISION
Marketing Personnel

Gary Malloch, president
Patrick Choel, mktg vp
Robert Sheasby, mktg mgr, skin care
Linda Nash, mktg mgr, facial skin care, hair care
Susan Coleman, mktg mgr, oral hygiene, personal care, cotton swabs, dentifrice, deodorant
Stephen Galasso, mktg mgr, dentifrice, deodorant
Vic Gander, sales vp

Advertising Agencies

BBDO Worldwide, New York—Signal mouthwash—Art Unger, sr mgmt rep; Margaret Evans, mgmt rep; Marsha Walyck, acct super.

McCann-Erickson, New York—Vaseline Intensive Care lotion, Vaseline Petroleum jelly, Vaseline Lip Therapy—Dan Cohen, group dir; Marsha Badanes, mgmt rep; David Edelberg, Carol Cinnamon, acct supers; Helen Pantuso, Barbara Giuffre, acct execs.

Ogilvy & Mather, New York—Pond's Q-Tips, Rave—Kathy Foley, mgmt super; Kristine Gallagher, acct super; Susan Keck, acct exec.

SSC&B, New York—Aim, Aim toothbrush, Aim Pepsodent toothpaste, Pepsodent Toothpaste, Pepsodent Plus toothbrushes—Phil Cohen, mgmt super; Bill Vitriol, acct super; Michael Bentivegna, acct exec; Cynthia Reid, acct exec, Aim toothbrush.

J. Walter Thompson, New York—Close Up Toothpaste, Close-Up Lip Balm, Dimension shampoo—Steve Dworin, sr vp-mgmt super; David Sass, sr acct super; Ann Pogue-Campbell, acct super.

PRINCE MATCHABELLI DIVISION
Marketing Personnel

Raymond Beliatico, president
Michael Horowitz, genl mgr, Erno Laszlo
Terry Augeabraun, vp-mktg, cosmetics
Gregory Van Gasse, dir-mktg, fragrance
Terry Mohr, vp-sales

Advertising Agencies

Ogilvy & Mather, New York—Wind Song, Aviance Night Musk, Verve, Cachet, Masquerade, Aziza, Cutex, Erno Laszlo, Elizabeth Taylor's Passion—Sharon McGavin, mgmt super.

SSC&B, New York—Impulse Body Spray, Axis Men's spray cologne—Phil Cohen, mgmt super; Robert Barnes, acct super; Bennett Miller, acct exec.

SPECTRUM GROUP
Marketing Personnel

David Bluestein, president
Thomas Sapinski, sr vp-sales & mktg
Gene Wagnon, dir-mktg
Richard Altman, natl sales mgr
Sharon Woods, mktg svcs dir
Elese Hall, media dir

Advertising Agency

Caraway-Kemp Communications, Jacksonville, Fla.—Hot Shot household insecticides, Spectracide household, lawn and garden prods, Rid-A-Bug home pest control, No-Pest insecticide trips, special delivery lawn care prods, Bag-A-Bug biological insect controls, Expire mouse bait station—John E. Caraway, chmn-creative dir; William D. Kemp Jr., president.

RANK **29**

U.S. Government

Washington

($ in millions)

U.S	1986	1985	% chg
Advertising	306	259	18.2

Spending by the U.S. Government rose 18% to $306 million in 1986, largely a result of budget hikes by military advertisers and the U.S. Mint. The government is likely to spend significantly more this year, since several new advertising campaigns have been added for such diverse issues as immigration and AIDS awareness.

But the main news of the year centered on the military, which spends two-thirds of the government's ad budget. In 1986 military advertising increased 16% to $206.6 million, but the Department of Defense says it intends to decrease its total budget by 25% by 1991.

Also, four service branches, accounting for more than $130 million in billings, changed agencies in the last 12 months.

Another major government advertiser, Amtrak, had 1986 spending rise only slightly to $28.9 million and is expected to keep at the same levels. It's still rolling a TV campaign focusing on the romance of train travel, via DDB Needham Worldwide.

The U.S. Postal Service's 1986 advertising budget fell 16% to $33.4 million, but postal officials expect to spend more in the coming year to reflect Postmaster General Preston Tisch's desire for more aggressive marketing. In 1988 the USPS will review its contract with Young & Rubicam.

The federal government's 1987 total also gets a boost from a $10.7 million campaign by the Immigration and Naturalization Service, which earlier this year awarded the 18-month assignment to the Justice Group, Los Angeles.

Campaigns to inform illegal aliens and employers of the new immigration law broke in July, using the theme "Working for a better America" and starring Robert Stack and Hector Bonilla, a Mexican actor.

This year military advertising is expected to decline to $191.3 million, despite a dwindling pool of 18-year-olds, recruiters' prime targets. The numbers of 18-year-olds will fall through 1992, when there will be only 3 million of them, down 25% from 1978.

Military advertisers who changed agencies in recent months are likely to experiment with new campaigns in 1988. The Army, Navy, Air Force and National Guard all switched allegiances this year.

The reviews were marked by heated competition, especially the exhaustive Army search, which called the biggest guns to the field and ended with 19-year account veteran N W Ayer as a casualty.

In November, weeks before the decision on the Army's $500 million, five-year contract, the Army suspended Ayer from government business, essentially throwing it out of the review. The Army said it had evidence that Ayer had allegedly inflated time cards and rigged bids. It also held Ayer responsible for the conduct of an Ayer VP found guilty of embezzling $60,000 from a subcontractor.

Ayer's suit against the government for the suspension is still pending. Young & Rubicam, New York, won the contract in January.

In August 1987, the Navy pulled up its 12-year anchor at Ted Bates Advertising (now Backer Spielvogel Bates) to dock with BBDO Worldwide, New York. The series of changes began in August 1986 when the Air Force landed at Bozell, Jacobs, Kenyon & Eckhardt, leaving D'Arcy Masius Benton & Bowles, its agency of 27 years.

BJK&E also snared the National Guard's account, which DDB Needham Worldwide resigned after six years.

Only the joint military advertising account, in review in 1986, remained at incumbent Grey Advertising. The Marine Corps was the only military service not up for review in the past year. J. Walter Thompson USA isn't slated to defend its three-decade hold until its five-year contract expires in 1990.

While new campaigns aren't slated to break until early 1988, the Army says it will keep "Be all you can be," adding as a secondary slogan, "Get an edge on life."

The Air Force will keep "Aim high," while unveiling new executions next year, and the National Guard is still developing its advertising. The Navy is considered likely to drop its 12-year "Live the adventure" theme since most of the agencies that vied for the account, including BBDO, recommended against it.

Recruiting efforts overall achieved the same high levels as in 1985. The Navy lagged slightly behind the other services in enlisting high school graduates, however.

The Army wants a $104 million budget for 1988, up from the $97.9 million it expects to spend this year. In fiscal 1986, it spent $105.3 million, with $8.8 million going to the Army Reserve Officers Training Corps.

The Navy has been hardest hit by budget cuts. Its budget plummetted 48% to $17.6 million this year. It sought to shift $10 million from a different Navy department into its ad budget, but Congress didn't go along. It seeks an increase to $25 million in 1988.

The Marine Corps' budget increased 14% to $19.6 million in 1986 and is slated to remain at that level for the next two years.

The Air Force budget fell 3% to $16.3 million in 1986, and will rise to $16.8 million in 1987. It asked for $15.7 million in 1988.

The Army National Guard's budget rose 31% to $11 million, and the service expects to spend $14.5 million this year and the same level in 1988.

The Air National Guard's budget rose 22% to $2.8 million, and it intends to stay at that level for the next several years.

The joint services ad budget dropped 7% to $17.2 million, but it will spend $21.3 million in 1987 and ask for $33.5 million in 1988. Results of the advertising mix test, which calculated that the Department of Defense could advertise more efficiently by beefing up the joint services budget, was slated for release this month.

The Coast Guard, part of the Department of Transportation, is spending about $500,000, and in 1987 switched to CSI Productions, Hyattsville, Md., from Thomas Buffington & Associates, Washington.

In 1986, the largest addition to government spending was the U.S. Mint's $32 million campaign for Statue of Liberty commemorative coins.

Sales from the coin raised more than $82 million to restore the 100-year-old statue. Grey Advertising handled the campaign, using the theme, "Keep Liberty in mint condition."

Grey's success earlier this year won it the $8 million campaign for the U.S. Mint's bullion coin, the American Eagle. A domestic and international print campaign uses the theme "American Eagles. An investment you can actually hold."

The U.S. Mint hopes to issue a commemorative coin annually. This summer it began selling the U.S. Constitution coin, celebrating the bicentennial. Backer Spielvogel Bates, New York, breaks TV and print advertising in September, using the theme, "Hold onto the promise." The campaign is expected to approach $20 million in billings. Sales from the coin may raise $55 million.

Still in the formative stages for 1988 is another Olympic coin, this time for the 1988 Olympics in Seoul and Calgary. Congress is still considering the authorizing legislation.

Public service advertising by the government in 1986 fell 17% to $6.7 million. Much of the drop came at the Advertising Council, whose government billings dropped 32% to $1.3 million in 1986, because government advertisers cut their budgets.

But the Council expects to handle $2.4 million in government campaigns in 1987, including a $600,000 campaign for the bicentennial of the U.S. Constitution and $20,000 in startup advertising for the 1990 Census.

The Council in 1987 broke a new campaign for the Interior Department, asking America to "take pride" in public lands; the TV spots star actors Clint Eastwood and Lou Gossett Jr. In July it accepted a $250,000 assignment from the Internal Revenue Service for a campaign explaining tax reform.

Also boosting the public service arena in 1987 was the creation of a $2 million campaign for AIDS awareness, which the Centers for Disease Control in August awarded Ogilvy & Mather, Atlanta.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazine	$48,179	$37,651
Newspaper	7,798	10,149
Network TV	78,631	54,647
Spot TV	34,095	17,976
Network radio	8,196	6,226
Spot radio	9,725	9,233
Outdoor	338	4,906
Network cable	965	1,478
Total measured	186,962	143,387
Unmeasured	119,132	115,663
Total	306,094	259,050

U.S. GOVERNMENT
DEPARTMENT OF DEFENSE
Washington, D.C.
Staff Personnel

Dr. David Armor, principal deputy asst secretary-force mgmt & personnel
Lt. Gen. Anthony Lukeman USMC, deputy asst secretary-military manpower & personnel policy

Marketing Personnel

Dr. Steve Sellman, dir-accession, recruiting-adv, policy
Lt. Col. John Ford, asst dir-adv

JOINT RECRUITING
Marketing Personnel

Lynn Lucchetti, dir
Lt. Col. Jack Schlegel, USA, deputy dir
Lt. Linda Donner, USN, program ad mgr
Cpt. Junior Ortiz, USMC, program ad mgr
Cpt. Donynna Edward, USAF, program ad mgr
Lt. Col. John Ford, USA, contracting officer's rep

Advertising Agency

Grey Advertising, New York—joint recruiting—Robert Ravitz, sr vp-mgmt rep; Gary Niebauer, Jim Battin, vps-mgmt supers; Len Sussman, vp-acct super; David Stanley, acct super; Sherman Landwehr, business mgr.

U.S. ARMY/ARMY RESERVE
Staff Personnel

Delbert R. Spurlock, asst secretary for manpower & reserve affairs
Lt. Gen. Allen K. Ono, deputy chief of staff for personnel
Gen. Maxwell R. Thurman, commanding general, U.S. Army training & doctrine command
Maj. Gen. Thomas P. Carney, commanding general, U.S. Army recruiting command

Marketing Personnel

Lt. Col. Edward A.M. Sullivan, chief-mkt & adv office
Col. David R. Fabian, dir-adv & sales promo, U.S. Army recruiting command
Col. Alexander Woods, chief-mktg office, ROTC

Advertising Agency

Young & Rubicam, New York—Army, Army Reserve—John Glorieux, exec vp-mng dir; Bill Green, sr vp-mgmt super; Vic Capellupo, vp-rsch; Nancy Smith, sr vp-media.

U.S. ARMY ROTC
Staff Personnel

Maj. Gen. Robert E. Wagner, commanding general, ROTC

Marketing Personnel

Lt. Col. Alexander Woods, chief, mktg office, ROTC

Advertising Agency

Young & Rubicam, New York—Army ROTC—John Glorieux, exec vp-mng dir; Clark Brooks, vp-mgmt super; Vic Capellupo, vp-rsch dir

U.S. NAVY
Marketing Personnel

Capt. R.F. Kelly, dir-recruiting adv

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See page 57

Cdr J. Hames Jr., dir-adv operations div

Advertising Agency

BBDO Worldwide, New York—Frank Perkins, exec vp-mng dir.

U.S. MARINE CORP

Marketing Personnel

Brig. Gen. J.R. Roy, dir-personnel procurement div
Lt. Col. J.T. Luken Jr., head-mktg branch
Maj. R.A. Canty Jr., asst head-mktg branch

Advertising Agency

J. Walter Thompson USA, Washington—Frank Mangan, group acct dir; Hal Chase, acct super.

U.S. AIR FORCE

Marketing Personnel

Brig. Gen. E. Daniel Cherry, commander, U.S. Air Force recruiting service
Col. Melvyn Cummings, dir-Air Force recruiting adv & publicity

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York—Ron Benza, exec vp-acct group dir; Doug Laughlin, vp-mgmt rep; Chris Frentzel, acct super; Lucy Aguinaldo, bus mgr.

NATIONAL GUARD

Marketing Personnel

Lt. Col. Robert Baxter, chief, Army National Guard, recruiting & retention mgmt center
Lt. Col. Carol Boone, Air National Guard recruiting & retention branch

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Washington and New York—Ron Benza, exec vp-acct dir; Doug Laughlin, vp-mgmt super; Ron Owens, acct super; Al Cockrell, acct exec, Air National Guard; Tom Previ, acct exec, Army National Guard.

TRANSPORTATION DEPARTMENT

Coast Guard

Marketing Personnel

Capt. Glenn Serotsky, chief, recruiting div
Lt. Cmdr. Philip Matyas, chief, recruiting adv branch

Advertising Agency

CSI Productions, Hyattsville, Md.—Coast Guard—Noel Izon, president-acct super.

U.S. POSTAL SERVICE

Marketing Personnel

Mitchell Gordon, sr asst postmaster for mktg & comm
John Wargo, asst postmaster-mktg
Gary Stevens, mgr-creative svcs branch

Advertising Agency

Young & Rubicam, New York—Ned Brown, sr vp, mgmt super; Richard Kebbon, Bill McGorry, vps-acct supers; Pam Hall, Jay Foley, Josh Moritz, Bill Mears, acct execs.

AMTRAK

Marketing Personnel

William S. Norman, exec vp-mktg & business devel
Robert E. Gall, vp-transportation mktg, sales & adv
William Castleberry, dir-adv & sales promo

Advertising Agency

DDB Needham Worldwide, New York—Roy Lancaster, sr vp-mgmt rep; Lauren Berger, vp-acct super.

RANK **85**

US Sprint Communications

Shawnee Mission, Kan.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,132	1,800	18.4
U.S. advertising	102	55	88.0

US Sprint Communications, a joint venture of GTE Corp. and United Telecommunications Inc., celebrated its first birthday on July 1, 1987, and there was cause for jubilation: Revenues, the customer base and market share were up over 1986.

Industry experts say that in order to survive in the long-distance marketplace, US Sprint will need to amass a 7% share of market. US Sprint, whose market share was 4% in 1985 —behind AT&T's 85% and MCI's 8%—stepped up promotional efforts, improved quality and poured most of its advertising budget into TV, resulting in a growth in market share to 6.6% by the end of 1986. Then in September, further rejoicing was sparked by a court ruling banning the regional Bell companies from entering the long-distance business.

Competitor MCI likewise improved its market position with a 10.6% share, while the apparent loser was AT&T, whose market share dropped to 80.2%, according to Glenn Powers, senior analyst with the New York-based market research firm, Northern Business Information Inc., publisher of the U.S. Telecommunications Market Report. Company objectives are to gain a 10% share by 1990.

A chance for greater market stability may result from the ruling early this month that continued the ban on regional Bells to operate long-distance services. The ruling, expected in many quarters, came from Judge Harold A. Greene, who presided over the AT&T breakup.

Currently, US Sprint's eight divisional offices serve more than 5 million customers, double the customer base in less than a year. The company attributes part of the dramatic upsurge to a promotional sales effort, the "Charter Customer Sale." This year Sprint launched its "U.S. Daylight Savings Time Sale" promotion, which promises a 10-month discount in service for new and eligible existing customers who sign up between July 17 and Sept. 30.

The promotion is being sweetened by an across-the-board rate reduction of 4.5%, which US Sprint filed on July 6, 1987, in order to keep its rates lower than those offered by AT&T. Since the January 1984 breakup of the Bell System, long-distance rates have dropped by about 30%. As of last year, when it was formed as a separate entity, Sprint has reduced its own rates three times, for a total of 20%, in addition to the most recent request.

The growing customer base, however, has a negative side. Growth has been so rapid that US Sprint has been forced to lease expensive lines from AT&T to service the business. This in part has generated higher losses than initially projected.

Price is one way to attract new business, but customer demands for quality have influenced the building of US Sprint's nationwide all-digital, fiber-optic network. The 23,000-mile system is expected to be complete by year's end at a reported cost of $3 billion.

In a national TV campaign that broke March 30, a singer in New York breaks a glass bud vase in Los Angeles through voice power and the clarity of the fiber-optic technology. J. Walter Thompson USA handles the account.

US Sprint expects 95% of its calls to be handled by its fiber-optic system by the end of the year. AT&T and MCI also are hurrying to build fiber-optic networks.

Because 55% of US Sprint's revenues come from business customers, TV advertising is directed to male-oriented shows. In 1985, the company's advertising appeared almost exclusively in spot TV markets. Last year, Sprint pumped $25 million into national TV while reducing its spot TV spending 29% to $36.9 million.

In the seven media monitored by BAR/LNA, US Sprint spent $68.4 million for the full calendar year in 1986, compared with $46.7 million while under the GTE umbrella in 1985.

To add to customer convenience, Sprint introduced a travel card service, "Foncard," similar to those offered by competitors. The card increases nationwide access to US Sprint's services.

Even though it is difficult for smaller long-distance companies to establish overseas links because of AT&T's dominance of the market, US Sprint has made 40 countries accessible. Together with the recent introduction of an 800 number-service and other operator services, US Sprint claims it is the "only full-service provider competing with AT&T." Sprint's strategy is to continue to challenge its mammoth competitor in pricing, service and quality.

Robert H. Snedaker Jr. was named president of US Sprint this July. Mr. Snedaker had been the chief operating officer and vice-chairman of United Telecommunications Inc. He succeeded Charles Skibo, who resigned.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	44	0
Magazines	6,057	2,577
Newsp. supp.	195	0
Bus pubs	495	0
Network TV	25,013	0
Spot TV	36,906	51,905
Outdoor	0	21
Network cable	258	0
Total measured	68,967	54,503
Unmeasured	33,500	0
Total	102,467	54,503

US SPRINT COMMUNICATIONS CO.
2330 Shawnee Mission Pkwy.
Shawnee Mission, Kan. 66205
(913) 676-3605

Corporate Personnel

Robert Snedaker, president

Marketing Personnel

Edward W. Carter, sr vp-mktg & sales
Jorge Rosinquez, dir-adv & direct mktg
Amanda Weathersby, dir-prod mgmt

Advertising Agencies

Devon Direct Marketing and Advertising, Malvern, Pa.—all natl direct mktg—Jim Perry, Ron Greene, mng partners; Marianne Croze, media dir.

J. Walter Thompson, USA, San Francisco—Lloyd Stein, acct dir; Sherry Carniglia, mgmt super; Daniel Kalsin, acct super.

RANK **56**

Volkswagen AG

Wolfsburg, W. Germany

($ in millions)

Worldwide	1986	1985	% chg
Sales	29,100	21,000	38.6
Net income	319	641	(50.3)
U.S.	**1986**	**1985**	**% chg**
Sales	3,800	3,800	0.0
Operating profits	84	60	40.0
Advertising	152	119	27.4

Volkswagen of America, a subsidiary of Germany's Volkswagen AG, faced two marketing challenges in 1986 that have carried over into 1987: re-establishing itself in the crowded low-end market and enhancing the identity of its entire line of automobiles.

A 24% increase in advertising spending for 1986 reflected the Troy, Mich.-based subsidiary's readiness to mount an attack on both fronts.

The Fox, which made its debut in early 1987, is VW's answer to the Hyundai Excel from South Korea, as well as low-end entries from both Japanese and Detroit manufacturers. Hyundai sold 168,882 units in 1986 while Yugo, for instance, sold 35,959, GM's Chevrolet Sprint 60,983, and Chrysler's Plymouth-Dodge Colt 45,094.

VW hopes the Brazilian-made subcompact, priced at less than $6,000, is designed to attract first-time buyers and families who already own two or three cars. Sales of the Fox, which is offered as a two- and four-door sedan and station wagon, are expected to total 50,000 to 60,000 units for the first full year. The company originally had projected sales of 70,000 units, but was forced to scale down that figure due to delivery problems from Brazil.

Ads for the Fox have played off the legacy of the Beetle, the popular, low-priced model which VW used to establish itself in the U.S. Yet the ads positioned the Fox as a contemporary car, not just today's Beetle. One magazine spread showed the back half of a beetle on the left and a Fox on the right. Underneath the cars, the copy read "An idea whose time has come and gone. Has come again."

While VW executives concede that sales of other models could be cannibalized by Fox, they hope that 85% of Fox sales will come from buyers who otherwise would not have bought a Volkswagen. It is also hoped that these buyers will eventually trade-up to higher-priced VW models, such as the $13,000 Jetta.

Despite several price increases because of the drop in the exchange rate and increased competition, sales of all VW models in 1986 declined only 0.4%, to 217,231 units. Late in 1986, company officials predicted 1987 calendar-year sales will jump to between 250,000—270,000 units. However, as a result of the slumping auto market, VW now projects sales of between 225,000 and 230,000 units for 1987.

VW's share of both the import and total U.S. car market by unit sales shows signs of slipping in 1987. During the first half of this year, the shares dropped to 5.5% and 1.9%, respectively, compared to 7.45% and 2% over the same period in 1986. Newcomer Hyundai by comparison held a 1.5% market share of U.S. unit car sales and ranked 10th behind 8th-place VW.

VW's effort to shed its single-car image, which market-watchers say is essential if the automaker is to successfully compete against higher-priced European imports, also continued through late 1986. Despite the emergence of the Fox, "We are not going to become the Fox car company as we were the Beetle car company," says William A. Gelgota Jr., VW manager-advertising.

The cover of a 12-page magazine spread drew on the famous VW "Think small" ad by using the VW logo and the line "If this makes you think small, think again." Subsequent spreads urged the reader to "think fast" for the Scirocco 16V; "think smart" for the Jetta; "think ahead" for the Golf; "think big" for the Vanagon minivan, and "don't think at all" for the Cabriolet convertible. "Now what do you think of Volkswagen?" posed the copy on the back page of the spread.

A series of 30-second TV spots that broke in October 1986 during NBC's World Series telecast echoed the same theme. In one spot for the racy 16-valve Scirocco, a disapproving mother tells her son, "Your father used to own a Volkswagen. It was a nice little car. This is not a nice little car."

Ads for 1987 models also attempted to establish a distinct identity for each car. Spreads for the Scirocco 16V, the GTI 16V and the new Golf GT emphasized the cars' speed and power. An ad for the Golf GL urged the reader to "Join the American Autobahn society" and stressed the model's durability. A spread for the Jetta compared its investment value to that of Mercedes and BMW.

Mr. Gelgota says ad campaigns for the 1988 model year, via DDB Needham, will focus on strengthening the VW brand name as a whole. This strategy, he says, is designed in part to boost the automaker's "niche products"—the Scirocco, Quantum, Cabriolet and Vanagon.

Network and spot TV accounted for roughly 55% of the measured national budget for 1986, jumping 42% and 23%, respectively. Magazine spending, representing almost 30% of measured spending, rose roughly 4%. Although VW's

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Primary business	Rank	Advertiser	U.S. ad spending 1986	U.S. ad spending 1985	U.S. sales 1986	U.S. sales 1985	Adv. % U.S. sales 1986	Adv. % U.S. sales 1985	1986 worldwide figures Sales	1986 worldwide figures Earnings	Return on sales
AIRLINES	48	Allegis Corp.	$171,746	$145,000	N/A	N/A	N/A	N/A	$9,196,233	$11,600	0.1
	76	AMR Corp.	112,882	105,412	N/A	N/A	N/A	N/A	6,018,000	279,000	4.6
	83	Delta Air Lines	104,554	99,581	N/A	N/A	N/A	N/A	5,320,000	264,000	5.0
	60	Texas Air Corp.	132,287	64,073	N/A	N/A	N/A	N/A	4,406,897	237,378	5.4
AUTOMOTIVE	72	American Motors Corp.	116,222	125,668	N/A	N/A	N/A	N/A	3,500,000	(91,000)	(2.6)
	20	Chrysler Corp.	426,000	393,400	$20,489,000	$18,767,000	2.1	2.1	22,586,000	1,404,000	6.2
	6	Ford Motor Co.	648,500	614,726	50,034,000	43,526,000	1.3	1.4	62,716,000	3,285,000	5.2
	5	General Motors Corp.	839,000	779,000	91,343,000	89,099,000	0.9	0.9	102,814,000	2,945,000	2.9
	41	Honda Motor Co. Ltd.	205,082	156,475	N/A	N/A	N/A	N/A	18,747,000	546,000	2.9
	54	Mazda Motor Corp.	156,846	118,681	N/A	N/A	N/A	N/A	10,100,000	50,000	0.5
	47	Nissan Motor Co. Ltd.	180,136	162,566	N/A	N/A	N/A	N/A	23,675,000	332,000	1.4
	40	Toyota Motor Corp.	208,877	172,108	N/A	N/A	N/A	N/A	38,211,000	1,546,000	4.0
	56	Volkswagen AG	152,211	119,459	3,800,000	3,800,000	4.0	3.1	29,100,000	318,700	1.1
CHEMICALS & PETROLEUM	35	American Cyanamid Co.	248,460	266,086	2,535,500	2,489,100	9.8	10.7	3,815,900	202,500	5.3
	70	Dow Chemical Co.	119,508	105,040	5,165,000	5,153,000	2.3	2.0	11,113,000	732,000	6.6
	77	E.I. du Pont de Nemours & Co.	112,675	112,184	18,758,000	20,301,000	0.6	0.6	27,148,000	1,538,000	5.7
	50	Mobil Corp.	167,777	195,262	18,717,000	23,594,000	0.9	0.8	49,865,000	1,407,000	2.8
	96	Monsanto Co.	88,660	86,206	4,638,000	4,794,000	1.9	1.8	6,879,000	433,000	6.3
ELECTRONICS & OFFICE EQUIPMENT	34	Eastman Kodak Co.	255,586	247,300	8,959,000	8,717,000	2.9	2.8	11,550,000	374,000	3.2
	25	General Electric Co.	354,250	373,420	N/A	N/A	N/A	N/A	35,210,000	2,492,000	7.1
	94	Hewlett-Packard Co.	91,684	66,467	3,812,000	3,696,000	2.4	1.8	7,102,000	516,000	7.3
	31	International Business Machines	295,498	327,834	25,362,000	28,511,000	1.2	1.1	51,250,000	4,789,000	9.3
	33	Tandy Corp.	262,161	186,861	N/A	N/A	N/A	N/A	3,452,178	242,329	7.0
	92	Xerox Corp.	92,732	128,898	9,050,000	8,505,000	1.0	1.5	12,929,000	465,000	3.6
ENTERTAINMENT & MEDIA	46	CBS Inc.	184,837	183,483	4,145,100	3,961,600	4.5	4.6	4,753,700	375,100	7.9
	86	MCA Inc.	101,671	101,701	1,925,830	1,786,257	5.3	5.7	2,441,374	155,204	6.4
	44	Time Inc.	190,587	156,442	N/A	N/A	N/A	N/A	3,762,000	376,000	10.0
	38	Walt Disney Co.	219,138	140,020	N/A	N/A	N/A	N/A	2,470,900	247,300	10.0
	93	Warner Communications	92,150	119,172	N/A	N/A	N/A	N/A	2,848,324	185,795	6.5
FOOD	65	American Dairy Farmers	125,832	121,000	N/A	N/A	N/A	N/A	23,278,000	N/A	N/A
	13	BCI Holdings	535,852	612,111	5,809,000	5,925,000	9.2	10.3	8,926,000	(79,000)	(0.9)
	42	Campbell Soup Co.	204,233	215,695	3,557,000	3,344,700	5.7	6.4	4,378,714	223,225	5.1
	68	CPC International	121,956	122,422	1,680,000	1,765,000	7.3	6.9	4,549,000	219,000	4.8
	11	General Mills	551,561	447,270	N/A	N/A	N/A	N/A	5,189,000	220,000	4.2
	39	H.J. Heinz Co.	217,413	262,336	2,781,000	2,765,000	7.8	9.5	4,639,000	338,000	7.3
	51	IC Industries	165,199	179,237	3,770,800	3,599,700	4.4	5.0	4,222,400	(56,000)	(1.3)
	23	Kellogg Co.	374,142	364,299	2,269,000	2,075,000	16.5	17.6	3,341,000	319,000	9.5
	19	Kraft Inc.	437,952	479,726	6,278,300	5,819,300	7.0	8.2	8,742,000	390,000	4.5
	30	Nestle SA	305,451	319,254	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	16	Pillsbury Co.	494,877	477,095	5,510,000	5,374,000	9.0	8.9	6,128,000	182,000	3.0
	28	Quaker Oats Co.	309,239	269,445	N/A	N/A	N/A	N/A	4,420,000	244,000	5.5
	17	Ralston Purina Co.	478,031	520,902	N/A	N/A	N/A	N/A	5,514,600	388,700	7.0
	4	RJR Nabisco	935,036	996,395	15,978,000	12,557,000	5.9	7.9	15,975,000	1,064,000	6.7
	32	Sara Lee Corp.	271,623	285,814	7,795,800	6,702,400	3.5	4.3	9,155,000	267,100	2.9
GUM & CANDY	80	Hershey Foods Corp.	111,335	120,167	N/A	N/A	N/A	N/A	2,169,614	132,764	6.1
	27	Mars Inc.	312,607	275,656	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	90	Wm. Wrigley Jr. Co.	96,243	81,536	493,026	444,038	19.5	18.4	698,982	53,818	7.7
MISCELLANEOUS	45	American Express Co.	190,002	169,942	11,826,000	9,433,000	1.6	1.8	14,652,000	1,250,000	8.5
	52	Goodyear Tire & Rubber Co.	161,858	149,504	5,822,000	5,492,600	2.8	2.7	9,103,100	124,100	1.4
	84	Greyhound Corp.	103,396	102,723	N/A	N/A	N/A	N/A	3,088,000	186,000	6.0
	67	Hasbro Inc.	125,353	115,030	978,000	965,000	12.8	11.9	1,345,000	99,200	7.4
	29	U.S. Government	306,094	259,050	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PHARMACEUTICALS	22	American Home Products Corp.	395,718	402,052	3,682,000	3,637,000	10.7	11.1	4,927,000	779,000	15.8
	66	Bayer AG	125,720	108,000	4,200,000	4,000,000	3.0	2.7	18,769,000	620,000	3.3
	26	Bristol-Myers Co.	330,997	344,293	3,499,000	3,286,000	9.5	10.5	4,835,900	589,500	12.2
	21	Johnson & Johnson	410,672	401,217	3,970,000	3,990,000	10.3	10.1	7,002,900	329,500	4.7
	49	Pfizer Inc.	171,139	158,463	2,483,000	2,343,000	6.9	6.8	4,476,000	660,000	14.7
	43	Schering-Plough Corp.	203,359	171,468	1,416,000	1,257,000	14.4	13.6	2,399,000	398,000	16.6
	37	Sterling Drug	220,727	231,807	1,251,283	1,143,575	17.6	20.3	1,990,434	171,507	8.6
	12	Warner-Lambert Co.	548,726	499,345	1,700,000	1,600,000	32.3	29.3	3,100,000	309,484	10.0
RETAIL	98	Federated Department Stores	85,519	69,419	N/A	N/A	N/A	N/A	10,512,000	288,000	2.7
	15	J.C. Penney Co.	496,241	478,392	14,117,000	13,228,000	3.5	3.6	14,740,000	478,000	3.2
	9	K mart Corp.	590,350	567,000	N/A	N/A	N/A	N/A	23,812,000	582,000	2.4
	82	Kroger Co.	108,339	70,157	N/A	N/A	N/A	N/A	17,100,000	55,800	0.3
	99	May Department Stores	84,853	68,379	N/A	N/A	N/A	N/A	10,400,000	381,000	3.7
	3	Sears, Roebuck & Co.	1,004,708	800,000	N/A	N/A	N/A	N/A	44,281,000	1,351,000	3.1
	88	Zale Corp.	99,106	65,307	1,014,000	1,014,000	9.8	6.4	1,061,000	7,000	0.7
RESTAURANTS	8	McDonald's Corp.	592,000	550,000	3,077,000	2,864,000	19.2	19.2	4,240,000	480,000	11.3
	81	Wendy's International	110,001	115,000	N/A	N/A	N/A	N/A	1,140,000	(5,000)	(0.4)
SOAPS & CLEANERS	95	Clorox Co.	89,923	106,861	N/A	N/A	N/A	N/A	1,126,000	105,000	9.3
	36	Colgate-Palmolive Co.	237,867	250,133	2,286,007	2,169,988	10.4	11.5	4,984,576	177,465	3.6
	1	Procter & Gamble Co.	1,435,454	1,599,755	N/A	N/A	N/A	N/A	17,000,000	327,000	1.9
	59	S.C. Johnson & Son	144,617	146,173	N/A	N/A	N/A	N/A	2,000,000	N/A	N/A
	14	Unilever N.V.	517,746	491,834	4,842,000	4,250,000	10.7	11.6	23,368,000	982,000	4.2
SOFT DRINKS	24	Coca-Cola Co.	370,379	393,560	4,650,000	4,216,600	8.0	9.3	8,668,600	934,300	10.8
	10	PepsiCo Inc.	581,309	558,311	8,065,000	6,701,500	7.2	8.3	9,290,800	457,800	4.9
TELEPHONE	18	American Telephone & Telegraph	439,919	521,318	N/A	N/A	N/A	N/A	34,087,000	139,000	0.4
	75	Bell Atlantic Corp.	114,517	70,067	N/A	N/A	N/A	N/A	9,920,800	1,167,100	11.8
	100	BellSouth Corp.	82,743	70,604	N/A	N/A	N/A	N/A	11,444,100	1,588,700	13.9
	74	GTE Corp.	115,340	106,075	N/A	N/A	N/A	N/A	15,112,000	1,184,000	7.8
	64	ITT Corp.	126,344	149,000	13,257,000	11,160,000	1.0	1.3	17,437,000	493,720	2.8
	78	Nynex Corp.	112,209	50,629	N/A	N/A	N/A	N/A	11,340,000	1,215,300	10.7
	97	Pacific Telesis Group	87,851	62,079	N/A	N/A	N/A	N/A	8,977,300	1,079,400	12.0
	85	US Sprint Communications Co.	102,467	54,503	N/A	N/A	N/A	N/A	2,132,000	N/A	N/A
TOBACCO	53	American Brands	158,982	160,237	3,322,800	3,150,000	4.8	5.1	8,469,641	365,304	4.3
	87	B.A.T Industries	100,059	172,430	5,499,000	5,087,000	1.8	3.4	5,499,000	394,000	7.2
	55	Grand Metropolitan PLC	152,919	160,133	2,372,000	2,778,000	6.4	5.8	7,766,570	715,406	9.2
	58	Loews Corp.	146,447	156,952	N/A	N/A	N/A	N/A	8,626,000	546,000	6.3
	2	Philip Morris Cos.	1,364,472	1,358,571	17,568,000	11,496,000	7.8	11.8	25,409,000	1,478,000	5.8
TOILETRIES & COSMETICS	73	Beecham Group PLC	115,877	186,505	903,000	869,400	12.8	21.5	3,341,600	709,700	21.2
	69	Cosmair Inc.	120,410	122,149	N/A	N/A	N/A	N/A	725,000	N/A	N/A
	62	Gillette Co.	129,574	161,000	1,100,900	1,025,000	11.8	15.7	2,818,300	15,800	0.6
	79	Noxell Corp.	112,110	106,795	377,152	327,152	29.7	32.6	438,784	37,101	8.5
	57	Revlon Group	149,225	178,910	N/A	N/A	N/A	N/A	2,600,000	N/A	N/A
WINE, BEER & LIQUOR	61	Adolph Coors Co.	130,609	105,069	N/A	N/A	N/A	N/A	1,314,000	59,400	4.5
	7	Anheuser-Busch Cos.	643,522	523,901	N/A	N/A	N/A	N/A	8,402,000	518,000	6.2
	89	Brown-Forman Corp.	98,921	94,260	N/A	N/A	N/A	N/A	1,404,000	90,000	6.4
	71	E&J Gallo Winery	116,716	62,826	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	91	Seagram Co. Ltd.	94,932	109,433	1,778,000	1,739,000	5.3	6.3	3,345,820	423,458	12.7
	63	Stroh Brewery Co.	128,690	113,000	N/A	N/A	N/A	N/A	1,499,000	N/A	N/A

Sources: Sales and earnings figures are from public documents and reflect the latest fiscal year. Advertising expenditures are for calendar years only and are Advertising Age estimates.
Note: Dollars are in thousands.

marketing plans for 1988 are still under wraps, Mr. Gelgota says there will be some major shifts in media usage.

Under the new Tactical Marketing Association program, VW began matching dealer ad group contributions dollar for dollar. Previously, it was up to dealer associations to initiate requests for matching funding on a program-by-program basis. As a result, co-op ad funds available to its dealers in the 1987 model year were expected to at least double. It is estimated that co-op spending in 1987 will come to $25 million.

After years of consideration, VW began assembling Jettas at its Westmoreland, Pa., plant in October 1986. The Jetta, VW's most popular U.S. model, joins the Golf and the derivative GTI as the only cars assembled at VW's sole U.S. plant. Although the move was spurred by high-demand for the Jetta, overall production dropped 13.2% due to slumping Golf sales. VW also closed its only stamping plant in South Charleston, W. Va., and now receives the majority of its stampings from Volkswagen de Mexico.

For Audi of America, a division of Volkswagen of America, hopes for a strong 1986 were shattered when driver complaints about alleged incidents of unintended acceleration with the 5000-S model became widespread.

After selling a record-breaking 74,061 units in 1985, overall 1986 sales dropped 19%. Market-watchers predicted the slide would continue into 1987. Throughout the controversy, Audi denied there was a mechanical defect and did little to make amends with the buying public. Mounting pressure from the National Highway Transportation Safety Administration and consumer groups led the company in January 1987 to recall 250,000 of the cars produced between 1978 and 1986 to install a device designed to prevent a shift from "park" to either "drive" or "reverse" unless the driver's foot was pressing on the brake.

This past spring, backed by an $80 million marketing program, Audi began taking steps to rebuild its tarnished image and restore the public's faith in its product. The effort included a program that offered 150,000 owners of 1984-86 5000s a $5,000 rebate towards the lease or purchase of a 1987 5000 and factory-to-dealer cash incentives, ranging from $500 to $2,500, on 1987 Audi 4000s.

In July, Audi kicked off a six-month, $30 million media campaign that will include a series of radio, TV and print ads stressing the same theme: "They say the car you drive says a lot about you. We think the kind of people who drive our cars says a lot about Audi." The ads feature consumers and well-known personalities discussing their personal experiences as Audi owners.

Audi's efforts appear to have paid off through the first half of 1987. During the first three months of the year, sales totaled 6,533 units. Over the next three months, which corresponded with the rebate program, sales almost tripled to 18,354 units. In addition, Audi executives predict the company can maintain sales of 5,000 units a month once the 1988 models are introduced.

Meanwhile, the company announced that following a facelift, successor cars to the 5000s series will be introduced as the Audi 100 and Audi 200 in an effort to internationalize model names. The 1988 versions of the 4000 will be introduced as the Audi 80 and Audi 90.

Observers say the public perception crisis that plagued Audi has had little effect on Volkswagen of America because most car buyers are unaware of the relationship between the two companies.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	15,914	10,966
Magazines	37,265	32,840
Newsp. supp	423	608
Bus.pubs.	208	270
Network TV	49,418	34,892
Spot TV	19,238	15,604
Spot radio	1,576	1,957
Outdoor	75	296
Network cable	833	629
Total measured	124,950	98,063
Unmeasured	27,261	21,395
Total	152,211	119,459

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Gary Grabowski, Volkswagen dealer adv mgr
George Pizzo, Audi creative adv mgr
Tom Johnson, Audi media mgr

Advertising Agency
DDB Needham Worldwide, Troy, Mich.—Brian Bowler, president; Christian Von Glasow, sr vp-mgmt super, Audi; Bonnie Folster, sr vp-creative dir; Ken Campbell, vp-planning mgr, VW; Don Ward, vp-mgmt super, VW; Charlie Zollo, vp-acct super, VW (NY); Steve Swanson, acct super, VW; Cathy Lynch, acct super, VW (NY); Frank Couzens III, acct super, VW; Tim Byer, acct super, Audi; John Callahan, sr acct exec, VW; Paul Basil, acct exec, Audi; Robyn Reihm, Russell Chick, acct execs, VW; Scott Schofding, acct exec, Audi.

RANK **93**

Warner Communications

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,848	2,235	27.4
Net income	186	195	(4.9)
U.S. advertising	92	119	(22.7)
Division sales	**1986**	**1985**	**% chg**
Film	1,251	1,201	4.2
Recorded music	1,139	912	24.9
Warner Cable	N/A	N/A	N/A
Publishing	133	122	9.0

Decreased spending on movies and the sale of one of the company's biggest advertised businesses—MTV Networks—cut overall advertising at Warner Communications by 25.8% in 1986.

Warner, however, continued to show strong growth, reporting record profits in three of its largest media spending businesses: filmed entertainment, recorded music and cable.

Encouraged by its positive financial picture, Warner went on a shopping spree buying an interest in Cable Value Network, the large cable home shopping service in the U.S. WCI also received warrants to purchase up to 1.18 million common shares of C.O.M.B., a leading marketer of off-price consumer products and founder of CVN.

WCI rescued the Cannon Group, from bankruptcy, reaching an agreement with the film producer to purchase convertible preferred stock of Cannon and secured notes of certain Cannon subsidiaries for an aggregate price of $50 million in cash. Warner also got North American distribution rights to 21 films.

The company acquired a 50% interest in Gulf & Western's domestic motion picture theatre operation, consisting of 472 screens around the country. Warner Bros. agreed to license to HBO the pay TV rights to all of its motion picture releases over the next five years. That could add about 50¢ a share to Warner's earnings on an annual basis.

Absent from the Warner measured media totals of $34.1 million, down 30.5% from 1985, was MTV Networks. Warner spent $5 million advertising the network in 1985, according to BAR/LNA. MTV along with Showtime/The Movie Channel were sold in 1986 to Viacom Inc., which had owned one-third of the cable TV network.

During 1986, Warner's filmed entertainment division reported operating income of $172.2 million, up 7.5%, on a growth of 4.2% in sales. To promote its films, Warner spent $25.5 million in measured media—most heavily in network and spot TV—down 30% from 1985. For example, this compared to MCA Inc's. Universal Pictures which spent $38 million on 12 films, down 9.5% from 1985.

Warner's domestic box office revenues reflected the film industry's renewed growth. The company has 16% of the gross box-office receipts, No. 2 to Paramount's 23% share. "The Color Purple" was Warner Bros. most successful film of 1986. The film, which received 11 Academy Award nominations, generated more than $95 million in domestic box-office sales during the year.

Other Warner Bros. pictures generating more than $40 million in 1986 included "Cobra," starring Sylvester Stallone; Clint Eastwood's "Heartbreak Ridge;" and "Police Academy 3: Back in Training." Early second quarter results from Stanley Kubrick's "Full Metal Jacket" are encouraging.

As part of its filmed entertainment division, Warner Home Video, increased revenues by more than 35%. Sales should continue to climb in 1987 with inclusion of North American home video rights to 21 Cannon films.

Warner's recorded music division revenues grew 25% as operating income climbed 33.6% to $150.6 million. Big sales contributors were Madonna, Paul Simon and David Lee Roth.

Atlantic Records continued to grow with sales from superstar Phil Collins whose 1985 release "No Jacket Required" sold an additional two million units worldwide in 1986, for a two-year total of almost nine million units. Anita Baker's first major label recording "Rapture" was Elektra/Asylum/Nonesuch's most successful 1986 release.

Warner's publishing division, consisting of Warner Books, DC Comics, *Mad* magazine and Warner Publishing Services had a 9% growth in revenues although operating income declined 17.5% to $11.3 million as weak newsstand sales continued to hurt DC Comics and Warner Publishing Services.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,150	1,910
Magazines	1,194	1,523
Newsp. supp	7	52
Bus.pubs.	0	40
Network TV	11,599	21,044
Spot TV	12,326	14,282
Network radio	368	185
Spot radio	1,812	505
Outdoor	454	152
Network cable	3,215	4,440
Total measured	34,126	44,133
Unmeasured	58,024	75,039
Total	92,150	119,172

WARNER COMMUNICATIONS
75 Rockefeller Plaza
New York, N.Y. 10010
(212) 484-8000

Marketing Personnel
Sandy Reisenbach, president-worldwide adv & pub
Rob Freidman, vp-worldwide publicity
Joe Hyams, vp-publicity
John Jacob, vp-media
Joel Wayne, vp-worldwide creative adv
Richard Del Belso, vp-mktg rsch
Rick Kallet, dir, co-op adv

WARNER BROS. DOMESTIC PAY-TV & NETWORK FEATURE FILM SALES
Burbank, Calif.

Marketing Personnel
Eric Frankel, vp-mktg

WARNER BROS. TELEVISION DISTRIBUTION
Burbank, Calif.

Marketing Personnel
Ken Fournier, vp-adv, pub & promo

Advertising Agency
(In-house)—Burbank Advertising.

WARNER HOME VIDEO
Burbank, Calif.

Corporate Personnel
Warren Lieberfarb, president
Edward J. Byrnes, vp-genl mgr

Marketing Personnel
Barbara O'Sullivan, vp-mktg
David Mount, vp-natl sales

LICENSING CO.OF AMERICA

Corporate Personnel
Joseph P. Grant, president
Robert F. Bell, exec vp-new businesses

Marketing Personnel
Kathy Ordan, dir-mktg

WARNER BROS. RECORDS
Burbank, Calif.

Marketing Personnel
Lou Dennis, vp-sales
Russ Thyret, sr vp-mktg
Jim Wagner, adv dir
Adam Somers, vp-creative svcs
George Gerrity, vp-promo
John Beug, vp-creative mktg
Vic Faraci, sr vp-mktg, Nashville

ATLANTIC RECORDS
New York

Corporate Personnel
David Glew, exec vp, gen mgr

Marketing Personnel
Mark Schulman, vp-natl creative mktg svcs
Larry Yasgar, vp-singles sales
Sylvia Rhone, dir, genl mgr-merch

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Source: Information Development Institute, 1986
*Of banks and companies listed on the Tokyo Stock Exchange.

New York
Marketing Personnel
Hale Milgrim, sr vp-mktg
David Urso, sr vp-promo
Primus Robinson, vp-black music
Kenny Hamlin, vp-sales
David Bither, vp-intl
Robin Sloane, vp-video production

WEA CORP.
Burbank, Calif.
Marketing Personnel
George Rossi, exec vp-mktg
Russ Bach, exec vp-mktg devel
Fran Allberte, vp-natl sales, audio
Skid Weiss, natl dir-comm
Ornetta Barber, dir-mktg, black music
Cory Connery, natl WEA video prods mgr
Robert Moering, natl dir-mktg
Jody Raithel, dir-prod devel
Clare Conlin, natl adv dir

Advertising Agency
WEA Advertising—Skid Weiss, Clare Conlin.

WARNER SPECIAL PRODUCTS
Burbank, Calif.
Corporate Personnel
Michael Kapp, president
Tony Pipitone, exec vp-treasurer

WARNER BOOKS
New York
Corporate Personnel
Larry Kirschbaum, president
Nansey Neiman, vp-publisher
Jerry Butler, vp-genl mgr
Marketing Personnel
Ling Lukas, vp-mktg
Marcy Goot, natl trade sales dir
Ernie Petrillo, distribution sales mgr
Advertising Agency
Publishers Advertising Associates—Leslie Schnurr, dir-adv & promo.

WARNER PUBLISHER SERVICES
New York
Corporate Personnel
Franklyn "Lee" Rodgers, president
Bob Matthiessen, exec vp-circulation
Charlie Raab, exec vp-book div
Marketing Personnel
Pat Flaherty, vp-mktg svcs
Ron Sklon, vp-field operations
George Fisher, vp, dir-sales, book div
Mariann Donato, dir-client relations

DC COMICS
New York
Corporate Personnel
Jeanette Kahn, president-publisher
Paul Levitz, exec vp
Marketing Personnel
Bruce Bristow, mktg dir
Bernie Slotnik, print adv rep

MAD MAGAZINE
New York
Marketing Personnel
William Gaines, president

Warner-Lambert Co.

RANK **12**

Morris Plains, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,103	3,200	197.8
Net income	309	(316)	(198.1)
U.S.	**1986**	**1985**	**% chg**
Sales	1,747	1,962	(11.0)
Operating profits	531	(94)	664.9
Advertising	549	469	16.9
Division sales	**1986**	**1985**	**% chg**
Health care	2,041	2,240	(8.9)
Gum & mints	678	626	8.3
Other products	384	334	15.0

Despite a year of declining sales and earnings, Warner-Lambert continued heavy support of its healthcare and gum and mint lines and strong new product development as advertising grew 16.9% to $549 million in the U.S.

W-L, which reports spending $693 million worldwide on advertising in 1986, up 10%, attributes 35% of its sales in 1986 or nearly $1 billion to non-prescription products subsegment of its healthcare division. Ethical products is the other subsegment. Together, they accounted for 64.5% of worldwide sales.

In this over-the-counter subsegment there is heavy new product movement. Benadryl anti-allergy medicine passed Schering-Plough's Chlor-Trimeton to become the No. 1 allergy medication. W-L transferred Benadryl from prescription to over-the-counter sale in 1985. In 1986, supported by heavy media spending of $11.9 million, up from introductory levels of $3.5 million in 1985, sales of Benadryl hit $60 million, up 47% from 1985. Benadryl is presented for cross-use in the colds category in print, TV and radio.

Sinutab, W-L's sinus remedy, broke new ground in 1986 with Sinutab Nighttime, a bedtime sinus formula without alcohol or sugar. Aided by this new entry, sales for the full Sinutab line increased 14% to $48 million. Media spending, however, declined 5% to $7.8 million for the line, according to BAR/LNA.

In what could be the next wave of health supplements, W-L's Parke-Davis division introduced Promega, a dietary supplement containing natural fish oil—a nutrient credited with lowering cholesterol levels. W-L is estimated to be spending $10 million to advertise the new entry, which competes with Squibb Corp., Carter-Wallace and Thompson Medical Co. A line extension, Promega Pearls, was introduced in June 1987.

W-L also introduced calcium-rich cherry flavored Rolaids. The Rolaids line had sales of $83 million in 1986, up 2%. Media spending grew 16.8% to $13.9 million, mostly in network TV.

The company has in test Concentrin, a liquid cough syrup that is supported with an in-store cough symptom analyzer that allows customers to pick the cough "additive" to supplement the product's suppressant qualities, whether it be nasal decongestant or expectorant. The company is preparing to launch Suplical D, a chewy calcium supplement flavored with vanilla.

Halls cough tablets, W-L's largest selling product that claims about 50% of the market, had sales of $215 million, a 9% increase over 1985. Media spending dropped 15% to $6.7 million.

Warner-Lambert's Listerine continued to lead the $600 million U.S. mouthwash market with a 28.5% share, although it currently faces heavy competition from No. 2 Procter & Gamble's Scope (26% share) which introduced Peppermint Scope nationally in early 1987. Media support for Listerine's was $24.6 million, up slightly.

Worldwide sales of gums and mints increased 8% in 1986. In the U.S., sales went up 3% despite a sluggish market. W-L's leading gum Trident sugarless, held its No. 1 position with sales of $151 million, up 12% from 1985. Trident was supported by a new advertising campaign which claims that chewing Trident helps fight dental decay. Trident built back its media spending in 1986 with an expenditure of $19.2 million, up 23.9% from 1985, a year in which advertising had dropped 12%.

Ad spending on Sticklets gum, billed in advertising as "Skinny Sticklets . . . Fat with Flavor," in the year after its introduction grew to $10 million, up 19%.

The other products division consisting of Schick razors and blades and empty hard gelatin capsules had overall sales growth of 15% although a decline of 4% in U.S. sales as the market softened for permanent blades and tampering incidents cut into the sale of OTC capsule products.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	850	1,150
Magazines	14,499	13,585
Newsp. supp.	977	1,175
Bus pubs.	3,405	3,003
Network TV	103,069	83,352
Spot TV	38,725	39,287
Network radio	22,707	16,268
Spot radio	1,826	992
Outdoor	1	9
Network cable	3,686	3,474
Total measured	189,745	162,295
Unmeasured	358,982	307,049
Total	548,726	469,345

WARNER-LAMBERT CO.
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Corporate Personnel
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Melvin R. Goodes, president-coo
Robert J. Dircks, sr vp-cfo
Donald E. O'Neill, exec vp, president-intl operations

AMERICAN CHICLE GROUP
Corporate Personnel
John Walsh, president
Marketing Personnel
Robert A. Clouston, vp-prod mgmt
Theodore G. Schable, vp-sales

CONSUMER HEALTH PRODUCTS GROUP
Corporate Personnel
Raymond P. LeFebvre, president
Marketing Personnel
S. Morgan Morton, vp-prod mgmt
J.W. Masse, vp-sales
Advertising Agencies
Thomas G. Ferguson Associates, Parsippany, N.J.
Sudler & Hennessey Consumer Group, New York—Benylin, Benadryl/capsules & elixir, Benadryl/cream & spray, Tucks, Caladryl, Myadec—Arthur M. Rosen, exec vp-mng dir.; Greg Weed, sr vp-acct super; Lisa Blumenstein, vp-acct super.
J. Walter Thompson USA, New York—Anusol, Chewels, Clorets, Listerine antiseptic, Listermint, e.p.t., Halls cough tablets, Sinutab, Lubriderm, Schick shaving products, Personal Touch women's razors, Trident and Bubblicious gum—Jack Morrissey, sr vp-mgmt dir; Gerard Dufour, sr vp-acct dir; Dolly Bodick, vp-sr acct super; Hilary Meserole, vp-acct super; Adele Finaly, vp-acct dir.
Young & Rubicam, New York—Certs, Dentyne, Efferdent, Mediquell, Remegel, Rolaids—William Thompson, exec vp-group dir; Arlene Bricknew, sr vp-mgmt super.

PARKE-DAVIS GROUP
Corporate Personnel
Sam J. Maugeri, president
Marketing Personnel
J.T. Roberts, vp-sales
Harry F. Oberkfell, vp-mktg
Wayne L. Dickerson, group prod dir
Robert A. Anderson, group prod dir
M.A. Hoffman, group prod dir
Advertising Agencies
William Bologna Intl, New York—Tim McCann, exec vp-genl mgr; Joseph Garamella, creative dir; Jack Timko, vp-acct super.
Sudler & Hennessey (medical group), New York—Donald Masterson, exec vp-mgmt super; John Rinaldi, Joseph Laborsky, sr vps-acct supers; Paul Nalbandian, Richard Hulbert, Pam Goodman, acct supers.

WARNER CHILCOTT LABORATORIES
Corporate Personnel
Kenneth N. Larsen, president
Marketing Personnel
A. Dominick Musacchio, dir-mktg
Advertising Agency
Sudler & Hennessey (medical group), New York—Donald Masterson, exec vp-mgmt super; Richard Hulbert, acct exec; Carol Gorden, media super.

Wendy's International

RANK **81**

Dublin, Ohio

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,140	1,126	1.2
Net income	(5)	76	(106.6)
U.S. advertising	110	115	(4.3)
Division sales	**1986**	**1985**	**% chg**
Retail sales	1,037	1,032	0.5
Royalties	66	68	(2.9)
Other	37	26	42.3

Wendy's International in 1986 found itself squeezed by two tough forces: the formidable task of returning sales to the high levels achieved during the heyday of the "Where's the beef?" campaign in 1984-85 and the difficulty of doing so in the midst of a general slump in the fast-food market.

The result has been a number of significant changes made in Wendy's top management, in its operations and in its marketing strategies. But as its top executives have cautioned impatient stockholders and uneasy franchise operators, the turnaround will take longer to achieve than did the meteoric rise in sales three years ago.

Systemwide (company and franchised-stores) sales for Wendy's rose 2% to $2.75 billion in 1986. Company revenues were up 1% to $1.14 billion, but the company reported a net loss for the year of $4.9 million compared with a net gain of $76.2 million in 1985.

A continuing problem has been the erosion of average per-store sales. That systemwide average was $767,000 in 1986 (the average for company-owned stores was a bit higher: $783,000) down 9.6% from 1985's $848,000 and off 11% from the 1984 high of $861,000.

Since marketing and advertising programs are funded largely by operator contributions, Wendy's media spending decreased in 1986. Total measured spending was $83.7 million, down 5% from the previous year.

Ad spending in all media except cable TV showed varying degrees of decrease. Network TV spending was down 6%; spot TV 3%; spot radio 16%; outdoor 27%. Only cable TV expenditures increased to $587,000, up 44%.

In order to regain the sales momentum Wendy's experienced in the early 1980s, the company has made changes in its menu, advertising, personnel and management structure.

One menu change that did not produce the hoped-for sales improvement was Wendy's breakfast program. In an effort to differentiate its morning meal from that of other restaurant chains, Wendy's offered made-to-order omelets and toast-based sandwiches (rather than English muffins or biscuits).

The made-to-order system may have been a quality improvement but proved an operational detriment that slowed service. Breakfast was made an optional menu segment for operators, and many franchisees dropped it. Wendy's since has been testing different breakfast possibilities, including biscuit sandwiches.

Faring better have been Crispy Chicken Nuggets and the Big Classic. Wendy's introduced its chicken nugget variation in June 1986, backing the rollout with an advertising campaign from Lockhart & Pettus, New York, its black-consumer agency.

The Big Classic, introduced in September 1986, is less a new product than an attempt at changing consumers' perceptions. Like Wendy's Single hamburger, the Big Classic is a quarter-pound hamburger patty dressed with lettuce and tomato. The major difference is that it is served on a "corn-dusted kaiser roll" rather than a bun. But its primary purpose was to refute consumers' misperception that McDonald's Quarter Pounder and Big Mac and Burger King's Whopper are bigger sandwiches and bigger values than Wendy's hamburgers.

Wendy's has been thinking small as well as big. In 1987 it began testing small, inexpensive hamburgers (i.e. smaller than the Single), comparable to those served by competitors. Again the aim was to change consumers' perceptions of Wendy's, this time fighting the notion that Wendy's is more expensive than competitors.

That product was rolled into several company-store markets and is expected to be available nationally by early 1987.

But perhaps the most significant menu change was the decision in October to switch its fountain allegiance to Coca-Cola from Pepsi. The move came shortly after PepsiCo acquired Kentucky Fried Chicken Corp., Louisville, from RJR Nabisco.

The addition of the No. 1 fried chicken chain gave PepsiCo three major restaurant-chain holdings (with Taco Bell and Pizza Hut), and, as Wendy's Chairman Robert Barney explained in a full-page ad in the *Wall Street Journal*, made PepsiCo a "major restaurant competitor."

To bolster local marketing programs, Wendy's and its operator co-ops systematically have reviewed most of the local agency relationships and moved accounts in many instances over the past year.

But national advertising has been a problem as well. Rebecca Barfield, analyst at First Boston, New York, told investors that Wendy's "underperformance is due to lower advertising budgets than its competitors, lack of advertising focus and no clearly defined image."

Wendy's sales slide had put it on the defensive, resulting in a wide variety of advertising messages to support its menu changes. Those messages came from national agency of record DFS Dorland, New York (now Saatchi & Saatchi DFS Compton), black-consumer agency Lockhart & Pettus and sales-promotion agency Impact, Chicago (which produced TV creative for Wendy's more aggressive children's meal programs).

In October 1986, three days after reporting a third-quarter loss of $47 million and plans to dispose of 164 unprofitable stores, Wendy's abruptly—and without a formal review of alternative agencies—announced that DFS had been dropped. Creative responsibility for its $50 million national account was returned to Dick Rich, the New York-based creative guru who had developed the "Hot 'n Juicy" campaign in the 1970s.

That change proved to be unpopular with franchise operators and was short-lived. The one campaign Mr. Rich created for Wendy's was an unusual series of commercials themed "Give a little nibble." Featuring a variety of people grabbing chunks of meat from a huge, suspended hamburger, the spots failed to provide the immediate sales boost that had been promised and further alienated Wendy's franchise community.

In May 1987, Exec-VP William Welter resigned from the company. His successor, former DFS exec Charles Rath, immediately began looking for yet another creative direction.

It took barely a month for the new Wendy's marketing team to award the national account to Backer & Spielvogel, New York (now Backer Spielvogel Bates).

In August 1986, James Near was named president of the company. A former Wendy's operator who had been serving as president of Wendy's Sisters Chicken & Biscuits unit, Mr. Near succeeded Ronald Fay, who retired as Wendy's president and chief operating officer.

Following the resignation of Executive VP-Company Operations Richard Postle to become a franchise operator, Wendy's revamped its operational structure to give regional management a greater ability to closely monitor and improve the operation of stores in their areas.

As part of its resolve to refocus attention on improving service and sales at its domestic Wendy's stores, the company in 1987 sold its Sisters International unit to its Cleveland-based franchisee, SIS Corp. Most international Wendy's operations, with the exception of Canada (where the company acquired the franchise-holder), have been sold, and further overseas expansion is on hold.

Another result of Wendy's sales slide was a concurrent decrease in the price of its stock, leading to rumors that the company is vulnerable to acquisition. Anheuser-Busch and Coca-Cola have been most often named as suitors, with the possibility of a takeover by a U.K. company also raised occasionally. But Wendy's management continues to work to achieve a change in its fortunes rather than a change in ownership.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	560	762
Network TV	41,668	44,274
Spot TV	39,190	40,442
Spot radio	391	465
Outdoor	1,305	1,798
Network cable	587	408
Total measured	83,701	88,150
Unmeasured	26,300	26,850
Total	110,001	115,000

WENDY'S INTERNATIONAL
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Marketing Personnel
Charles Rath, exec vp-mktg
Bruce M. Ley, vp-corp mktg
Donald F. Calhoon, vp-field mktg
Michael Sapienza, vp-mktg analysis, new prods
Dennis Lynch, vp-corp comm
Eric Ibsen, dir-adv
Richard Wayne, dir-sales promo
Thomas Heskamp, dir-community mktg
Judy Donovan, mgr—WNAP
Julie Skoulis, mgr-adv
Advertising Agencies
Backer Spielvogel Bates, New York—Randolph C. Lindell, sr vp-dir acct svcs.
Impact, Chicago—sales promo—Tom Smart, acct dir.
Lockhart & Pettus, New York—black consumer adv—Keith Lockhart, president; Ronn D. Harris, sr vp, dir-client svcs; Howard Mason, acct exec.
Mendoza, Dillon & Asociados, Newport Beach, Cal.—Hispanic consumer adv—Richard Dillon, president; Eduardo del Rivero, acct exec.

Wm. Wrigley Jr. Co.

RANK **90**

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	699	620	12.7
Net income	54	43	23.7
U.S.	**1986**	**1985**	**% chg**
Sales	493	444	11.0
Operating profits	72	59	23.5
Advertising	98	82	18.0

Despite its conservative persona, William Wrigley Jr. Co. this year surprised the $2.5 billion gum industry by introducing a five-stick pack of gum for 25¢. The intro, the company's first since it introduced Extra Sugar Free gum in 1984, marked a turning point for the company that usually takes its cues from the competition.

The competition, which includes Warner-Lambert's American Chicle Group, in 1986 concentrated on marketing 15 and 17-stick packs of gum to die-hard gum fans. Wrigley's strategy was to instead attract the occasional gum chewer or to tempt non-chewers to try its gum with-

out having to make a bigger investment. The move certainly couldn't hurt. Sales for sugared varieties of gum have declined 40% since 1980.

Wrigley, whose measured advertising rose a dramatic 19% in 1986 over the prior year, will advertise its new five-stick pack with a trailer at the end of its established brands' TV commercials, which virtually remain the same. The five-stick pack, dropped by Wrigley in 1972 when it introduced the seven-stick pack, will be offered in Spearmint, Doublemint, Juicy Fruit and Big Red. Consumers will pay the same price per stick of gum with the reduced pack. The seven-stick pack usually retails for 35¢.

Wrigley continued its "Double your pleasure" campaign for Doublemint; ads were updated most recently in 1984 to feature twin women dressed in green. Doublemint remains the world's No. 1 sugared gum brand with an estimated 15% of the market. In 1986, Doublemint received about as much advertising support as Spearmint, which had always been the company's most advertised brand. Wrigley in 1986 spent $23.3 million on Doublemint, up 49% from 1985, and $23.1 million on Spearmint brands, up 7.4%.

Wrigley Spearmint Gum's overall ad budget is up 16% from last year. While the company continues to use the "Get a little lift" theme introduced in 1985, commercials in 1987 featured Dennis Conner, the skipper of the Star's & Stripes yacht that won the America's Cup. The commercial is not expected to be carried over into 1988.

There were no changes in the Juicy Fruit campaign, themed "The taste that's gonna move ya," which was launched in 1983. In 1986, measured media spending for this brand grew 7.4% to $11.6 million.

Big Red cinnamon-flavored gum posted its sixth straight year of volume gain. Its growth rate surpasses that of any of Wrigley's big three brands. Spending for the Big Red campaign, themed "Long lasting breath freshness," remained at $7.5 million in 1986, down 2.6% from 1985.

Freedent is the only Wrigley brand so far in 1987 to get a new ad campaign. While the brand's selling point continues to be that it doesn't stick to most dental work, commercials now stress the brand's ability to freshen breath and moisten mouths. In 1986, Wrigley cut Freedent's ad budget 35% to $2.6 million, keeping the theme "The one that takes the stick out of gum."

In 1986, Wrigley again spent less than $2 million on measured media spending through DDB Needham Worldwide, Chicago, which handles Wrigley's faltering Hubba Bubba bubble gum and brands marketed by its Amurol Products Co. division. Trying to stimulate Hubba Bubba sales, Wrigley introduced a cola-flavored line extension in 1986 in test markets in the South.

Big League Chew was the only Amurol brand to receive significant ad support in 1986. Ad spending was approximately $1 million, compared to $670,000 the year before.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	4,147	2,370
Bus pubs	34	161
Network TV	52,759	47,514
Spot TV	22,527	19,305
Network radio	2,578	1,274
Spot radio	462	55
Network cable	5,677	3,628
Total measured	88,183	74,708
Unmeasured	8,060	6,828
Total	96,243	81,536

WM. WRIGLEY JR. CO.
410 N. Michigan Ave.
Chicago, Ill. 60611
(312) 644-2121
Corporate Personnel

William Wrigley, president-ceo

Marketing Personnel

Douglas S. Barrie, group vp-intl
Gary Bebee, mktg dir
Steve Berkheimer, art dir
Ronald O. Cox, group vp-mktg
R. Darrell Ewers, exec vp
A. Cipollina, vp-sales
N. Hoegh-Guldberg, mktg dir
Susan Sherry, mktg mgr

Advertising Agencies

BBDO, Chicago—Eric Harkna, president; Bonnie Pool, vp-acct super, Doublemint & Extra; Jay Tolman, vp-acct super, Spearmint & Freedent; Jill Brown, acct super, Juicy Fruit & Big Red.

DDB Needham Worldwide, Chicago—Hubba Bubba, Amurol Products' Big League Chew—Raymond Gillette, group acct dir; Bruce Delahorne, acct super.

ITT builds a giant

With the merger of telecommunications operations of ITT Corp. and Compagnie Generale d'Electricite of France into newly formed Alcatel N.V., the new joint venture is probably the largest telecommunications manufacturing company in the world with $12 billion in annual revenues.

RANK **92**

Xerox Corp.

Stamford, Conn.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	12,929	11,680	10.7
Net income	465	475	(2.1)
U.S.	**1986**	**1985**	**% chg**
Sales	9,050	8,505	6.4
Operating profits	315	227	38.8
Advertising	93	129	(28.1)
Division sales	**1986**	**1985**	**% chg**
Reprographics	6,963	6,592	5.6
Infor. systems	2,392	2,084	14.8
Financial services	3,367	2,786	20.9
Financial	324	299	8.4

Despite finding the market sluggish for its office products, Xerox Corp. continued to emphasize the marketing of this area of its business in 1986 and 1987 by pushing desktop publishing and copiers, although it stopped marketing personal computers.

Xerox, which is getting much better results from its financial service sector than office equipment, continues to support its office products with heavy advertising —including more than $10 million for a new corporate campaign that broke on network TV this July.

Xerox reported in its 10-K spending $194 million worldwide last year on advertising, up almost 10% from 1985. Of the total, Xerox indicates it spent $127 million in the U.S., up 3.4%. Xerox says these figures represent all costs of advertising, including such indirect costs as support of a department and developing, printing, mailing and distributing sales brochures and other marketing material. AD AGE estimates Xerox spent $43.4 million in measured media advertising in the U.S. and an additional $49.3 million in unmeasured advertising. The total of $92.7 million was off 28% from 1985 estimated expenditures.

The major reason for the decline in measured spending was lack of a corporate campaign in 1986. In the prior year period, Xerox spent $21.6 million on corporate advertising. The hiatus also occurred at a time Xerox was switching from DDB Needham, New York, to Ted Bates Advertising (now Bicker Spielvogel Bates), New York.

The new TV and print campaign, bearing the theme line, "We document the world," uses the company's products to emphasize document processing.

For 1986, the BAR/LNA multi-media service pegged Xerox seven-media spending at $33.3 million, down 22.2% from 1985. Network TV received $20.3 million of the 1986 total, and magazines got $12.4 million.

Xerox spent the most—$11.6 million—on electronic typewriters, according to BAR/LNA. It spent more than $6 million each on copiers and desktop publishing. The company spent only $2.1 million on copiers in 1985 and only launched its desktop publishing system in 1986.

During 1986, Xerox introduced in January the Xerox Documenter, a desktop publishing system that combines Xerox 6085 workstation and Xerox 4045 Laser CP. In September 1986 it brought out its Ventura Publisher Edition series—a page composition software for PC users, and added eight new features to the system in March 1987. Xerox abandoned its faltering personal computer business in 1987, and will sell PCs only as part of its desktop publishing system. Analysts say profit margins on the personal computers have been little to none.

Other new products introduced include a facsimile terminal that uses copier paper and can store documents in memory for later transmission, and a scanner that allows input of both text and graphics into PCs.

Xerox, which has a 20% share of the electronic typewriter market, in early 1987 reached an agreement with Brother Industries Ltd., the Japanese marketer of typewriters primarily for small-business and home (Xerox is basically a high-end marketer), to make and sell several electronic typewriters designed by Brother. Brother in turn will receive rights to sell daisy-wheel printers designed and made by Xerox.

During 1986, returns from Xerox's office equipment segment remained static as after-tax profit rose 3% to $88 million and revenues of $2.72 billion, up 8%. The company says it misread the market earlier in the year and had boosted the segment's work force by 500 people to meet anticipated demand. However, when demand slackened instead, the payroll was cut by 1,200 through attrition and dismissals.

The unit that carried Xerox during 1986 was its Crum & Forster Co., which mainly writes commercial insurance in the U.S. and Canada. Crum & Forster advertising expenses amounted to $1.1 million in the year, about the same as in 1985. The unit contributed $189 million in 1986 to Xerox's income from continuing operations. It is part of Xerox Financial Services, along with the investment banking firm of Van Kampen Merritt and the Xerox Credit Corp. Xerox continues to add to the segment. In July 1987 it said it would purchase Furman Selz Holding Corp., a New York research, brokerage and investment banking firm, for $110 million.

This year Xerox sold its 51%-owned Rank Xerox unit in South Africa to Altron Group, a South African electronics company. Xerox, one of the last supporters of an American corporate presence in South Africa, appeared to succumb to pressures from anti-apartheid forces in the U.S. and abroad.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,904	11,351
Magazines	12,431	17,413
Newsp. supp	168	0
Bus pubs	3,996	5,085
Network TV	20,284	24,755
Spot TV	116	144
Spot radio	229	1,087
Outdoor	8	5
Network cable	280	507
Total measured	43,415	60,347
Unmeasured	49,317	68,551
Total	92,732	128,898

XEROX CORP
800 Long Ridge Rd.
Stamford, Conn. 06904
(203) 968-3000
Marketing Personnel

Michael E.G. Kirby, dir-corp adv & promo
Nancy J. Wiese, mgr-corp adv & promo
Robert T. Knight, sr vp-mktg, US mktg group
Charles C. Bream, sr vp-mktg, natl mktg div
Jay H. Nussbaum, vp-federal operations, Custom Systems div

Advertising Agencies

Backer Spielvogel Bates, New York—general adv, most prods & image adv—Mark Morris, exec vp; Scott Messinger, Shelley Diamond, sr vps-mgmt reps; MaryAnn Nelson, acct super, copiers, office systems, printing, custom systems; Jane Moore, acct super, corp & intl.

Bernard Hodes, New York—recruitment adv —Jo Bredwell, sr vp, NY; Frank Hubbard, vp, Chicago; Bruce Skillings, sr vp, Palo Alto.

Lowe Marschalk, New York—direct mktg, natl & local adv for natl mktg div (includes electronic typewriters, computer printers & facsimile machines)—Jim Johnson, exec vp; Madigan Pratt, vp-mgmt super; Diana Lynn, mgmt super; John Casey, acct super, Rochester; Brian Fey, acct super, Cleveland.

1986 national ad spending by category

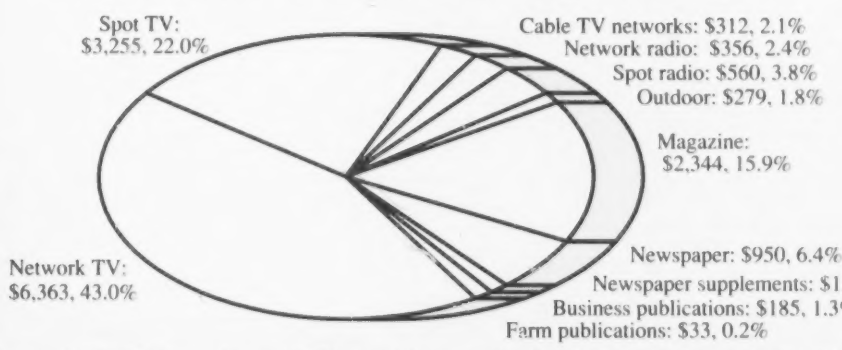
Category	Category total	Magazine	Newspaper	Newspaper supps.	Network TV	Spot TV	Network radio	Spot radio	Outdoor	Cable TV networks
Automotive, accessories & equipment	$3,754,443	$597,323	$734,545	$20,850	$ 921,250	$1,189,521	$49,547	$149,973	$50,995	$40,439
Food & food products	3,307,079	389,463	108,663	12,083	1,445,425	933,955	62,281	280,356	10,137	64,716
Business & consumer services	2,148,935	484,424	176,161	21,217	553,458	661,012	60,766	105,097	57,397	29,403
Travel, hotels & resorts	1,776,037	249,477	864,567	20,445	107,903	276,584	8,774	174,144	58,460	15,683
Retail	1,731,586	142,693	N/C	22,758	252,626	1,106,481	81,506	57,971	52,289	15,262
Entertainment & amusements	1,686,243	25,812	18,315	1,300	591,339	960,893	5,082	18,745	36,827	27,930
Toiletries & cosmetics	1,671,306	390,692	24,522	11,997	894,926	242,345	27,922	22,746	1,525	54,631
Beer, wine & liquor	1,413,720	225,072	77,936	12,241	547,731	250,827	24,569	177,893	62,840	34,611
Drugs & remedies	1,245,424	147,732	19,800	5,040	752,464	173,535	80,003	27,037	11,241	28,572
Confectionery, snacks & soft drinks	1,053,038	49,316	29,892	1,891	421,180	420,742	31,196	45,327	10,342	43,152
Miscellaneous	948,518	149,483	588,979	7,020	20,806	8,147	1,191	135,772	34,080	3,040
Mail order	782,332	363,480	60,013	122,385	37,343	136,753	20,677	N/A	2,401	39,280
Cigarettes, tobacco & accessories	728,763	321,843	129,009	64,825	1,342	15,316	1,466	1,904	190,132	2,926
Apparel, footwear & accessories	685,780	290,836	26,705	23,613	201,889	71,306	7,255	45,241	4,349	14,586
Publishing & media	662,182	175,960	241,969	21,326	14,031	125,617	6,277	34,477	36,803	5,722
Insurance & real estate	658,455	106,655	159,683	11,531	185,937	129,127	12,220	6,643	32,929	13,730
Soaps, cleansers & polishes	630,243	50,761	6,030	1,337	386,435	158,275	9,390	N/A	60	17,955
Computers, office equipment & stationery	613,936	219,101	69,718	3,516	226,753	37,401	16,358	30,387	3,126	7,576
Household equipment & supplies	596,274	93,382	23,987	4,637	301,616	138,511	15,432	6,404	661	11,644
Sporting goods, toys & games	476,923	75,458	7,063	1,750	145,252	223,091	1,788	5,482	327	16,712
Jewelry, optical goods & cameras	341,867	113,358	9,253	3,743	130,851	51,133	2,323	18,445	3,142	9,619
Building materials, equipment & fixtures	294,409	76,141	10,838	4,800	97,233	72,721	6,453	17,222	1,447	7,554
Electronic entertainments equipment & supplies	279,606	95,531	28,748	2,363	47,284	68,499	8,949	8,661	2,364	17,207
Pets, pet foods, supplies & organizations	272,129	37,365	5,638	1,611	156,844	54,670	5,604	2,423	901	7,073
Gasoline, lubricants & fuel	246,323	20,802	23,899	633	37,899	111,095	6,595	36,002	5,011	4,387
Household furnishings, supplies & materials	236,165	102,967	20,180	5,785	28,032	58,100	1,367	17,861	772	1,101
Horticulture & farming	203,618	20,019	40,702	1,278	31,198	68,792	9,369	26,694	1,413	4,153
Industrial materials	137,379	47,029	59,774	169	24,272	3,684	N/A	N/A	773	1,678
Business propositions & employment recruitment	116,881	13,511	86,282	184	9,231	1,027	146	5,262	944	294
Freight, industrial & agricultural development	111,649	35,599	3,923	255	27,569	35,683	5,525	N/A	842	2,253
Airplanes, aviation accessories & equipment	12,439	9,186	2,904	67	N/A	99	N/A	N/A	56	127
TOTAL	28,823,682	5,120,471	3,659,698	412,650	8,600,119	7,784,942	570,031	1,458,169	674,586	543,016

Sources: Newspaper from Media Records, spot radio from Radio Expenditure Reports, all other media from BAR/LNA reports. See *Where Ad Age got its data*, Page 14.
Notes: Dollars are in thousands. Categories vary among media measuring services. Totals are combined to reflect BAR/LNA categories wherever possible.

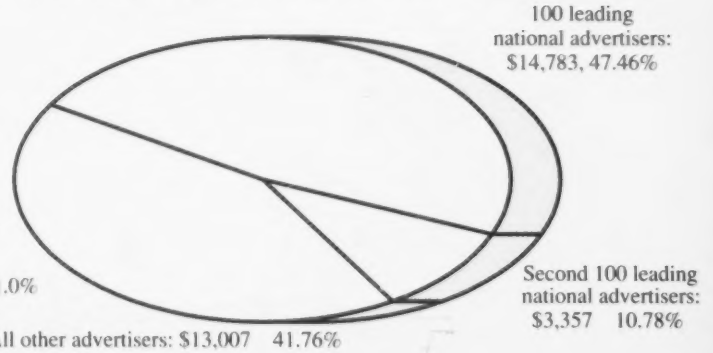
Total U.S. advertising dollars by media

Media	100 leading national advertisers: Advertising expenditures 1986	1985	% chg	$ as % U.S. media total 1986	1985	Second 100 leading national advertisers*: Advertising expenditures 1986	1985	% chg	$ as % U.S. media total 1986	1985	All advertisers: Advertising expenditures 1986	1985	% chg
Magazine	$2,344	$2,282	2.7	45.8	46.3	$546	$509	7.3	10.7	10.3	$5,120	$4,928	3.9
Newspaper	950	969	(2.0)	25.9	26.7	233	201	15.8	6.4	5.5	3,660	3,636	0.7
Newspaper supplements	153	154	(0.6)	37.0	38.3	32	27	15.8	7.7	6.9	413	401	3.0
Business publications	185	169	9.7	8.6	8.0	66	40	65.3	3.1	1.9	2,157	2,115	2.0
Farm publications	33	37	(12.3)	19.8	20.7	10	11	(6.6)	5.9	5.8	166	181	(8.3)
Network TV	6,363	6,175	3.0	74.0	74.3	1,076	972	10.7	12.5	11.7	8,600	8,313	3.5
Spot TV	3,255	3,087	5.4	41.8	43.8	1,012	928	9.1	13.0	13.2	7,785	7,044	10.5
Cable TV networks	312	272	14.8	57.5	58.0	72	60	20.1	13.3	12.8	543	469	15.8
Network radio	356	254	40.1	62.5	57.4	75	77	(2.3)	13.1	17.3	570	443	28.7
Spot radio	560	536	4.4	38.4	37.2	193	77	151.7	13.2	5.3	1,458	1,440	1.3
Outdoor	273	306	(10.9)	40.4	44.7	42	42	(0.5)	6.2	6.1	675	685	(1.5)
Total measured	14,783	14,236	3.8	47.5	48.0	3,357	3,006	11.7	10.8	10.1	31,147	29,655	5.0
Total unmeasured	12,384	12,037	2.9	N/A	N/A	2,145	1,581	35.7	N/A	N/A	N/A	N/A	N/A
Grand total	27,167	26,273	3.4	N/A	N/A	5,501	4,587	19.9	N/A	N/A	N/A	N/A	N/A

100 leaders' 1986 ad spending



Leaders' $ as % all advertisers


100 leading national advertisers: $14,783, 47.46%
Second 100 leading national advertisers: $3,357 10.78%
All other advertisers: $13,007 41.76%

* Advertising Age will publish a directory of the second 100 leading national advertisers Nov. 23, 1987. Note: Dollars are in millions. Sources: See *Where Ad Age got its data*, Page 14.

RANK **88**

Zale Corp.

Irving, Texas

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,061	1,107	(4.2)
Net income	7	(61)	(111.5)
U.S.	**1986**	**1985**	**% chg**
Sales	1,014	1,014	0.0
Advertising	99	65	51.8

After 62 years under the direction and ownership of two families, Zale Corp. was acquired for $574 million at the end of 1986 by a partnership formed by Peoples Jewellers Ltd. of Toronto and Swarovski International Holdings A.G., a Zurich-based maker and marketer of jewels and crystal.

The sale came despite repeated rebuffs by Peoples and its president Irving Gerstein, who had been sparring with Zale Corp. for more than six years. He was elected Zale president-ceo as soon as the partnership had completed its $50-a-share tender offer.

Mr. Gerstein had persisted with a strategy of building Peoples holdings and then making a series of offers in 1986. As the second largest jeweler in Canada, with more than 300 outlets, Peoples was ready to explore new turf even if it meant nipping at the largest U.S. jewelry retailer, with more than four times as many stores.

Peoples made Zale three offers it could refuse before joining with Swarovski to make its fourth. The final tender offer, completed at the end of December 1986, came from PS Associates C.V., a Netherlands limited partnership jointly owned by Peoples and Swarovski.

The sale ended a 35-year relationship between Zale Corp. and Bloom Agency, Dallas. Bloom handled the then $20-to-$25-million Zale Jewelers account, which was handed to Peoples' agency, Saffer Advertising/Toronto, after the takeover.

Zale Corp. also severed ties with Saunders, Lubinski & White, the Dallas agency that had handled its $2 million account for Mission Jewelers, when it sold the 62-store chain to Barry Jewelers in May. Mission, with stores in Alabama, Arkansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma and Texas, reported annual sales of $20 million. Zale, under previous owners, had done business with Barry, selling its four Bohm Allen Jewelry Stores in Utah in June 1986.

Bozell, Jacobs, Kenyon & Eckhardt, Dallas, continues to handle advertising for Zale's carriage trade stores, Bailey Banks & Biddle Jewelers.

The new owners of Zale Corp. inherited a company that already had made moves to improve profitability. Zale Corp. closed its fiscal 1987 on March 31 with income of $7 million, up from a loss of $61 million in fiscal 1986, on sales of $1.1 billion, about the same as the previous year. Much of the loss in 1986 was attributed to a $120 million writedown of inventory and the anticipated sale of several units. Because of the sale, fiscal 1987 was divided into the nine months of 1986 prior to the sale and the three months under new ownership. The nine-month reporting period included about $18 million in expenses related to the acquisition and $39 million in gains due to the sale of its international units.

After the Zale Corp. acquisition was completed, the new owners moved quickly to consolidate Zale's trio of divisions. Management of the Zale division, the Bailey Banks & Biddle division and the Diamond Park Fine Jewelers leased departments was reorganized to divide administrative work by function without having separate groups for each division.

Under the reorganization in January, each of six division heads reports to Mr. Gerstein. The divisions include merchandising and marketing, stores and operations, administrative, finance, planning, human resources and manufacturing.

Zale under Mr. Gerstein's leadership closed its 35-year-old New York manufacturing facility and moved the New York distribution center to Irving, Texas. About 100 of the 400 New York employees were transferred to Irving. Zale also closed its Puerto Rican manufacturing arm, which employed about 350 people. The company eliminated its corporate marketing department, laying off 15 to 20.

In late February, about 125 more employees were laid off as the reorganization went into effect. The company now has about 1,100 employees at its Texas corporate headquarters.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,399	1,357
Newsp. supp.	175	17
Network TV	17,217	8,853
Spot TV	3,297	3,947
Network radio	5,783	1,913
Spot radio	6,260	5,130
Outdoor	2	0
Network cable	236	90
Total measured	35,369	23,307
Unmeasured	63,737	42,000
Total	99,106	65,307

ZALE CORP.
901 W. Walnut Hill Lane
Irving, Texas 75036-1003
(214) 580-4000

Corporate Personnel

Irving Gerstein, president-ceo
Randy Lively, sr vp-finance & admin
Nick White, sr vp, merch & mktg
Jerry Daws, sr vp, stores & operations

Marketing Personnel

Patti Rakolta, vp-adv
Pat Wehner, dir-corp planning

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Dallas —Bailey Banks & Biddle Jewelers—Ed Pitkoff, vp, mgr, retail group; Ron Spataro, sr vp-creative dir; Lynn Christopher, vp-group media dir.

Saffer Advertising, Toronto—Zale Jewelers —David LaFerle, vp-group acct dir; Gary Strong, vp-acct dir; Bob Lasby, Linda Leikin, group creative dirs.

Feeding cats and dogs

In Europe, dogs and cats are king—there are 50 million of them—but until recently pet owners preferred feeding them table scraps. Quaker Oats and others have helped change that. Half of Quaker's total International Grocery Products' business in 1986 was in pet foods, and the pet food market in Europe accounted for 60% of Quaker's sales in Europe in 1986, or nearly $500 million in sales. Quaker now has 15% of the profitable $3.4 billion European pet foods industry.

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C2710-1
9/28/87

NEWSPAPER

02019094 9 AA00 8739 COMP 162
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

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$1.50 a copy; $59 a year

September 28, 1987

SPECIAL REPORT
Hispanic Marketing

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Name game

Procter & Gamble Co. breaks a new commercial today urging kids to name the flavor of its new Crest Super Cool Gel for Kids toothpaste. The best entry wins a $25,000 shopping sprse at F.A.O. Schwarz. D'Arcy Masius Benton & Bowles handles. *(See story on Page 108.)*

Saatchi adding debt to options

By JON LAFAYETTE
and LAUREL WENTZ

NEW YORK—Saatchi & Saatchi stunned the financial community again last week by announcing it intends to continue its ambitious acquisition program, even if it means borrowing money to buy companies. That is a tactic the U.K. conglomerate has carefully avoided in the past.

In addition, any future acquisitions will be made without the help of Anthony Simonds-Gooding, chairman of Saatchi & Saatchi Co.'s Communications division, who unexpectedly resigned last week.

Mr. Simonds-Gooding played a key role in the company's many acquisitions, including last year's historic takeover of Ted Bates Worldwide, and subsequent agency consolidations.

He resigned to join a British satellite communications company.

Saatchi & Saatchi Holdings USA Chairman Andrew Woods, at a meeting with securities analysts here, said the company would review whether "we should make [future acquisitions] on the basis of debt, equity or both."

In the past, Saatchi has paid for its acquisitions with cash generated from operations or through selling shares in rights offerings on the U.K. stock market. Saatchi still has about $330 million in the

(Continued on Page 108)

Eight-day, $20M debut for Jeep-Eagle

Chrysler sets blitz

By RAYMOND SERAFIN

HIGHLAND PARK, MICH.—Chrysler Corp. will launch its new Jeep-Eagle division with a late December eight-day ad blitz intended to establish both the division and the new Eagle brand name.

Chrysler will pump an estimated $20 million, including merchandising tie-ins, into the effort, which will conclude with the introduction of the upscale intermediate sedan, Eagle Premier.

Chrysler Chairman Lee Iacocca has agreed to appear in launch ads, said Joseph Cappy, the former president-ceo of AMC who now is Chrysler group VP, Jeep-Eagle marketing. "We've got somebody better than Santa Claus," he said, referring to the scheduled Dec. 22 start of the media campaign.

Mr. Cappy, speaking at Chrysler's 1988 product preview here recently, said the ad blitz will begin with "teaser" ads. William Esty Co., Southfield, handles Jeep-Eagle.

Chrysler is positioning the Eagle line of passenger

(Continued on Page 108)

Last Minute News

United breaks drive

ELK GROVE VILLAGE, ILL.—United Airlines on Oct. 4 breaks new TV spots stressing its commitment to service and focusing on business travelers. The four 60- and two 30-second spots, some of which were filmed at United's giant "Terminal for Tomorrow" at Chicago's O'Hare International Airport, use George Gershwin's "Rhapsody in Blue" as background. Leo Burnett USA handles.

Burger King ready

MIAMI—Burger King Corp. will announce the winner of its $200 million account, the largest ever put up for review, today in New York. Finalists are D'Arcy Masius Benton & Bowles, incumbent J. Walter Thompson USA and N W Ayer.

Apples polish image

WENATCHEE, WASH.—The Washington State Apple Commission on Oct. 5 will break a $5 1 million radio and TV campaign with the theme " 'A' is for Washington. The very best apples in the world." The campaign is the first work from

(Continued on Page 8)

Florida fidgets over tax

By STEVEN W. COLFORD

TALLAHASSEE, FLA.—Chaos reigned in the Florida Legislature last week, thwarting advertiser hopes of immediate relief from the state's 5% ad tax and fraying nerves within the advertiser/agency/media triumvirate battling the 90-day-old tax.

But if the ad industry didn't win the immediate tax relief it seeks, it nevertheless saw enough encouraging signs to expect that Florida lawmakers, this week or next, will liberate—perhaps begrudgingly—advertising from the state's controversial tax.

See related editorial, Page 16.

"Both House and Senate seem dedicated to a resolution that does not include [a tax on] advertising," said American Advertising Federation Senior VP Wally Snyder. "How long it's going to take them to get there is something else."

Based on last week's brief session, Florida's Senate gravitates toward repealing the tax on advertising and other professional services, while the larger, more diverse House appears to prefer revising it to exclude advertising. Either way, the ad industry likely will get its wish, although there was enough inter-

(Continued on Page 107)

How industry forces fared in ad-tax fight

By STEVEN W. COLFORD

NEWS ANALYSIS

It was a brilliant October day in Virginia's Shenandoah mountains last fall, and William Sutherland was ruining it.

Here he was at the annual conference of the Association of National Advertisers, sporting an "AX THE TAX" button on his lapel and *chastising* the ANA's rank-and-file for failing to take seriously a big problem brewing in Florida.

Mr. Sutherland thought it his duty to bear bad tidings, even on so glorious a day. He was, after all, the executive director of the new State Legislative Alert and Action Coalition, formed by the ANA and the ad industry's two other principal trade groups, the American Advertising Federation and the American Association of Advertising Agencies.

In his mind, if there was anything the ad industry needed to be alert to and act upon, it was Florida's proposed law to tax services, including advertising.

The blunt-talking ex-Marine sat down to less than thunderous applause when he finished his speech. Three months later he was fired, his fate sealed, sources say, when Dan Jaffe, ANA senior VP-government affairs, rose to tell the same meeting that the ANA *was too* taking the Florida matter seriously.

The spectacle of two association officials in public disagreement was a shaky start for an industry facing its biggest political battle since the late 1970s, when it fought Federal Trade Commission Chairman Michael Pertschuk to a standstill over children's TV advertising regu-

(Continued on Page 106)

Highlights

IBM may enlist Hawkeye 4

IBM Corp. wants to give its "M*A*S*H" campaign a shot in the arm, administered by none other than Dr. Benjamin Franklin "Hawkeye" Pierce. Richard Lord, chairman of Lord, Geller, Federico, Einstein, New York, IBM's agency, said the leading computer company "is optimistic" about signing "M*A*S*H" TV series star Alan Alda for the campaign.

The naked truth 6

Lear's has found it can do very well, thank you, without *The New York Times*. Two weeks ago *The New York Times Magazine* rejected an ad for the forthcoming magazine because it depicted a woman naked from the waist up with her arms folded across her chest. The *Times'* advertising acceptability department banned the ad on "the grounds of taste." Undaunted, *Lear* began running the ad in trade publications. *Lear* Publisher Michele Magazine said initial response to the ad from advertisers has been strong.

Campbell Soup regroups 26

Campbell Soup Co., hit hard by competition in frozen foods and soups, will go "back to basics" next year with a marketing strategy highlighted by a slowdown in new-product activity and a new direction for its Le Menu frozen-food line. The plan also calls for a reallocation of the bulk of its ad spending to core brands and a restructuring of its business groups.

Clouds on airlines' horizon 28

Proposed airline ad guidelines from a state attorneys general task force could prompt the carriers to abandon the use of broadcast for price-oriented ads. The National Association of Attorneys General task force on the air travel industry believes airlines should be required to disclose orally all restrictions in broadcast spots that include fare information. Industry sources suspect the issue eventually could be decided in the courts.

P&G dashing to the rescue 88

Procter & Gamble Co. is aiding a village in Kenya by tying in a promotion for its powder detergent, Dash, on the popular variety show it sponsors in Rome. The project, code-named "Missione Bonta," or Operation Goodness, aims to provide schools and wells for Kiongwani, a drought-ridden settlement 100 miles south of Nairobi.

INTERNATIONAL

Japanese thrilled by Michael Jackson 80

Michael Jackson—on his first worldwide tour—made a Steven Spielberg-like debut in Tokyo, magically emerging from an opening in the stage floor and then singing and dancing virtually nonstop for the next two hours before a sold-out audience of 38,000. At the same time, Pepsi-Cola Co. is creating Michael Jackson-mania around the world with an army of promotional events designed to boost the cola marketer's share against Coca-Cola.

Nicaragua may license TV stations 76

At least two groups—businessmen and anti-government broadcast journalists—are petitioning the government for licenses to operate the first independent television stations in Nicaragua since 1979. All broadcast media in the country have been strictly censored since the Sandinistas came into power.

OTHER NEWS

Armed with the $30 million Chevron Corp. account it acquired last summer, Young & Rubicam in San Francisco is positioning itself as a major force in the Western marketplace. Page 24.

Cadillac is on its way to its 39th straight year as the U.S. sales leader in luxury cars, but General Motors Corp.'s flagship may need to change its image dramatically to stay on top. Page 30.

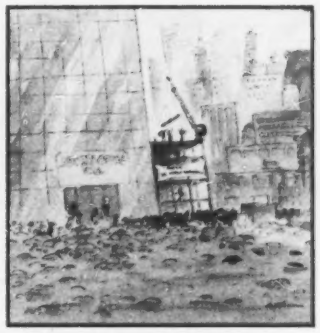
When it finally signed its people-meter ratings contract with A.C. Nielsen Co. last week, ABC-TV paid more—but also received more—than its network rivals, according to Marvin Mord, ABC's VP-research. Page 34.

Worldwide spending by Quaker Oats Co. on advertising, promotions and trade deals soared 37% in its just completed fiscal year and seems certain to break the $1 billion mark before this fiscal year ends next June 30. Page 49.

PaineWebber, known for its retail brokerage operations, is trumpeting its investment banking business with what may well be the world's longest "tombstone" ad. Page 50.

Their lyrics read like a greeting card dripping with Barry Manilow sentiments, but the corny touches have paid off for Frank Gari Productions. Company President Frank Gari and his small team of successful composers and arrangers have a grasp on contemporary pop attitudes that catches the attention of broadcast promotion directors nationwide. Page 52.

SPECIAL REPORT



***Hispanic marketing**—General agencies are starting to hang new signs in their windows:* se habla español. *In response to clients' demands, agencies are acquiring and affiliating with specialty shops or starting hispanic divisions. Starts after Page 56.*

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NFL strike drains nets of millions

By VERNE GAY

NEW YORK—With the National Football League players' strike barely a week old, the Big 3 TV networks already have suffered major advertiser defections representing millions of dollars in ad revenues.

The list of defectors is expected to grow this week, as the networks begin canvassing ad agencies for support if NFL-sanctioned "replacement team" games, staffed by non-union players, are broadcast.

Although Miller Brewing Co. has indicated it will sponsor those games, the likely answer from many others will be "no."

Two major automakers—Ford Motor Co. and Chrysler Corp.—already have said they will pull their ads from any games played by non-union players.

The major auto companies reportedly are concerned that their sponsorship of such games, scheduled to begin Oct. 4, would be interpreted as anti-labor. Ford last week completed a major agreement with the United Auto Workers, and the other automakers are in the midst of union negotiations.

The issue of whether to advertise in the so-called "scab" games is expected to be a contentious and complex one. The games are expected to get poor ratings, and advertisers seeking the typical NFL audience almost certainly will want to bow out.

NFL advertisers may legally be bound to honor their sponsorship agreements if the networks run the non-union games, according to some sources. Other sources, however, said the networks could not expect them to.

"It's a question of the spirit of the deal vs. the letter of the law," said one agency executive. "I bought NFL football, not scab games. It could get very messy."

"Legally, I don't think the networks can hold us [to our NFL sponsorship agreements]," said B.F. Mullins, Chrysler's director-sales and marketing/public relations. "I'd be really surprised if they did hold us to it. If they only offer us the alternate football games, we're not going to buy."

"We will not be advertising on any NFL scab games," John Vanderzee, ad manager of Ford Motor Co.'s Ford Division, said. "We're working with the networks right now to check some alternative packages. But at this point we have no plans to advertise on those games."

At press time, only CBS had decided to broadcast the replacement games. The other networks were undecided about whether they would carry the games, and uncertain whether they had to. NFL officials, however, said the networks would have to run the games.

"The networks have said nothing to us that would indicate they will not carry the games," said Val Pinchbeck, director of broadcasting for the NFL.

"The type of client who will go in [to the replacement games] is the type concerned with cost-efficiencies," said Stephen Grubbs, senior VP-director of national TV buying, BBDO Worldwide, New York.

Sources indicated such clients could include other automakers, especially imports, as well as financial-service organizations.

(Continued on Page 108)

Agency sharks circle Disney

By WAYNE WALLEY

BURBANK, CALIF.—Like sharks that smell blood in the water, entertainment-minded ad agencies started circling Walt Disney Co. last week after the departure of Young & Rubicam's entertainment division president.

Gordon Weaver, the Y&R official, will join the De Laurentiis Entertainment Group as a member of its Office of the President.

Historically, in Hollywood, such executive-level changes signal ad agency reviews. But Disney executives said it is "extremely premature" to discuss the status of Y&R Entertainment, the studio's agency since 1985 (AA, Jan. 31, 1985), even though sources confirmed several agencies have contacted Disney.

Mr. Weaver and Y&R exec VP Steve Rose, both former marketing executives at Paramount Pictures Corp., were instrumental in the agency's landing the estimated $60 million account, largely because of their ties to Disney Chairman-CEO Michael Eisner, Paramount's former president. Y&R's contracts with Messrs. Rose and Weaver expire Dec. 31.

"In the normal course of time we may evaluate our options, but we do not plan to at this time," a Disney spokesman said.

"As long as Disney is at Y&R, I will be here," Mr. Rose said.

That won't stop agencies from trying to pitch Disney, which now commands a 12.7% domestic film box-office share for 1987. Disney is third among major studios, trailing Paramount and Warner Bros.

Mr. Weaver, 49, anticipates that Y&R will release him from his contract before the end of the year. At DEG, he will become one of three members of its new Office of the President, with DEG President Frederic Sidewater and Stephen Greenwald, the president of the company's corporate division.

DEG awarded what it claims will become a $50 million media-buying account to BBDO Worldwide, Los Angeles, nearly four months ago (AA, June 8). Mr. Weaver said he doesn't plan an agency review.#

West Coast News

Pinch hitter scores for Wendy's

By SCOTT HUME

A pinch hitter has parked one in the seats for Wendy's International.

The fast-food chain's advertising was among the 10 best-recalled campaigns during August, according to the latest adWatch survey of advertising awareness. Wendy's, which hasn't placed among the top 10 since January 1986, held the No. 7 spot last month.

All that is good news for Wendy's and its operators, but the irony is that the "Hamburger A" TV commercials Wendy's has been running nationally lately are not the work of its current agency, Backer Spielvogel Bates, New York, nor of Dick Rich Inc., which BSB succeeded earlier this year. The spots were created last year by what was then DFS Dorland, is now Saatchi & Saatchi DFS Compton and which lost the Wendy's account last November.

When the Dick Rich-created "Give a little nibble" campaign fell flat and Mr. Rich was excused in favor of BSB, Wendy's found itself with a problem: What to run while BSB finishes its new "the best burgers in the business" campaign that is expected to break early next year (AA, Sept. 14).

The solution was to dust off the "Hamburger A" commercials, a witty series of spoofs of test-market focus groups. In each of the spots, a researcher asks people whether they would prefer "Hamburger A," the juicy, freshly made Wendy's hamburger that is clearly the correct choice, or "Hamburger B," which has reconstituted onions, has been held under a heat lamp and has other undesirable qualities. The continuing twist is that the subjects of the test keep picking Hamburger B, for a variety of silly reasons.

Dublin, Ohio-based Wendy's made the "Hamburger A" spots available to franchise co-ops, some of which ran them locally, but the commercials had not aired nationally until earlier this summer. That's a shame, because they appear to have registered with consumers.

Surprisingly, while the Wendy's commercials were well-recalled when the 1,000 adults polled last month were asked to name the first advertising of any kind that came first to their minds, "Hamburger A" failed to boost Wendy's score when consumers specifically were asked which fast-food advertising they recalled first.

As always, McDonald's Corp. dominated fast-food advertising recall, getting 41.4% of first mentions in the August poll (taken before the "Mac Tonight" campaign ran nationally). Burger King Corp. placed second with a share of 16.9%, down 2.6 points from its 19.5% share in the July survey.

Wendy's remained in its traditional No. 3 spot with an 8.6% share of first mentions, down from 10.2% the previous month. It faces a problem with which nearly every other restaurant chain can sympathize: Even if consumers love your advertising, they think of McDonald's first when it comes to fast-food.

AdWatch is a joint project of ADVERTISING AGE and SRI Research Center, Lincoln, Neb.

Ad awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind of all heard, read or seen in the previous 30 days. Consumers are queried on the first ad they recall overall and then in a variety of product areas. During August, 1,000 consumers were polled by telephone.

Those changes in advertising awareness that are deemed statistically significant by adWatch researchers are attributable to more than sample variation.

In other changes of note in the August survey:

- IBM Corp.'s advertising needs some help in the **computer** category. The so-called "M*A*S*H reunion" campaign that made such a splash when it was launched is losing consumer awareness.

In April, IBM's awareness score jumped nearly 10 points to 23.7% of first mentions, pushing it ahead of longtime leader Apple Computer. It's been downhill since then. After dropping 2.4 points in July, IBM's share fell another 2.5 points in August to an 18.8% share.

Apple, which was reduced to a 21.1% share when the new IBM spots broke, has since rebuilt its share and retaken first place. It garnered 29.1% of first mentions in the August survey. Radio Shack was third last month with a 3.1% share.

- Bartles & Jaymes had a bad month in the **wine & coolers** category, but the big gainer was its parent company E&J Gallo Winery rather than cooler rival Jos. E. Seagram & Sons.

Bartles & Jaymes' share of first mentions fell 4.3 points to 11.9% in August, dropping it to the No. 2 spot behind the 12.5% of first mentions given Gallo's wine advertising. Riunite was third with 9.1%, California Cooler fourth with 2.8% and Seagram wine coolers fell to the No. 5 spot with 1.9%.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness
Top 10 in August

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? *Source:* SRI Research Center Inc., Lincoln, Neb.

Rank		Advertiser	Agency
8/87	7/87		
1	1	Pepsi-Cola	BBDO Worldwide
2	2	Coca-Cola	McCann-Erickson
3	5	McDonald's	Leo Burnett USA
4	4	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
5	6	Ford	J. Walter Thompson USA
6	3	Miller/Miller Lite	J. Walter Thompson USA/Backer Spielvogel Bates
7	—	Wendy's	Saatchi & Saatchi DFS Compton*
8	—	Tide	Saatchi & Saatchi DFS Compton
9	7	Chevrolet	Campbell-Ewald Co.
10	—	Levi Strauss	Foote, Cone & Belding

*Former agency

IBM hopes for Hawkeye

By CLEVELAND HORTON

IBM Corp. wants to give its "M*A*S*H" campaign a shot in the arm, administered by none other than Dr. Benjamin Franklin "Hawkeye" Pierce.

Richard Lord, chairman of Lord, Geller, Federico, Einstein, New York, IBM's agency, said the leading computer company "is optimistic" about signing "M*A*S*H" TV series star Alan Alda for the campaign.

"We've always had plans to work with Mr. Alda," Mr. Lord said. "A contract has not been signed, but the desire is there."

Mr. Alda will be in Canada through November filming a movie called "A New Life." His publicist would neither confirm nor deny the negotiations.

A. Alda

Armonk, N.Y.-based IBM used a "M*A*S*H" ensemble to introduce the Personal System/2 line of personal computers earlier this year (AA, April 6). The campaign replaced the series of Little Tramp spots featuring a Charlie Chaplin look-alike, which focused only on Big Blue's PC line.

Since the campaign's introduction, IBM has expanded its use of the seven former "M*A*S*H" actors to plug its typewriters and minicomputers, as well as its PS/2 line.

An IBM spokeswoman said "we have said from the start that we'd use the ensemble wherever it was appropriate."

The "M*A*S*H" effort immediately increased consumer awareness of IBM. However, since the first appearance of the spots, awareness has dropped steadily. In contrast, Apple Computer, the No. 2 PC marketer, has recaptured awareness consistently since April. *(For complete awareness results, see story above.)*

While LGFE's Mr. Lord would have preferred to bring Mr. Alda into the picture sooner, the actor apparently signed a five-year contract with Atari Inc., then a Warner Communications subsidiary, in 1983. That contract should expire this year.#

U.S. NewsWatch

Marketing news from regional centers across the country

Oregon pulls lottery account in-house

SALEM, ORE.—The Oregon State Lottery will remove its $2 million account from Pihas, Schmidt, Westerdahl and expand its three-person in-house marketing staff. The agency will stop handling marketing at yearend and will handle public relations until March, when its contract expires and the PR account will be reviewed.

OKLAHOMA CITY—**The state Department of Tourism & Recreation** has named four finalists for its $1.8 million account: incumbent Ackerman, Hood & McQueen; Ad Inc., Tulsa, Okla.; Jordan & Associates; and Runkle-Moroch. A winner may be named by November.

FARMINGDALE, N.Y.—**Nature's Plus Quality Natural Vitamins** will introduce a line of body-building food supplements in New En-

(Continued on Page 84)

WHO PUT A CHERRY IN 7 UP?

The same techniques that helped develop new Cherry 7 UP created the Magic Mushroom for Airwick, Bacardi's Frozen Mixers, Glass Works for S.O.S, Sunkist Vitamin C Tablets, put Baking Soda in more than 30 million refrigerators...can spell success for you.

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- We're sensitive to your needs.

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Inserts that work!

PRODUCT MOVERS 621 AVENUE OF THE AMERICAS NEW YORK, NEW YORK 10011

Low media costs make fees more feasible

If we were an Anglo shop, we'd bill more than $40 million," says George San Jose, president of San Jose & Associates. Instead, the Chicago-based shop bills more than $4 million.

The discrepancy springs from media economics. "The commissions from Spanish-language media are one-tenth that of general market media," he says.

While hispanic media is comparatively low cost, hispanic agencies have to pay their staff salaries commensurate with those of general market agencies. "Our media director puts together a national program that will bill about $1 million," says Paul Casanova, president of Irvine, Calif.-based Casanova, Pendrill Publicidad. "The general-market agency media director puts in the same amount of time and develops a $30 million media program. The personnel costs are the same, yet we're getting 15% of $1 million while they bill 15% of $30 million."

Even outside the media department, hispanic agencies confront a more labor-intensive process. It takes more time and effort to produce a $75,000 spot than a $500,000 spot, says Daisy Exposito, VP-general manager of Young & Rubicam's New York-based Bravo Group, "because you can't hide behind the production values of a $500,000 spot."

For this reason Bravo—and most any hispanic agency—would rather operate on a fee structure. "For most clients, you can't cover your costs if you structure along billings," she says.

The billings structure at Hispania, J. Walter Thompson's New York-based hispanic division, is determined by the client, says Caroline Demy, senior VP-general manager. "Obviously fee is best. But J. Walter has never questioned the method of payment."

The push on the general-market side toward fee income could make this a moot point in the future.

"If you're not on a commission system the discrepancy doesn't matter," says Duke Miller, exec VP, director-client services, Tampa, Fla.-based Louis Benito Advertising.

Another trend may balance the books even for those now billing on commission. "Hispanic media costs, particularly in Miami, are inching up," says Isaac Lasky, VP, Southfield, Mich.-based W.B. Doner and Co.'s hispanic division. "There may even come a time when agencies will want to be paid on commission."

Billings boom

Hispanic market media revenues (000,000) and% growth from previous year

1986	$398.0	19.3%
1985	333.5	17.2
1984	284.5	26.8
1983	224.4	35.2
1982	166.0	—

Source: *Hispanic Business*

LATINS ARE SOLD ON IT.

Sábado Gigante is the top rated network show on Spanish TV.

It's a game and entertainment extravaganza that keeps more than 8 million Hispanic-Americans glued to their TV sets every Saturday night.

It's attracting the attention of a lot of major advertisers, too. Like General Foods, Hershey, Procter & Gamble, Anheuser-Busch, Coca-Cola and Beatrice Foods. And, in addition to big numbers, it offers an exciting merchandising and promotion program.

So if you're trying to sell America's booming Hispanic market, what better way than on the number 1 rated show on the number 1 rated Spanish network, the UNIVISION Spanish International Network.

For details, call Joe del Cueto, Sales Manager, Sábado Gigante, at 305-285-4038.

SABADO GIGANTE. THE NUMBER 1 RATED SHOW ON SPANISH TV.

Demands

(Continued from Page S-1)

be comparatively few agencies serving the market," she says, adding that small independents may find their strength in servicing small and hispanic-owned businesses.

The recent activity has Richard Dillon mildly amused. "We're going to bill about $40 million this year," says the president of Newport Beach, Calif.-based Mendoza, Dillon & Asociados. "We're the largest agency in this market, yet we rank as the 199th largest agency [overall]. To a major general agency, it's peanuts. They can't get excited about a division that pulls in $5 million or $10 million."

The major agencies that have entered the market have not presented much competition, he says, because they don't support their hispanic divisions.

"If big agencies are going to get involved they should buy hispanic shops but let them manage themselves. If the general-market account group rides herd and controls the hispanic division's activity, it's back to the same problem of the general market element restricting hispanic budgets."

The likelihood of that happening is too real, says Mr. Casanova. "We want to stay independent so it's not a case of the dog wagging the tail."

General-market divisions have an advantage in easy access to the mother agency's client list.

"It helps them get a foot in the door," says Mr. Dillon. But, he adds, they have to maintain their distance.

Despite both Burnett and Doner starting in-house operations, Ms. Zubizarreta says most agencies find it easier to buy an existing shop. The problems, she says, occur in pushing that division to adapt to general market agency standard operating procedures.

Jesse Wilson, exec VP of Chicago-based San Jose & Associates, says when an Anglo mentality is projected onto hispanic shops, "it never seems to work."

(Continued on Page S-6)

Editor's note: Stories not identified by a byline written by Ed [illegible], senior edit[illegible]

Practitioners preach regionalization

Licking their chops describes the response hispanic market agencies and Spanish-language media have had to regionalization, the latest buzzword in marketing.

The hispanic market qualifies for both of marketing's most recent fixations. There's no denying it's niche marketing at its most basic. Now that companies are breaking marketing efforts into regional approaches, they are bound to discover 86.3% of all U.S. hispanics live in 33 areas of dominant influence and that the top 10 hispanic ADIs are home to 62% of U.S. hispanics.

"You can't do anything in Southern California or Dade County without an hispanic component," says Jesse Wilson, exec VP, San Jose & Associates, Chicago. "In this market, national accounts really are a series of spot placements."

Lotus Hispanic Reps, a New York-based radio ad sales company, already has seen a positive ruboff from regionalized efforts, says President Richard Kraushaar. "Regional offices are saying they've got to put money toward the hispanic market when 30% of their sales are generated by hispanics."

The regional shift has restructured decision making, says Ken Ocepek, Univision's Chicago-based Midwest sales manager. "Rather than have the gurus who don't travel to these markets making marketing decisions based on outdated research, we're seeing the guys in the field given more authority."

Agencies also have seen the sweet rewards of the change. "We had been dealing with Frito-Lay corporate for 2½ years," says Paul Casanova, president of Irvine, Calif.-based Casanova, Pendrill Publicidad. "But the program finally got off the ground when the [regional staffs] became more responsible for sales and marketing efforts."

Mr. Wilson says San Jose will target companies that are focusing on re[illegible]al efforts. He predicts the move toward regionalization will create greater agency activity in areas that have large hispanic populations and smaller agency communities. "The next hot area for agencies is Southern California," he says.

The regional shift also may help put to rest one of the industry's oldest debates. Agencies long have argued about the benefits of regionalizing creative work to address an area's predominant nationality group vs. a national approach using neutral images and "Cervantes Spanish." Those backing regional creative efforts talk about their greater impact on targets, who like to see their distinct nationalities reflected in ads; others argue that the added production costs don't justify separate executions and regionalizing creative strategies further confuses clients.

Although it's important to be aware of regional differences, "when you're putting together a national program for a national client it can be very inefficient," says Mr. Casanova. "Anheuser-Busch may have the money to back it up, but not many companies are in the market at that level." The creative approach question is an issue raised primarily by local shops, he says. "For obvious reasons, they love it."

Tere Zubizarreta, president of Miami-based Zubi Advertising Services, quickly identifies herself as a believer in the regionalized approach. "Borden's is advertising ice cream in Miami and calling it *nieve*, which is what Mexicans call ice cream, but what Cubans call snow. So they're selling snow at the local grocers.

"Marketers don't create commercials geared for Bostonians and run it in Mobile, Ala." The hispanic market is not so different from the general market that the same rules don't apply, she says.

The arguments have remained unchanged and probably will until advertisers make them unnecessary. When Campbell Soup Co. reorganized its marketing program along regional lines, no one was happier than Carlos Rossi, president-ceo of Conill Advertising, Campbell's New York-based agency. "It made the whole question unimportant."

Hispanic population
(thousands)

1. Los Angeles	3,614
2. New York	2,496
3. Miami	936
4. San Antonio, Texas	889
5. San Francisco	787
6. Chicago	754
7. Houston	707
8. McAllen/Brownsville, Texas	588
9. El Paso, Texas	478
10. Albuquerque, N.M.	451
11. Fresno, Calif.	410
12. Dallas/Ft. Worth	384
13. San Diego	381
14. Phoenix	349
15. Sacramento/Stockton,Calif.	345
16. Corpus Christi, Texas	341
17. Denver	260
18. Philadelphia	231
19. Tucson, Ariz.	208
20. Austin, Texas	171

Source: Strategy Research Corp.

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Demands

(Continued from Page S-8)

to dispose of a Y&R client's general-market strategy if it doesn't work for the hispanic market.

"We have the best of both worlds," Ms. Esposito says. "We have Y&R's resources if we need them, and we can have a non-Y&R client and have absolutely no interaction with 285 Madison."

Ms. Demy also taps into JWT's resources. "We can do a more sophisticated job as opposed to a small boutique. They can't afford to subscribe to all of the support services we can tap into, which allow us to move more quickly," she says.

Both general managers admit to experiencing problems with general-market account teams. "They don't want to lose billings," Ms. Demy says, "and they may tend to think of us as another agency because of that mentality. But we're being recognized as an element of the team."

Ms. Esposito says Y&R clients that show an interest in using the hispanic division are told they need two separate budgets, "not that they should sacrifice their general market budget for Bravo." She says she can understand why general-market account supervisors try to keep a client from going into segmented marketing if they think it would detract from general market efforts.

"Maybe two years ago, the general account team would have seen this as a threat. Now they see it as an opportunity," says Isaac Lasky, VP-hispanic marketing at Doner's new division. Clients were asking them about the hispanic market, he says, and they couldn't offer answers.

"We're not taking away from what clients are doing in English," he says. "This is a totally new effort that should result in more billings."

Still, Mr. Rossi suggests general market agencies have a hard time giving their hispanic units the autonomy and respect they deserve. Although Conill is a wholly owned Saatchi subsidiary, the arrangement is strictly financial, not operational. "The only client conflicts we have are the ones we make ourselves." He says in-house divisions are too dependent on the general market sides' operations.

"The big names in the general market aren't really the big names here," he says. "I don't think the general-market agency executives really care about their hispanic divisions."

If they did, Mr. Rossi warns, watch out. "The rules of the game would change overnight. I don't think it will happen, but if it does there suddenly will be a major new player." Most independents live in fear of this, he says.

Whether a major agency can command the market depends on its level of commitment. "If the hispanic division is a poor

(Continued on Page S-12)

Demands

(Continued from Page S-10)

cousin, and hispanics aren't in management, they won't go anywhere," says Ms. Haar.

Because hispanic budgets are concentrated among relatively few companies, any account shifts could restructure the pecking order. And while Burnett has said its hispanic division will service only P&G clients, even a reallocation of P&G's budget—rumored to account for 10% to 15% of total Spanish-language media spending—would send shock waves through agencies.

"If any one of us gets that next big account, we will leapfrog over the others," Mr. Rossi says. One agency could have 10% of the total hispanic business, he says, and "the rest will realize they no longer are what they once were."

The independents then either will merge or restructure along the lines of general-market shops, Mr. Rossi says. Messrs. Garrido and San Jose say they already have done the latter, calling themselves second-generation independent hispanic agencies.

But it's just as important to establish a relationship of some kind with general-market shops, says Mr. Casanova. "We have a relationship with Dancer where we can talk directly to the client and implement our programs and the agency can oversee what we're doing and make suggestions. They serve the client's needs, we get the business and maintain our autonomy."

But independence may be easier to talk about than maintain. Although she says she does not want to give up any autonomy, Ms. Zubizarreta says she will listen to offers. "Everybody has a price," she notes.

Those intent on remaining independent don't suffer any delusions that they may be a dying breed. "Who knows," says Mr. San Jose, "in five years we could be the largest independent. We also might be the only one."

ETH-ICS/n 1: a set principles or values: a system of dealing with what is good and bad with moral duty and obligation ....see Lotus Hispanic Reps

New battle lines drawn

Equality means different things to different people. When Spanish-language media executives and hispanic agency people dream of equality, they envision a day when the percentage of corporate America's hispanic marketing budgets equals the percentage of U.S. hispanics. With an estimated 18.9 million hispanics in the U.S. in 1987, in their perfect world they would receive 7.5% of U.S. marketing dollars.

Reality again falls short of the ideal. According to an analysis performed by New York-based Telemundo Group, Spanish-language TV pulled in $184 million in 1986, or .8% of total TV revenues.

"Invariably hispanic budgets are underrepresented in terms of population," says Roger Pisani, exec VP, managing director, New York-based Publicidad Siboney, because hispanics are influenced by general market media.

This, says Ken Ocepek, Univision's Chicago-based Midwest sales manager, is the latest in a long line of barriers thrown before Spanish-language media. "Research has shown hispanics buy their products, will continue to speak Spanish and enjoy Spanish-language media. Now they subscribe to the theory that hispanics can be reached through general market media anyway, so there's no need to bother with Spanish-language media."

Hispanics at home with Spanish

Language spoken in specific situations

	At home	At work	Socially
Spanish	71.7%	35.8%	54.5%
English	10.4	30.0	18.0
Both	17.9	34.2	27.5

Source: Strategy Research Corp.

It's not that hispanics don't watch "Cosby"—"Yankelovich told us years ago that they spend 50% of their media time watching English-language TV"—it's that the issue should be advertising related, he says. "While spots may be seen, they don't score any copy points, particularly spots that are based in humor or are sung and danced to. The advertiser would be better off throwing a slide on the screen and doing a voiceover."

Because advertisers' perceptions are its reality, however, Siboney is conducting a study on general market advertising's effect on hispanics who speak mostly Spanish in the home vs. its impact on fully bilingual hispanics. "All hispanic agencies are trying to quantify a number of areas, and the impact of Anglo advertising is one of them," says Mr. Pisani.

The role of English-language media is more accepted, says Arturo Villar, publisher, *Vista*, an hispanic-oriented Coral Gables, Fla.-based English-language newspaper supplement. He offers as proof *Vista's* distribution and advertising track record. The supplement started in September 1985 with 12 newspapers and two ads; this month 27 papers carried *Vista*, and its August edition pulled 17 ad pages.

"Spanish-language media wanted to ignore the fact that some hispanics prefer to read English," he says. "Now they say, 'Yes, of course, you must use Spanish-language print, radio and TV and English-language print. In fact, some have become strong allies to *Vista*. We've been able to prove to skeptics that this market segment wasn't reached."

The size of the segment is debated. Miami-based Strategy Research Corp. reports that 43%, or 8.1 million, of the 18.9 million U.S. hispanics speak English well or very well. In comparison, 85.8% of the hispanic population speaks Spanish well or very well.

The figure for English-speaking hispanics is higher, Mr. Villar says, based on *Vista's* experience in creating a sample group of U.S. hispanics who read English well or very well.

(Continued on Page S-14)

13

MISTAKES TO AVOID WHEN MARKETING PACKAGED GOODS TO SOUTHWEST HISPANICS.

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Buck passing hinders better research

By Linda Cecere

It's no secret greater emphasis is being placed on improving hispanic research. But the interest has yet to translate into major corporate financial commitments, and the issue rests on who will foot the bill for bigger and better consumer studies and syndicated research.

Linda Cecere analyzed the hispanic newspaper market in the Aug. 11, 1986 Special Report.

Abbott Wool, senior VP, media director, New York-based Cadwell Davis Partners, and Spanish Radio Advisory Council chairman, says hispanic research companies are getting more aggressive as demands for better service rises. Mr. Wool says the ad industry in general is getting more active in developing custom hispanic research and syndicated services.

Yet a critical lack of support remains, resulting in the field's slow development. Only some $20 million is spent on hispanic research annually, he estimates. In comparison, the top 46 U.S. research companies' 1986 revenues totaled $1.9 billion.

■ *Clients want better numbers but don't commit funds; major researchers' efforts fall short*

A major reason for the funding gap is corporate mistrust of hispanic research methodologies, a situation exacerbated by lack of faith in U.S. Census Bureau numbers and estimates of the undocumented alien population. Research companies specializing in the market perform handsprings to provide believable, valid results, yet always are held up to questioning on sample size and the market universe.

Research sources often don't provide large enough samples to convincingly measure hispanic media or product consumption, says Marianna Reges, manager-media research of New York-based Bristol-Myers Co.

"We have told [major Anglo research services] we're very interested in broadening Hispanic coverage," she says. However, non-hispanic markets are the primary source of business for major research suppliers including A.C. Nielsen Co., Arbitron Ratings Co. and SAMI/Burke.

"Too often hispanic research is used as a disaster check on commercials or decisions already completed," says one hispanic researcher. "I don't think advertisers and the larger Anglo research firms take it very seriously. Smaller not-so-flashy firms need more work and encouragement in order to survive."

Richard Amundsen, director-hispanic markets, Atlanta-based Coca-Cola Co., says those not-so-flashy companies have done a good job of researching and defining the market. Miami-based Strategy Research Corp.'s door-to-door studies of 10 major hispanic markets "very reliably establish brand preference, consumption rates and penetration," he says. Coca-Cola also uses SRC's STAR TV ratings service and is awaiting results of a product movement study performed by Nielsen.

Peter Roslow, director-marketing, New York-based Telemundo Group, says syndicated product usage data, ratings services and competitive ad expenditure surveys will exist in the next decade. "Credibility will improve as support for hispanic research and services increases from the big consumer companies."

The support will come, says Henry Adams-Esquivel, VP of San Diego-based Market Development Inc., a full-service company specializing in what it calls "transcultural marketing." "If U.S. companies don't do more transcultural marketing, they'll lose market share."

Dale Dauten, head of Westlake Village, Calif.-based Research Resources, says increased attention from big players will have little effect on independent hispanic research companies. "The specialty shops will continue to have appeal as the budgets—and the stakes—get bigger."

Richard Tobin, president of SRC, the leading full-service hispanic research company, agrees. "This is not a horse race," he says.

Some general market research thoroughbreds are showing greater interest in the hispanic market, however. AGB Television Research, the U.S. subsidiary of AGB Research PLC, London, purchased Hicksville, N.Y.-based Information & Analysis in 1983. Although the subsidiary initially focused on electronic media research, hispanic-oriented studies now account for 50% of the business, says Harvey Morrow, VP-general manager.

The company was selected to conduct the pilot study of the Chicago radio market by the Spanish Radio Advisory Council as part of its effort to develop a national syndicated ratings service. Originators of the SRAC concept, New York-based Caballero Spanish Media and Lotus Hispanic Reps and Harlingen, Texas-based Tichenor Media Systems, say the ratings service would have more credibility with advertisers than existing services.

"Coverage of Spanish radio stations in the existing rating books is not consistent," says Eduardo Caballero, president of the radio organization that bears his name. "They make a good effort, but we think measurement of Spanish media should be separate. If the advertisers and their agencies set the research criteria themselves, it will have credibility." Representatives from McDonald's Corp., Procter & Gamble Co., Bristol-Myers, Young & Rubicam and J. Walter Thompson participate in the council; hispanic media and agency representatives observe.

The Arbitron diary method has come under fire from critics. David Lapovsky, Arbitron's VP-research, says his company's hispanic sampling, which combines diary and meter methodologies to measure radio, is large enough to offer a fair measurement.

Diary alone is used to rate TV. "The diary has its shortcomings," he concedes. "But if it's administered properly, it can be an acceptable tool."

Arbitron places three phone calls to hispanic households vs. one to Anglo households to encourage participants to complete and mail in their diaries. The company also pays hispanics more to participate in the surveys.

For the time being, hispanics will not be covered separately via ScanAmerica, the Arbitron and SAMI/Burke people meter service that now is available in Denver, Mr. Lapovsky says. "Our basic commitment is to the total market, although it is possible to measure a sizable ethnic population if a subscriber requests it."

SAMI consultant Alan Miller says a larger number of clients are looking to segment consumers in key hispanic markets to determine regional preferences. Focus groups are conducted and individual stores in specified ZIP codes are surveyed to define local shopping patterns.

Mr. Miller says the 60 stores covered provide a large enough sample to measure reliably.

Battle lines

(Continued from Page S-12)

He pegs the English-speaking hispanic population at 10.4 million or 55% of the total market.

But Mr. Villar admits the debate will rage on. "I don't think anyone will be able to tell how effective general market media reaches hispanics."

Common sense suggests that as the U.S. hispanic population grows, both the Spanish and English-speaking segments will enlarge. This could create a niche for a new agency structure, says Luis Salces, exec VP of Chicago-based OMAR Inc.

"The market will segment more along generational lines vs. nationality lines," he says. "There is an opportunity to create a second generation of agency that attends to the needs of that [generational] market segment."

Lionel Sosa, president of San Antonio-based Sosa & Associates, ties Spanish and English-language creative executions and media placements to generational and acculturation factors. Critics suggest that San Antonio's multigenerational hispanic market does not represent the immigrant-fueled U.S. market.

San Diego-based Market Development Inc. reports that regardless of generational status, hispanics respond to Spanish-language advertising. After being exposed to Spanish-language advertising, 58% more hispanics said they would consider using canned or frozen foods; 56% more said they would consider buying a full-size auto.

"As a member of the new generation, I see its potential as a target," says Marcelino Miyares Jr., OMAR's director-client services. "But the need to address more typical hispanics will remain. Spanish is still the emotional language."

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SCHOLARSHIP BANQUET
April 8, 1988-The Plaza Hotel, New York City

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"Acceptability of numbers is a nebulous thing. If you have a lot of satisfied customers, then you have acceptability."

Syndicated services are becoming increasingly important as clients emphasize regional operations, he says. But SAMI does not plan to get involved in qualitative research.

Despite increasing hispanic market activities, Peter Benziger, head of hispanic research for Greenwich, Conn.-based Moran & Tucker, says the biggest problem is convincing companies to invest in hispanic research. Hispanic research studies usually cost $15,000 to $25,000, he says; Anglo studies typically cost $80,000.

"Sampling also is a tough problem, especially with the telephone," Mr. Benziger says. "Plus, few hispanic research companies have the manpower or analytical expertise to cope with larger studies."

But they offer clients one important benefit: a knowledge of hispanic culture that many general market companies lack, says Rosanna Stoll, president of Chicago-based Metrica Marketing Group. "You can't become an expert in hispanic culture overnight." AA

Making sense of the morass

Caroline Demy feels no envy for clients attempting to select an hispanic agency. "It's a real morass out there," says the senior VP-general manager of New York-based J. Walter Thompson's Hispania.

Clients will find an incredible variety of capabilities and structures—one to 40-man independent shops, affiliated agencies, general-market agencies with hispanic divisions or capabilities. Like general-market agencies, however, the trend among many hispanic agencies is to provide full services.

"Some clients think they need somebody who knows the language and can put somebody hispanic on the air that won't offend anyone," says Carlos Rossi, president-ceo of New York-based Conill Advertising. "What they actually need is a full-service agency that can handle promotions, media, research, merchandising, creative—all the angles."

Again imitating the general market, the push is on promotions. Chicago-based San Jose & Associates will be involved in about 200 promotions this year, says President George San Jose. "We do more promotional activities than most agencies, which gives us a competitive advantage with a client who recognizes this area as being important."

Promotions are extremely important in the hispanic marketplace, says Roger Pisani, exec VP, managing director, Publicidad Siboney, New York. "I'm amazed at how effective promotions are in the hispanic market vs. the general market." Siboney, like other hispanic agencies, recently established a separate promotions division.

"Almost uniformly, our promotions have had outstanding results," he says. A recent sweepstakes promotion for Palmolive liquid detergent directed at Miami's hispanics resulted in a 40% increase in total volume for the entire area vs. a similar period the previous year.

Historically, hispanic promotions have been goodwill-oriented gestures tied to community events, "which is nice, but we're paid by clients to deliver case sales," Mr. Pisani says. "We won't have simply a float in a parade. We build in an incentive to purchase. We want the good will of the community, and we want the cases."

Achieving the first objective naturally leads to the second, says Tony Torres, director-market development at Chicago-based Burson-Marsteller. "With hispanics, consumer good will take them into product sales." The goodwill factor always will exist because companies don't target hispanics just to make sales, he says.

Burson-Marsteller's entrance into the market four years ago highlighted the growing importance of public relations and promotion in the hispanic segment—and caused agencies to take a harder look at their promotional capabilities.

"The next phase is specialization," says Daisy Exposito, VP,

(Continued on Page S-16)

The main events

Top hispanic special events

	Attendance (000)
1. Calle Ocho, Miami	1,500
2. Puerto Rican Day Parade, NYC	1,000
Hispanic Day Parade, NYC	1,000
4. Hispanic American Cultural Festival, Washington	500
5. Fiesta del Sol, Chicago	400
6. Three Kings Parade, Miami	300
Fiestas Patrias International Parade, Houston	300
8. Hispanic Heritage Festival, Miami	290
9. Fiestas Patronales, Chicago	250
Con Sabor a Mexico, Chicago	250
Carnaval, San Francisco	250
Charro Days, Brownsville, Texas	250
13. Pan American Festival, Chicago	105
14. Mexican Independence Day Parades, San Antonio, Texas, and Los Angeles	100
24th St. Fair, San Francisco	100
Cinco de Mayo, Dallas	100

Note: Fiesta San Antonio draws 4.5 million and Los Angeles Street Scene attracts 1 million. Not considered purely hispanic festivals, but have large hispanic attendance.

Source: Burson-Marsteller Hispanic Media & Marketing Service

WORK 'n 1: sustained physical or mental effort to overcome obstacles and achieve an objective or result 2: something produced by effort, exertion or exercise of skill...see Lotus Hispanic Reps

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A divorce among the marriages

At first it appears California's recently passed English-only language law has made a powerful impression on McCann-Erickson. While more general market agencies are acquiring or starting hispanic divisions, last November McCann-Erickson divested itself of Los Angeles-based La Agencia de McCann-Erickson, which subsequently became La Agencia de Orci.

In addition to resolving questions of minority ownership, La Agencia wanted to operate without the overhead of a large organization, says Richard Edler, exec VP-general manager of McCann-Erickson/Los Angeles. "Decision-making is much more efficient without the overlay of a large corporation," agrees Hector Orci, La Agencia's president.

He also says he now is able to prospect freely for clients without worrying about conflicts with McCann accounts. "The greater the autonomy and independence, the better the prospects for success."

As part of a larger company, Mr. Orci says, other priorities often get in the way of servicing a client. The operating arrangements of Conill Advertising and Publicidad Siboney, which are given long leashes by Saatchi & Saatchi and Foote, Cone & Belding, respectively, are the best, he says.

Mr. Orci's experience has had an impact on other independent hispanic shops. "When agencies talk to us about acquiring independents, they claim that it will be strictly hands off, that we'll be able to maintain our identity--everything sounds hunky-dory," says Paul Casanova, president of Irvine, Calif.-based Casanova, Pendrill Publicidad. "But look at Hector Orci. It sounds great when you can say, 'I'm a part of McCann-Erickson,' but there must be something wrong with it."

Mr. Orci simply says "life as an independent is terrific," and that he has no plans to sell or reintegrate with another agency.

Over at McCann there are no plans to acquire or start an hispanic division. In fact Mr. Edler may prove to be the most forward thinking of all mainstream agency executives involved in the market.

McCann is putting together fully bilingual account groups and creative teams that are equally adept at servicing a client's general or hispanic market requirements. "It's strange that as we work to assimilate ethnic groups in society, we separate them at agencies.

"There shouldn't be an agency within an agency, which La Agencia was." Separate hispanic divisions not only are unnecessary, he says, but anachronistic.

"McCann is able to walk up to a client and say we can take your campaign anywhere in the world. If we can do it in 135 countries, why can't we do it here?"

Minority issue has major impact

The U.S. Army is supposed to be prepared for battle. It received an opportunity to prove its combat readiness when New York-based Bravo Group was named the Army's hispanic agency in January.

Lionel Sosa, whose San Antonio-based agency had handled the Army's hispanic work as an N W Ayer subcontractor, complained at the time that the Army should use an hispanic-owned shop. Bravo was assigned hispanic duties when Young & Rubicam, its parent company, won the account from Ayer.

While the law stating that federal government contractors should use in-house capabilities whenever available overruled minority vendor considerations, independent hispanic shops have a distinct advantage in chasing some government and corporate business.

"We can now look for business among accounts that require an hispanic-owned shop," says Mr. Orci. "State contracts and some client companies have this requirement, and there was some business we were effectively closed out of as a division of McCann."

Mr. Edler says the ability to compete for accounts stipulating minority ownership was a major element in the decision to spin off La Agencia. "La Agencia was competing for the California lottery account, and the key question asked was,

Morass

(Continued from Page S-15)

general manager, Young & Rubicam's Bravo Group, which works with the Y&R PR subsidiary on projects. "It's already happening."

For example, San Antonio-based Sunbelt Sales Promotion has specialized in promotions and special event marketing since 1980. Clients have included Procter & Gamble Co., General Foods and H.J. Heinz Co., among others.

"Some agencies want to do it all," Ms. Exposito says. "but we believe you can't be a jack of all trades." Agencies can cover the bases, but when clients need to develop a complex promotional program they should call an expert, she says.

"We work with Bravo when the need arises," says Bronna Lipton, New York-based VP-manager of Burson-Marsteller's hispanic media and marketing services division. "It's a cumulative approach, an integrated approach."

Burson-Marsteller has extensive contacts with key hispanic community "influencers" and organizations, she says, and focuses on community marketing by reaching hispanics through their local leaders. "We're providing a different service than the agencies," Ms. Lipton says, adding that there's room for everybody in the market.

"It's a question of scope," she says. "Our focus is not primarily on advertising."

Mr. Torres says Burson-Marsteller does have one advantage over other specialists. "We provide a grass-roots approach, which is given by local agencies, but they cannot provide clients with simple movement of programs into other markets" serviced by the shop's satellite offices. Burson-Marsteller works to create project continuity in terms of both expanding them into national efforts and continuing them over time.

Burson-Marsteller became interested in the market because it knew it could fill a developing niche early, says Charles Farley, senior VP. "Others are evolving to promotion. We'll take the competition as it happens."

The hispanic division, he says, is as profitable as any of Burson-Marsteller's other operations, and has as much if not more potential. "The hispanic market still is undermarketed. Sometimes it's tough to bring them into the market, but it's pretty persuasive when the client attends a promotional event and sees the reaction on people's faces."

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Hispanic Newsbriefs

(Continued from Page S-19)

Ami Co., General Foods Corp., Kal Kan Foods, Kraft Inc., Procter & Gamble Co., Quaker Oats Cos. and Riceland Foods, among others. It also has helped Certified establish relationships with some stores, says Mr. Newman.

It was easier than expected to bring the independent grocers into the co-op arrangement, he says. "It's a way to give these stores some ammunition they need to compete. They realize they need help in merchandising and promotion," Mr. Newman says, "and that they can bring product to the floor at a competitive price."

With the program generating an anticipated $500,000 to $600,000 annually, Mr. Newman says he has created a win, win, win, win situation for WTAQ, WSNS, Certified, retailers and advertisers.

War waged over the wires

On June 11 San Diego-based Market Development Inc. raised some eyebrows when the research company announced that 85% of U.S. hispanics own telephones.

The MDI study, based on an analysis of 1980 U.S. Census data, is starkly juxtaposed to findings reported in Miami-based Strategy Research Corp.'s "1987 U.S. Hispanic Market Study."

SRC says only 69% of U.S. hispanic households have telephones, and only 31% have listed numbers.

MDI's findings added fuel to a fiery controversy on whether the telephone can be used to accurately sample hispanics.

Henry Adams-Esquivel, MDI's VP, says the study shows that telephone surveys can be reliable and offer better sample controls at a lower cost than door-to-door surveys. Richard Tobin, SRC's president, says that his costs are virtually the same whether SRC performs phone or field interviews, "because our field force is all set up." He says clients may pay 3% more for field studies.

Critics of the MDI study point to its basis in 1980 Census data.

"Those who dispute the position of the Census as the 'bible' . . . are prone to inaccurate findings that can cost marketers million of dollars in off-target decisions," Mr. Adams-Esquivel says.

Mr. Tobin says the Census process creates too many barriers to accurately measure hispanics. "This is an Anglo methodology." Hispanics who filled out the long-form, which contained questions concerning phone ownership, do not accurately represent baseline U.S. hispanics, he says, "who are predominantly foreign born or oriented. A very small proportion of people returned it."

Mr. Adams-Esquivel counters that methodology and not acculturation is the issue. He says that if the Census sends out a Spanish-language questionnaire and does not receive a response, an interviewer is sent to perform an in-home survey.

The Census Bureau confirms that households that don't return forms receive phone or in-home follow-ups. Some say this is policy, but not practice.

Even returned forms cannot be assumed accurate, Mr. Tobin says, because hispanics' legendary sense of pride may alter results. "The Census asked if they had a phone. We've done research studies that show they'll answer yes if they have access to a phone down the street or in their apartment building or in a previous home. Hispanics tend to say yes in response to socio-economic questions that place the family in the most positive light.

"What the Census didn't ask," he says, "is whether they would speak with a stranger on the phone and answer personal questions. That's the key issue." SRC, which has tracked hispanic phone ownership for more than 10 years, reports 90% of hispanic respondents prefer face-to-face interviews.

Client opinion on the methodology issue is divided. Marianna Reges, media research manager, New York-based Bristol-Myers Co., prefers telephone surveys. "They tend to underestimate and are more believable than door-to-door studies, which tend to overestimate."

Getting their wires crossed

U.S. hispanic phone ownership

Market Development Inc.	85%
Strategy Research Corp.	69%

Richard Amundsen, director-hispanic markets for Atlanta-based Coca-Cola Co., places more faith in bilingual door-to-door surveys. He says telephone methodologies can be used in cities with higher socio-demographic levels.

Research Resources employs both methods, but favors door-to-door, says Dale Dauten, head of the Westlake, Calif.-based company. Although clients generally prefer phone studies, he says they reach only some 45% of hispanics without using costly random digit dialing techniques.

A recent survey by Hicksville, N.Y.-based Information & Analysis for the Spanish Radio Advisory Council used both telephone and door-to-door strategies to gauge Chicago hispanics' radio listening habits. The results did not determine which technique works best, says Harvey Morrow, VP-general manager.

Supporting Ms. Reges' statement about response levels, about 86% of those interviewed at home said they listen to Spanish radio vs. 56% of those interviewed by phone. But the SRAC survey also indicates why the debate continues. Although the Census reports 81.5% phone penetration among Chicago hispanics, 50.6% of those surveyed in-home by Information & Analysis did not own phones.

The company is re-interviewing the door-to-door respondents by telephone this month because of what Mr. Morrow calls a vote-casting problem.

Whether a basic methodology can be agreed on is still in question.

MDI and SRC stand behind their findings. Educated clients remain the best judges of which methodology meets their needs. *—Linda Cecere*

KTNQ hits the big leagues

Los Angeles hispanics no longer have to play the California Lotteria to win big money.

KTNQ-AM, became the area's first radio station—hispanic or otherwise—to give away $1 million to one lucky listener.

"You have to be in the big leagues to do this," says Ken Wolt, the station's president and general manager.

The contest punctuates the Spanish-language station's new-found power. KTNQ and its sister station, KLVE-FM, earned a combined 7.9 market share according to the latest Arbitron ratings survey, and have the second-largest 25 to 54-year-old audience in Los Angeles.

"Most people don't realize that if the hispanic population here was considered a city by itself, it would be the fifth largest city in the nation," Mr. Wolt says. But these figures didn't elude Honolulu-based H&G Communications, which bought the two stations last year for $40 million and was certain better programming targeting 25 to 54-year-old hispanics and bigger promotions would yield ratings results.

H&G Communications knew better programming and big money promotions would help KTNQ.

So both stations changed formats while giving away hundreds of prizes until management decided on the $1 million contest last April.

On Aug. 29 during a live broadcast from the Ahmanson Theatre, the station gave the first of 50 annual $20,000 payments to Delfilia Carrafco, a 23-year-old mother whose name was selected from 350 semi-finalists. To sustain interest, the station started a second $1 million giveaway, making those who entered the first contest immediately eligible for the second.

"People thought we were crazy to do this because Hispanics don't enter write-in contests," Mr. Wolt says. "But with more than 2 million entries, I think we've smashed that preconception." *—Wayne Walley*

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Hispanic Market Tour

Despite ideal population mix, city fights for test market recognition

When it comes to hispanic test marketing, Chicago can't claim it's the Second City. Or third. Or fourth.

National advertisers head toward Houston, Los Angeles, Miami and New York to test products even though none of them reflect the overall U.S. hispanic market as well as Chicago. "Chicago is closest to the national breakout of hispanics, so testing here would give an advertiser a true picture of buying habits," says Marta Miyares, president, OMAR Inc., a Chicago-based ad agency.

Chicago's almost 800,000 hispanics make it the sixth largest U.S. hispanic market, according to Strategy Research Corp., Miami. "Plus, this city is No. 2 in terms of hispanics' average income." But she says she does not know of any real hispanic test marketing in Chicago. "Because Chicago has so many hispanic nationalities, advertisers are afraid they will turn one or more groups off," says Athena Sofios, VP, general manager of Evanston, Ill.-based WOJO-FM. "We reassure them you can address hispanics in one voice because Spanish is a language, not a format."

A common complaint, she says, "is that Chicago doesn't have enough media for a successful test market." Also, says Jesse Wilson, exec VP, San Jose & Associates, testing in Chicago is more expensive than buying media in a little Texas town.

While Ms. Sofios concedes this point, she says Chicago test results would be more accurate because of its demographic diversity. "And Chicago is still less expensive than L.A. or New York," she says.

Chicago's hispanic media has matured only recently, says Kathy Nicolini, national sales manager for local Univision affiliate WSNS-TV, making it "a tough job to raise the consciousness of advertisers and the major agencies."

The city's product distribution patterns also may appear intimidating, says Ken Ocepek, Univision's Chicago-based midwest sales manager. "As far as product distribution is concerned, Chicago often is perceived as being too unwieldy. The hispanics are spread out in Chicago, and that makes it a logistical problem because an advertiser needs an enormous number of stores to get adequate distribution."

Ms. Nicolini says the fact that hispanics are spread out over the city in concentrated pockets is a plus. "That means we have an excellent urban/suburban mix."

Mr. Wilson says clients who achieve the right distribution level still would have difficulty measuring results. "Now we have a strong media market," he says. "The only problem remaining is how does a client track the results? The research industry is not developed."

Chicago has had one recent success: a study by the Spanish Radio Advisory Council to test interviewing techniques. An impressive group of major advertisers and general market ad agencies joined Spanish radio stations and ad agencies in choosing Chicago as the project's test market.

"Chicago was selected as the test market because it has a very good Spanish radio market and a good cross-section of hispanics," says Peter Roslow, director-marketing, New York-based Telemundo Group, and former VP, general manager, Information and Analysis, the Hicksville, N.Y.-based company that performed the study.

"We feel Chicago is a valuable test market now," says Ms. Nicolini. "But advertisers are sticking to traditional test markets, like Miami, so convincing them that Chicago is for them will take some time."

—Eileen Norris

Eileen Norris is a frequent contributor to Special Report.

Mary Herlehy

Nationalities blend into Chicago's melting pot

Country of origin	Chicago	U.S.
Mexico	63%	57.6%
Puerto Rico	21	14.3
Cuba	3	5.9
Other	12	22.2

Source: Strategy Research Corp.

Nicaraguans add new flavor to Miami's mosaic

When Miami-based WQBA-AM debuted in 1966 it let the market know where it stood, calling itself *La Cubanisima*, the most Cuban.

"Who knows," muses George Hyde, general manager, and regional VP of Susquehanna Broadcasting Co., "maybe I'll have to change it to *La Nicaraguenisima* some day" to reflect the growing Nicaraguan population.

"We're certainly not about to abandon our slogan, however," he says, and with good reason. Cuban-Americans head 68.7% of South Florida's hispanic households, according to Miami-based Strategy Research Corp. But that figure is down from 78.1% in 1985, while the number of Central American heads of households increased from 9.3% in 1985 to 16.4%.

The influx of Nicaraguans is so marked, Enrique Perez, advertising director, Miami-based *Diario las Americas*, devoted a paragraph in a just-completed promotional brochure to talk about the group's impact. "The reason is that after Cubans, Nicaraguans are our second largest group of readers.

"They also are becoming good advertisers," he says. "They are becoming a factor in the economy."

Estimates place the area's Nicaraguan population at 75,000 to 100,000. *La Estrella*, a monthly newspaper for the Nicaraguan community, reports a 25,000 circulation. The number of Nicaraguans could rise rapidly now that the Justice Department has granted Nicaraguans political refugee status, which makes it easier for them to obtain work permits.

Both Messrs. Hyde and Perez see some similarities between the Nicaraguan immigrants of the 1980s and their Cuban forerunners. "The Cuban influx is unique because of the educational, economic, professional and entrepreneurial status of the immigrants," Mr. Hyde says.

"There's a certain amount of that in the new Central American immigrants."

And while they can't match the demographics of the area's Cuban segment, Mr. Perez anticipates that will occur. "The demos will get stronger. They're at the same level as the Cubans were in the '60s."

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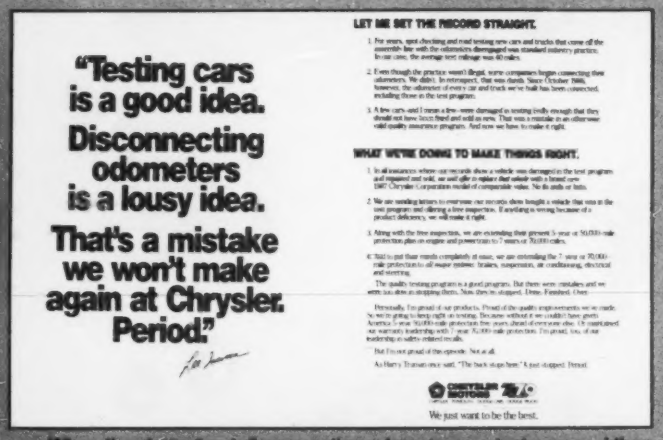
"Testing cars is a good idea.
Disconnecting odometers is a lousy idea.
That's a mistake we won't make again at Chrysler. Period."
LET ME SET THE RECORD STRAIGHT.
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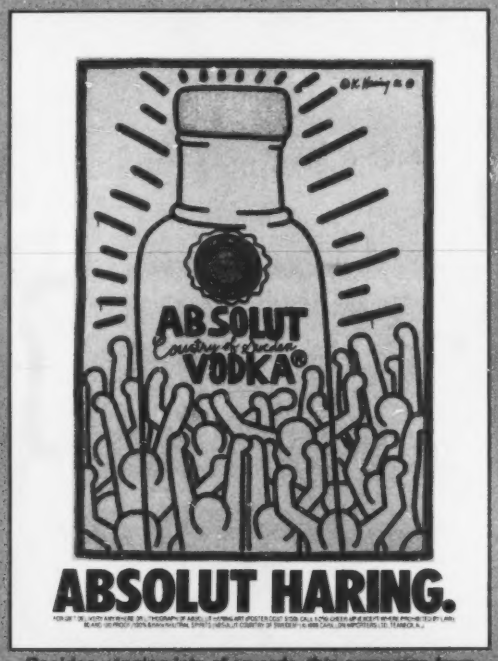
When the story about disconnecting odometers on test cars and then selling them as "new" broke, Chrysler Corp. looked bad. This ad, which ran just after the story broke, helped Chrysler look a lot better. By admitting it was wrong, with no ifs, ands or buts, Chrysler undoubtedly saved itself many millions of dollars in lost sales. Credit Bozell, Jacobs, Kenyon & Eckhardt, Detroit, with coming through under pressure. Copywriter: Don McKechnie; art director: Ron Bacsa.



Besides winning lots of awards, this campaign from TBWA, New York, is selling "lots of bottles" for Carillon Importers. It's running in magazines as well as newspapers. Creative directors: Arnie Arlow, Peter Lubalin; copywriter: Evert Cilliers; art director: Geoff Hayes; artist: Keith Haring.

When United Brands wanted to call attention to its sponsorship of the Pan American Games, Cato Johnson, New York, came up with this gold-medal solution. Creative supervisor and copywriter: Al Werben; art director: George Lamboa.

The day after Pepsi's Fountain Beverage Division learned they were keeping the Burger King business, they told the world about it with wit and style in this page ad, executed at lightning speed by Tracy-Locke of Dallas. Copywriter: Diane Forman-Semetc; art director: Kevin Lory Mote; art: Cat Pak Studio.

The boom in healthcare advertising has produced some excellent advertising. Much of it, like this ad for Chicago's Ravenswood Hospital Medical Center, is done in-house. We especially liked the headline. It may be "home-made," but most agency people would be proud to have written it. Creative director: Rod Neavelll; copywriter: Greg Waters; art direction: Parkside Graphics.

Best of Press selections are made by Advertising Age with the help of Hank Simons, VP-creative director of the Newspaper Advertising Bureau, and James Dunaway, VP-information of the bureau. National System Inc., St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review to: Best of Press, c/o AA's New York bureau.

Autos pace July

NEW YORK—Advertiser spending during July in major-market daily newspapers in 16 categories climbed 9.3% to $252.8 million, according to the ADVERTISING AGE Flash Report. That increase was fueled by strong spending for new cars, amusements and food stores.

The new-car category, up 38.4% in June, climbed 61.2% in July vs. the same month last year, to $28.5 million. The amusements category, after a 3.3% dip in June, was up 18.2% to $41.9 million. Food store ad spending, up 7.7% in June, jumped 17.5% in July to $35.4 million.

Other categories posting major growth in July were general-merchandise stores, up 7.1% to $31.2 million; radio-TV-phonographs-records, up 9.6% to $19.2 million; and banks and trust companies, up 21.4% to $6.9 million.

Spending by department stores remained weak, down 9% to $57 million. Cigarette advertising continued to plummet, tumbling 54.3% to $1.5 million. Cigarette spending was off 50.7% in June.

Other categories posting advances in July were publishing and media, up 2.7% to $7.6 million; public service utilities and communications, up 15.8% to $4.7 million; computer stores and supplies, up 8.5% to $4.3 million; alcoholic beverages, up 3.5% to $2.1 million; computers, equipment and services, up 28.9% to $1.3 million; and cameras, photo supplies and services, up 13.1% to $473,000.

The stock, bond and investment house category dropped 16.5% to $1.3 million, and airline spending was unchanged from a year ago, at $9.4 million. The Flash Report is based on linage measurements by Media Records here in 29 daily and 22 Sunday newspapers in 15 major markets.#

FLASH REPORT: Newspaper advertising investment for July

July 1987	IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1987	1986	ACTUAL $ G OR L	% G OR L
Amusements	1987	$41,900,808	$35,451,381	+6,449,427	+18.2
	1986				
Computer stores & supplies	1987	4,287,688	3,951,604	+336,084	+8.5
	1986				
Department stores	1987	57,039,326	62,655,516	−5,616,190	−9.0
	1986				
Food stores	1987	35,433,948	30,145,000	+5,388,948	+17.5
	1986				
Radio, TV, phonographs, records	1987	19,211,724	17,532,242	+1,679,482	+9.6
	1986				
General merchandise stores	1987	31,178,651	29,107,499	+2,071,152	+7.1
	1986				
Alcoholic beverages	1987	2,058,294	1,988,032	+70,262	+3.5
	1986				
Cameras, photo supplies & services	1987	472,638	417,983	+54,655	+13.1
	1986				
Computers, equipment & services	1987	1,315,576	1,020,398	+295,180	+28.9
	1986				
Public service utilities & communications	1987	4,719,187	4,074,651	+644,536	+15.8
	1986				
Publishing & media	1987	7,563,955	7,367,530	+196,425	+2.7
	1986				
Cigarettes	1987	1,485,379	3,252,503	−1,767,124	−54.3
	1986				
Airlines	1987	9,433,906	9,429,393	+4,513	+0.0
	1986				
Passenger cars-new	1987	28,523,405	17,699,276	+10,824,129	+61.2
	1986				
Banks & trust companies	1987	6,891,890	5,678,806	+1,213,084	+21.4
	1986				
Stock, bond & investment houses	1987	1,286,730	1,579,120	−292,390	−18.5
	1986				

This Flash Report of newspaper advertiser investments, compiled for ADVERTISING AGE by Media Records, is derived from tabulations that cover 29 dailies and 22 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.

Source: Media Records Inc.

Cereals report crisp gains

Products for adults increase

By JOHN C. MAXWELL JR.

The cold-cereal industry had another record year in 1986, with volume up 4% to 2.26 billion pounds. In dollars, the market was up 11% to $4.94 billion.

It is obvious the industry will be well over $5 billion this year. A price increase on the order of 3% was put into effect during the later part of the first calendar quarter.

We believe volume increases will be on the order of 4% in 1987.

The main growth area in 1986 was the adult products, though the children and all-family areas grew nicely. Battle Creek, Mich.-based Kellogg Co.'s products such as Nutri-Grain, Just Right and Raisin Squares were particularly noteworthy.

Kellogg, General Mills, Ralston Purina Co. and Nabisco Brands continued to gain share to the detriment of the Post division of General Foods Corp. (Philip Morris Cos.).

In the first quarter, Minneapolis-based General Mills seemed to be leading the way, particularly with new products. The company's new Ice Cream Cones is in the 1% zone. Raisin Nut Bran, which was introduced in 1986, is running close to a share point. In addition, Oatmeal Raisin Crisp has rolled out nationally.

Kellogg, which is off about a share point in the first quarter from the 1986 average, may reverse the trend with the introduction of Pro Grain, targeted toward athletic adults. This new product is being backed by a $30 million budget.

Chicago-based Quaker Oats Co.'s Oh's was heavily promoted and looks very good. The company is now marketing Quaker Oat Squares, an adult cereal with appeal for the whole family.

St. Louis-based Ralston seems to be doing very well with its short life-cycle cereals, though certainly Almond Delight may be longer lived with more than a half-share already.

Nabisco, East Hanover, N.J., appears to be getting more aggressive in its marketing and has rolled out several new items, including Shredded Wheat'n Bran and a Fruit Wheats line.#

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Cold cereal market shares

Share of market in pounds and dollars. *Source: John C. Maxwell Jr.*

Brand	1984 Lbs.	1984 $$	1985 Lbs.	1985 $$	1986 Lbs.	1986 $$
Kellogg						
Corn Flakes	6.8	4.7	6.7	4.5	6.6	4.5
Frosted Flakes	5.6	5.2	6.0	5.7	6.0	5.7
Raisin Bran	4.5	4.0	4.7	4.3	4.5	4.1
Rice Krispies	3.5	3.8	3.8	4.2	3.6	4.0
Bran products	3.1	2.3	3.5	2.8	3.5	2.8
Fruit Loops	2.3	2.9	2.3	3.0	2.4	3.2
Frosted Mini-Wheats	1.9	1.9	2.0	2.0	2.0	2.1
Nutri-Grain	1.2	1.1	1.2	1.1	1.5	1.1
Special K	1.9	2.5	1.5	2.0	1.4	1.9
Apple Jacks	1.0	1.5	1.1	1.5	1.2	1.6
Sugar Smacks	1.2	1.3	1.1	1.2	1.2	1.3
Sugar Pops	1.1	1.2	1.1	1.2	1.0	1.1
Crispix	0.5	0.7	1.0	1.0	1.0	1.0
Product 19	0.9	1.1	0.9	1.1	0.9	1.1
Fruitful Bran	0.7	0.6	0.6	0.5	0.9	1.0
Raisin Squares	0.3	0.3	0.6	0.6	0.9	1.0
Just Right	—	—	0.3	0.3	0.9	0.9
Cocoa Krispies	0.6	0.8	0.6	0.8	0.7	0.9
Apple Raisin Crisp	0.5	0.6	0.4	0.5	0.4	0.5
Cracklin Bran	—	—	0.4	0.3	0.3	0.4
Honey Nut Corn Flakes	0.5	0.6	0.3	0.4	0.3	0.4
Marshmellow Crispies	0.4	0.6	0.3	0.4	0.3	0.4
Frosted Rice	0.4	0.4	0.3	0.3	0.2	0.2
Cinnamon Squares	—	—	—	—	0.2	0.2
C-3PO	0.5	0.6	—	—	—	—
Most	0.2	0.3	—	—	—	—
O.J.	—	—	0.4	0.4	—	—
Others	0.8	1.2	1.3	1.5	0.7	0.6
Total	40.5	40.3	42.4	41.6	42.6	42.0
General Mills						
Cheerios	5.2	5.5	5.0	5.2	4.9	5.1
Honey Nut Cheerios	2.6	2.9	2.8	3.1	2.9	3.2
Total	2.1	2.8	2.1	2.5	2.1	2.5
Lucky Charms	1.7	2.1	1.7	2.1	1.7	2.1
Wheaties	2.0	1.4	1.8	1.5	1.6	1.4
Trix	1.5	1.9	1.5	1.9	1.4	1.8
Golden Grahams	1.3	1.3	1.2	1.2	1.0	1.1
Crispy Wheats 'n Raisins	1.0	1.1	0.8	1.0	0.7	0.9
Cinnamon Toast Crunch	0.6	0.7	0.7	0.8	0.6	0.7
Cocoa Puffs	0.6	0.7	0.6	0.8	0.6	0.8
Raisin Nut Bran	—	—	—	—	0.6	0.7
Kix	—	—	0.6	0.8	0.6	0.8
Fibre 1	—	—	0.4	0.3	0.5	0.4
Monsters, etc.	0.5	0.8	0.6	0.8	0.5	0.7
Smores	—	—	0.4	0.5	0.4	0.5
Rocky Road	—	—	—	—	0.4	0.5
Circus Fun	—	—	—	—	0.4	0.4
Buc Wheats	0.3	0.4	0.2	0.3	0.1	0.1
Licensed Products	0.7	1.0	0.3	0.5	—	—
Others	0.6	0.5	0.2	0.4	0.2	0.4
Total	20.7	23.1	20.9	23.7	21.2	24.1
General Foods						
Raisin Bran	2.7	2.1	2.6	2.0	2.5	2.0
Grape-Nuts	2.2	1.5	2.4	1.8	2.3	1.7
Post Fruit & Fibre	1.3	1.4	1.6	1.7	1.5	1.6
Pebbles	1.1	1.3	1.2	1.3	1.4	1.5
Sugar Crisp (Incl. Orange)	1.4	1.4	1.2	1.2	1.1	1.1
Post Toasties	1.0	0.8	0.8	0.6	0.8	0.6
40% Bran Flakes	0.8	0.8	0.9	0.9	0.8	0.8
Honeycombs	1.1	1.3	0.8	0.9	0.7	0.8

Share of market in pounds and dollars. *Source: John C. Maxwell Jr.*

Brand	1984 Lbs.	1984 $$	1985 Lbs.	1985 $$	1986 Lbs.	1986 $$
General Foods (continued)						
Alpha Bits	0.7	0.8	0.6	0.7	0.5	0.6
Fortified & Oat Flakes	0.5	0.4	0.3	0.3	0.4	0.4
Raisin Grapenuts	0.4	0.4	0.4	0.4	0.3	0.3
Horizon Trail Mix	—	—	—	—	0.2	0.2
Smurfberry	0.5	0.6	0.2	0.3	0.1	0.2
CW Post	0.1	0.1	0.1	0.1	0.1	0.1
Honey-Nut Crunch Raisin Bran	0.2	0.2	0.1	0.1	—	—
Others	0.3	0.2	0.1	0.1	0.1	0.1
Total	14.3	13.3	13.3	12.4	12.8	12.0
Quaker Oats						
Cap'n Crunch	2.7	3.2	2.6	3.1	2.6	3.1
Life	2.4	2.2	2.0	1.9	1.8	1.7
100% Natural	1.5	1.4	1.5	1.4	1.3	1.2
Corn Bran	0.6	0.6	0.6	0.6	0.6	0.6
Oh's	—	—	—	—	0.5	0.6
Halfsies	0.2	0.3	—	—	—	—
Others	0.9	0.9	0.6	0.7	0.3	0.2
Total	8.3	8.6	7.3	7.7	7.1	7.4
Ralston Purina						
Chex	4.3	4.6	3.6	3.7	3.4	3.5
Almond Delight	—	—	—	—	0.7	0.7
Sun Flakes	—	—	0.6	0.5	0.5	0.4
Cookie Crisp	0.4	0.7	0.5	0.7	0.5	0.7
Ghost Busters	—	—	—	—	0.4	0.4
Rainbow Bright	—	—	0.4	0.5	0.1	0.1
Nerds	—	—	—	—	0.3	0.4
Donkey Kong	0.6	0.6	—	—	—	—
Waffelos	—	0.1	—	—	—	—
Others	0.6	0.3	0.7	0.8	—	—
Total	5.9	6.3	5.8	6.2	5.9	6.2
Nabisco						
Shredded Wheat	4.0	3.3	4.0	3.5	4.1	3.6
Others	0.9	0.9	0.9	0.9	0.9	0.9
Total	4.9	4.2	4.9	4.4	5.0	4.5
All Others	5.4	4.2	5.4	4.0	5.4	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Cold cereal's top 10

Share of market in pounds and dollars. *Source: John C. Maxwell Jr.*

Brand	1985 Pounds	1985 Dollars	1986 Pounds	1986 Dollars
Corn Flakes (K)	6.7	4.5	6.6	4.5
Frosted Flakes (K)	6.0	5.7	6.0	5.7
Cheerios (GIS)	5.0	5.2	4.9	5.1
Raisin Bran (K)	4.7	4.3	4.5	2.0
Shredded Wheat (NAB)	4.0	3.5	4.1	3.6
Rice Krispies (K)	3.8	4.2	3.6	4.0
Bran Products (K)	3.5	2.8	3.5	2.8
Chex (RAL)	3.6	3.7	3.4	3.5
Honey Nut Cherrios (GIS)	2.8	3.1	2.9	3.2
Cap'n Crunch (Oat)	2.6	3.1	2.6	3.1
Raisin Bran (GF)	2.6	2.0	2.5	2.0
Total	45.4	42.0	44.6	39.5

P&G Italian promo helps Kenyan village

By CLAIRE PEDRICK

ROME—Procter & Gamble Co. is aiding a village in Kenya by tying in a promotion for its powder detergent, Dash, on the popular TV variety show it sponsors here.

P&G's two main competitors in Italy—Henkel and Unilever—are sponsoring rival TV shows this fall and have increased the prize money to attract more viewers.

The P&G project, code-named "Missione Bonta," or Operation Goodness, aims to provide schools and wells for Kiongwani, a drought-ridden settlement 100 miles south of Nairobi.

"The idea came to us after we heard about an appeal from some Italian missionaries based in Kenya," said Enrico de Toma, public relations director at P&G here.

The appeal was announced in a TV campaign that broke Sept. 26 on the Italian state network's RAI Uno channel. Leo Burnett Co., Milan, which handles Dash, prepared the campaign. The first screening of this fall's "Fantastico" variety show will be Oct. 3.

P&G has pledged $750,000 to cover the initial stages of the program. The rest of the money—an estimated $3.25 million—is expected to come from customers. A card in each Dash box will ask for a contribution of 75¢.

TV viewers will be updated through a weekly linkup with Kiongwani during "Fantastico." The popular Saturday evening variety show on RAI Uno attracts more than 10 million viewers.

In Italy, TV sponsorship is dominated by the big three detergent marketers. P&G's Dash is the biggest seller.

On Sept. 25, Henkel's Dixan detergent teamed up with the Silvio Berlusconi-owned Canale 5 for a series of 16 "Festival" gala shows. Henkel will put up a record $1.5 million in prize money for contestants, including a minimum $750,000 at the end of the series.

Hosting the show will be one of Italy's most famous TV personalities, Pippo Baudo, who earlier this year moved from RAI to Canale 5.

On Thursday nights on the same channel, TV veteran Mike Biongiorno will present a rival variety quiz show, "Supermike," sponsored by Unilever's washing powder Bio Presto, also with a prize of $750,000.

TV sponsorship is an expensive business in Italy. Each of the 16 Henkel-backed "Festival" programs will cost around $6.5 million to stage. Production companies share in the cost of the programs with the sponsors.

"Sponsoring a TV show can easily cost as much as a major ad campaign, but it involves the viewers and continually focuses attention on the product," said Paolo Girone, president, Essevi, a Milan agency.

Sponsorship of a quiz show keeps the product in front of the viewers throughout the program. Not only are spots run during commercial breaks, but the company's name appears on the set of the show and is mentioned several times during the program.#

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Advertising Age®

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

BK enters Ayer era

'Have it your way' concept returns at troubled chain

By PATRICIA WINTERS

Burger King Corp.'s decision to move its $200 million advertising account to N W Ayer ushers in a new era of maturity for the beleaguered fast-food chain.

With New York-based Ayer as its new partner, the 5,179-unit chain will return to its roots with a theme that incorporates what it has defined as its key differences from archrival McDonald's Corp.: broiling, quality food and the "have it your way" concept.

See related editorial, Page 16.

Ayer's interpretation of those elements and its focus on "human contact"—the agency's motto—are what won it the prize account against competitors D'Arcy Masius Benton & Bowles and J. Walter Thompson USA, the 11-year incumbent.

Declining Burger King sales are what sources close to the review say lost the account for JWT, despite an impressive presentation by the agency.

Ayer's job now is to provide a clear direction to help reverse those slipping sales, which have hurt the income picture for parent Pillsbury Co. In fiscal 1987, ended May 31, Minneapolis-based Pillsbury disrupted a 15-year earnings streak with a net income decline of 13% to $208 million. Operating profits for its Restaurant Group (including BK, Steak & Ale, Bennigan's and Godfather's) fell 28% to $219 million.

"The restaurant side of Pillsbury had a giant profit decline while the food side is strong," said John McMillin, food analyst with Prudential-Bache Securities, New York. "It's like the swan and the ugly duckling."

Pillsbury last week brought back William Spoor, 64, who retired as board chairman two years ago, as chairman of its executive committee. John Stafford, 50, remains company chairman, ceo and president. Pillsbury's stock price rose after Mr. Spoor's return, reflecting the belief he has been asked to address the Restaurant Group's problems. There is speculation he may urge the Pillsbury board to cut its losses by spinning off the entire Restaurant

(Continued on Page 103)

N W Ayer and Burger King toast their new relationship: from l., R.J. Trutz, BK exec VP; Jerry Siano, Ayer vice chairman; Charles Olcott, BK president; Keith Gould, Ayer senior VP; and Dominick Rossi, Ayer exec VP.

Ayer, JWT face challenges

By JON LAFAYETTE

The history-making move of Burger King Corp.'s $200 million account puts the heat on two of the nation's oldest ad agencies.

For now, winner N W Ayer is basking in the glory of winning the largest advertising assignment to change hands. It is a big boost for the New York-based agency, which was last in the spotlight in 1986 when it lost the $100 million U.S. Army recruiting account amid government accusations of bid-rigging, time-card inflation and kickbacks.

But the honeymoon with its newest and biggest client will be brief. The agency quickly must organize to handle a complex assignment and its work must bring results in the competitive fast-food field *(see box on Page 103)*.

At the same time, account loser J. Walter Thompson Co. also finds itself under pressure. The strain of losing a highly visible client comes on top of the executive turmoil that led to the agency's takeover by London-based WPP Group earlier this year. The agency once again must cut costs, which means firing

(Continued on Page 103)

L.A. Shake 'n Break

Quake rattles ad agency offices

By JENNIFER PENDLETON

LOS ANGELES—Chiat/Day's headquarters at the Biltmore Hotel has "cracks all over" after the earthquake that jolted southern California Oct. 1. But like other ad agencies, it suffered little serious damage.

"We didn't have to cancel any meetings," said General Manager Greg Helm. "A couple of bookshelves fell over, and there was lots of plaster on the floor. But it's business as usual."

The agency offices—seven miles from the Montebello epicenter of the quake that measured 6.1 on the Richter scale—were evacuated for about an hour, but by 9 a.m. C/D's staff was back at work. The quake hit at 7:42 a.m., just as rush-hour began.

Staffers at McCann-Erickson Worldwide's office also had to leave their building. Exec VP-General Manager Richard Edler bought breakfast for his staff at a nearby eatery, and all were back at work by 10 a.m.

> *"It's all made us skittish and crazy."*
> **—John Littlewood**
> **Ayer/Pacific**

There was no damage other than a few overturned filing cabinets.

Chuck Reynolds, senior VP-general manager of HDM, was leaving his house when it happened.

"I was walking out the door, and the door decided to move," recalled Mr. Reynolds, who stayed at home to "watch the pool whitecap."

Tony Raymond, VP-account supervisor at DJMC, also was at home when the quake struck. When he headed for the office, the drive was harrowing in the final stretch, he said. "It took 45 minutes to go two blocks."

Dan Pearlman, president-ceo of Pearlman/Wohl/Olshever/Marchese, made it to his agency's Century City office in time for a client meeting, but his partners—held up in snarled traffic—didn't.

The quake, lasting 10 to 15 seconds, was substantial enough to cause many people to wonder whether this might be the long-feared "big one"—the great quake seismologists predict likely will

(Continued on Page 104)

Last Minute News

GE/RCA electronics account up for grabs

INDIANAPOLIS—GE/RCA Consumer Electronics is reviewing agencies for its $20 million GE, RCA and Dimensia consumer electronics account. The business had been split between Leo Burnett USA, Chicago, and BBDO Worldwide, New York. Burnett on Oct. 2 resigned the $15 million RCA and Dimensia business, citing the review and new compensation arrangements. BBDO, which handles the $5 million GE consumer electronics account, as well as GE appliances, will be in the review. The company plans to select three other agencies this week to pitch the business.

Suave goes to Bayer Bess

CHICAGO—Helene Curtis Industries selected Bayer Bess Vanderwarker & Flynn for its $10 million Suave haircare, antiperspirant and skincare account. Backer Spielvogel Bates previously handled.

Disney considers media move

BURBANK, CALIF.—Walt Disney Co. may move its estimated $60 million account to a media-buying service to reduce its commission fee, sources say. Disney officials met with Y&R Entertainment, its current

(Continued on Page 8)

PeopleWorks on Page 82

Highlights

The race is on 12
Nissan Motor Corp. USA is scrambling to complete its 1988 model-year campaign less than two weeks away from its scheduled start. As of last week, the auto importer was waiting to see the first finished TV spots and print ads breaking Oct. 19. The ads—stressing image rather than hard sell—mark the first Nissan effort from Chiat/Day.

Gerber's new addition 52
Food industry analysts are watching closely to see whether Gerber Products Co.'s new chairman, David Johnson, sustains the company's recent drive to expand its general-merchandise lines. The company's Gerber Products Division is gearing up general-merchandise marketing, but Mr. Johnson's extensive background in the food and package-goods industries is fueling speculation that Gerber will return its emphasis to baby-food marketing.

The grapevine grows 56
Those high-stepping California raisins are appearing in a new promotion for Hardee's Food Systems, which ordered 15 million 1-inch replicas of the California Raisin Advisory Board's dancing raisins for a monthlong promotion of its Cinnamon N' Raisin Bisquit. Hardee's also may use the raisins in other ways.

Ad review 88
When John Houseman became front man for Smith Barney Inc., it was the right idea at the right time. Now Leo McKern has taken over, and this is also the right idea at the right time. We're talking about two extremely right advertising ideas rooted in one essential premise: that most of us have an extremely wrong idea about the retail brokerage business. The "profession" has achieved an aura bordering on glamor. That's amusing, because peddling stocks and bonds is about as glamorous and sophisticated as operating a toaster oven.

Saying it in black and white 100
During commercial breaks this fall, you may wonder whether there's something wrong with your color TV: There's been an upsurge recently in commercials shot in grainy black and white. The trend, which started last year when many advertisers went heavily into b&w print campaigns, is the latest attempt by agencies and advertisers to stand out from the crowd.

INTERNATIONAL

Colgate, Henkel in joint venture in France 76
The joint venture of Colgate-Palmolive Co. and Henkel KGaA to manufacture and market Henkel's newly acquired Cotelle household cleaning products line in France will give each of the companies a much-desired entry into that important market.

Revived 'La Prensa' a hit with advertisers 78
Potential advertisers have been rushing to Nicaragua's *La Prensa* since the anti-Sandinista newspaper was given the green light to resume publication, the first major step by the Sandinistas to comply with the Central American Peace Accord.

ISL Marketing wins Soccer Cup rights 78
Lucerne, Switzerland-based ISL Marketing, in a major coup, has won exclusive marketing and sponsorship rights for the 1994 and 1998 Soccer World Cup. But the award has sparked threats of lawsuits by Sport-Billy, Stuttgart, W. Germany, and Telemundi, Monte Carlo, two companies shut out by ISL.

OTHER NEWS

Dow Chemical Co. may use its friendly acquisition of haircare marketer Lamaur as a springboard for more consumer products buyouts in the U.S. and abroad, an industry analyst says. Page 28.

Edward Lowe Industries is beating Clorox Co. to the punch by introducing nationally an upgraded version of its Kitty Litter. Lowe is backing the rollout of Kitty Litter with Healthguard with an $8 million-to-$10 million TV and print campaign. Page 49.

Fisher-Price on Oct. 19 launches a $3 million TV and print campaign to introduce its much-heralded children's video camcorder, expected to be the first in a line of adolescent electronics from the company. Page 90.

For the self-appointed "industry guru" of the wine and spirits trade, the industry is not enough. Marvin Shanken, founder and president of M. Shanken Communications, has redesigned *The Wine Spectator* as a slick consumer magazine to draw more readers and a wider range of advertisers. Page 97.

Woody Harrelson is taking a break from Beantown for Surf City. The dull-witted but lovable bartender on NBC's "Cheers" isn't leaving the show, but he's spending part of his off-camera time as celebrity endorser for beach accessories marketer Son International. Page 100.

SPECIAL REPORT

***Corporate Image Advertising**—Today's corporate image advertising is a far cry from the visionary messages of the past. Mergers, acquisitions and corporate restructuring have colored the corporate image, putting the emphasis on a corporation's bottom line, its business fundamentals and, often, its products. Starts after Page 58.*

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'Memories' will kick off DCI projects

By PATRICK REILLY

NEW YORK—Peter Diamandis' newly minted Diamandis Communications Inc. plans a spring launch of a nostalgia/history magazine called *Memories*.

P. Diamandis

It is one of three new publications planned by Mr. Diamandis, who pulled off the largest magazine purchase in history when he paid $650 million in a leveraged buyout of CBS Magazines.

Mr. Diamandis completed the purchase last week. He had been president of CBS Magazines.

The new company Mr. Diamandis heads as president-ceo also plans to sell as many as six of the 21 consumer magazines he bought from CBS Inc. and, eventually, acquire broadcast properties.

To finance DCI's expansion, which Mr. Diamandis said will include "lots of acquisitions," the company will make a public stock offering in the next one to five years.

Before that, company stock will be sold to a "platform group" of key editors, publishers and department heads, Mr. Diamandis said.

"I believe in a wide distribution of ownership," he said in an interview.

But first on the agenda is the divestiture of several profitable DCI magazines to help defer the cost of the buyout, which sources said amounts to an annual debt payment of $70 million. All of DCI's 21 special-interest consumer magazines are in the black, though "some only marginally so," Mr. Diamandis said.

"We are not being forced to sell, but with $650 million in debt, to divest and restructure is the historical wisdom of LBOs," Mr. Diamandis said. "I am interested in lots of acquisitions, but for now I've got to sell some. But I won't sell a magazine unless I get a home-run deal."

His goal in divestiture is to bring in more than $200 million in revenue by selling no more than six titles. In any case, Mr. Diamandis plans to give up no more than $80 million in annual ad revenue from the magazines he sells.

"I have to consider what DCI will look like after divesting," he said. "I want to have something left to work with."

The list of potential buyers is vast. It includes Cahners Publishing Co., a U.S. subsidiary of U.K. publishing giant Reed International; Playboy Enterprises; a rich sailing enthusiast who said he simply wants to own DCI's *Yachting* monthly; and a long list of leading U.S. and foreign publishers.

Industry observers and several U.S. publishers said that foreign publishers, helped by a favorable exchange rate, will have an advan-

(Continued on Page 104)

Wave of future?

General Mills will test home-delivered meals

By BETH AUSTIN and SCOTT HUME

General Mills is combining its grocery and restaurant expertise in a new venture that could have significant impact on both industries.

Order In, a "dinner delivery service" in Eden Prairie, Minn., near General Mills' Minneapolis headquarters, today begins distributing menus, taking phone orders and delivering microwaveable dinners to homes and offices, said a spokesman for General Mills Restaurant Group, which is overseeing the venture.

The development of home-delivered meals specifically designed to be cooked in microwave ovens sets the Order In concept apart from other restaurant delivery services, such as Domino's Pizza.

If successful, it would put General Mills ahead of crosstown rival Pillsbury Co., which also has been looking at ways to marry its restaurant and grocery-product businesses.

Burger King USA President Charles Olcott told industry analysts earlier this year he planned to take advantage of parent Pillsbury's food expertise, "especially in the areas of pizza and freezing/microwaving technology."

Charles Henderson, VP-marketing at Pillsbury's Godfather's Pizza, confirmed that it "has been looking at the possibilities of [delivering] microwaveable pizza, but we've put it on the back burner."

McDonald's Corp. Senior VP Thomas Glasgow said at the company's annual meeting that it is evaluating such technology in its research facilities. Oak Brook, Ill.-based McDonald's is the world's largest restaurant chain.

The International Foodservice Manufacturers Association predicts total restaurant sales will grow only 3.7% to $132.7 billion in 1988, after rising 4.2% in 1987. Part of the sluggishness in growth is attributed to consumers' increased purchase of frozen microwaveable entrees.

The spokesman for Order In would give few details on the operation and would only describe the menu as mainstream.

Blaine Sweatt, who previously shepherded the development of General Mills' 52-unit chain of Olive Garden Italian restaurants, is believed to be in charge of Order In.

Ad plans could not be determined. Grey Advertising, New York, handles other General Mills Restaurant Group chains, including Red Lobster, York steakhouses and Olive Garden.#

Freakies back in cereal bowl

By BETH AUSTIN

Freakies is back, but only the name is the same.

After a decade off grocery shelves, Ralston Purina Co. has returned to the children's cereal wars one of its first entries in the segment.

Freakies first appeared in 1974 as crunchy corn-based rings represented by seven characters who lived in a tree. It stayed on the market until 1977, when it was withdrawn along with a line extension called Fruity Freakies.

Ralston today breaks TV advertising for new Freakies, a disc-shaped, honey-sweetened, multigrain cereal with added marshmallows in seven different colors.

Commercials portray the marshmallow figures as seven animated characters from the planet Freakon. Wells, Rich, Greene, New York, which helped introduce the product in the early '70s, also handles the reincarnated brand.

A spokesman for St. Louis-based Ralston declined to reveal ad spending plans for new Freakies. But Ralston and competitors have been spending heavily on recent introductions.

General Mills, Minneapolis, this year is spending $22 million for its Ice Cream Cones presweetened cereal (AA, Dec. 1).

"The Freakies are seven fun-loving characters whose sole mission is to bring fun back into breakfast," the Ralston spokesman said.

The seven characters—Tooter, Sweetie, Grumble, Hugger, Hot Dog, Ace and their leader, Boss Moss—"ride through space atop their cereal spaceships, which they ride like surfboards," he added. "They listen to surfing music and speak in Dr. Suess-style rhymes."

The cereal, which began reappearing on grocery shelves in August, is Ralston's latest entry in the "marshmallow-added" group, the fastest-growing subsegment of presweetened cereals, according to the spokesman.

Presweetened cereals account for 40% of the $5 billion ready-to-eat cereal market and are the fastest-growing category.

Ralston has introduced only one other children's cereal this year, Fruit Islands, a multicolored, multigrain natural fruit-flavor cereal with real apple bits.#

Court adds to toy-TV show woes

By SARA E. STERN and STEVEN W. COLFORD

The battle over children's television may be decided in the marketplace rather than at the Federal Communications Commission.

While the FCC is expected to enforce a court ruling that toy marketers put their names on shows based on their products, low ratings already are forcing toy companies out of the entertainment business.

The U.S. Circuit Court of Appeals for the District of Columbia last week overturned a 1984 FCC ruling that allowed toy marketers to produce TV programming based on their toys without on-air acknowledgment of their involvement.

John Kamp, FCC director of public affairs, said the ruling did not mean the court considered such children's shows to be program-length commercials, the common complaint against them.

He said similar disclaimers are attached to game shows and other TV programs where a company has performed a service in exchange for name mention, and said he expects the FCC "will likely require such things on these sorts of [children's] programs."

The FCC had said such acknowledgment was not required as long

(Continued on Page 105)

CORRECTIONS & CLARIFICATIONS

- TV spots for the Tri-State Isuzu Dealers, representing Connecticut, New Jersey and New York, have been picked up by Isuzu dealers in Pennsylvania and Rhode Island, and have been offered to Isuzu dealers nationwide (AA, Sept. 28, P. 30).
- Remarks attributed to Paula Scher in the ADVERTISING AGE Special Report on magazines (AA, Sept. 14, P. S-26) were excerpted from a 1986 speech by former *Time* Art Director Walter Bernard. Also, Murdoch Magazines' *European Travel & Life* was designed by Terry Koppel of New York-based Koppel & Scher.
- ProServ, Washington, represents Chicago Bears wide receiver Willie Gault and Washington Bullets first-round draft choice Tyrone Bogues (AA, Sept. 21, P. 64).
- Kyodo Advertising Corp., Tokyo, has handled advertising in Japan for American Family Life Assurance Co. (AA, Sept. 21, P. 53).
- September ad linage figures were inadvertently listed for *Parade* in the August National Sunday Magazines tabulation (AA, Sept. 21, P. 82). The correct figures are: Current month (August 1987) 47 pages; for August 1986, 49.5 pages; 1987 year-to-date, 375.5, and 1986 YTD, 413.#

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Pet foods collar modest gains

By JOHN C. MAXWELL JR.

The pet-food industry made modest gains in 1986, up 3.6% in dollars, compared with 3% in '85 and 6.7% in '84.

As has been the case for some time, the cat-food segment paced the industry, up 4.8% in dollars; the dog-food segment was up 2.8%.

This trend parallels the explosive growth in the cat population, which hit 56.2 million in 1986, 53% over the 1980 level.

The dog population increased by a little more than 10% during the same period and has stabilized in recent years at 51 million.

Companies that have concentrated on cat food had meaningful share points. Kal Kan Foods, Ralston Purina Co. and H.J. Heinz Co.'s Star-Kist Foods unit are prime examples, with pretty much everybody else losing share. The exception was Quaker Oats Co., which gained mainly because it acquired Gaines Foods in 1986.

The biggest jump is in the treat area, with dog treats up 19.2% and cat treats up 6%.

In terms of unit trends, the canned dog-food market was down 3.5%, with maintenance products down 7.5%. The premium canned-food area was off only slightly.

Dry dog food was down more than 2%, with maintenance down 2.5% and premium down 2%.

One trend is that increasingly products are being sold outside the grocery store. We anticipate at least 25% of dry dog food and 10% of canned dog food are sold through channels such as veterinarians.

Moist dog food was down 9%, with soft dry food down more than 15%.

In the cat-food segment, canned food was up 5%, with the gourmet section comprising about 85% of the total, up about 6%. Dry cat food was up 7% to 8% and moist was down 5%. Cat treats began to grow in 1986, up almost 10%, while the maintenance portion declined 1.3%.

Once again, St. Louis-based Purina led the way in dollar volume increases and also was up 0.6 share points. Chicago-based Quaker, because of the acquisition of Gaines, jumped to the No. 2 position, nosing out Carnation, Los Angeles, which lost 0.1 share points, as did Alpo Pet Foods, Allentown, Pa. Both Kal Kan, Vernon, Calif., and Star-Kist, Long Beach, gained share, 0.9 and 0.5 points respectively.

Purina came out with a new dry dog food called Savor, which looks interesting. Alpo reintroduced its Alamo brand. In addition, Purina brought out Bone Appetit canned dog food and Catviar canned cat food. It also introduced Hardy Chew in the dog-treat area.

Purina had several interesting new products in the cat-food area, with dry Pro Plan, Catviar and Smart Cat.

Most growth activity appears to be in the dog-treat area, with Beef Bites from Alpo, Marrow Bone from Kal Kan and Pup-peroni from Quaker.

The hot area in the cat arena is the emergence of the 3-ounce ultra-gourmet brands. The two products are Carnation's Fancy Feast and Star-Kist's Amore, which together have jumped to more than a $200 million market in a little more than two years.

Purina still ranks as the leading pet food marketer with a 27.3% share, followed by Quaker Oats with 13.1%, Carnation with 12.0%, Kal Kan with 9.3%, Star-Kist with 8.3%, and Alpo with 7.0%. #

Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.

Dog food sales

Source: John C. Maxwell Jr. Dollars in millions.

Brand	Manufacturer	1985	1986
Dry dog food			
Dog Chow	Ralston Purina	$256.0	$250.0
Puppy Chow	Ralston Purina	153.0	140.0
Gravy Train	Gaines (Quaker Oats)	129.0	132.0
Alpo Beef Flavored Dinner	Alpo (Grand Met USA)	91.0	102.0
Come 'N Get It	Carnation (Nestle)	84.3	90.1
Hi-Pro Dog Meal	Ralston Purina	88.5	87.5
MealTime	Kal Kan (Mars)	67.2	66.0
Chuck Wagon	Ralston Purina	55.2	57.3
Kibbles & Chunks	Ralston Purina	15.5	55.0
MainStay	Ralston Purina	40.7	46.5
Cycle	Gaines (Quaker Oats)	43.1	35.6
Purina Blends	Ralston Purina	36.4	34.5
Puppy Chow Chewy Morsels	Ralston Purina	23.0	34.0
Lucky Dog	Ralston Purina	6.2	33.0
Fit & Trim	Ralston Purina	27.4	28.5
Praise	Ralston Purina	26.5	16.0
Hunters Choice	Jim Dandy	11.5	12.4
Jim Dandy Chunk & Ration	Jim Dandy	11.3	11.5
Alpo Puppy	Alpo (Grand Met USA)	8.5	10.0
Friskies Dinner & Cubes	Carnation (Nestle)	32.0	10.0
Thrive	Ralston Purina	7.1	10.0
Ken-L Ration Biskit & Meal	Quaker Oats	8.6	8.0
Bow Wow	Piasa	7.3	6.0
Kasco	Piasa	6.0	5.0
Gravy Train Puppy	Gaines (Quaker Oats)	—	5.0
Field & Farm	Ralston Purina	4.1	3.8
Field Master	Ralston Purina	2.5	3.0
Blue Mountain	Associated Prod.	2.0	1.5
Vets Nuggets	C.H.B. Foods	1.7	1.5
Alamo Brand	Alpo (Grand Met USA)	—	1.5
Cadillac	Cadillac	—	1.5
Strongheart	Beatrice	1.6	1.4
Savor	Ralston Purina	—	1.0
Gaines Meal	Gaines (Quaker Oats)	1.4	1.0
Sea Dog	Ralston Purina	7.7	—
Hero	Ralston Purina	6.0	—
All Other		494.2	500.0
Total		$1,757.0	$1,799.2
Moist dog food			
Gaines Burgers	Gaines (Quaker Oats)	$60.3	$60.0
Top Choice	Gaines (Quaker Oats)	40.5	35.0
Ken-L Ration Special Cuts	Quaker Oats	25.2	24.1
Ken-L Ration Cheeseburger	Quaker Oats	19.1	15.0
Moist & Meaty	Ralston Purina	12.5	13.0
Ken-L Burgers	Quaker Oats	10.3	11.0
Smorgasburger	Quaker Oats	8.1	11.0
Ken-L Burger 'n Liver	Quaker Oats	3.0	5.1
Prime/Puppy Choice	Gaines (Quaker Oats)	3.1	2.0
Ken-L Burger with Egg	Quaker Oats	1.5	2.0
Gaines Variety/Complete	Gaines (Quaker Oats)	0.5	0.5
All Others		28.5	31.3
Total		$212.6	$210.0
Dog treats			
Milk Bone, Flavor Snacks	Nabisco Brands	$115.0	$125.0
Jerky Treats	Star-Kist	34.2	35.6
Chew-eez & others	Superior	—	34.0
Meaty Bones	Star-Kist	27.5	27.3
Bonz	Ralston Purina	23.7	20.5
Alpo Jerky	Alpo (Grand Met USA)	10.3	12.5
Snausages	Quaker Oats	13.4	12.0
Alpo Snaps	Alpo (Grand Met USA)	11.8	11.0
Marrow Bone	Kal Kan (Mars)	—	7.4
Beef Bites	Alpo (Grand Met USA)	7.8	7.0
Hearty Chews	Ralston Purina	—	5.0
Tasty Chunks	Gaines (Quaker Oats)	—	5.0
Pup-peroni	Quaker Oats	—	4.0
Recipe	Campbell	1.7	1.8
Say Cheese, People Crackers	Hi-Life	1.7	1.3
All Others		54.9	50.6
Total		$302.0	$360.0
Canned dog food			
Alpo	Alpo (Grand Met USA)	$245.0	$230.0
Kal Kan	Kal Kan (Mars)	140.0	155.0
Mighty Dog	Carnation (Nestle)	106.0	110.4
Cycle	Gaines (Quaker Oats)	67.4	70.1
Ken-L Ration	Quaker Oats	57.9	54.5
Skippy, Premium	C.H.B. Foods	36.4	38.2
Recipe	Campbell	24.8	25.0
Vets	C.H.B. Foods	21.0	21.2

Source: John C. Maxwell Jr. Dollars in millions.

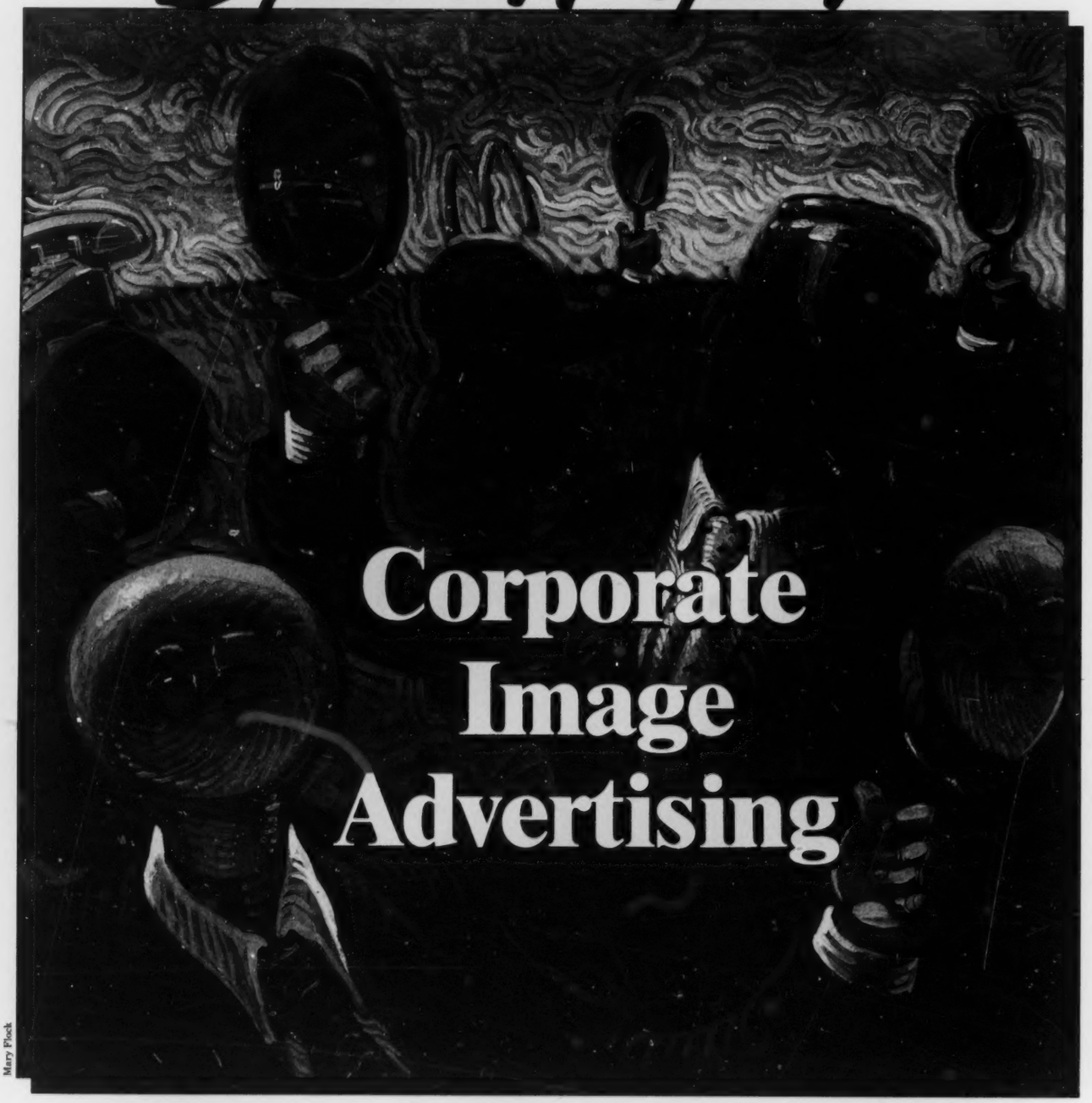
Brand	Manufacturer	1985	1986
Canned dog food			
Cadillac	Cadillac	18.0	18.0
Gravy Train	Gaines (Quaker Oats)	11.5	13.1
Strongheart	Beatrice	11.6	11.0
Skippy	C.H.B. Foods	9.3	8.7
Twin Pet	Allied Foods	7.9	8.4
Alpo Canned Puppy	Alpo (Grand Met USA)	6.2	8.2
Blue Mountain	Alpo	8.3	8.0
Laddie Boy	Laddie Pet Food	5.4	5.4
MPS	Kal Kan (Mars)	6.1	2.0
Henny Pen	Allied Foods	2.1	2.0
Bone Appetit	Ralston Purina	—	1.0
Red Heart	Allied Foods	0.7	0.3
Tender Chunks	Quaker Oats	0.5	0.2
Jobo	Allied Foods	0.4	0.2
Friskies	Carnation (Nestle)	2.0	—
All Others		71.5	72.1
Total		$860.0	$863.0
Soft-dry dog food			
Kibbles 'N Bits 'N Bits 'N Bits	Quaker Oats	$102.0	$110.5
Love Me Tender Chunks	Quaker Oats	64.7	45.2
Puppy Kibbles 'N Bits	Quaker Oats	25.9	30.1
Moist & Chunky	Ralston Purina	26.2	27.0
Dinner Rounds	Campbell	4.7	4.5
Jim Dandy Tender Moist Chunks	Jim Dandy	4.0	3.7
Total		$227.5	$221.0

Cat food sales

Source: John C. Maxwell Jr. Dollars in millions.

Brand	Manufacturer	1985	1986
Canned cat food			
9-Lives	Star-Kist	$266.0	$257.0
Kal Kan	Kal Kan (Mars)	189.0	226.0
Friskies Buffet	Carnation (Nestle)	163.0	181.7
Fancy Feast	Carnation (Nestle)	114.0	127.8
Purina 100	Ralston Purina	73.8	80.5
Amore	Star-Kist	24.0	64.0
Bright Eyes	Carnation (Nestle)	26.4	19.0
Puss 'n Boots	Quaker Oats	16.6	19.0
Tabby	Grand Met USA	4.3	6.1
Unique	Ralston Purina	3.9	4.5
Catviar	Ralston Purina	—	4.0
Friskies	Carnation (Nestle)	2.3	—
All Others		190.7	157.9
Total		$1,074.0	$1,147.5
Dry cat food			
Cat Chow	Ralston Purina	$153.0	$155.0
Friskies	Carnation (Nestle)	87.7	90.1
Meow Mix	Ralston Purina	89.3	83.1
Crave	Kal-Kan (Mars)	51.0	66.5
9-Lives	Star-Kist	56.6	51.0
Special Dinners	Ralston Purina	47.6	45.2
Chef's Blend	Carnation (Nestle)	39.6	43.5
Thrive	Ralston Purina	38.0	38.2
Alley Cat	Ralston Purina	20.2	35.6
Kitten Chow	Ralston Purina	21.3	24.3
Smart Cat	Ralston Purina	—	2.0
Fish Ahoy	Carnation (Nestle)	1.7	—
All Others		104.0	115.5
Total		$710.0	$750.0
Moist cat food			
Tender Vittles	Ralston Purina	$128.0	$125.1
Happy Cat	Ralston Purina	72.7	66.5
9-Lives/Tender Meal	Star-Kist	37.8	33.6
Moist Meals	Quaker Oats	14.4	10.2
Moist & Tender	Ralston Purina	2.6	2.8
All Others		9.5	11.0
Total		$265.0	$249.2
Cat treats			
Pounce	Quaker Oats	$12.0	$13.0
Bonkers	Beatrice	6.3	6.4
Total		$18.3	$19.4

Special Report



Mary Flock

Merger craze colors image

By Lori Kesler

Most corporate advertising these days looks like it's wearing a three-piece suit and carrying a calculator.

The visionary images of yesteryear are fading fast as more companies choose to stake their reputations not on their plans for a better tomorrow, but on their bottom lines today. Corporate ads have turned serious. They get straight to the financial point. Industry observers agree that for now, at least, the frill is gone.

"Today's corporate ads are a far cry from the feel-good messages of the past," says Tom Garbett, a Waterford, Conn.-based corporate ad consultant. He says companies no longer subscribe to the notion that "you should improve your corporate image just because it's good for you." The prevailing opinion today is more pragmatic, almost hard-bitten, he says. "The idea now is, 'Let's get my image right so I can sell product.' "

The Golden Age of "feel-good" corporate advertising peaked nearly 12 years ago when "we weren't under economic attack from foreign competition," says Barry Biederman, chairman and creative director of Biederman & Co., a New York-based ad agency. "A corporation's biggest concern in those days was making people feel happy about the company," he says. "Anybody who tried that approach today would be a laughing stock."

He says society's attitudes have changed since then, too. Now, instead of criticizing big business as they did in the 1970s, "people worry about jobs and major corporations' ability to keep afloat. This dictates a more down-to-earth approach."

Experts agree that the acquisition wave

(Continued on Page S-2)

Lori Kesler, Advertising Age's St. Louis-based correspondent, is a frequent contributor to Special Report.

1986 Corporate advertising expenditures
(in millions)

Medium	Total	%change from1985
Consumer magazines	$343.7	6.3%
Network Tv	246.0	(5.1)
Spot Tv	141.1	35.9
Radio	25.3	87.8
Newspaper supplements	11.9	13.6
Cable Tv	9.8	(13.4)
Outdoor	8.0	80.1
Total	**$785.8**	**8.2%**

Source: BAR/LNA Corporate and Association Report as compiled by Leading National Advertisers. Does not include newspaper, direct mail or spot radio expenditures.

Merger craze colors image

(Continued from Page S-1)

sweeping through corporate America during the past few years has left its mark on corporate advertising. According to Chicago-based merger consultants W.T. Grimm & Co., there were 3,336 corporate acquisitions in 1986, valued at $173 billion.

"Corporations discovered almost nobody's safe from takeover," says Terry Hill, senior VP-executive creative director, Brouillard Communications, a division of J. Walter Thompson Co. in New York. He says the advent of the junk-bond market spurred the urge to merge, and the current administration's hands-off policy also helped pave the way for big-company buyouts.

"In the last 10 years, one out of six *Fortune* 500 companies disappeared as independent entities," he says. "If you're a ceo —and that's who we deal with in corporate advertising— you're constantly looking over your shoulder. It's a tremendous distraction."

Typically, the ceo tries to block takeover attempts by keeping stock prices up. That, in turn, affects the way he thinks about corporate advertising. For example, a diversified company may try to raise its stock value by having corporate ads spotlight growth categories, such as electronics, rather than holdings in stagnant industries such as steel.

And a company that doesn't deal in consumer products may feel, for the first time in its history, a mysterious need to introduce itself to the world. In fact, Mr. Garbett says many corporate officials "suddenly get religion" after a close call with a corporate raider. "They decide it's time for the company to become better known and understood for its true value," he says.

Meanwhile, the popularity of corporate advocacy ads and soft-edged image ads has diminished as companies have become more concerned about appearing fiscally fit, says Michael Winkleman, editor of *Public Relations Journal*, New York.

In the current takeover environment, he says, "it behooves a company to be seen as lean and mean." A year ago, the *Public Relations Journal* noted a trend toward using cartoons in corporate advertising. Mr. Winkleman says although the advertisers who used them —Goodyear Tire & Rubber Co., Trinova Corp., Grow Group— were pleased with results, the campaigns have spawned few imitators. The cartoon ads apparent' "were seen as too much fun—not serious enough. It was a very short-lived trend," he says.

Wall Street's highly charged acquisition atmosphere has affected corporate advertising in other ways, too. Mr. Hill detects an emerging pattern of corporate ad campaigns that simply "tell the world what you do." He says the ITT campaign —which explains the company's diversification with the slogan "It is ITT"—exemplifies such a strategy.

This kind of ad style stems from a "need to tell financial analysts you know what you're doing," he says. "It's strategically sound, but amazingly flat-footed and plodding."

Experts note the current economic times also are spawning corporate ads with a stronger marketing orientation. "Today's ceo is a very anxious person," says Mr. Garbett. "He wants to look like he's cut all the fat out of his company, and the corporate campaign is supposed to look like it has no fat, either."

As a result, many corporate ad campaigns are turning into hybrids that showcase the company as a provider of quality products and services as well as a place with a bright financial future.

Mr. Biederman says corporate advertising is being used more often as a vehicle to move goods, a trend he believes stems inevitably from pressures to cut costs. "Corporate advertising traditionally hasn't paid its own way," he says. "So now the people involved are trying to kill two birds with one stone. They rationalize that if they're actually selling something, then corporate advertising can be called a justifiable expenditure."

Mr. Garbett recently examined corporate ads from 100 leading companies and found 84 strongly sales-oriented. "They're using the image of the company to make the sale," he says. "That doesn't mean they aren't also trying to make themselves better known to investors. Lots of companies will spend one-half to $1 million annually for that purpose. Bu the really big corporate spenders—such as AT&T, General Motors and Ford—also are going for product sales."

Most financial experts routinely deny being influenced by corporate ads, and one insider says there is no evidence to prove advertising has any direct effect on a stock's price-earnings ratio. But Mr. Hill says in a study conducted by his agency that financial analysts and portfolio managers did admit to being influenced by a company's reputation. "Advertising," he says, "is one way a company builds a reputation."

Meanwhile, the most obvious trend to roll out of the current merger craze is an unprecedented flood of name-change ad campaigns. The first six months of 1987 saw a record 919 corporate name changes, up 59% from the same period a year ago, according to identity consultants Anspach Grossman Portugal, New York.

A few of the recently renamed corporations include Navistar International Corp. (alias International Harvester Co.); Primerica Corp. (from American Can Co.); Trinova Corp. (formerly Libbey-Owens-Ford Co.); Unisys Corp. (created from the merger of

(Continued on Page S-4)

Top 10 corporate ad spenders in 1986

(in millions)

General Motors Corp.	$43.2
Ford Motor Co.	36.6
American Telephone & Telegraph	32.8
International Business Machines Corp.	29.2
Dow Chemical Co.	24.5
GTE Corp.	21.0
Hewlett-Packard Co.	20.7
American Express Co.	16.6
Prudential Insurance Co. of America	14.5
Unisys	14.0
Total	**253.2**

Source: BAR/LNA Corporate and Association Report as compiled by Leading National Advertisers. Includes network, spot, and cable TV, network radio, magazines, newspaper supplements and outdoor. Does not include newspapers, direct mail or spot radio expenditures.

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Primerica hitches its wagon to a star

By Roberta Reynes

Picture John Wayne: the Stetson hat, creased face, white teeth, his fingers resting lightly against the leather holster. Beside the cinematic Old West's most famous face, copy announces: "Sometimes the name you grow up with doesn't fit you anymore."

Your eyes drift across the spread. "That's why American Can has changed its name to Primerica." Small print adds that Mr. Wayne changed his name, too.

Wags may wonder what John Wayne has to do with selling financial services, Primerica Corp.'s main business. But the ad has been a huge success. Primerica cites a Starch INRA Hooper report showing it scored either first or second in reader recognition in the issues of *Barron's*, *Business Week* and *The Wall Street Journal* in which it ran.

Roberta Reynes, a New York-based free-lance writer, specializes in financial reporting.

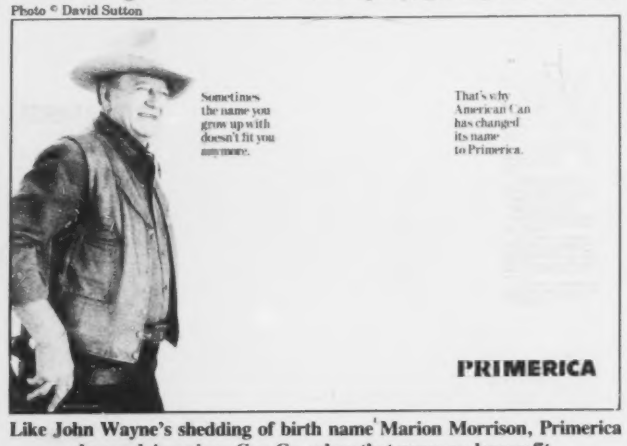
The attention-grabbing ad heralded the company's transformation: It had divested its packaging business, moved into specialty retailing and increased its financial services operations. Quite simply, the old corporate moniker and identity no longer fit.

American Can Co. was founded in 1901 and, a half century later, still made only cans. Slowly, it began adding other forms of packaging, such as plastic containers and paper products.

With hindsight, one can see that a significant moment in the evolution of the Greenwich, Conn.-based company occurred in 1975, when Kenneth Yarnell was hired away from Wall Street's Donaldson, Lufkin & Jenrette to form a mergers and acquisitions team.

Next, Chairman-ceo Bill Woodside concluded the businesses the company was in promised slow growth. Enormous infusions of capital would be required to remain competitive with, say, a Procter & Gamble Co. in paper products. In 1981, Mr. Woodside announced his intention to restructure the company, getting out of chemicals and manufacturing and into the service sector, the fastest growth area of the gross national product.

Photo © David Sutton


Sometimes the name you grow up with doesn't fit you anymore.
That's why American Can has changed its name to Primerica.
PRIMERICA

Like John Wayne's shedding of birth name Marion Morrison, Primerica dropped American Can Co. when that name no longer fit.

Meanwhile, Mr. Yarnell's M&A activities had brought Minnetonka, Minn.-based Fingerhut Corp., a direct marketer, into the fold at American Can. And Gerald Tsai Jr., a legendary Wall Street maven, had written Mr. Woodside suggesting a joint venture linking Associated Madison Cos., the New York insurance company in which he owned a controlling interest, and American Can in a direct-marketing effort. Mr. Woodside sent Mr. Yarnell to New York to call on Mr. Tsai.

As the two talked, the focus of the deal shifted: American Can would purchase Associated Madison, and Mr. Tsai would move to Greenwich, too.

Mr. Tsai's star rose quickly.

(Continued on Page S-8)

Merger craze colors image

(Continued from Page S-2)

Burroughs Corp. and Sperry Corp.); and UNUM Corp. (from Unionmutual Insurance Co.).

When a company takes a new name, it has to start rebuilding its image, so mounting a major corporate campaign to accomplish this becomes almost routine, says Mr. Garbett, adding that "the whole thing's gotten fairly predictable."

Many companies have restructured themselves through acquisition and divestiture and then taken new names to reflect their new identities.

Mr. Garbett says companies also change their names to improve their image. Several communications companies, for example, have dropped the word "telephone" from their names. "They're all trying to make themselves an acceptable resource so the business person thinks he's buying from a modern, 'with-it' telecommunications company, not from a stodgy old phone company," he says.

But experts say the name-change game can get risky when it creates meaningless monikers with no built-in equity. "Many names don't mean anything—and that's intentional," says Mr. Hill.

"Companies have been hurt by having names that did say something: American Can no longer made cans and International Harvester made more than harvesters.

"I can understand what they're doing, but sometimes I think they miss a prime chance to communicate through their names," he says.

Mr. Garbett also sees mixed results in the grab bag of new names. He says "it's almost silly for companies to start all over" when they could better build on the old name.

"So many of the new names are relatively bland and sterile," he says. "And they don't tell what a company does. Of course, the corporations don't want labels because they want to be free to do anything. But somewhere along the line, the companies have focused so much on their internal needs that they've forgotten the consumer," adds Mr. Garbett.

Most insiders are hoping for calmer times ahead. Mr. Biederman says the corporate ad industry has been hurt by the recent period of restructuring because "tough times make tough choices, and when budgets are tight, corporate advertising tends to be in the expendibles column."

Mr. Hill says acquisition fever and the name-change frenzy should subside as rising stock prices, a tougher government stance and a slower junk-bond market take their toll. "Eventually," he says, "we'll go back to business as usual, when ceo's will start managing for the next 10 years instead of the next 90 days."

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Advocacy approach past its prime

By Janice Steinberg

The 1970s were considered boom years for advocacy advertising. Stimulated by a distrustful public that suspected big business of profiting from the oil crisis, and by activists who charged them with despoiling the environment, companies like Mobil Oil Corp., United Technologies Corp. and others found "op-ed ads" and "advertorials" perfect weapons for fighting back and taking stands on controversial issues.

Advocacy advertising is far less prominent in the 1980s. Opinion is divided, however, on whether there is less of it, or it simply is attracting less attention than it did a decade ago.

"There hasn't been a lot of [advocacy advertising] since Ronald Reagan was elected president," says Fred Leslie, corporate advertising sales manager at *The Wall Street Journal*, New York. "One of his early platforms was to get government off the backs of business. So there weren't as many major [business-related] issues being discussed or voted on by Congress," he says.

Janice Steinberg, a San Diego-based free-lancer, writes frequently for Special Report.

He estimates that advocacy ads represented 2% of the *Journal's* annual advertising pre-Reagan. He puts the current figure at less than 0.5%.

"I think a lot of groups that used advocacy advertising prior to the Reagan administration felt they had a warmer friend in Washington," says Barry Biederman, chairman-creative director of Biederman & Co., a New York-based agency. "They've used lobbying activities rather than the advocacy advertising they would have used [before]."

However, Tom Garbett, a corporate ad consultant based in Waterford, Conn., says the level of advocacy advertising hasn't changed—it has always been low.

"Advocacy advertising never happened as big as anybody thought it did," says Mr. Garbett. "There used to be a bit more of the 'Let's get famous by taking public issues and discussing them' [ads than there are today]. But at no time could you count more than a dozen active corporations doing advocacy advertising."

He says the decrease in advocacy ads in publications like *The Wall Street Journal* indicates tighter targeting—toward congressmen, military leaders, etc.—rather than a dramatic drop in advocacy advertising overall.

Eyes on the olive branch, but arrows at the ready.
F-15 Eagle
DOUGLAS
IT'S THE DIFFERENCE BETWEEN HELP COMING AND HELP COMING IN TIME.
MCDONNELL DOUGLAS

McDonnell Douglas' corporate image and advocacy ads represent about 4% of the company's ad budget.

Among the leading corporations in advocacy advertising, the story is mixed as well. Mobil continues to do "op-ed" ads, with roughly the same mix of corporate image and advocacy ads, but has reduced the frequency because of downturns in the oil industry and the rising cost of advertising linage, says a company spokesman.

Stamford, Conn.-based United Technologies, another advocacy pioneer, halted its regular advocacy ad schedule more than a year ago. "It's not that the issues have disappeared," says Christine Rothenberg, assistant director-advertising and marketing support. "It's just that we feel an advocacy ad is more useful if, instead of sticking to a fixed schedule, we speak out on a particular issue when we think it's important."

United Technologies' new policy is to run issue ads on an "as needed basis," says Ms. Rothenberg. The company hasn't run any since November of last year when it addressed the trade imbalance.

Belt-tightening is the reason New York-based W.R. Grace & Co. didn't produce an advocacy TV commercial in 1987 after making an annual, issue-oriented spot in each of the previous six years, says Fred Bona, corporate VP-corporate communications.

"We went through a very significant restructuring and ended up losing $472 million last year. Business reasons caused us to curtail our entire activity in advocacy advertising," he says. "It hurt. We felt that our advocacy advertising had become a standard that other people looked to."

In "Baby," Grace's controversial 1985 spot, two bureaucrats entered a hospital nursery and presented a newborn baby with a $50,000 bill—the amount it owed the government because of the deficit. The theme was reprised in 1986 in "The Deficit

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THE NEW REPUBLIC
POLICYMAKERS
EDITION

Primerica

(Continued from Page S-4)

Financial services became more and more important to American Can, and, along with specialty retailing, accounted for 80% of its $149 million in 1985 profits.

Definitive news followed soon after: On July 17, 1986, American Can Co. announced it would sell its packaging operations, and its name, to Triangle Industries, New York. Mr. Tsai, 58, already had been tapped to take Mr. Woodside's job as chairman-ceo on the latter's retirement in early 1987.

Mr. Tsai, in turn, would name Mr. Yarnell, 44, as president-chief operating officer in July 1987. The first six months of Mr. Tsai's ascendency also would see the acquisition of Smith Barney, a New York investment banking and brokerage company, and Mr. Yarnell's declaration that Primerica is on the lookout for even more financial services companies.

Late last summer, as the corporation faced being both can-less and name-less, a team headed by JoAnn Heffernan Heisen, VP-corporate affairs, began to search for a new identity in earnest.

Mr. Tsai himself played a major role. First, he ordered a computer printout of all possible combinations of four letters. "The resulting 800,000 item list weighed 5 pounds, but produced no name," recalls Ken Koprowski, director-corporate communications.

Soon, Lippincott & Margulies, a 41-year-old New York company specializing in corporate identity work, had plunged into the project. Early meetings between the American Can and Lippincott teams produced guidelines: The consultants would work with coined words derived in part from the word "American." And they would pursue names that suggested at least one of the following attributes: quality, value, performance, strength, vision, responsibility.

By late November, a list of almost 500 names submitted by Lippincott & Margulies had been honed to 13 finalists: Amdex, American Enterprise, Ameriprise, Ameristar, Amshare, Axam, Dynax, Equistar, Primerica, Roex, Sharex, Xaco, Xamex, Xamco, Xamic and Xelex.

Mr. Tsai strongly favored names containing "X" and, in fact, his favorite was "Xelex."

Such active participation by ceos of major corporations is the rule, rather than the exception, according to Clive Chajet, president of Lippincott.

"This process reaches the emotional heart of a company," he observes. "The name is such a significant part of one's identity, and it has such a powerful influence on the company's image. The chairman is always intimately involved."

Mr. Chajet—whose favorite name was Primerica—says the toughest part of the assignment was to "create a new identity that would include some element of the extraordinary heritage the company enjoyed, while at the same time signaling a new and very different message." The challenge was heightened by the fact that very few derivations of the word America were still legally available.

By early 1987, Marquardt & Roche, Stamford, Conn., the corporation's longtime ad agency, was wrestling with creating a name change campaign that was interesting.

"*The Wall Street Journal* showed us a collection of name-change ads," says Jim Marquardt, president. "We were struck by how similar, basic and boring they were. We began searching for a way to arrest people's attention and, therefore, be more successful in registering the name change.

Ten leading consumer magazines in corporate ad pages
(January-June, 1987)

Publication	Pages	% change from Jan.-June 1986	Dollars *(in millions)*
1. Business Week	577.6	26.4%	$26.9
2. Forbes	481.6	4.4	16.8
3. Fortune	413.1	18.8	17.7
4. The Economist	340.3	(0.1)	2.3
5. National Journal	228.3	16.9	1.2
6. Time	168.4	(13.9)	20.6
7. Spectrum	160.6	(36.2)	1.1
8. Newsweek	155.6	(6.8)	13.6
9. Black Enterprise	133.9	3.7	1.5
10. U.S. News & World Report	129.4	12.5	7.6

Source: Publishers Information Bureau

Trials," a futuristic scenario directed by "Blade Runner" director Ridley Scott. In a dimly lit courtroom, Dickensian in its air of privation, a gray-haired man faced an adolescent prosecutor who demanded to know why his generation did nothing to halt the deficit. Both spots were created by Lowe Marschalk, New York.

"The Deficit Trials" received national attention last spring when CBS-TV and NBC-TV refused to run it, and ABC-TV accepted it only from midnight to 12:30 a.m. Grace hired Joseph Califano, former Carter administration secretary of Health, Education and Welfare, to press its case with the networks. In August, CBS agreed to air the commercial if Grace would omit one line that the network felt advocated a proposed balanced budget amendment. By that time, however, Grace had used up the commercial's $1 million media budget on cable and local TV.

At St. Louis-based McDonnell Douglas Corp., corporate image and advocacy ads—both product-specific and advocating a strong national defense—are up, representing about 4% of the company's current ad budget, says John Bickers, the company's ad director.

When the U.S. Air Force selected McDonnell Douglas to build a new carrier and funding dragged, the company responded with advocacy ads created by J. Walter Thompson USA, Chicago. Mr. Bickers says the company tried to make the influential public aware of the carrier's importance in having a meaningful defense system. "We're now about to move into production, he says."

McDonnell Douglas runs its advocacy ads in the Washington newspapers, opinion-leader publications and the U.S. military newspapers. Like W.R. Grace, the company has trouble placing its issue spots on network TV.

Some observers say we may be seeing more advocacy ads on TV since the repeal of the Fairness Doctrine. Network representatives, however, say the Fairness Doctrine has never been the reason they have rejected certain ads, and that whether the repeal sticks or Congress reinstates the doctrine, their policies are unlikely to change.

"We haven't accepted advocacy advertising for the simple reason that we feel it would allow those with the biggest wallets to have the loudest voices," says George Schweitzer, VP-communications, CBS-TV, New York.

Ralph Daniels, VP-broadcast standards, NBC-TV, New York, says, "When we talk about controversial issues and the presentation of views on those issues, we feel they're best covered in news and public affairs programming."

Although some traditional advocacy advertisers are putting less money into issue ads, a number of new players have come on the scene. This May, brokerage house Drexel Burnham Lambert introduced a campaign promoting the value of high yield "junk" bonds to the economy. The $600,000 series of 11 ads ran through early this month in *National Journal*, *The New York Times*, *The Wall Street Journal*, *The Washington Post* and other publications.

Some suggest that associations may be picking up advocacy efforts where corporations have left off. "You're seeing more and more associations that represent companies doing the advocacy advertising for them," says Edward Erhardt, ad director of the Washington-based *National Journal*, which carries only corporate image and issue ads. "There's less of a tendency for companies to go out on a limb about an issue."

Although relatively few corporations are actively involved in advocacy, Mr. Bickers says it can be one of the strongest types of advertising. "I think advertising is at its most effective when you're overcoming misconceptions or minsinformation," he says. "You have to select the right media and get on at the right time to reach the audience, but advocacy advertising is not a shot in the dark." AA

"We thought of other stars besides John Wayne. But he has both stature and a particular connection with America. Cary Grant, or whoever, wouldn't be quite the same. Wayne projects determination, independence and strength."

Blackburn & Associates, a New York graphic-design company, became the third outside tributary to the project, developing graphics standards, such as how to use the corporate endorsement line, the letterhead, etc.

The print campaign, supported by radio spots in five major markets, broke the day after shareholders approved the new name on April 28. The schedule: from two to six insertions, depending on the periodical, in *Barron's*, *Business Week*, *Forbes*, *Fortune*, *Institutional Investor*, *Investor's Daily*, *The New York Times*, *USA Today*, *The Wall Street Journal*, and other publications.

The John Wayne ads were followed by a second print phase that detailed the company's business fundamentals and leadership position. Primerica is considering a third phase.

The tab for advertising to date runs about $3 million. Lippincott & Margulies' services cost Primerica $200,000, and Blackburn's, $70,000.

While the financial community is a focal point of communication efforts in a name change, Wall Street doesn't necessarily move on the news. In the case of Primerica, it didn't move at all. The restructuring that triggered the rechristening had been well publicized, and that knowledge already was reflected in the company's stock price.

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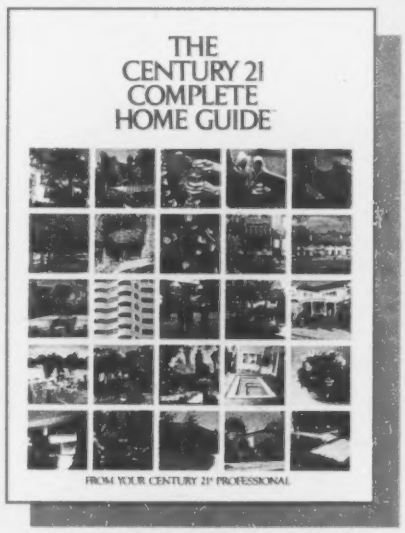

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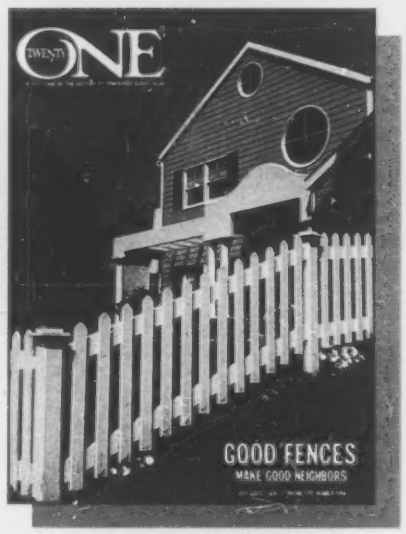

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Newspaper Advertising SAU Inches in the MRCS

July 1987 vs. July 1986

AKRON, OH

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Beacon Journal (E)	88.004	—	90.429	—
Beacon Journal (S)	47.731	—	50.192	—
Grand Total	135.735	—	140.621	—

NOTE: Beacon Journal changed from evening to morning publication effective July 13, 1987

ALLENTOWN, PA

Call (M)	150.387	—	138.524	—
Call (S)	69.126	—	65.433	—
Grand Total	219.513	—	203.957	—

NOTE: Part run figures not available

ASBURY PARK, NJ

Press (E)	195.425	29.317	178.025	16.634
Press (S)	119.218	13.946	107.561	7.192
Grand Total	314.643	43.263	285.586	23.826

ATLANTA, GA

Constitution (M)	160.119	76.329	151.663	60.084
Journal (E)	168.474	76.502	160.159	62.063
Journal & Constitution (S)	105.638	38.211	99.636	43.025
Journal & Constitution (Sat)	47.752	—	41.833	100
Grand Total	481.983	191.042	453.291	165.272

NOTE: Constitution Morning and Journal Evening published five days a week only

BALTIMORE, MD

Sun (M)	141.239	8.460	130.526	4.067
Sun (E)	118.005	8.522	125.170	4.067
Sun (S)	120.203	31.901	115.891	24.120
Grand Total	379.447	48.883	371.587	32.254

BERGEN COUNTY, NJ

Record (E)	148.292	24.101	145.061	22.513
Record (S)	110.344	27.714	102.341	25.089
Grand Total	258.636	51.815	247.402	47.602

BOSTON, MA

Herald (M)	86.077	—	65.863	—
Herald (S)	18.203	32.468	14.111	20.157
Globe (M)	131.853	11.805	124.728	13.840
Globe (S)	158.404	27.661	161.041	16.242
Grand Total	394.537	71.934	365.743	50.239

BUFFALO, NY

News (AD)	98.946	22.235	103.827	17.387
News (S)	54.725	13.611	55.361	10.303
Grand Total	153.671	35.846	159.188	27.690

CAMDEN, NJ

Courier-Post (E)	128.183	24.630	116.418	19.585
Courier-Post (S)	47.979	7.358	47.934	8.714
Grand Total	176.162	31.988	164.352	28.299

CHARLOTTE, NC

Observer (M)	121.344	—	116.801	—
Observer (S)	63.170	—	59.481	—
Grand Total	184.514	—	176.282	—

NOTE: Part run figures not available

CHICAGO, IL

*Tribune (M)	136.298	285.383	136.963	269.818
*Tribune (S)	129.965	107.182	123.273	98.232
Sun-Times (M)	135.226	82.146	127.964	75.020
Sun-Times (S)	41.434	41.212	45.886	18.835
Grand Total	442.923	515.923	434.086	461.905

NOTE: Tribune figures supplied by publisher to Media Records. 1987 figures represent advertising for 6/29/87-8/2/87

CINCINNATI, OH

Enquirer (M)	142.650	11.569	158.878	4.972
Enquirer (S)	102.409	3.816	100.931	10.948
Post (E)	69.539	16.121	72.429	11.021
Grand Total	314.598	31.506	332.238	26.941

CLEVELAND, OH

Plain Dealer (M)	133.781	37.775	133.600	33.947
Plain Dealer (S)	81.300	3.984	81.756	3.148
Grand Total	215.081	41.759	215.356	37.095

DALLAS, TX

News (M)	261.528	7.402	273.391	12.830
News (S)	130.428	2.954	132.714	4.816
Times Herald (AD)	202.760	38.779	208.451	31.054
Times Herald (S)	93.259	8.796	96.924	9.563
Grand Total	687.975	57.931	711.480	58.263

DENVER, CO

Rocky Mt. News (M)	264.819	17.778	259.212	2.597
Rocky Mt. News (S)	58.655	21.330	75.204	578
Post (M)	184.195	30.511	178.661	10.142
Post (S)	74.560	27.874	97.408	1.271
Grand Total	582.229	97.493	664.485	14.588

DETROIT, MI

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Free Press (M)	95.744	46.480	94.396	50.095
Free Press (S)	36.408	25.773	45.215	17.389
News (AD)	155.143	39.685	167.972	42.586
News (S)	78.662	15.912	82.303	20.869
Grand Total	365.957	127.850	389.886	130.939

ESCONDIDO, CA

Times-Advocate (E)	107.838	2.364	102.077	1.371
Times-Advocate (S)	39.686	—	37.026	—
Grand Total	147.524	2.364	139.103	1.371

FORT LAUDERDALE, FL

News & Sun-Sentinel (S)	86.395	—	80.849	—
Sun-Sentinel (M)	243.279	—	252.612	—
Grand Total	329.674	—	333.461	—

NOTE: Part run figures not available. Morning figures include the Saturday Edition

FORT WAYNE, IN

Journal Gazette (M)	79.770	—	76.164	—
Journal Gazette (S)	56.373	—	54.772	—
News Sentinel (E)	79.997	—	83.363	—
Grand Total	216.140	—	214.299	—

NOTE: Part run figures not available

GREENWICH/STAMFORD, CT

Time (E)	74.015	6.876	66.605	933
Time (S)	39.500	2.461	41.195	—
Advocate (E)	98.719	12.624	89.560	11.066
Advocate (S)	38.024	3.408	39.965	—
Grand Total	251.258	25.369	237.325	11.999

HARTFORD, CT

Courant (M)	134.911	35.030	134.219	37.747
Courant (S)	64.644	114.774	62.205	97.661
Grand Total	199.555	149.804	196.424	135.408

HONOLULU, HI

Advertiser (M)	126.695	—	120.898	—
Star-Bulletin (E)	119.265	—	118.736	—
Star-Bulletin & Advertiser (S)	75.003	—	66.403	—
Grand Total	320.963	—	306.037	—

HOUSTON, TX

Chronicle (AD)	224.933	34.212	221.015	42.191
Chronicle (S)	101.546	18.882	95.958	13.617
Post (M)	163.874	32.113	157.189	23.167
Post (S)	62.308	15.571	60.938	13.623
Grand Total	552.661	100.778	535.100	92.598

LONG BEACH, CA

Press Telegram (M)	112.337	54.146	118.782	40.159
Press Telegram (S)	49.746	4.248	43.931	2.064
Grand Total	162.083	58.394	162.713	42.223

LONG ISLAND, NY

Newsday (E)	99.451	129.269	122.322	92.677
Newsday (S)	58.597	66.814	67.023	62.591
Grand Total	158.048	196.083	189.345	155.268

LOS ANGELES, CA

Times (M)	288.072	281.127	276.459	264.105
Times (S)	144.475	82.800	136.229	83.278
Herald-Examiner (M)	74.144	4.661	58.933	7.023
Herald-Examiner (S)	14.541	6.890	14.989	7.946
Grand Total	521.232	375.478	486.610	362.352

LOS ANGELES/SAN FERNANDO VALLEY, CA

News (M)	192.962	38.552	195.709	39.961
News (S)	70.666	2.756	71.121	160
Grand Total	263.628	41.308	266.730	40.121

*LOS ANGELES/TORRANCE, CA

Breeze (E & S)	199.552	—	198.540	—
Grand Total	199.552	—	198.540	—

NOTE: Figures supplied by publisher to Media Records

*MEMPHIS, TN

Commercial Appeal (M)	137.928	85.672	122.475	89.031
Commercial Appeal (S)	75.489	5.974	66.488	5.567
Grand Total	213.417	91.646	188.963	94.598

NOTE: Figures supplied by publisher to Media Records

MIAMI, FL

	1987 Full Run	1987 Part Run	1986 Full Run	1986 Part Run
Herald (M)	143.490	—	146.204	—
Herald (S)	67.441	—	67.035	—
News (E)	58.520	—	57.978	—
Grand Total	269.451	—	271.217	—

NOTE: Part run figures not available

MINNEAPOLIS, MN

Star & Tribune (AD)	115.680	29.360	104.991	24.762
Star & Tribune (S)	108.675	5.136	104.763	5.269
Star & Tribune (Sat)	21.146	—	21.763	—
Grand Total	245.401	34.495	231.517	30.031

*NASHVILLE, TN

Banner (E)	102.431	—	107.846	—
Tennessean (M)	102.975	—	107.943	—
Tennessean (S)	135.166	—	67.627	—
Grand Total	340.572	—	283.416	—

NOTE: Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

Home News (E)	83.119	1.327	83.460	358
Home News (S)	53.015	11.511	49.033	5.834
Grand Total	136.134	12.838	132.493	6.192

NEW YORK, NY

Times (M)	155.210	21.627	136.171	15.891
Times (S)	137.584	77.423	110.788	59.148
News (M)	64.059	81.903	56.902	82.166
News (S)	35.016	50.469	29.850	47.948
Post (AD)	76.122	1.140	57.241	1.286
Grand Total	467.991	232.562	430.942	206.439

NEWARK, NJ

Star Ledger (M)	219.355	5.484	197.616	4.490
Star Ledger (S)	153.662	21.413	135.785	10.915
Grand Total	373.017	26.897	333.401	15.405

OAKLAND, CA

Tribune (M)	86.775	85.652	82.363	81.812
Tribune (S)	34.963	29.762	33.275	23.531
Grand Total	121.738	115.414	115.638	105.343

OCEANSIDE, CA SAN DIEGO COASTAL NORTH COUNTY

Blade-Tribune (E)	100.070	6.861	107.123	3.444
Blade-Tribune (S)	39.725	1.451	37.874	—
Grand Total	139.795	8.312	144.997	3.444

NOTE: Blade-Tribune Evening published five days a week only

ORANGE COUNTY, CA

Register (AD)	310.274	93.333	310.963	96.125
Register (S)	118.445	466	106.933	5.984
Grand Total	428.719	93.799	417.896	102.109

PHILADELPHIA, PA

Inquirer (M)	138.428	28.041	133.358	33.596
Inquirer (S)	101.905	37.742	96.566	25.308
News (E)	70.995	2.918	68.854	1.531
Grand Total	311.328	68.701	298.778	60.435

*PHOENIX, AZ

Arizona Republic (M)	202.878	10.281	216.886	5.229
Arizona Republic (S)	119.247	—	121.143	—
Gazette (E)	195.858	10.386	209.158	5.395
Grand Total	517.983	20.667	547.187	10.624

NOTE: Figures supplied by publisher to Media Records

*PROVIDENCE, RI

Journal (M)	81.892	78.106	50.552	71.700
Journal (S)	84.454	45.307	78.827	30.077
Grand Total	166.346	123.413	126.379	101.777

NOTE: Figures supplied by publisher to Media Records

*ST. LOUIS, MO

Post Dispatch (M)	106.917	31.835	102.542	32.498
Post Dispatch (S)	98.582	—	92.237	—
Grand Total	205.499	31.835	194.779	32.498

NOTE: Figures supplied by publisher to Media Records

ST. PAUL, MN

Pioneer Press Dispatch (AD)	90.385	—	86.803	—
Pioneer Press Dispatch (S)	82.948	—	75.978	—
Grand Total	173.333	—	162.781	—

NOTE: Part run figures not available

SAN ANTONIO, TX

Express-News (AD)	119.089	46.337	120.757	33.341
Express-News (S)	66.986	21.588	63.909	24.607
Express-News (Sat)	31.095	—	34.575	—
Light (AD)	138.032	21.375	142.168	19.424
Light (S)	71.290	3.798	70.562	2.957
Light (Sat)	25.559	1.381	26.812	1.663
Grand Total	452.051	94.479	458.783	81.992

NOTE: Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

Union (M)	207.877	35.598	200.578	26.111
Union (S)	106.520	530	98.000	—
Tribune (E)	215.166	38.328	205.172	27.409
Grand Total	529.563	74.456	503.750	53.520

SAN FRANCISCO, CA

Chronicle (M)	134.537	54.251	127.098	78.126
Examiner (E)	131.795	55.017	—	—
Examiner & Chronicle (S)	65.451	18.919	66.892	22.000
Grand Total	331.783	128.187	193.990	100.126

NOTE: 1986 Examiner Evening figures not available

SAN JOSE, CA

Mercury News (AD)	282.728	18.719	277.871	26.518
Mercury News (S)	111.967	—	116.591	859
Grand Total	394.695	18.719	394.462	27.377

*STATE COLLEGE, PA

Centre Times (E)	73.465	2.710	70.334	1.084
Centre Times (S)	28.915	304	29.602	466
Grand Total	102.380	3.014	99.936	1.550

NOTE: Figures supplied by publisher to Media Records

*TOLEDO, OH

Blade (E)	100.726	—	105.149	—
Blade (S)	75.980	—	74.968	—
Grand Total	176.706	—	180.117	—

NOTE: Figures supplied by publisher to Media Records

WASHINGTON, DC

Post (M)	248.439	38.111	224.065	40.137
Post (S)	121.592	22.144	119.417	19.472
Grand Total	370.031	60.255	343.482	59.609

WASHINGTON, DC SUBURBAN GROUP

Montgomery Journal (M)	59.333	697	59.882	1.446
Fairfax Journal (M)	67.992	1.420	70.164	472
Grand Total	127.322	2.117	130.026	1.918

NOTE: Montgomery Journal Morning and Fairfax Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

Reporter Dispatch (E)	86.995	15.170	73.145	13.311
Reporter Dispatch (S)	61.367	10.824	56.452	13.024
Grand Total	148.362	25.994	129.597	26.335

WICHITA, KS

Eagle-Beacon (M)	115.343	—	110.721	—
Eagle-Beacon (S)	61.143	—	59.081	—
Grand Total	176.486	—	169.802	—

NOTE: Part run figures not available

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service, Total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS/SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA/NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

SAU® is the registered trademark of the American Newspaper Publishers Association

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October 12, 1987

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

P&G widens power base

Adds category managers

By LAURIE FREEMAN

Procter & Gamble Co., in a reorganization that could affect ad agencies and their commissions, has created a new tier of executive decision-makers to oversee products grouped by category.

The new structure was disclosed internally last week in a 12-page memo to employees of the Cincinnati-based marketer. It represents the first manifestation of P&G's yearlong experimentation with brand-management system revisions (AA, April 20).

The company's brand managers, however, are not affected directly by the change.

The move signals a decentralization of authority from the division level, where VPs formerly wielded total authority for all divisional products, to a sublevel of general managers accountable to them.

P&G acknowledged as much when a spokeswoman characterized the change as shifting "more decision-making down to the operating levels."

"P&G has found that the [retail] trade doesn't think in terms of brands," said Gordon Wade, a former P&G brand manager and now principal of the Cincinnati Consulting Group. "They think in terms of categories, and whether [their store] is getting its fair share of the profit dollars. To them, it doesn't matter if those sales are coming from Tide, Cheer or Bold, just as long as they make a [detergent] sale."

Although P&G declined to describe the restructuring further, a P&G staffer said that, in the detergent division, three category general managers have been named. One will handle laundry products; another will have dishwashing products (including light-duty liquids and automatic

(Continued on Page 99)

Dennis Franklin Holt has risen from poverty to power.

Western's Holt driven to build buying empire

By JENNIFER PENDLETON

LOS ANGELES—He is probably one of the most powerful men in advertising on the West Coast. But power isn't a subject Dennis Franklin Holt likes to talk about. He'd rather wield it quietly.

And wield it he does. As president-ceo of Western International Media, he controls more money spent on spot TV than any other media buyer nationally. That means Western buys more spot TV in the U.S. than Foote, Cone & Belding Communications ($367 million), J. Walter Thompson Co. ($358 million), Young & Rubicam ($324 million) and D'Arcy Masius Benton & Bowles ($299 million).

Word around town is that Western is in line for an estimated $50 million worth of Walt Disney Co. media buying, now at

(Continued on Page 100)

Family and school situations are the subjects of new TV commercials for the Apple II line, via BBDO.

Apple gears new spots to managers

Mac branches out

By CLEVELAND HORTON

Apple Computer is moving out of the boardroom and into the workplace with six new TV spots for its Macintosh computer. The commercials, breaking Oct. 17, are part of the company's $58 million ad campaign for 1988.

The new Mac spots and a new Apple II campaign that starts today are the first Apple commercials under the direction of Steve Hayden at BBDO Worldwide.

Mr. Hayden, now BBDO executive creative director, created Apple's "1984" blockbuster Super Bowl commercial while at Chiat/Day, Los Angeles. He joined BBDO in 1986, shortly after the agency won the Apple account. BBDO's New York and Los Angeles offices handle Apple's advertising.

To build on the high level of viewer awareness of Apple's current commercials, the Cupertino, Calif.-based personal-computer marketer is maintaining the "slice of reality" look of BBDO's first Mac campaign.

But while the previous campaign was aimed at ceos, the new spots illustrate how the Macintosh improves the professional lifestyle of managers through a series of vignettes.

Joe Pytka directed the new spots as well as some of

(Continued on Page 97)

Last Minute News

Control Data to buy SAMI/Burke

MINNEAPOLIS—Control Data Corp. reportedly has signed a letter of agreement with Time Inc., New York, to acquire its SAMI/Burke research subsidiary. The deal calls for a cash down payment with final purchase price based on SAMI/Burke's performance in the next three years. Arbitron Ratings Co. already is a unit of Control Data.

Panasonic picks four finalists

SECAUCUS, N.J.—Panasonic Co. has asked several agencies for speculative creative presentations for its $25 million Panasonic and Technics consumer electronics accounts. The agencies are Ally Gargano/MCA Advertising; Grey Advertising; Levine, Huntley, Schmidt & Beaver; and Young &

(Continued on Page 8)

Highlights

Liquor spots may go on ice 12
A campaign is under way to close one of the only broadcast outlets for liquor advertising: Spanish-language TV stations. A coalition of 19 groups says it will ask liquor marketers to stop buying time on hispanic stations and ask the stations to stop accepting the business. If that doesn't work, the coalition will pressure the stations. Liquor commercials have been appearing on Spanish-language stations without incident for almost a decade.

Tuning in to New Age 37
A new age for New Age seems to be dawning. The soft instrumentals and jazz music—characterized by some as "Yuppie Muzak"—often is touted as the radio format of the future. But with the help of a distributor beaming a New Age program by satellite to affiliated stations nationwide, it's becoming the trend of today. Radio industry sources predict at least one station in each of the Top 100 markets will change to the New Age format by yearend.

Campbell's traveling on European plan 40
Campbell's U.K. Ltd. is entering the European frozen-food market with two product lines adapted from the U.S. and later plans to launch a series of new frozen products. This month Campbell's is introducing frozen soups in Britain and a line of vegetables and seafood in pastry in November.

Isuzu looking for last laugh 66
American Isuzu Motor Co. is committed to another full year of lying. The auto importer plans to stick with its "Liar" campaign, featuring actor David Leisure as Joe Isuzu, at least through the 1988 model year. This decision comes despite industry skepticism that the entertaining campaign may be a one-line joke wearing thin.

Winners among the sinners 82
Harper's will show, in next month's edition, that when it comes to advertising sin, the top U.S. agencies are up to the challenge. The moral morasses that Gary Hart, Ivan Boesky and the Rev. Jim Bakker have waded through recently got the *Harper's* editors to thinking: Why not ask the leading ad agencies to develop a campaign promoting the Seven Deadly Sins —avarice, envy, gluttony, lust, pride, sloth and wrath? The results will be published in *Harper's* November issue, hitting newsstands later this month.

INTERNATIONAL

Unilever cleans up in Madrid 68
Unilever is repositioning its Luminoso dishwashing liquid in Madrid after only 18 months on the market to win a bigger share of a category it dominates elsewhere on the Continent. This is Unilever's first dishwashing liquid entry in Spain.

Making up in Japan 69
Just three years after introduction, cosmetics for men have become so popular in Japan they now account for an estimated 15% of Japan's $1.4 billion cosmetics market. Some link the success of male cosmetics to the growth in unisex fashions, health and fitness.

South Africa in the sights 70
A group of 20 South African businessmen, identified only as the South African Business Community, is funding a $1 million international advertising campaign to persuade the international community not to isolate their country. Ads show different black-and-white animals through the sights of a gun and compare their struggles for survival to that of South Africa, which is under fire for apartheid, its policy of racial segregation.

OTHER NEWS

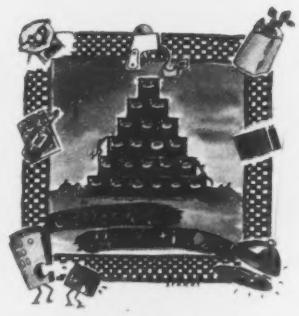
The new fall season ratings war is young, but the Big 3 networks already have midseason reinforcements. ABC and CBS probably will need to call up the most reserves for midyear, agency sources said. Page 46.

Prudential Insurance Co. of America is offering consumers four pieces of the "Rock" in a new campaign that stresses service, departing from Prudential's previous focus on products. The campaign underscores the importance of the company's 20,000 agents. Page 48.

There's a whole lotta kissing going on in General Motors Corp.'s 1988 divisional car advertising. Of course, there's always been a whole lotta kissing going on in cars, never mind car ads. And since GM divisions develop their ads independently from each other, it's partly coincidental that new TV spots for Chevrolet, Cadillac and Pontiac all feature music and visual montages, with those montages including smooching scenes. Page 84.

Cool it, California. Big-talking Texas has its own wine cooler. Hill Country Cooler is marketing Frischer, the first Texas-produced wine cooler made only with Texas wines. Page 90.

SPECIAL REPORT



***Grocery marketing**—As marketers snap up small, entrepreneurial companies to fill hot-selling niches, grocery retailers are expanding their space to accommodate a robust increase in new products, both food and non-food items. Mix in the space demands of expanded departments such as on-site bakeries, delicatessens and floral departments, and supermarkets are taking a much more critical look at what items will move or not, putting ever more pressure on grocery marketers to come up with the right selections. Starts after Page 52.*

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Jitters rising over economy

An Advertising Age roundup

U.S. marketers and ad agencies appear to be shifting ad strategies and cutting costs as concerns mount about renewed inflation and an economic downturn.

Last week's huge stock-market decline and gloomy economic forecasts of a recession next year

Staff cutbacks at JWT, TLK, P. 98

are sending jitters though the industry, according to an informal ADVERTISING AGE survey of executives.

This is occurring despite the anticipated quadrennial ad-spending upturn from elections and the Olympics.

"Businesswise, confidence levels are high. But if you look deeper you sense an uneasiness in financial markets," said Joseph Wahed, senior VP-chief economist, Wells Fargo Bank, San Francisco. "It's a feeling I've never felt before. People expect inflation. They're panicking."

The degree of concern varies among product categories, with food industry observers, for example, less worried than more vulnerable service businesses.

Many agency executives are preparing for the worst.

"We have not heard voices of doom," said Joel Hochberg, president of DDB Needham Worldwide's Chicago office. "On the other hand, the reality is that major clients are vigorously scrutinizing budgets," a practice he said has intensified in recent years.

"The business is much tighter than it's ever been," he said, "and it's harder for agencies to turn a profit."

Mr. Hochberg said DDB Needham plans no staff cutbacks in Chicago, but other agencies there and elsewhere are pruning their ranks in greater numbers.

In the Southwest oil belt, agencies already have felt the ef-

(Continued on Page 98)

Politics hold up Fla. ad tax repeal

By STEVEN W. COLFORD

Advertisers awaiting the inevitable—relief from Florida's 5% tax on services—are consoling themselves with the belief that state politics is the only stumbling block remaining.

This week Florida's 40 senators and 120 representatives will return to Tallahassee for another try at hammering out a compromise.

The need for yet another legislative stab at the ill-fated tax became necessary when Gov. Bob Martinez promised to veto what the Legislature sent him last week—a bill exempting most of advertising but retaining the tax on most other services.

Gov. Martinez wants the whole tax repealed and replaced with another revenue source to make up for the estimated $750 million the services tax would have brought in.

Separately, Beatrice Cos., Johnson & Johnson, Kimberly-Clark Corp., Procter & Gamble Co. and Rust-Oleum Corp. resumed, at least in part, buying spot time in Florida, said Blair Television VP Leo McCourtney.

Oakland, Calif.-based Clorox Co., the first advertiser to drop Florida from its spot-buy list after the tax was adopted July 1, also has resumed advertising, said Jim Donnelley, general sales manager, WCPX-TV, the CBS affiliate in Orlando. Clorox VP Fred Reiker, however, insisted the company had not resumed any spot purchases in Florida for Clorox liquid bleach.

"For those who have come back, their levels are not where they were," Mr. Donnelley said. "I think it will take at least a year for them to return to where they were before. And for some, it might never; advertisers might take that money

(Continued on Page 96)

Industry plans PR effort

Airlines attack

By JENNIFER LAWRENCE and STEVEN W. COLFORD

After months of public outrage over deteriorating service, the airline industry is planning a public relations campaign to pressure the federal government to improve the air traffic control system.

The nation's top airline executives have solicited proposals from eight PR agencies to form a strategy to make this a national priority.

Budget for the long-term campaign has not been set, but it is expected to be a multimillion-dollar effort. In addition to PR and lobbying, paid advertising will be used.

The agencies are: Burson-Marsteller; Daniel J. Edelman Inc.; Doremus Porter Novelli; Hill & Knowlton; Manning Selvage & Lee; and Robinson, Lake & Lerer, all New York; Fleishman-Hillard, St. Louis; and National Strategies & Marketing Group, Washington.

While several air carriers have responded to public criticism through individual service-oriented ad campaigns (AA, June 29, *et seq.*), this is the first cooperative effort to mount an industrywide campaign.

By explaining how the air traffic

(Continued on Page 96)

West Coast News, P. 98.

Ad-sales ratios by industry compiled

OAK BROOK, ILL.—Compiling data from more than 5,000 10-K reports filed by publicly held companies, Pansophic Systems has created its advertising-to-sales ratios report for about 250 industries.

The table on this page is part of Pansophic's "1987 Ad$ Forecasts," which includes ad-to-gross margin ratios and advertising growth rates by industry for 1986 and '87 and forecasts for 1988.

In addition, the study forecasts 1988 advertising investments for more than 4,000 individual companies, rates advertising effectiveness for the companies and their industries and measures ad spending stability.

In the advertising-to-sales ratio table shown here, the various industries are categorized by Standard Industrial Classification code numbers.

Figures show combined advertising expenditures reported for companies in the categories as a percent of total sales reported for the categories, and as a percent of gross margin (net sales minus cost of goods sold). It also shows the percent of ad expenditure growth for 1986 compared with 1985.

Pansophic notes that cautious interpretation is required because the data were compiled from financial statements rather than media auditing services.

What expenses are included under advertising expenditures filed in 10-K reports may vary from company to company. The reports typically include both media expenditures and such related expenditures as costs of collateral literature and production. And in some categories, the figures include catalog advertising, point of purchase and direct mail.

Pansophic also notes that within many industry sectors, individual companies may spend significantly more or less than the average indicated.

Many large companies are in several fields, yet are listed in only their primary industry sector.

A related distortion also may result because a large subsidiary may not be included in the industry in which it competes.

Finally, a few large companies are privately held and their figures are not included.

The forecast portion of Pansophic's report predicts food companies will lead all industries in advertising expenditures in 1988 with $8.6 billion. Retail department stores are expected to take second place with $4.7 billion, followed by motor vehicles at $4.5 billion.

Among the industries expected to show major percentage increases in advertising investments next year are ship and boat building, with a growth rate of 58.5%, and knitting mills, with a growth rate of 49.2%.

Other high advertising growth industries predicted by the study include aircraft parts, up 31.7%; gold and silver ores, up 27.6%; dental equipment supplies, up 26.7%; radio, TV and music stores, up 24.3%; and real estate agents, up 22.4%.

Among individual companies, Pansophic forecasts combined worldwide expenditures for Unilever will top the list in 1988 with an advertising total of $2.4 billion, ahead of Philip Morris Cos. at $2 billion. Procter & Gamble Co.; Sears, Roebuck & Co.; General Motors Corp.; and Ford Motor Co. all are projected to top the $1 billion mark in ad expenditures, with RJR Nabisco expected to come in just below $1 billion.

Among the top-spending Japanese companies, Honda is expected to spend $796.9 million in advertising next year, followed by Matsushita Electric at $584.4.

Pansophic, a leading packaged software company, acquired "Ad$ Forecasts" from Schoenfeld & Associates in February 1986. A copy of the 184-page study is available for $325 ($300 prepaid) from the Pansophic Systems office at 1550 Northwest Highway, Park Ridge, Ill. 60068. #

Advertising-to-sales ratios, 1986 (By industry)

Source: Panasophic Systems Inc., 1550 Northwest Highway, Park Ridge, Ill. (312) 390-7711. Legend: SIC - Standard industrial classification. NEC - Not elsewhere classified. Ad dollars as per cent of sales - Ad expenditures/net sales. Ad dollars as per cent of margin - Ad expenditures/(net sales--cost of goods sold). Annual growth rate of advertising dollars.

Industry	SIC no.	Ad dollars as per cent of sales	Ad dollars as per cent of margin	Annual growth rate (%)
Abrasive, asbestos, misc mnrl	3290	1.3	4.4	9.9
Advertising Agencies	7311	0.1	0.5	13.1
Agricultural Chemicals	2870	0.2	1.7	9.1
Agricultural Prodtn-Livestock	200	1.5	5.2	(7.0)
Agricultural Production-Crops	100	2.3	7.4	8.3
Air Transportation, Certified	4511	2.2	14.5	10.2
Aircraft	3721	0.2	1.2	(18.4)
Alarm & Signaling Products	3669	2.4	6.3	12.9
Apparel & Other Finished Pds	2300	2.3	6.6	5.5
Apparel & Accessory Stores	5600	2.4	6.1	13.5
Apparel, Piece Gds, Notns-Whsl	5130	2.3	9.8	4.1
Auto Dealers, Gas Stations	5500	3.2	11.7	19.0
Auto Repair, Services, Garages	7500	2.7	4.1	5.9
Automatic Regulating Controls	3822	1.1	3.3	12.1
Autos & Other Vehicles-Whsl	5012	4.4	18.5	5.8
Bakery Products	2050	2.1	4.3	8.0
Biological Products	2831	2.4	4.8	16.3
Blast Furnaces & Steel Works	3310	2.1	14.2	14.7
Bolt, Nut, Screw, Rivets, Washrs	3452	1.0	4.2	5.9
Books: Pubg, Pubg & Printing	2731	4.1	7.2	9.5
Bottled & Canned Soft Drinks	2086	6.5	11.7	8.8
Business Credit Institutions	6150	0.2	0.3	12.0
Business Services, NEC	7399	3.8	8.6	7.4
Cable Television Operations	4891	1.6	2.4	15.7
Can, Preserve Fruit, Vegetable	2030	6.1	16.6	8.2
Candy & Other Confectionery	2065	10.7	26.6	9.4
Catalog Showrooms	5334	3.5	16.6	10.2
Chemicals & Allied Pds-Whsl	5161	20.6	32.3	12.6
Chemicals & Allied Prods	2800	2.1	5.9	3.0
Cigarettes	2111	7.2	14.8	12.5
Cigars	2121	2.0	2.7	4.2
Cmp Program & Software Svcs	7372	3.0	7.4	13.4
Comm & Signaling devices, NEC	3669	1.2	2.7	2.7
Commercial Printing	2750	1.4	3.9	10.8
Commercial Testing Labs	7397	1.6	4.8	5.9
Communication Services, NEC	4899	3.1	11.0	(6.7)
Computer & Data Process Svcs	7370	0.6	1.4	(13.0)
Computer Disk & Tape Drives	3684	1.6	5.3	16.9
Computer Equipment, NEC	3699	2.2	4.9	17.7
Computer Graphics Systems	3686	1.5	2.7	13.6
Computer Peripherals	3688	2.5	7.0	3.1
Computer Related Svcs, NEC	7379	1.4	2.1	(3.2)
Computer Stores	5995	2.9	12.0	21.1
Computer Terminals	3693	2.1	4.8	9.4
Computers-Mainframe	3682	1.3	2.1	15.1
Computers-Mini & Micro	3681	5.7	12.4	7.5
Constr, Mining, Matl Handle Eq	3530	1.9	6.2	(0.8)
Construction Machinery & Eq	3531	1.1	4.2	12.1
Construction-Not Bldg Constr	1600	1.7	11.1	(7.4)
Construction-Special Trade	1700	1.0	3.5	10.5
Convenience Stores	5412	0.4	1.7	14.2
Convrt Paper, Paprbrd Pd, NEC	2649	2.1	4.5	7.1
Credit Reporting Agencies	7321	0.9	3.9	8.5
Crude Petroleum & Natural Gas	1311	0.1	0.2	(14.5)
Dairy Products	2020	5.7	18.7	5.8
Data Processing Services	7374	1.0	3.2	7.9
Dental Equipment & Supplies	3843	2.7	5.8	26.7
Department Stores	5311	3.1	13.5	6.2
Detective & Protective Services	7380	2.6	10.0	(5.8)
Distill, Rectify, Blend Liquor	2085	13.6	27.2	8.9
Drug & Proprietary Stores	5912	1.5	5.4	9.7
Drugs	2830	9.3	13.6	4.8
Drugs & Proprietary-Whsl	5120	0.7	4.6	2.8
Durable Goods-Whsl, NEC	5099	5.3	20.5	9.8
Eating Places	5812	3.8	17.6	11.2
Educational Services	8200	4.7	10.9	15.3
Elec Apparatus & Equip-Whsl	5063	0.6	2.7	15.8
Elec Meas & Test Instruments	3825	1.5	3.3	0.8
Elec Transmission & Distr Eq	3610	1.0	2.9	11.1
Elec, Electr Mach, Eq, Supply	3600	2.0	6.4	10.7
Electc Lighting, Wiring Eq	3640	1.1	3.0	5.7
Electric Industrial Apper	3620	2.1	8.4	(0.6)
Electric Machy, Equip, NEC	3699	4.8	14.8	4.2
Electric Comp, Accessories	3670	1.3	4.1	12.1
Electronic Components, NEC	3679	2.6	7.0	6.0
Electronic Computing Equip	3680	1.2	2.6	8.5
Electric Parts & Eq-Whsl	5065	1.3	4.3	3.0
Engines & Turbines	3510	2.7	10.0	5.7
Engr, Architect Survey Svcs	8911	0.4	1.8	7.3
Engr, Lab & research Eq	3811	1.7	3.8	13.8
Eq Rental & Leasing Svcs	7394	3.5	6.2	10.5
Fabricated Metal Pds, NEC	3499	1.9	3.5	1.6
Fabricated Rubber Pds, NEC	3089	1.5	2.9	6.7
Farm & Garden Machinery & Eq	3520	1.5	7.8	8.2
Finance Lessors	6172	0.9	0.8	4.3
Finance-Services	6199	2.7	10.8	10.5
Floor Covering Mills	2270	0.9	3.7	2.8
Flour & Other Grain Mill Pds	2041	1.3	8.6	(5.0)
Food & Kindred Products	2000	5.8	21.9	9.0
Food Preparations, NEC	2099	3.6	10.8	11.7
Footwear, Except Rubber	3140	4.2	10.2	(4.7)
Freight Forwarding	4712	2.8	12.0	28.1
Fuel & Ice Dealers	5980	0.6	3.8	(4.7)
Furniture Stores	5712	5.8	12.9	14.3
Gen Bldg Contractor-resdntl	1520	2.4	6.7	27.4
Gen Bldg Contractors-Nonres	1540	0.2	2.1	5.3
General Industrial Mach & Eq	3560	0.6	2.0	5.8
Glass Containers	3221	1.5	5.5	6.6
Gold & Silver Ores	1040	2.1	12.0	27.6
Greeting Card Publishing	2771	4.4	7.7	8.8
Groceries & Related Pds-Whsl	5140	0.7	4.7	1.7
Grocery Stores	5411	1.5	6.2	7.4
Guided Missiles & Spacec Vehc	3760	0.1	0.5	8.6
Hardware, NEC	3429	11.0	21.4	6.7
Hardwr, Plumb, Heat Eq-Whsl	5070	5.9	41.6	18.4
Health & Allied Services, NEC	8091	1.4	4.5	13.2
Heating Eq, Plumbing Fixture	3430	2.4	8.7	14.9
Hoists, Indl Cranes, Monorail	3536	1.3	4.3	11.6
Hospitals	8060	0.8	4.6	11.9
Hotels, Motels, Tourist Courts	7011	3.5	12.9	6.0
Household Appliance Stores	5722	3.8	12.6	29.2
Household Appliances	3630	4.1	14.6	16.4
Household Furniture	2510	2.7	9.5	13.0
Indl Inorganic Chemicals	2810	18.4	40.2	8.9
Indl Trucks, Tractors, Trailers	3537	0.9	5.3	(8.3)
Industrial Controls	3622	1.6	6.5	8.8
Industrial Measurement Instr.	3823	1.7	3.9	2.4
Industrial Organic Chemicals	2860	1.1	2.9	14.1
Ins Agent, Brokers & Service	6400	0.5	1.9	27.3
Intercity, Rural Highway Trans	4131	4.3	73.5	12.3
Investors, NEC	6799	0.4	1.7	(100.0)
Jewelry Stores	5944	5.1	10.1	7.0
Jewelry, Precious Metal	3911	3.1	7.7	15.3
Knitting Mills	2250	2.3	7.5	49.2
Leather Goods, NEC	3199	5.2	12.3	12.8
Lumber & Oth Bldg Matl-Retl	5211	2.8	9.2	15.5
Lumber & Constr Matl-Whsl	5030	1.0	4.8	12.0
Machinery & Equipment-Whsl	5080	1.8	7.7	18.2
Mail Order Houses	5961	14.5	38.5	15.7
Malt Beverages	2082	8.9	23.2	9.1
Manifold Business Forms	2761	0.9	2.4	8.5
Meas & Controlling Dev, NEC	3829	1.0	2.1	4.7
Measuring, Controlling Instr	3820	2.0	4.6	8.5
Meat Products	2010	1.8	12.7	12.8
Medical & Dental Labs	8070	1.1	2.5	10.7
Medicinal Chems, Botanid Pds	2833	0.6	0.9	0.1
Metal Cans, Shipping Contain	3410	8.3	53.7	15.6
Metal Doors, Frames, Mold, Trim	3442	1.9	6.2	5.8
Metal Forging and Stampings	3460	1.4	4.9	5.6
Metalworking Machinery & Eq	3540	4.1	11.8	15.0
Mgmt, Consulting & PR Svcs	7392	1.2	4.9	(3.5)
Mineral Royalty Traders	6795	0.7	1.3	(16.6)
Misc Amusement & Rec Services	7990	4.8	14.1	14.9
Misc Chemical Products	2890	3.3	8.3	5.8
Misc Furniture & Fixtures	2590	1.9	4.7	21.0
Misc Machinery, Ex Electrical	3590	1.2	3.7	13.8
Misc Manufacturing Industries	3990	5.2	11.3	7.9
Misc Plastic Products	3079	1.5	4.4	14.2
Misc Retail Stores, NEC	5999	2.8	8.4	9.3
Misc Transportation Equip	3790	0.2	0.9	10.8
Miscellaneous Metal Work	3449	0.9	1.8	(15.4)
Mobile Home Dealers	5270	1.3	4.7	34.9
Mortgage Bankers & Brokers	6160	0.7	1.1	14.0
Motion Pictures Prodctn, Servc	7810	9.5	21.0	3.1
Motion Picture Theaters	7830	3.5	16.8	8.2
Motor Homes	3716	0.9	5.1	(9.8)
Motor Vehicle Part, Accessory	3714	1.1	4.6	(3.5)
Motor Vehicles & Car Bodies	3711	1.6	9.6	8.6
Motorcycles, Bicycles & Parts	3750	1.7	6.9	3.9
Musical Instruments	3931	4.1	11.1	7.8
Newspaper: Pubg, Pubg & Printi	2711	2.9	7.1	26.9
Nondurable Goods-Whsl, NEC	5199	1.7	8.3	13.2
Nursing & Personal Car Facil	8050	0.9	5.4	8.7
Office Automation Systems	3697	1.7	3.3	7.8
Office Furniture	2520	1.4	3.6	6.1
Office Computing, Acctng Mach	3570	1.2	2.0	9.0
Oil & Gas Field Expl Svcs	1382	1.1	3.4	11.2
Oil Field Machinery & Equip	3533	0.5	1.5	(15.4)
Oil, Gas Field Services, NEC	1389	1.1	3.6	(27.6)
Operative Builders	1531	1.7	10.6	13.2
Operators-Nonres Bldgs	6512	3.6	7.5	9.5
Ophthalmic Goods	3851	2.6	5.3	19.2
Optical Character, Laser Scan	3695	1.0	2.0	6.1
Optical Instruments & Lenses	3830	1.9	4.2	12.9
Ordnance & Accessories	3480	4.2	15.4	17.5
Ortho, Prosth, Surg Appl, Supl	3842	2.1	5.2	12.2
Outpatient Care Facilities	8081	1.8	17.3	24.2
Paint, Varnishes, Lacquers	2850	2.7	7.1	(2.8)
Paper & Allied Products	2800	1.5	5.8	4.3
Patent Owners & Lessors	6794	2.0	6.8	7.2
Paving & Roofing Materials	2950	1.0	2.8	15.1
Pens, Pencils, Other Office Mat	3950	5.3	11.5	9.0
Perfume, Cosmetic, Toilet Prep	2844	9.4	14.6	5.6
Periodical: Pubg, Pubg & Print	2721	3.9	7.6	6.3
Personal Credit Institutions	6140	1.5	2.6	3.6
Personal Services	7200	6.6	19.6	12.4
Personal Supply Services	7360	1.7	7.6	11.3
Petroleum & Pet Pds-Whsl	5170	0.4	3.1	16.2
Petroleum Refining	2911	0.3	0.9	(5.6)
Pharmaceuticals	2834	6.9	11.4	9.3
Phono Records, Magnetic Tape	3652	8.7	19.1	29.3
Photofinishing Laboratories	7395	1.9	4.6	1.8
Photographic Equip & Supply	3861	3.4	7.1	7.9
Plastic Matl, Synthetic resin	2820	0.9	2.8	8.5
Pollution Control Machinery	3568	1.2	4.2	16.1
Pottery Products, NEC	3269	1.0	6.1	0.0
Prefab Metal Bldgs & Comp	3448	1.0	4.5	5.8
Prep Feeds For Animals, NEC	2048	9.2	19.7	7.5
Printing, Publishing & Allied	2700	5.0	13.5	76.1
Racing, Id Track Operations	7948	5.3	39.9	24.2
Radio & TV Broadcasting	4830	3.8	10.0	15.2
Radio & TV Receiving Sets	3651	2.3	7.1	11.0
Radio, TV Comm Eq, Apparatus	3663	0.8	2.4	2.4
Radio, TV & Music Stores	5730	4.9	15.1	24.3
Real Estate	6500	3.4	8.1	6.7
Real Estate Agents & Mgrs	6531	3.6	11.7	22.4
Real Estate Dealers	6532	0.9	2.3	13.7
Real Estate Investment Trust	6798	1.5	4.1	5.8
Refrig & Service Ind Machines	3580	1.9	7.2	7.5
Research & Development Labs	7391	2.3	18.7	27.5
Robotics	3695	1.9	5.5	(4.5)
Rolling & Draw Nonfer Metal	3350	0.8	3.8	24.0
Rubber & Misc Plastics Prods	3000	2.0	7.5	3.3
Rubber & Plastics Footwear	3021	4.4	11.4	13.6
Savings & Loan Associations	6120	0.7	1.6	4.6
Search, Navigate, Guide Sys, Eq	3664	1.6	6.3	3.6
Security & Commodity Brokers	6200	0.6	6.5	9.3
Semiconductor, Related Device	3674	1.3	3.6	(5.9)
Sewing, Needlework Stores	5949	3.7	7.8	9.6
Sheet Metal Work	3444	0.8	3.4	28.2
Ship & Boat Bldg & Repair	3730	0.9	8.3	58.5
Shoe Stores	5661	1.8	4.6	(6.2)
Silverware, Plated Ware	3914	1.6	6.9	(6.7)
Soap & Other Detergents	2841	8.1	19.2	7.7
Solar Energy Equip & Comp	3437	2.1	6.0	(16.5)
Special Industry Machinery	3550	1.3	3.9	3.5
Sporting & Recreatn Gds-Whsl	5040	10.2	21.7	18.0
Structural Clay Products	3250	2.0	5.5	14.3
Subdivid, Develop, Ex Cemetery	6552	2.2	8.9	5.8
Surgical, Med Instr, Apparatus	3841	2.5	4.8	10.8
Svcs Allied with Exchanges	6280	10.8	20.4	13.7
Tele & Telegraph Apparatus	3661	1.3	3.6	9.0
Telegraph Comm (Wire, Radio)	4821	2.4	6.0	9.7
Telephone Comm (Wire, Radio)	4811	2.5	6.0	1.9
Telephone Interconnect Sys	4892	1.0	3.2	16.6
Textile Mill products	2200	2.2	10.0	13.1
Totalizing Fluid Meters	3824	1.5	3.9	0.1
Toys, Amusement, Sporting Good	3940	12.5	27.2	15.3
Training Equip & Simulators	3665	0.8	2.7	(4.3)
Transportation Services	4700	2.4	6.5	(0.3)
Truck & Bus Bodies	3713	1.6	9.8	(6.4)
Trucking, Local, Long Distance	4210	2.3	12.5	13.2
Valve, Pipe Fittings, Ex Brass	3494	1.0	3.8	12.8
Variety Stores	5331	2.3	8.6	10.1
Watches Clocks & Parts	3870	2.2	7.7	(10.9)
Water Transportation	4400	8.7	86.3	0.0
Wet Corn Milling	2046	1.2	4.4	7.8
Women's Ready-to-Wear Stores	5621	1.5	4.3	12.6
Wood Buildings, Mobil Homes	2450	1.7	8.0	3.5
X-Ray, Electromedical Apparat	3693	1.8	3.8	8.4

Stores juggle space, specialties

By Julie Liesse Erickson

Food marketers and retailers are juggling cost, quality and variety to satisfy today's more demanding shoppers.

On both sides, these concerns have led to a dichotomy. Despite devoting more space than ever to upscale services, non-foods and premium-price items, supermarket operators realize they also need to maintain low-price dry groceries.

Price is still the No. 2 criterion for consumers deciding where to shop, according to a 1986-1987 study by Columbus, Ohio-based Impact Resources, a market-research company specializing in retail industries.

Impact surveyed more than 105,000 consumers in 16 U.S. markets. Of those respondents, 34% said location is a concern when selecting a supermarket. Some 32.9% listed price as a factor, and 24.8% cited product selection. Quality and service were distant Nos. 4 and 5, at 21.7% and 16%, respectively.

Manufacturers, for their part, are capitalizing on the power of established brand names—through line extensions and licensing ventures. Food products and beverages accounted for 7% of the U.S. licensing industry's $54.3 billion in 1986 sales, according to the Scottsdale, Ariz.-based "Licensing Letter."

At the same time, marketers are using entrepreneurial mystique to capture the consumer's imagination.

Food giants including Kraft Inc. and Pillsbury Co. are snatching up small companies—All-American Gourmet, Tombstone Pizza, Dove Candies, Haagen-Dazs and the like—to cultivate specialty product success.

Acquisitions such as Borden Inc.'s estimated $100 million purchase of Anaheim, Calif.-based snack-food marketer Laura Scudder's (AA, Sept. 28) position companies for regional marketing. Scudder's apparently completes

(Continued on Page S-2)

U.S. grocery sales 1986

Total sales: $284.4 billion, up 5% from 1985

Independent stores with sales less than $2 million
12.5%

Independent stores with sales more than $2 million
16.6%

Chain stores with sales less than $2 million
6.3%

Chain stores with sales more than $2 million
64.6%

Source: Nielsen Marketing Research estimates

Space, specialties juggled

(Continued from Page S-1)

Borden's national network of regional snack companies, which includes The Snacktime Co., Indianapolis, and Chicago-based Jay's Foods.

"There's not much room in the middle any more—the industry has witnessed real polarization," says Lex N. Gamble, managing director of New York-based Kidder, Peabody & Co.'s Consumer Products Finance Group.

"It's a game of biggies and the entrepreneurs. It's hard to find middle-size companies any more, partly because capital is available to lubricate change of ownership."

He also sees this bipolar approach in specific segment battles and product introductions. "Once a market segment develops greater concentration, moves are being made to enliven it; witness the cereal market," he says. "If a category's big and has just a few players, new product activity tends to be very high.

"On the other hand, if it's highly fragmented, there's a lot less activity."

Chicago-based *New Product News* reports there were 20% more new food and drug products introduced in the first half of 1987 than in the comparable '86 period. Among food groups, the largest increases were reported in beverages, dairy products, entrees, processed meat and poultry and side dishes. Product introductions in non-foods categories rose 24%.

According to *NPN*, particularly active food categories include fruit drinks, ice cream and frozen novelties, frozen fruit and juice bars, frozen entrees, gourmet mustards and all microwave products.

New products keep supermarket inventory growing; in 1986, the average number of items in the store increased 13.7% to 19,857, according to the Washington-based Food Marketing Institute, a trade association representing more than 10,000 grocery retailers.

To accommodate new items and expanded service departments—on-site bakeries, delicatessens, service seafood, floral departments and periodical displays—retailers are building larger stores.

> ***"There's not much room in the middle any more."***
>
> **Lex N. Gamble**
> **Kidder, Peabody & Co.'s**
> **Consumer Products**
> **Finance Group**

The average size of a newly built supermarket was 43,800 square feet in 1986, up 9.5% from 1985, according to FMI. Last year, store closings in the U.S. exceeded openings, continuing a trend to reduce what FMI calls "overstoring."

With average after-tax store profit, however, falling to 1.12% in 1986, from 1.19% in 1985, supermarket operators are more cautious than ever about stocking their shelves.

"Manufacturers are rushing in—not testing as they once did. There's virtually no time at all before the product is off to the retailer," says Steve Weinstein, editor of Stamford, Conn.-based *Progressive Grocer*, a supermarket trade publication.

"That leaves the retailer continually in a quandary. Will the new product succeed? Is it backed by all the things it's supposed to have? Does it have a slotting allowance? Does the product's potential justify reslotting shelves?"

As supermarket operators have come out of the closet in demanding slotting allowances and promotional dollars in return for stocking new items, they've created the opportunity for what Mr. Gamble calls "power marketing at the retail level.

"The big trend is the emergence of the retailer as a controlling factor in the success or failure of new products.

"This involves three things: First, the retailer's become more sophisticated in reading product movement and thus has more control over the situation. Second, he's become more demanding in requirements for getting a product on the shelf."

Finally, Mr. Gamble says, "The supermarket operator has become a lot more critical to the success of a new product because the manufacturer doesn't have the same knowledge base and market force he had become used to."

In addition to widespread dependence on scanner-delivered data, large retailers also are using market research to better know their customer base in each region and tailor services and promotions, such as frequent-shopper programs.

A 1987 FMI study shows that one-third of supermarkets have created departments for specific groups of customers; 32.1% of respondents said they were designing ads for specific groups of customers.

That interest in meeting customer needs translates into a different ad emphasis for many retailers. Allen Bildner, chairman-ceo of Kings Super Markets, West Caldwell, N.J., and new chairman of FMI, says, "We are moving from purely price [advertising] to demographics and psychographics."

Supermarket operators' limited shelf space, their growing demands on manufacturers and their improved access to sales information "have combined to make the trade a much more potent factor in the life of a new product," Mr. Gamble says. AA

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"MAKING COMPETITION VULNERABLE TO DIRECT PRESSURE MARKETING"

Ad pages in farm publications for 9 months, 1987-86

Third-quarter and year-to-date figures for U.S. and Canadian publications reporting to Advertising Age

	Pages			
	July-Sept. 1987	July-Sept. 1986	Jan.-Sept. 1987	Jan.-Sept. 1986
— Canadian —				
Country Guide:				
Eastern Edition	81.0	99.7	351.0	355.3
National Edition	129.2	150.2	569.8	598.4
Western Edition	92.2	101.1	369.6	419.5
Le Bulletin des:				
Agriculteurs	138.0	140.5	531.5	545.3
Total Group	440.4	491.5	1,821.9	1,918.5
% change		-10.4%		-5.0%
— Dairy & livestock —				
Beef Today	44.0	15.6	138.7	76.8
Beef Magazine A.	—	—	—	—
Beefweek	—	—	—	—
The Cattleman	213.8	232.4	665.2	776.5
Dairy	67.3	66.0	211.0	225.8
Dairy Today	42.0	32.2	176.7	140.1
Dairy Herd Management	51.2	33.2	140.0	117.0
Drovers Journal (21X) A.	233.4	230.9	489.8	563.4
Feedlot Management	—	—	—	—
Florida Cattleman	166.3	182.6	467.4	556.3
Hoards Dairyman (21X) A.	117.4	121.2	376.1	419.1
Hogs Today	38.1	31.8	134.2	111.4
Hog Farm Management	40.2	28.2	140.0	96.0
National Hog Farmer	116.6	117.3	443.0	474.3
Pork '87	81.8	84.5	313.2	319.8
The Hog Producer	8.9	25.2	49.1	68.5
S. Beef	—	—	—	—
Southern Beef Producer (8X)	—	—	—	—
Sunbelt Dairyman (6X)	—	—	—	—
Western Livestock Reporter	51.4	57.9	261.6	291.1
Total Group	1,272.3	1,259.0	4,006.0	4,236.1
% change		1.1%		-5.4%
— Fruit & vegetable —				
American Fruit Grower	79.5	85.1	328.3	377.3
American Vegetable Grower	143.6	160.9	455.0	462.1
Citrus & Vegetable	147.0	147.9	436.4	438.5
Hay & Forage Grower	—	—	—	—
The Citrus Industry	103.7	100.9	314.7	303.3
The Grower	80.7	64.5	310.6	226.7
Total Group	554.5	559.4	1,845.1	1,807.8
% change		-0.9%		2.1%
— General farm publications —				
American Agriculturalist	50.0	51.0	193.0	207.0
California Farmer (21X) A.	74.0	102.0	344.0	425.0
Colorado Rancher & Farmer	—	—	—	—
Farm Futures A.	27.0	25.8	298.0	293.0
Farm Industry News (10X)	64.0	54.3	358.6	350.6
Farm Journal (14X)	57.7	47.3	473.0	432.0
Farm Progress Group:				
Prairie Farmer (21X) A.	142.6	166.5	554.2	672.5
Indiana Edition (21X)	133.3	157.3	538.9	643.4
Wallace's Farmer (21X) A.	144.1	145.7	481.1	545.2
Wisconsin Agriculturist(21X)	84.0	112.2	309.5	406.0
Florida Grower & Rancher	62.8	70.6	200.8	244.6
HBJ Farm Unit:				
Colorado Rancher & Farmer(14X)	56.1	66.9	182.0	243.7
Kansas Farmer (16X)	53.9	78.9	295.3	373.6
Michigan Farmer (16X)	76.3	91.3	313.4	362.7
Missouri Ruralist (16X)	48.7	65.4	312.9	415.0
Nebraska Farmer(23X)	193.3	195.2	667.3	761.9
Ohio Farmer (16X)	87.2	105.7	399.7	442.5
Oklahoma Farmer-Stockman (12X)	43.4	42.1	153.4	144.7
Pennsylvania Farmer (16X)	67.1	71.7	303.9	307.6
Texas-Farmer Stockman (12X)	30.1	33.5	145.9	134.2
High Plains Journal:				
Eastern Kansas (52X)	441.4	417.8	1,351.9	1,397.7
Colorado	445.3	425.6	1,378.4	1,426.6
Nebraska	428.0	404.5	1,337.5	1,356.9
Oklahoma-Texas	444.5	433.3	1,375.9	1,402.6
Western Kansas	472.8	459.5	1,487.7	1,545.9
Kentucky Farmer	28.8	31.2	178.5	204.4
Lancaster Farming (52X)	1,698.3	1,607.9	5,377.8	5,165.8
Pecan South (6X)	24.8	18.8	58.4	64.6
Progressive Farmer A.	101.5	88.9	454.2	497.0
Specialized Agricultural Publications:				
Flue Cured Tobacco Farmer	—	—	85.7	88.0
Peanut Farmer (8X)	9.9	6.8	102.7	197.3
Successful Farming Now A.	109.4	54.4	484.3	444.3
Tennessee Farmer	20.0	19.5	97.8	111.5
The Farmer (24X)	109.8	117.9	490.8	574.8
Top Producer	24.7	19.7	156.0	129.1
Western Farmer-Stockman-Magazines:				
Ariz. Farmer-Stockman (12X)	33.6	48.3	115.2	171.6
Idaho Farmer-Stockman (20X)	73.2	70.0	281.4	357.4
Mont. Farmer-Stockman (20X)	90.0	92.1	408.8	484.3
Ore. Farmer-Stockman (20X)	62.3	55.6	217.9	273.7
Utah Farmer-Stockman (20X)	46.2	46.1	188.3	212.7
Wash. Farmer-Stockman (20X)	63.2	54.9	236.9	292.1
Total Group	6,223.3	6,156.1	22,391.0	23,803.4
% change		1.1%		-5.9%
— Poultry —				
Broiler Industry	150.3	95.1	450.2	421.9
Egg Industry	54.3	55.3	170.7	170.7
Poultry Digest	47.2	45.4	185.5	172.0
Poultry & Egg News	—	—	—	—
Poultry Times	—	—	—	—
Northeast/Midwest	—	—	—	—
Pacific Edition	—	—	—	—
Southeast Edition	—	—	—	—
Southwest Edition	—	—	—	—
Poultry & Egg Marketing	—	—	—	—
Total Group	251.8	195.8	806.4	764.6
% change		28.6%		5.5%

(X) Represents the number of times published each year; publications are monthly unless otherwise specified. A. Sectional linage included but prorated to circulation of regional editions.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

Promo links TV show, advertisers

Effort battles toy-backed shows

By JAMES P. FORKAN

World Events Productions has devised an instant-winner game-card promotion to give TV stations airing "Saber Rider & the Star Sheriffs." The promotion represents an attempt by World Events to compete with syndicators of toy-supported cartoon series.

Many toy-inspired animated series in barter syndication can leverage station clearances with the attractive promise of tie-in promotions from toy giants such as Hasbro Inc. and Mattel Inc., said Brian Lacey, VP-general manager at St. Louis-based World Events.

Lacking such clout for its new space western series, World Events developed the game card and gave it and supporting materials to its carrier stations without charge.

"The stations are partners with us and can make money" by selling the sweepstakes package to local advertisers, he said.

Among the accounts committed to this local marketing effort are Wendy's in Sacramento, Calif.; Rax in Gainesville, Fla.; Show Biz in Dallas; Arby's in Minneapolis; and Pancho's in Memphis, Tenn. Toy retailers, including Toys "R" Us in Atlanta, are participating in some markets.

The broadcasters have been selling the card package to local advertisers for between $5,000 and $40,000, Mr. Lacey said. Forty-five of the 65 "Saber Rider" stations are participating in the promotion, which in most cases began Oct. 1 and in some cases will start between Oct. 15 and 21.

The card tie-in, generally running from four to six weeks, will benefit all parties, Mr. Lacey said. World Events and stations anticipate higher tune-in ratings. Local advertisers (chiefly fast-food outlets) will offer the game cards at their counters to build traffic.

To win, youngsters must scratch off three boxes decorated with sheriff stars and find three identical cartoon characters underneath; the prize is determined by scratching the fourth box.

To keep youngsters tuned in, there is a "forced viewership mechanism" on the card—a "special deputy" number that must be matched against numbers shown by the station later in the series' run, Mr. Lacey said.

Another promotion-minded syndicator, Lorimar Telepictures Corp., Culver City, Calif., has conducted local-station promotions to get its series "Thundercats" and "Silver-Hawks" off to strong starts, with prizes gleaned from tie-in toy licensees.

However, World Events' prizes include children's watches, Texas Instruments calculators, Tiger Electronics games and Wilson Sporting Goods' Michael Jordan basketballs.

World Events' major toy licensee for "Saber Rider" is Impulse Ltd., St. Louis, which plans a line of interactive toys.

Also, World Events is opting for "four-wall" theatrical distribution of the final "Voltron" series episode in about a dozen markets (where carrier stations rented a movie theater to offer free preview screenings and gifts).

It also is planning different promotions for "Vytor, the Starfire Champion" (a stripped cartoon series due in fall 1988) and for "Denver, the Last Dinosaur" (a special due in spring '88 as the first of several periodic one-hour animated specials).

World Events hopes the "Denver" special, already cleared in 50 markets, will draw "one or two national advertisers" for a promotion similar to the "Saber Rider" card idea, Mr. Lacey said. #

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NEWSPAPER

October 19, 1987

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Winners Sponsors score without 'real' NFL

By VERNE GAY

NEW YORK—As the 1987 National Football League strike fades into a bad memory, the long-term impact on media and advertisers is just emerging.

Major advertisers who pulled out of the games—including Chrysler Corp., Ford Motor Co., General Motors Corp. and Miller Brewing Co.—seem to be questioning whether NFL buys are critical to their marketing strategies, though no one disputes the value of those buys.

These advertisers claim they were able to meet their weekly rating goals via replacement programming and noticed little or no negative impact on sales.

The injury list is still being compiled, but the Big 3 TV networks combined to lose an estimated $16.5 million in NFL advertising revenue during the three-week strike because of defecting advertisers and dramatically lower unit costs for commercial time during the replacement-game telecasts.

During the strike, major sponsors partially refilled the networks' coffers by placing commercials in other network programming.

The networks did suffer a revenue drain, however. ABC, which would have pulled in $9.8 million per Monday night game under normal circumstances, lost an estimated 24% of that revenue on average each week; CBS, which would have pulled in $5.8 million in its higher-rated Sunday game, fell 31%; and NBC, which would have drawn $4.8 million per game, fell 30%.

The networks, in turn, paid the NFL proportionately lower rights fees each week of the players' strike.

Ironically, some advertisers had a windfall from the strike. Procter & Gamble Co., which has a broad audience for many brands, heavied up buys in some of the so-called "scab" games—or those involving substitute players. P&G typically seeks a low cost per thousand; when the networks dropped their prices on the games, P&G instantly climbed aboard.

NFL football, which was not profitable for the Big 3 networks in the last year of

(Continued on Page 132)

Saatchi tells Thatcher: We want out

By KEVIN COTE

LONDON—Saatchi & Saatchi Co. has sent a letter to British Prime Minister Margaret Thatcher expressing the agency's desire to resign the ruling Conservative Party's advertising account.

Saatchi would not confirm the report, but there has been talk of a parting ever since a Conservative Party victory four months ago.

The relationship, begun in 1977, brought widespread attention to the little-known agency when the then-pioneering campaign put the Tories in power in 1979. It also won the Saatchi brothers important friends in the financial community and provided a basis for the ad agency's speedy growth.

The letter reportedly cites the agency's concern that future affiliation may pose conflict-of-interest problems to the government as Saatchi & Saatchi seeks to diversify into broadcasting and financial services, which are government-regulated.

The Saatchis have gone after two U.K. banks—unsuccessfully—within the past month. And any such acquisition must be approved by the government.

The parting would highlight an important turning point in the de-

(Continued on Page 132)

Kabuki tea Thomas J. Lipton Inc. asks the age-old question, "How do you make a Kabuki warrior smile?" Answer: With Oriental Treasures Herbal Teas. See story on Page 136.

Last Minute News

Campbell cooks up Souper Combos

CAMDEN, N.J.—Campbell Soup Co. is test-marketing Souper Combos, a line of eight frozen microwave-only soup and sandwich combinations, in Chicago. The line includes tomato soup and grilled cheese sandwich; vegetable soup and cheeseburger; chili with beans and hotdog on a bun; and cream of broccoli soup with ham and swiss cheese croissant. Retail price is $1.99 to $2.49. FCB/Leber Katz Partners, New York, handles.

PepsiCo shuffles marketing execs

SOMERS, N.Y.—PepsiCo plans to shuffle some key marketing executives among its subsidiaries, sources say. As previously reported, David Ropes is expected to become advertising director, Pepsi-Cola USA, from VP-advertising at Pizza Hut, Wichita, Kan. He will report to Senior VP-Creative Services Alan Pottasch (AA, Aug. 17). Mr. Ropes succeeds Jeff Meyers, who will move to a new advertising/marketing post at Frito-Lay, Dallas, these

(Continued on Page 8)

Times Mirror pays top dollar for magazines

Diamandis hits goal

By PATRICK REILLY

NEW YORK—Times Mirror Magazines' purchase of four publications from Diamandis Communications Inc. has effectively closed down what might have become the greatest garage sale in the magazine industry's history.

The New York Times Magazine Group and Hearst Corp. still are bidding actively for some of DCI's remaining special-interest consumer magazines, sources said. But Times Mirror's decision to pay top dollar for *Field & Stream*, *Home Mechanix*, *Skiing* and *Yachting* may have spoiled it for others. The magazines sold for $167.5 million.

"Essentially we have met our goals," said DCI Exec VP Robert Spillane. "We may not sell any more magazines." DCI acquired the 21 titles in a $650 million, management-led buyout of CBS Magazines (AA, Oct. 5).

DCI's goal was to sell a handful of magazines to reduce its debt from the buyout, and President-CEO Peter Diamandis said he did not want to sell off more than $80 million in annual ad revenue from his magazines. The total 1986 ad revenue from the four titles sold

(Continued on Page 132)

MPA has fun—P. 3 | West Coast roundtable—P. 52 | P&G rips Wall St.—P. 122

Highlights

Shine on, Chiat/Day 4
Success won't spoil Chiat/Day—yet. The agency's work for Nissan Motor Corp. USA breaks this week, just 10 weeks after it won the $150 million account, and Jay Chiat seems to be the only one not worried about what this humongous billings injection will do to the shop. In fact, his only concern is whether to run a daring house ad, timed for the Nissan TV commercials' debut.

Shooting for the whites of their eyes 12
The $500 million contact-lens care market is about to become an advertising and research battleground as companies introduce new campaigns and products. Ross Laboratories and Alcon Laboratories are challenging established category leaders Bausch & Lomb and Allergan Optical.

Becoming emotional over babies 24
Warner-Lambert Co., facing growing competition in the home-pregnancy-test market, is shifting its ad strategy from comparative claims to an emotional pitch as it introduces its latest line extension. The switch comes after the company was ordered in July to discontinue its ad claims after Tambrands filed suit.

U.S. getting hyper 118
Hypermarkets—sprawling stores designed for one-stop shopping—are getting the endorsement of U.S. retail giants, now gearing up to sell consumers on the concept. The stores are designed to appeal to busy customers who value the convenience of finding everything from broccoli to bicycles in one place. Retail analysts agree the giant stores should become an important force, but caution it still is unclear how consumers will respond.

P&G exec rails against takeovers 122
Procter & Gamble Co., a leading opponent of ad agency megamergers, is taking a position against hostile takeovers, corporate raiders and Wall Street's passion for short-term results. Speaking at the company's annual meeting, Chairman-CEO John Smale said hostile takeovers too often burden companies with unmanageable debt and substantially reduced research and development budgets.

Ford shifts gears 123
The growing importance of financial and international operations has spurred Ford Motor Co. to reorganize operations and shift some key senior executives.

INTERNATIONAL

Ad tax disappearing overseas 96
As Florida's ad tax faces the axe, similar proposals have met the same fate in Thailand and Italy, and South Africa is considering scrapping its 3-year-old tax.

Tofutti aims for world consumption 96
It's tofu time up north and Down Under as Tofutti Brands enters into distribution agreements in Canada and Australia, and is targeting Finland as the next market.

Color Puma shoes with red ink 98
German sports shoe and clothing manufacturer Puma AG is heading for its second straight year of red ink, raising doubts about its existence as an independent company. The company's bottom line has been hurt by heavy U.S. losses, resulting from marketing errors and bad luck.

OTHER NEWS

Neutrogena Corp. is testing its first TV advertising in six years, hoping increased awareness of its key soap and shampoo businesses will ease its expansion into skincare. Page 28.

Ogilvy & Mather is looking forward to building its business with Ford Motor Co. instead of lamenting its decision to pass up a shot at the $150 million Nissan Motor Corp. USA account. O&M officials plan to use its new 10-person Dearborn, Mich., office as its base of operation on the Ford account. Page 45.

E&J Gallo Winery intends to bolster its presence in the lucrative varietal wine segment with a new coastal varietal line. Company officials would not disclose details on the expansion, but a Gallo spokesman confirmed industry rumors that such a plan was in the offing. Page 118.

Sex sells. If it didn't, TV commercials would feature more Ernest Borgnines and fewer Christie Brinkleys and there would be no reason to choose James Garner and Cybill Shepherd as spokesmen for the Beef Council. But can sex sell computer software? Barry KuKes gets to be the one who finds out. Page 124.

SPECIAL REPORT

***Marketing to Affluents**—The media is constantly searching for new paths to reach the trend-setting group labeled "Influentials" by Doyle Graf/Roper or "Ultra-Consumers" by Grey Advertising; the age, income and spending habits of those that make up this market for pricey products is going to change the balance of buying power as well as the face and sound of print and broadcast in the near future. Starts after Page 80.*

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ABP MPA RED TAG ABC

Agency nets merge, trim, consolidate

By JON LAFAYETTE and JENNIFER LAWRENCE

The strong got stronger and the weaker disappeared last week, as two of the nation's largest agency groups, Interpublic Group of Cos. and Omnicom Group, consolidated resources by merging or trimming operations.

William Weithas becomes chairman-ceo, Lintas:Worldwide.

Interpublic merged SSC&B:Lintas Worldwide and Campbell-Ewald Co. to form a $2.8 billion agency giant christened Lintas:Worldwide (AA, Oct. 12).

The action was bloodless; no clients pulled out and few employees are expected to leave.

The SSC&B name, however, no longer will be used.

At the same time, Interpublic-controlled Lowe Marschalk scaled down its 35-person Houston agency to a service office, and the group's flagship operation, McCann-Erickson, said it will close small offices in Boston and Dallas because of a lack of business.

Omnicom, meanwhile, merged one of its smaller agencies into a larger one. Cargill, Wilson & Acree, Atlanta, which had been a subsidiary of Doyle Dane Bernbach before the three-way deal that created Omnicom, became a unit of Dallas-based Tracy-Locke.

Both agencies were units of Omnicom's Diversified Agency Services arm. Tracy-Locke had been a subsidiary of BBDO before Omnicom was formed in 1986. The Atlanta operation will be called Cargill, Wilson & Acree/Tracy-Locke.

These moves are consistent with those of other leading agencies. D'Arcy Masius Benton & Bowles, J. Walter Thompson Co. and Young & Rubicam either have sold or closed some operations in midsize markets in the past few years.

In explaining the Lintas move, Interpublic Chief Financial Officer Gene Beard said that of the 250 offices the company's agencies maintain, all but a dozen are profitable. "We constantly study them, looking for better economies of scale," he said.

Interpublic Chairman Philip Geier Jr. said "each agency has its own plans" to increase the effi-

(Continued on Page 135)

Networks want answers

Rivals challenge Continental spot

By JENNIFER LAWRENCE

The battle between the airlines will intensify this week as Continental Airlines counters charges from two competitors that its comparative TV spot is deceptive.

Late last week, the Big 3 networks requested that the Texas Air subsidiary's ad agency, N W Ayer, Houston and New York, respond to requests from American Airlines and United Airlines representatives that Continental's new 30-second spot be pulled.

Houston-based Continental, which began airing the spot Oct. 1 as part of a major fourth-quarter, $25 million quality service ad campaign (AA, Sept. 28), contends the commercial is accurate, said James O'Donnell, Continental VP-marketing services.

The airline and its agency are expected to make these points when they respond in writing to the networks' request this week.

The commercial makes the point that Continental handles some aircraft maintenance for 24 carriers including "United, Delta, Federal Express, even American," according to the script.

The visual shows a Continental maintenance crew working on an American Airlines plane.

The commercial is airing in about 20 major spot markets. It will air until each network decides whether to pull the spot from its owned and operated stations. That decision is expected by the end of October.

Additionally, Chicago-based Leo Burnett USA, United's agency, sent a letter on Oct. 9 to the National Advertising Division of the Council of Better Business Bureaus requesting it to check into the matter.

The letter sent to ABC, CBS and NBC came from Loeb & Loeb & Hess, the New York law firm that represents American's ad agency, Bozell, Jacobs, Kenyon & Eckhardt, Dallas.

In the letter, Continental is accused of boosting its image through affiliation with American.

The letter claims the spot "grossly distorts and exaggerates the degree to which American relies on Continental for on-call maintenance."

The challenge request also objected to use of an American plane and logo on camera for longer than the Continental logo. The letter asserts that Continental wishes to "acquire some of American's excellent reputation in place of theirs."

A shorter letter to the networks from Burnett contends that the commercial "grossly misrepresents the airplane maintenance that Continental renders to United and other airlines."

Matthew Margo, CBS VP-program practices, said the challenge comes from American and United and not the network. #

NAD slams spot from Mattel

'Captain Power' gets more flak

NEW YORK—The Children's Advertising Review Unit of advertising's self-regulatory system believes Mattel Inc.'s TV commercial and associated program for "Captain Power" and his Power Jet XT-7 may have confused children by blending fantasy and programming with commercialism.

The challenge to Mattel's children's cartoon TV program and commercial was one of seven cases disposed of in September by the National Advertising Division of the Council of Better Business Bureaus.

Under the NAD's "modified or discontinued" heading, only the Mattel case and a TV spot for a Cadillac rental campaign by Avis Inc. were cited.

The other five cases were closed when advertisers substantiated their claims.

Mattel's commercial, by Ogilvy & Mather, Los Angeles, opened with what seemed to be a cake mix commercial being interrupted by static and voices. Viewers then heard: "I think we're getting through, Captain." "What year?" "19, uh—87—I think. Try it."

The spot turns into a 60-second introduction for a toy line, Captain Power and the Power Jet XT-7, which figures in Mattel's "Captain Power & the Soldiers of Fortune" TV cartoon series.

In the commercial, Captain Power appeals to viewers to fire their Power Jet XT-7 "invisible beams" at "enemy targets" that threaten "human life." He adds, "The power of the future is in your hands."

CARU questioned whether the fantasy enabled children to distinguish between "real and make believe," whether the featured toy was misleading to children, whether Captain Power's appeal could "hamper a young child's ability to distinguish between program/editorial content and advertising," and whether the "urgency of the message" put "extreme sales pressure" on children who are "not as prepared as adults to make judicious, independent purchase decisions."

The case embodies problems cited by parent groups in calling upon the Federal Communications Commission to reopen the issue of regulating TV commercials during children's programming.

Hawthorne, Calif.-based Mattel, in reply, held that the toy was shown clearly in a realistic setting, that children could see that light beams were not being fired by the Power Jet and that it was following CARU guidelines throughout.

CARU reaffirmed that it wants children to be able to distinguish between commercials and programs. Mattel said future Captain Power advertising would "give consideration" to CARU's concerns.

NAD cited Avis for a TV commercial by Backer Spielvogel Bates, New York, in 14 major cities that offered a Cadillac at $45 a day.

The offer was not available in the New York area and TV supers so stated, but a New Yorker who missed the qualifier complained to the NAD.

Avis held that its qualifier was clearly shown. NAD said that it is not proper to substantially change the meaning—"Rent a Cadillac for $45 a day"—with contradictory footnotes or supers.

Garden City, N.Y.-based Avis disagreed but said it would clarify the modifying statement in future advertising of this sort.

Advertising substantiated:

Bristol-Myers Co.'s Drackett Co. subsidiary, Cincinnati (Laurence, Charles, Free & Lawson, New York), substantiated a TV spot claim for new Liquid Vanish toilet bowl cleaner that said it "really does clean tough rust stains below the water line better than Lysol."

Chrysler Corp., Highland Park, Mich. (BBDO Worldwide, Southfield, and Bozell, Jacobs, Kenyon & Eckhardt, Birmingham), was challenged for advertising a price of "$183 per month base model" for its Dodge Caravan. Chrysler was able to substantiate that orders were being accepted for the base vehicle where it was available.

Gillette Co., Boston (Bunker & Bunker Corp.), substantiated a newspaper ad for a Good News! razor promotion with Continental Airlines, Sheraton Hotels and National Car Rental System.

Johnson & Johnson Products, New Brunswick, N.J. (Cadwell Davis Partners, New York), substantiated the claim that Reach toothbrushes "can get your teeth 51% cleaner than the other leading toothbrush" because of its "dental angle."

U.S. Department of the Navy/Navy Recruiting Command, Arlington, Va. (in-house), was challenged on a newspaper classified ad in the *Milwaukee Journal* for an aviation maintenance position. The ad did not state the job required a four-year enlistment in the U.S. Navy.

The Navy said blind ads of this sort are effective in reaching prospects and have been used for years by business and industry. The Navy noted—and NAD agreed—that callers quickly learn when phoning that the Navy had run the ad. #

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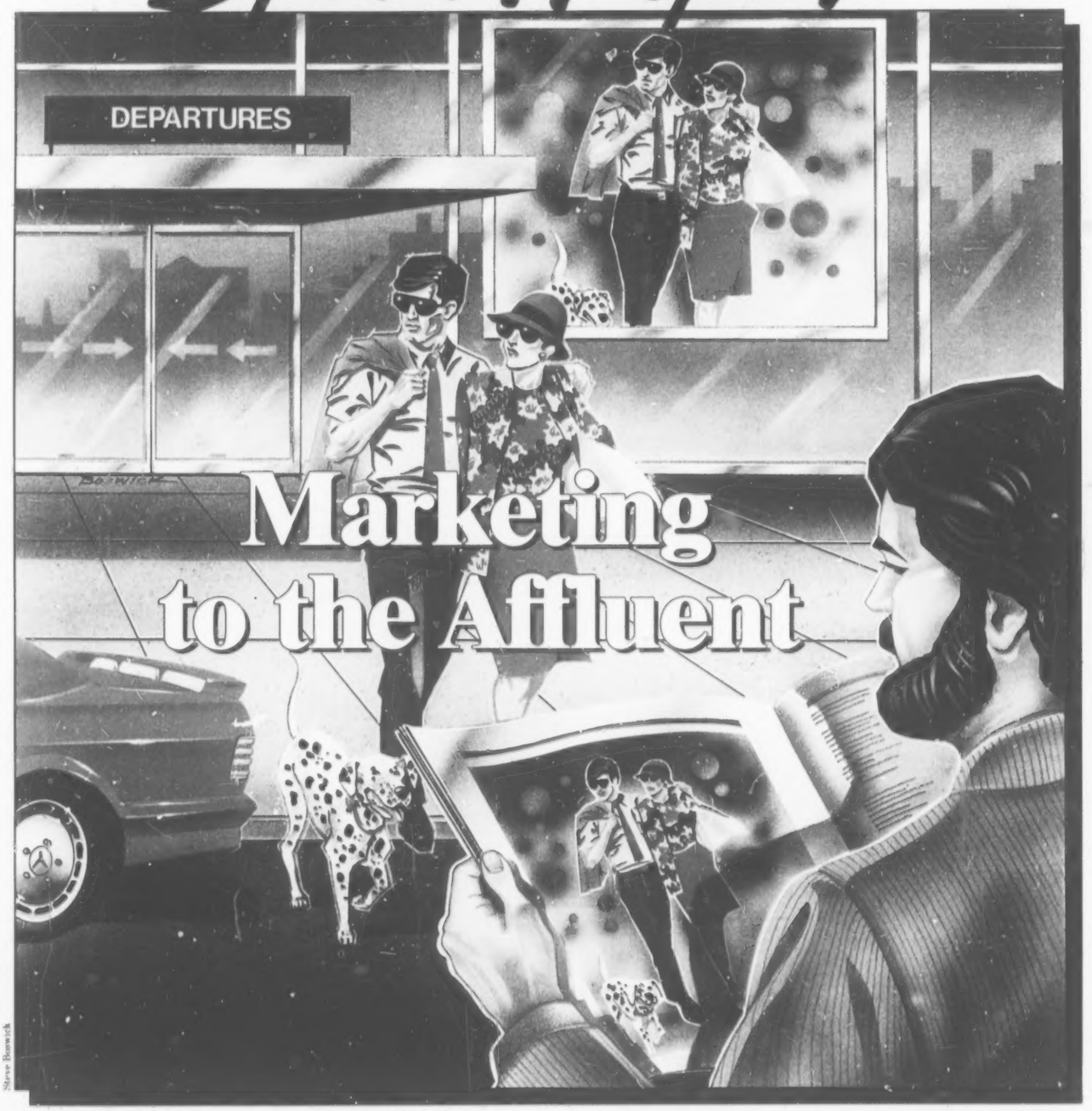
CORRECTIONS & CLARIFICATIONS

The following corrections pertain to ADVERTISING AGE's 1987 "100 Leading National Advertisers" special issue, Sept. 24.

- Unilever PLC/NV had 1986 worldwide sales of $25.37 billion (P. 159). Its sales grew 4.8% during the year. Also, Morris Tabaksblat is chairman, Chesebrough-Pond's; Gordon Stevens is chairman of both Lever Bros. and Unilever U.S.
- John A. Powers of Heublein Inc., a division of GrandMet, should have been listed as chairman of the board (P. 112).
- H.J. Delaney Co., an agency listed for CPL Industries, a division of Colgate-Palmolive Co., is located in New York (P. 82).
- The personnel for NutraSweet Co., a division of Monsanto Inc., were listed incorrectly (P. 131). The corrected listing includes Lauren S. Williams as president-chief operating officer and William Wohlfeil as VP-marketing.
- In the profile on RJR Nabisco (P. 147), Gerald H. Long should have been listed as chairman and president-ceo of R.J. Reynolds Tobacco USA.
- Matthew C. Blank, senior VP-consumer marketing, should have been listed among Home Box Office marketing personnel in the Time Inc. profile (P. 158). #

Special Report



Marketing to the Affluent

Steve Renwick

Touching the top worth the premium

What determines the state of, the who and the why of affluence? Is it household income? Is it attitude? A recently released study of the "Premium Class" by Doyle Graf/Roper, New York, considers 1.8% of the population, with annual household income of $100,000, as affluent. The study, directed by Adam Stagliano, senior VP-director of planning at Doyle Graf Mabley, calls them "Influentials," and suggests that they are not just a market unto themselves, but also perhaps trend setters for premium goods in all product categories.

However, according to *Fortune* it takes a minimum annual income of $75,000—less than 5% of the population is in this group—to live the affluent life.

Donnelly Marketing in Stamford, Conn., studies those "Living Well," with a $50,000 annual household income.

And Grey Advertising, New York, looks to the "UltraConsumer," 26% of the population making $25,000 or more—only 5% of this group is making $75,000. These are the consumers that account for the massive purchases of pricey products—the ones who reach to buy the best whenever possible.

Although, the affluent annual household income may vary, the media search for new avenues to reach the "Influentials" or the "UltraConsumers" is constant.

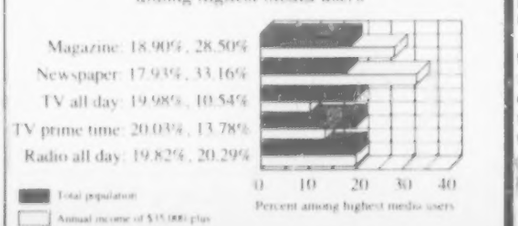
Cable TV *(see cable story on Page S-18)* has an extensive lineup of financial news programs that sport impressive viewer statistics.

Radio is listening to a presentation on the "Amazing Invisible Market," *(see radio story on Page S-2)* an information campaign that attempts to erase reluctance of advertisers and agencies to target the 35-plus age group—the segment expected to change the balance of buying power in the not too distant future.

—Pat Gray Thomas

Reading affluents media habits

Total population vs $35,000-plus income group among highest media users


Magazine: 18.90%, 28.50%
Newspaper: 17.93%, 33.16%
TV all day: 19.98%, 10.54%
TV prime time: 20.03%, 13.78%
Radio all day: 19.82%, 20.29%
0 10 20 30 40
Percent among highest media users
Total population
Annual income of $35,000 plus

'If you can't afford the cover price. . .'

By Hortense Leon

When *Fortune* was launched in 1929, the cover price was $1. In the same year *Life* sold for a modest 10¢.

It is in the *Fortune* mold that today's super-slick magazines, catering to households with an annual income of at least $50,000, are being cast.

"Since 1980," says Samir Husni, professor of service journalism at the University of Mississippi at Oxford, "the revenue supporting magazines has divided into a 50/50 split between advertising and cover price. In the past, it was more like 70/30, with the majority coming from ads.

"The high cover price is a kind of ticket in. In many cases, if a customer can't afford the magazine itself, she or he won't be able to buy what's advertised inside," he says.

Magazines targeted to the affluent, about 5% of the total, have a better chance of making it than middle-of-the road entries. So far in 1987, 370 new magazines have been launched, about 18 target the affluent, but two out of 10 in the total will die before a third anniversary, Mr. Husni says.

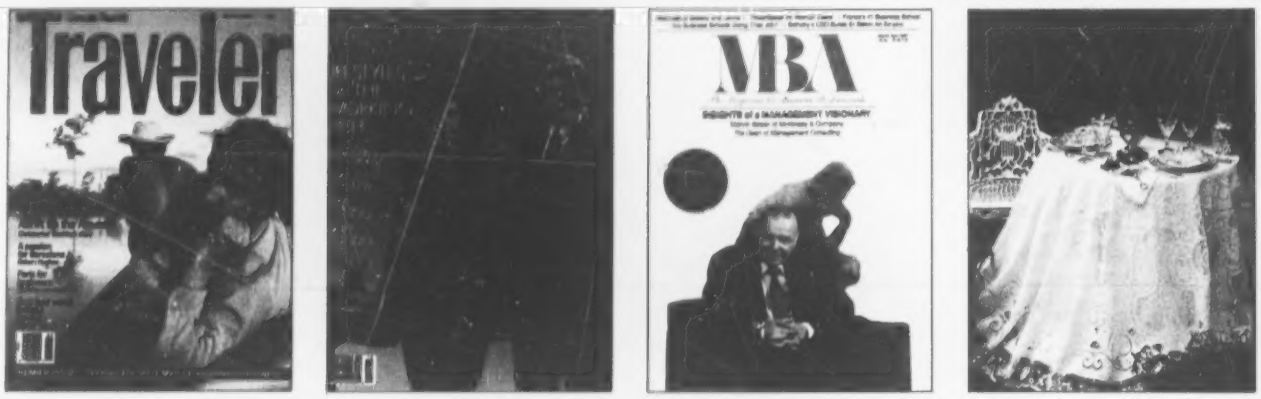
Independent ventures are very hard to fund. "The last thing on Earth I'd want to start is a magazine today. It's suicide," says Stephen Burzon, publisher of New York-based *Metropolitan Home*, backed by the powerful Des Moines, Ia.-based Meredith Corp. "The people on Madison Avenue have so many places to put their dollars. They're not waiting for more titles to put their ads in."

Although difficult to fund, new magazines continue to arrive, and the targeting continues to tighten.

Cleveland-based *MBA*, launched in January is considered by its publisher, Paul Oppmann Jr.—M.B.A., Harvard Business School, 1969—as the *People* of the business world—with more depth. As a business magazine, with a cover price of $5, it appeals not only to a desire for financial success, but to the audience's desire for information, romance and even humor. In fact, it is probably more like *Esquire*, he says.

Start-up costs, Mr. Oppmann says, were more than $1 million, which included research on demographics by National Market Measures, Cleveland,

(Continued on Page S-28)



Magazines recently making their debuts for consumers in the upper income tier and willing to spend accordingly include, from left, Traveler, Millionaire, MBA and Veranda.

Hortense Leon is a Florida-based free lance writer.

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'Chi. Times' takes its city seriously

Chicago Times, which hit the newsstands the first week of September, is facing off against 35-year-old *Chicago* magazine, owned by Detroit-based Metropolitan Communications, which last year bought the magazine from WTTW Inc., a public broadcasting company.

But Todd Fandell, president of Chicago Times Co. and former editor of Advertising Age, says his bi-monthly is aiming at a different niche. It is a thinking man's magazine, devoid of "stories on where to find the best artichoke pizza." On the contrary, "*Chicago* Times is a magazine for people who enjoy in-depth articles about the political structure . . . It celebrates Chicago and the region, which should be taken seriously," he says.

"While the magazine appeals to the top few [affluent] percentiles demographically, we were not looking for affluent readers, per se. It just happens that the people who like to read are often those who also have money," he says.

Mr. Fandell says 48% of his readers are found in the city and 49% can be found in the suburbs. Only 3% come from outside metropolitan Chicago. Of the 48% in the city, the biggest concentration of readers comes from the downtown area—people with residential and business addresses there. The second biggest chunk of readers comes from the Gold Coast, the most affluent residential area in the city.

Although editorial is not necessarily targeted to the affluent, the advertising, skewed to an upscale market, includes Marshall Field & Co., Chicago's leading department store, financial institutions such as Northern Trust Bank and Harris Bank, and N.H. Rosenthal Furs.

The magazine was launched for $2 million and is expected to turn a profit by the end of 1989, Mr. Fandell says.

In contrast to the mass-market appeal of 200,000-circulation *Chicago* and other publications of interest to affluents, *CT*'s goal of at least 50,000 circulation and up to 75,000 three or four years from now, is modest.

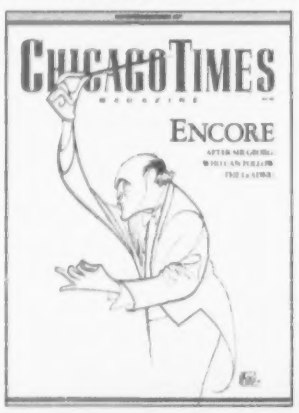
But if the initial goals are modest, the magazine seems to have begun with a bang. The 11,000 newsstand copies of the first issue sold out almost immediately.

The supply given to a downtown bookstore, Kroch & Brentano's, sold out in four hours; the store then received another shipment that it sold in a week. This was supply which was supposed to last two months, until the next issue. Altogether, 63,000 copies already have been sold.

The initial ad budget for the publication was between $450,000 and $500,000, most of which was spent on direct mail that was created in-house with a number of consultants.

Radio spots by Smith, Badofsky & Raffel, Chicago, ran on six stations—including WFMT, a fine-arts station with which the magazine has a trade-out arrangement—the first three weeks the magazine was on the stands, and will run again with the second issue.

—*Hortense Leon*



Chicago Times' second issue (top) plays the Chicago Symphony Orchestra, while the first included a review of the city's architecture boom.

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FCD: The Bridgeport Post Telegram, Danbury News-Times, Greenwich Time, The Hour (Norwalk), The Advocate (Stamford)

Magazine cover price

(Continued from Page S-26)

and $350,000 to develop a list of 500,000 names—a cost several times more than most lists this size, says David Lee, senior VP, Magazine Publishers Association, New York.

The second issue is ready, says Mr. Oppmann; if $2 million in additional funding can be arranged, it will be out by Thanksgiving.

MBA's problems developed in spite of an almost textbook approach: Readers were culled from the top business schools and Dun & Bradstreet Corp. lists. The early research shows the targeted reader is 36 years old and has an average individual income of $147,000.

The reason for choosing this age group, Mr. Oppmann says, is that U.S. Department of Education figures show that two-thirds of M.B.A.s are under 40; business people relatively fresh out of school identify strongly with their M.B.A.; and the younger reader represents a hole in the marketplace.

The median age is moving up for readers of *Forbes* magazine —51.9 in 1987 up from 51.2 in 1985—and *Business Week* —43.1 in 1985, which is bad for business because people in their 30s tend to make more purchases and more choices about what they will buy for the rest of their lives.

Mr. Oppmann gave away 93,000 out of 100,000 copies of his first issue. He hopes to increase the current 7,500 paid subscribers to 500,000.

MBA's advertisers included Martell and Hennessy Cognac, Cartier watches and Shearson American Express. But only half of the 40 pages of advertising were paid.

Millionaire, West Palm Beach, Fla., has only 24 pages of advertising, out of 104, but most are paid. A round of press parties started in New York on Sept. 21, and Beverly Hills, Calif., Sept.23. With more of the same to come in Dallas, Chicago and Palm Beach, *Millionaire* magazine hit the newsstands Sept. 29.

The price of the launch, says Publisher Doug Lambert, was $3 million, which includes a 1-million-piece direct-mail campaign in October.

The magazine is destined to become synonymous with success and luxury, Mr. Lambert says, just as an earlier brainchild of his, *Playgirl*—sold in 1977 to Stephen Geller, a New York entrepreneur—became synonymous with nudity.

Targeting the 5 million-to-8 million "working rich," Mr. Lambert expects to win 1 million readers. Published 10 times a year with a $4 cover price, *Millionaire* should be in the black after the first six issues, he says.

The first printing is 110,000, and the subscription vs. newsstand split has yet to be determined.

As befits a fashionable magazine, 25 of 80 editorial pages in the first issue feature fashion-oriented editorial; the remainder includes features on travel, lifestyle and money.

While *Millionaire* courts new money, another magazine south of the Mason-Dixon line is courting old affluence. *Veranda*, almost a clone of Birmingham, Ala.-based *Southern Accents*, premiered in March. The similarity comes from Lisa Newsom, editor and publisher of *Veranda*, who had been editor and co-founder of *Southern Accents*.

The magazine also resembles *Architectural Digest* and *House Beautiful*, with features on homes, gardens, food and a social calendar for sports events, fashion shows, historical tours and benefits, as well as selections from southern novelists including Pat Conroy, author of "The Great Santini," and Ann River Siddons.

Ms. Newsom developed the

Periodicals with a high concentration of the affluent market

(Percent of affluent consumers)

Periodical	Affluent readers	Percent concentration
National Geographic	10,921	33.4%
Reader's Digest	9,235	28.2
Better Homes & Gardens	8,936	27.3
TV Guide	7,908	24.2
Time	7,864	24.0
People	7,464	22.8
East-West Network (Gross)	7,108	21.7
Wall Street Journal	6,206	19.0
Newsweek	6,045	18.5
Sports Illustrated	4,891	15.0
House & Garden	4,886	14.9
Money	4,487	13.7
Smithsonian	4,435	13.6
Southern Living	3,998	12.2
House Beautiful	3,782	11.6
New York Times Sunday Magazine	3,745	11.5
Bon Appetit	3,527	10.8
Travel & Leisure	3,522	10.8

Source: Mendelsohn Media Research, 1986

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'Auto Gallery's' interior design plush

As Al Esguerra describes it, *Auto Gallery* is as comparable to other car-enthusiast magazines as an economy hatchback is to a luxury sedan.

Mr. Esguerra is president of Auto Gallery Publishing Co., the Beverly Hills, Calif.-based company that launched the monthly in January.

He says his goal was a publication combining the feel of *Connoisseur*, *Town & Country* and *Vogue*: a slickly designed magazine targeted toward affluent consumers and focused primarily on European automobiles.

A former importer of European autos with a brief background in publishing, Mr. Esguerra sensed a need for a non-vertical auto magazine for consumers "not really concerned with high performance, but comfort and luxury."

He says while *Car & Driver*, *Motor Trend* and *Road & Track* specialize in testing high-performance, mostly American and Japanese cars, *Auto Gallery* instead plans to test cars using indicators like leather quality and "how a car bounces when going over a railroad crossing."

Auto Gallery also does not compete with Murdoch Magazines' *Automobile*, Mr. Esguerra says. "[*Automobile*] is too similar to the other car books. Even though it's classier and more sophisticated, it's not a threat to us."

Originally positioned to advertisers as a regional magazine, *Auto Gallery* is "slowly phasing into national advertising," Mr. Esguerra says. Several auto manufacturers, including Aston Martin Lagonda of North America and Lotus Cars USA, have signed up for 1987 or 1988 schedules.

The magazine depends heavily on Southern California dealerships and dealer associations but also attracts a few non-auto marketers such as American Rarities Investment Corp. and Donzi Marine Corp.

Oversize pages and use of lavish color are designed to set Auto Gallery apart from typical auto buff books.

A four-color page national ad sells for $6,500; as of Jan. 1, the magazine will increase its regional ad rate to $4,200.

Mr. Esguerra says the magazine's current paid circulation is 78,000, with more than half sold on newsstands in 50 affluent U.S. markets. He foresees circulation growing to 350,000.

To build subscribership, the company hired Ogilvy & Mather Direct, Los Angeles, to define the magazine's market and produce a direct-mail solicitation. Some 100,000 packages will be mailed out this month; the target audience is 35-to-50-year-old consumers with yearly household incomes between $75,000 and $110,000.

About 70% of *Auto Gallery* editorial is devoted to reviews and commentary on cars and racing. The rest is set aside for stories on celebrities—ranging from Domino's Pizza founder Tom Monaghan to singer Lou Rawls—travel and other topics peripherally related to cars, such as luggage designed to fit into European autos' smaller-size trunks.

To illustrate these stories, design director Michael Brock relies heavily on close-up photography and a sophisticated layout. *Auto Gallery* is luxuriously oversized at 11 inches by 15 inches, and printed on glossy paper stock.

"Autos represent one of the finest forms of design," Mr. Esguerra says. "We wanted to design a magazine that reflects that belief."

—*Julie Liesse Erickson*

direct-mail lists for both magazines from friends, social clubs and private schools. In late 1986, a 50,000-piece direct mail campaign costing $60,000 heralded the new magazine.

Readership is 60% to 70% female, has a median annual household income of $100,000, and about 20% are decorators. Local and regional advertisers, including galleries, interior design stores and portrait painters are the major advertisers.

The fall issue, third of four in 1987, had a run of 60,000 copies. Each printing has been up 10,000 from the previous one, says Ms. Newsom.

Another newcomer targeting the upscale consumer focuses on a bigger group with lower annual income. Conde Nast bought *Signature* from Citicorp Diners Club for a reported $25 million. The new *Traveler* acts as the *Vanity Fair* of travel magazines.

Conde Nast trimmed circulation to 550,000 from 840,000 by removing the negative option that had been available to Diners Club members, says Ron Galotti, publisher of *Traveler*.

Although circulation is smaller, it represents people who really are interested in the magazine, he says.

As circulation declined, advertising increased, with a mobile outdoor board blitz in New York, a 500,000 direct-mail test in March, and 3.5 million in July. The offer of 12 issues for $15 produced the highest single subscription response of any offering by Conde Nast, Mr. Galotti says. Rapp & Collins, New York, handled.

The publisher expects to sell 200,000 magazines on U.S. newsstands, an unusual move for a travel magazine, says Mr. Galotti. Another departure is that non-travel related ads account for 50% of the total.

The target audience for the magazine is a college-educated male between the ages of 35 and 54 with a median household income of about $66,000.

The problem with aiming just at the rich, says George Rosenbaum, president of Leo J. Shapiro & Associates, Chicago, a market researcher, is that there aren't enough of them to go around.

"Because of the limited numbers of people in this category, a sizable portion of a magazine's audience has to be drawn from the 'non-rich.' In fact, when you seek an audience of households making $100,000 or more, you only have 17 million households to choose from," says Mr. Rosenbaum.

For a publication such as *Millionaire*, which aims for a circulation of 1 million, there must be a lot of readers well below the $100,000 household income level, he says.

"Few actual millionaires will read a magazine called *Millionaire*, just as few playboys read *Playboy*," Mr. Rosenbaum says. "By the same token, a magazine titled *MBA* is a natural to attract those people who feel stifled by not having the degree."

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: What is the difference between database marketing and traditional direct marketing?

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: What kind of marketing applications should be considered for database marketing?

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: Isn't database marketing going to make an already expensive advertising vehicle even more so?

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

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Papers chummy with rich neighbors

By Joanne Cleaver

A part of the weekly ritual for the residents of tony Boca Raton, Fla., is the arrival of Society Monday, a special insert to the *Boca Raton News* and the *News* of Del Ray Beach, two small daily Knight-Ridder newspapers.

"I'm sure you're going to enjoy reading all about wonderful Ernie Simon who is the subject of today's centerfold feature. What a great guy! My life has definitely been enriched by getting to know him better and I'm sure yours will be too," says Lucille D'Orazio, editor of the pullout section, in her page two column.

And so the prose flows, with page after page of pictures of local residents and celebrities at parties, charity balls and similar events-to-be-seen-at.

Such a blatant attempt to win the favor of the affluent is rarely seen in daily newspapers. The majority of papers target the affluent by more subtle means, generally through zoned editorial coverage, weekly special sections, and Sunday editions that are heavy with specialized features, takeout sections and magazines.

Joanne Cleaver is a frequent contributor to Special Report.

The Society Monday special insert keeps Boca Raton area residents up to date on what their neighbors are up to like few other papers.

At the same time, papers with substantial affluent readerships want to sell those readers to advertisers by emphasizing their market penetration, reader loyalty and timeliness.

Newspapers, like other print media, attract the affluent and better educated consumers. The 1986 Simmons Market Research Bureau study of Media & Markets indicates that among households with incomes of $60,000 or more, daily papers have a 77% penetration, even though only 11.7% of all American households reach that annual income.

Among papers with a wealth of affluent followings, the statistics are also impressive. According to the 1986 Monroe Mendelsohn Survey of Affluent Adults in $50,000 households, the *Wall Street Journal* reached 19% of these households nationally, and the Sunday *New York Times*, had 12% readership.

A study published in April of *Journal* subscribers' travel habits revealed the average 1986 household income of the paper's subscribers was $119,000, with three members average in each household.

"They [the affluent] are 20% more likely to be heavy paper readers," says Ariadne Callas, VP, associate media director of Grey Advertising in New York. "If you look at the stuff they read, it's very trendy—news, style, fashion magazines and local city magazines. The topics they read in magazines indicates that newspapers should follow with their own sections."

Many newspapers with a concentration of affluent people in their markets cultivate their loyalty through a targeted editorial and advertising mix.

The Stamford *Advocate* and *Greenwich Time*, both in Fairfield County, Conn., cover a market where 40% of the adults live in households with incomes of more than $50,000. A 1987 Scarborough Report revealed that the papers are read daily by 62% of the adults in their markets, says VP-marketing Jack Findley. More than half of area residents with household incomes above $50,000 read either paper daily.

(Both papers, which share an advertising department, are owned by Times-Mirror. They have a combined circulation of about 44,000, or about 58% penetration of their market.)

"What we see here is that they have an almost insatiable appetite for local news," says Mr. Findley. "They can get national news from a variety of sources. So we've parlayed that [consumer] desire to our advantage in the market. We're not at all shy about promoting the upscale nature of our market to advertisers. It's our greatest strength."

Both newspapers give front-page coverage to local crimes, politics and other goings-on, but they also devote space to business, fashion, local social and real estate stories—three categories universally popular with the affluent.

That formula also proves successful for the Gannett Westchester/Rockland Newspapers, a group of 10 daily and Sunday papers covering the affluent counties just northwest of New York City.

While weekly fashion, real estate and home sections cater to readers' interests and appeal to local retailers and real estate brokers, the papers also concentrate heavily on local business coverage, says Elliott Eakin, research and sales development director.

With major corporations including IBM and General Foods Corp., located in Westchester County, the papers strive to deliver in-depth business coverage, Mr. Eakin says.

> ***"We're not at all shy about promoting the upscale nature of our market. It's our greatest strength."***
>
> **Jack Findley**
> **Stamford *Adocate***
> **and *Greenwich Time***

Besides local financial institutions and investment advisors, national financial services companies, along with airlines and some office equipment companies, consider it essential to regularly buy space in the business sections of even relatively small papers with heavy affluent readership.

"Our research shows that often the affluent are in small businesses or privately held firms, and they're often so involved in their businesses that they don't have time to read much of anything but the local paper," says Rodney Woods, VP, director-consumer market-

What the affluent read

Coverage by selected publications in $50,000-plus households

Publication	Audience (000)	Percent coverage
Sunday New York Times	3,745	12
Daily New York Times	2,637	8
Business Week	2,522	8
Forbes	2,546	8
Fortune	2,282	7
Harper's Bazaar	1,639	5
Newsweek	6,045	19
The New Yorker	1,636	5
New York	1,142	4
Time	7,864	24
Travel & Leisure	3,522	11
U.S. News & World Report	4,172	13
Vogue	3,226	10
The Wall Street Journal	6,206	19
Total	32,700	100

Source: Monroe Mendelsohn, 1986 Survey of Affluent Adults in $50,000-plus households

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ing services for New York-based Merrill Lynch, Pierce, Fenner & Smith.

Merrill Lynch just completed a test with a direct response ad using several metropolitan Atlanta newspapers. "The initial volume of reponse was four times what we expected," says Mr. Woods. Consequently, a similar campaign is scheduled to be tested on the West Coast.

"Local papers allow us to implement regional strategies. We've also spent in them to support product rollouts, or to compete with local banks and trust companies. Papers are one of the fundamental building blocks of our campaigns across the country, especially to build awareness and traffic at the local level," he says. Merrill Lynch has 410 offices across the country.

Local dailies compete with the metros that try to lure the same affluent readers through geographically zoned sections that zero in on upscale neighborhoods.

The *Washington Post* has been refining its local coverage over the past several years, says Ron Browne, research director. Besides giving advertisers a chance to choose virtually any combination of its 84 zones (for inserts) the *Post* has pulled together what it calls the VIP edition.

Nearly 850,000 people live in these areas in Washington itself and surrounding parts of Maryland and Virginia. The Sunday *Post* reaches 89% of the households with incomes of $50,000 and more.

For all the intricacies of courting affluent readers and the advertisers that want to reach them, most newspaper executives emphasize that pursuing this group cannot be so obvious that it alienates readers who are still on their way up the economic ladder.

"The run to the affluent is borne of the immediate need to sell today. Advertisers say that's what they need. But in a newspaper, you can get the target demographics plus the rest of the audience as well," says Vernon Mallinen, director of marketing services at the Denver-based *Rocky Mountain News*, a Scripps/Howard paper.

"Targeted editorial should attract and retain readership in that area. But when it's zoned for limited distribution, you lose that overflow market. I hate to see that happen," he says.

The *Boca Raton News* solved that problem by transforming Society Monday into its only regular total market coverage vehicle; it is distributed free to 48,000 households as well as reaching the papers' 25,000 regular subscribers. The section has been so successful that the *News* is readying launches of several other similar efforts.

In its five years of circulation the section's advertising revenues have grown at an annual rate of 15%, resulting in issues that are routinely 48 to 96 pages. Half of that space is devoted to advertising, making Society Monday account for 8% of the *News*' overall advertising revenues.

Cautious, direct path a healthy one for 'Varia'

Varia is one of a growing number of publications whose publishers aim to take as few chances as possible.

The formula is simple: Send the magazine to a controlled circulation made up of one of the most affluent groups in the nation—doctors.

The median income for the individual reader of *Varia* is $131,300. For advertising, the pharmaceutical companies are ready customers.

The subject matter varies. *Varia*, as the magazine's title suggests, covers lifestyle topics from travel to architecture; while other magazines, such as the 14-year-old *Diversion*, from Hearst Corp., strictly are focused on topics from the travel industry.

Donald Tullach, *Varia's* publisher, has chosen to target its audience further than simply those titled Doctor.

The first year of publishing, beginning last January, limits circulation to the 110,000 primary-care doctors, which includes internists, osteopaths and cardiologists.

Other groups of the medical community will be added next year.

If the 16,000 U.S. psychiatrists are included, the magazine's circulation reaches a healthy 126,000.

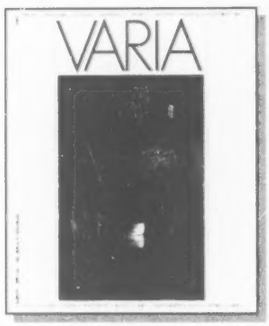
Another 7,000 neurologists could be added to a third edition and so on.

Advertisers for this six-times-a-year publication include four companies: Merck, Sharpe & Dohme; Stuart Pharmaceuticals; Smith, Kline &

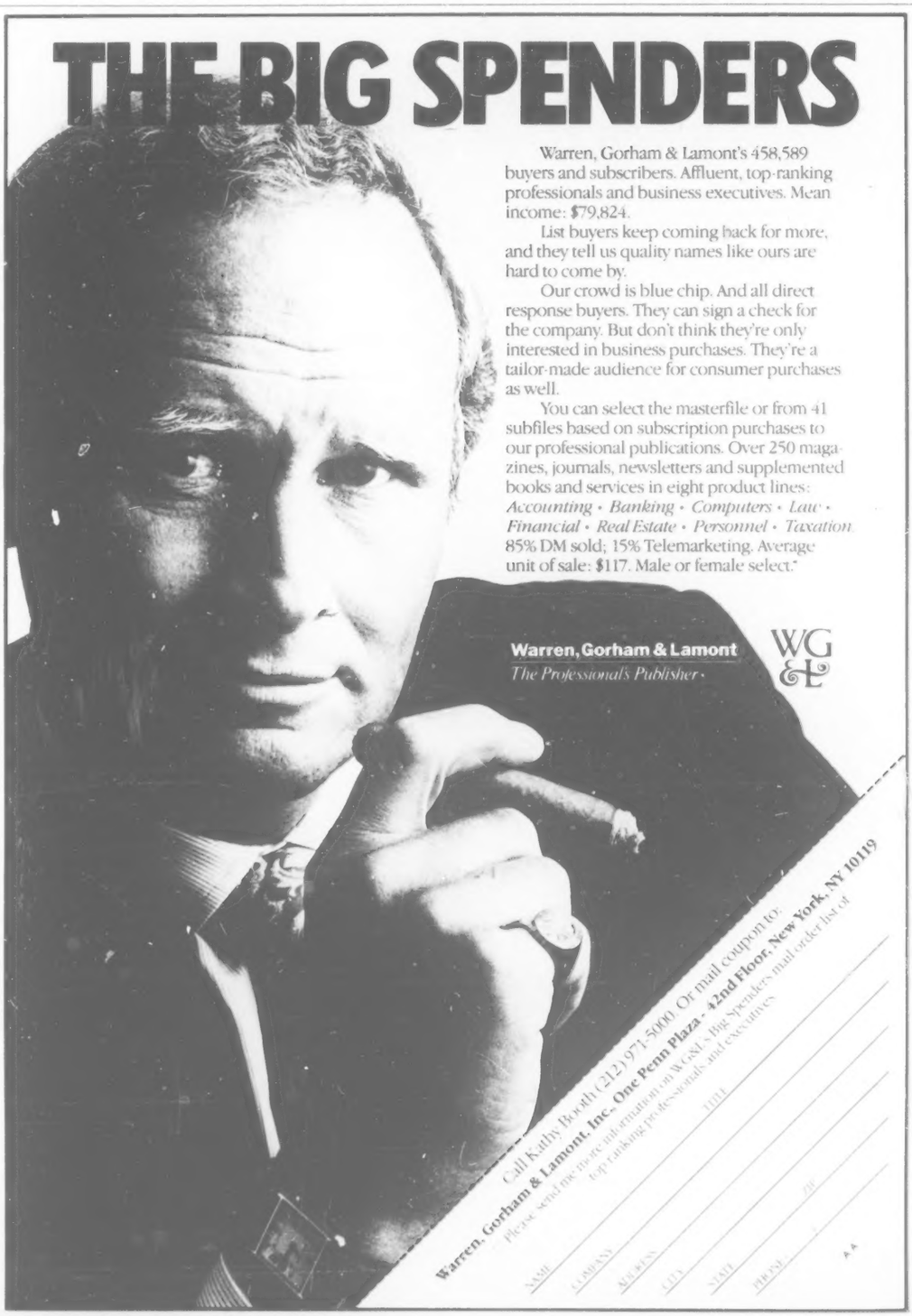
(Continued on Page S-32)

Sidelights

MARKETING TO THE AFFLUENT



Varia mixes a potion of lifestyle-type features for its medical community audience.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Warren, Gorham & Lamont's 458,589 buyers and subscribers. Affluent, top-ranking professionals and business executives. Mean income: $79,824.
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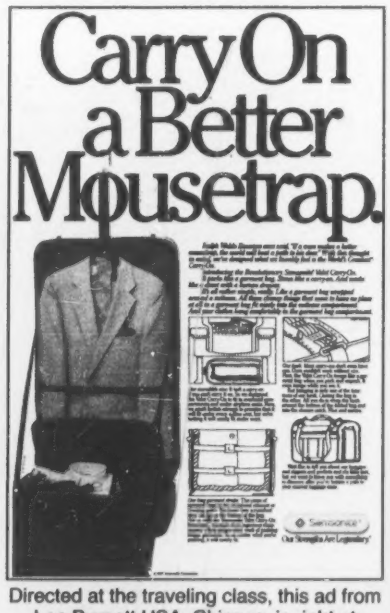
BEST OF PRESS

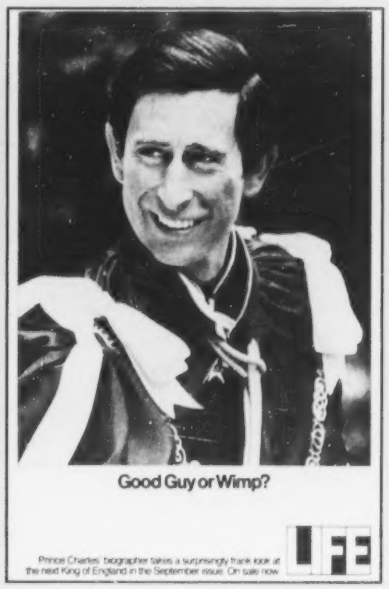
Barneys New York didn't become a top clothing store by being shy. It doesn't hurt, too, that miniskirts are back. The Knicks-height model will get attention if the sharp, with-it headline doesn't. Credit Barneys' in-house department for delighting most Sunday *New York Times* readers. Creative director: Neil Kraft; art director: Fabian Brone; copywriter: Glen O'Brien; photographer: Steve Meisel.

Best of Press selections are made by a committee of three: Hank Simons, VP-creative director, Newspaper Advertising Bureau, New York; James Dunaway, VP-information, Newspaper Advertising Bureau; and Patrick Reilly, ADVERTISING AGE newspaper-industry reporter. National System Inc., St. Louis, provides tearsheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads for review. Submissions should be sent to Mr. Reilly in AA's New York bureau.

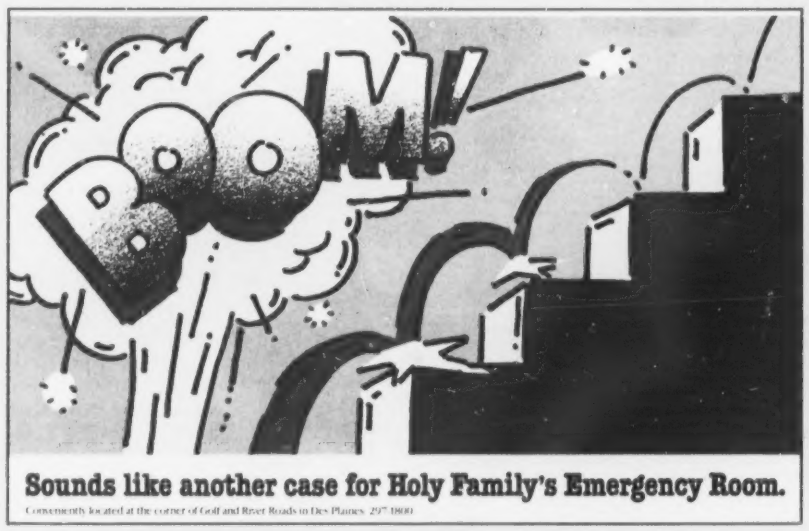


Directed at the traveling class, this ad from Leo Burnett USA, Chicago, is right at home as a page in *USA Today*. Besides emphasizing Samsonite luggage's practicality, the headline and copy target the busy businessman who is looking to simplify, simplify. Creative and art director: Bob Taylor; copywriters: Mr. Taylor and Dave Colwell.

Oldsmobile is not the first thing that comes to mind when you think of fast, state-of-the-art cars, but this ad for General Motors Corp.'s Oldsmobile division, from Leo Burnett USA, Chicago, sure makes you think otherwise. Also, the snappy, informative copy tells Mercedes-Benz, usually the first to trumpet its technological prowess, it's got some home-grown competition. Creative director: Don Gwaltney; art directors: Bob Billings, Joel Machak; copywriter: Dave Colwell.


Good Guy or Wimp?
Prince Charles' biographer takes a surprisingly frank look at the next King of England in the September issue. On sale now.

Perfectly simple . . . and vice versa. *Life* Editor Pat Ryan gets copy credit because the perfect line she wrote for the magazine's cover ended up being used as the ad headline too. The agency, Geer, DuBois, New York, gets credit for being smart enough to know when the client is right. Promotion director: Rip Odell; creative director: Steve Olderman; art director: Catherine Pelton; photographer: Lionel Cherruault.


BOOM!
Sounds like another case for Holy Family's Emergency Room.
Conveniently located at the corner of Golf and River Roads in Des Plaines. 297-1800

With just the right touch in illustration and headline, Sturm Communications Group, Chicago, shows that an ad for a hospital need not be antiseptically dull. It was the first time Holy Family Hospital, based in the Chicago suburb of Des Plaines, had singled out a specific part of its business. Credit Sturm's copywriter, Kim Visokey, for appealing first to people's funny bones. Art director: Gina Popp.

August spending up

NEW YORK—A summertime swoon in department store newspaper ad spending continued in August, according to the ADVERTISING AGE Flash Report on advertiser spending in major-market daily newspapers. The 16-category total for the month still posted a 5.9% gain over the year-ago period, however, to $313.6 million, propelled by robust dollar gains in the new car, food and amusements segments.

Nine of the 16 ad spending categories were up from August 1986 and seven were down *(see chart at right)*.

Department store spending finished August $10.3 million behind the August 1986 pace and $27.5 million behind 1986 for the June-July-August period. May results were ahead of last year.

General-merchandise stores, another big category, posted gains in July and August after a dip in June.

New-car spending continued on a hot streak, up $10.3 million in August over year-ago levels on the heels of big gains in July (up $17.7 million) and June (up $19 million). Spending in the amusement ad category posted another strong month: up $5.8 million in August after a $6.5 million gain in July.

Food store ad spending, another bright spot, bettered August 1986 by $4.4 million, or 15.1%, its second consecutive double-digit monthly gain. Other, smaller categories posting promising August results were: computer stores and supplies; computers, equipment and services; publishing and media; and banks and trust companies.

The airline ad category fell 18% in August from year-ago levels and spending in newspapers for cigarettes continued far behind its 1986 pace, off 45.7% to $1.7 million after declines of 54.3% in July and 50.7% in June.#

FLASH REPORT: Newspaper advertising investment for August

August 1987	IN 100 THOUSANDS IN MILLIONS	DOLLARS		CHANGE	
CATEGORIES	YEAR	1987	1986	ACTUAL $ G OR L	% G OR L
Amusements	1987	$40,238,915	$34,453,612	+5,785,303	+16.8
	1986				
Computer stores & supplies	1987	5,669,972	3,750,140	+1,919,832	+51.2
	1986				
Department stores	1987	96,770,189	107,114,143	-10,343,954	-9.7
	1986				
Food stores	1987	33,606,248	29,196,211	+4,410,037	+15.1
	1986				
Radio, TV, phonographs, records	1987	20,260,961	20,447,431	-186,470	-0.9
	1986				
General merchandise stores	1987	52,514,371	50,649,840	+1,864,531	+3.7
	1986				
Alcoholic beverages	1987	1,727,708	1,868,896	-141,188	-7.6
	1986				
Cameras, photo supplies & services	1987	120,727	374,869	-254,142	-67.8
	1986				
Computers, equipment & services	1987	2,288,050	506,239	+1,781,811	+352.0
	1986				
Public service utilities & communications	1987	4,558,795	3,764,024	+794,771	+21.1
	1986				
Publishing & media	1987	8,836,051	5,952,327	+2,883,724	+48.4
	1986				
Cigarettes	1987	1,685,400	3,103,713	-1,418,313	-45.7
	1986				
Airlines	1987	6,116,006	7,460,266	-1,344,259	-18.0
	1986				
Passenger cars-new	1987	31,748,538	21,427,737	+10,320,801	+48.2
	1986				
Banks & trust companies	1987	6,095,383	4,604,617	+1,490,766	+32.4
	1986				
Stock, bond & investment houses	1987	1,363,498	1,513,126	-149,628	-9.9
	1986				

This Flash Report of newspaper advertiser investments, compiled for ADVERTISING AGE by Media Records, is derived from tabulations that cover 29 dailies and 22 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.

Source: Media Records Inc.

Consumer Magazine Ad Linage

Advertising pages for U.S., Canadian and foreign consumer publications

OCTOBER

	Current month 1987	Current month 1986	Year-to-date 1987	Year-to-date 1986
— Art & Antiques —				
Art & Antiques (10X)	79.9	61.4	589.2	448.1
Art News (10X)	128.5	107.0	899.9	780.9
Southwest Art	113.8	100.7	868.7	724.5
Total Group	322.2	269.1	2,357.8	1,953.4
% change		19.8%		20.7%
— Auto/cycle/rec. vehicles —				
ATV Sports	35.7	43.1	423.1	565.3
Autoweek (52X)	162.5	118.1	1,490.2	1,390.6
Car & Driver	86.2	77.8	930.7	863.8
Car Collector & Car Classics	17.9	23.4	173.0	164.2
Car Craft	86.7	69.7	864.9	746.0
Circle Track	66.5	48.0	763.9	605.3
Cycle World	29.2	22.3	501.3	451.8
Dirt Rider	29.5	26.1	342.6	389.8
Dune Buggies & Hot VWs	72.9	83.5	762.9	875.2
Family Motor Coaching	154.6	132.4	1,558.0	1,452.2
4 Wheel & Off-Road	87.5	72.3	887.4	858.1
Four Wheeler	89.0	73.0	861.0	824.0
Hot Rod	60.9	51.4	744.2	605.0
Motorcyclist	24.9	22.6	473.5	460.3
Motor Trend	52.5	71.9	746.6	633.1
Motorhome	79.7	72.5	850.3	916.4
Rider	25.3	31.3	413.1	492.9
Road & Track	86.1	89.7	1,005.2	963.0
Trailblazer	61.7	42.1	483.3	384.3
Trailer Life	103.3	87.0	1,051.7	1,112.2
Total Group	1,412.5	1,258.1	15,326.9	14,753.4
% change		12.3%		3.9%
— Boating & yachting —				
Boating	146.9	140.2	1,539.8	1,388.1
Chesapeake Bay	69.3	60.8	475.3	400.2
Cruising World	268.2	267.3	1,283.7	1,353.8
Lakeland Boating (11X)	58.5	—	716.1	629.2
Motor Boating & Sailing	153.5	145.1	1,632.8	1,708.8
Sail	115.1	119.4	1,096.3	1,137.3
Small Boat Journal(6X)	38.0	36.2	268.0	249.2
Trailer Boats(11X)	30.1	28.8	530.6	423.8
Western Boatman(6X)	—	—	186.1	195.3
Yachting	152.0	141.6	1,425.1	1,391.8
Total Group	1,031.6	939.4	9,153.6	8,877.5
% change		9.8%		3.1%
— Canadian —				
L'Actualite	126.2	99.8	780.3	798.6
Chatelaine:				
English Edition A.	131.0	101.9	794.4	914.9
French Edition	117.4	89.2	720.0	783.3
City & Country Home(10X)	93.0	94.8	483.8	428.7
Flare A.	113.4	101.6	855.3	808.2
Harrowsmith-Canada (6X)	—	—	225.8	195.2
Macleans (52X) A.	156.0	177.3	1,090.4	1,216.8
Moneywise	39.6	42.0	314.8	344.6
Reader's Digest:				
Canadian-English A.	70.6	57.9	566.1	729.5
Canadian-French A.	61.0	52.5	433.3	606.4
Toronto Life	137.0	100.0	934.2	841.2
Vancouver	80.3	79.2	664.2	733.4
Total Group	1,125.4	996.2	7,862.6	8,400.9
% change		13.0%		-6.4%
— Civic/fraternal —				
American Legion	36.4	35.7	340.4	247.0
Elks (10X)	18.0	18.6	175.6	165.7
Kiwanis	17.6	18.8	160.9	162.5
Lion (10X)	13.0	9.0	76.8	56.6
Rotarian	21.5	15.7	148.3	147.2
V.F.W. (11X)	36.8	37.4	288.6	253.5
Total Group	143.3	135.2	1,190.6	1,032.5
% change		6.0%		15.3%
— Comics —				
Archie Comics Group	8.0	5.0	64.0	40.0
DC Comics	8.0	7.0	64.0	54.0
Marvel Comics Group	9.0	9.5	89.5	79.5
Total Group	25.0	21.5	217.5	173.5
% change		16.3%		25.4%
— General —				
American Health (10X)	79.5	62.8	580.5	501.0
American Heritage (7X)	—	—	188.8	85.1
Arizona Trend	44.7	36.0	334.7	62.7
American West (6X)	—	—	183.5	197.2
Changing Times	69.5	71.8	614.1	500.9
Conde Nast's Traveler	38.5	—	113.0	—
Connoisseur	139.9	119.4	750.8	681.8
Consumers Digest (6X)	—	—	113.3	134.8
Ebony	99.6	90.3	912.4	923.6
Fifty Plus	41.0	44.1	384.1	355.7
Food & Wine	74.1	107.5	556.5	505.2
Games (6X)	15.2	12.7	91.6	201.4
Gourmet	151.1	128.8	983.5	890.2
Harper's A.	36.5	18.8	303.0	223.7
Harrowsmith (6X)	—	—	243.0	199.3
Let's Live	58.0	57.0	457.0	491.0
Life	41.7	38.1	448.1	500.7
Mature Outlook	43.6	45.0	232.8	211.5
Modern Maturity (6X)	—	—	177.7	170.4
Money	192.0	155.3	1,251.7	1,189.0
Money Maker	6.0	—	27.8	—
Moneyworth (4X)	—	—	34.2	30.5
Mother Earth News (6X)	—	—	263.4	259.3
Mother Jones (9X)	16.3	17.3	118.9	136.1
National Geographic	26.4	19.9	199.2	213.0
National Geographic Traveler(4X)	—	—	117.0	106.2
Natural History	51.8	49.0	344.5	405.0
Prevention	61.0	69.6	619.6	612.1
Psychology Today	32.7	29.5	292.0	288.7
Reader's Digest A.	115.8	108.0	886.1	923.4
Rx Being Well (6X)	—	—	125.0	100.5
Saturday Evening Post (9X)	42.1	39.0	289.3	266.3
Smithsonian	119.3	95.1	827.5	778.3
Sylvia Porter's Personal Finance (10X)	48.0	49.5	394.0	343.7
Town & Country	212.8	192.8	1,266.9	1,231.5
Travel-Holiday	64.2	52.4	531.0	432.4
Travel & Leisure	142.1	165.6	962.6	1,035.8
Vanity Fair	93.6	72.4	657.8	444.1
Writer's Digest	26.8	26.3	279.7	278.9
Yankee	108.2	114.9	789.8	751.7
Total Group	2,348.5	2,146.1	17,946.3	16,662.4
% change		9.4%		7.7%
— Home —				
Americana (6X)	26.8	25.0	107.7	136.4
Architectural Digest A.	174.0	195.4	1,217.5	1,212.7
Better Homes & Gardens	153.1	136.7	1,092.3	1,068.9
Colonial Homes (6X)	—	—	277.8	236.3
Columbus Monthly-Homes (4X)	34.2	23.7	121.1	105.4
Country Home (6X)	—	—	277.8	236.3
Country Living	114.7	93.4	876.2	727.4
Family Handyman (10X) A.	66.8	54.4	479.0	488.1
Flower & Garden (6X)	39.6	34.2	212.0	190.6
Home	51.3	73.5	520.0	498.1
Home Mechanics	83.8	67.3	585.6	585.4
The Homeowner (10X)	40.0	35.1	294.8	256.3
Horticulture	33.9	28.6	361.9	358.8
House Beautiful	95.6	83.0	714.0	709.2
House & Garden	139.9	138.5	935.1	931.5
Houston Home & Garden	84.8	76.6	709.3	739.9
Metropolis	101.6	82.2	523.4	330.2
Metropolitan Home	80.5	60.5	634.4	565.5
1,001 Home Ideas	81.0	55.5	511.9	454.8
Phoenix Home/Garden	81.0	104.5	709.0	695.8
Practical Homeowner	52.3	54.2	386.2	429.2
Rodale's Organic Gardening	40.3	39.0	487.8	563.3
San Diego Home/Garden	63.0	76.0	650.2	680.5
South Florida Home/Garden	43.8	37.5	323.4	317.1
Southern Accents (6X)	—	—	500.1	491.2
Southern Living	140.4	158.2	1,183.5	1,374.8
Sunset Magazine A.	134.8	145.9	1,203.6	1,347.3
Workbench (6X)	—	—	227.6	236.6
Total Group	1,957.3	1,879.1	16,123.0	15,967.6
% change		4.2%		1.0%
— In-flight & other passenger —				
Alaska Airlines	57.0	57.3	544.8	583.8
America West Airlines	64.3	26.5	500.5	241.3
American Way (24X)	164.5	89.4	1,089.6	921.8
Brighton Inflight Group:				
Continental	56.7	32.7	454.3	311.5
East/West Network:				
Eastern Review	71.3	81.7	667.8	972.3
Northwest	53.7	50.2	468.7	454.9
PSA Magazine	89.2	95.5	830.0	891.6
Pan Am Clipper	61.3	39.0	431.1	440.5
Spirit	67.2	93.0	595.9	961.3
TWA Ambassador	58.8	44.3	495.4	44.3
Vis 'A Vis	74.8	94.2	583.8	941.8
Halsey Publications:				
Delta Sky	101.7	82.0	809.2	741.3
US Air	73.3	55.9	514.2	455.8
Piedmont Airlines' Pace	111.2	74.9	900.0	823.1
Spirit of Aloha (6X)	33.1	24.4	311.0	275.5
Total Group	1,138.1	941.0	9,196.3	9,060.8
% change		20.9%		1.5%
— Men's —				
Esquire A.	109.7	107.8	895.8	952.8
Firehouse Magazine	56.6	81.4	460.8	449.2
Gentlemen's Quarterly A.	220.9	221.5	1,542.6	1,567.5
M Magazine	102.0	99.7	756.4	624.1
Muscle & Fitness	128.8	115.3	1,237.4	1,099.8
Penthouse A.	42.7	406.7	41.8	371.5
Playboy A.	61.5	61.4	528.4	597.9
Salute (8X)	30.7	—	181.2	91.0
Total Group	752.9	1,093.9	5,647.5	5,753.8
% change		-31.2%		-1.8%
— Metropolitan —				
Aloha (6X)	21.5	34.2	151.4	148.2
Atlanta	71.7	58.1	591.9	524.6
Baltimore	115.7	110.9	749.1	777.7
Boston	181.8	181.7	1,606.3	1,527.1
California	99.7	84.4	619.9	628.9
Chicago	120.0	165.1	1,037.1	1,305.8
Chicago's North Shore	96.3	93.7	842.5	816.1
Cincinnati	98.7	113.8	631.4	633.3
Cleveland	77.5	81.2	687.1	698.4
Columbus Monthly	94.6	81.2	725.9	696.0
Connecticut	134.4	112.7	999.9	946.1
D/Magazine, Dallas/Ft. Worth	142.7	143.3	1,096.8	1,211.2
Denver	38.7	41.4	360.8	357.0
Detroit Monthly	90.7	87.1	777.5	736.5
Grand Rapids	29.0	35.7	416.2	392.3
Gulfshore Life (10X)	56.0	45.0	689.8	601.0
Honolulu	56.8	64.6	607.5	601.8
Louisiana Life (6X)	—	—	196.3	191.9
Madison	51.0	62.0	631.0	506.6
Memphis	77.0	70.5	804.0	735.0
Metropolitan Detroit	110.2	94.0	666.1	743.0
Miami/South Florida	50.0	53.3	524.1	646.6
Mid Atlantic Country	27.6	42.8	348.6	407.2
Milwaukee	78.0	63.2	604.6	647.6
Minneapolis/St. Paul	132.5	117.3	1,026.6	969.9
Nashville	80.0	54.0	476.0	389.0
New England Monthly	47.0	48.7	440.2	381.4
New Jersey Monthly	135.4	87.4	942.3	792.7
Ohio	72.5	52.3	608.2	617.0
Oregon (6X)	43.5	—	232.0	—
Orlando	94.0	91.2	942.5	963.5
Palm Beach Life	77.1	70.9	600.4	567.8
Palm Springs Life	119.9	85.6	1,145.8	1,095.8
Philadelphia	176.4	165.4	1,477.7	1,319.0
Phoenix	62.8	69.6	658.4	890.8
Pittsburgh	74.3	77.2	674.2	654.0
St. Louis	55.9	61.1	544.0	482.2
San Diego	155.0	135.0	1,367.3	1,341.4
San Francisco Focus	134.5	135.3	959.8	933.2
Texas Monthly	146.9	135.3	968.1	1,193.9
Twin Cities	104.1	61.0	698.1	541.0
The Virginian (6X)	—	—	298.6	294.5
Washington (7X)	—	—	300.0	372.0
The Washingtonian	181.0	175.0	1,481.8	1,493.9
Total Group	3,812.1	3,542.1	32,207.8	31,772.4
% change		7.6%		1.4%
— Movie/romance/radio/tv —				
Macfadden's Women's Group:				
Modern Romances	34.0	25.0	247.0	215.4
Secrets	34.0	25.0	247.0	215.4
True Confessions	34.0	25.0	247.0	215.4
True Experience	34.0	25.0	247.0	215.4
True Love	34.0	25.0	247.0	215.4
True Romance	34.0	25.0	247.0	215.4
Sterling Women's Group:				
Daytime TV	25.5	25.5	247.4	255.2
Modern Screen (6X)	15.5	15.5	73.5	79.2
Movie Mirror (6X)	—	—	14.5	18.5
Soap Opera Stars (6X)	18.2	15.8	82.5	78.6
TV Movie Screen (6X)	8.3	8.3	38.5	42.8
TV Picture Life (6X)	4.0	—	29.3	14.2
Total Group	275.7	215.3	1,967.8	1,780.7
% change		28.1%		10.5%
— Music/entertainment —				
Audio	307.1	272.8	1,009.1	945.6
Dance Magazine	51.8	51.8	468.3	402.3
Playbill	55.6	62.5	447.5	445.8
Total Group	414.5	387.0	1,924.8	1,793.7
% change		7.1%		7.3%
— National Sunday magazines —				
Parade (52X)	53.3	60.9	499.5	527.7
Total Group	53.3	60.9	499.5	527.7
% change		-12.5%		-5.3%
— Outdoor & sport —				
Alaska	32.4	51.2	340.1	426.1
The American Handgunner (6X)	—	—	229.0	193.0
American Hunter	24.5	33.4	222.0	210.9
American Rifleman	34.4	29.0	251.6	252.1
Backpacker (6X)	—	—	145.4	140.4
Bass Master (10X) A.	—	32.6	543.0	442.0
Bicycling (9X)	62.5	—	817.6	639.3
Ducks Unlimited (6X)	—	—	176.9	166.0
Field & Stream	72.6	92.9	845.0	898.9
Fins & Feathers A.	34.0	28.1	311.2	330.3
Fishing World (6X)	—	—	190.2	193.3
Florida Sportsman	96.9	80.1	1,188.2	1,064.4
Golf Digest	70.0	63.2	1,012.8	954.1
Golf Magazine	47.8	39.4	748.8	675.3
Gun Dog (6X)	—	—	183.2	175.3
Guns	40.0	35.0	316.0	312.0
Guns & Ammo	84.5	57.4	490.3	502.4
In-Fisherman (6X)	47.0	43.0	468.0	412.7
Outdoor Life	89.5	85.1	818.8	777.5
Outside Magazine	77.7	47.3	537.3	471.6
Petersen's Hunting	91.6	79.8	539.9	518.9
Runner's World (13X)	42.7	38.3	365.8	310.1
Salt Water Sportsman	79.8	64.9	1,040.5	888.8
Sierra (6X)	—	—	195.4	213.4
Shooting Times	51.7	43.4	380.5	372.6
Ski (8X) A.	170.2	147.0	625.2	552.2
Skiing (7X) A.	225.0	148.0	618.3	522.6
Skin Diver	84.2	80.6	1,040.9	920.2
Southern Outdoors (9X)	36.0	36.8	410.2	340.4
Southern Outdoors Saltwater(8X)	28.2	—	224.4	—
Sport	41.7	47.8	402.3	397.5
Sports Afield	113.2	79.0	852.6	721.8
Tennis	48.3	47.3	734.4	728.5
Waterski (8X)	—	—	445.3	347.2
Western Outdoors (10X)	35.8	26.8	383.0	402.9

(X) Represents the number of times published each year; publications are monthly unless otherwise specified.

A. Sectional linage included but prorated to circulation of regional editions. B. Sectional linage included but not prorated to circulation of regional editions. C. Combined unduplicated regional ads.

All figures represented in this chart are supplied by the magazines. Advertising Age makes no attempt to verify them and, therefore, is not responsible for inconsistencies or errors.

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OCTOBER

	Current month 1987	1986	Year-to-date 1987	1986
Wildfowl (6X)	37.5	26.6	90.2	77.8
Wing & Shot (6X)	—	—	74.9	10.0
Total Group	**1,899.5**	**1,584.1**	**18,259.2**	**16,562.1**
% change		**19.9%**		**10.2%**
— Photography —				
American Photographer	42.4	40.5	348.3	387.0
Petersen's Photographic	31.6	32.1	270.3	253.0
Popular Photography	82.5	65.8	675.2	579.7
Total Group	**156.5**	**138.4**	**1,293.8**	**1,219.7**
% change		**13.0%**		**6.1%**
— Religious —				
Charisma	65.5	56.0	510.7	508.4
Christian Herald (11X)	30.5	31.0	250.9	252.7
Christianity Today (18X)	58.2	57.2	451.2	435.8
Ministries Today (6X)	—	—	198.7	212.7
Moody Monthly	50.5	49.2	301.4	377.8
Our Sunday Visitor (52X)	21.7	18.5	139.4	111.5
Today's Christian Woman (6X)	—	—	190.2	145.3
Total Group	**226.4**	**211.8**	**2,042.5**	**2,044.2**
% change		**6.9%**		**-0.1%**
— Science/electronic /mechanic —				
Discover	47.9	44.0	435.4	323.9
Family & Home Office Computing	47.6	45.0	409.3	413.0
Omni	89.8	86.5	584.5	570.7
Personal Computing	266.7	179.8	1,646.8	1,241.4
Popular Mechanics	88.0	94.4	832.8	921.2
Popular Science	78.9	66.4	687.8	672.2
Scientific American	73.6	55.9	423.2	335.2
Spectrum	67.8	76.8	648.0	823.3
Total Group	**760.1**	**648.8**	**5,667.7**	**5,300.9**
% change		**17.2%**		**6.9%**
— Woman/fashion/service —				
Bride's Magazine (6X) A.	268.7	231.3	2,093.9	1,775.4
Cosmopolitan A.	223.2	258.3	1,981.2	2,041.2
Essence	73.5	81.3	770.5	803.6
Family Circle (17X) A.	227.1	208.4	1,317.9	1,445.4
Glamour	211.1	207.8	1,875.6	1,806.8
Good Housekeeping A.	170.4	160.4	1,375.3	1,561.7
Harper's Bazaar	170.1	180.3	1,346.8	1,430.6
Health	51.2	37.2	472.2	397.4
Ladies' Home Journal	135.3	125.6	1,011.3	1,087.8
Mademoiselle	148.4	159.3	1,484.4	1,330.8
McCall's	118.3	103.8	919.0	909.2
Modern Bride (6X)	177.0	185.7	1,721.5	1,534.7
Ms.	49.9	49.0	431.4	391.7
New Woman	91.8	83.4	806.7	730.0
Parents Magazine A.	127.2	142.8	1,073.9	955.5
Redbook	116.2	129.1	998.2	928.7
Savvy	40.3	44.0	350.8	327.4
Self	113.1	128.1	1,000.9	942.4
Seventeen	102.1	116.9	1,256.8	1,179.1
Shape	76.3	68.8	732.4	724.4
Soap Opera Digest (26X)	28.7	24.0	181.9	162.7
Teen Magazine	63.2	53.1	599.2	531.0
True Story A.	67.5	57.8	485.3	473.3
Vogue	339.8	370.1	2,772.3	2,659.8
W Magazine	148.6	141.0	1,268.7	1,168.2
Woman (9X)	44.0	28.5	250.0	161.5
Weight Watchers	29.5	33.8	320.1	334.6
Woman's Day (16X) A.	—	—	—	—
Women's Sports & Fitness	—	—	—	—
Workbasket	43.9	45.5	290.7	316.3
Working Mother	90.7	99.6	789.7	711.2
Working Woman	106.2	124.2	934.9	1,013.3
Total Group	**3,653.3**	**3,678.9**	**30,913.4**	**29,835.6**
% change		**-0.7%**		**3.6%**
— Youth —				
Boys' Life	16.0	15.1	167.6	164.9
Campus Life (10X)	—	—	280.1	272.9
Total Group	**16.0**	**15.1**	**447.7**	**437.8**
% change		**5.9%**		**2.3%**

SEPTEMBER

	Current month 1987	1986	Year-to-date 1987	1986
— Business/national —				
Barron's	242.6	237.3	1,866.2	1,658.9
Black Enterprise	45.6	49.2	626.0	661.9
Business Week (52X) A.	377.0	392.9	2,992.1	2,676.4
Business Month	—	—	—	—
Financial World (26X)	56.9	116.4	537.1	500.8
Forbes (26X)	290.6	293.2	2,363.2	2,248.9
Fortune (26X)	248.1	317.1	2,001.0	1,945.0
Frequent Flyer	70.0	71.6	516.3	538.2
Futures	140.5	83.2	517.5	439.9
Inc. Magazine A.	86.2	70.1	750.2	731.7
Income Opportunities	91.5	73.7	594.1	469.8
Industry Week (25X) A.	99.8	160.3	711.8	846.8
Nation's Business (12X) A.	55.0	24.2	288.5	299.7
Total Group	**1,803.8**	**1,889.1**	**13,763.9**	**13,017.9**
% change		**-4.5%**		**5.7%**
— Business/regional —				
Advantage-Nashville'sBus. Mo.	67.0	81.0	511.0	552.0
Arizona Bus. Gazette (52X)	43.4	35.5	322.2	284.2
Baltimore Bus. Journal	115.6	98.1	783.0	622.4
Boston Bus. Journal (52X)	145.8	150.5	1,250.2	1,192.3
Business Atlanta	53.3	56.2	547.1	573.9
Business First of Columbus	138.6	100.0	949.1	745.0
Business Journal-Milwaukee	148.7	145.6	1,138.6	958.0
Business Journal-Sacramento	92.5	66.2	598.6	406.9
Business North Carolina	51.7	49.1	403.0	384.2
Capital Dist. Bus. Review (52X)	75.7	—	714.9	—
Cincinnati Business Courier	113.6	107.7	963.1	686.5
Corporate Report Kansas City	29.0	32.8	207.9	244.1
Corporate Report Minnesota	101.0	113.0	679.0	710.0
Crain's Chicago Bus. (52X)	162.4	182.8	1,305.7	1,453.2
Crain's Cleveland Bus. (52X)	80.1	73.4	553.0	547.4
Crain's Detroit Bus. (52X)	89.6	82.4	687.6	558.1
Crain's New York Bus. (52X)	46.7	38.7	327.4	299.8
Florida Trend (13X)	81.6	96.3	690.8	725.5
Georgia Trend	84.2	65.0	605.2	477.6
Grand Rapids Bus. Journal	56.9	50.9	421.9	323.4
Hawaii Business	43.5	42.0	425.1	426.9
Houston Bus. Journal (52X)	83.0	97.0	603.0	770.0
Indianapolis Bus. Journal (52X)	138.3	170.7	1,227.3	1,340.2
Los Angeles Bus. Journal(55X)	129.5	54.8	697.7	314.4
Manhattan Inc.	105.1	101.1	651.3	610.8
New England Bus. (20X) A.	78.8	82.5	576.8	811.5
Pacific Bus. News (52X)	113.5	126.2	1,048.0	1,061.7
Philadelphia Bus. Journal (52X)	171.4	170.3	1,211.5	1,042.5
Pittsburgh Bus. Times (52X)	159.6	172.5	1,093.6	978.2
Providence Business News	70.2	64.0	618.6	192.2
Regardie's/Washington	183.0	142.0	1,268.0	1,122.0
San Diego Bus. Journal (52X)	30.0	57.6	285.0	302.0
South Florida Bus. Journal	172.2	196.6	941.4	1,030.0
St. Louis Bus. Journal (52X)	138.9	167.9	1,141.2	1,252.8
Texas Business	34.3	44.9	304.0	516.8
Warfields Monthly Baltimore	86.3	73.3	588.9	315.8
Total Group	**3,514.8**	**3,388.5**	**26,340.7**	**23,832.3**
% change		**3.7%**		**10.5%**
— National Sunday magazines —				
Parade (52X)	70.7	52.7	446.2	466.8
USA Weekend (52X)	45.1	49.7	350.5	449.5
Total Group	**115.8**	**102.4**	**796.7**	**916.3**
% change		**13.1%**		**-13.1%**
— Newspaper Sunday magazines —				
Boston Globe	194.4	221.5	1,622.9	1,628.6
Chicago Tribune	122.8	81.3	925.0	763.4
Cleveland Plain Dealer	85.7	90.9	544.8	469.8
Columbus Dispatch	23.5	57.7	315.6	353.8
Detroit News	68.0	72.0	626.0	675.0
L.A. Times	79.9	63.6	531.6	609.1
Miami Herald	39.1	40.2	324.0	390.0
New York Times Magazine	491.1	547.2	2,902.9	2,865.1
Philadelphia Inquirer	127.0	74.0	635.0	587.0
Seattle Times	78.0	68.0	520.0	504.0
St. Louis Post Dispatch	70.1	72.9	644.0	507.3
Toledo Blade Magazine	38.3	42.9	353.5	414.6
Washington Post	153.2	206.1	1,111.8	1,105.6
Total Group	**1,571.1**	**1,638.3**	**11,057.0**	**10,873.3**
% change		**-4.1%**		**1.7%**
— Weeklies/bi-weeklies —				
The Advocate (26X)	184.4	160.0	1,240.6	1,171.6
Army Times Military Group:				
Air Force Times (52X)	191.0	222.5	1,468.4	1,592.4
Army Times (52X)	173.0	197.0	1,427.4	1,491.4
Navy Times (52X)	192.3	212.0	1,593.8	1,663.6
The Blood-Horse (52X)	220.4	224.4	3,046.0	3,320.8
Capper's (26X)	26.9	33.2	246.0	240.4
Commonweal (22X)	7.0	8.0	69.4	56.6
Golf World (43X)	66.7	47.5	891.0	788.0
Grit (52X) A.	29.1	29.6	243.4	217.8
National Journal (50X)	64.0	58.0	555.5	491.5
National Review (25X)	40.7	28.8	284.9	265.8
New Republic (48X)	50.8	48.9	343.2	312.5
New York Magazine (50X)	334.9	319.8	2,137.2	2,153.2
New Yorker	230.8	254.0	1,611.2	1,712.4
Newsweek (52X) A.	223.6	272.3	1,761.5	1,706.4
People (52X)	307.3	374.6	2,442.9	2,608.1
Rolling Stone (25X)	171.8	144.0	1,202.6	965.5
Sporting News (52X)	58.1	48.9	459.3	456.1
Sports Illustrated (52X) A.	192.5	271.0	1,834.9	1,916.9
Time (52X) A.	177.9	258.8	1,626.8	1,760.7
Travelhost (52X) C.	3,511.5	3,468.0	28,545.5	29,005.0
TV Guide (52X) A.	439.9	403.6	2,644.6	2,557.9
TV Update (52X) C.	2,058.0	1,642.0	20,912.0	19,487.0
Us Magazine (26X)	51.0	42.8	412.4	357.3
U.S. News & World Report (52X) A.	151.9	169.2	1,107.5	1,118.1
Total Group	**9,155.5**	**8,938.9**	**78,107.9**	**77,416.9**
% change		**2.4%**		**0.9%**
— Foreign —				
Business Week Int'l (52X)	135.2	191.1	986.4	1,140.2
De Armas Publications:				
Geomundo:				
Argentina	5.0	3.0	31.0	11.0
Central America	9.0	5.0	52.0	34.0
Chile	7.0	5.0	41.0	38.0
Colombia	17.0	8.0	112.5	68.8
Ecuador	8.0	5.0	48.0	29.0
Mexico	8.0	10.0	73.5	74.2
Peru	6.0	4.0	44.0	25.0
Puerto Rico	8.0	3.0	48.0	25.5
U.S.	6.0	4.7	38.7	42.7
Venezuela	18.0	16.5	153.0	116.0
Hombre De Mundo:				
Central America	7.0	5.3	48.0	44.3
Chile	7.0	4.3	46.0	45.3
Colombia	18.5	20.8	106.3	126.0
Ecuador	7.0	2.3	43.0	38.3
Mexico	8.0	17.5	82.0	130.0
Peru	4.0	2.3	30.0	26.3
Puerto Rico	8.0	3.3	52.0	37.3
U.S.	12.3	5.7	116.2	84.7
Venezuela	14.5	18.8	147.5	164.3
Ideas Para Su Hogar:				
Argentina	3.5	4.3	17.7	11.8
Colombia	32.5	15.2	107.7	92.2
Ecuador	3.5	1.0	21.5	17.0
Mexico	19.3	16.8	83.3	66.5
Peru	16.0	1.5	51.5	27.0
Puerto Rico	—	—	—	0.2
U.S.	11.0	14.0	43.5	39.0
Venezuela	30.5	9.0	93.0	81.7
Mecanica Popular:				
Argentina	6.7	7.7	66.5	39.7
Central America	8.7	7.8	77.0	76.0
Chile	6.0	3.3	38.7	38.3
Colombia	19.3	12.0	161.7	129.0
Mexico	13.0	16.2	154.7	100.3
Peru	9.0	11.2	112.8	96.8
Puerto Rico	6.3	5.3	65.2	57.5
U.S.	2.2	4.5	36.0	52.5
Venezuela	14.2	8.7	125.7	94.2
Vanidades Continental:				
Argentina	42.2	6.5	142.3	31.8
Central America	43.8	40.3	148.3	152.3
Chile	13.8	6.8	44.2	35.0
Colombia	131.5	138.0	596.3	669.5
Ecuador	27.5	27.5	156.5	163.7
Mexico	111.2	113.0	653.3	676.5
Peru	39.0	18.8	176.8	138.0
Puerto Rico	58.0	32.0	308.0	274.5
U.S.	56.3	57.5	424.2	385.8
Venezuela	68.7	64.5	354.0	327.5
Hearst International:				
Buenhogar:				
Central America	2.0	1.0	7.0	10.0
Chile	1.0	1.0	8.0	11.0
Colombia	40.3	38.8	273.8	276.0
Ecuador	7.0	11.5	86.0	97.5
Mexico	41.5	32.5	269.7	264.5
Peru	13.0	10.0	111.5	70.5
Puerto Rico	9.0	6.5	36.8	80.0
U.S.	17.0	25.2	174.0	180.5
Venezuela	23.3	15.8	196.0	164.8
Cosmopolitan en Espanol:				
Central America	6.3	4.3	46.5	33.7
Colombia	26.5	26.5	156.0	126.0
Ecuador	1.0	—	18.0	—
Mexico	48.8	44.2	344.0	344.8
Peru	1.0	—	3.0	—
Puerto Rico	16.3	11.8	123.2	91.3
U.S.(Spanish language)	22.7	31.5	221.7	224.0
Venezuela	15.0	16.3	149.5	118.7
Cosmopolitan Foreign:				
Australia	75.4	88.5	569.1	567.9
Brazil	70.2	89.4	547.6	555.7
China	56.3	54.7	384.0	374.7
France	88.0	94.2	879.6	750.7
Germany	145.3	101.7	1,046.5	900.7
Great Britain	126.0	138.0	909.0	952.5
Greece	21.0	20.0	331.0	350.0
Holland	86.0	99.0	551.0	581.0
Italy	73.3	75.0	631.2	554.4
Japan	48.3	38.7	426.1	428.4
South Africa	95.0	101.0	631.0	672.0
Good Housekeeping Foreign				
Australia	43.0	50.4	301.9	307.7
Great Britain	141.0	125.4	1,120.1	1,065.2
International Management:				
Middle East	7.8	37.5	48.9	97.0
Johnston International:				
Alam Attijarat	25.5	43.0	209.4	301.7
Far East Business	25.0	37.8	232.4	326.0
Modern Africa (6X)	15.2	24.5	64.0	102.8
Latin America Finance (6X)	—	—	93.1	92.5
Newsweek International A.:				
Atlantic (52X)	107.5	96.0	621.0	669.1
Latin America (52X)	35.8	35.0	216.5	259.6
Asia (52X)	60.6	78.7	435.5	495.4
Progresso (9X)	9.0	13.5	40.5	64.0
Reader's Digest:				
Arabic	5.0	13.5	72.0	61.0
Asian	134.0	159.5	1,362.0	1,801.5
Australian	53.5	50.8	420.5	496.8
Belgian-Flemish	46.0	66.5	395.0	579.6
Belgian-French	34.0	40.5	270.5	343.1
British	51.6	41.6	411.2	396.1
Chinese B.	87.5	100.8	775.9	888.8
Danish	45.0	50.8	251.8	276.4
Dutch	41.5	38.0	308.6	308.6
Finnish	32.0	25.8	394.0	397.6
French	30.8	11.3	215.0	117.5
German	68.5	61.0	612.1	522.9
Iberian	—	3.0	2.0	12.5
Indian-English	70.5	77.0	624.0	603.5
Indian-Hindi	10.0	11.5	108.0	77.0
Italian	38.0	35.5	393.5	285.0
Korean	49.0	35.8	317.1	233.3
Latin American:				
Argentina	15.5	17.0	101.0	111.0
Brazil	—	—	—	18.0
Central American	4.0	7.0	35.0	60.0
Chile	13.0	14.5	94.0	100.0
Colombia	37.5	21.0	220.0	183.0
Ecuador	4.0	5.0	24.0	52.0
Mexico	56.5	51.6	516.2	482.4
Peru	3.0	7.0	31.0	62.0
Puerto Rico	5.0	6.0	30.0	42.5
U.P.B.	4.0	7.0	28.5	52.0
U.S. Spanish	18.0	8.5	80.5	145.5
Venezuela	3.0	8.5	32.0	54.5
New Zealand	58.5	69.5	429.0	481.3
Norwegian	17.0	6.5	136.8	64.5
Portugal	41.0	34.5	331.5	341.0
South African	78.0	93.5	620.5	676.5
Swedish	10.0	11.5	60.0	115.0
Swiss-French	32.0	23.0	194.5	186.3
Swiss-German	51.0	26.0	270.0	239.0
Time International:				
Time-Asia	69.0	88.0	435.2	594.4
Time-Atlantic	116.0	127.9	688.0	785.1
Time-Canada	187.4	230.2	1,237.5	1,474.8
Time-Latin America	44.5	55.5	268.4	384.2
Visao (52X)	137.5	128.7	935.5	1,179.7
Vision/Latin America (24X) A.	40.2	40.1	219.6	234.0
Total Group	**4,596.8**	**4,608.5**	**33,025.2**	**34,257.0**
% change		**-0.3%**		**-3.6%**

Colgate to run tighter ship

Restructuring to cut 600 jobs

By LAURIE FREEMAN

Colgate-Palmolive Co. is refining its global marketing structure and, in the process, eliminating 600 middle-management positions.

The restructuring gives stronger support to the New York-based company's decentralized and entrepreneurial management style. Colgate Chairman, President-CEO Reuben Mark said the changes will "improve the management of our global businesses and new-product momentum."

A Colgate spokeswoman amplified that by saying the company has "more new products that we can afford to launch" and that the restructuring is designed to increase the pace of introductions.

A senior Colgate executive said there will be "substantive changes" in Colgate's marketing strategy. Since all of the individuals involved with the restructuring have not yet been contacted, the Colgate executive declined to elaborate on plans.

He said, however, the restructuring "will add more category coverage than Colgate already has in place."

In Colgate's current setup, category managers have group product managers reporting to them. It reportedly is below that group level where cutbacks will be made. Sources said product managers at Colgate are one or two levels below the group product managers.

The Colgate announcement followed by a week the news that Procter & Gamble Co. was adding a new layer of management to its brand structure (AA, Oct. 12).

P&G's new category general managers will report to division managers and oversee similiar product groups.

Brand managers come under the advertising area *(see accompanying chart, which depicts one division and illustrates just this one area).*

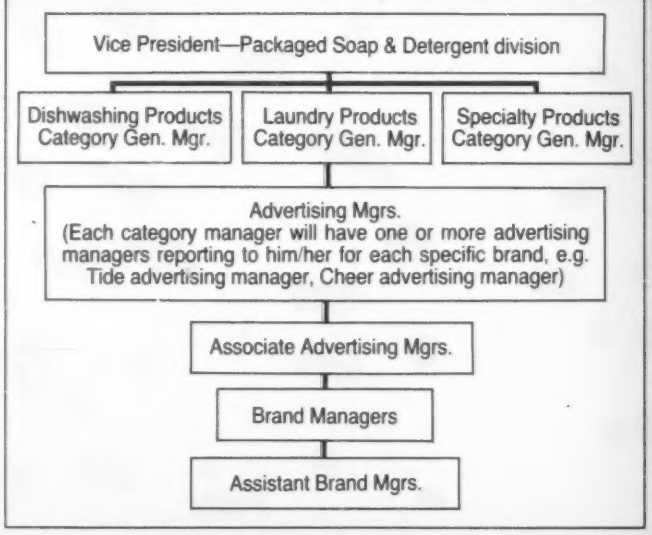
Industry analysts believe Colgate's refinement of its category management organization and continued streamlining of its manufacturing facilities will enable the company to stay competitive with P&G and Unilever, which also has been aggressively restructuring, particularly in the U.S.

Unilever has moved the personal care operations of its Lever Bros. unit to Chesebrough-Pond's, which it recently acquired.

In addition to the management restructuring, New York-based Colgate said it will sell two of its Kendall fiber divisions to International Paper Co., close six factories and streamline 30 others.

The total restructuring will cost the company $211 million before taxes, resulting in a loss for the third quarter, ended Sept. 30. The third-quarter results are expected to be released this week.#

P&G's new brand structure


Vice President—Packaged Soap & Detergent division
Dishwashing Products Category Gen. Mgr.
Laundry Products Category Gen. Mgr.
Specialty Products Category Gen. Mgr.
Advertising Mgrs.
(Each category manager will have one or more advertising managers reporting to him/her for each specific brand, e.g. Tide advertising manager, Cheer advertising manager)
Associate Advertising Mgrs.
Brand Managers
Assistant Brand Mgrs.

NFL

(Continued from Page 1)

their previous five-year contract with the league, may be in more trouble following the strike.

"Ratings in the [replacement] games dropped as much as 20%, but advertisers who stayed in were well ahead with bonus units," said Bart McHugh, senior VP-director of national radio and TV, DDB Needham Worldwide, New York. "The question is, how does this affect the NFL?"

For advertisers, there was general agreement that the strike would have caused severe damage for many advertisers had it lasted another two or three weeks.

The Major League Baseball championships and the World Series were the primary substitute for major advertisers who pulled out of football.

Some of the big spenders got lucky. Despite a heavy NFL schedule, Miller's primary selling season is the third quarter. Thus, football was temporarily expendable.

The automotive situation was more complex because of the new-car season.

"I'm sure the automakers have some regrets about being out at the beginning of the model year, and they're worried about whether ratings will come back," said Thomas O'Grady, president, Integrated Automotive Resources, a marketing-research company in Wayne, Pa.

Domestic auto sales from Oct. 1 to 10 fell 39% compared with the same period last year. However, Mr. O'Grady blamed the huge slump on the automakers' decision to end incentive financing programs and concerns about the economy.

Along with fall baseball telecasts, NFL telecasts are the key media to support fall introductions. The automakers would have spent an estimated $75 million to $80 million on the NFL this year.

GM returned to the Oct. 18 games, but Ford and Chrysler stayed out.

Due partly to the threat of strikes by the NFL and the United Auto Workers, GM structured a "lull" in its NFL advertising program during the early part of the season.

"We thought about a lot of strikes this year," said Lou Schultz, exec VP-director of media services, Lintas:Campbell-Ewald, Warren, Mich., which handles Chevrolet.

GM also added an unusual provision to its network buying contracts this fall: The company reserved the right to "cancel" advertising in the fourth quarter.

The strike did interrupt the launch of Buick division's 1988 Regal.

Pontiac also was in the midst of launching a major new creative effort. More than 25% of Pontiac's fourth-quarter budget went into NFL telecasts.

Chevy had the least to lose. It dropped ABC's "Monday Night Football" last season and planned to spend only about 10% of its fourth-quarter budget on the NFL.

Some advertisers said that because women buyers account for many new-car purchases, there was a positive fallout: placement of auto ads in prime-time shows, which have more female viewers than the NFL.

"The strike would have hurt us more five years ago, when we had a narrower target and a bigger proportion of our budget was in the NFL," said Peter Schweitzer, VP-general manager of J. Walter Thompson USA's Detroit office, which handles Ford Division.#

Network NFL losses per game

Network	Reg. season unit cost	Strike cost	Strike game revenue	Total loss
ABC	$195,000	$90,000	$7,440,000	$2.3M
NBC	$ 95,000	$30,000	$3,320,000	$1.4M
CBS	$115,000	$35,000	$3,990,000	$1.8M

ADVERTISING AGE cost estimates were based on the average regular season unit costs advertisers are believed to have paid for regular NFL Sunday and Monday telecasts. Because of advertiser defections during the three-week strike, each network had to refill about 20 to 22 30-second units per game out of an average of 50 :30s per game. The domestic car defections (Chrysler, GM, Ford) accounted for 12 :30s per game. Miller Brewing, which also defected, had scheduled about six :30s per game every other week. The remaining vacated units came from a host of other defectors. Advertisers that bought in after the strike started paid the average unit costs outlined above. Estimated revenue losses assume the networks either sold the vacated time or gave remaining advertisers two or three units for one.

Raymond Serafin and Patricia Strnad in Detroit, Cleveland Horton in Los Angeles and Sara Stern and Scott Hume in Chicago contributed to this story.

Tory

(Continued from Page 1)

velopment of the Saatchi empire. S&S has prepared advertising for three election campaigns during the nine years it has held the account.

Privately, executives say the agency has grown frustrated over criticism of its work and also that certain desirable accounts will not consider the Saatchi agency because of its Conservative Party ties.

The relationship itself is highly political. Saatchi intially wanted to resign just after the last election, but felt that would imply the agency was deserting Norman Tebbit, the Conservative Party chairman, who himself resigned. The agency has a solid relationship with Mr. Tebbit.

That position is sought by Minister of Trade & Industry Lord Young, who is believed to favor Lowe Howard-Spink & Bell as an adviser in political advertising.

Some people speculate Saatchi's resignation is timed to pre-empt the agency's firing down the road.

During the latest election, there were rumors that Lowe's Tim Bell was consulted by the Conservatives about advertising, which many observers felt was inferior to that of the Labour Party. Both agencies denied the story.

But it is known the Conservatives did contact executives at Young & Rubicam about lifestyle research in connection with that campaign.

The account has never been lucrative. The party spent more than $6.5 million in media on the latest election, sources said.#

Pasta

(Continued from Page 3)

Gourmet Fresh Pasta, which markets a line of refrigerated pastas in California under the Marie Callendar's name. The company has a licensing arrangement with Ramada Inns' Marie Callendar's Restaurants.

All three companies are hoping to fare better than Camden, N.J.-based Campbell Soup Co., whose Fresh Chef line also featured refrigerated pasta sauces. Campbell pulled Fresh Chef earlier this year (AA, April 6). Fresh Chef also included soups and salads. Campbell cited distribution problems and the failure to recognize regional preferences as reasons for its withdrawal.

Campbell continues to experiment with the line, however, under the auspices of its Mrs. Giles Country Kitchens subsidiary.#

DCI sale

(Continued from Page 1)

to Times Mirror equals $76.5 million. Depending on approval from both companies' boards, Times Mirror will take control of the magazines Dec. 1.

One extremely attractive magazine property remains: *Modern Bride*, an every-other-monthly with circulation of 383,553 and 1986 revenue of $23 million. "There is still tremendous interest in *Modern Bride*," Mr. Spillane said. "If someone came in and hit us with a huge number, we'd have to look at it."

The NYT Magazine Group and Hearst are considered the main contenders, though sources say Playboy Enterprises is keenly interested.

Andrew J. Dempsey, president-ceo, Times Mirror Magazines, said his company did not seek *Modern Bride*, nor was it offered by Mr. Diamandis. "At the outset, those four magazines were the ones we wanted," Mr. Dempsey said.

The deal was closed Oct. 16 and involved three-way, cross-country telephone calls between Times Mirror executives in Los Angeles, Mr. Diamandis at the American Magazine Conference in Palm Desert, Calif., and Mr. Spillane in the DCI New York offices.

The deal significantly changes the complexion of Times Mirror Magazines. Three of the magazines Times Mirror bought—*Field & Stream*, *Home Mechanix* and *Skiing*—duplicate the categories of three of its existing magazines, *Outdoor Life*, *Popular Science* and *Ski*. Times Mirror also publishes *Golf Magazine*.

"The move will give Times Mirror a larger share of the market," said Leo Scullin, senior VP, Young & Rubicam. "They aren't going to close down the titles. They will have a larger share by publishing both."

Times Mirror's Mr. Dempsey said no immediate changes were planned for the new magazines but added that eventually there would be a reorganization of Times Mirror Magazines' sales and marketing areas.

"They [the DCI magazines] have found a good home at Times Mirror," Mr. Scullin said. "Times Mirror knows how to publish in these categories. To this point they have been a quiet publisher focused on the editorial product."#

Zayre

(Continued from Page 3)

ware at the cash register to calculate a club member's total points, which are printed on the receipt.

"We have several million members, and I would be crazy to abandon it," said Cary Deacon, VP-marketing at Zellers.

No other U.S. retailers have introduced such a program, but others are considering it, said Doug Hosking, national director of electronic shopping consulting for Touche Ross, San Francisco. "I think we will see more of it," he said.

Mr. Hosking would not divulge which retailers are examining the programs but noted they include upscale and discount operations.

Mr. Snell said Zayre will spend several million dollars to implement the program. If Frequent Z is successful, it will be rolled out nationally next spring, he said.

Zayre is testing other, undisclosed promotional ideas in several markets, he added.

Frequent Z will be advertised with TV spots and in-store promotion. AC&R/DHB&Bess, New York, replaced Ingalls, Quinn & Johnson on the $20 million account earlier this fall (AA, Oct. 5).#

Tony Thompson in Toronto contributed to this story.

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NEWSPAPER

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Advertising Age

Crain's International Newspaper of Marketing. In Two Sections. Section 1.

Consumer shock

Wall Street quake rocks advertisers

By JUDANN DAGNOLI and PATRICIA WINTERS

CORONADO, CALIF.—Advertising executives arriving here last week for the 78th annual meeting of the Association of National Advertisers came joking about the next earthquake, but left talking about the tremors on Wall Street.

The record plunge and recovery of the world's stock markets split ANA members into two camps, with package-goods marketers predicting little change in the pressure to protect and build their brand franchises, and big-ticket marketers—for cars, appliances and discretionary vacation spending—expressing concern about the marketing impact.

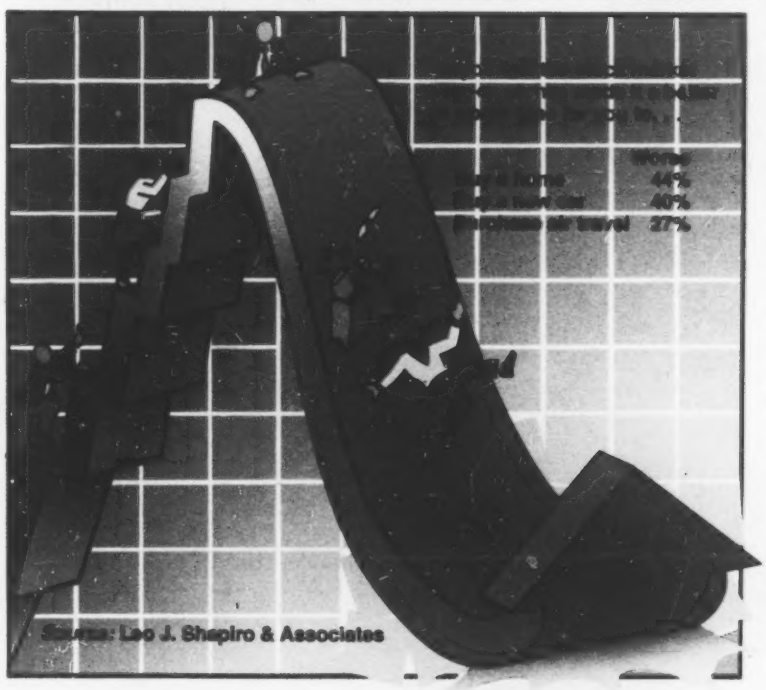
The key question is how badly Wall Street's roller-coaster ride has shaken consumer confidence, and whether this will translate into a sales downturn and eventual cutbacks that would affect ad budgets and other promotional strategies.

"If the money for a new car that families were counting on got blown away on Oct. 19, we are going to be hurt," an automobile marketer said.

This view was echoed by others whose products and services depend on family savings and investment program revenues.

For established consumable brands, however,

(Continued on Page 100)



Graphic by Joe Taylor

•Car marketers grit their teeth—Page 8
•Jim Brady cruises Wall Street—Page 101
•Media companies eye opportunities—Page 102

Major buys put on hold, survey says

CHICAGO—A substantial percentage of U.S. citizens feel this is a bad time to make major purchases, according to a national survey done for ADVERTISING AGE by Leo J. Shapiro & Associates.

The survey by the consumer research company, taken on the two days following Wall Street's "Black Monday" market plunge, showed that 78% of adults felt the stock market woes made "no difference" to them.

But when they were asked specifically about spending, the 508-point plunge in the Dow Jones industrial average caused them to pause —particularly in terms of committing to such purchases as a new car or a house.

Smaller percentages of Americans expect the near-crash to affect purchases of consumables; about one in five indicate they will cut back on eating out, buying food for the home and buying clothes for the family *(see chart on Page 102)*.

The 78% of Americans who said last week's stock market near-crash made "no difference" to them divide into two major subgroups: 34% simply disassociate themselves from the market ("I have little or no stocks"), and 34% say it is too soon to tell ("Hasn't affected me yet").

When asked about the market activity's effect on investments, 42% said it made it a worse time to invest in stocks and 32% said it was

(Continued on Page 102)

Magazines exchange discount-rate volleys

By PATRICK REILLY

In what looks like a gasoline price war, *U.S. News & World Report* is joining *Newsweek* and *Time* in introducing corporate discount rates.

All of these plans have been launched in the past two months.

Richard C. Thompson, *U.S. News* publisher, said the plan, dubbed "Flex-Plan," would award space credits to advertisers who simply renew or increase their level of spending.

The plan set up by Washington-based *U.S. News* follows the announcement last week that *Newsweek* would launch "Match Plan," a virtual duplicate of "Max Plan," the discount plan that the Time Inc. magazine group, publisher of *Newsweek's* rival, *Time*, introduced last month (AA, Sept. 14).

Like the Time Inc. plan, *Newsweek* will give discounts to advertisers who spend more of their print budgets in the magazine. Time Inc. does that now for advertisers spending more for their budgets in any combination of *Fortune, Life, Money, People, Southern Accents, Southern Living, Sports Illustrated* or *Time*.

R. Thompson

It is a war, all right, if only of words, and publishers as well as advertising executives said it is not going to be pretty.

"This [the discount plans] could cause people who compete with Time Inc. to get down and dirty," Mr. Thompson said.

Many publishers believe New York-based Time Inc.'s plan only will lead to magazines stealing pages from one another rather than addressing the greater problem of magazines losing their share of advertising spending to television and promotion.

"We aren't doing this because it's good for the industry," said *Newsweek* Publisher Gerard Smith. "We do it reluctantly to defend our position in the marketplace."

Several agency executives said the discount plans are a ploy by publishers to avoid negotiating rates below those listed on their rate cards.

Discount plans "are ways of blunting conversation about negotiations," said Joel Kushins, senior VP-media director, Bozell, Jacobs, Kenyon & Eckhardt. "That's one of the objectives of the Time plan."

But the Flex, Match and Max plans are not all the same. The outline for *U.S. News'* Flex-Plan shows it varies significantly from

(Continued on Page 104)

Last Minute News

Upjohn, P&G to work together on baldness

KALAMAZOO, MICH.—Upjohn Co. here and Procter & Gamble Co., Cincinnati, have signed a long-term research and development agreement on topical minoxidil. Upjohn developed the prescription-only male-pattern baldness treatment; its Rogaine brand will be marketed in the U.S. by yearend. Both companies will be able to market products developed under the new agreement.

Pepsi uncorks Jackson spots

SOMERS, N.Y.—Pepsi-Cola Co. this week breaks the first phase of its much-publicized campaign featuring singer Michael Jackson, say sources close to Pepsi. Pepsi is expected to save its "blockbuster" four-part commercial for early next year (AA, Sept. 14). BBDO Worldwide, New York, handles.

Nabisco reorganizes; Chapman departs

EAST HANOVER, N.J.—Nabisco Brands has reorganized its Nabisco North America unit, folding Nabisco USA and Canada into Nabisco

(Continued on Page 8)

More ANA coverage: Pages 90, 92, 99

Highlights

'Mac Tonight' shines in AdWatch 4

Risk-taking can pay off even for the most secure market leader. McDonald's Corp. gambled when it began running nationally "Mac Tonight," a local-market TV campaign with a look and feel decidedly different from anything else it had on its network schedule. The campaign, created by Davis, Johnson, Mogul & Colombatto, also set an interesting precedent for McDonald's relationships with its local and national agencies: It marks the first time McDonald's had aired on network TV a mainstream commercial not created by its national agencies.

Playboy bouncing back 12

Not many magazines suffer average circulation losses of 674,000 copies in one year, as *Playboy* did in 1986. And even fewer publishers face the wrath of a U.S. Attorney General's commission on pornography that not so subtly pressures retailers to stop selling what is now its only magazine. But despite its losses, parent Playboy Enterprises says the worst is over in this, the Chinese Year of the Rabbit.

Scaring up candy sales 29

Halloween candy sales apparently are showing renewed spirit this year. Sales from August through October so far are up 7% to 10% from last year. Tampering scares have had only a slight impact on sales in recent years.

DDB Needham still at the drawing board 30

A little more than a year ago, DDB Needham Worldwide heralded itself as "the new creative force" in ads that showed a pencil blasting off like a rocket. The creation of DDB Needham was the centerpiece of the "Big Bang," the three-way merger that rocked the ad world. But DDB Needham still is trying to get its pencil off the launching pad.

Counter-revolution 36

Former Beatle Paul McCartney says you can count him out when it comes to Nike Inc.'s use of the Fab Four's "Revolution" in its ads. "I was not pleased with that [ad campaign], because the Beatles never did any of that," Mr. McCartney said in an interview in *Rolling Stone*. "We were offered Disney, Coca-Cola and the hugest deals in Christendom and beyond," he said. "And we never took them . . ."

IKEA furnishing expansion 58

Sweden's IKEA, already the world's biggest home furnishings retail chain, is continuing to expand rapidly in the East and West. The U.K. became the 19th country to join IKEA's international network in October. A third U.S. outlet will be unveiled soon, and plans are afoot to enter Budapest by 1990. Other outlets will follow in Poland and Yugoslavia. Even the Soviet Union isn't out of bounds.

Aiming for the Apple 59

In an excerpt from his new book "Odyssey—Pepsi to Apple," John Sculley, chairman-ceo of Apple Computer (and president of PepsiCo during the Coia Wars years), offers his perspective on the winner-take-all shootout for the Apple advertising business between Chiat/Day and BBDO.

INTERNATIONAL

Retailers cross international borders 76

The once purely parochial retail industry increasingly is becoming a world traveler as more stores cross international borders to reach new consumers. The question being asked is: Will the industry travel well? But at this moment, everyone from Tiffany & Co. to Toys "R" Us is on the road to Hong Kong, London, Sydney, heading for anyplace where shopping thrives.

OTHER NEWS

Holly Farms Foods, fighting to stay a leg up in the chicken market, last week switched its $25 million account to Long, Haymes & Carr from five-year incumbent Grey Advertising. Page 4.

When Walt Disney Co. assigned an estimated $50 million in broadcast media buying to Los Angeles-based Western International Media, no one was surprised. Page 45.

The American Association of Advertising Agencies' first survey on TV commercial production costs contains a pleasant surprise: Production costs dropped in 1986. Page 46.

The man most responsible for drafting Florida's ill-fated service tax believes other states considering a similar tax will learn from Florida's mistakes and exempt advertising. Page 55.

Sandoz Nutrition Corp. next month will break a campaign touting Classic Ovaltine with footage from the 1950s program "Captain Midnight." Page 74.

Dial Corp. is re-entering the liquid-soap business with a liquid version of its deodorant soap and an unusual marketing strategy: Liquid Dial contains an anti-bacterial ingredient that may help stop the spread of cold and flu-causing germs. Page 97.

SPECIAL REPORT

Direct Marketing—*The United States Postal Service has long dealt with rain, sleet and dark of night, but nobody warned it about catalogs. Carriers delivered 11.8 billion catalogs in 1986, up 18% over 1985, and there's no sign of a decline. As the mailbox becomes more crowded, catalogers are turning to specialogs, video catalogs, retail outlets, home shopping shows and newsstand and ad sales. Starts after Page 60.*

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Avon plans mass-retail expansions

By PAT SLOAN

NEW YORK—Avon Products' Beauty Group may expand its cosmetics sales to mass-market retailers by 1997.

Beauty Group President-CEO James Preston said the company's long-term goal is to "have three solid legs in cosmetics—direct sales, upscale retail and mass retail."

Avon has a "toe in the water" on the mass-retail side in the U.K., where it supplies private-label cosmetics to the Marks & Spencer chain, Mr. Preston said.

Also, Avon is not ruling out the eventual purchase of a mass-market cosmetics marketer, Mr. Preston said.

For now, Avon is concentrating on its direct-sales and upscale-retail businesses.

Avon began branching into department stores in 1986 through a 50-50 venture in Liz Claiborne Cosmetics with Liz Claiborne Inc.

PHILLIP CROSLAND

The company also has developed internally, through its own Parfums Phenix subsidiary, the Catherine Deneuve fragrance, called Deneuve. But lately it has been seeking additional department-store growth through acquisitions.

Last spring, Avon bought Giorgio Inc., Beverly Hills, Calif., for $165 million. Earlier this fall it paid $160 million for New York-based Parfums Stern.

The acquisitions underscore Avon's commitment to the worldwide upscale retail business; both are slated for expansion.

Giorgio President Michael Gould said his division will introduce a suncare line in March and possibly a second Giorgio women's fragrance next fall. Avon also is committed to expanding Giorgio overseas.

The international strength of Parfums Stern is one reason why Avon was attracted to it. Stern generates half its $100 million in revenues overseas, said Shearson Lehman Bros. analyst Andrew Shore.

The biggest news in color cosmetics for Avon is in its direct-sales business. In January, Avon will introduce Avon Color, an expanded line of cosmetics. The line will compete with Noxell Corp. and Maybelline Co. but will be sold through Avon sales reps.

The line replaces Avon's Color Coordinates, Color Cream and Ultra Wear lines.

Avon will continue to sell Pure Care cosmetics for sensitive skin with its Pure Care treatment line. It also will maintain Color Active, a summer line, under the Avon Color umbrella.

Avon Color has been in the works since 1985, when the company decided a 4-point market share loss from 1980 to '85 had to be turned around, said Phillip Crosland, group VP-marketing.

Avon's color cosmetics sales account for roughly 8% of the Avon division's $2.5 billion in sales, he said.

"But between 1980 and 1985 we clearly weren't growing as fast as the market was," Mr. Crosland said. "We stabilized the business in 1986 and 1987 when we had the first sales growth in recent years."

In a consumer study, Avon found that its cosmetics were not competitive in terms of formula or packaging. "Since color cosmetics is the principal way women equate excellence with a beauty company, it became apparent something had to be done," Mr. Crosland said.

Advertising for the first quarter of 1988 is estimated at more than $5 million for TV spots and multiple-page print ads from N W Ayer. Advertising also will be targeted to the ethnic market through Uniworld Group.

Mr. Crosland said that for 1988 much of Avon's total $23 million budget will be allocated to Avon Color.#

Bugle Boy goes to Rubin Postaer

CHATSWORTH, CALIF.—Bugle Boy Industries has hired Rubin Postaer & Associates, Los Angeles, for its $5 million account, without a review.

The apparel marketer previously used Metro Advertising on a project basis.

Bugle Boy will launch its first TV spots in mid-November.

West Coast News

California Business, Los Angeles, named Inbody-Brick & Chamis as its first agency. The agency will promote the monthly magazine to the advertising trade and will help build awareness for a glossy monthly the company will launch in November. *California Business* executives were unavailable for comment on reports the new publication will focus on Los Angeles area business.

California Egg Commission, Upland, named eight finalists, including incumbent Ketchum Advertising, San Francisco, for its $4 million account. Other finalists are Asher/Gould; DDB Needham Worldwide; Della Femina, Travisano & Partners; Foote, Cone & Belding; and Grey Advertising, all Los Angeles; and BBDO Worldwide and Sokol & Berman, San Francisco.#

McMan-in-Moon spots shine

By SCOTT HUME

Risk-taking can pay off even for the most secure market leader.

McDonald's Corp. in August gambled when it began running nationally a local-market TV campaign with a look and feel decidedly different from anything else it had on its network schedule.

While McDonald's basic national advertising repertoire alternates between emotional commercials that stress the bond between restaurant and customer and product-sell spots that pitch tossed salads or hot breakfast biscuits, the "Mac Tonight" commercials are something completely different.

High above a mock nighttime cityscape, a character with a crescent-moon head and sunglasses plays a piano perched on a two-story Big Mac sandwich. He's singing a customized version of Bobby Darin's 1959 hit "Mack the Knife" and promoting McDonald's as the choice for dinner, a daypart important to McDonald's but rarely addressed specifically in its advertising.

"Mac Tonight" also set an interesting precedent for McDonald's relationships with its local and national agencies. The commercials were created by Davis, Johnson, Mogul & Colombatto, agency for the McDonald's Operators Association of Southern California.

When "Mac Tonight" began its national run on Aug. 27, it was the first time McDonald's had aired on network TV a mainstream commercial not created by its national agencies, Leo Burnett USA and Burrell Advertising, both Chicago.

Adding these offbeat McMan-in-the-Moon spots to McDonald's national commercial pool had the potential to disrupt advertising for a company that long has prided itself on marketing continuity, or to be so incongruous that they worked.

They worked.

McDonald's had by far the best-recalled advertising in September, according to the monthly adWatch survey of advertising awareness.

When the 1,000 respondents were asked by phone to name the first advertising that came to mind from all they had encountered in the previous 30 days, McDonald's advertising was named by 7.4%. That was more than twice the percentage naming the No. 2 advertiser, Coca-Cola Co.

It also is the highest unaided recall percentage any advertiser has captured since the height of the hubbub over Coca-Cola's formula change in summer 1985.

"Mac" appears to have the sex appeal of a lunar Bruce Willis: 61% of those for whom McDonald's advertising came to mind first were females. But McDonald's showed strength in all demographic categories; its advertising was the best recalled by respondents in all age and income groups and in all geographic areas.

The impact the addition of "Mac Tonight" had on awareness of McDonald's advertising is especially impressive when you consider the already-strong numbers that those commercials improved.

McDonald's advertising consistently ranks among the top 10 in overall recall. More than doubling in one month the unaided recall of an advertiser with which consumers already are familiar can be more difficult than having a totally new and unexpected advertiser emerge out of the blue into the top 10.

"Mac Tonight's" impact also was evident when respondents were asked to name the first fast-food advertising that came to mind. Not surprisingly, McDonald's consistently has dominated this category, garnering an average 43.6% of first mentions during the previous eight monthly surveys in 1987.

In September, McDonald's was named first by 51.7% of the sample, 10.3 points above its 41.4% share in August. That meant share declines for its two closest competitors. Burger King Corp.'s share of first mentions fell 4.5 points to 12.4%; Wendy's International was down 2.5 points at 6.1%.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb. Advertising awareness is measured by asking a nationally projectable sample to name the advertising that first comes to mind from all heard, read or seen in the previous 30 days. Consumers are queried on the first ad they recall overall and then in a variety of product areas.

Those changes in advertising awareness deemed statistically significant by adWatch researchers are attributable to more than sample variation.

In other changes of note in the September survey results:

- IBM Corp. bounced back a bit in the **computer** category with a 3.8-point gain to 22.6% of first mentions. That followed two successive months of ad awareness decline.

Apple Computer, which has just begun a new TV campaign for its Macintosh line (AA, Oct. 12), continued to hold the No. 1 slot with 28.1% of first mentions, compared with 29.1% in August. Tandy Corp.'s Radio Shack division was third with 2.6%.

- Michelin reversed its loss in August with a 3.3-point gain in the **automotive tire** category in September's survey. That spurt gave Michelin Tire Corp. 18.8% of first mentions, second to Goodyear Tire & Rubber Co.'s 23.2% and ahead of Firestone Tire & Rubber Co.'s 7.1% share.#

For more information or data, contact SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.

AdWatch survey of advertising awareness
Top 10 in September

One thousand people were asked: Of all the advertising you have seen, heard or read in the past 30 days, which advertisement first comes to mind? *Source:* SRI Research Center Inc., Lincoln, Neb.

Rank 9/87	8/87	Advertiser	Agency
1	3	McDonald's	Davis, Johnson, Mogul & Colombatto/Leo Burnett USA
2	2	Coca-Cola	McCann-Erickson
3	—	California Raisins	Foote, Cone & Belding
4	4	Budweiser/Bud Light	D'Arcy Masius Benton & Bowles/DDB Needham
5	6	Miller/Miller Lite	J. Walter Thompson USA/Backer Spielvogel Bates
6	1	Pepsi-Cola	BBDO Worldwide
7	5	Ford	J. Walter Thompson USA
8	8	Tide	Saatchi & Saatchi DFS Compton
9	—	Bartles & Jaymes	Hal Riney & Partners
10	—	Burger King	J. Walter Thompson USA

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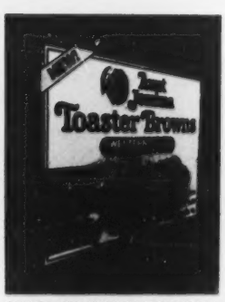

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U.S. NewsWatch

Marketing news from regional centers across the country

Taco Bueno warms up microwave packs

DALLAS—**Taco Bueno** has introduced Take 'n Make Bueno Packs in its 121 Colorado, Oklahoma and Texas fast-food restaurants. Microwaveable packages contain ingredients for a Mexican entree and utensils. Free standing inserts and in-store materials support. Puskar Gibbon Chapin handles the $3 million-to-$4 million account.

BLUE BELL, PA.—**US Healthcare Systems** plans to break the TV portion of a $10 million campaign, themed "US Healthcare. Best of health," in the East the week of Nov. 2. Levine, Huntley, Schimdt & Beaver, New York, handles.

AUSTIN, TEXAS—**Schlotzsky's**, a 200-unit sandwich shop chain in the South and West, begins a $1 million TV and radio campaign for Schlotzsky's Original sandwiches. TV spots, themed "We bake the bread that makes the sandwich," break today here and in Abilene; Las Vegas, Nev.; Lincoln, Neb.; and Tulsa, Okla., and will roll out to all markets. Ogilvy & Mather, Dallas, handles the $4 million account.

WATERBURY, VT.—**Ben & Jerry's Homemade** next month will introduce four new Super Deeluxe ice cream flavors in its 40 retail outlets in 10 Eastern, Midwestern and Southern states. Radio and

(Continued on Page 82)

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Holly Farms drops Grey for LH&C

By JANET MEYERS

Holly Farms Foods, fighting to stay a leg up in the competitive chicken market, last week switched its $25 million account to Long, Haymes & Carr from five-year incumbent Grey Advertising.

Winston-Salem, N.C.-based LH&C, which handled Holly Farms from 1972 to 1981, evidently snared the business by pitching an aggressive regional campaign targeting competitor Perdue Farms, Salisbury, Md.

The switch was conducted without a review.

Perdue recently began a campaign for its chickens in Holly Farm's home turf. Wilkesboro, N.C.-based Holly Farms, the leading seller of branded chickens with a 20% share, leads Perdue's 5% share nationally.

Sources at New York-based Grey believe the agency change resulted from personal friendships between executives at Holly Farms and LH&C.

The sources said the move surprised them because LH&C's TV billings are only slightly larger than the Holly Farms account. The Holly Farms account boosts LH&C's billings to $83 million.

"We just needed a freshness in our approach," said John Creel, senior VP-marketing at Holly Farms. "Holly Farms felt it needed a local agency, and Long, Haymes & Carr has grown nicely in terms of size and capability."

Holly Farms will continue using Dinah Shore, its spokeswoman of the past four years, Mr. Creel said.#

Spot production costs drop 4%

4A's credits agency, client awareness

By JAMES P. FORKAN

NEW YORK—The American Association of Advertising Agencies' first survey on TV commercial production costs contains a pleasant surprise: Costs dropped in 1986.

The Four A's "Survey of Television Production Costs 1984-1986" found the average commercial cost $113,940 in 1986, down 4% from 1985 (AA, Oct. 19). That was in sharp contrast to 1985, when the average $117,962 cost jumped 13.6% from 1984.

The averages cover "all lengths" combined, though the 30-second spot dominated, the Four A's noted.

The three-year data are based on responses from 37 of the 100 largest member agencies. Those 37—including eight of the top 10 agencies—represent $5 billion in billings and about 85% of the dollars spent on commercial production, the Four A's said.

Last fall, the Association of National Advertisers' 1984-85 study reported the average TV spot had increased 29% to $125,000 based on replies from 17 major advertisers, up from 10 used in an earlier, 1979-84 trend report.

At that time, Dick Hall, exec VP at the Griner/Cuesta & Associates production shop, who was president of the Association of Independent Commercial Producers, questioned the ANA's results.

By focusing on about 100 of the "30,000, 40,000 or 50,000 commercials produced in a year," he said, the ANA could not deliver meaningful results. "I wonder how many of their own heavyweights would work with such a sample."

The ANA's previous studies were based on small samples of clients and covered relatively few TV spots, said Danielle Korn, a member of a Four A's broadcast production subcommittee and VP-television and print business affairs at Saatchi & Saatchi DFS Compton.

By contrast, she said, the Four A's project is based on more than 6,000 commercials shot from 1984 through 1986, including 2,771 during 1986 alone.

The project reported music costs fell 8% on average to $6,217 in 1986. Talent—excluding celebrity endorsers—dropped 6% to $4,303, and gross production company costs—including celebrities—slipped 4% to $113,940.

Comparing 1985 with '84, the survey showed that gross production costs had jumped 14% and music by 13%, as post-production/editing rose 9% and talent 5%.

The report also examined how costs rose or declined in various major product categories.

"It is more important for an auto advertiser to know what other auto advertisers are spending" than to try to compare its commercial costs to an industrywide average, said Jean-Claude Kaufman, chairman of the Four A's committee on broadcast production and senior VP-director of broadcast production, Lord, Geller, Federico, Einstein.

Only two categories broken out by the Four A's showed higher costs in 1986, with beauty/fashion/cosmetics up 10% to $138,831 for the average commercial and package goods up 6% to $105,766. The beauty category's costs gained 11% in 1985, while package goods rose by 14%.

The appliance category dipped 2% to $153,319, still the highest average commercial cost in '86, after having soared 19% in 1985.

Costs for the toys/recreation group fell 22% to $70,219; its 1985 cost had skyrocketed by 84% from 1984 levels, the Four A's found.

The automotive category's costs decreased 20% in 1986 to $116,495, compared with a 1% increase from 1984 to 1985.

Consumer services/travel/corporate image group dropped 7% to $132,615, compared with a 13% increase for 1985.

Fast food/beer/soft drinks fell 3% to $130,769, compared with a 12% hike for 1985.

The reasons behind the overall cost decline, besides the broader-based research sample, included emphasis by agencies and clients on controlling production costs, said George Bragg, vice chairman of the Four A's committee and senior VP-director, broadcast production, Lintas:New York.

The organization's own January 1986 seminar on the topic may have been a key contributor, he said.

"The fruits are finally beginning to come to bear" after years of discussion and debate, Mr. Bragg said.

Saying that agencies felt "hurt" by the years of negative media about soaring commercial production costs, Mr. Kaufman said this study—which he likened to "taking the temperature once a year"—shows that agencies have worked to keep production costs in check.

Other reasons for reduced costs ranged from shooting more spots in Canada, Florida and Minnesota, where they are less expensive, to moving toward "more packaging" (producing several spots at once), other Four A's officials said.

Thr Four A's will get cost updates quarterly for the 1987 survey, Mr. Bragg said. It also plans to examine how much production is done in Canada and other "out-of-town" sites.

Ms. Korn said there may be more data compiled that make regional comparisons between production sites in the East, Midwest and West.#

Commercial production costs

Category	Year	No. of commercials	Avg cost	% of increase/ decrease
Appliances	1986	38	$153,319	– 2%
	1985	59	156,958	+19%
	1984	33	131,533	
Automotive	1986	182	116,495	–20%
	1985	122	146,265	+ 1%
	1984	94	145,299	
Beauty/fashion/ cosmetics	1986	160	138,831	+10%
	1985	131	126,049	+11%
	1984	103	113,708	
Consumer services/ travel/corporate image	1986	362	132,615	–7%
	1985	266	142,316	+13%
	1984	198	125,983	
Fast food/beer/ soft drinks	1986	517	130,769	– 3%
	1985	450	134,531	+12%
	1984	307	120,584	
Package goods	1986	1,151	105,766	+ 6%
	1985	818	99,890	+14%
	1984	674	87,658	
Toys/recreation	1986	110	70,219	–22%
	1985	44	90,376	+84%
	1984	72	49,155	
Industry-wide averages	1986	2,771	113,940	– 4%
	1985	2,084	117,962	+14%
	1984	1,627	103,682	

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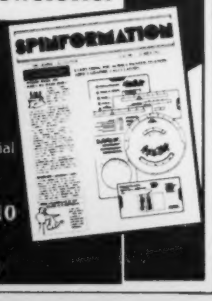

"TRIPS. This is a catalogue, right?"
"No, it's a real magazine."
"But Banana Republic is a clothing store."
"The guy who runs it started as a writer. He's always wanted to put out a magazine."
"That's nice for him but what's he know about magazines?"
"That's what they used to ask him about clothes."

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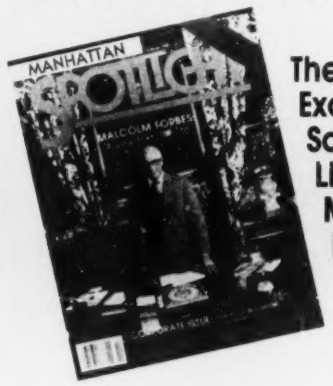

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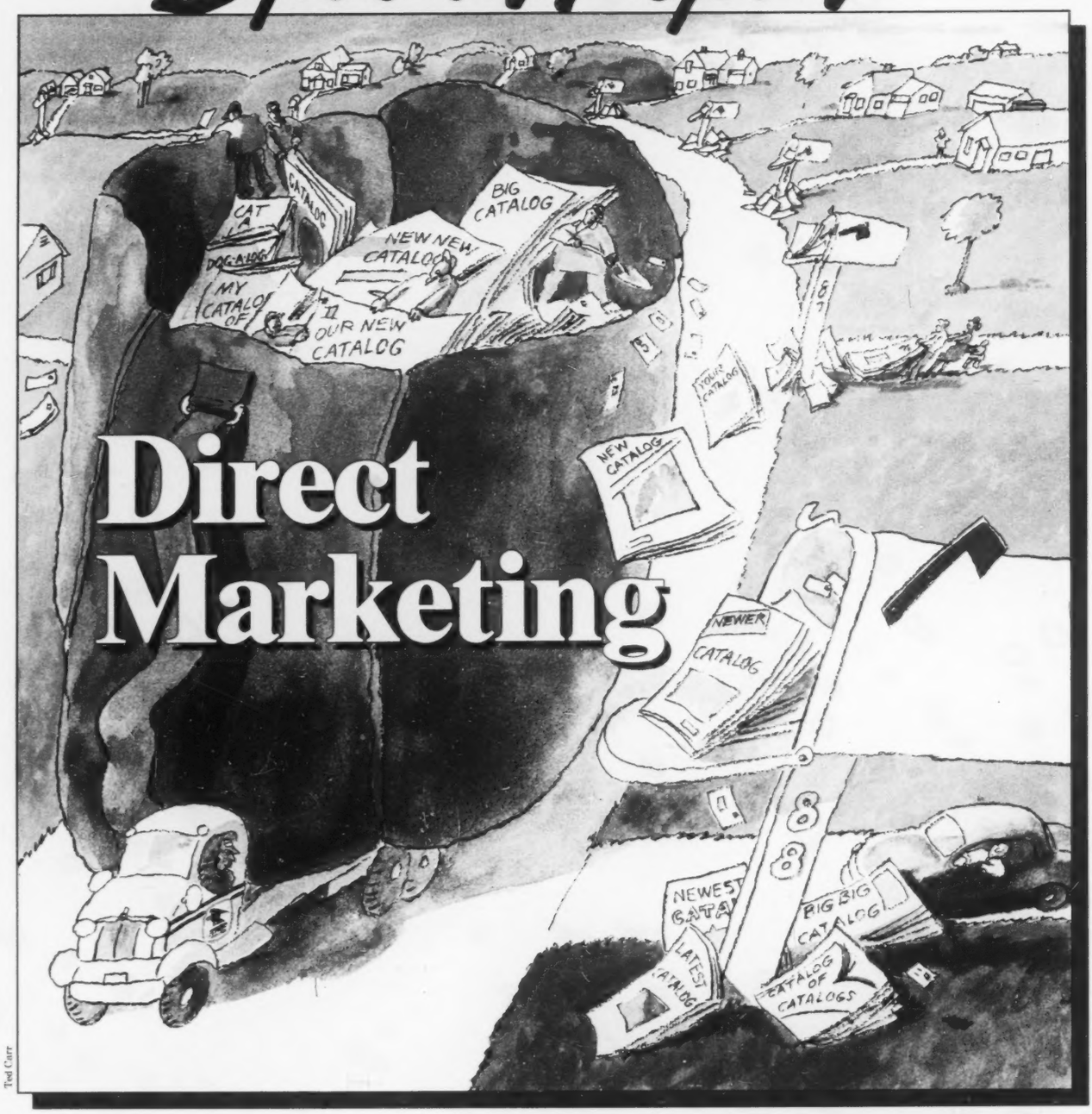


Ted Carr

Cacophony of catalogs fill all niches

By Janice Steinberg

Pity the poor postman.

In 1986 the U.S. Postal Service shuffled 11.8 billion copies of 8,500 different catalogs through the mails, according to New York-based Direct Marketing Association. These figures can be compared with 1981's 5.3 billion copies of 4,000 different catalogs. Roughly translated, every American will receive almost 50 catalogs this year.

In an informal DMA survey, 93% of catalogers polled were mailing more catalogs this September than last; last September's figure was 67%. Only 7% said they were sending out fewer catalogs than last year. In planning for next year, 78% say they will mail more catalogs in spring 1988 compared with 68% last year.

From standbys like apparel and housewares to specialty items like lingerie for petite women to business products such as computer software, almost anything that can be sold is offered in a catalog—or more likely in three dozen catalogs.

As the market has become more crowded, catalogers are employing strategies to attract new customers while maintaining their existing buyer bases. Some analysts say catalog marketing has reached maturity and faces the problem that confronts any business moving out of its infancy—how to compete in a less expansive universe of buyers.

"There are limits to the capacity of consumers to spend through mail-order means, and it's become increasingly difficult and costly to replenish buyers who become inactive," says Arnold Fishman, president of Marketing Logistics, a Lincolnshire, Ill.-based mail-order consultancy. "One can no longer expect to go

(Continued on Page S-2)

Janice Steinberg is a frequent contributor to Special Report.

Sales via mail post new records

Mail-order sales ($ billions)

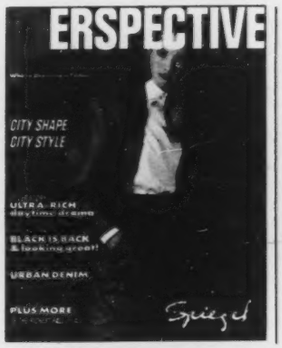
	Consumer	Business to business
1987	$33.6	$43.6
1986	29.4	37.6
1985	27.0	32.4
1984	24.8	27.5
1983	22.5	23.1

Source: Marke/Sroge Communications

Generalists divvy up the segments

Once upon an uncomplicated time, there was the Sears catalog and the Spiegel catalog and the J.C. Penney catalog—one catalog from each general merchandiser, published once or twice a year, containing all of the company's product offerings.

Not any more. The general merchandisers now send waves of "specialogs" into the mails. Even small, already specialized catalogs are creating spinoffs, such as Williams-Sonoma's Hold Everything, a collection of string, baskets and products that somehow hold items.



Perspective is one of the 68 Spiegel Inc. specialogs put out this year.

"There has definitely been an increase in catalogs focusing on very special types of products, such as catalogs devoted to children's clothing or catalogs devoted to larger women's sizes," says Karen Generelli, manager-media relations, New York-based Direct Marketing Association. She attributes the trend to mail order's more sophisticated segmentation and targeting techniques.

As specialogs are catching on, general merchandise books have been stagnating, says Arnold Fishman, president of Marketing Logistics, a Lincolnshire, Ill.-based mail-order consultancy. "Alden's went out of business five years ago. Montgomery Ward went out of the catalog business one or two years ago.

"Spiegel has demonstrated outstanding growth in the general merchandising area, but at the expense of a very considerable investment," he says. "They completed the heroic task of completely restructuring their business, up-

(Continued on Page S-4)

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Catalogs

(Continued from Page S-1)

into the market, start up a new program and have built-in advantages over retail competition."

Mr. Fishman says that 1986 catalog revenues grew at 10% compared with a retail growth rate of 5.2%. However, the catalog growth rate is down from the 17.5% experienced three or four years ago. Mr. Fishman says catalog sales growth is approaching parity with retail.

"Catalogers have gone about as far as they can go, especially with the traditional methods of marketing and merchandising," says Don Schultz, professor of advertising at Evanston, Ill.-based Northwestern University's Medill School of Journalism, in a speech given to catalog marketers last May. "In fact, catalogers who stay with the basics may well disappear in the 1990s."

Catalog companies have found another outlet than the mails by selling them in book stores.

Others say that catalog marketing is far from tottering. The recent DMA survey showed that 78% of those polled report profit increases compared with 77% last year; 88% report stronger response rates compared with last year's 81%.

"Only 5% of retail sales are through catalogs," says Jay Walker, chairman of Catalog Media Corp., a Ridgefield, Conn.-based company that sells catalog ad space and distributes catalogs to book stores.

"Now it's hard for you to tell me that a channel is mature at 5% penetration, when the underlying demographics of the population at large favor the channel," he says. "More working women, less time, more affluence, more credit cards, 800 numbers—all of these things favor the catalog industry as a major growth trend."

The reason more catalogs are being mailed is that people are saying that's the way they want to buy, says Maxwell Sroge, president, Marke/Sroge Communications, a Chicago-based catalog development consultancy. "People are increasingly turning to catalog buying as a preferential way of shopping." He projects catalog sales

(Continued on Page S-4)

Volume paces profitability

Catalog leaders address state of the business

		Sept. '86	Feb. '87	Sept. '87
Number of catalogs mailed:	Up	67%	66%	93%
	Level	13	17	0
	Down	20	17	7
Response rates:	Up	58	52	42
	Level	23	38	46
	Down	19	10	12
Unit sales per order:	Up	71	38	52
	Level	29	38	41
	Down	0	24	7
Profitability:	Up	77	76	78
	Level	19	14	15
	Down	3	10	7
Next year's outlook:	Optimistic	100	86	88
	Pessimistic	0	10	12

Source: Direct Marketing Association, which asked catalog leaders to respond to above questions. Percentages indicate number of total sample responding to each question.

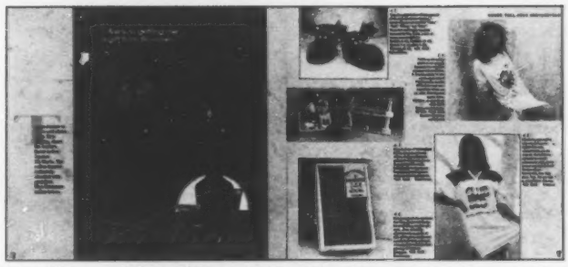
Catalogs

(Continued from Page S-2)

will grow 12% to 15% this year.

Charles Tannen, publisher and editor-in-chief of Stamford, Conn.-based *Catalog Age*, says market maturity or not, "The guys who are going to shine and be the growing companies are the guys who stand out through good service and bright marketing and merchandise selection. You could almost point to those catalogs now, and say, 'Those are the catalogs that are going to succeed no matter what.' You could point to Lands' End or Inmac and say, 'Those are brilliant marketers.' "

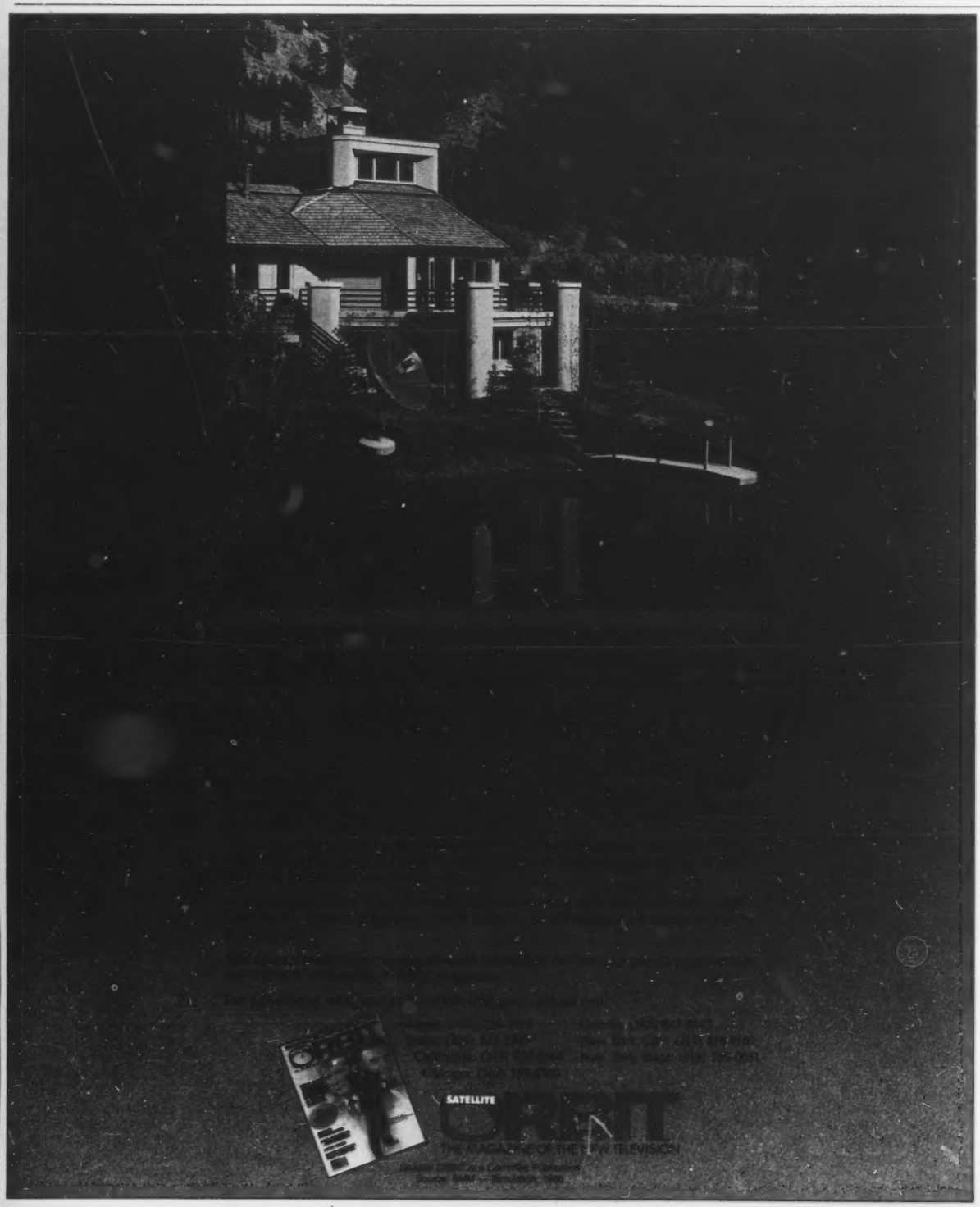
While catalog sales may be rising, as growth moderates some of the largest companies are branching out from the pages of catalogs into retail outlets, TV home shopping and electronic kiosks. *(See related stories.)*



Ads will generate $10 million in 1987 for 40 catalogers—including this Tia Maria ad in Bloomingdale's catalog—up from $2.5 million last year.

And while the growth of TV home shopping is cutting into some catalog business, says Mr. Fishman, it may expand the universe of potential mail-order buyers. "They'll come in through a satisfactory experience with TV home shopping and eventually they'll become used to buying through catalogs."

In addition to branching into non-catalog outlets, many catalogers are augmenting traditional list-based prospecting for



Generalists

(Continued from Page S-2)

scaling and upgrading it, and almost entirely changing their customer base, as well as their product mix."

Although Oak Brook, Ill.-based Spiegel Inc., executives were unable to comment because of a quiet period preceding a public offering, the 1987 catalog schedule lists 68 catalogs, including specialogs devoted to petite women, children, stationery, gifts, cruise and resort wear, shoes, intimate apparel, men, beds and bedding, ladies' leather, men's leather, and men's sweats.

J.C. Penney Co. has a shorter list of specialogs. But following the company's move from New York to Dallas early next year, "in the latter part of 1988 we'll begin aggressively pursuing special markets," says Chris O'Connell, manager-special market catalogs. "Special markets are really where it's at, as far as the future is concerned."

Currently Penney offers 765 pages annually of specialized catalogs in the areas of petite women, extra size women, tall women, big and tall men, nurses' uniforms, men's work clothes, maternity wear, bridal wear and non-apparel infant products.

Although Penney's first specialog came out in 1975, the company only recently began to exploit specialized markets' potential, says Mr. O'Connell. In the first and second quarters, 1987, revenue growth generated by specialogs exceeded other Penney catalog revenue growth by about 20%. "The estimated sales increase for special market catalogs in 1987 is 29%," he says.

Although Sears, Roebuck & Co. released Changes Volume II, a contemporary women's sportswear specialog in August, the Chicago-based company primarily is taking a different approach in augmenting its big book. Rather than creat-

new customers by offering their catalogs in book stores. Catalog Media Corp. joined forces with New York-based Curtis Circulation Co. to place 200 different catalogs on 76,000 newsstand magazine racks, beginning Sept. 15 (AA, Aug. 31).

The move to newsstands followed a six-month test in which 40 different catalogs were marketed in 1,000 Waldenbooks stores. Sales averaged 100,000 per month and the response rate was 5% to 14%—"seven times what most catalogs get, prospecting by mail," says Mr. Walker.

"This is a very attractive way to reach beyond the traditional renting of mailing lists, which is an incestuous zero-sum game," he says. "Here are people who browse in the catalog, pick it up, walk to the cash register, reach into their pockets, and buy it. It doesn't get too much more self-selective than that."

Mr. Walker also sells adver-

(Continued on Page S-6)

ing specialogs, this year Sears split its catalog into two separate books, one devoted to home fashion and apparel and the other offering hard goods.

Sears had been putting out a single catalog twice a year. While the home fashion and apparel catalog still comes out twice, only one hard-goods book is released annually, sent with the spring apparel catalog to contain mailing costs. The shift allowed Sears to reduce the number of pages printed annually from 2,686 to 2,607, expand apparel and home fashion offerings and improve catalog quality, says a spokeswoman.

General merchandisers aren't the only ones creating specialized catalogs. Williams-Sonoma, Brookstone and L.L. Bean also have developed spinoffs.

"It was a natural progression, saying here's a type of merchandise that makes a lot of sense, let's now spin it off and do a catalog," says Charles Tannen, publisher and editor-in-chief of Stamford, Conn.-based *Catalog Age*. "It's less risky [than starting from scratch] because you know the audience . . . It's a smart way to keep moving toward new ideas, pinpointing new audiences."

Catalogers can get into trouble with spinoffs, however, says Steve Millard, chairman of Millard Group, a Peterborough, N.H.-based industry consultancy, and a former Brookstone executive. Spurred by the success of Brookstone's Hard to Find Tools catalog, the Peterborough-based company spun off a successful gift catalog aimed at the wives of the mostly male customers. Next came a gourmet food catalog, which was a disaster.

"You could go just so far," says Mr. Millard. "You've got the tools and then you had the gifts, and then you kind of lose believability. Here we are, known for tools, and we're selling gourmet pates?"

—*Janice Steinberg*

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: What is the difference between database marketing and traditional direct marketing?

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: What kind of marketing applications should be considered for database marketing?

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: Isn't database marketing going to make an already expensive advertising vehicle even more so?

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

M/A/R/C has a long history of proactive client service. We have been dedicated for the past two decades to working with clients to understand and create the best product or service mix to sell in changing market conditions. This expertise and dedication to service are carried forward into our newest service, database marketing. When you think about it, an integrated system customized to meet your individual needs – a system that's capable of revolutionizing your marketing strategy – is a powerful concept.

Q: OK. You've got my attention. How do I find out more about M/A/R/C Database Marketing?

A: Call Ken Orton at 1-800-527-2680 or return the coupon.

☐ *Yes, I want to arrange an interview to find out how effective M/A/R/C Database Marketing can be for my company.*
☐ *I'm interested, but before we meet, call me at my office.*

Name _____

Company _____ *Title* _____

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Catalogs

(Continued from Page S-5)

tising space in catalogs. He expects the 40 catalogs currently carrying advertising to sell $10 million worth of space this year, up from $2.5 million in 1986. Catalog ad sales will be a $100 million business within three years, he predicts.

Ad dollars also are going in the other direction, as catalog marketers are building name recognition and seeking new customers via ads. Last year Dodgeville, Wis.-based Lands' End spent $3 million in print, says Elsa Gustafson, project manager-public relations. "We were trying to tell people about the whole experience of shopping by catalog and how satisfying it can be."

More attention also is being paid to catalog marketing strategies, including product selection and presentation, individualized books and sales catalogs.

"Uniqueness of merchandise is probably the single most important strategy that we've identified," says Richard Grunsten, president, GSP Marketing Services, a Chicago-based catalog specialist.

Mr. Grunsten also recommends testing a product before it is marketed in a catalog. He runs tests in which people view photographs of potential products with brief, catalog-like descriptions and rate them in terms of whether they'd be likely to buy the product, whether the price is right and whether the product is appropriate for the specific catalog.

Gift wrap/stationery marketer Current Inc. is individualizing portions of its 1987 Christmas catalog, says Barry Nolan, president-ceo of the Colorado Springs, Colo.-based company. "The binding capacity exists to literally custom-bind a catalog. You may have a base number of pages in your catalog and then you'll merchandise four or eight-page sections [of certain products] that the binding machine, triggered by a computer, will drop into a catalog destined for a certain individual who, because of their past history, appears to be a good prospect for that certain range of products."

Catalogers crank up the volume

	Number mailed (billions)	% growth
1986	11.8	18.0%
1985	10.0	17.6
1984	8.5	26.9
1983	6.7	13.6
1982	5.9	11.3
1981	5.3	12.8
1980	4.7	-

Source: Direct Marketing Association

For example, designs featuring cats habitually do well with about 15% of their customers. "Maybe we can spend only 15% of the money and send four pages of 30 cat-design products to 15% of our house list, but still get 80% or 90% of the sales," Mr. Nolan says.

Another catalog trend is cutting merchandise prices. "Four or five years ago, nobody talked about [discount] sales in mail-order catalogs because they couldn't afford it," says Steve Millard, chairman of Millard Group, a Peterborough, N.H.-based industry consultancy. "Then all of a sudden, five years ago, a few little sales supplements crept into catalogs. And other people who didn't offer sales were incensed."

No matter how good the catalog looks and how well it is priced and targeted, customer service currently is the make-or-break issue, some analysts say.

In an August study, Steven Ashley, VP-senior investment analyst at Milwaukee-based Blunt, Ellis & Loewi, singles out Lands' End as "the premier catalog retailer in America today."

Among Lands' End advantages, he cites a computerized system that allowed the company to fill 99.5% of its orders within 24 hours.

"Customer service is what it's all about," he says. "How fast merchandise is delivered and how well an order is processed are going to be absolutely key to those who are going to be successful vs. those who aren't." AA

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Sportswear, accessories for computer hot

Although total catalog growth rate is humming along at an estimated 10% annually, some categories obviously are buzzing louder than others. According to Arnold Fishman, president of Marketing Logistics, a Lincolnshire, Ill.-based consultancy, certain categories are experiencing 20% to 30% growth.

In general, business-to-business catalogs are performing significantly better than consumer books. Maxwell Sroge, president of Marke/Sroge Communications, a Chicago-based catalog-development company, says the greatest momentum is in computer supplies and accessories. "Every major manufacturer, with perhaps the exception of Apple, has a sophisticated direct-marketing operation."

Below Messrs. Fishman and Sroge pick what's hot and what's not in mail order.

Winners: sportswear and women's apparel; office supplies and equipment, particularly computer hardware and software; video and films; physical fitness equipment; aids for the handicapped; and products for children, including educational toys.

Losers: footwear; crafts; gardening and horticulture products; collectibles, and general merchandising, with the exception of Spiegel Inc.

—*Janice Steinberg*

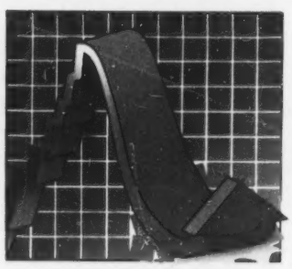
BLACK MONDAY

Unstable Dow may prompt media sell-offs

By VERNE GAY

NEW YORK—Wall Street's wild ride could have a severe effect on the media industry.

The primary impact might be in advertising sales. But if the stock market's intense fluctuation foreshadows a recession, a flurry of TV station or newspaper acquisitions might result.



Both CBS and NBC have said they are especially anxious to buy a TV station. Properties have been scarce, however, and CBS President-CEO Laurence Tisch has refused to pay top prices for stations.

Top TV stations and newspapers have sold recently for as much as 20 times cash flow.

"Up until the last couple of days, companies with low-quality credit could raise money easily," said Ronald Doerfler, senior VP-chief financial officer, Capital Cities/ABC. "Now they won't be able to get money as cheaply. It could create an opportunity [for well-endowed] buyers, but it's premature to make a judgment."

"What's happened to the stock market will only make the acquisition process more selective," said Will Whetzel, VP at Kidder, Peabody & Co.'s Media and Entertainment Group.

Radio station sales boomed last year, but had slowed before last week's so-called "Black Monday."

"I think there might be a softening in prices the next two to three months until we see what's going on. We are in totally new territory," said Jim Duncan, an industry analyst with Duncan's American Radio, Kalamazoo, Mich.

Two major media transactions crumbled last week. United Artists Communications and United Cable Television called off a merger, partly because their stocks collapsed. MTM Entertainment postponed a public stock offering.

Lorimar Telepictures Corp. proceeded with a plan to repurchase up to 15% of its outstanding common shares.

Agreements to sell Lorimar's advertising subsidiary, Bozell, Jacobs, Kenyon & Eckhardt, and three broadcast properties also were unaffected.

In print media, Diamandis Communications Inc. still could sell its *Modern Bride* within a week. "Our bidders are not scared by the market, and they've shown no indication of backing off," said Arthur Sukel, DCI senior VP-chief financial officer.

The market's volatility could affect ad spending almost immediately. Advertisers last week began negotiations with the Big 3 TV networks on first-quarter scatter commercial inventory. Before last Monday high prices had been anticipated.

"What [the market volatility] will do is dry up any [network TV] scatter money that would have come in late December," said Peter Chrisanthopoulos, president-chief operating officer at RJR Nabisco Broadcast.#

Patrick Reilly in New York and Wayne Walley in Los Angeles contributed to this story.

Tables turn on Wall St.

By JUDITH GRAHAM

Is it over?

Many economists believe the stock market turmoil and its impact on consumer confidence have only just begun.

As a result, analysts are reviewing their "buy" and "sell" recommendations for agencies, media companies and advertisers in light of the declines in those industries.

Also, many companies, including Interpublic Group of Cos., returned to the market after the downturn and bought back shares, showing confidence that the share prices of those companies would rebound.

By the time the market closed on Friday, Oct. 23, the Dow Jones industrial average was down only 141.14 points for the week, after a record 508 slide on Monday, Oct. 19.

If the market does not stabilize within the next several weeks, the consequences for consumer spending will be "disastrous," said Joel Stern, managing partner of Stern, Stewart & Co., a New York financial consultancy.

The stock market's unpredictable gyrations indicate "the economy has a lot of strength but it does not have a lot of people who are confident in it," said Steven R. Malin, senior economist at the Conference Board.

Mr. Malin predicted that scared consumers will spend their money more cautiously and this will contribute to a mild recession starting in the first quarter of 1988.

Meanwhile, stock analysts frankly admitted to confusion about the market's short-term course.

"It will continue to fluctuate," said Fred Anschel, media analyst at Dean Witter Reynolds.

Compared with Aug. 25 share prices, when the Dow Jones industrial average peaked, agency groups, media companies and advertisers took some severe hits on "Black Monday." They had only partially recovered by week's end.

Among the agency groups, Saatchi & Saatchi Co. and Interpublic were hit hardest. Agency income is sensitive to economic trends, and investors are concerned about the potential impact of a recession, said Jim Dougherty, VP, County Securities.

Mr. Dougherty and other analysts have not yet changed their "buy, sell or hold" recommendations for specific agencies, but several analysts said they were reviewing recommendations.

Hit even harder than agencies were media stocks, with Turner Broadcasting System, Dow Jones & Co., and Gannett Co. sustaining big declines.

"My gut feeling is that a number of these stocks represent good long-term buying opportunities. I don't think they can go much lower," Mr. Anschel said.

The biggest losers

ADVERTISERS

Company	Aug. 25	Oct. 19	% chg	Oct. 23
Wendy's	11.38	5.75	−49.47	6.75
Noxell	32.50	17.00	−47.69	21.00
Sears	58.50	30.75	−47.44	36.13
K mart	47.00	25.00	−46.81	27.50
Sterling Drug	66.38	35.75	−46.14	49.50
General Motors	91.88	50.00	−45.58	57.50
Hasbro	23.13	12.75	−44.88	13.38
Amer. Express	38.88	21.50	−44.70	26.13
Gillette	42.13	24.00	−43.03	27.50
Chrysler	47.75	27.25	−42.93	26.50

AGENCIES

Company	Aug. 25	Oct. 19	% chg	Oct. 23
FCB	66.75	47.63	−28.64	46.75
Grey	134.00	115.00	−14.18	90.00
Interpublic	43.00	28.50	−33.72	22.75
Lorimar	16.38	8.25	−49.63	6.75
Mickelberry	6.25	5.75	− 8.00	3.63
Ogilvy	39.50	29.25	−25.95	24.13
Omnicom	27.38	21.75	−20.56	19.00
Saatchi	33.13	22.25	−32.84	19.00

MEDIA

Company	Aug. 25	Oct. 19	% chg	Oct. 23
Turner Broad.	23.75	12.00	−49.47	11.88
Dow Jones	53.50	28.12	−47.44	33.00
Westinghouse	72.50	40.00	−44.83	48.75
Amer. Express	38.88	21.50	−44.70	26.13
Warner Comm.	36.25	21.00	−42.07	25.25
Chris-Craft	26.50	15.50	−41.51	14.63
Gannett	54.63	32.75	−40.05	36.00
Tele-comm.	29.63	18.37	−38.00	20.25
N.Y. Times	45.38	29.25	−35.54	31.50
Times Mirror	103.84	68.00	−34.54	74.13

In some cases, price drops reflect the withdrawal of corporate takeover threats as raiders retired to the sidelines.

Auto companies' stocks were battered by fears of a recession. Chrysler Corp. and Ford Motor Co. used the occasion to repurchase outstanding stock, as did many other companies, including Shearson Lehman Bros. and Merrill Lynch & Co.

Buybacks bolster stock prices by reducing the number of outstanding shares and reflect companies' expectations that their stock prices will bounce back. They also tend to make takeovers more difficult.

Major retailers also suffered from anxiety about a possible recession.

If the economy slows down considerably, K mart Corp. probably would lose share to Wal-Mart Stores, one analyst said.

"The outlook for retail sales has definitely deteriorated," said Fred Wintzer, retail analyst at Alex. Brown & Sons, Baltimore.#

How consumers reacted to stock market dive

Has the stock market near-crash made things better or worse for you and your family?

Worse	Better	No difference
19%	3%	78%

Do you feel that the stock market near-crash has made it a better or worse time for you to...

	Worse	Better	No difference
Buy a home	44%	14%	42%
Buy a new car	40	13	48
Purchase air travel	27	10	63

Do you feel you will be cutting back or increasing your spending for...

	Cutting back	Increasing	No difference
Eating out	22%	4%	74%
Food at home	20	7	73
Clothes for family	20	5	76
Gasoline and driving your car	12	6	83

Source: National telephone survey of 702 adults after the stock markets closed Oct. 20 and 21, by Leo J. Shapiro & Associates, Chicago.

Shapiro

(Continued from Page 1)

a better time.

About one in four (27%) felt it was a worse time to invest in real estate, while 36% felt it was a better time.

While the stock market dominated the news, Americans kept their perspective. When asked which events of the past week "really rocked the nation," the stock market was mentioned by 73%, the U.S. action against Iran by 57% and Jessica McClure's rescue from a well in Texas by 20%.

The telephone survey of 702 men and women was conducted after the stock market closed on Tuesday, Oct. 20, and Wednesday, Oct. 21. A balanced sample was interviewed each evening to pick up changes in consumer reactions as events developed.

But Shapiro said that, despite a sharp increase in stock prices on Oct. 21, there were no substantial differences between results of the two evenings' surveys.

Other consumer researchers are finding that, despite the market's partial recovery, consumers are going to remember the "Black Monday" plunge for a long time.

"This is the first time anything bad has happened to them, and they never forget the first time," said Faith Popcorn, chairman of BrainReserve, a New York marketing consultancy.

The market's crash will join with the "cocooning" trend to make consumers more homebound, she said. Cocooning is the trend of consumers staying at home and shutting themselves off from the world.

Even people who are not in the stock market and have not lost money will change their spending habits, Ms. Popcorn said. Smart advertisers should take this opportunity to quickly "talk to the consumer" and make clear their political positions and environmental practices.

The market plunge also fits in with a new trend that Ms. Popcorn called "cashing in."

With the increasing willingness of people to trade money and success for quality of life, the market's volatility is further discrediting "workaholism."

Paul Getman, a financial analyst with Wharton Econometics, a Philadelphia-based economic forecasting company, said there is no question consumer spending next year will be "below the level it would have been" if the market had not tumbled.

"Our economic models show that for every $1 change in stock price, it produces a 5¢ change in consumer spending over the subsequent year," he said. "The market, which dropped half-a-billion dollars on Monday, could cause a $25 billion drop in consumer spending next year."

Mr. Getman said the crash occurred at the worst possible moment, right before the yearend holiday buying rush.

"If this happened in January, consumers may not have cared quite so much because they already would have spent everything they had," Mr. Getman said. "Retailers are going to feel the pinch this year."

He said it is not known yet how much damage has been done to consumer confidence, but that "yuppies" finally may be getting a dose of reality. "They're going to find out what it's like to live on 50% of the national median income, not five times that," Mr. Getman said.

However, another researcher said the impact on consumer confidence will be short-term. Barry Bosworth, an economist with the Brookings Institute, Washington, said consumer spending may be cut by about $15 billion, but predictions of a screeching halt to the economy's growth are an overreaction to the market plunge.

Instead, Mr. Bosworth predicted there may be some negative effects on consumer and company spending for only a few months, before the economy returns to a more realistic, solid growth rate and the stock market to 1985 prices.

A stock market fall can be a sign of an impending recession, Mr. Bosworth said, but in this case the plunge "was a panic" and as such doesn't serve as a reliable indicator of a downturn.#

Judith Graham in New York and Laurie Freeman in Washington contributed to this story.